



**Takara Leben Real Estate
Investment Corporation**

9th Fiscal Period
Semi-Annual Report

From: March 1, 2022 To: August 31, 2022

The Investment Corporation's Basic Philosophy

1. The Investment Corporation aims to achieve “steady growth” and “stable investment” by leveraging a multi-sponsor management structure in which expertise and know-how of sponsors who have different strengths are integrated.
2. The Investment Corporation aims to realize “maximization of unitholder value,” “creation of a sustainable environment,” and “contribution to local communities and society” to remain the unitholders’ diversified J-REIT of choice.

The Investment Corporation's Features and Strengths

	Office	Residence	Hotel	Retail and other assets (Note 1)
MIRARTH HOLDINGS, Inc.	A track record of extensive development and stable supply as a company that designs the future of the environment, going beyond the framework of a comprehensive real estate developer			
	A proven track record of increasing asset value, including renovations			
PAG	Know-how about stable asset management by leveraging MIRARTH HOLDINGS Group's (Note 2) value chain			
	A track record of handling real estate centered on offices and real estate-related assets in Japan			
KYORITSU HOTELS & DORMITORIES	A proven track record of increasing asset value			
	Over 20 years of real estate fund investment performance in Japan			
YAMADA	A track record of managing a variety of dormitories and hotels across Japan			
	A track record of operating dormitories and hotels over nearly 40 years			
			Information networks leveraging its nationwide network	
			Information on the retail assets market and know-how on management that is owned as Japan's largest commercial electronics distributor	

(Note 1) Retail and other assets include, besides retail facilities, properties that are used as industrial real estate (logistics facilities, data centers, factories, and R&D facilities) and parking spaces. The same shall apply hereinafter.

(Note 2) Takara Leben Co., Ltd. shifted to a holding company structure as of October 1, 2022 and the name was changed to MIRARTH Holdings, Inc. (hereinafter may be referred to as “MIRARTH Holdings”), which indicates MIRARTH Holdings and its subsidiaries and affiliated companies. The same shall apply hereinafter.

Financial Highlights of the 9th Fiscal Period

Distribution of the 9th Fiscal Period (per unit)

3,008 yen

Operating revenues

3,545 million yen

Operating income

2,020 million yen

Ordinary income

1,727 million yen

Net income

1,726 million yen

Total acquisition price

113,564 million yen
48 properties

End-of-period occupancy rate

99.1 %

Appraisal NOI yield

4.8 %

LTV (Note 1)

47.6 %

NAV per unit (Note 2)

112,104 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 at the end of period)

Distribution forecast for the 10th fiscal period (per unit)

2,710 yen

Distribution forecast for the 11th fiscal period (per unit)

2,554 yen

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Takara PAG Real Estate Advisory Ltd.
President
Takara Leben Real Estate Investment Corporation
Executive Director

Tetsuo Saida

Takara PAG Real Estate Advisory Ltd.
President

Masayuki Ishihara

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, Takara PAG Real Estate Advisory Ltd (the “Asset Management Company”).

We extend our heartfelt sympathies to those who have become infected with COVID-19, their families and relatives.

Investment Environment

The Japanese economy in the 9th fiscal period for the Investment Corporation showed signs of recovery thanks in part to the progress of COVID-19 vaccination campaigns, but with the spread of infection due to the emergence of highly infectious variants, the economic environment remained unpredictable. Meanwhile, in the real estate trading market, appetites still remained

strong for investment in high-quality, income-generating real estate among various market participants, including publicly listed and privately placed REITs, domestic and overseas private funds, real estate agents, and general business corporations, and transaction prices remained high. The real estate leasing market generally trended strongly, with the exception of certain asset types. For office space, vacancy rates trended upward in the key office space markets of Tokyo, Nagoya, and Osaka with increased corporate needs for cost-cutting due to COVID-19

and other factors. Thus, depending on the condition of economic activities, we should keep a close eye on demand for office space. As for residential properties, COVID-19 had a limited impact, and the market remained stable. In retail facilities, lifestyle-oriented retail facilities still trended strongly. The outlook of hotels is expected to remain uncertain for some time due in part to concerns over the further spread of COVID-19. However, given that the government announced the launch of the national travel assistance program, the market is expected to recover gradually triggered by an economic policy like this.

Investment Performance

Under such circumstances, while striving to limit the impact of COVID-19 on its asset holdings, the Investment Corporation disposed of a 63% of its quasi-co-ownership interest in Chuo Bakuromachi Building as of March 1, 2022 while acquiring three residential properties, TLR Residence Kawasaki Daishi as of April 11, 2022, TLR Residence Honmachi WEST and TLR Residence Takaida as of June 1, 2022, based on four investment strategies of “steady expansion of asset size,” “improvement of portfolio quality and stability,” “realization of solid internal growth,” and “implementation of financial strategies and other measures,” thereby aggressively implemented asset replacement.

As a result of these investment activities, operating revenues were 3,545 million yen, ordinary income was 1,727 million yen, and net income was 1,726

million yen for the current fiscal period. Distributions per unit in the 9th fiscal period were 3,008 yen, 78 yen higher than the forecast of 2,930 yen per unit announced in the “Earnings Summary (REIT) for the Fiscal Period Ended February 28, 2022” dated April 13, 2022.

