



Takara Leben Real Estate
Investment Corporation

Code:3492

February 2020 Fiscal Period
Presentation Material

Executive Summary

Changes in Distributions/NAV

Trend of investment unit prices

I. 4th Fiscal Period Results

- 4th Fiscal Period Financial Results Highlight
- Performance of Asset Management
- External Growth Result
- Financial Strategy
- Composition of Unitholders
- ESG Initiatives

II. Investment Strategy for the 5th and 6th Fiscal Period

- Financial Forecasts for 5th and 6th Fiscal Period
- 5th Action Plan
- External Growth Strategy
- Impact of the Coronavirus Disease (COVID-19)
- Current Status on Mid-Term DPU Target

III. Appendix

- Occupancy Rates
- Appraisal Value (As of February 29, 2020)
- 4th Fiscal Period Balance Sheets
- 4th Fiscal Period Statements of Income
Statements of Cashflow
- Profit and Loss by Property
- Financial Summary

■ Targets and Results

Target distribution

¥3,620 per unit (including sales of TTS Minami Aoyama Building)

Improving portfolio quality

- Transition to a balanced portfolio from the perspectives of asset allocation, age, and so on
- Building a portfolio centered on buildings developed by Takara Leben
- Improve portfolio quality by replacing properties

Implementation of internal growth and other measures

- Improve profitability by improving operation, increasing rent, and cutting costs
- Participating in GRESB Assessment and other active efforts in ESG-related initiatives

■ Impact of the Coronavirus Disease

Impact on the fiscal period ending February 2020

- No particular impact on the fourth fiscal period results.

Result of distribution

¥3,693 per unit (+¥73/+2.0%)

Improve portfolio quality through public offering and property replacement

	<At the time of listing>	<End of 4th period>
➤ Average age of buildings in the portfolio	26.8 years	21.4 years
➤ Number of properties developed by Takara Leben	2 properties	7 properties
➤ NOI yield (annualized) (Note: NOI is 2nd vs 4th.)	4.8%	4.9%

Improve profitability through rent revisions and cost reductions

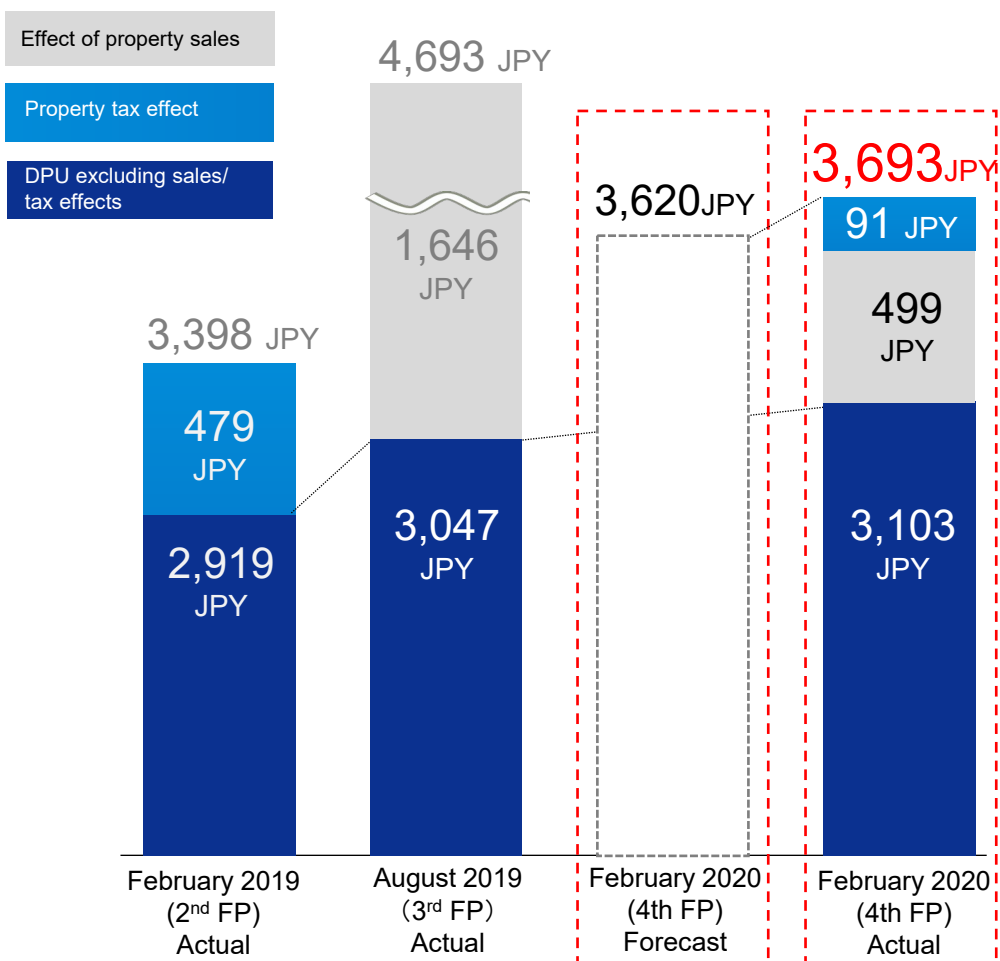
Rent revision effect	Reduction of electricity cost
Per period: +3 million yen Impact on DPU: +7 yen	Per period: +11 million yen Impact on DPU: +25 yen

Impact on fiscal period ending August 2020

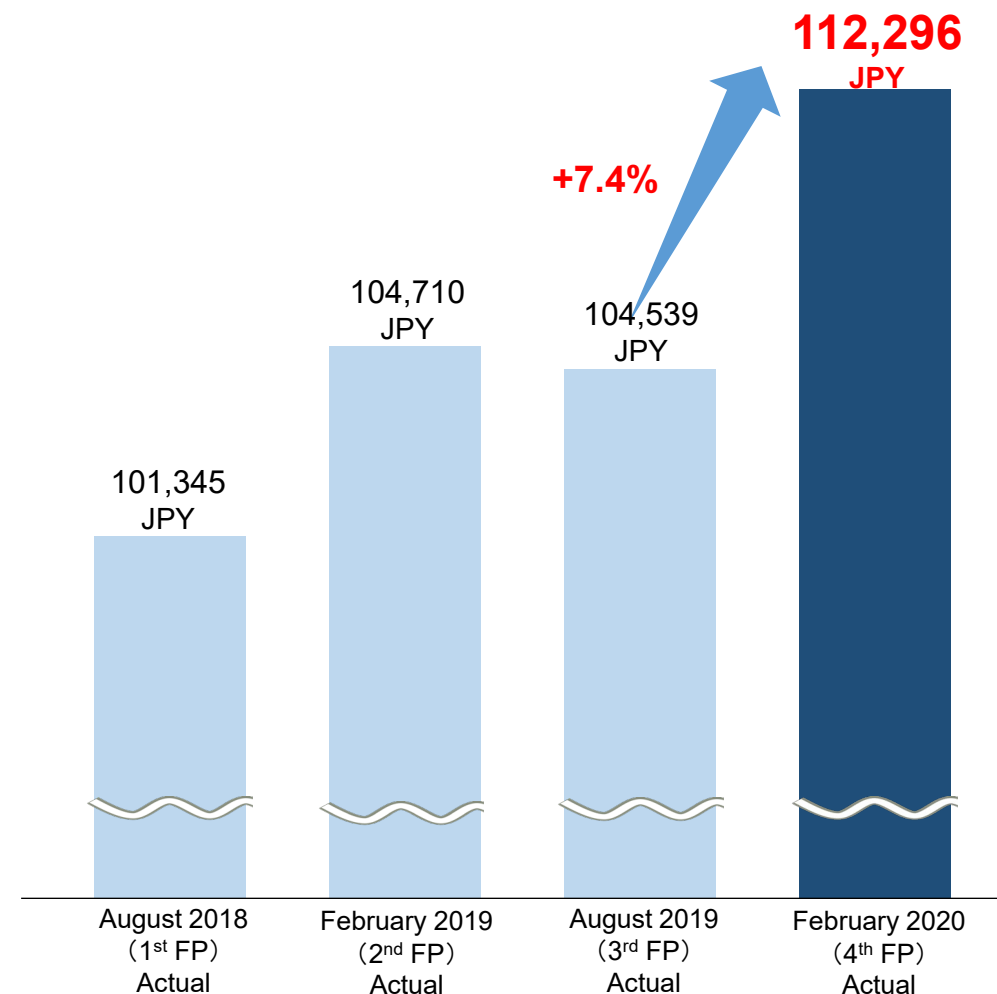
- Requests for postponement of rent payment from several tenants whose sales decreased significantly due to avoidance going out by Coronavirus Disease.
- Comprehensive judgment in consideration of both the requests from the authorities and the interests of investors

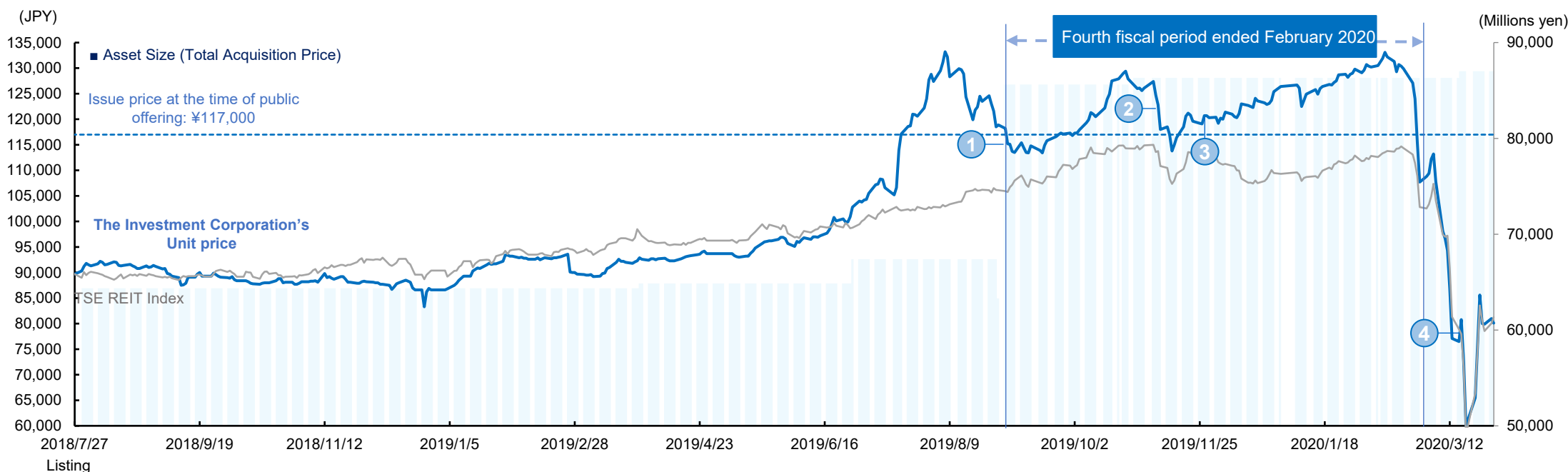
- Distribution per unit was ¥3,693, exceeding the forecast distribution of ¥3,620 by ¥73, mainly due to the public offering conducted at the beginning of the fourth period, property sales, and property acquisitions using funds on hand during the period.
- NAV per unit increased 7.4% from ¥104,539 at the end of the third period to ¥112,296 due to the public offering of new units at a price above NAV and an increase in the appraisal value reflecting firm property management.

