

Translation of Japanese Original

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For Immediate Release

REIT Issuer:

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Notice Concerning Forecasts of Financial Results for the Fiscal Periods
Ending August 31, 2018, February 28, 2019 and August 31, 2019

Takara Leben Real Estate Investment Corporation (the “Investment Corporation”) announced today its forecasts of financial results for the fiscal periods ending August 31, 2018 (September 11, 2017 to August 31, 2018), February 28, 2019 (September 1, 2018 to February 28, 2019), and August 31, 2019 (March 1, 2019 to August 31, 2019).

(millions of yen unless otherwise noted)

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (yen) (excluding excess of earnings per unit)	Distributions in excess of earnings per unit (yen)
Fiscal period ending August 31, 2018 (1st fiscal period)	374	187	10	9	28	0
Fiscal period ending February 28, 2019 (2nd fiscal period)	2,115	1,255	1,118	1,117	3,235	0
Fiscal period ending August 31, 2019 (3rd fiscal period)	2,099	1,141	1,007	1,006	2,915	0

(Reference)

Fiscal period ending August 31, 2018

Estimated number of investment units outstanding at the end of the period: 345,500 units

Estimated net income per investment unit: 28 yen

Fiscal period ending February 28, 2019

Estimated number of investment units outstanding at the end of the period: 345,500 units

Estimated net income per investment unit: 3,235 yen

Fiscal period ending August 31, 2019

Estimated number of investment units outstanding at the end of the period: 345,500 units

Estimated net income per investment unit: 2,914 yen

Notes:

1. The fiscal period of the Investment Corporation is from March 1 to August 31 and September 1 to the end of February in the following year. However, the first fiscal period is from September 11, 2017, the date of incorporation of the Investment Corporation, to August 31, 2018. The actual business period in the first fiscal period is from July 30, 2018 (the planned property acquisition date) to August 31, 2018 (33 days).
2. The aforementioned calculations of forecasts are based on the assumption that the issue price (offer price) of new investment units will be 100,000 yen per unit.
3. The forecasts of financial results for the above periods are as of today, calculated based on the assumptions listed in the attachment “Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2018, February 28, 2019 and August 31, 2019”. Therefore, actual operating revenues, operating income, ordinary income, net income and distributions per unit (excluding cash distribution in excess of earnings), and distributions in excess of earnings per unit may vary due to the factors in the future, such as additional acquisitions or disposals of real estate properties, changes in rent revenues due to changes in tenants or lease conditions, unexpected repairs and maintenance expenses, other changes in management environment, changes in financial markets, and the actual issue price of new investment units to be issued. In addition, these forecasts do not guarantee the actual distribution amount.
4. Forecasts may be revised in the event that the difference between the forecasts and actual results are expected to exceed a certain threshold.
5. The Investment Corporation’s investment units are scheduled to be listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on July 27, 2018.
6. The figures have been rounded down to the nearest whole number.

The original Japanese version of this announcement is being distributed June 25, 2018 to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Construction Specialty Publication Press Club.

This notice is the English translation of the Japanese announcement on June 25, 2018. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

ATTACHMENT

Assumptions for the Forecasts of Financial Results for the Fiscal Periods
Ending August 31, 2018, February 28, 2019 and August 31, 2019

