



Takara Leben Real Estate
Investment Corporation

Code:3492

August 2020 Fiscal Period
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In July 2020, he was appointed President and Representative Director of Takara PAG Real Estate Investment Advisory Limited.

After graduating from university in 1987, he was involved in the real estate business at a major general trading company. From 2003 to 2011, he became the chief investment officer (chief investment officer) of the listed REIT management company of the group from the start-up of the REIT.

In 2013, he was appointed President and Representative Director of the Group's private real estate fund management company, and until March 2020, he launched and managed a private REIT.

We will utilize our know-how accumulated through the operation of assets exceeding 800 billion yen, such as listed and privately placed retails, in the operation of this investment corporation.

The Investment Corporation aims to achieve steady growth by combining Takara Leben's development capabilities as a comprehensive developer with PAG's sourcing capabilities as a foreign fund management company. At the same time, the Investment Corporation has an investment system with the support of sponsors with knowledge tailored to each asset class. These features are unique to the Company.

We believe that this will allow us to build a balanced portfolio by incorporating high-quality development properties into our REITs and carefully selecting and acquiring various properties from outside sources.

In the future, we will grow into a top REIT that is said to be one of the listed REITs, and we will work diligently to ensure that the Investment Corporation is recognized and firmly trusted by financial markets, including domestic and overseas investors and lenders.



Tetsuo Saida, President and
Representative Director

Executive Summary

■ Impact of the Coronavirus Disease

Estimated amount at the beginning of the period

Expected decrease in rental revenues: ¥51 million



Actual

Total amount of reduction, waiver, and grace: ¥76 million, but distributions are secured

■ Initial targets

1. Distribution target

¥3,000 per unit

2. External Growth Action Plan

- Improve portfolio quality and stability
- Acquisition of properties through effective use of cash on hand
- Securing acquisition opportunities by obtaining preferential negotiation rights from bridge funds
- Secure growth opportunities through pipeline from Takara Leben

3. Internal Growth Action Plan

- Reduction of fixed costs by reviewing property management specifications and switching power suppliers, etc.
- Implementation of capital expenditures to improve property competitiveness

4. Financial Strategy Action Plan

- Reduction of refinancing risk by lengthening and diversifying borrowing maturities
- Responding to Interest Rate Fluctuation Risk by Fixing Interest Rates



1. Distribution Results

¥3,029 (+ 29) per unit

2. External Growth Results

- Acquired Lagzena Hon Atsugi from Takara Leben with funds on hand
- Acquired preferential negotiating rights for four properties from Bridge Fund

3. Internal Growth Results

Rent revision effect

Per period: +7 million yen
Impact on DPU: +16 yen

Reduction of electricity cost

Per period: +17 million yen
Impact on DPU: +38 yen

4. Financial strategy performance

- Average borrowing period 3.2 years (4th fiscal period)
→ 3.9 years (5th fiscal period)
- Acquisition of rating (long-term issuer rating **A-**)

I . Impact of the Coronavirus Disease

Impact of reduction, exemption, and grace by type

■ Impact of reduction, waiver, and grace amounts on rental business income

Total amount of reduction, waiver, and grace: ¥76 million
2.9% of rental revenues before reduction, waiver, and grace
(22 out of 697 tenants)

(1 case, ¥52 million)

Hotel tenants

(Rental revenues: ¥219 million)

(15 cases,
21 million
yen)

Retail tenants

(Rental revenues: ¥602 million)

No
reduction

Residence tenants

(Rental revenues: ¥312 million)

(6 projects,
2 million
yen)

Office tenants

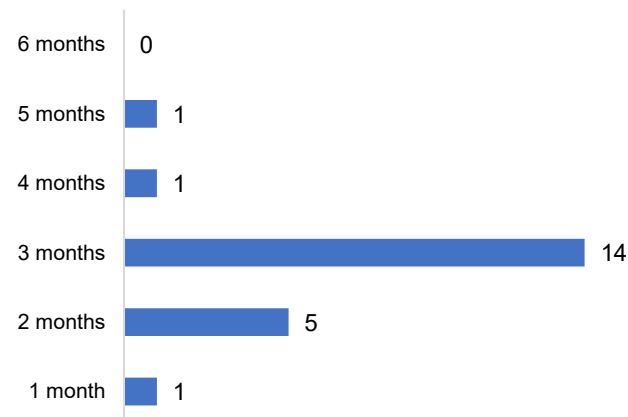
(Rental revenues: ¥1,437 million)

Rental revenues
¥2,571 million
(97.1%)

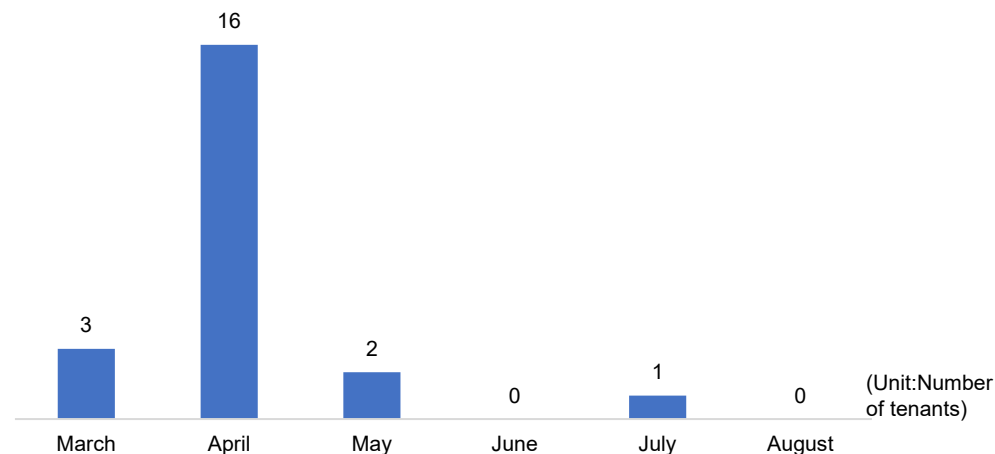
- The total amount of reduction, waiver, and grace is only 2.9% of the rental revenue before reduction or waiver and grace
- No reduction or exemption in housing tenants
- Reduction, waiver, and grace periods are settled in a short period of time
- Demands for reduction and exemption peaked immediately after the declaration of emergency

■ Reduction, exemption, and grace

(Unit: Number of tenants)



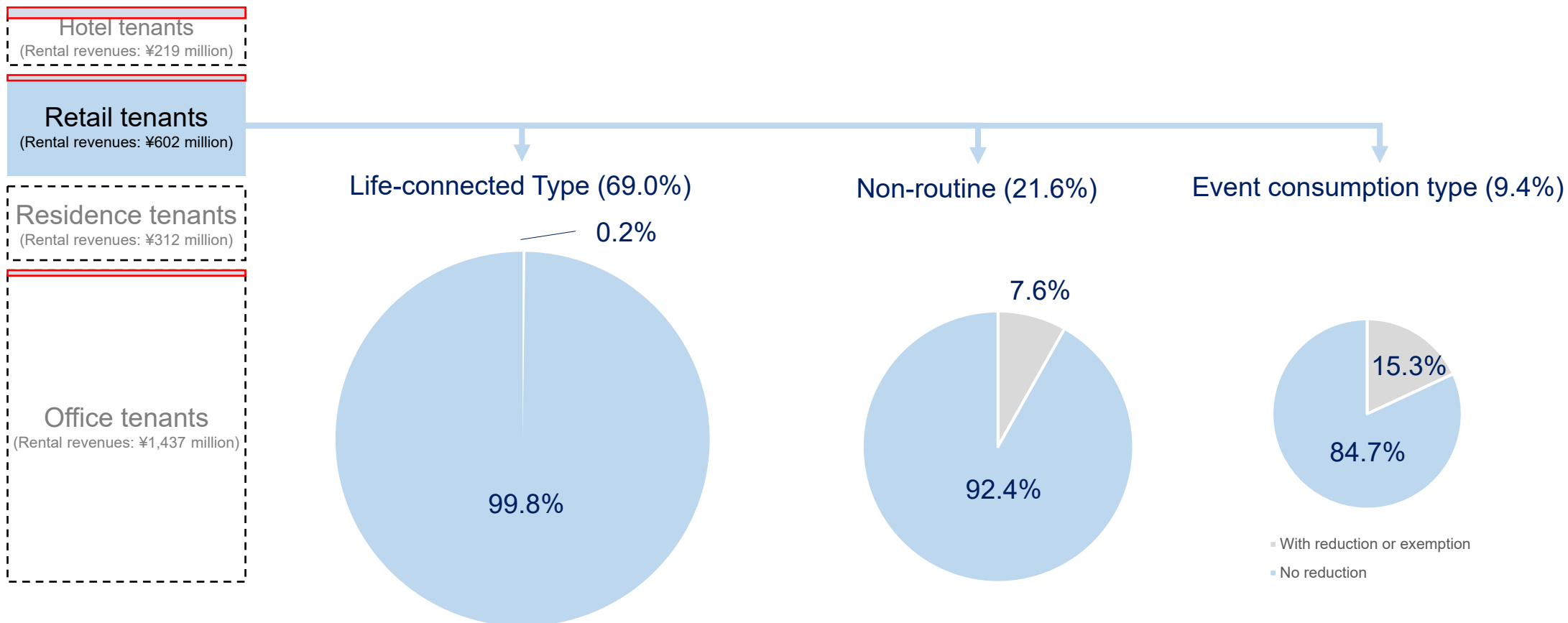
■ Trends in number of requests by month



NOTE: Only for reduction and exemption

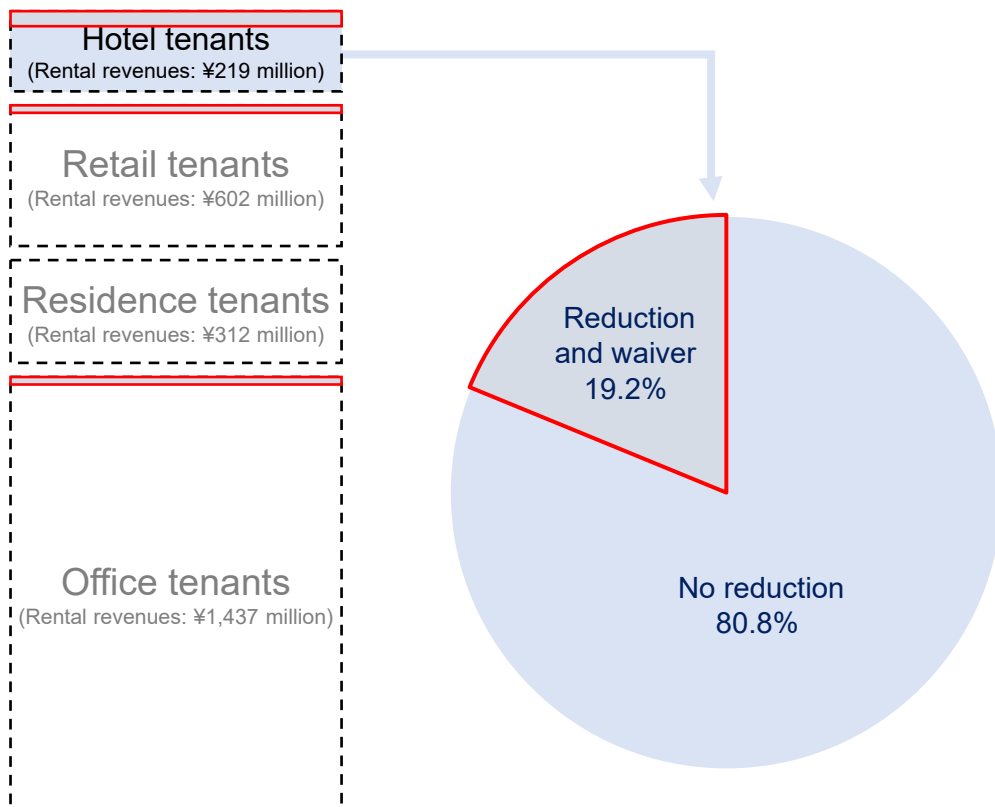
Impact of the Coronavirus Disease -Retail Tenants-

- Consumption of gomori permeated due to the impact of the Coronavirus Disease , and for life-based tenants, the rent reduction is only 0.2%
- Non-routine/Event-consuming tenants are subject to a sudden decrease in sales due to the influence of no-go-out, and request a reduction or exemption from → rents.



NOTE: The categories of tenant formats are defined as follows
Lifestyle-related: goods sales (commodities), finance (banks), hospitals, services, etc.
Non-Daily: Sales of goods (other than household goods)
Event consumption type: Beauty, restaurants, gyms, etc.

- Sectors most affected by the Corona Disease
- Regarding Arietta Hotel Nagoya, the lease agreement with the operator was terminated on October 13, and a new operator is scheduled to be selected in the future.
- Offset the security deposit retained at the time of cancellation and the receivables to be appropriated to income for the 6th fiscal period
- No rent abatement for 3 properties other than Arietta Hotel Nagoya



■ Arietta Hotel Nagoya

(Conclusion of an Agreement on Cancellation of a Lease Contract)

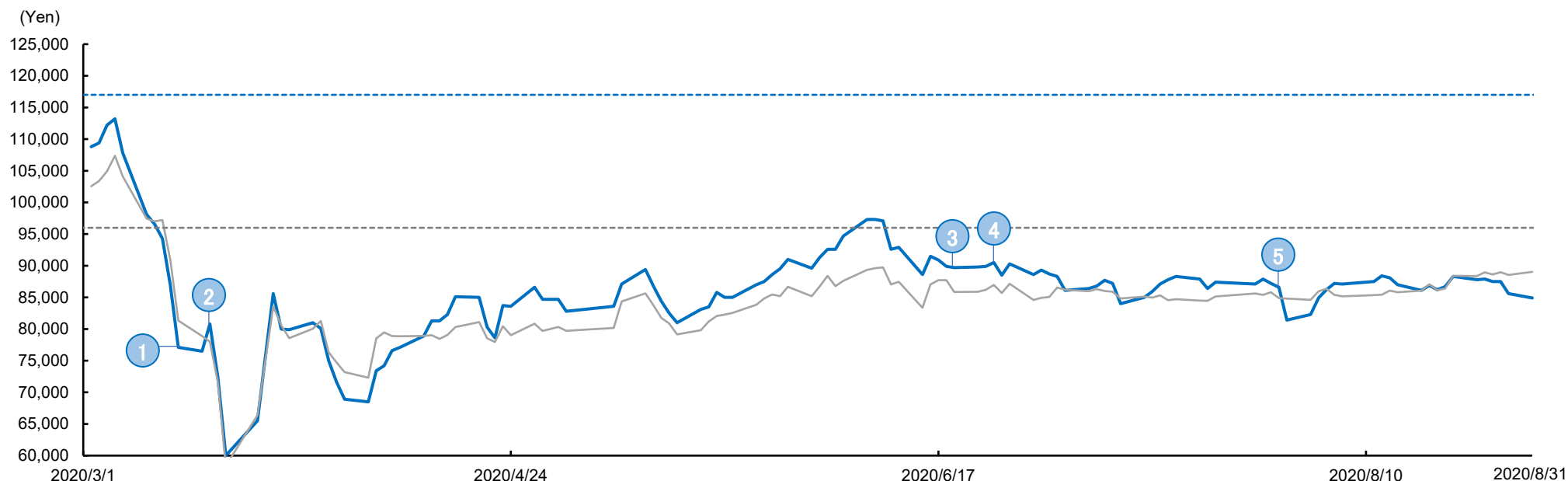
Agreed on the cancellation of the lease agreement after discussions with the property operator after careful consideration of the recoverability of the operation status of this property, which deteriorated due to a substantial reduction in the number of users due to the expansion of the new Corona Disease Infectious Disease (COVID-19) from March 2020, and the continuity of future operations by the property operator.

After considering various proposals to utilize this property, including changes in its use, we determined that it would be optimal to attract new operators as hotels, and are currently in discussions with multiple new operator candidates that meet investment criteria, including economic conditions. Policy of selecting new operators that contribute the most to unitholders'

Area that can be rented	2,531.93㎡
Percentage of total portfolio leasable area	1.8%
Date of cancellation	October 13, 2020



Arietta Hotel Nagoya



1 From a bridge vehicle Acquisition of preferential negotiating rights (As of March 13, 2020)

- Acquired preferential negotiating rights related to four properties from Bridge Vehicle (Island Ship No. 3)



2 Acquisition of new property (March 17, 2020)

- Acquired LUXENA HON-ATSUGI for ¥705 million
- Value-up projects by Takara Leben



3 Obtaining credit ratings (June 18, 2020)

- Long-term issued body size was obtained from Nippon Grading Institute, Inc.

Rating agencies	Company limited by shares Japan Credit Rating Agency, Ltd.
Name	Long-term issuer rating
Rating	A-
Forecast	Stable

4 Partial transfer of land (June 24, 2020)

- A part of the land of the Kaden Sumairu Kan YAMADA KobeTarumi (Land) was transferred as a roadside site for a congestion prevention project in Kobe City.

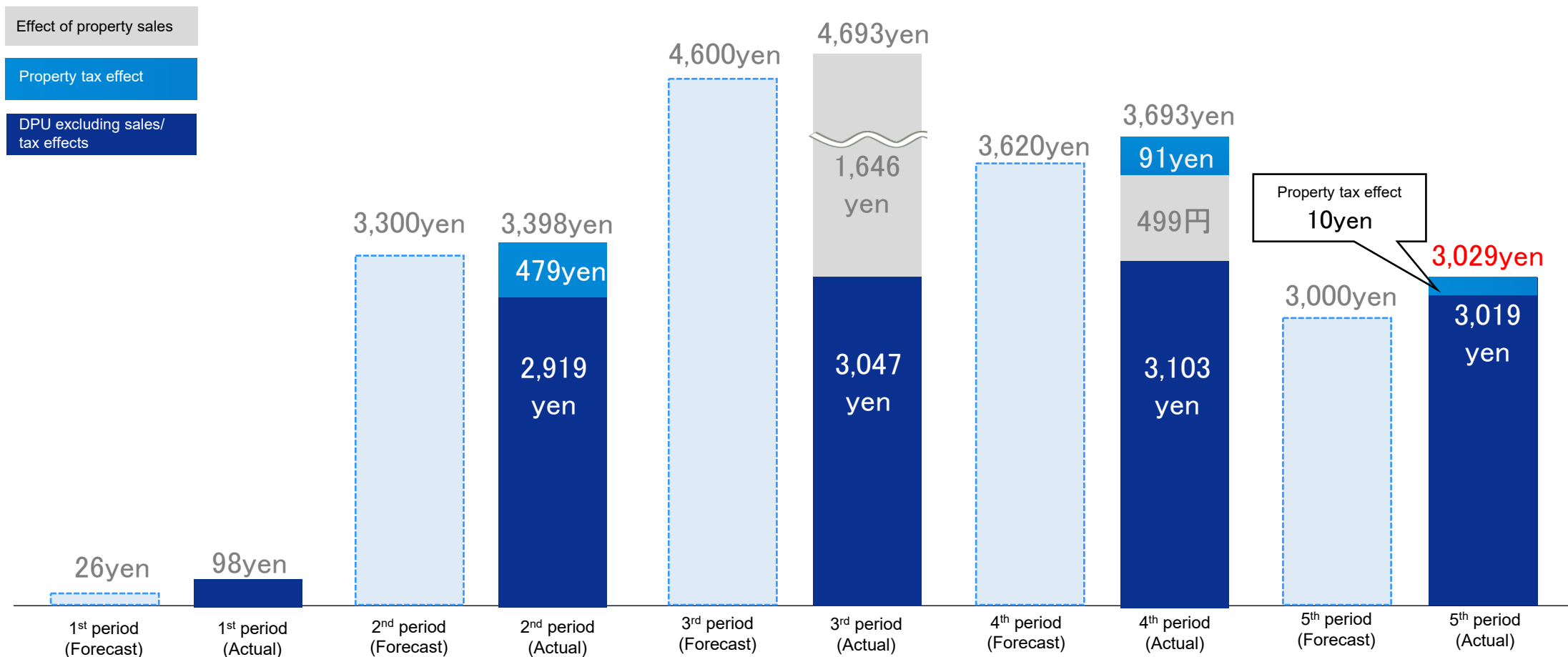
5 Refinancing of 15 billion yen (As of July 30, 2020)

- Borrowings were refinanced on July 30, 2018. Achieve lengthening and diversification

Distinction	Long	Long
Amount of borrowing	4,950 Millions of yen	10,050 Millions of yen
Borrowing period	2 years	5 years

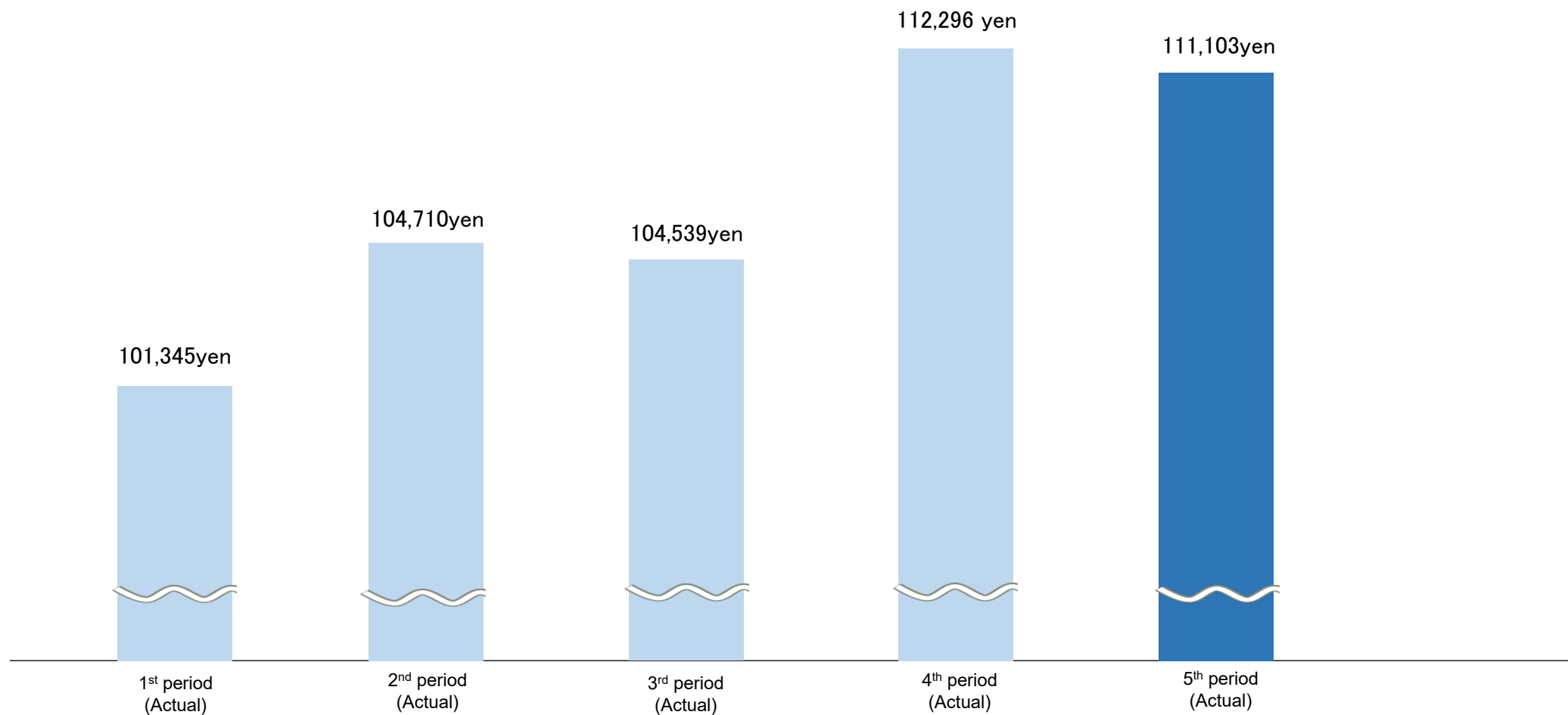
Trends in Distributions per unit

- The distribution per unit is 3,029 yen, which exceeds the expected distribution of 3,000 yen by 29 yen (about 1.0%).
- After listing, actual distributions exceed expected distributions in all periods from the 1st to the 5th period



NAV per unit decreased by 1,193 yen (1.0%) from 112,296 yen at the end of the 4th period to 111,103 yen.

- Factors of increase : Acquisition of new property (LUXENA HONATSUGI)
- Factors of decrease : Decrease in appraisal value centered on hotel assets



Ⅱ . 5th Fiscal Period Results

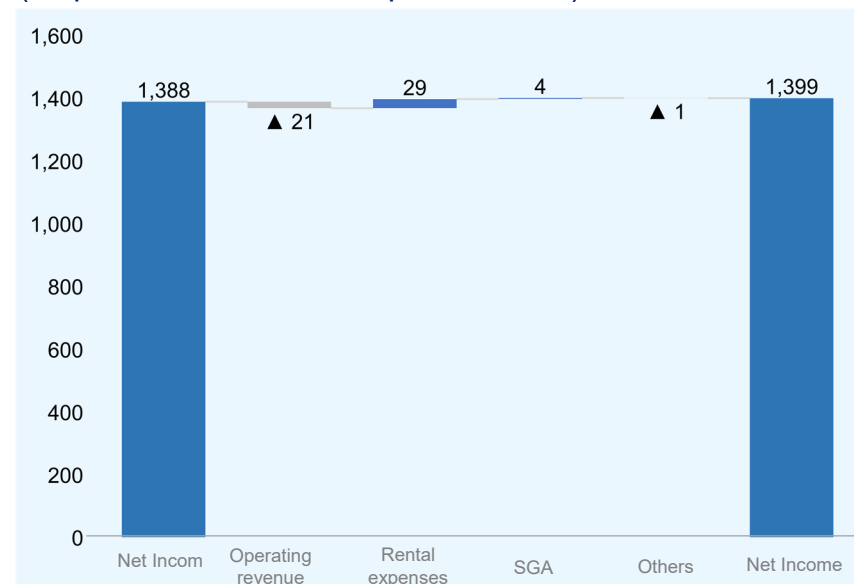
5th Fiscal Period Financial Results Highlight

	5 th period			
	Forecast	Actual	Diff	Factors
Number of days in operation	184	184	—	—
Operating revenue (million JPY)	2,772	2,750	▲21	+12 Increase in income from restoration costs, etc. ▲20 Arietta Hotel Nagoya ▲15 Decrease in utility revenues
Operating Income (million JPY)	1,599	1,611	+11	▲21 decrease in operating revenue +31 Decrease in rental expenses(utilities, etc.)
Ordinary Income (million JPY)	1,389	1,399	+10	+11 Increase in operating income ▲0 Generation of non-operating income
Net Income (million JPY)	1,388	1,399	+10	+10 Ordinary income increased
Distributions per unit (including distributions in excess of earnings) (JPY)	3,000	3,029	+29	Total number of outstanding units at the end of the 5th period: 462,500 units

	4 th FP vs 5 th FP			
	4 th FP	5 th FP	Diff	Factors
Number of days in operation	182	184	+2	—
Operating revenue (million JPY)	3,076	2,750	▲325	▲293 Decrease in gains ▲76 Rent reductions due to the impact of the Corona Dedease +44 Contribution to earnings from newly acquired properties
Operating Income (million JPY)	1,912	1,611	▲301	▲325 decrease in operating revenue +20 decrease in rental expenses(utilities, etc.) +3 decrease in SG&A expenses
Ordinary Income (million JPY)	1,707	1,399	▲307	▲301 decrease in ordinary income ▲6 decrease in non-operating income +0 decrease in non-operating expenses
Net Income (million JPY)	1,706	1,399	▲307	▲307 Ordinary income decreased
Distributions per unit (including distributions in excess of earnings) (JPY)	3,693	3,029	▲664	Total number of outstanding units at the end of the 6th period: 462,500 units

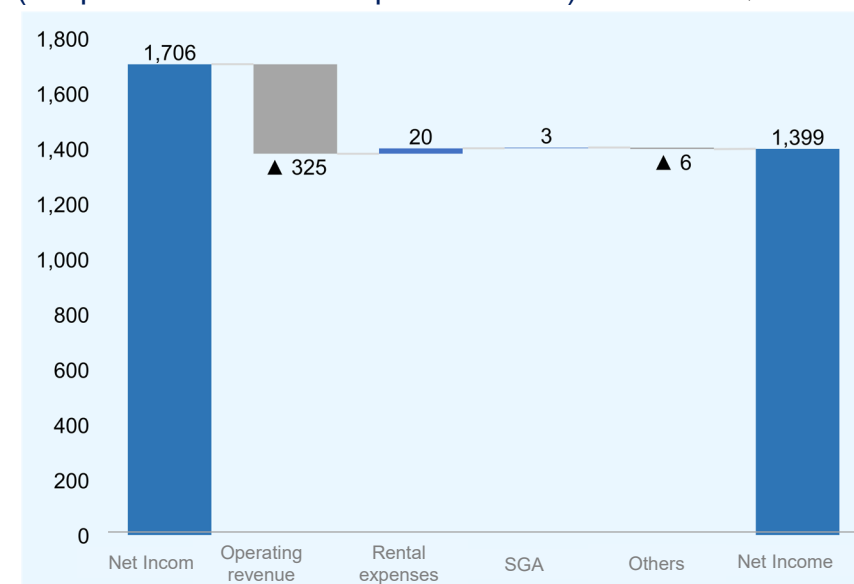
Net income change
(5th period forecast vs. 5th period actual)

(Unit: million)



Net income change
(4th period results vs 5th period results)

(Unit: million)



Balance Sheet Trends

(Unit: million)

		4 th FP vs 5 th FP			
		4 th FP	5 th FP	Diff	Factors
Current assets		7,216	6,464	▲751	
	Cash and deposits (including in trust)	6,872	6,217	▲655	▲723 Acquired LUXENA HONATSUGI +110 Consumption tax refund
	Other current assets	343	247	▲96	+34 Increased prepaid expenses ▲110 Final consumption tax refund
Deferred assets		87,233	87,953	+720	
Total tangible assets		86,218	86,866	+647	+722 Acquired LUXENA HONATSUGI ▲23 Partial transfer of Land in trust
Total intangible assets		762	761	▲0	
Total investments and other assets		252	325	+72	+72 Increase in long-term prepaid expenses
Deferred assets		67	47	▲19	▲19 Amortization of issuance costs of new units
Total assets		94,517	94,466	▲51	

(Unit: million)

		4 th FP vs 5 th FP			
		4 th FP	5 th FP	Diff	Factors
Current liabilities		15,342	10,647	▲4,694	
Current portion of long-term loans payable		15,000	10,000	▲5,000	▲5,000 Lengthening due to refinancing
Other current liabilities		342	647	+305	+132 Increase in accounts payable-other +117 Accrued consumption taxes
Non-current liabilities		32,346	37,265	+4,918	
Long-term loans payable		28,400	33,400	+5,000	+5,000 Lengthening due to refinancing
Other non-current liabilities		3,946	3,865	▲81	▲33 Decrease in long- term derivative liabilities
Total liabilities		47,688	47,913	+224	
Net assets		46,829	46,553	▲275	▲327 Unappropriated retained earnings decrease +18 Net of temporary differences and other adjustments +33 Recovery of deferred gains (losses) on hedges
Total liabilities and net assets		94,517	94,466	▲51	

Overview of Profit and Loss from Leasing Business

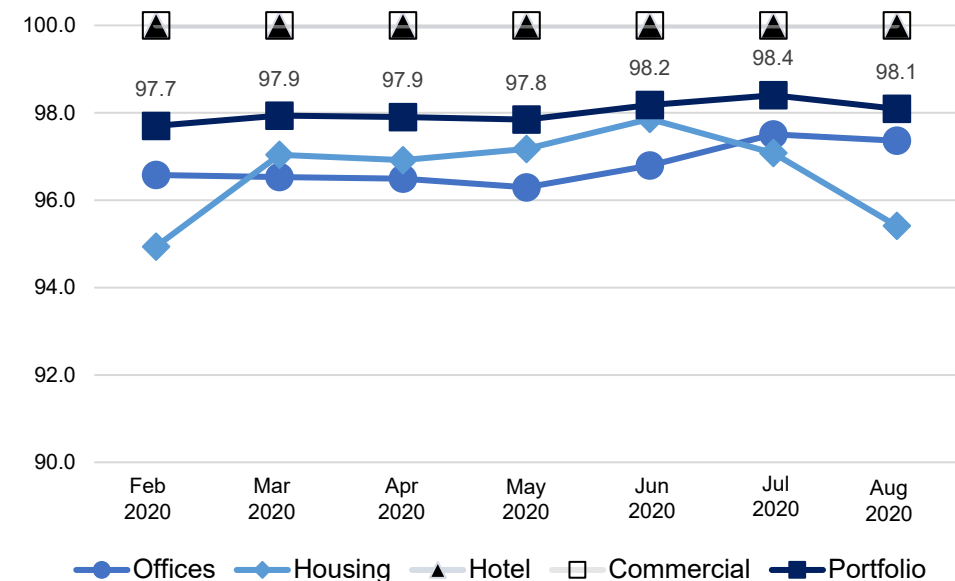
(Unit: million)

	Actual comparison			
	Forecast	Actual	Diff	Factors
Operating revenue from real estate leasing	2,747	2,727	▲ 19	
Lease business revenue	2,594	2,571	▲ 22	
Rental revenue	2,161	2,135	▲ 25	Upward operation of cash register properties (Hakata/Higashi-Koenji) Reduction and waiver of Arieta Hotel Nagoya
Common area charges	222	220	▲ 1	
Parking revenue	83	83	0	
Other rental revenue	127	132	+4	
Other lease business revenue	153	155	+2	
Utilities reimbursement	148	133	▲ 15	Decrease in office use due to the impact of the Corona Disease
Other revenue	4	22	+17	Increase in income from restoration costs, etc.
Operating expenses from real estate leasing	945	917	▲ 28	
Management fee	191	198	+7	
Utilities expenses	155	123	▲ 31	Decrease in office use due to the impact of the Corona Virus Decrease in consumption due to switching to new electricity and investment in LEDs
Taxes and dues	202	203	0	
Insurance premium	4	4	0	
Repair expenses	36	38	+1	
Trust fee	10	10	-	
Depreciation	324	330	+6	Depreciation of capital expenditures
Other expenses	18	7	▲ 12	Other small cost reductions
Operating income from real estate leasing	1,801	1,810	+8	

(NOTE) Figures are rounded down to the nearest million yen, so totals may not add up.

Trends in Occupancy Rates

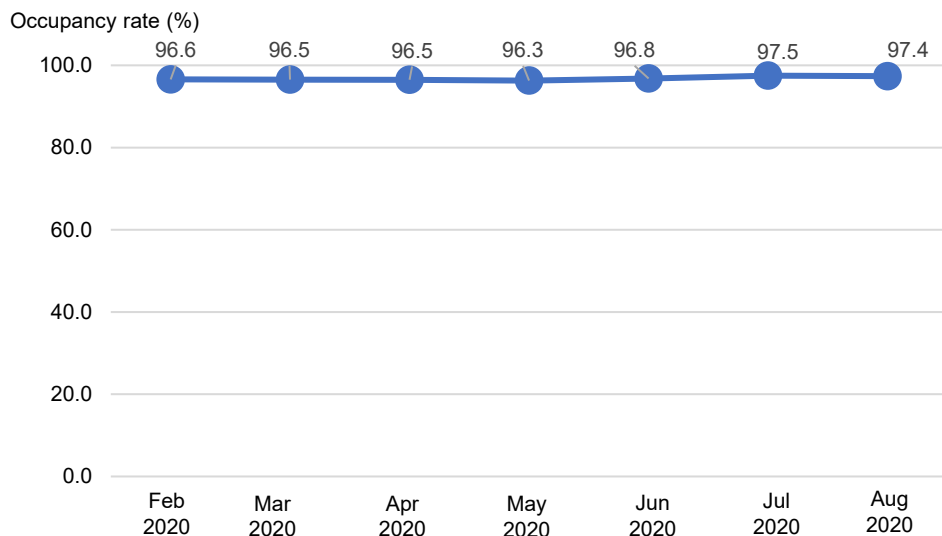
Occupancy rate (%)



- Real estate leasing business profit for the entire portfolio was +8 million yen compared to the results forecast
- Reduction in costs, mainly utilities costs, despite the reduction and exemption of the Arieta Hotel Nagoya
- The occupancy rate of the entire portfolio at the end of the fiscal period improved from 97.7% at the end of the fourth fiscal period to 98.1%, due to the contribution of the office portfolio

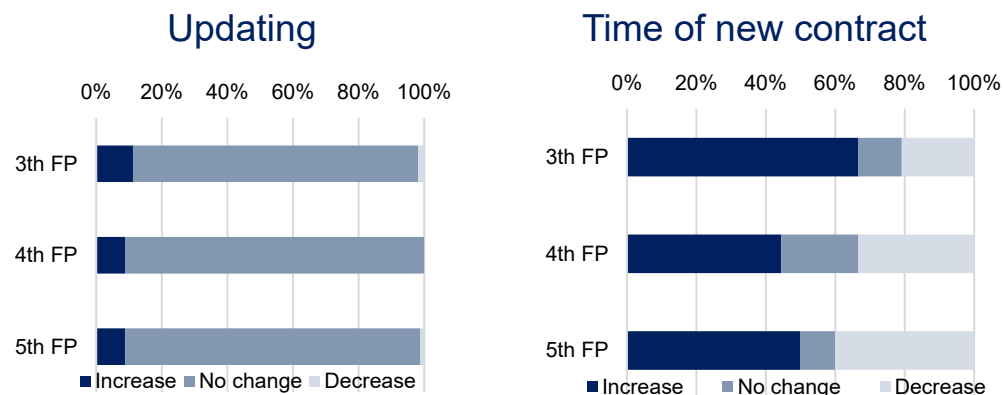
Office

Trends in Occupancy Rates



- The occupancy rate at the end of the August 2020 (5th) fiscal period improved from 96.6% at the end of the February 2020 (4th) fiscal period to 97.4%
- Driven by Omiya NSD Building (92.0% →: 100%), Morioka Ekimae-dori Building (90.0% →: 97.6%), etc.
- Improve occupancy rates by steadily capturing demand generated by the Corona disease (Morioka Ekimae-dori Building and Yamagata Ekimae-dori Building)

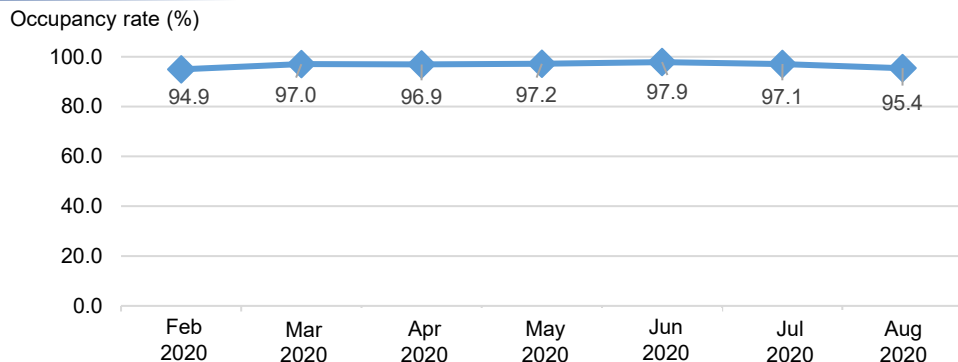
Rent Revision Status



- Rent remains unchanged at the time of contract renewal with tenants due to the impact of the Corona crisis
- Majority of contracts increase rent at the time of new contract

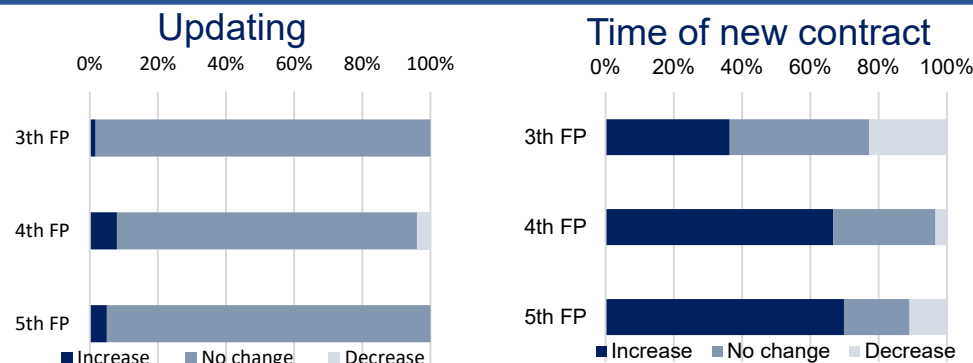
Residence

Trends in Occupancy Rates



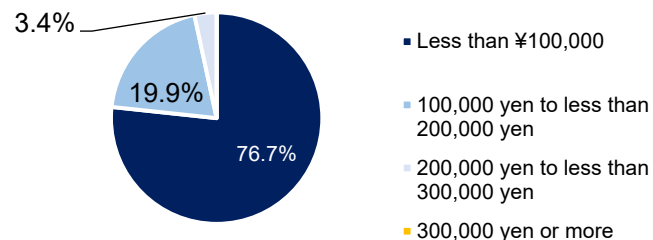
- Average occupancy rate of 97.0% during the August 2020 (5th) fiscal period improved from the average occupancy rate of 96.5% during the February 2020 (4th) fiscal period.

Rent Revision Status



- The trend of increased rent at the time of new contracts continues

Composition of Rent by Price Range



- Stable tenant mix with a large number of price zones in the high-volume zone with monthly rent of less than ¥0.2 million

Retail

- Maintain average occupancy rate of 100% during the period
- Reduction or waiver of some rent for non-routine and cost-consuming tenants (see page 7)
- Maintain relationships with large tenants through direct communication by investment management companies
- Realized gain on sale of unused part of Kaden Sumairu Kan YAMADA KobeTarumi (Land)

Life-connected Type



Kaden Sumairu Kan YAMADA
Matsuyama Toiyacho



Kaden Sumairu Kan YAMADA
KobeTarumi(Land))



TA Shonan Kugenmakaigan



Co-op Sapporo Shunko

Non-routine · Event consumption type



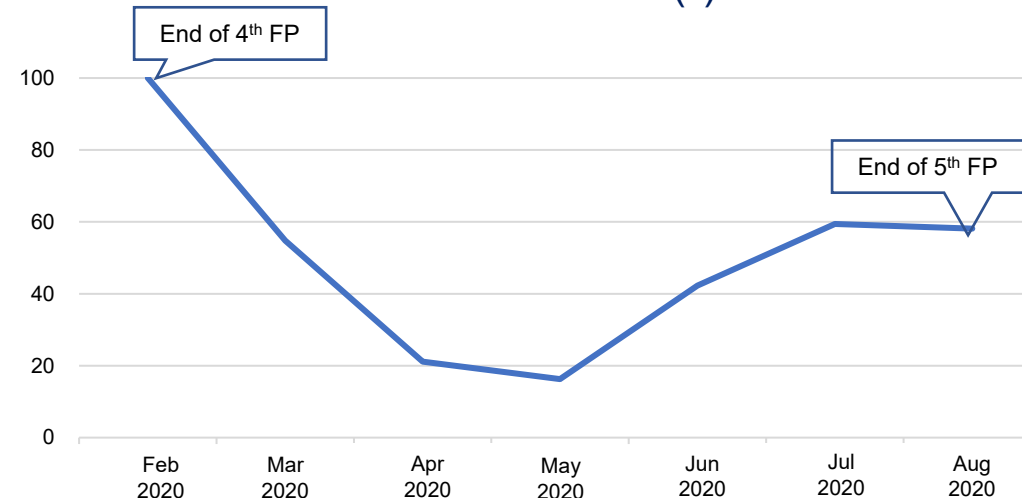
Prio Daimyo II



Almost Blue

Hotel

■ RevPAR of the entire hotel sector (*)



(※) The sum of RevPAR of each hotel in February 2020 weighted by area is indexed as 100

■ Properties sponsored (Matsuyama/Morioka)

- Despite the impact of the Corona crisis, both room occupancy rates and ADR have been recovering steadily since June due to the sponsor's strong management capabilities

■ Other properties (Utsunomiya)

- Due to the impact of the Corona crisis, both room occupancy rates and ADRs remain at low levels at present.
- Contracts have been concluded to supplement the credit of the current operator, and stable operations are possible in the future.