DPU Trend



NAV Trend



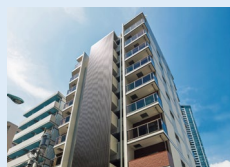


1 Acquisition of 6 properties through public offering (As of September 3, 2019)

●6 properties acquired for approximately ¥22.3 billion



LUXENA HEIWADAI



LUXENA KACHIDOKI



Arietta Hotel Nagoya



Almost Blue



Kaden Sumairu Kan YAMADA Matsuyama Toiyacho



Kaden Sumairu Kan YAMADA KobeTarumi (Land)

2 Acquisition of new property (As of October 31, 2019)

●Akasaka Kawase Building acquired at 690 million yen



3 Acquisition of BELS (December 20, 23, 2019)

●L.Biz Jimbocho



●Hakata Gion Building



4 Acquisition of new property (March 17, 2020)

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

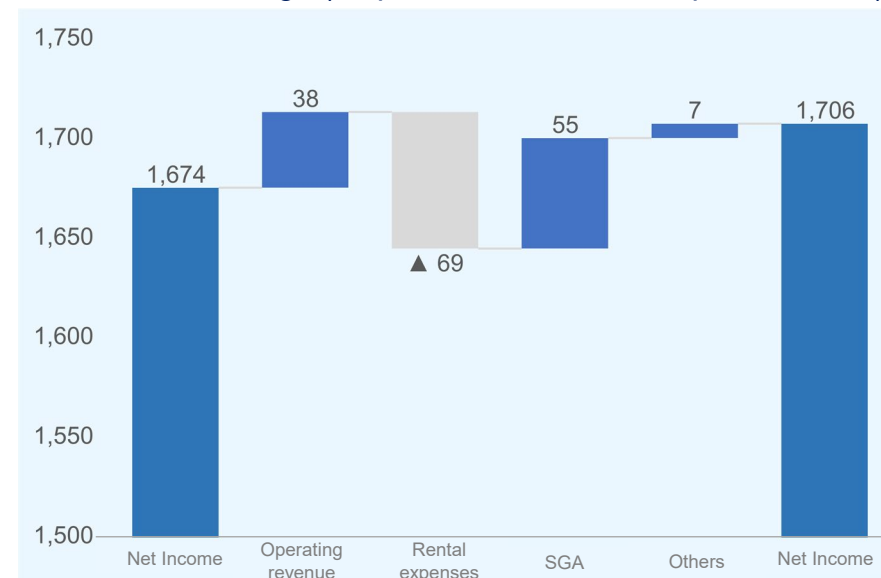


I. 4th Fiscal Period Results

4th Fiscal Period Financial Results Highlight

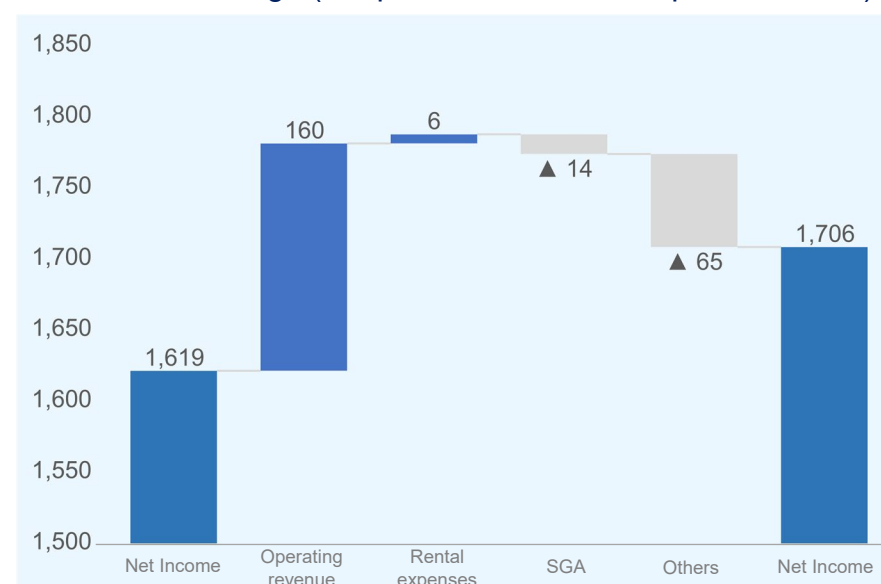
	4 th period			
	Forecast	Actual	Diff	Factors
Number of days in operation	182	182	-	-
Operating revenue (million JPY)	3,038	3,076	+38	+53 Properties achieving higher sales (Almost Blue, etc.) ▲ 15 Less than budget, etc. (Yamada Matsuyama, Heiwadal, etc.)
Operating Income (million JPY)	1,887	1,912	+24	+38 Increase in operating revenue ▲ 69 Increase in operating expenses (repair, etc.) +55 Decrease in SG&A expenses (non-deductible consumption tax, etc.)
Ordinary Income (million JPY)	1,675	1,707	+32	+24 Increase in operating income +8 Increase in non-operating income
Net Income (million JPY)	1,674	1,706	+32	+32 Ordinary income increased
Distributions per unit (including distributions in excess of earnings) (JPY)	3,620	3,693	+73	Total number of outstanding units at the end of the fourth period: 462,500 units

Net income change (4th period forecast vs. 4th period actual)

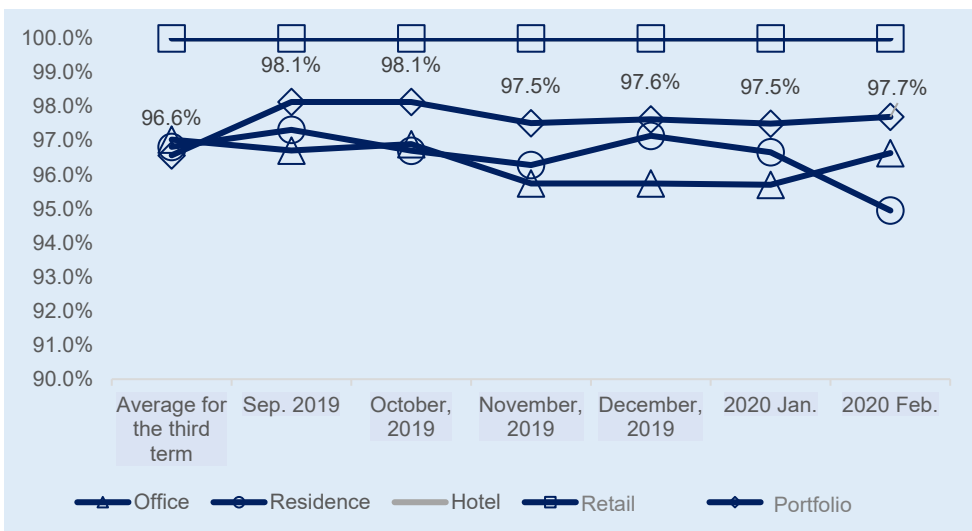


	3 rd FP vs 4 th FP			
	3 rd FP	4 th FP	Diff	Factors
Number of days in operation	181	182	+1	-
Operating revenue (million JPY)	2,916	3,076	+160	+651 Impact of newly acquired properties ▲ 422 Decrease in gain of disposal property ▲ 100 Impact of property disposed +31 Other
Operating Income (million JPY)	1,760	1,912	+152	+160 Increase in operating revenue +6 Decrease in rental business expenses (advertising expenses, etc.) ▲ 14 Increase in SG&A expenses (management fees, etc.)
Ordinary Income (million JPY)	1,620	1,707	+87	+152 Increase in operating income +5 Increase in non-operating income ▲ 71 Increase in non-operating expenses
Net Income (million JPY)	1,619	1,706	+87	+87 Ordinary income increased
Distributions per unit (including distributions in excess of earnings) (JPY)	4,693	3,693	▲ 1,000	Total number of outstanding units at the end of the 3rd period: 345,500 units Total number of outstanding units at the end of the 4th period: 462,500 units

Net income change (3rd period results vs 4th period results)

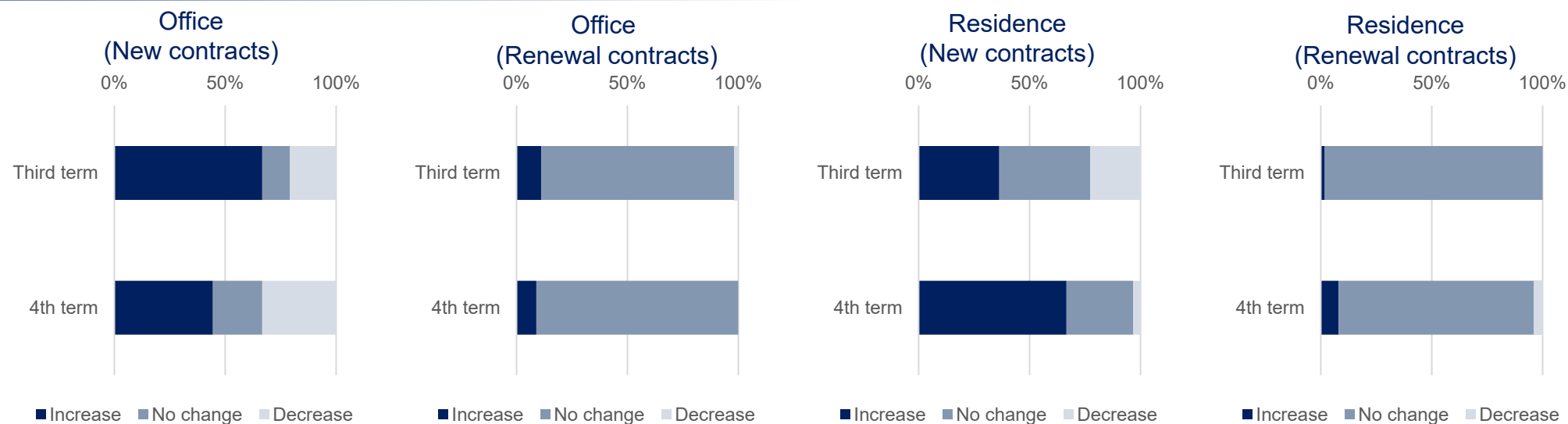


Occupancy Rates ~ Maintain 97% level of portfolio



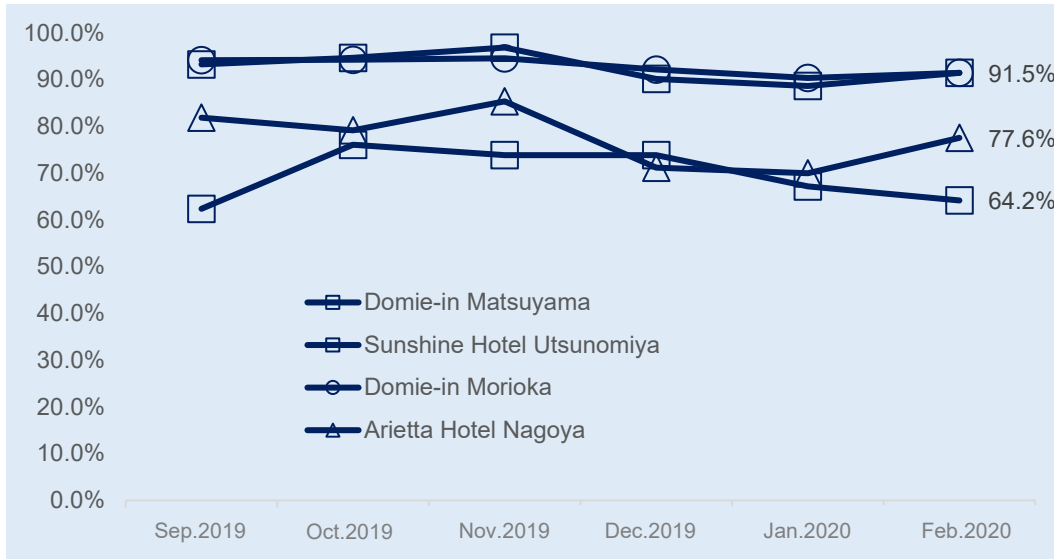
- The average occupancy rate in the fourth period improved from 96.6% in the third period to 97.8%
- The occupancy rate of the overall portfolio improved due to the inclusion of highly active properties in the public offering in September 2019.

Rent Trends ~ Revenue will be expected to increase by ¥3 million in 5th FP and thereafter



Achieved higher rent levels at the time of replacement

Occupancy Rates of Hotels



- Impact of decline in inbound tourists due to typhoon and deterioration of Japan-South Korea relations in 2019 is negligible.
- Over 90% occupancy rate in both Dormy Inn Matsuyama and Dormy Inn Morioka.

Dormy Inn Matsuyama



Hotel Sunshine Utsunomiya



Dormy Inn Morioka



Arietta Hotel Nagoya



Cost Reduction

- Full-fledged success in reducing electricity charges through the switch to new electricity suppliers and investment in LEDs, which we have been implementing since the second period
- In the fourth period, the total amount of 21 properties that can be compared with the previous period was reduced by ¥11 million

List of properties that have been converted to LEDs (19 properties)

NT Building	Amare Tokaidori
Higashi-Ikebukuro Central Place	LUXENA HIGASHI-KOENJI
Nagoya Center Plaza Building	Benefis Hakata-Minami Grand Suite
Omiya NSD Building	J City Hatchobori
SAMTY Shin-Osaka Center Building	Alpha Space Toritsudai
Hakata Gion Building	
Chuo Bakuromachi Building	
L.Biz Sendai	
Sendai Nikko Building	
Morioka Ekimae-dori Building	
EME Koriyama Building	
Utsunomiya Central Building	
Nagano Central Building	
Yamagata Ekimae-dori Building	

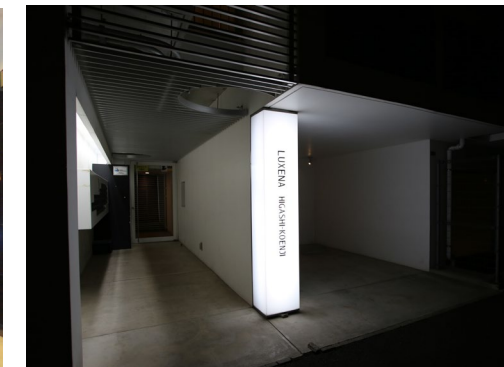
List of properties that have been switched to new electricity (16 properties)

NT Building	Sendai Nikko Building
Higashi-Ikebukuro Central Place	Morioka Ekimae-dori Building
Nagoya Center Plaza Building	Nagano Central Building
Omiya NSD Building	EME Koriyama Building
SAMTY Shin-Osaka Center Building	Utsunomiya Central Building
Hakata Gion Building	Yamagata Ekimae-dori Building
Shinsaibashi Building	Prio Daimyo II
L.Biz Sendai	TA Shonan Kugenumakaigan

Example of LED conversion work

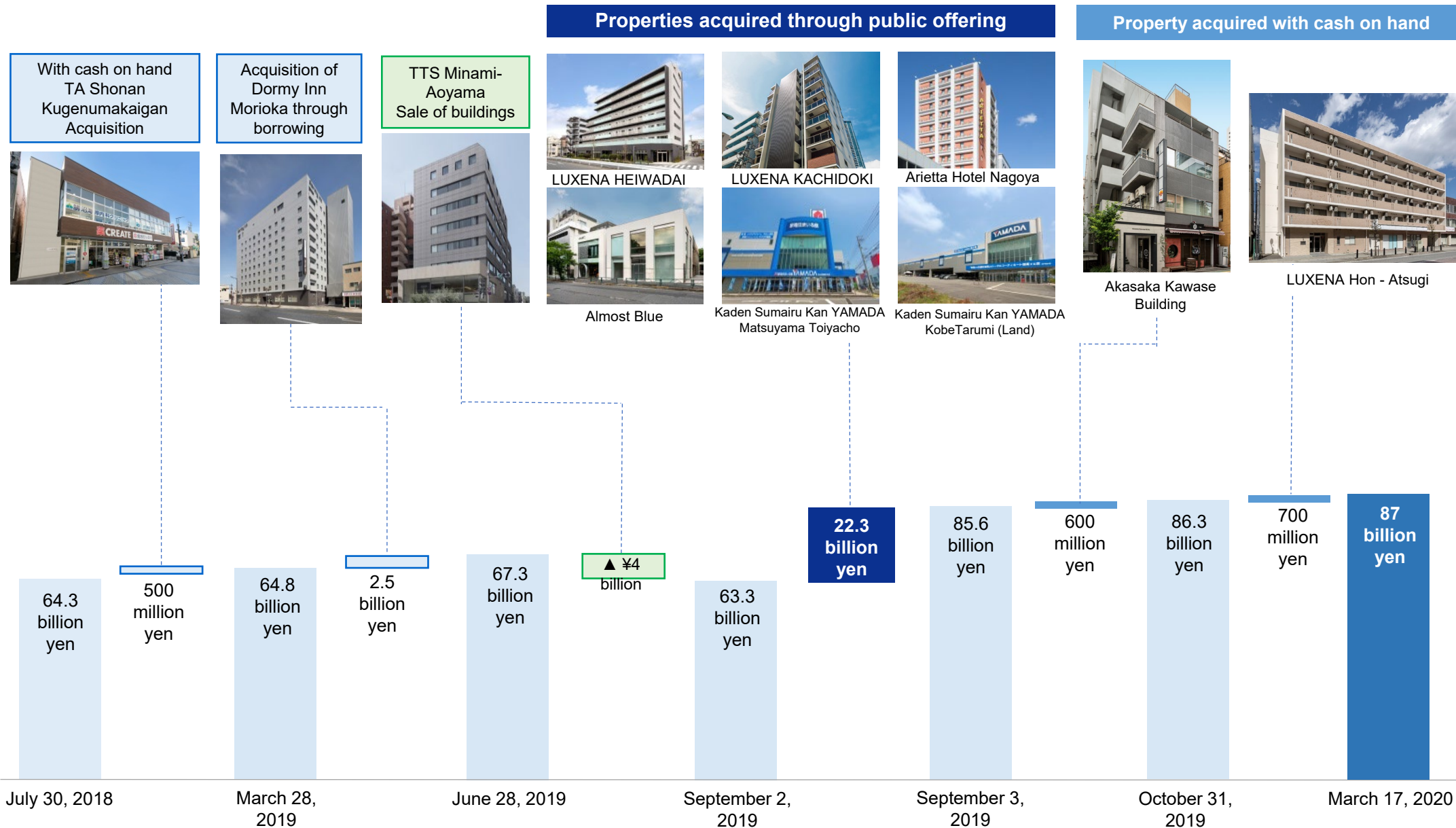


J City Hatchobori



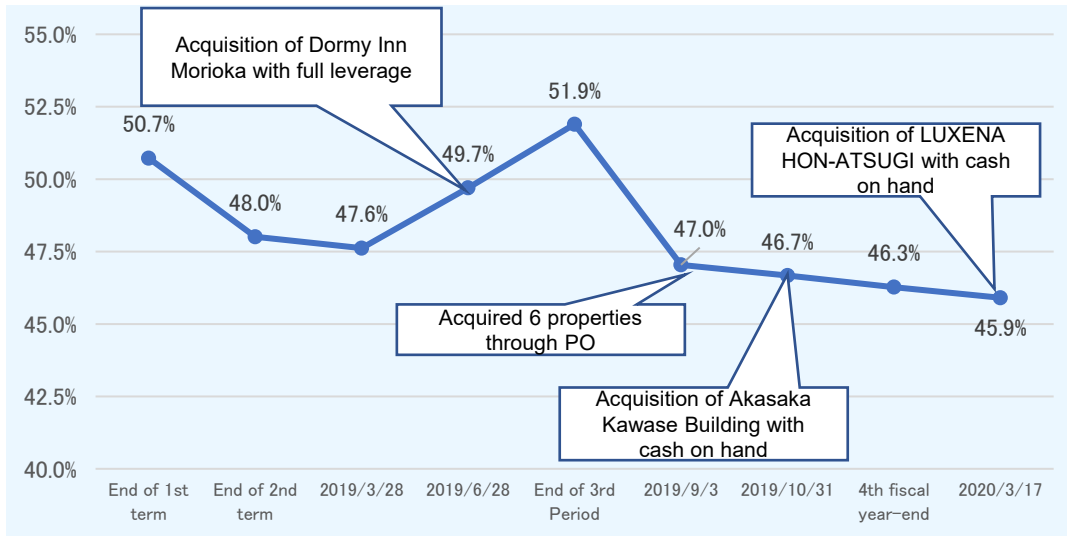
LUXENA HIGASHI-KOENJI

➤ After listing, steadily acquire properties and expand asset size while replacing assets



- Aimed at flexible financing targeting LTV in the mid-40% range
- Diversification of repayment due to new borrowing and repayment

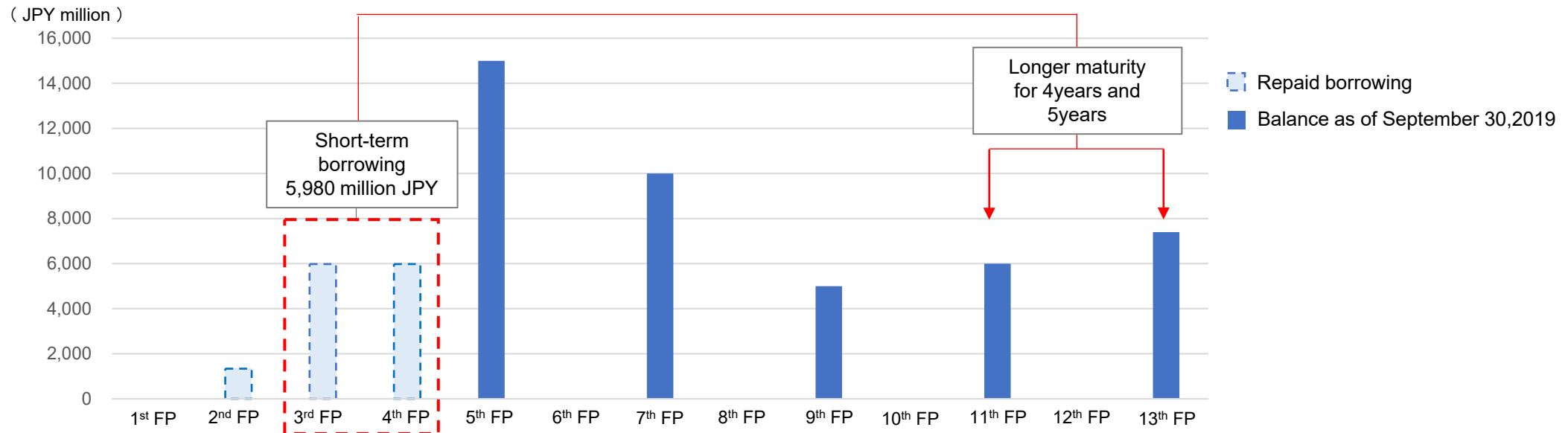
Trend in appraisal LTV



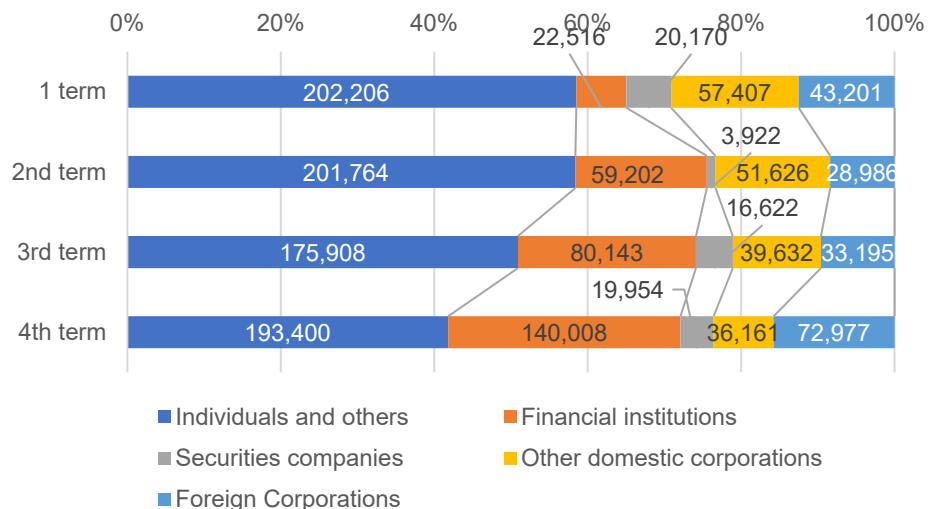
Financial indicators

	The end of the 2nd FP	The end of the 3rd FP	The end of the 4th FP
Interest-bearing debt	33.26 billion yen	35.98 billion yen	43.4 billion yen
Average interest rate	0.49%	0.47%	0.57%
Average Borrowing Period	2.5 years	2.2 years	3.2 years
Fixed rate ratio	90.2%	83.4%	98.8%
Long-term borrowing ratio	90.2%	83.4%	100.0%

Maturity Ladder



Number of Investment Units by Type of Unitholder



Major Investors (Top 10)

Name	Units Owned	% of units issued
1 The Master Trust Bank of Japan (Trust Account)	50,320	10.9
2 Japan Trustee Services Bank, Ltd. (Trust Account)	38,995	8.4
3 The Nomura Trust and Banking Co., Ltd. (Trust Account)	18,296	4.0
4 BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	15,400	3.3
5 Takara Leben Co., Ltd.	14,385	3.1
6 PAG JREIT CO-INVEST LIMITED	10,400	2.2
7 BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M L SCB RD	6,566	1.4
8 Trust & Custody Services Bank, Ltd. (Investment Trust Account)	5,938	1.3
9 Kinki Industrial Credit Association	5,590	1.2
10 Credit Suisse Securities (Japan) Limited	5,270	1.1

Number of Unitholders by Type of Shareholder

Unit: People

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

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

GRESB assessment "Green Star"



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

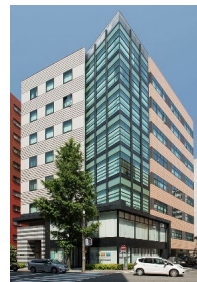
Environmental

BELS



この建物のエネルギー消費量 **21%**削減
2019年12月20日交付 国土交通省告示に基づく第三者認証

L.Biz Jimbocho
(acquired on December 20, 2019)

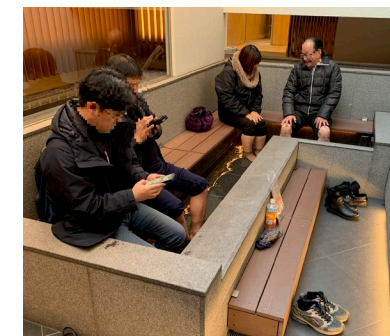
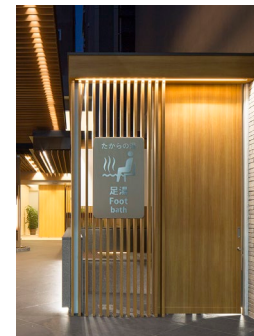


この建物のエネルギー消費量 **15%**削減
2019年12月23日交付 国土交通省告示に基づく第三者認証

Hakata Gizon Building
(acquired on December 23, 2019)

Society

Free footbath



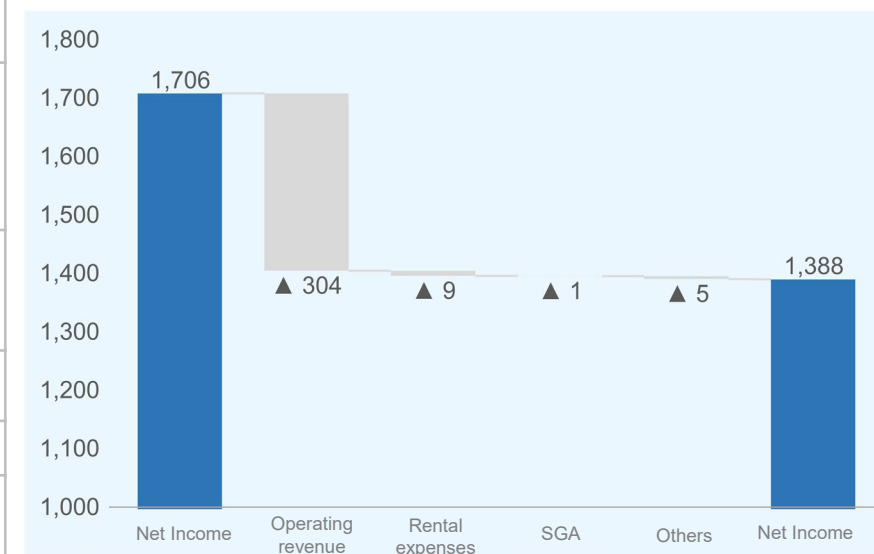
Dormy Inn Matsuyama

II. Investment Strategy for the 5th and 6th Fiscal Period

Financial Forecasts for 5th and 6th Fiscal Period

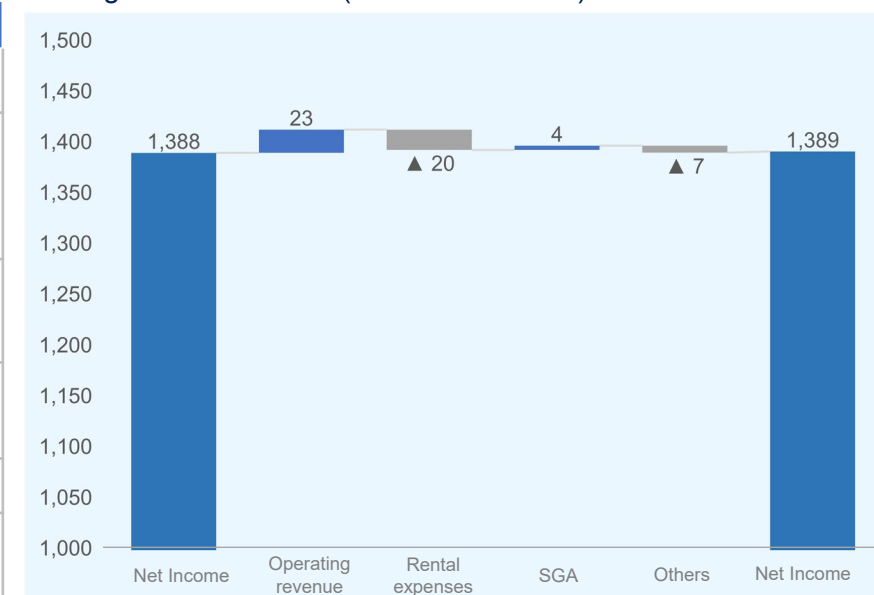
	5th term forecast			
	Actual	5 th FP	Diff	Factors
Number of days in operation	182	184	+2	-
Operating revenue (million JPY)	3,076	2,772	▲304	▲291 Decrease in gain on disposition +21 Increase in revenue of acquired property +17 Increase in revenue of existing properties ▲51 Decrease in revenue due to the impact of coronaviruses
Operating Income (million JPY)	1,912	1,599	▲312	▲304 Decrease in operating revenue ▲9 Increase in rental business expenses (expensed property tax etc.)
Ordinary Income (million JPY)	1,707	1,389	▲317	▲312 Decrease in operating income ▲6 Decline in Non-operating Income
Net Income (million JPY)	1,706	1,388	▲317	
Distributions per unit (including distributions in excess of earnings) (JPY)	3,693	3,000	▲693	Total number of outstanding units at the end of the fourth period: 462,500 units

Changes in net income (4th FP vs. 5th FP)



	6th term forecast			
	5 th FP	6 th FP	Diff	Factors
Number of days in operation	182	181	▲3	-
Operating revenue (million JPY)	2,772	2,796	+23	+48 Increase in revenue of existing properties ▲25 Decrease in gain on disposition
Operating Income (million JPY)	1,599	1,607	+7	+23 Increase in operating revenue ▲20 Increase in operating expenses +4 Decrease in SG&A expenses
Ordinary Income (million JPY)	1,389	1,390	+0	+7 Increase in operating income ▲7 Increase in non-operating expenses (finance costs, etc.)
Net Income (million JPY)	1,388	1,389	+0	
Distributions per unit (including distributions in excess of earnings) (JPY)	3,000	3,000	0	Total number of outstanding units at the end of the fourth period: 462,500 units

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



External Growth Strategy

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

Internal Growth Strategy

- Reduce fixed costs by reviewing building management specifications and switching power suppliers
- Implementation of capital expenditures to improve property competitiveness

Financial Strategy

- To reduce refinancing risk by lengthening duration
- Responding to interest rate fluctuation risks by fixing interest rates

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

Preferential negotiation rights granted by Islandship 3rd

Entered into a preferential negotiation agreement for sale with Islandship 3rd on March 11, 2020, and obtained preferential negotiation rights for four properties



Dormy Inn Mito



PRIME SQUARE



LUXENA NAGAREYAMA-OTAKANOMORI



Winbel Chorus Seiseki Sakuragaoka



Acquisition from Takara Leben

LUXENA HON-ATSUGI

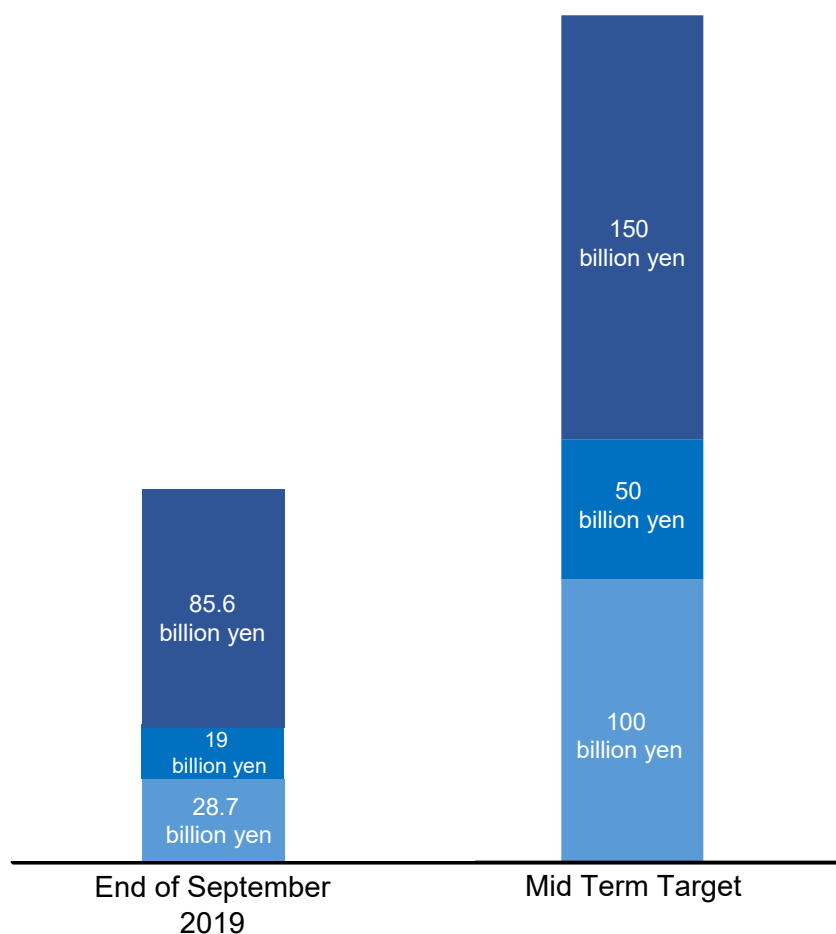
Acquisition date	March 17, 2020
Acquisition price	705 million yen
Appraised value	751 million yen
Address	Atsugi-shi, Kanagawa
Appraisal NOI yield	5.6%
Building age	20.2 years

A property that can be expected to be competitive in the future by conducting renovation after the acquisition by Takara Leben.



Takara Leben Group's AUM target

■ Infrastructure fund ■ Private Placements ■ J-REIT



Pipeline under development by Takara Leben (as of March 31, 2020)

Usage	Building name	Location	Completion	Number of areas and rooms
Office	(Tentative) L. Biz Hatchobori	Chuo-ku, Tokyo	Jun. 2021	8 floors
	(Tentative) L.Biz Kanda Sarugakucho	Chiyoda-ku, Tokyo	October 2021	7 floors
Residence	(Tentative) LUXENA MONZENNAKACHO	Koto-ku, Tokyo	Jul. 2020	85 units + store
	(Tentative) LUXENA ITABASHI	Itabashi-ku, Tokyo	Jul. 2020	36 rooms
	(Tentative) LUXENAHIGASHIKANAGAWA	Yokohama, Kanagawa	Sep. 2020	90 Units
	(Tentative) LUXENA KADOMA	Kadoma, Osaka	January 2021	154 Units
	(Tentative) LUXENA OKACHIMACHI	Taito-ku, Tokyo	March 2021	57 Units
	(Tentative) LUXENA TODAKOEN	Toda-shi, Saitama	March 2021	50 Units
	(Tentative) LUXENA MUSASHI-SHINJO	Kawasaki, Kanagawa	Jun. 2021	88 Units
	(Tentative) LUXENA SUMIYOSHI	Koto-ku, Tokyo	TBD	TBD
Hotel	Takamatsu Hotel PJ	Takamatsu, Kagawa	August 2021	132 rooms
Retail and others	Onomichi PJ	Onomichi, Hiroshima	Fall 2020	-
	Gokiso Project	Nagoya, Aichi	October 2023	One parcel



(Tentative) LUXENA MONZENNAKACHO



(Tentative) LUXENA ITABASHI



(Tentative) LUXENA HIGASHIKANAGAWA

(Note 1) Although the Investment Corporation has obtained preferential negotiating rights for each of the properties listed in the above table, it does not guarantee that these properties will be acquired in the future. The number of units, rooms and parcels is also subject to change.

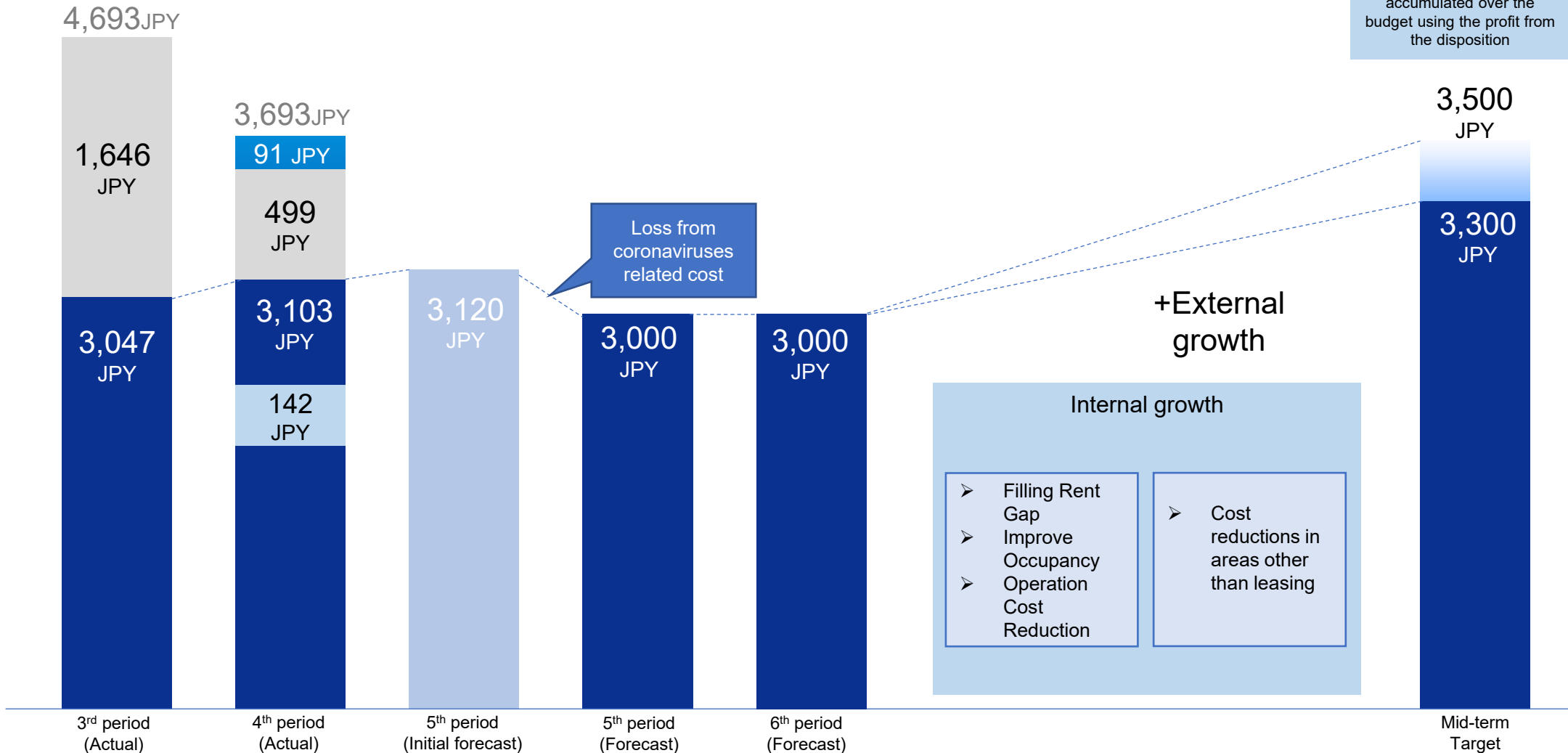
(Note 2) The above diagram is a forecast of completion and may differ from the actual appearance of the property after completion.

- Since early March 2020, sales have been declining in some tenants, such as retail properties and hotels, due to the impact of the coronavirus disease.
- Although the amount of monthly rent is fixed under the rent agreement with the commercial facilities and hotels owned by the Investment Corporation, some tenants have asked for the postponement or reduction of rent payment.
- According to a request submitted by the Ministry of Land, Infrastructure, Transport and Tourism to a real estate-related organization on March 31, 2020, "For tenants whose rent payment is difficult due to the impact of coronavirus disease, consideration will be given to the implementation of flexible measures such as deferral of rent payments."
- The Investment Corporation intends to implement initiatives after comprehensively determining that it will seek to maximize the interests of investors, while also seriously responding to the above requests from the perspective of fulfilling its role as a public entity of society.
- The Investment Corporation is expecting a certain risk of a decline in revenues in our forecast, taking into account the current status of negotiations with tenants and other factors.

Mid-term distribution target: 3,500 JPY

- Assuming the impact of the coronavirus disease is temporary, the medium-term target level will be unchanged.
- 3,300 JPY for internal growth only
- Targeted 3,500 JPY with external growth in addition to internal growth
- External growth aiming at expansion of unitholders' value

- Effects of property sales
- Property tax effect
- DPU excluding temporary impacts
- Cost of repairs accumulated over the budget using the profit from the disposition



III.Appendix

Occupancy Rates (Offices and Housing)

(Unit: %)

Usage	Property number	Property name	3 rd period end	End of September	End of October	End of November	End of December	End of January	4 th period end
Office	O-01	NT Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-02	Higashi-Ikebukuro Central Place	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-03	Nagoya Center Plaza Building	99.7	99.7	99.7	99.7	99.7	99.7	99.7
	O-05	Omiya NSD Building	100.0	100.0	100.0	92.0	92.0	92.0	92.0
	O-06	SAMTY Shin-Osaka Center Building	97.8	97.8	97.8	97.8	97.8	100.0	100.0
	O-07	Hakata Gion Building	95.5	95.5	95.5	95.5	95.5	95.5	100.0
	O-08	Chuo Bakuromachi Building	97.6	100.0	100.0	98.2	98.2	98.2	98.2
	O-09	L.Biz Jimbocho	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-10	Shinsaibashi Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	O-11	L.Biz Sendai	100.0	97.8	100.0	100.0	100.0	100.0	100.0
	O-12	Sendai Nikko Building	87.7	87.7	87.7	87.7	87.7	87.7	100.0
	O-13	Morioka Ekimae-dori Building	95.0	95.0	95.0	90.0	90.0	90.0	90.0
	O-14	Nagano Central Building	85.8	85.8	85.8	85.8	85.8	83.0	87.1
	O-15	EME Koriyama Building	93.3	93.3	93.3	93.3	93.3	96.8	96.8
	O-16	Utsunomiya Central Building	98.0	98.0	98.0	98.0	98.0	91.9	94.0
	O-17	Yamagata Ekimae-dori Building	72.9	72.9	72.9	65.5	65.5	65.5	65.5
	O-18	Akasaka Kawase Building			100.0	100.0	100.0	100.0	100.0
	Total of Office			96.7	96.7	96.8	95.7	95.7	95.6
Residence	R-01	Amare Tokaidori	96.0	96.8	98.0	99.0	100.0	100.0	97.0
	R-02	Dormy Ukimafunado	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	R-03	Benefis Hakata-Minami Grand Suite	94.6	90.9	89.6	85.9	90.5	89.2	86.8
	R-04	LUXENA HIGASHI-KOENJI	97.0	93.6	89.2	91.0	95.2	93.9	92.1
	R-05	Alpha Space Toritsudai	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	R-06	J City Hatchobori	99.0	99.0	96.6	94.2	94.2	92.9	88.7
	R-07	LUXENA HEIWADAI		98.8	98.9	99.4	98.5	99.2	98.3
	R-08	LUXENA KACHIDOKI		100.0	100.0	100.0	100.0	96.4	96.4
Total of Residence			97.5	97.3	96.7	96.3	97.1	96.6	94.9

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Occupancy Rates (Offices and Housing)

(Unit: %)

Usage	Property number	Property name	3 rd period end	End of September	End of October	End of November	End of December	End of January	4 th period end
Hotel	H-01	Dormy Inn Matsuyama	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-02	Hotel Sunshine Utsunomiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-03	Dormy Inn Morioka	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	H-04	Arietta Hotel Nagoya		100.0	100.0	100.0	100.0	100.0	100.0
	Total of Hotel			100.0	100.0	100.0	100.0	100.0	100.0
Retail and other assets	C-01	Prio Daimyo II	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-02	Co-op Sapporo Shunko	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-03	TA Shonan Kugenumakaigan	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	C-04	Almost Blue		100.0	100.0	100.0	100.0	100.0	100.0
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho		100.0	100.0	100.0	100.0	100.0	100.0
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)		100.0	100.0	100.0	100.0	100.0	100.0
	Total of Retail and Other assets			100.0	100.0	100.0	100.0	100.0	100.0
Total of the Portfolio			97.6	98.1	98.1	97.5	97.6	97.5	97.7

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Appraisal Value (As of February 29, 2020)

Usage	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	Appraisal value (in million)	Direct Income Method		Discounted Cash Flow			Appraisal NOI (in million)	Appraisal value Period Feb. 2020 (in million)
						Revenue Price (in million)	Cap rate (%)	Revenue Price (in million)	Discount rate (%)	Terminal cap rate (%)		
Office	O-01	NT Building	12,350	12,441	13,400	13,700	3.9	13,100	3.6	4.1	557	13,300
	O-02	Higashi-Ikebukuro Central Place	9,780	9,875	10,600	10,800	3.9	10,400	3.7	4.1	426	10,400
	O-03	Nagoya Center Plaza Building	4,870	4,981	4,910	4,960	4.9	4,850	4.7	5.1	264	4,910
	O-05	Omiya NSD Building	3,493	3,522	3,910	4,010	4.6	3,870	4.4	4.8	192	3,840
	O-06	SAMTY Shin-Osaka Center Building	3,450	3,439	3,680	3,790	4.3	3,630	4.1	4.5	176	3,620
	O-07	Hakata Gion Building	2,500	2,501	2,780	2,810	4.3	2,770	4.1	4.5	123	2,620
	O-08	Chuo Bakuromachi Building	1,485	1,484	1,940	1,950	4.2	1,940	4.0	4.4	90	1,900
	O-09	L.Biz Jimbocho	1,006	1,013	1,140	1,170	3.8	1,120	3.9	4.0	45	1,140
	O-10	Shinsaibashi Building	772	762	805	818	4.2	799	4.0	4.4	39	805
	O-11	L.Biz Sendai	1,680	1,672	1,840	1,870	4.7	1,810	4.5	4.9	95	1,770
	O-12	Sendai Nikko Building	1,740	1,766	1,800	1,890	4.3	1,760	4.4	4.5	88	1,790
	O-13	Morioka Ekimae-dori Building	1,480	1,477	1,710	1,710	5.8	1,710	5.6	6.0	105	1,680
	O-14	Nagano Central Building	898	929	1,010	1,020	5.7	1,010	5.5	5.9	66	1,060
	O-15	EME Koriyama Building	900	908	1,030	1,020	5.7	1,030	5.5	5.9	65	1,030
	O-16	Utsunomiya Central Building	771	783	993	1,010	5.5	986	5.3	5.7	67	988
	O-17	Yamagata Ekimae-dori Building	600	604	724	739	5.7	718	5.5	5.9	48	748
	O-18	Akasaka Kawase Building	690	710	727	752	3.6	716	3.4	3.8	28	
	Total / Average of Office			48,466	48,874	52,999	54,019	-	52,219	-	-	2,481
Residence	R-01	Amare Tokaidori	1,100	1,090	1,240	1,260	4.6	1,230	4.7	4.8	60	1,240
	R-02	Dormy Ukimafunado	1,080	1,089	1,140	1,160	4.5	1,120	4.3	4.7	57	1,120
	R-03	Benefis Hakata-Minami Grand Suite	1,032	1,028	1,100	1,120	4.7	1,090	4.8	4.9	55	1,100
	R-04	LUXENA HIGASHI-KOENJI	1,060	1,078	1,080	1,100	4.0	1,070	4.1	4.2	45	1,080
	R-05	Alpha Space Toritsudai	589	596	621	632	3.9	616	3.7	4.1	27	608
	R-06	J City Hatchobori	1,200	1,204	1,300	1,310	4.8	1,290	4.9	5.0	65	1,330
	R-07	LUXENA HEIWADAI	3,910	3,925	4,340	4,430	4.0	4,300	3.8	4.2	180	
	R-08	LUXENA KACHIDOKI	1,120	1,125	1,220	1,240	3.8	1,210	3.6	4.0	47	
Total / Average of Residence			11,091	11,139	12,041	12,252	-	11,926	-	-	540	6,478

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Appraisal Value (As of February 29, 2020)

Usage	Property number	Property name	Acquisition price (in million)	Period end book value (in million)	Appraisal value (in million)	Direct Income Method		Discounted Cash Flow			Appraisal NOI (in million)	Appraisal value Period Feb. 2020 (in million)
						Revenue Price (in million)	Cap rate (%)	Revenue Price (in million)	Discount rate (%)	Terminal cap rate (%)		
Hotel	H-01	Dormy Inn Matsuyama	2,427	2,386	2,550	2,510	5.0	2,560	4.8	5.2	131	2,550
	H-02	Hotel Sunshine Utsunomiya	2,000	2,024	2,160	2,150	4.9	2,170	4.7	5.1	116	2,100
	H-03	Dormy Inn Morioka	2,520	2,520	2,550	2,580	4.9	2,530	4.7	5.1	129	2,550
	H-04	Arietta Hotel Nagoya	2,500	2,510	2,630	2,660	4.1	2,620	3.9	4.3	110	
Total / Average of Hotel			9,447	9,441	9,890	9,900	-	9,880	-	-	488	7,200
Retail and other assets	C-01	Prio Daimyo II	980	992	1,120	1,140	4.0	1,110	3.8	4.2	46	1,090
	C-02	Co-op Sapporo Shunko	1,036	1,048	1,100	1,100	6.2	1,100	6.0	6.4	70	1,100
	C-03	TA Shonan Kugenumakaigan	500	510	573	581	4.7	569	4.5	4.9	27	573
	C-04	Almost Blue	6,520	6,603	7,210	7,460	3.1	7,100	3.0/3.1/3.2	3.3	231	
	C-05	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	4,030	4,066	4,410	4,450	6.8	4,360	6.5	7.0	299	
	C-06	Kaden Sumairu Kan YAMADA KobeTarumi (Land)	4,250	4,300	4,450	4,500	4.7	4,400	4.1	-	209	
Total / Average of Retail and Other assets			17,316	17,521	18,863	19,231	-	18,639	-	-	884	2,763
Total of the Portfolio			86,320	86,976	93,793	95,402	-	92,664	-	-	4,394	68,042

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

4th Fiscal Period Balance Sheets

<Assets>	3 rd FP	4 th FP
Current assets	(Unit: thousand yen)	
Cash and deposits	6,081,427	5,120,519
Cash and deposits in trust	1,006,748	1,752,399
Operating accounts receivable	75,299	84,699
Prepaid expenses	82,656	127,352
Consumption tax receivable	144,784	110,757
Other current assets	14,602	20,388
Total current assets	7,405,518	7,216,117
Fixed assets		
Tangible fixed assets		
Buildings, net	2,254,133	2,267,864
Structures, net	9,582	9,493
Machinery and equipment, net	-	46,352
Land	795,779	1,463,924
Buildings in trust, net	16,489,335	20,238,610
Structures in trust, net	21,756	69,175
Tools, furniture and fixtures in trust, net	14,088	15,618
Land in trust	45,529,850	62,107,922
Construction in progress in trust	4,000	-
Total tangible assets	65,118,526	86,218,961
Intangible fixed assets		
Leasehold in trust	-	757,993
Software	4,675	4,125
Total intangible assets	4,675	762,118
Investments and other assets		
Investment securities	103,043	-
Long-term prepaid expenses	46,912	241,641
Deferred tax assets	21	20
Security deposits	11,000	11,000
Other assets	10	10
Total investments and other assets	160,986	252,671
Total fixed assets	65,284,188	87,233,750
Deferred assets		
Investment unit issuance costs	46,994	67,348
Total deferred assets	46,994	67,348
Total assets	72,736,701	94,517,217

Liabilities	3 rd FP	4 th FP
Current liabilities	(Unit: thousand yen)	
Operating accounts payable	350,998	133,518
Short-term loans payable	5,980,000	-
Current portion of long-term loans payable	15,000,000	15,000,000
Tenant leasehold and security deposits in trust due within one year	-	50,973
Accounts payable	163,964	176,974
Accrued expenses	13,167	12,522
Income taxes payable	1,035	218
Advances received	12,744	8,179
Other current liabilities	4,631	10,130
Total current liabilities	21,526,540	15,392,518
Non-current liabilities		
Long-term loans payable	15,000,000	28,400,000
Tenant leasehold and security deposits	90,552	111,864
Tenant leasehold and security deposits in trust	2,422,827	3,633,966
Asset retirement obligations	88,015	87,632
Derivative liabilities	82,588	61,936
Total non-current liabilities	17,683,984	32,395,398
Total liabilities	39,210,524	47,687,917
Net assets	Third term	4th term
Unitholders' equity	(Unit: thousand yen)	
Unitholders' capital	31,991,672	45,189,272
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	△82,574	△87,066
Total deduction from unitholders' capital	△82,574	△87,066
Unitholders' capital, net	31,909,097	45,102,206
Surplus		
Retained earnings	1,699,667	1,789,030
Total surplus	1,699,667	1,789,030
Total unitholders' equity	33,608,765	46,891,236
Valuation and translation adjustments		
Deferred gains or losses on hedges	△82,588	△61,936
Total valuation and translation adjustments	△82,588	△61,936
Total net assets	33,526,176	46,829,299
Total liabilities and net assets	72,736,701	94,517,217

Income statement (thousand yen)	3 rd FP	4 th FP
Operating revenues		
Rental revenue	2,010,180	2,579,221
Other rental revenue	165,226	179,276
Dividend income from investments in securities	2,043	866
Gain on sales of real estate	738,901	316,856
Total operating revenues	2,916,352	3,076,219
Operating expenses		
Expenses related to property rental business	944,320	937,885
Asset management fee	137,894	144,262
Asset custody and administrative commissions	13,631	18,543
Directors' compensations	2,400	2,400
Taxes and dues	19,822	18,809
Other operating expenses	38,203	41,794
Total operating expenses	1,156,271	1,163,695
Operating income	1,760,080	1,912,523
Non-operating income		
Interest income	19	38
Refund of property taxes	-	5,670
Insurance income	212	-
Other	0	500
Total non-operating income	232	6,208
Non-operating expenses		
Interest expense	83,538	122,526
Borrowing related expenses	43,711	69,429
Amortization of issuance costs of new units	12,816	19,450
Total non-operating expenses	140,066	211,406
Ordinary income	1,620,246	1,707,326
Income before income taxes	1,620,246	1,707,326
Income taxes		
Income taxes - current	1,038	1,023
Income taxes-deferred	▲ 4	0
Total income taxes	1,033	1,023
Net income	1,619,213	1,706,302
Retained earnings brought forward	80,454	82,727
Unappropriated retained earnings	1,699,667	1,789,030

Cash flow statement (thousand yen)	3 rd FP	4 th FP
Cash flows from operating activities		
Income before income taxes	1,620,246	1,707,326
Depreciation and amortization	259,440	322,112
Amortization of issuance costs of new units	12,816	19,450
Borrowing related expenses	38,716	63,463
Interest income	▲ 19	▲ 38
Interest expense	83,538	122,526
Decrease (increase) in operating accounts receivable	▲ 111	▲ 9,404
Decrease (increase) in consumption taxes receivable	▲ 144,784	34,027
Increase (decrease) in accrued consumption taxes	▲ 107,459	-
Decrease (increase) in prepaid expenses	▲ 7,808	▲ 13,191
Decrease (increase) in long-term prepaid expenses	3,655	▲ 63,517
Increase (decrease) in operating accounts payable	92,531	▲ 112,410
Increase (decrease) in accounts payable	34,607	13,010
Increase (decrease) in advances received	▲ 10,763	▲ 4,564
Decrease in disposal of property and equipment in trust	2,895,401	1,240,701
Other, net	▲ 10,987	▲ 13,739
Sub total	4,759,020	3,305,754
Interest income received	19	38
Interest expenses paid	▲ 82,224	▲ 123,171
Income taxes paid	▲ 942	▲ 1,839
Net cash provided by operating activities	4,675,872	3,180,782
Cash flows from investing activities		
Purchase of property and equipment	▲ 3,063,103	▲ 758,660
Purchase of property and equipment in trust	▲ 90,083	▲ 21,992,294
Purchase of intangible assets in trust	-	▲ 757,993
Proceeds from tenant leasehold and security deposits	27,165	6,326
Proceeds from tenant leasehold and security deposits in trust	57,283	397,298
Repayments of tenant leasehold and security deposits in trust	▲ 91,558	▲ 23,591
Purchases of investment securities	▲ 103,053	-
Proceeds from redemption of investment securities	-	103,043
Net cash used in investing activities	▲ 3,263,350	▲ 23,025,871
Cash flows from financing activities		
Proceeds from short-term loans	5,977,773	-
Repayment of short-term loans	▲ 3,260,000	▲ 5,980,000
Proceeds from long-term debt	-	13,173,819
Proceeds from issuance of investment units	-	13,157,794
Dividends paid	▲ 1,171,597	▲ 1,620,179
Net cash provided by financing activities	1,546,175	18,731,435
Net increase in cash and cash equivalents	2,958,698	▲ 1,113,653
Cash and cash equivalents at beginning of period	2,370,111	5,328,810
Cash and cash equivalents at end of period	5,328,810	4,215,156

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-01	O-02	O-03	O-05	O-06
	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	Omiya NSD Building	SAMTY Shin-Osaka Center Building
					
① Lease business revenue	346,502	271,888	209,436	121,644	111,218
Lease business revenue	321,105	244,648	178,057	111,877	102,106
Other lease business revenue	25,396	27,239	31,378	9,767	9,112
② Operating expenses from real estate leasing	81,003	47,768	91,430	31,883	27,902
Management fee	20,723	10,109	22,764	13,264	8,736
Utilities expenses	26,282	15,671	22,734	6,174	7,779
Taxes and dues	27,807	14,457	15,504	7,854	9,416
Insurance premium	516	303	467	161	187
Repair expenses	5,231	6,815	29,312	4,068	1,348
Trust fee	400	375	300	300	400
Other expenses	43	35	346	61	35
③ NOI(①-②)	265,498	224,120	118,006	89,761	83,315
④ Depreciation	35,656	25,241	19,219	6,724	10,957
⑤ Operating income (loss) from real estate leasing (③-④)	229,841	198,879	98,786	83,036	72,357
⑥ Acquisition price	12,350,000	9,780,000	4,870,000	3,493,000	3,450,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property





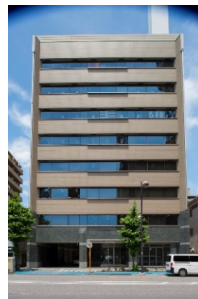
(Unit: thousand yen)

Property name	O-07	O-08	O-09	O-10	O-11
	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho	Shinsaibashi Building	L.Biz Sendai
					
① Lease business revenue	84,500	65,405	26,912	31,224	70,224
Lease business revenue	77,543	57,964	26,527	27,144	61,853
Other lease business revenue	6,957	7,441	385	4,080	8,371
② Operating expenses from real estate leasing	25,816	22,487	4,331	14,052	20,263
Management fee	8,262	5,257	1,803	4,113	8,502
Utilities expenses	5,797	5,807	-	3,479	5,620
Taxes and dues	7,123	7,912	1,738	4,425	4,879
Insurance premium	139	146	26	72	149
Repair expenses	4,054	2,925	431	1,527	767
Trust fee	400	400	300	400	300
Other expenses	38	38	30	34	44
③ NOI(①-②)	58,684	42,917	22,581	17,172	49,960
④ Depreciation	11,360	3,685	2,548	2,843	8,771
⑤ Operating income (loss) from real estate leasing (③-④)	47,323	39,232	20,033	14,328	41,189
⑥ Acquisition price	2,500,000	1,485,000	1,006,000	772,000	1,680,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-12	O-13	O-14	O-15	O-16
	Sendai Nikko Building	Morioka Ekimae-dori Building	Nagano Central Building	EME Koriyama Building	Utsunomiya Central Building
					
① Lease business revenue	60,294	78,906	45,022	53,057	50,051
Lease business revenue	55,078	74,236	42,104	50,609	46,528
Other lease business revenue	5,215	4,670	2,918	2,448	3,523
② Operating expenses from real estate leasing	25,002	25,805	16,957	18,015	17,485
Management fee	7,593	10,712	7,394	7,453	7,612
Utilities expenses	5,226	7,154	3,374	5,456	3,642
Taxes and dues	7,374	4,969	4,547	2,898	4,741
Insurance premium	115	204	144	124	126
Repair expenses	4,159	2,343	1,157	1,748	1,028
Trust fee	450	375	300	300	300
Other expenses	83	46	38	34	34
③ NOI(①-②)	35,291	53,101	28,064	35,041	32,566
④ Depreciation	5,585	15,036	9,112	9,268	6,627
⑤ Operating income (loss) from real estate leasing (③-④)	29,705	38,064	18,952	25,773	25,939
⑥ Acquisition price	1,740,000	1,480,000	898,000	900,000	771,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property

(Unit: thousand yen)

Property name	O-17	O-18	R-01	R-02	R-03
	Yamagata Ekimae-dori Building	Akasaka Kawase Building	Amare Tokaidori	Dormy Ukimafunado	Benefis Hakata-Minami Grand Suite
					
① Lease business revenue	28,985	13,497	40,110	31,858	33,389
Lease business revenue	25,125	11,882	39,707	31,836	32,209
Other lease business revenue	3,860	1,615	402	21	1,179
② Operating expenses from real estate leasing	14,940	2,132	7,257	2,737	10,706
Management fee	6,769	1,417	3,384	318	4,051
Utilities expenses	4,178	645	280	6	265
Taxes and dues	3,447	4	2,147	1,652	2,597
Insurance premium	116	13	77	59	74
Repair expenses	95	49	882	370	3,385
Trust fee	300	-	300	300	300
Other expenses	32	3	184	30	33
③ NOI(①-②)	14,045	11,365	32,853	29,121	22,682
④ Depreciation	6,273	538	8,698	2,724	6,692
⑤ Operating income (loss) from real estate leasing (③-④)	7,771	10,827	24,155	26,396	15,990
⑥ Acquisition price	600,000	690,000	1,100,000	1,080,000	1,032,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property

(Unit: thousand yen)

Property name	R-04	R-05	R-06	R-07	R-08
	LUXENA HIGASHI-KOENJI	Alpha Space Toritsudai	J City Hatchobori	LUXENA HEIWADAI	LUXENA KACHIDOKI
					
① Lease business revenue	29,514	17,631	41,617	106,425	29,405
Lease business revenue	28,203	17,442	40,226	104,409	29,278
Other lease business revenue	1,311	189	1,390	2,016	126
② Operating expenses from real estate leasing	19,914	3,419	7,781	9,900	2,924
Management fee	5,291	1,645	3,078	7,330	2,223
Utilities expenses	200	313	457	1,710	263
Taxes and dues	1,518	981	2,868	0	0
Insurance premium	38	28	74	164	38
Repair expenses	12,532	42	959	310	15
Trust fee	300	375	300	370	370
Other expenses	32	33	42	14	12
③ NOI(①-②)	9,600	14,212	33,835	96,525	26,481
④ Depreciation	3,601	1,195	4,747	11,776	4,766
⑤ Operating income (loss) from real estate leasing (③-④)	5,999	13,016	29,088	84,748	21,714
⑥ Acquisition price	1,060,000	589,000	1,200,000	3,910,000	1,120,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property






(Unit: thousand yen)

Property name	H-01	H-02	H-03	H-04	C-01
	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya	Dormy Inn Morioka	Arietta Hotel Nagoya	Prio Daimyo II
					
① Lease business revenue	76,500	64,321	74,958	61,805	31,098
Lease business revenue	76,500	64,263	74,958	61,805	27,593
Other lease business revenue	-	58	-	-	3,504
② Operating expenses from real estate leasing	9,146	16,275	925	1,171	6,326
Management fee	765	364	749	708	1,358
Utilities expenses	900	-	-	-	2,549
Taxes and dues	6,883	3,585	-	0	1,779
Insurance premium	142	160	170	77	18
Repair expenses	120	11,408	-	-	186
Trust fee	300	400	-	370	400
Other expenses	35	357	5	14	34
③ NOI(①-②)	67,353	48,046	74,032	60,633	24,771
④ Depreciation	19,220	13,128	27,122	8,790	1,110
⑤ Operating income (loss) from real estate leasing (③-④)	48,132	34,917	46,909	51,843	23,660
⑥ Acquisition price	2,427,000	2,000,000	2,520,000	2,500,000	980,000

(NOTE) TTS Minami-Aoyama Building is not included in the above table because the transfer was completed on September 2, 2019.

Profit and Loss by Property

(Unit: thousand yen)

Property name	C-02	C-03	C-04	C-05	C-06
	Co-op Sapporo Shunko	TA Shonan Kugenumakaigan	Almost Blue	Kaden Sumairu Kan YAMADA Matsuyama Toiyacho	Kaden Sumairu Kan YAMADA KobeTarumi (Land)
					
① Lease business revenue	41,760	17,102	123,767	(Note 1)	(Note 1)
Lease business revenue	41,760	15,816	111,476	(Note 1)	(Note 1)
Other lease business revenue	-	1,286	12,290	(Note 1)	(Note 1)
② Operating expenses from real estate leasing	8,179	2,567	15,094	(Note 1)	(Note 1)
Management fee	417	1,058	6,885	(Note 1)	(Note 1)
Utilities expenses	-	1,477	3,810	(Note 1)	(Note 1)
Taxes and dues	3,940	-	0	(Note 1)	(Note 1)
Insurance premium	95	14	62	(Note 1)	(Note 1)
Repair expenses	3,393	-	1,200	(Note 1)	(Note 1)
Trust fee	300	-	370	(Note 1)	(Note 1)
Other expenses	31	16	2,763	(Note 1)	(Note 1)
③ NOI(①-②)	33,580	14,535	108,673	154,033	108,832
④ Depreciation	7,526	1,365	3,863	15,593	-
⑤ Operating income (loss) from real estate leasing (③-④)	26,053	13,169	104,810	138,440	108,832
⑥ Acquisition price	1,036,000	500,000	6,520,000	4,030,000	4,250,000

(Note 1) The information is not disclosed because the consent from the tenant has not been obtained.

(Note 2) The TTS Minami-Aoyama Building is not included in the table above because the transfer was completed on September 2, 2019.

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

(NOTE) Calculation is based on the following formula

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

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

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

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

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

NAV per unit = (Net assets at the end of the period - Total distributions to be paid + Appraisal value of real estate, etc. - Book value of real estate, etc. at the end of the period) / Total investment units issued and outstanding



**Takara Leben
Real Estate
Investment Corporation**

Contact



Takara PAG Real Estate Advisory Limited
Tel: +81-3-6435-5264
Mail : info@takara-pag.com

- This document has been prepared for information purposes only and is not for soliciting and inviting investment or recommending transaction of specified products.
- This document does not constitute a disclosure document or a management report based on the Financial Instruments and Exchange Act, the Act on Investment Trusts and Investment Corporations or the listing regulations of the Tokyo Stock Exchange.
- This document includes forward-looking statements. The forward-looking statements are subject to various risks and uncertainties currently unknown since they are based on currently available information, certain assumptions and preconditions. The contents of forward-looking statements may be affected by these risks, uncertainties, assumptions and other factors. Therefore, such forward-looking statements do not guarantee future performance, management results, financial standing, etc. of TLR
- As for the information provided in this document, neither its accuracy nor safety are guaranteed although we have made every effort to provide correct information. Please note the information may be modified or deleted without prior notice.
- Duplication, reproduction, etc. of the contents of this document without prior consent are prohibited.