Item	Assumptions																																											
Calculation period	The first fiscal period: September 11, 2017 to August 31, 2018 (355 days) The second fiscal period: September 1, 2018 to February 28, 2019 (181 days) The third fiscal period: March 1, 2019 to August 31, 2019 (184 days)																																											
Property portfolio	It is assumed that the Investment Corporation will acquire the trust beneficiary rights in 27 properties (the “Assets to be Acquired”) on July 30, 2018 after the issuance of new investment units as approved at the Board of Directors meeting held today, and there will be no change in property portfolio (any acquisition of new properties or any disposal of owned properties, etc.) until the end of the fiscal period ending August 31, 2019 (the third fiscal period). The actual property portfolio may change due to the acquisition of new properties other than the Assets to be Acquired or the disposal of owned properties, etc.																																											
Operating revenues	Operating revenues from the Assets to be Acquired are based on the expected occupancy rate and the expected rent fluctuations, in turn based on the assumptions of tenant fluctuation and rent level after the acquisition, the contents of lease agreement provided by the current beneficiaries, past tenant and market trends, and the contents of the lease agreement to be effective on the planned acquisition date. Forecasts are based on the assumption that there will be no delay in payment of rent or non-payments by the tenant.																																											
Operating expenses	The main operating expenses are as follows: <table><thead><tr><th></th><th>Fiscal period ending August 31, 2018 (the first fiscal period)</th><th>Fiscal period ending February 28, 2019 (the second fiscal period)</th><th>Fiscal per ending Au 31, 201 (the third f period)</th></tr></thead><tbody><tr><td>Property-related expenses total</td><td>155 million yen</td><td>694 million yen</td><td>802 million</td></tr><tr><td>Subcontract expenses</td><td>27 million yen</td><td>156 million yen</td><td>156 million</td></tr><tr><td>(Maintenance expenses)</td><td>21 million yen</td><td>120 million yen</td><td>120 million</td></tr><tr><td>(Property management fee)</td><td>6 million yen</td><td>36 million yen</td><td>36 million</td></tr><tr><td>Repair expenses</td><td>5 million yen</td><td>31 million yen</td><td>31 million</td></tr><tr><td>Tax and dues</td><td>0 million yen</td><td>54 million yen</td><td>162 million</td></tr><tr><td>Depreciation</td><td>91 million yen</td><td>275 million yen</td><td>275 million</td></tr><tr><td>Non-property-related expenses total</td><td>30 million yen</td><td>165 million yen</td><td>156 million</td></tr><tr><td>Asset management fees</td><td>0 million yen</td><td>106 million yen</td><td>101 million</td></tr></tbody></table> Property-related expenses of the Assets to be Acquired and constituting major operating expenses, other than depreciation are calculated based on					Fiscal period ending August 31, 2018 (the first fiscal period)	Fiscal period ending February 28, 2019 (the second fiscal period)	Fiscal per ending Au 31, 201 (the third f period)	Property-related expenses total	155 million yen	694 million yen	802 million	Subcontract expenses	27 million yen	156 million yen	156 million	(Maintenance expenses)	21 million yen	120 million yen	120 million	(Property management fee)	6 million yen	36 million yen	36 million	Repair expenses	5 million yen	31 million yen	31 million	Tax and dues	0 million yen	54 million yen	162 million	Depreciation	91 million yen	275 million yen	275 million	Non-property-related expenses total	30 million yen	165 million yen	156 million	Asset management fees	0 million yen	106 million yen	101 million
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	historical data provided by the current beneficiaries, and these costs reflect expected fluctuations. ➤ Depreciation expenses are calculated using the straight-line depreciation method, including certain ancillary expenses. ➤ The property taxes and city planning taxes on buying and selling real estate are generally calculated on a pro-rata basis with the current owners and settled at the time of acquisition. However, the amount equivalent to the settlement is not expensed as it is included in the acquisition costs of the Investment Corporation. Therefore, these taxes are not expensed in 2018, and a part of these taxes for 2019 (the amount for the period from January 1, 2019 to the last day of the calculation period) are expensed in the fiscal period ending February 28, 2019 (the second fiscal period). The taxes for 2019 that relate to the calculation period are expensed in the fiscal period ending August 31, 2019 (the third fiscal period). The total amount of these taxes on the Assets to be Acquired estimated to be capitalized is 137 million yen. ➤ As for repair expenses, the amount assumed as necessary for each property is based on the repair plan of the Asset Management Company, Takara PAG Real Estate Advisory Ltd., for each fiscal period. However, the repair expenses may be substantially different from the expected amount due to certain unexpected factors.
Non-operating expenses	➤ With regard to temporary expenses for the fiscal period ending August 31, 2018 (the first fiscal period), 19 million yen is expected for the foundation expenses, which will be amortized in one lump sum. 89 million yen is expected for the costs to issue and list the new investment units, which will be amortized on a monthly basis over three years from the time they are incurred, and 2 million yen, 14 million yen, and 14 million yen are expected for the fiscal periods ending August 31, 2018 (the first fiscal period), February 28, 2019 (the second fiscal period), and August 31, 2019 (the third fiscal period), respectively. ➤ For interest expenses and other borrowing related costs, 155 million yen, 122 million yen, and 118 million yen are expected for the fiscal periods ending August 31, 2018 (the first fiscal period), February 28, 2019 (the second fiscal period), and August 31, 2019 (the third fiscal period), respectively.
Interest-bearing debt	➤ It is assumed that the total amount of interest-bearing debt will be 33,200 million yen, 31,860 million yen, and 31,860 million yen as of the end of the fiscal periods ending August 31, 2018 (the first fiscal period), February 28, 2019 (the second fiscal period), and August 31, 2019 (the third fiscal period), respectively. ➤ It is assumed that a total of 34,600 million yen will be borrowed on July 30, 2018 from qualified institutional investors provided for in Article 2, Paragraph 3, Item 1 of the Financial Instruments and Exchange Act. ➤ A refund of consumption tax paid in the fiscal period ending August 31, 2018 (the first fiscal period) is scheduled to take place during the fiscal period ending February 28, 2019 (the second fiscal period). Therefore, it is assumed that a part of such borrowings will be repaid using such refund during the fiscal period ending February 28, 2019 (the third fiscal period). ➤ The LTV ratio is expected to be around 48.1%, 47.0%, and 47.0% as of the end of the fiscal periods ending August 31, 2018 (the first fiscal period), February 28, 2019 (the second fiscal period), and August 31, 2019 (the third fiscal period), respectively. ➤ The LTV ratio is calculated using the following formula:

	LTV ratio = Total amount of interest-bearing debt as of the end of the fiscal period / (Total assets as of the end of the fiscal period – Expected distribution amount) × 100 ➤ The LTV ratio may fluctuate depending on the issue price of the new investment units.
Investment units	➤ It is assumed that, in addition to the previously issued 1,500 investment units, new investment units (344,000 units) will be issued through the public offering as approved at the Board of Directors meeting. ➤ It is assumed that, excluding the above, there will be no change in the number of investment units due to the issuance of new investment units or otherwise by the end of the fiscal period ending August 31, 2019 (the third fiscal period). ➤ Distributions per unit (excluding distributions in excess of earnings) are calculated based on the forecasted number of investment units issued, 345,500 units, at the end of the fiscal periods ending August 31, 2018 (the first fiscal period), February 28, 2019 (the second fiscal period), and August 31, 2019 (the third fiscal period), including the new investment units mentioned above.
Distributions per unit (excluding excess of earnings per unit)	➤ Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy stipulated in the Investment Corporation's Articles of Incorporation. ➤ Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in rental revenues, changes in investment assets and tenants, and unexpected repairs and other factors.
Distributions in excess of earnings per unit	➤ Distributions in excess of earnings per unit are not currently scheduled.
Other	➤ It is assumed that there will be no change in laws and regulations, the taxation system, accounting standards, the Securities Listing Regulations of the Tokyo Stock Exchange, or the rules of the Investment Trust Association, Japan, etc. that could affect the above forecasts. ➤ It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc.