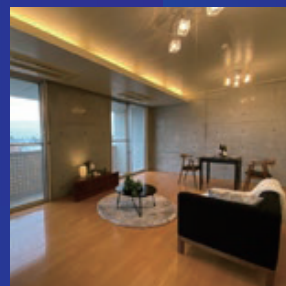


Takara Leben Real Estate  
Investment Corporation

# 14th Fiscal Period Semi-Annual Report

From: September 1, 2024

To: February 28, 2025



Takara Leben Real Estate  
Investment Corporation

Securities code: 3492

2-7-17 Hamamatsucho, Minato-ku, Tokyo

<https://takara-reit.co.jp/en/index.html>

## To Our Unitholders



MIRARTH Real Estate Advisory Inc.  
President

Takara Leben Real Estate Investment Corporation  
Executive Director

### **Tetsuo Saida**

We would like to express our sincere appreciation for your unwavering support of Takara Leben Real Estate Investment Corporation (the “Investment Corporation”) and its asset management company MIRARTH Real Estate Advisory Inc. (the “Asset Management Company”).

The Investment Corporation is pleased to announce the closing of its 14th fiscal period ended in February 2025. We would like to express our sincere appreciation to our unitholders for their support.

For the 14th fiscal period, operating revenue was 5,334 million yen, ordinary income was 2,723 million yen, and net income was 2,664 million yen. As a result, distributions per unit were 2,800 yen.

We will continue to aim to realize the “maximization of unitholder value,” “creation of a sustainable environment,” and “contribution to local communities and society” while securing stable earnings over the medium to long term pursuant to the investment policy of the Investment Corporation.

We would like to ask our unitholders for their continued support and encouragement.

## Financial Highlights of the **14<sup>th</sup>** Fiscal Period

Distribution of the 14th fiscal period (per unit)

**2,800** yen

Operating revenues

**5,334** million yen

Operating income

**3,291** million yen

Ordinary income

**2,723** million yen

Net income

**2,664** million yen

Total acquisition price

**172,616** million yen  
**80** properties

End-of-period occupancy rate

**99.1** %

Appraisal NOI yield

**4.7** %

LTV (Note 1)

**48.7** %

NAV per unit (Note 2)

**106,913** yen

(Note 1) LTV = Total interest-bearing debt at end of period/Total assets at end of period

(Note 2) NAV=Total net assets at end of period - Total distributions + (Appraisal value of real estate properties owned - Book value of real estate properties owned at the end of period)

Distribution forecast for the 15th fiscal period (per unit)

**2,700** yen

Distribution forecast for the 16th fiscal period (per unit)

**2,700** yen

# Overview of the Portfolio (As of February 28, 2025)

Category	Property number	Property name	Location	Acquisition price (million yen)	Appraisal NOI yield (%)	End-of-period occupancy rate (%)
Residence	R-01	Amare Tokaidori	Nagoya, Aichi	1,100	5.2	95.0
	R-02	Dormy Ukimafunado	Itabashi-ku, Tokyo	1,080	5.2	100.0
	R-03	Benefis Hakata-Minami Grand Sweet	Fukuoka, Fukuoka	1,032	5.5	95.4
	R-04	LUXENA HIGASHI-KOENJI	Suginami-ku, Tokyo	1,060	4.3	100.0
	R-06	J City Hatchobori	Hiroshima, Hiroshima	1,200	5.4	99.0
	R-07	LUXENA HEIWADAI	Nerima-ku, Tokyo	3,910	4.5	98.5
	R-08	LUXENA KACHIDOKI	Chuo-ku, Tokyo	1,120	4.3	100.0
	R-09	LUXENA HON-ATSUGI	Atsugi, Kanagawa	705	5.7	96.1
	R-10	LUXENA KADOMA	Kadoma, Osaka	2,000	4.9	98.0
	R-11	LUXENA TODAKOEN	Toda, Saitama	910	4.4	100.0
	R-12	LUXENA TODAKOEN II	Toda, Saitama	1,200	4.4	97.1
	R-13	LUXENA AKIHABARA	Taitou-ku, Tokyo	2,300	3.6	97.4
	R-14	Fiore Residence Dejima Kaigan Dori	Sakai, Osaka	560	5.3	89.2
	R-15	LUXENA MUSASHI-SHINJO	Kawasaki, Kanagawa	1,900	4.4	100.0
	R-16	LUXENA NAGAREYAMA OOTAKANOMORI	Nagareyama, Chiba	2,840	4.9	100.0
	R-17	PRIME SQUARE	Funabashi, Chiba	620	5.3	100.0
	R-18	Winbell Chorus SeisekiSakuragaoka	Tama, Tokyo	730	5.6	96.0
	R-19	Mare Isogo Building	Yokohama, Kanagawa	1,900	5.5	100.0
	R-20	TLR Residence Kawasaki Daishi	Kawasaki, Kanagawa	1,346	4.1	94.4
	R-21	TLR Residence Honmachi WEST	Osaka, Osaka	3,479	3.6	96.7
	R-22	TLR Residence Takaida	Higashiosaka, Osaka	942	4.7	98.7
	R-23	LUXENA KITASENJU	Adachi-ku, Tokyo	1,540	3.9	98.5
	R-24	La Vita Higashi Ueno	Taitou-ku, Tokyo	1,280	3.4	100.0
	R-25	LUXENA JOSHIN	Nagoya, Aichi	620	4.5	97.5
	R-26	LUXENA UMEKOJI-KYOTONISHI	Kyoto, Kyoto	725	4.4	98.1
	R-27	LUXENA KIYOMIZU-GOJO	Kyoto, Kyoto	515	4.5	97.4
	R-28	La Vita Nijo Gekko	Kyoto, Kyoto	515	4.2	96.8
	R-29	La Vita Toji	Kyoto, Kyoto	465	4.2	100.0
	R-30	TLR Residence Namba east	Osaka, Osaka	675	4.5	100.0
	R-31	TLR Residence Ryogoku	Sumida-ku, Tokyo	2,000	3.6	98.5
	R-32	TLR Residence Otorii	Ota-ku, Tokyo	1,470	3.5	97.1
	R-33	TLR Residence Kameari	Katsushika-ku, Tokyo	1,900	3.4	96.6
	R-34	Fiel Kiyofune	Nagoya, Aichi	1,500	4.7	100.0
	R-35	SERENiTE Namba west	Osaka, Osaka	1,300	4.3	100.0
	R-36	Colline Ensoleille	Wako-shi, Saitama	970	5.1	95.6
	R-37	Rock Field Nishi-Oi	Shinagawa-ku, Tokyo	535	3.6	94.1
	R-38	La Vita YATSUKA-EKIMAE I・II	Soka, Saitama	970	5.2	96.2
	R-39	La Vita Shin-Okachimachi	Taitou-ku, Tokyo	500	3.4	93.8
	R-40	LUXENA TOYOCHO	Koto-ku, Tokyo	4,143	4.0	94.3
	R-41	La Vita Namba-Motomachi	Osaka, Osaka	1,130	4.3	100.0
	R-42	TLR Residence Machida	Machida, Tokyo	2,199	3.8	95.4
	R-43	Ark Stage I・II	Nagoya, Aichi	1,064	4.9	93.8
	R-44	LUXENA HACHIOJI MINAMICHO	Hachioji-shi, Tokyo	1,520	4.2	97.7
	R-45	LUXENA KINCHICHO	Koto-ku, Tokyo	987	3.5	90.0
	R-46	LUXENA HEIWAJIMA	Ota-ku, Tokyo	1,190	3.7	95.3
	R-47	LUXENA HACHIOJI-SHINMACHI	Hachioji-shi, Tokyo	1,280	4.0	91.8
	R-48	LUXENA TABATA-KITA	Arakawa Ward, Tokyo	1,390	3.6	96.9
	R-49	LUXENA WAKO	Wako-shi, Saitama	1,070	4.1	100.0
	R-50	TLR Residence Sendai east	Sendai-shi, Miyagi	1,350	4.6	100.0
	Residence total/average			66,737	4.3	97.5

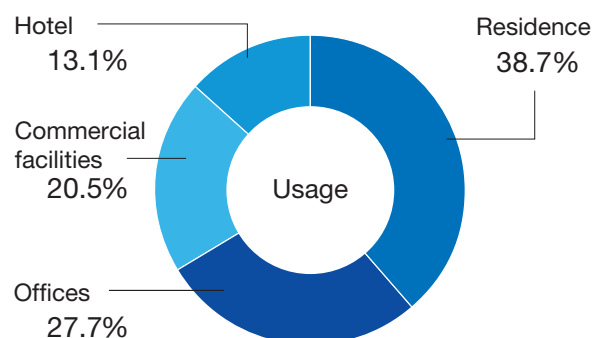
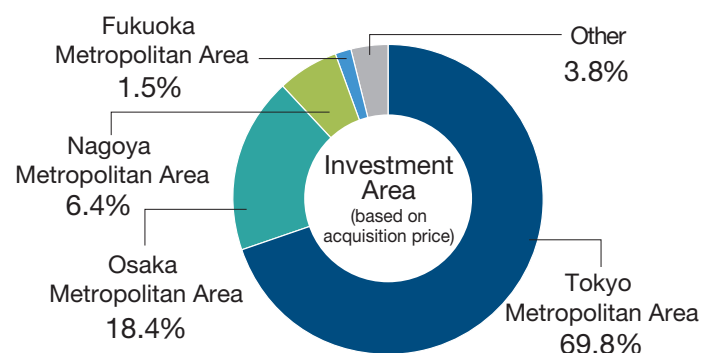
Category	Property number	Property name	Location	Acquisition price (million yen)	Appraisal NOI yield (%)	End-of-period occupancy rate (%)
Offices	O-01	NT Building	Shinagawa-ku, Tokyo	12,350	4.0	100.0
	O-02	Higashi-Ikebukuro Central Place	Toshima-ku, Tokyo	9,780	4.4	94.4
	O-03	Nagoya Center Plaza Building	Nagoya, Aichi	4,870	5.4	100.0
	O-05	Omiya NSD Building	Saitama, Saitama	3,493	5.3	100.0
	O-07	Hakata Gion Building	Fukuoka, Fukuoka	2,500	5.2	100.0
	O-09	L.Biz Jimbocho	Chiyoda-ku, Tokyo	1,006	4.5	100.0
	O-11	L.Biz Sendai	Sendai-shi, Miyagi	1,680	5.2	97.1
	O-12	Sendai Nikko Building	Sendai-shi, Miyagi	870	4.6	100.0
	O-19	Yoyogi 1-chome Building	Shibuya-ku, Tokyo	1,850	4.0	100.0
	O-20	Kawagoe West Building	Kawagoe, Saitama	2,600	4.9	100.0
	O-21	HAKATA REISENMACHI Building	Fukuoka, Fukuoka	2,700	3.6	100.0
	O-22	TLR Kashiwa Building	Kashiwa, Chiba	2,905	4.5	100.0
	O-23	Solala garden OFFICE (2nd to 4th floors, unit ownership)	Sendai-shi, Miyagi	1,130	4.9	100.0
	Office total/average			47,734	4.5	99.0
Commercial facilities	C-01	Prio Daimyo II	Fukuoka, Fukuoka	980	4.9	100.0
	C-03	TA Shonan Kugenumakaigan	Fujisawa, Kanagawa	500	5.5	100.0
	C-05	YAMADA web.com Matsuyama Toiyacho	Matsuyama, Ehime	4,030	7.5	100.0
	C-06	Tecc LIFE SELECT Kobe Tarumi (Land)	Kobe, Hyogo	4,227	4.9	100.0
	C-07	AEON STYLE Onomichi (Land)	Onomichi, Hiroshima	900	5.4	100.0
	C-08	WECARS Sapporo Kiyota (Land)	Sapporo-shi, Hokkaido	1,610	4.5	100.0
	C-09	DCM Daiki Onomichi (Land)	Onomichi, Hiroshima	1,170	5.6	100.0
	C-10	Cainz Omiya	Saitama, Saitama	2,520	5.0	100.0
	C-11	APiTA NAGOYA-MINAMI	Nagoya, Aichi	7,800	5.1	100.0
	C-12	WECARS Konosu (Land)	Konosu, Saitama	2,150	4.5	100.0
	C-13	YAMADA web.com Nara	Nara, Nara	4,850	5.7	100.0
	C-14	Tecc Land Hachioji Takao	Hachioji-shi, Tokyo	4,710	4.5	100.0
	Retail and other total/average			35,447	5.3	100.0
	Hotel	H-01	Dormy Inn Matsuyama	Matsuyama, Ehime	2,427	5.5
H-03		Dormy Inn Morioka	Morioka, Iwate	2,520	5.2	100.0
H-04		ACCESS by LOISIR HOTEL Nagoya	Nagoya, Aichi	2,500	5.5	100.0
H-05		QUINTESSA HOTEL SAPPORO	Sapporo-shi, Hokkaido	5,350	5.7	100.0
H-06		APA HOTEL KAMATAEKI-HIGASHI	Ota-ku, Tokyo	6,500	4.2	100.0
H-07		HOTEL LIVEMAX SHINJUKUKABUKICHOMEIJIDORI	Shinjuku Ward, Tokyo	3,400	4.4	100.0
Hotel total/average			22,697	5.0	100.0	
Portfolio total/average			172,616	4.7	99.1	

(Note) The acquisition price of Sendai Nikko Building indicates the figure regarding 50% quasi co-ownership interest held as of February 28, 2025, because 50% quasi co-ownership interest was transferred as of February 14, 2025.

## Status of Portfolio Diversification

### Breakdown of the portfolio

(As of February 28, 2025)



\* The percentages are rounded to the first decimal place.













## The Investment Corporation's Initiatives

We aim to maximize unitholder value, create a sustainable environment, and contribute to local communities and society through ESG (Environment, Social, and Governance) practices in asset management, in collaboration with the MIRARTH HOLDINGS Group.

### Basic Policy for Sustainability

- 1 Initiatives to prevent global warming
- 2 Reductions in environmental loads
- 3 Compliance and improvement of the internal structure
- 4 Communication with stakeholders
- 5 Proactive information disclosure

Materiality	Specific Initiatives	Related SDGs
1. Promoting initiatives for climate change (E)	<ol style="list-style-type: none"> <li>① Reductions in GHG emissions</li> <li>② Effective use of water resources</li> <li>③ Management of waste</li> </ol>	
2. Introduce renewable energy and continuously improve its usage rates (E)	<ol style="list-style-type: none"> <li>① Receive support and cooperation to promote initiatives to introduce renewable energy from the MIRARTH HOLDINGS Group</li> <li>② Review the introduction and implementation of renewable energy in various ways, including green certificates, PPA (Power Purchase Agreements), and small hydropower</li> </ol>	 
3. Reduce environmental loads and enhance resilience (E)	<ol style="list-style-type: none"> <li>① Increase portfolio resilience by making effective use of CAPEX</li> <li>② Promote the green lease system</li> <li>③ Enhance BCP</li> </ol>	
4. Improve employees and tenants' health and comfort (S)	<ol style="list-style-type: none"> <li>① Conduct employee satisfaction surveys continuously and continue dialogues with top management regularly</li> <li>② Promote flexible ways of working</li> <li>③ Conduct tenant satisfaction surveys continuously</li> </ol>	 
5. Respect human rights, diversity, and human resources development (S)	<ol style="list-style-type: none"> <li>① Promote education and awareness of human rights</li> <li>② Put a work environment conscious of diversity, equity, and inclusion in place</li> <li>③ Promote human resources development, enrich training programs, and encourage the acquisition of qualifications</li> </ol>	 
6. Build a disciplined organizational structure and ensure stakeholder engagement (G)	<ol style="list-style-type: none"> <li>① Ban political donations and prevent corruption</li> <li>② Build an effective internal control system</li> <li>③ Promote disclosure</li> </ol>	 

## GRESB Assessment

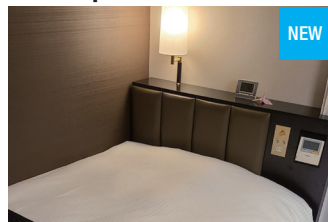
- Our score in the 2024 GRESB Real Estate Assessment score declined compared to previous years due to a change in the scoring method, but we achieved a Green Star for the sixth consecutive year.
- Achieved Level A, the highest rating, in the GRESB Public Disclosure 2024, which assesses the levels of ESG information disclosure.



## Environmental Initiatives

### LED Conversion for Energy Saving

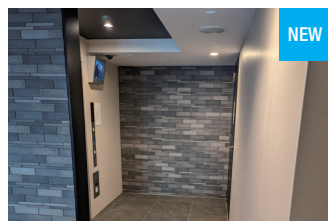
#### Example



APA HOTEL KAMATAEKI-HIGASHI  
(exclusive areas)



LUXENA TABATA-KITA  
(common areas)



LUXENA HEIWAJIMA  
(common areas)

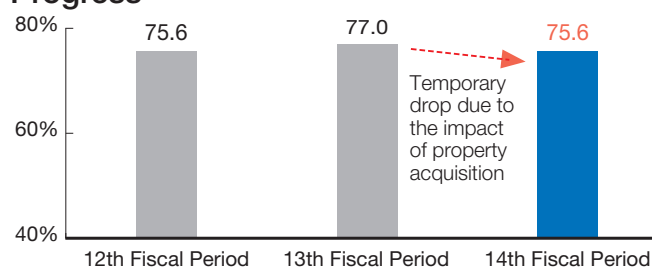


NT Building  
(entrance)

#### LED conversion rate

Number of properties	Portfolio LED Conversion Rate	
60 properties	Total 75.6%	Of which, 90.2% in common areas
		Of which, 67.4% in exclusive areas

#### Progress



\* Ratios are calculated based on area

## Social Initiatives

### Promoting communication with tenants

#### Installing electric vehicle (EV) charging infrastructure to enhance customer satisfaction

Completed installation of "Terra Charge" EV vehicle charging outlets at 14 residential and 2 office properties (Total: 70 units)

Services available via smartphone apps to enhance convenience for residents and EV users  
Installation and application in progress at other properties



#### Enhancing resilience (adaptability to disasters, etc.)

Disaster prevention chairs installed in elevators of Nagoya Center Plaza Building for use in event of emergency elevator shutdown due to disasters, power outages, or breakdowns

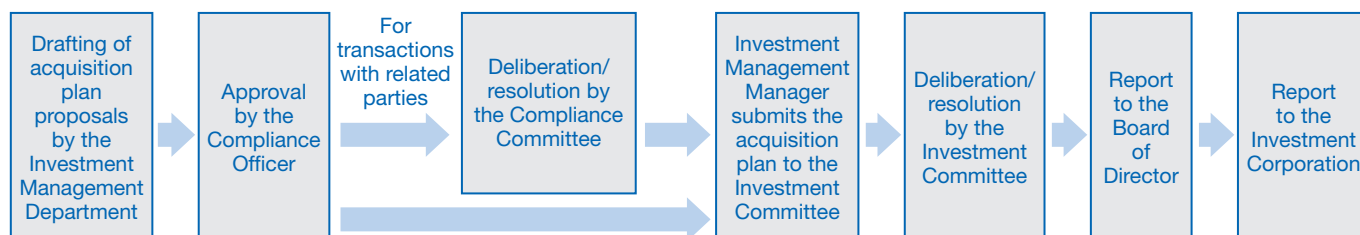
Adopted elevator disaster prevention chair equipped with various functions including emergency storage, emergency toilet, stool, and luggage storage; useful in both emergency situations and everyday life



## Governance Initiatives

### Decision-making Flow for Acquisition of Investment Assets

Add a third-party real estate appraiser to members of the Investment Committee to ensure objectivity in decision-making for the acquisition of investment assets



### Use of Outside Experts in Internal Auditing

Conducting internal audits at the Asset Management Company in collaboration with external experts ► Ensuring objectivity in audits and addressing new or complex risks

# Outline of Asset Management



## Summary of Operating Results, Etc. of the Investment Corporation

Fiscal Period	10th Fiscal Period From: September 1, 2022 To: February 28, 2023	11th Fiscal Period From: March 1, 2023 To: August 31, 2023	12th Fiscal Period From: September 1, 2023 To: February 29, 2024	13th Fiscal Period From: March 1, 2024 To: August 31, 2024	14th Fiscal Period From: September 1, 2024 To: February 28, 2025
Operating revenues (million yen)	3,612	3,886	3,891	4,400	5,334
[Operating revenue from real estate leasing business] (million yen)	3,475	3,886	3,891	4,400	5,035
Operating expenses (million yen)	1,520	1,627	1,627	1,815	2,043
[Operating expenses from real estate leasing business] (million yen)	1,227	1,309	1,305	1,476	1,607
Operating income (million yen)	2,092	2,258	2,263	2,584	3,291
Ordinary income (million yen)	1,743	1,886	1,886	2,143	2,723
Net income (million yen)	1,717	1,860	1,861	2,117	2,664
Unitholders' capital (Note 2) (million yen)	63,801	68,299	68,299	76,326	87,255
Total number of investment units issued and outstanding (units)	638,600	691,335	691,335	780,820	910,820
Total assets (million yen)	133,774	142,604	142,693	161,256	187,329
[Rate of period-on-period increase (decrease)] (%)	9.4	6.6	0.1	13.0	16.2
Total net assets (million yen)	65,769	70,397	70,449	78,746	90,232
[Rate of period-on-period increase (decrease)] (%)	11.0	7.0	0.1	11.8	14.6
Net assets per unit (yen)	102,989	101,828	101,903	100,850	99,067
Total distributions (million yen)	1,730	1,809	1,847	2,108	2,550
Distributions per unit (yen)	2,710	2,617	2,672	2,700	2,800
[Distributions of earnings per unit] (yen)	2,710	2,617	2,672	2,700	2,800
Ordinary income to total assets (Note 4) (%)	1.4	1.4	1.3	1.4	1.6
(Annualized) (%)	2.7	2.7	2.7	2.8	3.2
Return on unitholders' equity (Note 4) (%)	2.7	2.7	2.6	2.8	3.2
(Annualized) (%)	5.5	5.4	5.3	5.6	6.4
Unitholders' equity to total assets (Note 4) (%)	49.2	49.4	49.4	48.8	48.2
[Period-on-period increase (decrease)]	0.7	0.2	0.0	(0.5)	(0.6)
Distribution payout ratio (Note 4) (%)	100.7	97.2	99.3	99.6	95.7
Other reference information					
Number of days during period (days)	181	184	182	184	181
Number of investment properties at end of period (Note 3) (properties)	54	63	63	70	80
Depreciation (million yen)	487	529	544	616	710
Capital expenditures (million yen)	473	398	527	599	672
NOI (Net Operating Income) from leasing (Note 4) (million yen)	2,734	3,105	3,130	3,539	4,138
FFO (Funds from Operation) (Note 4) (million yen)	2,067	2,390	2,405	2,733	3,076
FFO per unit (Note 4) (yen)	3,237	3,457	3,479	3,500	3,377
Interest-bearing debt (million yen)	63,080	67,150	67,150	77,020	91,220
LTV (Loan to Value) (Note 4) (%)	47.2	47.1	47.1	47.8	48.7

(Note 1) Amounts such as operating revenues do not include consumption taxes.

(Note 2) Changes in unitholders' capital due to distributing in excess of earnings from allowance for temporary difference adjustments have not been taken into account.

(Note 3) With respect to Sendai Nikko Building, which is included in the number of investment properties at the end of the 14th fiscal period, a 50% quasi co-ownership interest is indicated as a single holding.

(Note 4) Calculations are based on the following formulas.

Ordinary income to total assets	Ordinary income / [(Total assets at beginning of period + Total assets at end of period) / 2] × 100
Return on unitholders' equity	Net income / [(Net assets at beginning of period + Net assets at end of period) / 2] × 100
Unitholders' equity to total assets	Net assets at end of period / Total assets at end of period × 100
Distribution payout ratio	Distributions per unit (not including distributions in excess of earnings) / Net income per unit × 100 If there is any capital increase through a public offering during a fiscal period, the distribution payout ratio is calculated by the following formula due to changes in the number of investment units. Total distributions (not including distributions in excess of earnings) / Net income × 100
NOI (Net Operating Income) from leasing	Operating revenue from real estate leasing - Operating expenses from real estate leasing + Depreciation
FFO	Net income + Depreciation - Gain on sales of real estate properties + Loss on sales of real estate properties
FFO per unit	FFO / Total number of investment units issued and outstanding
LTV (Loan to Value)	Interest-bearing debt at end of period / Total assets at end of period × 100



# Financial Statements

## (1) Balance Sheet

(Unit: thousand yen)

	13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
<b>Assets</b>		
Current assets		
Cash and deposits	4,723,201	6,261,791
Cash and deposits in trust	2,776,415	3,095,377
Operating accounts receivable	146,383	198,725
Prepaid expenses	264,854	300,003
Consumption taxes refund receivable	171,411	119,815
Other	737	-
Total current assets	8,083,003	9,975,711
Non-current assets		
Property, plant and equipment		
Buildings	4,137,003	4,137,003
Accumulated depreciation	(445,672)	(494,622)
Buildings, net	3,691,330	3,642,381
Structures	28,587	28,587
Accumulated depreciation	(1,982)	(2,222)
Structures, net	26,605	26,364
Machinery and equipment	47,540	47,540
Accumulated depreciation	(11,885)	(13,073)
Machinery and equipment, net	35,655	34,466
Tools, furniture and fixtures	32,423	33,027
Accumulated depreciation	(17,071)	(19,612)
Tools, furniture and fixtures, net	15,351	13,414
Land	5,617,204	5,617,204
Buildings in trust	40,850,385	47,310,370
Accumulated depreciation	(3,799,604)	(4,395,555)
Buildings in trust, net	37,050,780	42,914,815
Structures in trust	264,922	330,264
Accumulated depreciation	(15,695)	(18,977)
Structures in trust, net	249,226	311,287
Machinery and equipment in trust	113,156	101,058
Accumulated depreciation	(9,910)	(12,879)
Machinery and equipment in trust, net	103,246	88,178
Tools, furniture and fixtures in trust	165,060	202,347
Accumulated depreciation	(43,976)	(55,473)
Tools, furniture and fixtures in trust, net	121,083	146,873
Land in trust	105,765,410	123,956,045
Construction in progress in trust	11,136	264
Total property, plant and equipment	152,687,030	176,751,295
Intangible assets		
Software	1,280	1,090
Total intangible assets	1,280	1,090
Investments and other assets		
Long-term prepaid expenses	384,132	485,780
Leasehold and security deposits	11,000	11,000
Other	45,372	47,065
Total investments and other assets	440,504	543,845
Total non-current assets	153,128,815	177,296,232
Deferred assets		
Investment unit issuance costs	44,941	57,577
Total deferred assets	44,941	57,577
Total assets	161,256,760	187,329,522

The accompanying notes are an integral part of these financial statements.

(Unit: thousand yen)

	13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	475,940	598,257
Current portion of long-term loans payable	17,400,000	16,600,000
Current portion of tenant leasehold and security deposits in trust	62,103	62,103
Accounts payable – other	257,263	337,264
Accrued expenses	21,041	18,509
Income taxes payable	485	36,539
Advances received	18,820	11,678
Other	6,143	5,358
Total current liabilities	18,241,797	17,669,711
Non-current liabilities		
Long-term loans payable	59,620,000	74,620,000
Tenant leasehold and security deposits	188,379	188,206
Tenant leasehold and security deposits in trust	4,226,563	4,369,585
Deferred tax liabilities	150,003	171,206
Asset retirement obligations	83,786	77,813
Other	111	423
Total non-current liabilities	64,268,845	79,427,234
Total liabilities	82,510,643	97,096,946
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	76,326,001	87,255,751
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*1 (7,888)	*1 (7,888)
Total deduction from unitholders' capital	(7,888)	(7,888)
Unitholders' capital, net	76,318,113	87,247,863
Surplus		
Unappropriated retained earnings (undisposed loss)	2,428,003	2,984,712
Total surplus	2,428,003	2,984,712
Total unitholders' equity	78,746,116	90,232,575
Total net assets	*2 78,746,116	*2 90,232,575
Total liabilities and net assets	161,256,760	187,329,522

The accompanying notes are an integral part of these financial statements.

## (2) Statement of Income

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Operating revenues		
Leasing business revenue	*1 4,194,071	*1 4,810,777
Other leasing business revenue	*1 205,953	*1 224,358
Gain on sales of real estate properties	-	*2 299,819
Total operating revenue	4,400,024	5,334,955
Operating expenses		
Expenses related to leasing business	*1 1,476,152	*1 1,607,782
Asset management fee	210,385	275,178
Asset custody and administrative service fees	30,028	35,556
Directors' compensations	2,400	2,400
Taxes and dues	31,246	43,779
Other operating expenses	65,246	78,978
Total operating expenses	1,815,459	2,043,675
Operating income	2,584,565	3,291,279
Non-operating income		
Interest income	777	3,751
Reversal of distributions payable	388	274
Refund of property taxes	986	-
Interest on tax refund	2	470
Income from insurance claims	72	84
Other	0	-
Total non-operating income	2,227	4,581
Non-operating expenses		
Interest expenses	286,094	395,875
Borrowing related expenses	139,055	158,453
Amortization of investment unit issuance costs	18,484	18,292
Total non-operating expenses	443,635	572,621
Ordinary income	2,143,157	2,723,239
Income before income taxes	2,143,157	2,723,239
Income taxes - current	605	37,114
Income taxes - deferred	25,297	21,202
Total income taxes	25,902	58,316
Net income	2,117,255	2,664,922
Retained earnings brought forward	310,748	319,789
Unappropriated retained earnings (undisposed loss)	2,428,003	2,984,712

The accompanying notes are an integral part of these financial statements.

## (3) Statement of Changes in Net Assets

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	68,299,018	(7,888)	(7,888)	68,291,129	2,157,995	2,157,995	70,449,125
Changes during the period							
Issuance of new investment units	8,026,983			8,026,983			8,026,983
Dividends of surplus					(1,847,247)	(1,847,247)	(1,847,247)
Net income					2,117,255	2,117,255	2,117,255
Total changes during the period	8,026,983	-	-	8,026,983	270,007	270,007	8,296,991
Balance at end of period	76,326,001	(7,888)	(7,888)	76,318,113	2,428,003	2,428,003	78,746,116

(Unit: thousand yen)

	Total net assets
Balance at beginning of period	70,449,125
Changes during the period	
Issuance of new investment units	8,026,983
Dividends of surplus	(1,847,247)
Net income	2,117,255
Total changes during the period	8,296,991
Balance at end of period	78,746,116

The accompanying notes are an integral part of these financial statements.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	76,326,001	(7,888)	(7,888)	76,318,113	2,428,003	2,428,003	78,746,116
Changes during the period							
Issuance of new investment units	10,929,750			10,929,750			10,929,750
Dividends of surplus					(2,108,214)	(2,108,214)	(2,108,214)
Net income					2,664,922	2,664,922	2,664,922
Total changes during the period	10,929,750	-	-	10,929,750	556,708	556,708	11,486,458
Balance at end of period	87,255,751	(7,888)	(7,888)	87,247,863	2,984,712	2,984,712	90,232,575

(Unit: thousand yen)

	Total net assets
Balance at beginning of period	78,746,116
Changes during the period	
Issuance of new investment units	10,929,750
Dividends of surplus	(2,108,214)
Net income	2,664,922
Total changes during the period	11,486,458
Balance at end of period	90,232,575

The accompanying notes are an integral part of these financial statements.

## (4) Statement of Cash Distributions

(Unit: yen)

Category	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
I. Unappropriated retained earnings	2,428,003,702	2,984,712,522
II. Distributions in excess of earnings	-	-
Distributions in excess of earnings from allowance for temporary difference adjustments	-	-
III. Reversal of distributions in excess of earnings in previous periods	-	589,901
Reversal of allowance for temporary difference adjustments	-	589,901
IV. Distributions	2,108,214,000	2,550,296,000
[Distributions per unit]	[2,700]	[2,800]
Distributions of earnings	2,108,214,000	2,550,296,000
[Distributions of earnings per unit]	[2,700]	[2,800]
Distributions in excess of earnings from allowance for temporary difference adjustments	-	-
[Distributions in excess of earnings from allowance for temporary difference adjustments per unit]	[-]	[-]
V. Retained earnings carried forward	319,789,702	433,826,621
Method of calculation of amount of cash distributions	<p>Pursuant to the cash distribution policy defined in Article 36, Paragraph 1, Item 1 of the Articles of Incorporation of the Investment Corporation, the Investment Corporation shall distribute in excess of the amount equivalent to 90% of the distributable profit as defined in Article 67-15, Item 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, the Investment Corporation decided profit distribution (excluding the amount in excess of earnings) as 2,108,214,000 yen for the period. The amount of this profit distribution is the entire amount after deducting 319,789,702 yen as internal reserve for the purpose of stabilizing future distributions from unappropriated retained earnings. In addition, in consideration of the impact of the temporary difference between accounting and income tax (as defined in Article 2, Paragraph 2, Item 30 (a) of the Ordinance on Accountings of Investment Corporations) on dividends, the Investment Corporation will distribute the amount in excess of earnings which is equivalent to such a temporary difference in accordance with Article 36, Paragraph 1, Item 2 of the Articles of Incorporation. However, no such distribution was made due to internal reserve.</p>	<p>Pursuant to the cash distribution policy defined in Article 36, Paragraph 1, Item 1 of the Articles of Incorporation of the Investment Corporation, the Investment Corporation shall distribute in excess of the amount equivalent to 90% of the distributable profit as defined in Article 67-15, Item 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, the Investment Corporation decided profit distribution (excluding the amount in excess of earnings) as 2,550,296,000 yen for the period. The amount of this profit distribution is the entire amount after deducting from unappropriated retained earnings 433,826,621 yen as an internal reserve for the purpose of stabilizing future distributions and a reversal of allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, Item 30 of the Ordinance on Accountings of Investment Corporations). In addition, in consideration of the impact of the temporary difference between accounting and income tax (as defined in Article 2, Paragraph 2, Item 30 (a) of the Ordinance on Accountings of Investment Corporations) on dividends, the Investment Corporation will distribute the amount in excess of earnings which is equivalent to such a temporary difference in accordance with Article 36, Paragraph 1, Item 2 of the Articles of Incorporation. However, no such distribution was made due to internal reserve.</p>



## (5) Statement of Cash Flows

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
<b>Cash flows from operating activities</b>		
Income before income taxes	2,143,157	2,723,239
Depreciation	616,244	711,154
Amortization of investment unit issuance costs	18,484	18,292
Borrowing related expenses	129,055	147,619
Interest income	(777)	(3,751)
Interest expenses	286,094	395,875
Decrease (increase) in operating accounts receivable	(24,456)	(52,341)
Decrease (increase) in consumption taxes refund receivable	(171,411)	51,596
Increase (decrease) in accrued consumption taxes	(64,343)	-
Decrease (increase) in prepaid expenses	(19,599)	3,071
Decrease (increase) in long-term prepaid expenses	(27,170)	3,813
Increase (decrease) in operating accounts payable	55,387	62,559
Increase (decrease) in accounts payable – other	19,684	80,069
Increase (decrease) in advances received	2,147	(7,141)
Decrease in property, plant and equipment in trust due to sale	-	935,894
Other	(55,955)	(8,503)
Subtotal	2,906,542	5,061,448
Interest income received	777	3,751
Interest expenses paid	(284,112)	(398,407)
Income taxes paid	(718)	(1,060)
Net cash provided by (used in) operating activities	2,622,488	4,665,732
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(708)	(626)
Purchase of property, plant and equipment in trust	(18,559,376)	(25,597,862)
Purchase of intangible assets	(798)	-
Proceeds from tenant leasehold and security deposits	111	52
Repayments of tenant leasehold and security deposits	(288)	(104)
Proceeds from tenant leasehold and security deposits in trust	169,745	73,781
Repayments of tenant leasehold and security deposits in trust	18,825	(83,015)
Net cash provided by (used in) investing activities	(18,372,489)	(25,607,775)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	19,176,051	21,258,629
Repayments of long-term loans payable	(9,550,000)	(7,350,000)
Proceeds from issuance of investment units	7,997,757	10,898,820
Distributions paid	(1,846,753)	(2,107,849)
Net cash provided by (used in) financing activities	15,777,055	22,699,600
Net increase (decrease) in cash and cash equivalents	27,054	1,757,557
Cash and cash equivalents at beginning of period	4,338,630	4,365,684
Cash and cash equivalents at end of period	*1 4,365,684	*1 6,123,242

The accompanying notes are an integral part of these financial statements.

**(6) Notes to Financial Statements****[Organization]**

Takara Leben Real Estate Investment Corporation (hereinafter, the “Investment Corporation”) was established with MIRARTH Real Estate Advisory Inc. (formerly Takara PAG Real Estate Advisory Ltd.; hereinafter, the “Asset Management Company”) as founding planner and capital of 150 million yen (1,500 units) on September 11, 2017, and completed its registration with the Kanto Local Finance Bureau on October 11, 2017 (Registration No. 129 filed with the Director-General of the Kanto Local Finance Bureau) in accordance with the Act on Investment Trusts and Investment Corporations (Act. No. 198 of 1951, as amended; hereinafter, the “Investment Trusts Act”). Subsequently, on July 27, 2018, the Investment Corporation was listed on the Tokyo Stock Exchange, Inc. (hereinafter, the “Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (Securities Code: 3492).

As of February 28, 2025, the Investment Corporation had a portfolio of 80 properties with a total acquisition price of 172,616 million yen and an occupancy rate of 99.1%.

**[Basis of Presentation]**

The accompanying financial statements have been prepared in accordance with the provisions set forth in the Investment Trusts Act, the Financial Instruments and Exchange Act of Japan and other related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain aspects as to the application and disclosure requirements from International Financial Reporting Standards (“IFRS”) or accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The accompanying financial statements are the translation of the financial statements presented in the securities report of the Investment Corporation submitted to the Kanto Local Finance Bureau, which have been prepared in compliance with Japanese GAAP, translated into English.

In preparing the accompanying financial statements, in order to present the financial statements published in Japan in a more familiar manner to readers overseas, specific reclassification was applied. Amounts less than one thousand yen have been omitted. As a result, the totals presented in the accompanying financial statements and notes in yen do not necessarily agree with the sums of the individual amounts. The Investment Corporation does not have subsidiaries and thus does not prepare consolidated financial statements.

The accounting periods of the Investment Corporation are six-month periods ending at the end of February and the end of August of each year.

**[Going Concern Assumption]**

Not applicable.

## [Summary of Significant Accounting Policies]

1. Method of Depreciation of Non-Current Assets	<p>(1) Property, plant and equipment (including property, plant and equipment in trust) Depreciation of property, plant and equipment is calculated by the straight-line method over the estimated useful lives as follows:</p> <table> <tr> <td>Buildings</td><td>2 to 66 years</td></tr> <tr> <td>Structures</td><td>10 to 65 years</td></tr> <tr> <td>Machinery and equipment</td><td>10 to 20 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>2 to 18 years</td></tr> </table> <p>(2) Intangible assets Intangible assets are amortized by the straight-line method over the estimated useful lives as follows:</p> <table> <tr> <td>Software</td><td>5 years</td></tr> </table> <p>(3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.</p>	Buildings	2 to 66 years	Structures	10 to 65 years	Machinery and equipment	10 to 20 years	Tools, furniture and fixtures	2 to 18 years	Software	5 years
Buildings	2 to 66 years										
Structures	10 to 65 years										
Machinery and equipment	10 to 20 years										
Tools, furniture and fixtures	2 to 18 years										
Software	5 years										
2. Accounting for Deferred Assets	<p>Amortization of investment unit issuance costs Investment unit issuance costs are amortized by the straight-line method over three years.</p>										
3. Standards for Revenue and Expense Recognition	<p>(1) Standards regarding revenue recognition The details of main performance obligations concerning revenue from contracts with the Investment Corporation's customers and the general timing to satisfy performance obligations (general timing to recognize revenue) are as follows:</p> <p>1) Sales of real estate properties The Investment Corporation recognizes revenue from sales of real estate properties when buyers, as the customers, obtain control of the real estate properties upon fulfilling its delivery obligations specified in the purchase and sales agreements. In the statement of income, an amount after deducting the "cost of sales of real estate properties," which is the book value of the properties, and "other sales expenses," which is expenses directly incurred in selling, from "revenue on sales of real estate properties," which is the sale price of the properties, is presented as "gain on sales of real estate properties" or "loss on sales of real estate properties."</p> <p>2) Utilities reimbursement revenue The Investment Corporation recognizes utilities reimbursement revenue in accordance with the supply of electricity, water, etc. to lessees, as the customers, based on the terms of the lease agreements and the supplementary agreements for the real estate properties.</p> <p>(2) Accounting for property related taxes Of the amount of property taxes, city planning taxes and depreciable asset taxes that was assessed and determined, the amount corresponding to the relevant fiscal period is expensed as expenses related to leasing business. When an Investment Corporation acquires real estate, the amount equivalent to the property-related taxes reimbursed to the seller for the period from the acquisition date to the end of the calendar year of the acquisition is capitalized as acquisition costs of real estate instead of being charged as expenses. The amount of property-related taxes included in the acquisition cost of real estate was 24,281 thousand yen for the fiscal period ended February 28, 2025 (14th Period).</p>										
4. Scope of Cash and Cash Equivalents on the Statement of Cash Flows	<p>Cash and cash equivalents on the statement of cash flows include cash on hand, entrusted cash, demand deposits, entrusted bank deposits, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash which are subject to an insignificant risk of changes in value.</p>										
5. Other Matters Serving as the Basis for Preparation of Financial Statements	<p>(1) Accounting policy for trust beneficiary interests in real estate The Investment Corporation accounts for trust beneficiary interests by recognizing all assets and liabilities with respect to the assets in trust as assets and liabilities on the balance sheet and recognizing all income derived from and expenses related to the assets in trust on the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <ol style="list-style-type: none"> <li>1) Cash and deposits in trust</li> <li>2) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; Construction in progress in trust</li> <li>3) Current portion of tenant leasehold and security deposits in trust, and tenant leasehold and security deposits in trust</li> </ol> <p>(2) Accounting for non-deductible consumption taxes Non-deductible consumption taxes related to the acquisition of assets are included in the acquisition cost of individual assets.</p>										

[Accounting standards issued but not yet adopted]

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases ((Accounting Standards Board of Japan (ASBJ) Statement No. 34 issued on September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024)

1. Overview

As part of its efforts to ensure the global consistency of Japanese GAAP, the Accounting Standards Board of Japan conducted reviews based on international accounting standards with an eye toward the development of an accounting standard for leases to recognize assets and liabilities regarding all the leases of a lessee and issued accounting standard for leases, etc. Building on the existing single accounting model of IFRS 16, the basis policy aims to be simple and highly convenient standards by adopting only major provisions of IFRS 16, not all the provisions, and by basically requiring no revisions when using IFRS 16 provisions in non-consolidated financial statements. As an accounting treatment for a lessee, a single accounting model for the lease expense allotment method is adopted in the same manner as IFRS 16, under which depreciation regarding right-of-use assets and interest expense on lease liabilities is posted for all leases, regardless of whether a lease is a finance lease or an operating lease.

2. Scheduled date of application

The accounting standard and implementation guidance will be applied from the beginning of the fiscal period ending February 29, 2028.

3. Impact of applying the accounting standards

The Company is currently evaluating the impact of applying the accounting standard and implementation guidance on financial statements.

(Additional Information)

[Provision and reversal of allowance for temporary difference adjustments]

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

1. Details of allowance for temporary difference adjustments

(Unit: thousand yen)

Item	Reason for reversal	Changes in allowance for temporary difference adjustments
Buildings in trust	Extinguishment of asset retirement obligations through the sale of properties.	(589)
Total		(589)

2. Specific method for reversal

(1) Buildings in trust

The allowance for temporary difference adjustments will be reversed when asset retirement obligations is derecognized through the demolition or sale of buildings.

[Notes to Balance Sheet]

\*1 Allowance for temporary difference adjustments

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

1. Details of Allowance for Temporary Difference Adjustments

(Unit: thousand yen)

Item	Reason for provision	Initial amount	Balance at beginning of period	Provision	Reversal	Balance at end of period	Reason for reversal
Buildings in trust	Temporary difference between accounting and taxable income related to asset retirement obligations	97,776 (Note)	7,888	-	-	7,888	-
Total		97,776	7,888	-	-	7,888	-

(Note) The initial amount for buildings in trust is the total amount of temporary differences arising from related assets, which is the basis for provision and reversals.

2. Specific method for reversal

(1) Buildings in trust

The allowance for temporary difference adjustments will be reversed when asset retirement obligations is derecognized through the demolition or sale of buildings.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

1. Details of Allowance for Temporary Difference Adjustments

(Unit: thousand yen)

Item	Reason for provision	Initial amount	Balance at beginning of period	Provision	Reversal	Balance at end of period	Reason for reversal
Buildings in trust	Temporary difference between accounting and taxable income related to asset retirement obligations	97,776 (Note)	7,888	-	-	7,888	-
Total		97,776	7,888	-	-	7,888	-

(Note) The initial amount for buildings in trust is the total amount of temporary differences arising from related assets, which is the basis for provision and reversals.



## 2. Specific method for reversal

## (1) Buildings in trust

The allowance for temporary difference adjustments will be reversed when asset retirement obligations is derecognized through the demolition or sale of buildings.

\*2 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations  
(Unit: thousand yen)

13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
50,000	50,000

[Notes to Statement of Income]

## \*1 Breakdown of operating income from real estate leasing business

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
A. Operating revenue from real estate leasing business		
Leasing business revenue		
Rental revenue	3,882,970	4,480,741
Common area charges	190,158	200,100
Parking revenue	96,254	107,728
Other rental revenue	24,688	22,206
Other leasing business revenue		
Utilities reimbursement revenue	135,467	145,898
Other revenue	70,485	78,459
Total operating revenue from real estate leasing business	4,400,024	5,035,135
B. Operating expenses from real estate leasing business		
Expenses related to leasing business		
Management fees	328,170	331,338
Utilities expenses	141,748	161,335
Taxes and dues	278,510	278,272
Insurance premiums	8,262	8,216
Repair expenses	76,013	86,811
Trust fees	21,794	26,411
Depreciation	616,068	710,964
Other expenses	5,584	4,432
Total operating expenses from real estate leasing business	1,476,152	1,607,782
C. Operating income (loss) from real estate leasing business (A—B)	2,923,872	3,427,352

## \*2 Breakdown of gain on sales of real estate properties

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Sendai Nikko Building (50% quasi co-ownership interest)

(Unit: thousand yen)

Revenue on sales of real estate properties	1,270,656
Cost of sales of real estate properties	935,894
Other sales expenses	34,942
Gain on sales of real estate properties	299,819

## [Notes to Statement of Changes in Net Assets]

\*1 Total number of investment units authorized and total number of investment units issued and outstanding

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	780,820 units	910,820 units

## [Notes to Statement of Cash Flows]

\*1 Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheet

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Cash and deposits	4,723,201	6,261,791
Cash and deposits in trust	2,776,415	3,095,377
Deposits and deposits in trust for limited use (Note)	(3,133,932)	(3,233,926)
Cash and cash equivalents	4,365,684	6,123,242

(Note) Deposits and deposits in trust are reserved for the repayment of security deposits from tenants.

## [Lease Transactions]

Operating leases (as lessor)

Future minimum lease payments

(Unit: thousand yen)

	13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
Due within 1 year	1,792,381	2,293,004
Due after 1 year	8,455,697	12,781,241
Total	10,248,078	15,074,246

## [Financial Instruments]

## 1. Our Policy on Financial Instruments

## (1) Policy for financial instruments

The Investment Corporation's financing policy is to maintain a sound financial foundation by improving balance sheet stability for the purpose of producing stable profits and achieving continued growth of the Investment Corporation's unitholder value through equity and debt financing. The Investment Corporation effectively controls debt maturities by diversifying the repayment dates and maintains diversified funding sources and multiple financing options as well as an appropriate level of fixed interest rate ratio.

The Investment Corporation conduct equity financing at appropriate timing when the Investment Corporation needs funds to acquire properties, conducts repairs and other work, pay expenses to operate the Investment Corporation and repay the Investment Corporation's obligations upon considering the dilutive effect of equity finance and market conditions. The Investment Corporation will consider the market risk and liquidity risk when the Investment Corporation invests surplus funds.

The Investment Corporation uses financial derivative transactions only to reduce the Investment Corporation's interest rate fluctuation risk and not for speculative purposes.

## (2) Description of financial instruments and associated risks, and risk management system

The Investment Corporation takes out borrowings to acquire the properties and repay the Investment Corporation's indebtedness and is exposed to refinancing and interest rate fluctuation risk. The Investment Corporation minimizes those risks by diversifying funding sources and maintaining an appropriate level of LTV through equity financing and fixed interest rate ratio.

## (3) Supplementary information on fair value of financial instruments

Certain assumptions are adopted in the calculation of the fair value of financial instruments, and there can be cases where the value may differ depending on different assumptions.

## 2. Fair Value of Financial Instruments

The carrying amount, the fair value, and the difference between them as of August 31, 2024, and as of February 28, 2025, are as follows. The notes for “cash and deposits” and “cash and deposits in trust” are omitted as they are cash and short-term settlements, and the fair value approximates the book value.

## 13th Fiscal Period (As of August 31, 2024)

	Carrying amount (thousand yen)	Fair value (thousand yen)	Difference (thousand yen)
(1) Current portion of long-term loans payable	17,400,000	17,406,344	6,344
(2) Long-term loans payable	59,620,000	59,517,802	(102,197)

## 14th Fiscal Period (February 28, 2025)

	Carrying amount (thousand yen)	Fair value (thousand yen)	Difference (thousand yen)
(1) Current portion of long-term loans payable	16,600,000	16,549,424	(50,575)
(2) Long-term loans payable	74,620,000	74,152,882	(467,117)

(Note 1) Calculation method of fair value of financial instruments

(1) Current portion of long-term loans payable; (2) Long-term loans payable

Of long-term loans payable, those with fixed interest rates are calculated by discounting the total amount of principal and interest by the interest rate assumed to be applied if a new similar loan is taken out corresponding to the remaining period. As interest rates of long-term loans payable with floating interest rates are reflected by market interest rates periodically, their fair values are considered to be approximately equal to their book values.

(Note 2) Maturity analysis of long-term loans payable (August 31, 2024)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years	Due after 5 years
Long-term loans payable	17,400,000	14,400,000	20,470,000	17,350,000	7,400,000	-
Total	17,400,000	14,400,000	20,470,000	17,350,000	7,400,000	-

Maturity analysis of long-term loans payable (February 28, 2025)

(Unit: thousand yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years	Due after 5 years
Long-term loans payable	16,600,000	17,510,000	22,680,000	23,230,000	11,200,000	-
Total	16,600,000	17,510,000	22,680,000	23,230,000	11,200,000	-

[Securities]

13th Fiscal Period (As of August 31, 2024)

Not applicable.

14th Fiscal Period (As of February 28, 2025)

Not applicable.

**[Derivative Transactions]**
**1. Derivative transactions to which hedge accounting is not applied**

13th Fiscal Period (As of August 31, 2024)

Not applicable.

14th Fiscal Period (As of February 28, 2025)

Not applicable.

**2. Derivative transactions to which hedge accounting is applied**

13th Fiscal Period (As of August 31, 2024)

Not applicable.

14th Fiscal Period (As of February 28, 2025)

Not applicable.

**[Retirement Benefits]**

13th Fiscal Period (As of August 31, 2024)

Not applicable.

14th Fiscal Period (As of February 28, 2025)

Not applicable.

**[Tax-Effect Accounting]**
**1. Breakdown of Deferred Tax Assets and Deferred Tax Liabilities**

(Unit: thousand yen)

	13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
Deferred tax assets		
Asset retirement obligations	26,359	24,480
Deferred consumption taxes	119,264	91,646
Accrued enterprise taxes	-	3,003
Subtotal of deferred tax assets	145,623	119,130
Valuation allowance	(7,256)	(7,318)
Total deferred tax assets	138,367	111,811
Deferred tax liabilities		
Property, plant and equipment related to asset retirement obligations	19,102	17,161
Non-deductible consumption taxes related to property, plant and equipment	265,702	263,287
Non-deductible consumption taxes related to deferred assets	3,565	2,568
Total deferred tax liabilities	288,371	283,017
Net deferred tax liabilities	150,003	171,206

**2. Reconciliation of Significant Differences Between the Statutory Tax Rate and the Effective Income Tax Rate**

(Unit: %)

	13th Fiscal Period (As of August 31, 2024)	14th Fiscal Period (As of February 28, 2025)
Statutory tax rate	31.46	34.59
(Adjustments)		
Deductible distributions	(30.31)	(32.39)
Other	0.06	(0.06)
Effective income tax rate	1.21	2.14

## [Related-Party Transactions]

## 1. Parent company, major corporate unitholders

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Not applicable.

## 2. Affiliated companies

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Not applicable.

## 3. Fellow subsidiaries

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Not applicable.

## 4. Directors, major individual unitholders

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Type	Name	Location	Stated capital (million yen)	Business or occupation	Percentage of voting rights (owned) (%)	Relationship		Transaction	Transaction amount (thousand yen)	Account item	Balance at end of the period (thousand yen)
						Officers serving concurrent positions, etc.	Business relationship				
Director	Tetsuo Saido	-	-	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, MIRARTH Real Estate Advisory Inc.	-	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, MIRARTH Real Estate Advisory Inc.		Payment of asset management fee to the asset manager	383,195	Accounts payable – other	231,424

(Note 1) The transaction amount does not include consumption tax, while the balance at end of the period includes consumption tax.

(Note 2) The transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and asset management agreement.

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 4) Asset management fees include the property acquisition fee of 172,810 thousand yen recorded as the book value of the acquired properties.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Type	Name	Location	Stated capital (million yen)	Business or occupation	Percentage of voting rights (owned) (%)	Relationship		Transaction	Transaction amount (thousand yen)	Account item	Balance at end of the period (thousand yen)
						Officers serving concurrent positions, etc.	Business relationship				
Director	Tetsuo Saido	-	-	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, MIRARTH Real Estate Advisory Inc.	-	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, MIRARTH Real Estate Advisory Inc.		Payment of asset management fee to the asset manager	508,802	Accounts payable – other	302,696

(Note 1) The transaction amount does not include consumption tax, while the balance at end of the period includes consumption tax.

(Note 2) The transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and asset management agreement.

(Note 3) The Company decides on transactions in light of the market situation, the content of services provided, overall operational capacity and other factors.

(Note 4) Asset management fees include the property acquisition fee of 233,624 thousand yen recorded as the book value of the acquired properties.



[Profit or Loss of Affiliates Accounted for Under the Equity Method]

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Not applicable.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Not applicable.

[Asset Retirement Obligations]

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

1. Asset retirement obligations booked on the balance sheets

(1) Overview of the asset retirement obligations

The Investment Corporation recorded asset retirement obligations to remove asbestos from Nagoya Center Plaza Building and Sendai Nikko Building, which were acquired on July 30, 2018.

(2) Measurement of the asset retirement obligations

Asset retirement obligations are calculated by estimating the expected period of use based on the useful life of the properties and using the discount rates below.

Item	Property name	Expected period of use	Discount rate
Asbestos	Nagoya Center Plaza Building	26 years	0.748%
	Sendai Nikko Building	31 years	0.833%

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

1. Asset retirement obligations booked on the balance sheets

(1) Overview of the asset retirement obligations

The Investment Corporation recorded asset retirement obligations to remove asbestos from Nagoya Center Plaza Building and Sendai Nikko Building, which were acquired on July 30, 2018.

(2) Measurement of the asset retirement obligations

Asset retirement obligations are calculated by estimating the expected period of use based on the useful life of the properties and using the discount rates below.

Item	Property name	Expected period of use	Discount rate
Asbestos	Nagoya Center Plaza Building	26 years	0.748%
	Sendai Nikko Building	31 years	0.833%

(3) Movements of the asset retirement obligations

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Balance at beginning of period	83,467	83,786
Increase due to acquisition of properties	-	-
Decrease due to disposition of properties	-	6,289
Adjustment for passage of time	319	316
Balance at end of period	83,786	77,813

[Segment Information]

(Segment information)

Disclosure is omitted because the Investment Corporation operates a single segment of the real estate leasing business.

(Related information)

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

(1) Information by product and service

Disclosure is omitted because operating revenues from external customers in a single product and service category exceed 90% of operating revenues on the statement of income.

(2) Information by geographical area

1) Operating revenues

Disclosure is omitted because operating revenues from external customers in Japan exceed 90% of operating revenues on the statement of income.

2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customers

(Unit: thousand yen)

Name of customer	Operating revenues	Related segment
Yamada Holdings Co., Ltd.	538,082	Real estate leasing business

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

(1) Information by product and service

Disclosure is omitted because operating revenues from external customers in a single product and service category exceed 90% of operating revenues on the statement of income.

(2) Information by geographical area

1) Operating revenues

Disclosure is omitted because operating revenues from external customers in Japan exceed 90% of operating revenues on the statement of income.

2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment on the balance sheet.

(3) Information by major customers

(Unit: thousand yen)

Name of customer	Operating revenues	Related segment
Yamada Holdings Co., Ltd.	537,205	Real estate leasing business

## [Investments in Rental Properties]

The Investment Corporation owns residence, office, retail, and hotel properties for the purpose of earning rental income mainly in the four major metropolitan areas and the major regional cities. The carrying amount, and fair value of these investments in rental properties are as follows:

(Unit: thousand yen)

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Carrying amount		
Balance at beginning of period	134,883,512	152,687,030
Increase (decrease) during the period	17,803,517	24,064,265
Balance at end of period	152,687,030	176,751,295
Fair value at end of period	160,632,000	186,908,000

(Note 1) Carrying amount is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) In the fiscal period ended August 31, 2024, the main increase is attributable to the acquisition of seven real estate trust beneficiary interests (17,819,622 thousand yen), and the main decrease is attributable to depreciation (616,068 thousand yen). In the fiscal year ended February 28, 2025, the main increase is attributable to the acquisition of ten real estate trust beneficiary interests (25,038,347 thousand yen), and the main decrease is attributable to the sale of Sendai Nikko Building (50% quasi co-ownership interest; 935,894 thousand yen) and depreciation (710,964 thousand yen).

(Note 3) Fair value at end of period is the disposition price for properties for which a disposition agreement has been executed and the appraisal value by an independent real estate appraiser for other properties.

The income (loss) concerning investment and rental properties for the fiscal period ended August 31, 2024 (13th Fiscal Period) and the fiscal period ended February 28, 2025 (14th Fiscal Period) is as stated in "Notes to Statement of Income."

## [Revenue Recognition]

13th Fiscal Period (from March 1, 2024 to August 31, 2024)

Breakdown of Information about revenue from contracts with customers

Major revenues generated from contracts with customers are "utilities reimbursement revenue." As for the amounts, refer to "1 Breakdown of operating income from real estate leasing business" in the "Notes to Statement of Income" above. As for revenue from the real estate leasing business to which the Accounting Standard for Lease Transactions (ASBJ Statement No. 13) is applied, as the Standard for Revenue Recognition is not applied, they are not included in the revenues generated from contracts with customers.

14th Fiscal Period (from September 1, 2024 to February 28, 2025)

Breakdown of Information about revenue from contracts with customers

Major revenues generated from contracts with customers are "revenue on sales of real estate properties" and "utilities reimbursement revenue." As for the amounts, refer to "1. Breakdown of operating income from real estate leasing business" and "2. Breakdown of gain on sales of real estate properties" in the "Notes to Statement of Income" above. As for revenue from the real estate leasing business to which the Accounting Standard for Lease Transactions (ASBJ Statement No. 13) is applied, as the Standard for Revenue Recognition is not applied, they are not included in the revenues generated from contracts with customers. As of February 28, 2025, the total transaction price allocated to the remaining performance obligation regarding the transfer of real estate trust beneficiary interests, for which a sales contract was concluded on January 31, 2025, was 1,290,000 thousand yen. The Investment Corporation recognized revenues regarding the said remaining performance obligation on March 14, 2025 when the real estate trust beneficiary interests were transferred.

**[Per Unit Information]**

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Net assets per unit	100,850 yen	99,067 yen
Net income per unit	2,713 yen	2,952 yen

(Note 1) Net income per unit is calculated by dividing net income by daily weighted average number of investment units during the period.  
In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows:

	13th Fiscal Period (from March 1, 2024 to August 31, 2024)	14th Fiscal Period (from September 1, 2024 to February 28, 2025)
Net income (thousand yen)	2,117,255	2,664,922
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	2,117,255	2,664,922
Average number of investment units during period (units)	780,256	902,714

**[Significant Subsequent Events]**

Not applicable.

## (7) Supplementary Schedules

## 1. Securities

## (1) Stocks

Not applicable.

## (2) Securities other than stocks

Not applicable.

## 2. Contracted Amount, etc. and Fair Value of Derivative Transactions and Forward Exchange Transactions

Not applicable.

## 3. Schedule of Property, Plant and Equipment and Intangible Assets

(Unit: thousand yen)

Asset type	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period	Accumulated depreciation		Net balance at end of the period	Notes
					or accumulated amortization	Depreciation during the period		
Property, plant and equipment	Buildings	4,137,003	-	-	4,137,003	494,622	48,949	3,642,381
	Structures	28,587	-	-	28,587	2,222	240	26,364
	Machinery and equipment	47,540	-	-	47,540	13,073	1,188	34,466
	Tools, furniture and fixtures	32,423	604	-	33,027	19,612	2,541	13,414
	Land	5,617,204	-	-	5,617,204	-	-	5,617,204
	Buildings in trust	40,850,385	6,686,198	226,212	47,310,370	4,395,555	636,808	42,914,815
	Structures in trust	264,922	65,342	-	330,264	18,977	3,281	311,287
	Machinery and equipment in trust	113,156	10,615	22,712	101,058	12,879	5,840	88,178
	Tools, furniture and fixtures in trust	165,060	38,931	1,644	202,347	55,473	12,113	146,873
	Land in trust	105,765,410	18,920,305	729,670	123,956,045	-	-	123,956,045
	Construction in progress in trust	11,136	-	10,872	264	-	-	264
	Total	157,032,830	25,721,997	991,113	181,763,714	5,012,418	710,964	176,751,295
Intangible assets	Software	7,395	-	-	7,395	6,304	189	1,090
	Total	7,395	-	-	7,395	6,304	189	1,090
Total		157,040,225	25,721,997	991,113	181,771,109	5,018,722	711,154	176,752,386

(Note) The main increase is attributable to the acquisition of ten real estate trust beneficiary interests (25,038,347 thousand yen), and the main decrease is due to the sale of Sendai Nikko Building (50% quasi co-ownership interest).