■ Other properties (Nagoya)

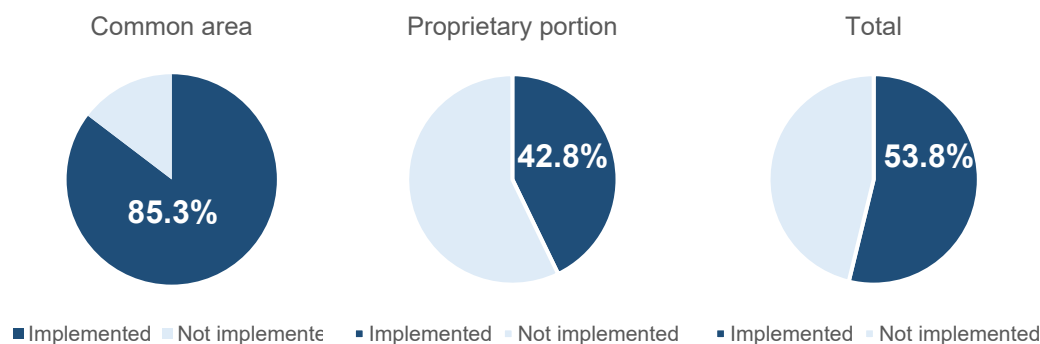
- Cancel the lease

Successful implementation of various measures for future internal growth

Measures to reduce electricity charges

- Continuously converting to LED in common areas
- Switch to new electric power

■ Implementation status of LEDs at each property (based on area as of the end of August 2020)

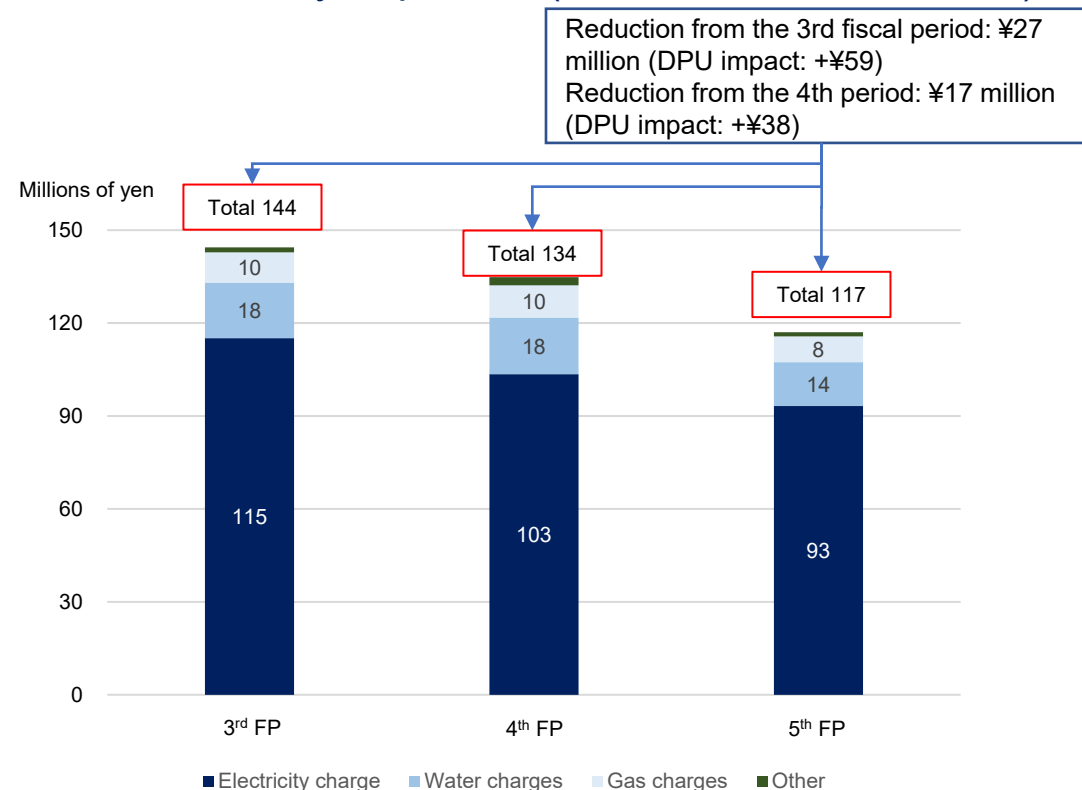


- Continued to implement exclusive internal LEDs, and will propose green leases to each tenant in the future

Water saving measures in common areas

- Equipment to control water volume around water in common areas installed
- Construction has already been completed at all 23 of the target properties.

■ Trends in Utility Expenses (3rd to 5th Fiscal Periods)



Note 1: The subject property is 24 properties held from the third period to the fifth period.

Note 2: Others include heavy oil and internal water supply charges.

■ Revision of the assessed value of property taxes

- As a result of revising the valuation of fixed assets, the valuation of the building of Hotel Sunshine Utsunomiya was reduced, and the fixed asset tax and city planning tax were reduced (about 23% compared to the actual results of the previous year).

Acquisition of ratings

From the Japan Rating Institute, Inc. as of June 18, 2020
Acquired a long-term issuer rating

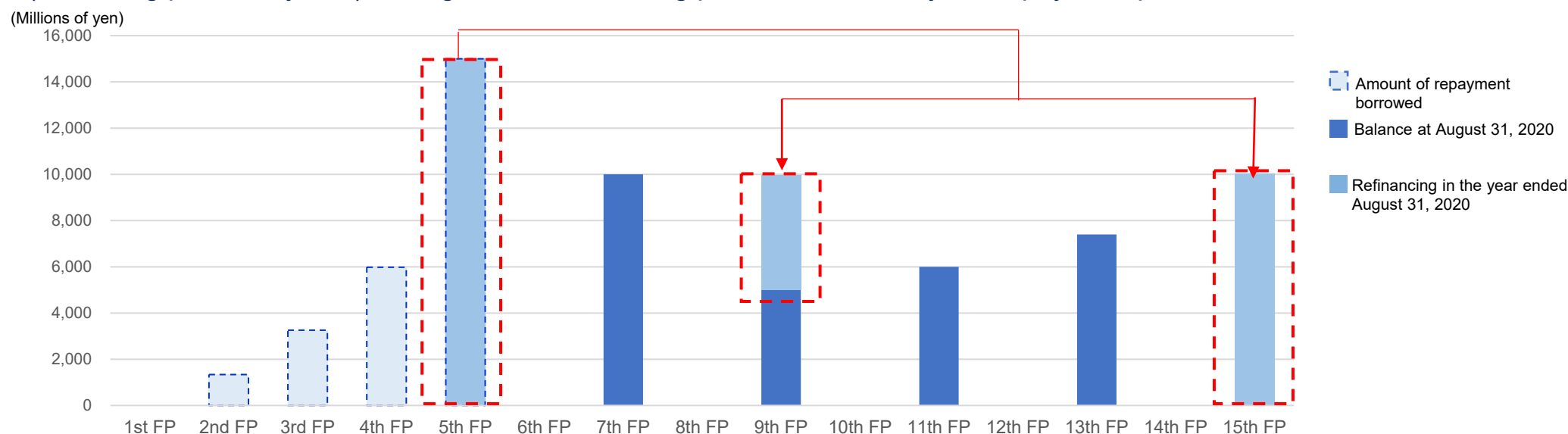
Long-term issuer rating **A-(Stable)**

Financial Indicators

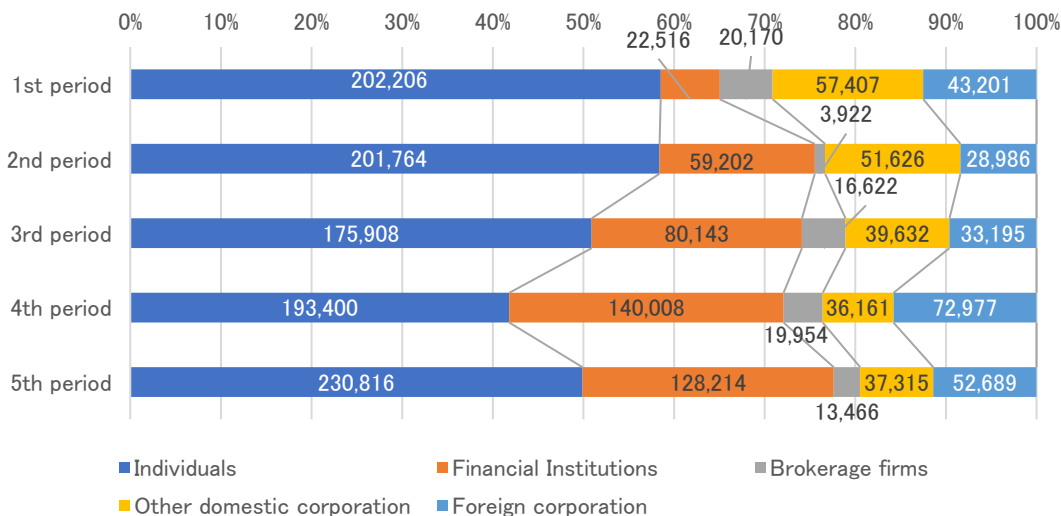
	2 nd period (February 2019)	3 rd period (August 2019)	4 th period (February 2020)	5 th period (August 2020)
Interest-bearing debt	33.26 billion yen	35.98 billion yen	43.4 billion yen	43.4 billion yen
Appraisal LTV	48.0%	51.9%	46.3%	46.2%
Average interest rate	0.49%	0.47%	0.57%	0.63%
Average borrowing period	2.5 years	2.2 years	3.2 years	3.9 years

Maturity Ladder

- Refinanced 15 billion yen (borrowing period: 2 years) at 10.05 billion yen (borrowing period: 5 years) and 4.95 billion yen (borrowing period: 2 years) to lengthen the borrowing period and diversify the repayment period.



Number of Investment Units by Type of Unitholder



Major Investors (Top 10)

	Name	Units Owned	% of units issued
1	The Master Trust Bank of Japan (Trust Account)	47,982	10.4
2	Custody Bank of Japan, Ltd. (Trust Account)	35,256	7.6
3	Takara Leben Co., Ltd.	14,385	3.1
4	The Nomura Trust and Banking Co., Ltd. (Trust Account)	14,014	3.0
5	PAG JREIT CO-INVEST LIMITED	10,400	2.2
6	BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	9,360	2.0
7	Custody Bank of Japan, Ltd. (Securities investment trust account)	7,273	1.6
8	Individual	6,225	1.3
9	Kinki Industrial Credit Association	5,590	1.2
10	Leben Community Co.,LTD.	5,200	1.1

Number of Unitholders by Type of Shareholder

Unit: People

	1 st FP		2 nd FP		3 rd FP		4 th FP		5 th FP	
Individuals and others	12,291	96.5%	14,827	97.1%	15,084	97.4%	18,455	97.3%	21,032	97.5%
Financial institutions	33	0.3%	35	0.2%	40	0.3%	43	0.2%	37	0.2%
Securities companies	20	0.2%	26	0.2%	25	0.2%	25	0.1%	26	0.1%
Other domestic corporations	359	2.8%	335	2.2%	260	1.7%	303	1.6%	324	1.5%
Foreign Corporations	36	0.3%	50	0.3%	74	0.5%	135	0.7%	150	0.7%
Total	12,739	100.0%	15,273	100.0%	15,483	100.0%	18,961	100.0%	21,569	100.0%

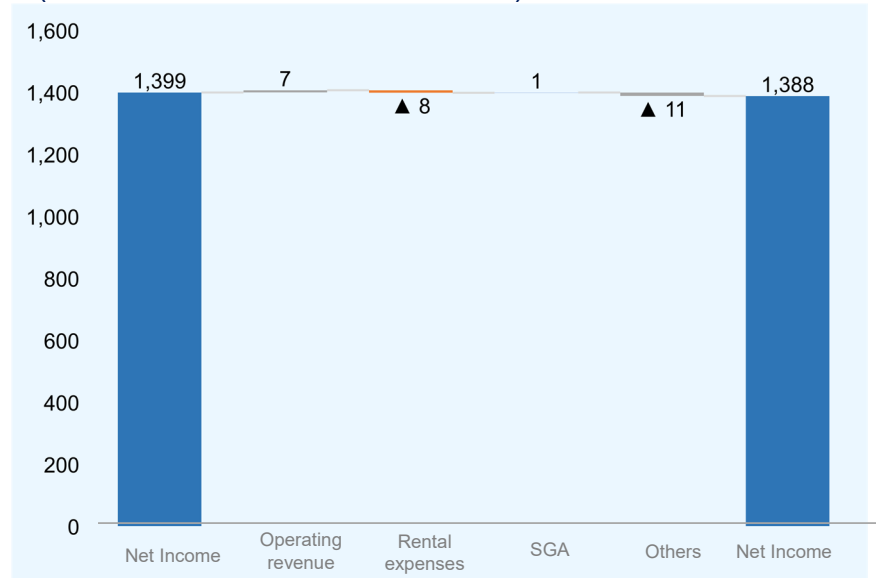
Ⅲ. Investment Strategy for the 6th and 7th Fiscal Period

Financial Forecasts for 6th and 7th Fiscal Period

	6th term forecast			
	5 th FP Actual	6 th FP	Diff	Factors
Number of days in operation	184	181	▲3	—
Operating revenue (million JPY)	2,750	2,758	+7	+31 Increase in sales of existing properties ▲23 Decrease in gains
Operating Income (million JPY)	1,611	1,611	▲0	+7 Increase in operating revenue ▲8 Increase in rental expenses (utilities, etc.) +1 Decrease in SG&A
Ordinary Income (million JPY)	1,399	1,388	▲11	▲0 Operating income decreased ▲11 Increase in non-operating expenses (financial expenses, etc.)
Net Income (million JPY)	1,399	1,387	▲11	▲11 Ordinary income decreased
Distributions per unit (including distributions in excess of earnings) (JPY)	3,029	3,000	▲29	Total number of outstanding units at the end of the 5th period: 462,500 units

Changes in net income
(5th Actual FP vs. 6th FP Forecast)

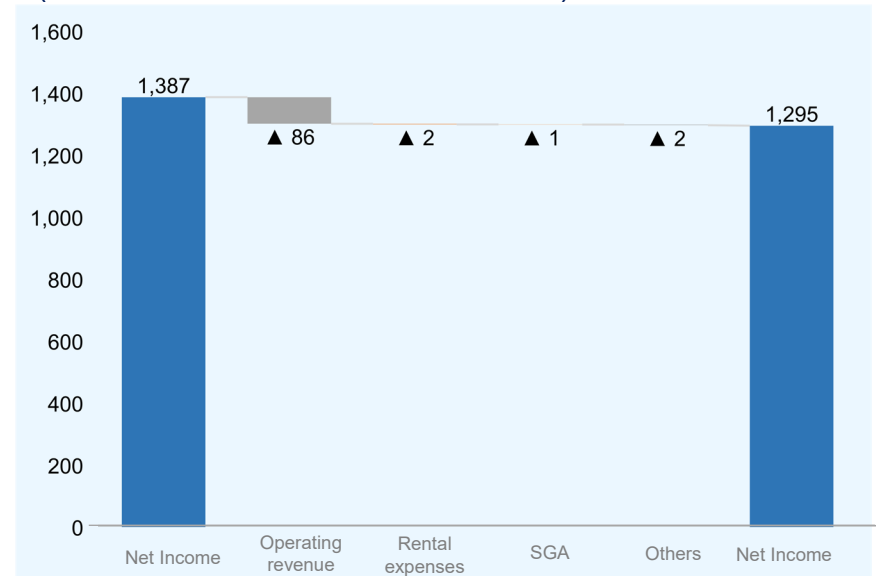
(Unit: million)



	7th term forecast			
	6 th FP	7 th FP	Diff	Factors
Number of days in operation	181	184	+3	—
Operating revenue (million JPY)	2,758	2,672	▲86	▲86 Decrease in sales of existing properties (Arietta Hotel Nagoya, etc.)
Operating Income (million JPY)	1,611	1,521	▲89	▲86 Decrease in operating revenue
Ordinary Income (million JPY)	1,388	1,296	▲92	▲89 Operating income decreased ▲2 Increase in non-operating expenses (financial expenses, etc.)
Net Income (million JPY)	1,387	1,295	▲92	▲92 Ordinary income decreased
Distributions per unit (including distributions in excess of earnings) (JPY)	3,000	2,800	▲200	Total number of outstanding units at the end of the 5th period: 462,500 units

Changes in net income
(6th FP Forecast vs. 7th FP Forecast)

(Unit: million)



External Growth Strategy

- Improve portfolio quality and stability
- Acquisition of properties through effective use of cash on hand
- Securing acquisition opportunities by granting preferential negotiation rights from bridge vehicles
- Securing acquisition opportunities through a sponsor pipeline from Takara Leben

Internal Growth Strategy

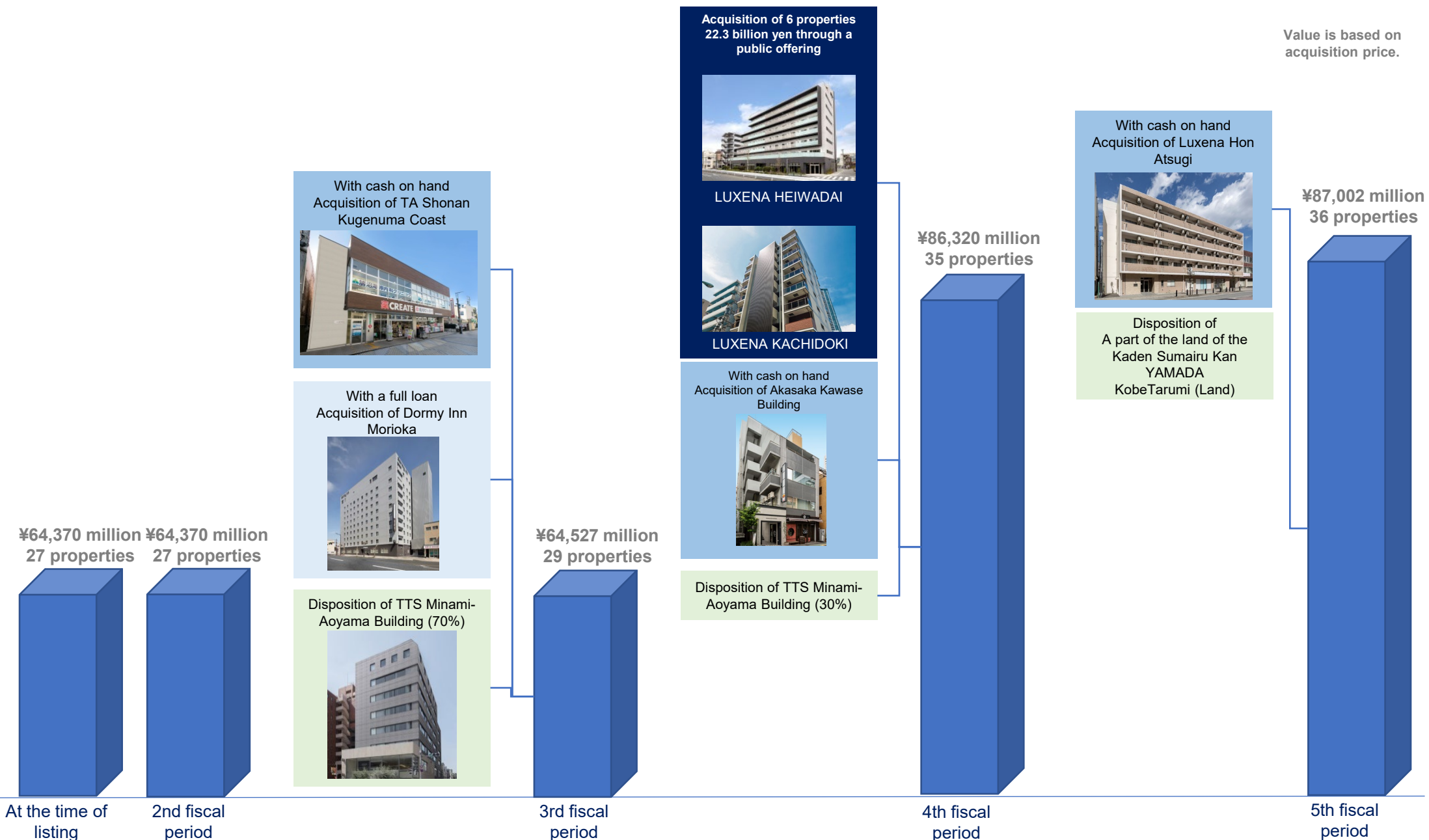
- Arietta Hotel Nagoya operator selection
- Reduction of fixed costs by reviewing property management specifications and switching power suppliers, etc.
- Implementation of capital expenditures to improve property competitiveness

Financial Strategy

- Reduction of refinancing risk by lengthening and diversifying borrowing maturities
- Responding to Interest Rate Fluctuation Risk by Fixing Interest Rates
- To diversify sources of funding

External Growth Strategy

- Since listing, steadily acquire properties and expand asset scale while replacing assets



External Growth Strategy -Pipelines-

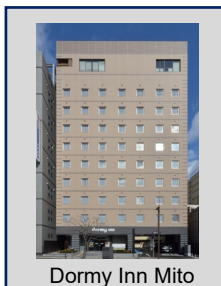
- A rich pipeline utilizing the development capabilities of the main sponsor, Takara Leben

Residence

Office

Retail

Hotel



4
properties

In operation

(Tentative) LUXENA KADOMA
(Kadoma, Osaka)

Onomichi PJ
(Onomichi, Hiroshima)

7
properties

In 2020

(Tentative) LUXENA AKIHABARA
(Taito, Tokyo)

(Tentative) LUXENA TODAKOEN
(Toda, Saitama)

(Tentative) LUXENA MUSASHI-SHINJO
(Kawasaki, Kanagawa)

(仮称)L.Biz Hatchobori
(Chuo, Tokyo)

(仮称)L.Biz Ochanomizu
(Chiyoda, Tokyo)

Takamatsu Hotel PJ
(Takamatsu, Kagawa)

13
properties

In 2021

(Tentative) LUXENA TOYOCHO
(Koto, Tokyo)

(Tentative) LUXENA HACHIOJI
MINAMICHO
(Hachioji, Tokyo)

(仮称)L.Biz Nihonbashi
(Chuo, Tokyo)

16
properties

In 2022

(Note 1) Although the Investment Corporation has acquired preferential negotiating rights with respect to each of the properties listed in the table above, there is no guarantee that these properties will be acquired in the future. In addition, the number of units, rooms and lots is subject to change.

(Note 2) The number of pipelines is the cumulative number.

(Note 3) Onomichi PJ is two lots with leasehold interest

Measures to Improve the Occupancy Rate

- Reduction of downtime mainly in offices other than the four major economic areas

Elimination of the rent gap

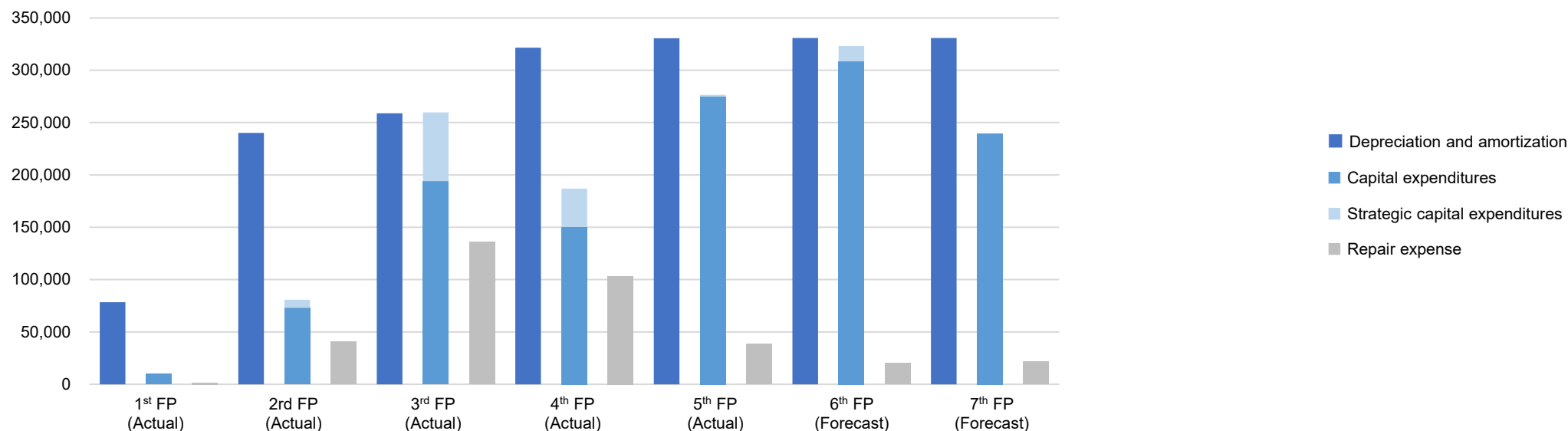
- There is room to close the rent gap, particularly in the four major economic areas.
- Proceed with elimination taking into account the impact of the Corona Virus

Strategic capital expenditures

- Investments in LEDs and other strategic capital expenditures will lead to higher green lease rents and cost reductions

Capital Expenditures and Repair Expenses

In thousand of yen



Acquisition of credit ratings

Long-term issued body size was obtained from Japan Grading Institute, Inc. on June 18, 2020.

Long-term issuer rating A-(Stable)

Since the IPO, the company has steadily expanded its portfolio through capital increases, new borrowings, and other means. At present, 36 projects have been acquired at a total purchase price of ¥87 billion.

The Company has established a portfolio that ensures a certain level of stability in terms of diversification, such as asset types, areas, and tenants, and concentration on major properties.

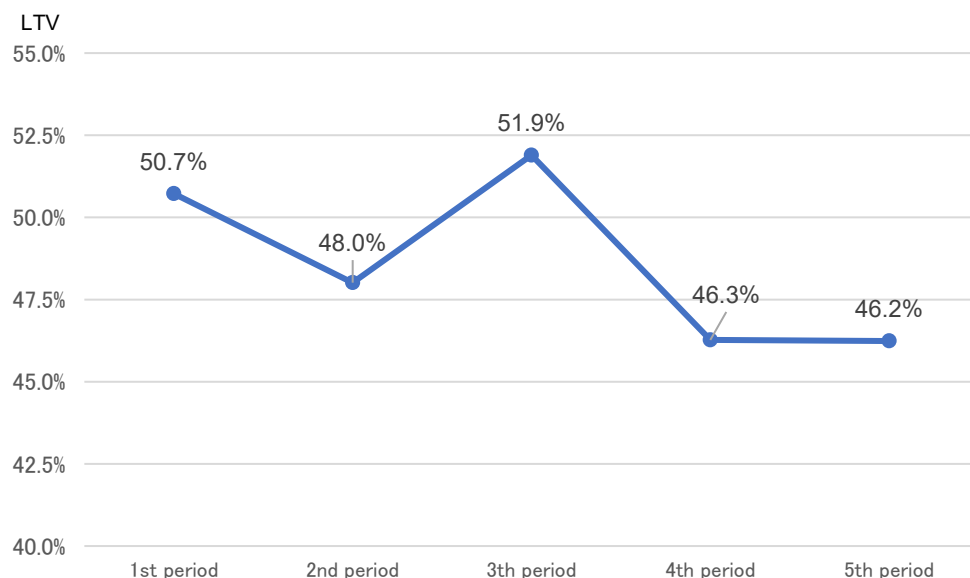
In terms of the operations of the properties it owns, it has generally performed well until the most recent fiscal period of 20/2, and the NOI yield is around 5%, which is at a level that is not inferior to that of other J-REIT.

However, as concerns about the new Corona Virus have not yet been dispelled, it is necessary to carefully monitor the degree of impact on tenant demand in the real estate leasing market and trends in the portfolio. On the financial front, generally conservative operations have been maintained under LTV control, which aims at around 45% on a cruise basis, and there are no particular concerns at present.

Based on the above, the rating was "A-" and the outlook was stable. (Cited: News Release, Japan Rating Institute, Inc.)

LTV trends

Flexible fund-raising with the goal of mid-40% LTV



Investment corporation bonds: Issuance registration completed

Completed registration of issuance of investment corporation bonds on October 13, 2020

Amount to be issued	JPY 100 billion
Object of shelf registration	Investment Corporation Bonds (excluding short-term investment corporation bonds)
Submission date of shelf registration statement	October 13, 2020
Scheduled issue period of the investment corporation bonds	From October 21, 2020 to October 20, 2022
Use of funds	Acquisition funds for specified assets (as specified in Article 2-1 of the Act on Investment Trusts and Investment Corporations (Act No. 198, including any revision afterwards), repayment funds for borrowings, redemption funds for investment corporation bonds (including short-term investment corporation bonds), repayment funds for lease and guarantee deposits, funds for maintenance and repairs, working capital, etc.

Current Status on Mid-Term DPU Target

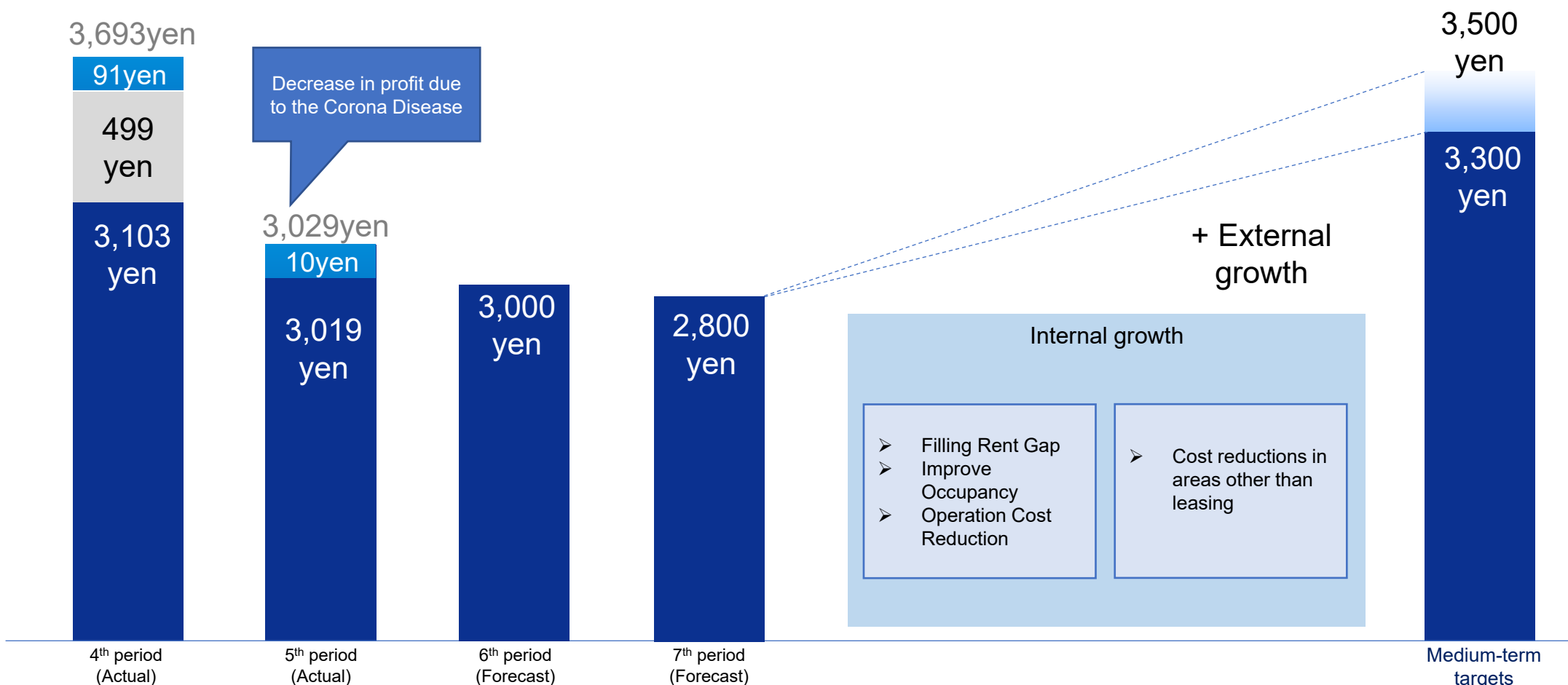
Mid-term distribution target: **3,500 JPY**

- Assuming that the impact of the new Corona Virus will converge at an early stage, the level of the medium-term target will be maintained.
- 3,300 yen for internal growth only
- Aiming for distribution of 3,500 yen in consideration of external growth accompanied by PO, etc.

Effect of property sales

Solid capital tax effect

Cruise basis excluding temporary impact



- Aiming to maximize unitholder value, create a sustainable environment, and contribute to local communities and society through consideration of the environment (Environment), society (Society), and Governance in asset-management operations

GRESB assessment "Green Star"



In GRESB Real Estate Assessment conducted in 2019, the company was highly evaluated in terms of management and policy and implementation and measurement in terms of environmental, social and governance (ESG). Green Star

Evaluation from an external organization

DBJ Green Building
Certification

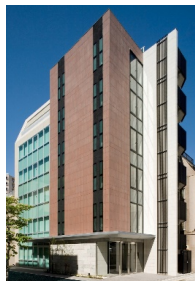


NT Building

BELS



Dormy Inn Morioka



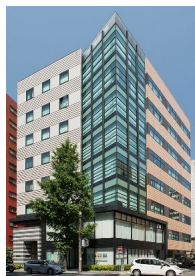
L.Biz Jimbocho



十分な
「環境・社会への配慮」がなされた建物



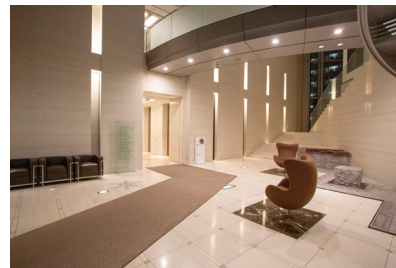
Dormy Inn Matsuyama



Hakata Gizon Building

Environmental consideration

Saving energy by adopting LED lighting in common areas



NT Building



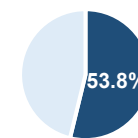
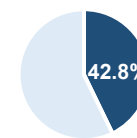
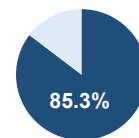
Hakata Gizon Building

(Progress)

Common areas

Exclusive areas

Total



■ Performed ■ Implementation

Note: Ratio is area based

Establishment of disaster response vending machines



Morioka Ekimae-dori Building

- Installation of vending machines to prepare for disasters and other emergency situations

Installation of share cycling



Omiya NSD Building

- Establishment of shared recycling space to improve convenience for users near the building

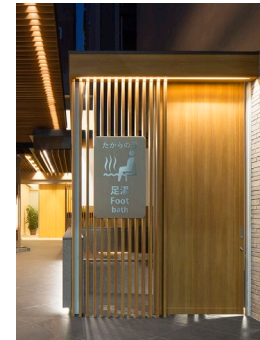
Attracting boxed lunch stores for office workers and communities



Omiya NSD Building

- Inviting boxed lunch stores to open vacant land in buildings to expand lunch opportunities

Opening of footwear for the local community



Dormy Inn Matsuyama



- Free opening of footwear installed in hotels for neighboring residents and tourists

Initiatives for Business Continuity

- Develop a telework environment for all officers and employees to prevent the spread of the new Corona Virus infectious diseases. Even after the termination of the Emergency Declaration, the telework implementation rate was maintained at 66.7% (as of August 31, 2020). At the same time, time difference commuting was implemented. In addition, regular antibody tests are conducted for all officers and employees.
- Innovated and started operation of BCP and crisis management manual
- Continue proactive efforts for business continuity, such as disaster stockpiling and training

Asset management fee structure that maximizes unitholder profit

The Investment Corporation believes that the transfer of assets under management will be sufficient to the extent that income before income taxes increased due to gains on the transfer to the Asset Manager, and therefore there is no transfer fee to the Asset Manager under the compensation structure.

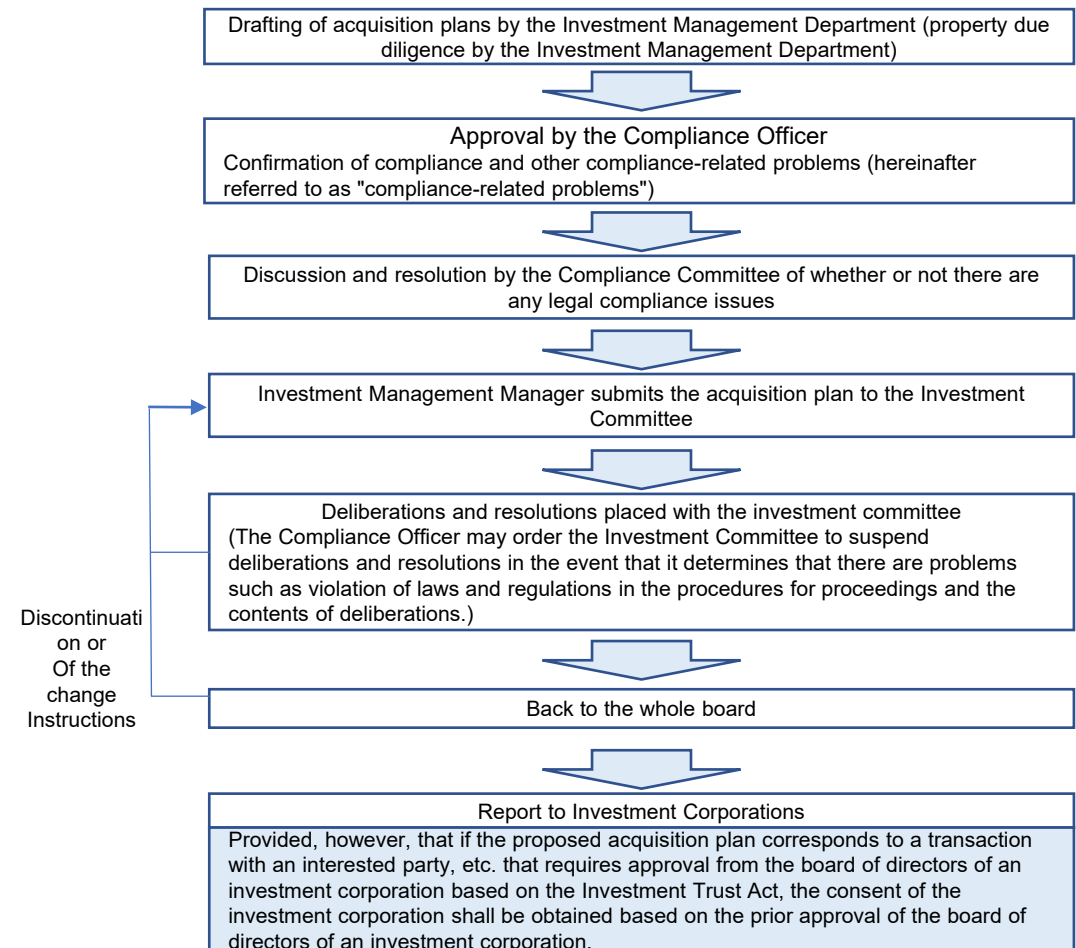
Type of management fee	Calculation method	Upper limit
Management Fees I	Total assets in the immediately preceding fiscal year × 0.3% per annum (Maximum Rate)	Total assets × 0.5% per annum
Management Fee II	Income before income taxes, net of management fees × 10% (Maximum Rate)	
Acquisition fees	Acquisition price × 1.0% (maximum rate) ※ For acquisitions from interested parties (Note), Acquisition price × 0.5%	–

(Note) Stakeholders: Officers, employees, shareholders, etc. of the asset management company

Initiatives to Strengthen Governance

- Conducted regular in-house training (compliance training and ESG training) with the participation of all officers and employees
- Exclusion of Antisocial Activities

Stakeholder Acquisition Decision-Making Flow



IV. Appendix

Occupancy Rates -Office and Residence-

(Unit: %)

Usage	Property number	Property name	4th period end	End of March	End of April	End of May	End of June	End of July	5th period end
Office	O-01	NT Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-02	Higashi-Ikebukuro Central Place	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-03	Nagoya Center Plaza Building	99.7	99.7	99.7	98.3	98.3	100.0	100.0
	O-05	Omiya NSD Building	92.0	92.0	92.0	92.0	92.0	100.0	100.0
	O-06	SAMTY Shin-Osaka Center Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-07	Hakata Gion Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-08	Chuo Bakuromachi Building	98.2	95.9	95.9	95.9	95.9	95.9	98.2
	O-09	L.Biz Jimbocho	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-10	Shinsaibashi Building	100.0	100.0	100.0	100.0	100.0	100.0	83.3
	O-11	L.Biz Sendai	100.0	100.0	100.0	100.0	100.0	100.0	98.0
	O-12	Sendai Nikko Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-13	Morioka Ekimae-dori Building	90.0	90.0	90.0	90.0	97.6	97.6	97.6
	O-14	Nagano Central Building	87.1	87.1	87.1	87.1	87.1	87.1	87.1
	O-15	EME Koriyama Building	96.8	96.8	96.8	96.8	96.8	96.8	96.8
	O-16	Utsunomiya Central Building	94.0	96.1	96.1	96.1	96.1	96.0	96.0
	O-17	Yamagata Ekimae-dori Building	65.5	65.5	65.5	65.5	65.5	65.5	71.9
	O-18	Akasaka Kawase Building	100.0	100.0	95.2	95.2	95.2	95.2	86.4
	Total of Office		96.6	96.5	96.5	96.3	96.8	97.5	97.4
Residence	R-01	Amare Tokaidori	97.0	93.0	94.0	94.1	97.0	98.0	92.7
	R-02	Dormy Ukimafunado	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	R-03	Benefis Hakata-Minami Grand Suite	86.8	96.7	96.7	96.7	97.9	98.8	98.8
	R-04	LUXENA HIGASHI-KOENJI	92.1	100.0	97.1	100.0	100.0	94.6	97.4
	R-05	Alpha Space Toritsudai	100.0	93.4	86.1	86.1	93.4	91.2	90.1
	R-06	J City Hatchobori	88.7	97.6	100.0	98.5	98.1	95.9	93.7
	R-07	LUXENA HEIWADAI	98.3	98.7	97.5	98.1	98.1	99.2	97.2
	R-08	LUXENA KACHIDOKI	96.4	94.7	100.0	100.0	95.1	100.0	96.1
	R-09	LUXENA HONATSUGI	-	94.7	94.7	95.9	97.3	84.8	83.4
	Total of Residence		94.9	97.0	96.9	97.2	97.9	97.1	95.4

Occupancy Rates -Hotel and Retail-

(Unit: %)

Usage	Property number	Property name	4th period end	End of March	End of April	End of May	End of June	End of July	5th period end
Hotel	H-01	Dormy Inn Matsuyama	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-02	Hotel Sunshine Utsunomiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-03	Dormy Inn Morioka	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-04	Arietta Hotel Nagoya	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Total of Hotel		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Retail and Other assets	C-01	Prio Daimyo II	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-02	Co-op Sapporo Shunko	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-03	TA Shonan Kugenumakaigan	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-04	Almost Blue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	Total of Retail and Other assets		100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total of the Portfolio			97.7	97.9	97.9	97.8	98.2	98.4	98.1

Usage	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	4th Fiscal Period			5th Fiscal Period			Difference			Appraisal value - book value (in million)
					Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	
Office	O-01	NT Building	12,350	12,409	13,400	557	3.9	13,400	556	3.9	-	▲0	-	990
	O-02	Higashi-Ikebukuro Central Place	9,780	9,895	10,600	426	3.9	10,600	426	3.9	-	0	-	704
	O-03	Nagoya Center Plaza Building	4,870	5,036	4,910	264	4.9	4,900	264	4.9	▲10	▲0	-	▲136
	O-05	Omiya NSD Building	3,493	3,522	3,910	192	4.6	3,950	191	4.6	40	▲0	-	427
	O-06	SAMTY Shin-Osaka Center Building	3,450	3,428	3,680	176	4.3	3,610	177	4.4	▲70	0	0.1	181
	O-07	Hakata Gion Building	2,500	2,492	2,780	123	4.3	2,780	123	4.3	-	0	-	287
	O-08	Chuo Bakuromachi Building	1,485	1,487	1,940	90	4.2	1,940	90	4.2	-	▲0	-	452
	O-09	L.Biz Jimbocho	1,006	1,017	1,140	45	3.8	1,140	45	3.8	-	0	-	122
	O-10	Shinsaibashi Building	772	765	805	39	4.2	777	39	4.3	▲28	0	0.1	11
	O-11	L.Biz Sendai	1,680	1,663	1,840	95	4.7	1,840	94	4.7	-	▲0	-	176
	O-12	Sendai Nikko Building	1,740	1,760	1,800	88	4.3	1,800	88	4.3	-	▲0	-	39
	O-13	Morioka Ekimae-dori Building	1,480	1,465	1,710	105	5.8	1,710	105	5.8	-	▲0	-	244
	O-14	Nagano Central Building	898	926	1,010	66	5.7	993	64	5.7	▲17	▲1	-	66
	O-15	EME Koriyama Building	900	900	1,030	65	5.7	1,030	65	5.7	-	0	-	129
	O-16	Utsunomiya Central Building	771	778	993	67	5.5	993	67	5.5	-	0	-	214
	O-17	Yamagata Ekimae-dori Building	600	599	724	48	5.7	683	45	5.7	▲41	▲2	-	83
	O-18	Akasaka Kawase Building	690	710	727	28	3.6	730	28	3.6	3	0	-	19
Total / Average of Office			48,466	48,860	52,999	2,481	-	52,876	2,477	-	▲123	▲3	-	4,015
Residence	R-01	Amare Tokaidori	1,100	1,082	1,240	60	4.6	1,240	60	4.6	-	0	-	157
	R-02	Dormy Ukimafunado	1,080	1,087	1,140	57	4.5	1,140	57	4.5	-	▲0	-	52
	R-03	Benefis Hakata-Minami Grand Suite	1,032	1,021	1,100	55	4.7	1,110	55	4.7	10	0	-	88
	R-04	LUXENA HIGASHI-KOENJI	1,060	1,075	1,080	45	4.0	1,080	45	4.0	-	▲0	-	4
	R-05	Alpha Space Toritsudai	589	595	621	27	3.9	621	27	3.9	-	▲0	-	25
	R-06	J City Hatchobori	1,200	1,202	1,300	65	4.8	1,290	64	4.8	▲10	▲0	-	87
	R-07	LUXENA HEIWADAI	3,910	3,913	4,340	180	4.0	4,350	181	4.0	10	0	-	436
	R-08	LUXENA KACHIDOKI	1,120	1,121	1,220	47	3.8	1,250	48	3.8	30	0	-	128
	R-09	LUXENA HONATSUGI	705	719	-	-	-	740	38	4.8	-	-	-	20
Total / Average of Residence			11,796	11,818	12,041	540	-	12,821	579	-	40	0	-	1,002