## 4. Other Specified Assets

Real estate trust beneficiary interests are included in "3. Schedule of Property, Plant and Equipment and Intangible Assets."

## 5. Investment Corporation Bonds

Not applicable.



## 6. Borrowings

The following is the status of borrowings as of the end of the period.

(Unit: thousand yen)

Category (Note 1)	Lender	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period	Average interest rate (Note 2)	Repayment date (Note 3)	Repayment method	Use	Notes
Long-term loans payable	Sumitomo Mitsui Banking Corporation	2,200,000	-	-	2,200,000	0.76226% (Note 7)	July 31, 2025	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,400,000	-	-	1,400,000					
	The Asahi Shinkin Bank	1,300,000	-	-	1,300,000					
	Sumitomo Mitsui Trust Bank, Limited	1,200,000	-	-	1,200,000					
	SBI Shinsei Bank, Limited	900,000	-	-	900,000					
	Resona Bank, Limited	800,000	-	-	800,000					
	Aozora Bank, Ltd.	800,000	-	-	800,000					
	The Nishi-Nippon City Bank, Ltd.	600,000	-	-	600,000					
	The Minato Bank, Ltd.	600,000	-	-	600,000					
	The Tochigi Bank, Ltd.	150,000	-	-	150,000					
	The Ashikaga Bank, Ltd.	100,000	-	-	100,000					
	Sumitomo Mitsui Banking Corporation	2,120,000	-	-	2,120,000	0.66443% (Note 7)	July 31, 2026	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,300,000	-	-	1,300,000					
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000					
	SBI Shinsei Bank, Limited	1,000,000	-	-	1,000,000					
	Resona Bank, Limited	800,000	-	-	800,000					
	Aozora Bank, Ltd.	700,000	-	-	700,000					
	The Minato Bank, Ltd.	700,000	-	-	700,000					
	The Ashikaga Bank, Ltd.	130,000	-	-	130,000					
	The Tochigi Bank, Ltd.	100,000	-	-	100,000					
	Sumitomo Mitsui Banking Corporation	1,650,000	-	1,650,000	-	0.49915% (Note 7)	February 28, 2025	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	700,000	-	700,000	-					
	Aozora Bank, Ltd.	650,000	-	650,000	-					
	SBI Shinsei Bank, Limited	650,000	-	650,000	-					
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	600,000	-					
	Daishi Hokuetsu Bank, Ltd.	500,000	-	500,000	-					
	The Minato Bank, Ltd.	500,000	-	500,000	-					
	The Bank of Yokohama, Ltd.	500,000	-	500,000	-					
	The 77 Bank, Ltd.	500,000	-	500,000	-					
	Kansai Mirai Bank, Limited	300,000	-	300,000	-					
	The Chiba Bank, Ltd.	300,000	-	300,000	-					
	The Nishi-Nippon City Bank, Ltd.	250,000	-	250,000	-	0.60088% (Note 7)	February 27, 2026	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	The Aichi Bank, Ltd.	150,000	-	150,000	-					
	Resona Bank, Limited	100,000	-	100,000	-					
	Sumitomo Mitsui Banking Corporation	1,650,000	-	-	1,650,000					
	Mizuho Bank, Ltd.	700,000	-	-	700,000					
	Aozora Bank, Ltd.	650,000	-	-	650,000					
	SBI Shinsei Bank, Limited	650,000	-	-	650,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	-	600,000					
	Daishi Hokuetsu Bank, Ltd.	500,000	-	-	500,000					
	The Minato Bank, Ltd.	500,000	-	-	500,000					
	The Bank of Yokohama, Ltd.	500,000	-	-	500,000					
	Kansai Mirai Bank, Limited	300,000	-	-	300,000	0.92375% (Note 7)	July 30, 2027	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	The Nishi-Nippon City Bank, Ltd.	250,000	-	-	250,000					
	The Aichi Bank, Ltd.	150,000	-	-	150,000					
	Resona Bank, Limited	100,000	-	-	100,000					
	Sumitomo Mitsui Banking Corporation	890,000	-	-	890,000					
	Mizuho Bank, Ltd.	650,000	-	-	650,000					
	SBI Shinsei Bank, Limited	550,000	-	-	550,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	Resona Bank, Limited	450,000	-	-	450,000					
	Daishi Hokuetsu Bank, Ltd.	400,000	-	-	400,000					
	The Nishi-Nippon City Bank, Ltd.	350,000	-	-	350,000					
	The Minato Bank, Ltd.	350,000	-	-	350,000					
	The Bank of Fukuoka, Ltd.	350,000	-	-	350,000					
	The Iyo Bank, Ltd.	350,000	-	-	350,000					
	The Ashikaga Bank, Ltd.	170,000	-	-	170,000					
	The Tochigi Bank, Ltd.	50,000	-	-	50,000					

	Category (Note 1)	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period	Average interest rate (Note 2)	Repayment date (Note 3)	Repayment method	Use	Notes
	Lender									
Long-term loans payable	Sumitomo Mitsui Banking Corporation	890,000	-	-	890,000	1.06250% (Note 7)	July 31, 2028	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	650,000	-	-	650,000					
	SBI Shinsei Bank, Limited	550,000	-	-	550,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	Resona Bank, Limited	450,000	-	-	450,000					
	The Nishi-Nippon City Bank, Ltd.	350,000	-	-	350,000					
	The Minato Bank, Ltd.	350,000	-	-	350,000					
	The Bank of Fukuoka, Ltd.	350,000	-	-	350,000					
	The Asahi Shinkin Bank	300,000	-	-	300,000					
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.85940% (Note 7)	February 26, 2027	Lump-sum repayment on maturity	(Note 4) (Note 5)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000					
	SBI Shinsei Bank, Limited	500,000	-	-	500,000					
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000					
	Aozora Bank, Ltd.	400,000	-	-	400,000					
	Daishi Hokuetsu Bank, Ltd.	400,000	-	-	400,000					
	The Asahi Shinkin Bank	400,000	-	-	400,000					
	The Aichi Bank, Ltd.	400,000	-	-	400,000					
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000					
	The Chiba Bank, Ltd.	300,000	-	-	300,000					
	The Yamagata Bank, Ltd.	180,000	-	-	180,000					
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	1.10585%	February 29, 2028	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	600,000	-	-	600,000					
	SBI Shinsei Bank, Limited	400,000	-	-	400,000					
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000					
	Aozora Bank, Ltd.	400,000	-	-	400,000					
	Resona Bank, Limited	350,000	-	-	350,000					
	Kansai Mirai Bank, Limited	250,000	-	-	250,000					
	The Chiba Bank, Ltd.	250,000	-	-	250,000					
	The Yamagata Bank, Ltd.	220,000	-	-	220,000					
	The Kiyo Bank, Ltd.	150,000	-	-	150,000					
	The 77 Bank, Ltd.	150,000	-	-	150,000					
	Sumitomo Mitsui Banking Corporation	840,000	-	-	840,000	0.98500% (Note 7)	August 31, 2027	Lump-sum repayment on maturity	(Note 6)	Unsecured Unguaranteed (Green loans)
	SBI Shinsei Bank, Limited	600,000	-	-	600,000					
	Sumitomo Mitsui Trust Bank, Limited	360,000	-	-	360,000					
	Mizuho Bank, Ltd.	350,000	-	-	350,000					
	Aozora Bank, Ltd.	300,000	-	-	300,000					
	Resona Bank, Limited	300,000	-	-	300,000					
	The Nishi-Nippon City Bank, Ltd.	300,000	-	-	300,000					
	The Hiroshima Bank, Ltd.	300,000	-	-	300,000					
	The Kiyo Bank, Ltd.	250,000	-	-	250,000					
	Sumitomo Mitsui Banking Corporation	525,000	-	-	525,000	1.05395%	February 29, 2028	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	SBI Shinsei Bank, Limited	400,000	-	-	400,000					
	Sumitomo Mitsui Trust Bank, Limited	240,000	-	-	240,000					
	Mizuho Bank, Ltd.	235,000	-	-	235,000					
	Aozora Bank, Ltd.	200,000	-	-	200,000					
	Resona Bank, Limited	200,000	-	-	200,000					
	The Nishi-Nippon City Bank, Ltd.	200,000	-	-	200,000					
	The Hiroshima Bank, Ltd.	200,000	-	-	200,000					
	The Iyo Bank, Ltd.	200,000	-	-	200,000					
	Sumitomo Mitsui Banking Corporation	870,000	-	-	870,000	0.90585%	February 26, 2027	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	630,000	-	-	630,000					
	SBI Shinsei Bank, Limited	590,000	-	-	590,000					
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000					
	The Hiroshima Bank, Ltd.	500,000	-	-	500,000					
	The 77 Bank, Ltd.	500,000	-	-	500,000					
	Resona Bank, Limited	290,000	-	-	290,000					

	Category (Note 1)	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period	Average interest rate (Note 2)	Repayment date (Note 3)	Repayment method	Use	Notes
	Lender									
Long-term loans payable	Sumitomo Mitsui Banking Corporation	550,000	-	-	550,000	1.00585%	February 29, 2028	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	The Bank of Fukuoka, Ltd.	500,000	-	-	500,000					
	The Chiba Bank, Ltd.	500,000	-	-	500,000					
	The Kiyo Bank, Ltd.	500,000	-	-	500,000					
	Daishi Hokuetsu Bank, Ltd.	350,000	-	-	350,000					
	Sumitomo Mitsui Banking Corporation	850,000	-	-	850,000	1.05585%	August 31, 2028	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Mizuho Bank, Ltd.	850,000	-	-	850,000					
	SBI Shinsei Bank, Limited	600,000	-	-	600,000					
	Aozora Bank, Ltd.	500,000	-	-	500,000					
	Sumitomo Mitsui Trust Bank, Limited	490,000	-	-	490,000					
	Resona Bank, Limited	300,000	-	-	300,000	0.79776%	July 30, 2027	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	The Nishi-Nippon City Bank, Ltd.	700,000	-	-	700,000					
	Daishi Hokuetsu Bank, Ltd.	700,000	-	-	700,000					
	The Asahi Shinkin Bank	300,000	-	-	300,000					
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000					
	The Iyo Bank, Ltd.	150,000	-	-	150,000	1.27307% (Note 7)	February 28, 2029	Lump-sum repayment on maturity	(Note 5)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,365,000	-	-	1,365,000					
	SBI Shinsei Bank, Limited	1,000,000	-	-	1,000,000					
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000					
	The Nishi-Nippon City Bank, Ltd.	1,000,000	-	-	1,000,000					
	The Hiroshima Bank, Ltd.	1,000,000	-	-	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	-	600,000					
	Mizuho Bank, Ltd.	585,000	-	-	585,000					
	Resona Bank, Limited	500,000	-	-	500,000					
	The Kiyo Bank, Ltd.	250,000	-	-	250,000					
	The Iyo Bank, Ltd.	100,000	-	-	100,000	0.90222%	August 31, 2028	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	1,100,000	-	1,100,000					
	Mizuho Bank, Ltd.	-	700,000	-	700,000					
	SBI Shinsei Bank, Limited	-	500,000	-	500,000					
	Aozora Bank, Ltd.	-	300,000	-	300,000					
	Sumitomo Mitsui Trust Bank, Limited	-	200,000	-	200,000	1.00222%	August 31, 2029	Lump-sum repayment on maturity	(Note 4)	Unsecured Unguaranteed
	Resona Bank, Limited	-	200,000	-	200,000					
	Sumitomo Mitsui Banking Corporation	-	2,400,000	-	2,400,000					
	Mizuho Bank, Ltd.	-	1,450,000	-	1,450,000					
	SBI Shinsei Bank, Limited	-	1,100,000	-	1,100,000					
	The Bank of Kyoto, Ltd.	-	1,000,000	-	1,000,000					
	Aozora Bank, Ltd.	-	800,000	-	800,000					
	Kansai Mirai Bank, Limited	-	700,000	-	700,000					
	Resona Bank, Limited	-	650,000	-	650,000					
	The Yamagata Bank, Ltd.	-	600,000	-	600,000					
	Sumitomo Mitsui Trust Bank, Limited	-	500,000	-	500,000					
	The Ashikaga Bank, Ltd.	-	500,000	-	500,000					
	The Tochigi Bank, Ltd.	-	500,000	-	500,000					
	The Juhachi-Shinwa Bank, Ltd.	-	500,000	-	500,000					
	The Iyo Bank, Ltd.	-	300,000	-	300,000	1.55000% (Note 7)	February 29, 2028	Lump-sum repayment on maturity	(Note 5) (Note 6)	Unsecured Unguaranteed (Green loans)
	The Bank of Fukuoka, Ltd.	-	200,000	-	200,000					
	Sumitomo Mitsui Banking Corporation	-	550,000	-	550,000					
	The Chiba Bank, Ltd.	-	300,000	-	300,000					
	SBI Shinsei Bank, Limited	-	250,000	-	250,000					
	Sumitomo Mitsui Trust Bank, Limited	-	250,000	-	250,000					
	Aozora Bank, Ltd.	-	250,000	-	250,000					
	Mizuho Bank, Ltd.	-	200,000	-	200,000					
	The Minato Bank, Ltd.	-	200,000	-	200,000					
	Daishi Hokuetsu Bank, Ltd.	-	200,000	-	200,000					
	The 77 Bank, Ltd.	-	200,000	-	200,000					
	The Bank of Yokohama, Ltd.	-	200,000	-	200,000					
	The Nishi-Nippon City Bank, Ltd.	-	150,000	-	150,000					
	The Aichi Bank, Ltd.	-	150,000	-	150,000					
	Kansai Mirai Bank, Limited	-	100,000	-	100,000					

Category (Note 1)	Lender	Balance at beginning of period	Increase during the period	Decrease during the period	Balance at end of period	Average interest rate (Note 2)	Repayment date (Note 3)	Repayment method	Use	Notes
Long-term loans payable	Sumitomo Mitsui Banking Corporation	-	1,100,000	-	1,100,000	1.69000% (Note 7)	February 28, 2029	Lump-sum repayment on maturity	(Note 5) (Note 6)	Unsecured Unguaranteed (Green loans)
	Mizuho Bank, Ltd.	-	500,000	-	500,000					
	SBI Shinsei Bank, Limited	-	400,000	-	400,000					
	Aozora Bank, Ltd.	-	400,000	-	400,000					
	Sumitomo Mitsui Trust Bank, Limited	-	350,000	-	350,000					
	The Minato Bank, Ltd.	-	300,000	-	300,000					
	Daishi Hokuetsu Bank, Ltd.	-	300,000	-	300,000					
	The 77 Bank, Ltd.	-	300,000	-	300,000					
	The Bank of Yokohama, Ltd.	-	300,000	-	300,000					
	Kansai Mirai Bank, Limited	-	200,000	-	200,000					
	Resona Bank, Limited	-	100,000	-	100,000					
	The Nishi-Nippon City Bank, Ltd.	-	100,000	-	100,000					
	Subtotal	77,020,000	21,550,000	7,350,000	91,220,000	-	-	-	-	-
Total		77,020,000	21,550,000	7,350,000	91,220,000	-	-	-	-	-

(Note 1) "Long-term loans payable" refers to loans with a maturity of more than one year from the drawdown date to the repayment date. Long-term loans payable includes the current portion of long-term loans payable.

(Note 2) "Average interest rate" is the weighted average interest rate during the period for each loan agreement as at the end of the period.

(Note 3) If the repayment date is not a bank business day, the repayment date shall become the business day immediately following the repayment date, and if the following business day is in the next month, this shall become the previous business day.

(Note 4) The funds are used for the acquisition of real estate trust beneficiary interests or real estate and for the payment of a portion of the related expenses.

(Note 5) The funds are used for repayment of existing borrowings.

(Note 6) The funds are used for repayment of borrowings required for the acquisition of eligible green assets.

(Note 7) The borrowing has a fixed interest rate.

(Note 8) The following is the amount of long-term loans payable scheduled to be due for repayment in each year within five years of the balance sheet date.

(Unit: thousand yen)

	Due within 1 year	Due after 1 year and within 2 years	Due after 2 years and within 3 years	Due after 3 years and within 4 years	Due after 4 years and within 5 years
Long-term loans payable	16,600,000	17,510,000	22,680,000	23,230,000	11,200,000

# Independent Auditor's Report



## Independent Auditor's Report

To the Board of Directors of Takara Leben Real Estate Investment Corporation

### THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Takara Leben Real Estate Investment Corporation (the Company), which comprise the balance sheet as at February 28, 2025, and the statement of income, statement of changes in net assets, statement of cash distributions and statement of cash flows for the six months period then ended, and notes to the financial statements and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2025, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

#### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

The other information comprises the information included in the semi-annual report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.





- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

#### **FEE-RELATED INFORMATION**

In connection with our audit of the financial statements for the six months period ended February 28, 2025, the amount of fees for the audit and the other services charged to the Company by PricewaterhouseCoopers Japan LLC and other PwC Network firms are ¥13.2 million and ¥3 million, respectively.

#### **Interest required to be disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

藪谷 峰

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Takashi Yabutani

Designated Engagement Partner  
Certified Public Accountant

平山 晃一郎

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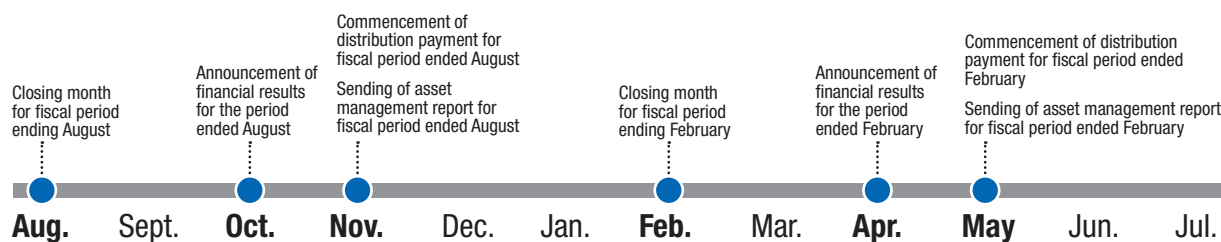
Koichiro Hirayama

Designated Engagement Partner  
Certified Public Accountant

May 26, 2025

# Unitholder Information

## IR Schedule



## Unitholders' Memo

<b>End of the fiscal period</b>	The end of February and August of each year
<b>General meeting of unitholders</b>	In principle, at least once every 2 years
<b>Date of finalizing unitholders with voting rights</b>	Date stipulated in the Articles of Incorporation of the Investment Corporation
<b>Record date of cash distribution payment</b>	The end of February and August of each year (distributions will be paid within 3 months of the record date of cash distribution payment)
<b>Listed financial instruments exchange</b>	Tokyo Stock Exchange (Securities code: 3492)
<b>Newspaper for public notice</b>	The Nikkei
<b>Unitholder register administrator</b>	4-1 Marunouchi 1-chome, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited [Mail Address/Phone Contact] 8-4 Izumi 2-chome, Suginami-ku, Tokyo 168-0063 Stock Transfer Agency Dept., Sumitomo Mitsui Trust Bank, Limited 0120-782-031 (toll free in Japan) Open: Weekdays 9:00am-5:00pm (JST)

### ► Procedures for change of address, etc.

Please contact the securities company where you have an account for any change of address, name, etc.

### ► Receipt of distributions

You can receive distributions when you bring your "Dividend Receipt" to your nearest local office of Japan Post Bank or a post office. If the receipt period has expired, please specify the method of receipt on the reverse side of the "Dividend Receipt" and mail it to the above Unitholder Register Administrator (Stock Transfer Agency Dept, Sumitomo Mitsui Trust Bank, Limited) or collect it at the head office or branch office of the said bank. Furthermore, please contact your securities firm, etc., if you would like to request procedures for designating bank transfers with respect to future distributions.

## Our Website Information

<https://takara-reit.co.jp/en/index.html>



Please visit our website for IR information and other detailed information on the characteristics and current status of the Investment Corporation.