Usage	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	4th Fiscal Period			5th Fiscal Period			Difference			Appraisal value - book value (in million)
					Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	Appraisal value (in million)	Appraisal NOI (in million)	Cap rate	
Hotel	H-01	Dormy Inn Matsuyama	2,427	2,367	2,550	131	5.0	2,550	131	5.0	–	0	–	182
	H-02	Hotel Sunshine Utsunomiya	2,000	2,110	2,160	116	4.9	2,080	116	5.1	▲80	▲0	0.2	▲30
	H-03	Dormy Inn Morioka	2,520	2,496	2,550	129	4.9	2,530	128	4.9	▲20	▲0	–	33
	H-04	Arietta Hotel Nagoya	2,500	2,501	2,630	110	4.1	2,170	108	4.2	▲460	▲2	0.1	▲331
Total / Average of Hotel			9,447	9,475	9,890	488	–	9,330	485	–	▲560	▲3	–	▲145
Retail and other assets	C-01	Prio Daimyo II	980	992	1,120	46	4.0	1,120	46	4.0	–	–	–	127
	C-02	Co-op Sapporo Shunko	1,036	1,040	1,100	70	6.2	1,100	70	6.2	–	–	–	59
	C-03	TA Shonan Kugenumakaigan	500	508	573	27	4.7	570	27	4.7	▲3	▲0	–	61
	C-04	Almost Blue	6,520	6,599	7,210	231	3.1	7,210	231	3.1	–	0	–	610
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	4,030	4,050	4,410	299	6.8	4,410	300	6.8	–	0	–	359
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)	4,227	4,277	4,450	209	4.7	4,420	208	4.7	▲30	▲1	–	142
Total / Average of Retail and Other assets			17,293	17,469	18,863	884	–	18,830	883	–	▲33	▲0	–	1,360
Total / Average of the Portfolio			87,002	87,624	93,793	4,394	–	93,857	4,426	–	▲676	▲7	–	6,232

5th Fiscal Period Balance Sheets



Takara Leben Real Estate
Investment Corporation

<Assets>(Unit: thousand yen)	4 th FP	5 th FP
Current assets		
Cash and deposits	5,120,519	4,397,467
Cash and deposits in trust	1,752,399	1,820,275
Operating accounts receivable	84,699	81,477
Prepaid expenses	127,352	161,627
Consumption tax receivable	110,757	-
Other current assets	20,388	3,968
Total current assets	7,216,117	6,464,817
Fixed assets		
Tangible fixed assets		
Buildings, net	2,267,864	2,482,648
Structures, net	9,493	9,404
Machinery and equipment, net	46,352	45,163
Tools, furniture and fixtures, net	-	1,422
Land	1,463,924	1,941,786
Buildings in trust, net	20,238,610	20,214,739
Structures in trust, net	69,175	68,654
Tools, furniture and fixtures in trust, net	15,618	18,083
Land in trust	62,107,922	62,084,806
Total tangible assets	86,218,961	86,866,710
Intangible fixed assets		
Leasehold in trust	757,993	757,993
Software	4,125	3,575
Total intangible assets	762,118	761,568
Investments and other assets		
Investment securities	241,641	314,579
Long-term prepaid expenses	20	15
Deferred tax assets	11,000	11,000
Security deposits	10	10
Total investments and other assets	252,671	325,605
Total fixed assets	87,233,750	87,953,883
Deferred assets		
Investment unit issuance costs	67,348	47,897
Total deferred assets	67,348	47,897
Total assets	94,517,217	94,466,599

<Liabilities>(Unit: thousand yen)	4 th FP	5 th FP
Current liabilities		
Operating accounts payable	133,518	263,922
Current portion of long-term loans payable	15,000,000	10,000,000
Tenant leasehold and security deposits in trust due within one year	50,973	50,973
Accounts payable	176,974	179,395
Accrued expenses	12,522	16,172
Income taxes payable	218	930
Accrued consumption tax, etc.	-	117,180
Advances received	8,179	14,901
Derivative liabilities	-	10,301
Other current liabilities	10,130	4,421
Total current liabilities	15,392,518	10,658,200
Non-current liabilities		
Long-term loans payable	28,400,000	33,400,000
Tenant leasehold and security deposits	111,864	112,236
Tenant leasehold and security deposits in trust	3,633,966	3,636,234
Asset retirement obligations	87,632	87,966
Derivative liabilities	61,936	18,404
Total non-current liabilities	32,395,398	37,254,841
Total liabilities	47,687,917	47,913,041
<Net assets>(Unit: thousand yen)	4th FP	5th FP
Unitholders' equity		
Unitholders' capital	45,189,272	45,189,272
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	△87,066	△ 68,263
Total deduction from unitholders' capital	△87,066	△ 68,263
Unitholders' capital, net	45,102,206	45,121,008
Surplus		
Retained earnings	1,789,030	1,461,254
Total surplus	1,789,030	1,461,254
Total unitholders' equity	46,891,236	46,582,262
Valuation and translation adjustments		
Deferred gains or losses on hedges	△61,936	△ 28,705
Total valuation and translation adjustments	△61,936	△ 28,705
Total net assets	46,829,299	46,553,557
Total liabilities and net assets	94,517,217	94,466,599

5th Fiscal Period Statements of Income / Statements of Cashflow



Takara Leben Real Estate
Investment Corporation

Income statement (Unit:thousand yen)	4 th FP	5 th FP
Operating revenues		
Rental revenue	2,579,221	2,571,893
Other rental revenue	179,276	155,903
Dividend income from investments in securities	866	-
Gain on sales of real estate	316,856	23,114
Total operating revenues	3,076,219	2,750,910
Operating expenses		
Expenses related to property rental business	937,885	917,393
Asset management fee	144,262	144,736
Asset custody and administrative commissions	18,543	17,952
Directors' compensations	2,400	2,400
Taxes and dues	18,809	15,931
Other operating expenses	41,794	41,208
Total operating expenses	1,163,695	1,139,622
Operating income	1,912,523	1,611,288
Non-operating income		
Interest income	38	30
Refund of property taxes	5,670	-
Other	500	92
Total non-operating income	6,208	122
Non-operating expenses		
Interest expense	122,526	125,873
Borrowing related expenses	69,429	66,108
Amortization of issuance costs of new units	19,450	19,450
Total non-operating expenses	211,406	211,432
Ordinary income	1,707,326	1,399,979
Income before income taxes	1,707,326	1,399,979
Income taxes		
Income taxes - current	1,023	935
Income taxes-deferred	0	4
Total income taxes	1,023	939
Net income	1,706,302	1,399,039
Retained earnings brought forward	82,727	62,215
Unappropriated retained earnings	1,789,030	1,461,254

Cash flow statement (thousand yen)	4 th FP	5 th FP
Cash flows from operating activities		
Income before income taxes	1,707,326	1,399,979
Depreciation and amortization	322,112	331,127
Amortization of issuance costs of new units	19,450	19,450
Borrowing related expenses	63,463	60,473
Interest income	▲38	▲30
Interest expense	122,526	125,873
Decrease (increase) in operating accounts receivable	▲9,404	2,374
Decrease (increase) in consumption taxes receivable	34,027	110,757
Increase (decrease) in accrued consumption taxes	-	117,180
Decrease (increase) in prepaid expenses	▲13,191	▲9,652
Decrease (increase) in long-term prepaid expenses	▲63,517	7,552
Increase (decrease) in operating accounts payable	▲112,410	24,839
Increase (decrease) in accounts payable	13,010	1,805
Increase (decrease) in advances received	▲4,564	6,721
Decrease in disposal of property and equipment in trust	1,240,701	23,115
Other, net	▲13,739	11,085
Subtotal	3,305,754	2,232,655
Interest income received	38	30
Interest expenses paid	▲123,171	▲122,222
Income taxes paid	▲1,839	▲223
Net cash provided by operating activities	3,180,782	2,110,239
Cash flows from investing activities		
Purchase of property and equipment	▲758,660	▲731,935
Purchase of property and equipment in trust	▲21,992,294	▲170,988
Purchase of intangible assets in trust	▲757,993	-
Proceeds from tenant leasehold and security deposits	6,326	2,247
Repayments of tenant leasehold and security deposits	-	▲790
Proceeds from tenant leasehold and security deposits in trust	397,298	2,636
Repayments of tenant leasehold and security deposits in trust	▲23,591	4,715
Proceeds from redemption of investment securities	103,043	-
Net cash used in investing activities	▲23,025,871	▲894,114
Cash flows from financing activities		
Repayment of short-term loans	▲5,980,000	-
Proceeds from long-term loans	13,173,819	14,835,028
Repayment of long-term loans	-	▲15,000,000
Proceeds from issuance of investment units	13,157,794	-
Distributions paid	▲1,620,179	▲1,708,178
Net cash provided by financing activities	18,731,435	▲1,873,149
Net increase in cash and cash equivalents	▲1,113,653	▲657,024
Cash and cash equivalents at beginning of period	5,328,810	4,215,156
Cash and cash equivalents at end of period	4,215,156	3,558,132

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-01	O-02	O-03	O-05	O-06
	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	Omiya NSD Building	SAMTY Shin-Osaka Center Building
					
① Lease business revenue	342,192	268,781	197,265	114,653	111,840
Lease business revenue	320,411	244,633	171,246	108,853	102,714
Other lease business revenue	21,780	24,147	26,019	5,799	9,125
② Operating expenses from real estate leasing	72,826	42,419	64,889	34,267	26,365
Management fee	19,792	10,104	23,401	17,632	8,895
Utilities expenses	21,802	14,706	20,330	5,482	7,139
Taxes and dues	27,797	14,542	15,655	7,862	9,385
Insurance premium	521	307	472	163	189
Repair expenses	2,470	2,349	4,382	1,979	321
Trust fee	400	375	300	300	400
Other expenses	41	34	346	847	34
③ NOI(①-②)	269,366	226,362	132,376	80,386	85,474
④ Depreciation	36,045	26,189	21,074	6,780	10,957
⑤ Operating income (loss) from real estate leasing (③-④)	233,320	200,172	111,302	73,605	74,517
⑥ Acquisition price	12,350,000	9,780,000	4,870,000	3,493,900	3,450,000
⑦ NOI yield(%・Annual rate)	4.33	4.59	5.39	4.56	4.91

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-07	O-08	O-09	O-10	O-11
	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho	Shinsaibashi Building	L.Biz Sendai
					
① Lease business revenue	91,580	63,227	26,951	29,811	70,253
Lease business revenue	83,718	55,235	26,527	25,603	62,198
Other lease business revenue	7,862	7,992	423	4,207	8,054
② Operating expenses from real estate leasing	21,862	21,477	4,820	11,719	18,570
Management fee	7,398	6,382	1,830	3,727	7,832
Utilities expenses	5,629	5,740	-	3,000	4,668
Taxes and dues	7,420	7,915	1,742	4,426	5,054
Insurance premium	140	148	26	72	151
Repair expenses	836	852	887	55	529
Trust fee	400	400	300	400	300
Other expenses	35	38	33	35	34
③ NOI(①-②)	69,718	41,750	22,130	18,092	51,683
④ Depreciation	11,397	3,781	2,692	2,929	8,771
⑤ Operating income (loss) from real estate leasing (③-④)	58,321	37,968	19,438	15,163	42,911
⑥ Acquisition price	2,500,000	1,485,100	1,006,000	772,000	1,680,000
⑦ NOI yield(%・Annual rate)	5.53	5.58	4.36	4.65	6.10

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-12	O-13	O-14	O-15	O-16
	Sendai Nikko Building	Morioka Ekimae-dori Building	Nagano Central Building	EME Koriyama Building	Utsunomiya Central Building
					
① Lease business revenue	64,460	78,163	43,110	53,967	49,462
Lease business revenue	59,510	75,093	40,735	51,750	47,066
Other lease business revenue	4,950	3,069	2,375	2,217	2,395
② Operating expenses from real estate leasing	18,596	23,266	14,705	15,218	15,995
Management fee	5,762	11,361	6,690	6,999	7,591
Utilities expenses	4,094	5,011	2,857	4,586	3,070
Taxes and dues	7,393	4,980	4,551	2,898	4,751
Insurance premium	116	206	146	125	127
Repair expenses	695	1,286	123	248	118
Trust fee	450	375	300	300	300
Other expenses	84	45	35	59	36
③ NOI(①-②)	45,863	54,896	28,405	38,748	33,466
④ Depreciation	5,585	15,112	9,298	9,293	6,660
⑤ Operating income (loss) from real estate leasing (③-④)	40,277	39,784	19,106	29,454	26,806
⑥ Acquisition price	1,740,000	1,480,000	898,000	900,000	771,000
⑦ NOI yield(%・Annual rate)	5.23	7.36	6.27	8.54	8.61

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-17	O-18	R-01	R-02	R-03
	Yamagata Ekimae-dori Building	Akasaka Kawase Building	Amare Tokaidori	Dormy Ukimafunado	Benefis Hakata-Minami Grand Suite
					
① Lease business revenue	26,368	17,153	39,576	31,862	36,406
Lease business revenue	23,981	16,217	37,983	31,836	34,452
Other lease business revenue	2,387	935	1,592	26	1,953
② Operating expenses from real estate leasing	15,102	4,246	9,613	2,601	9,895
Management fee	7,290	1,501	3,273	318	4,803
Utilities expenses	3,545	769	276	6	253
Taxes and dues	3,458	1,408	2,147	1,661	2,597
Insurance premium	118	19	78	59	74
Repair expenses	356	539	3,352	221	1,536
Trust fee	300	-	300	300	300
Other expenses	34	8	184	33	329
③ NOI(①-②)	11,266	12,906	29,963	29,261	26,510
④ Depreciation	6,278	725	8,716	2,729	6,692
⑤ Operating income (loss) from real estate leasing (③-④)	4,987	12,181	21,246	26,532	19,818
⑥ Acquisition price	600,000	690,000	1,100,000	1,080,000	1,032,000
⑦ NOI yield(%・Annual rate)	3.72	3.71	5.40	5.37	5.10

Profit and Loss by Property

(Unit: thousand yen)

Property name	R-04	R-05	R-06	R-07	R-08
	LUXENA HIGASHI-KOENJI	Alpha Space Toritsudai	J City Hatchobori	LUXENA HEIWADAI	LUXENA KACHIDOKI
					
① Lease business revenue	30,010	17,615	42,415	108,329	30,477
Lease business revenue	28,700	15,868	41,095	106,086	28,927
Other lease business revenue	1,310	1,746	1,319	2,243	1,550
② Operating expenses from real estate leasing	8,241	5,892	10,445	16,034	5,552
Management fee	3,362	2,823	4,036	7,431	3,249
Utilities expenses	167	304	434	1,850	273
Taxes and dues	1,529	989	2,873	5,164	1,096
Insurance premium	38	28	75	168	39
Repair expenses	2,808	1,337	2,684	853	483
Trust fee	300	375	300	375	375
Other expenses	34	34	42	191	35
③ NOI(①-②)	21,769	11,722	31,969	92,294	24,924
④ Depreciation	3,662	1,195	4,889	11,776	4,766
⑤ Operating income (loss) from real estate leasing (③-④)	18,106	10,526	27,080	80,518	20,158
⑥ Acquisition price	1,060,000	589,000	1,200,000	3,910,000	1,120,000
⑦ NOI yield(%・Annual rate)	4.07	3.95	5.28	4.68	4.41






Profit and Loss by Property

(Unit: thousand yen)

Property name	R-09	H-01	H-02	H-03	H-04
	LUXENA HONATSUGI	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya	Dormy Inn Morioka	Arietta Hotel Nagoya
					
① Lease business revenue	22,334	76,500	63,305	74,958	10,416
Lease business revenue	20,567	76,500	62,647	74,958	10,416
Other lease business revenue	1,766	-	657	-	-
② Operating expenses from real estate leasing	5,484	8,863	11,010	8,236	6,214
Management fee	3,194	765	1,290	749	-
Utilities expenses	520	750	-	-	-
Taxes and dues	8	6,866	5,213	7,296	5,727
Insurance premium	48	144	162	171	79
Repair expenses	1,657	-	3,905	-	-
Trust fee	-	300	400	-	375
Other expenses	55	38	37	18	32
③ NOI(①-②)	16,849	67,636	52,295	66,721	4,202
④ Depreciation	2,925	19,220	14,639	27,209	8,790
⑤ Operating income (loss) from real estate leasing (③-④)	13,924	48,415	37,655	39,511	▲4,588
⑥ Acquisition price	705,000	2,427,000	2,000,000	2,520,000	2,500,000
⑦ NOI yield(%・Annual rate)	4.74	5.53	5.19	5.25	0.33

Profit and Loss by Property


(Unit: thousand yen)

Property name	C-01	C-02	C-03	C-04	C-05
	Prio Daimyo II	Co-op Sapporo Shunko	TA Shonan Kugenumakaigan	Almost Blue	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho
					
① Lease business revenue	27,902	41,760	16,997	132,352	(Note)
Lease business revenue	24,809	41,760	15,816	128,635	(Note)
Other lease business revenue	3,093	-	1,180	3,716	(Note)
② Operating expenses from real estate leasing	5,704	5,320	3,042	21,086	(Note)
Management fee	1,233	417	1,058	5,208	(Note)
Utilities expenses	2,169	-	1,026	3,482	(Note)
Taxes and dues	1,776	3,940	924	8,476	(Note)
Insurance premium	18	96	15	63	(Note)
Repair expenses	73	530	-	478	(Note)
Trust fee	400	300	-	375	(Note)
Other expenses	34	35	19	3,002	(Note)
③ NOI(①-②)	22,197	36,439	13,954	111,266	153,992
④ Depreciation	1,118	7,760	1,365	3,944	15,599
⑤ Operating income (loss) from real estate leasing (③-④)	21,079	28,679	12,588	107,321	138,392
⑥ Acquisition price	980,000	1,036,000	500,000	6,520,000	4,030,000
⑦ NOI yield(%・Annual rate)	4.49	6.98	5.54	3.39	7.58

(Note) The information is not disclosed because the consent from the tenant has not been obtained.

Profit and Loss by Property

(Unit: thousand yen)

Property name	C-06
	Kaden Sumairu Kan YAMADA KobeTarumi (Land)
	
① Lease business revenue	(Note)
Lease business revenue	(Note)
Other lease business revenue	(Note)
② Operating expenses from real estate leasing	(Note)
Management fee	(Note)
Utilities expenses	(Note)
Taxes and dues	(Note)
Insurance premium	(Note)
Repair expenses	(Note)
Trust fee	(Note)
Other expenses	(Note)
③ NOI(①-②)	104,112
④ Depreciation	-
⑤ Operating income (loss) from real estate leasing (③-④)	104,112
⑥ Acquisition price	4,227,000
⑦NOI yield(%・Annual rate)	4.89

(Note) The information is not disclosed because the consent from the tenant has not been obtained.

Benchmarks	1 st period (August 2018)	2 nd period (February 2019)	3 rd period (August 2019)	4 th period (February 2020)	5 th period (August 2020)
Days in operation	33	181	184	182	184
NOI (JPY million)	314	1,717	1,489	2,142	2,140
FFO (Funds from Operation/JPY million)	112	1,412	1,139	1,711	1,706
FFO per unit (JPY)	324	4,087	3,297	3,699	3,689
Interest-bearing debt (JPY million)	34,600	33,260	35,980	43,400	43,400
Interest-bearing debt to total asset (%)	49.7	47.8	49.5	45.9	45.9
Loan to appraisal value (%)	50.7	48.0	51.9	46.3	46.2
Net Asset Value per unit (JPY)	101,345	104,710	104,539	112,296	111,103

(NOTE) Calculation is based on the following formula

NOI = Property-related revenues - Property-related expenses + Depreciation - Gain on sales of property

FFO = Net income + Depreciation and amortization ± Gains (losses) on sales of real estate, etc.

FFO per unit = FFO ÷ total number of investment units issued and outstanding

Interest-bearing debt ratio (LTV) = Interest-bearing debt at the end of the period / Total assets at the end of the period
× 100

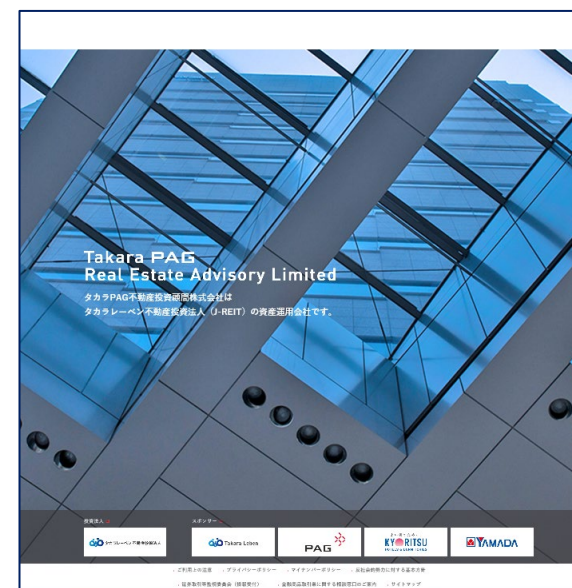
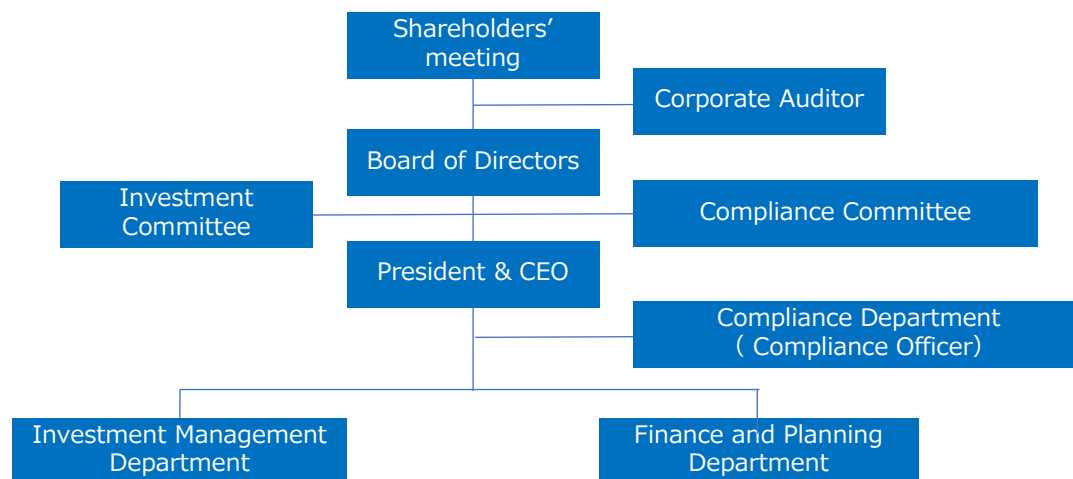
Appraisal LTV = Interest-bearing debt at the end of the period / Appraisal value of real estate × 100

NAV per unit = (Net assets at the end of the period - Total distributions to be paid + Appraisal value of real estate, etc. -

Book value of real estate, etc. at the end of the period) / Total investment units issued and outstanding

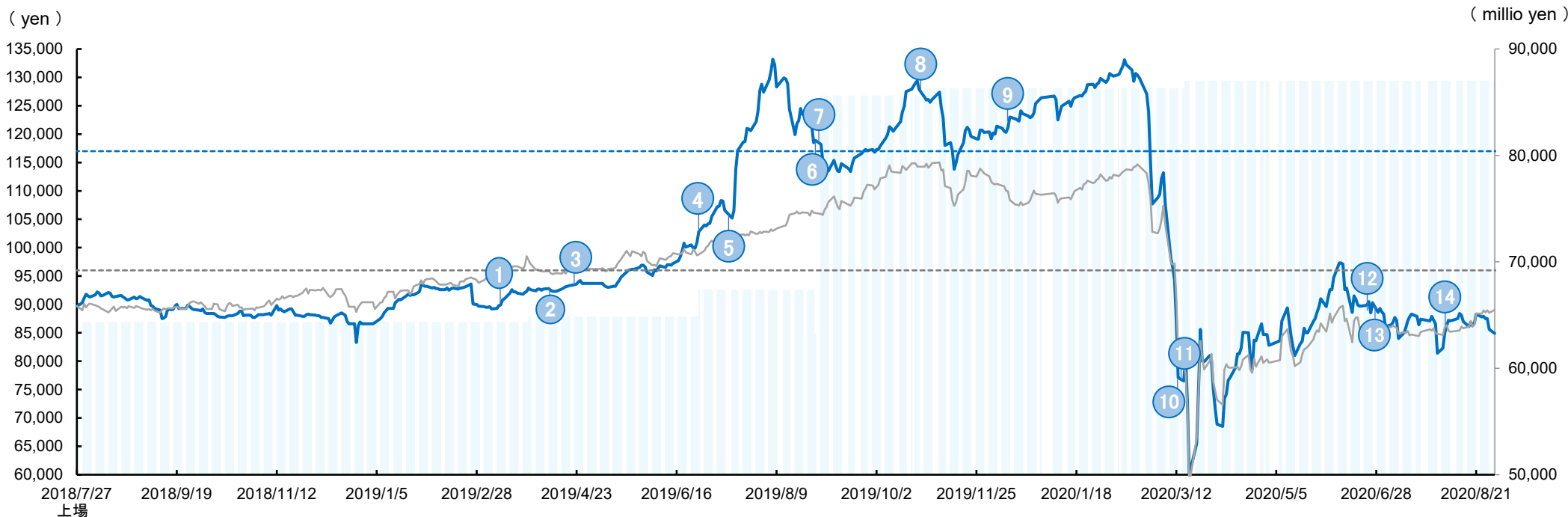
Overview of the Asset Management Company

Name	Takara PAG Real Estate Investment Advisory Limited
Address	14-15, Akasaka 1-chome, Minato-ku, Tokyo
Representative	Masayuki Ishihara (Chairman, Chief Executive Officer) Tetsuo Saida (Representative Director, President)
Establishment	January 15, 2016
Capital	50 million
Shareholders	Takara Leben Co., Ltd. (60%) PAG Real Estate Holding Limited(30%) Kyoritsu Maintenance Co., Ltd. (5%) YAMADA HOLDINGS CO., LTD. (5%)



Web site : <https://www.takara-pag.com/>

Investment units since listing



- 1 Acquisition of new properties (March 28, 2019)**

 - On TA Shonan Kugenuma Kaigan Acquired at 500 million yen
- 2 Pipeline Conclusion of support Agreement (April 12, 2019)**

 - Kasumigaseki Capital stock Alliances between companies and strategic partnerships
- 3 Silent partnership acquisition of equity interest (April 24, 2019)**

 - Acquired the silent partnership equity interest (100 million yen) to expand external growth opportunities
- 4 Acquisition of new properties (June 28, 2019)**

 - Acquired Dormy Inn Morioka for 2.5 billion yen
- 5 Acquisition of certification (July, August, 2019)**

 - DBJ Green Building certification (NT Building)
 - BELS (Dormy Inn Morioka ・ Dormy Inn Matsuyama)
- 6 Property transfer (August, September, 2019)**

 - Disposed TTS Minami Aoyama Building (sale price: 5.3 billion yen)
- 7 Acquisition of 6 properties through public offering (As of September 3, 2019)**

 - Acquired 6 properties worth approx. 22.3 billion yen
- 8 Acquisition of new properties (As of October 31, 2019)**

 - Acquired Akasaka Kawase Building for 690 million yen
- 9 BELS acquisitions (December 2019)**

 - L.Biz Jinbocho
 - Hakata Gion Building
- 10 Acquisition of preferential negotiating rights (As of March 13, 2020)**

 - Acquired preferential negotiating rights related to four properties from Bridge Vehicle (Island Ship No. 3)
- 11 Acquisition of new properties (March 17, 2020)**

 - Acquired LUXENA HON-ATSUGI for 705 million yen
 - Value-up projects by Takara Leben
- 12 Obtaining credit ratings (June 18, 2020)**

 - Long-term issued body size was obtained from Nippon Grading Institute, Inc.
- 13 Partial transfer of land (June 24, 2020)**

 - A part of the land of the Kaden Sumairu Kan YAMADA Kobe Tarumi (Land) was transferred as a roadside site for a congestion prevention project in Kobe City.
- 14 Refinancing of 15 billion yen (As of July 30, 2020)**

 - Borrowings were refinanced on July 30, 2018. Achieve lengthening and diversification



Contact

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Distribution 分配金情報		Portfolio ポートフォリオ概要		Financial 業績決算情報	
前年度配当	3,693 円	物件数	36 物件	2020年2月期	
2020年2月期 (円4割)		2020年3月17日現在		決算利益(円764万)	
支払開始日: 2020年8月19日		取得価額(円)	87,025 百万円	決算利益割合(%)	4.84%
予想配当	3,000 円	2020年3月17日現在		資産増減割合(%)	1.84%
2020年8月期 (円5割)		稼働率	98.2 %	前年度平均稼働率(%)	98.2%
2021年2月期 (円6割)	3,000 円	2020年6月10日現在			

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