Overview of Funds Procurement

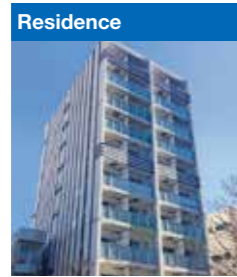
To fund the acquisition of TLR Residence Takaida, the Investment Corporation borrowed 975 million yen (maturing May 31, 2023) from Sumitomo Mitsui Banking Corporation (SMBC) as of June 1, 2022, and refinanced 5,000 million yen (maturing July 30, 2022) borrowed as of July 30, 2018 and 4,950 million yen (maturing July 29, 2022) borrowed as of July 30, 2020 through a syndicate of lenders arranged by SMBC with new borrowings of 5,060 million yen (maturing July 30, 2027) and 4,890 million yen (maturing July 31, 2028) . As a result, the balance of borrowings as of the end of the 9th fiscal period (August 31, 2022) was 58,275 million yen, and the ratio of interest-bearing debt to total assets (LTV) was 47.6%.

As of the date of this document, Rating and Investment Information, Inc. (R&I) assigned an “A-/Stable” issuer credit rating and Japan Credit Rating Agency, Ltd. (JCR) upgraded the Investment Corporation’s “A-/Positive” long-term issuer credit rating to “A/Stable” as of June 6, 2022.

Acquired three properties in the 9th fiscal period and nine properties at the beginning of the 10th fiscal period upon capital increase through public offering

9th Fiscal Period Ended August 31, 2022

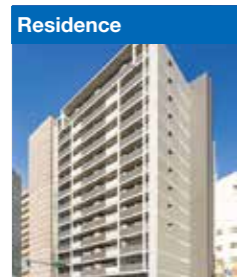
3 properties Total acquisition price: **5.7 billion yen**



TLR Residence
Kawasaki Daishi



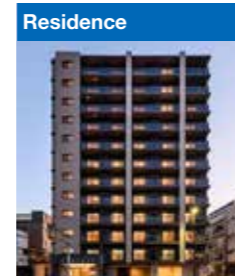
TLR Residence Takaida



TLR Residence
Honmachi WEST

10th Fiscal Period Ending February 28, 2023

9 properties Total acquisition price: **11.1 billion yen**



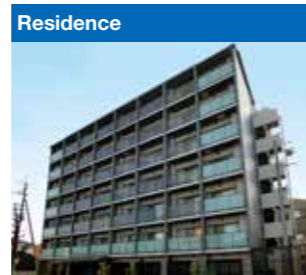
LUXENA KITASENJU



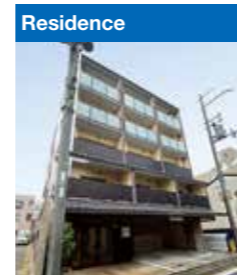
La Vita Higashi Ueno



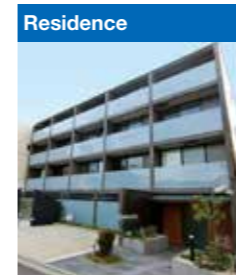
LUXENA JOSHIN



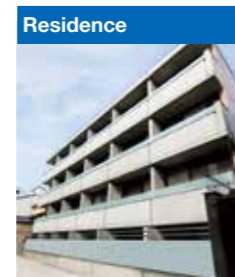
LUXENA
UMEKOJI-KYOTONISHI



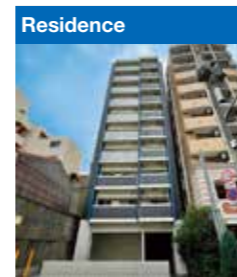
LUXENA
KIYOMIZU-GOJO



La Vita Nijyo Gekko



La Vita Toji



Pleiades Namba east



Kaden Sumairu Kan x YAMADA
web.com Nara

The 3rd Capital Increase through Public Offering (acquired on September 2, 2022)

Disposition

9th Fiscal Period Ended August 31, 2022

1 property Acquisition price: **1.2 billion yen**



Chuo Bakuromachi
Building

*Disposition of the remaining 63% completed.

10th Fiscal Period Ending February 28, 2023

2 properties Total acquisition price: **3.3 billion yen**



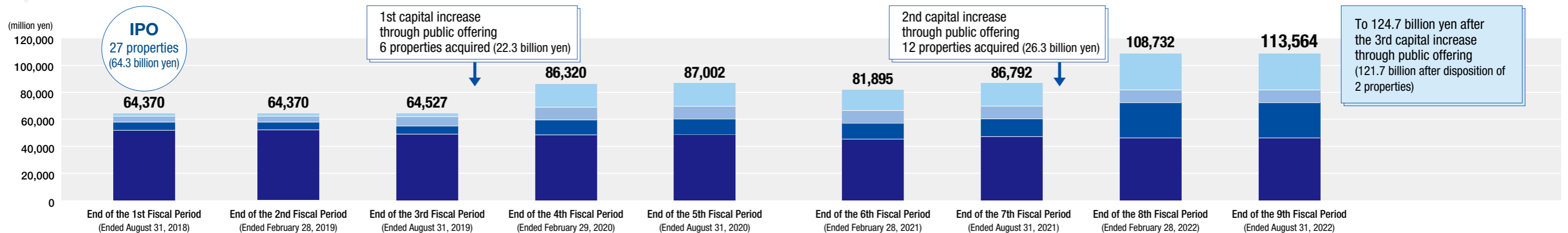
Co-op Sapporo Shunko



Hotel Sunshine
Utsunomiya

Changes in the asset size

Office Residence Hotel Retail and other assets

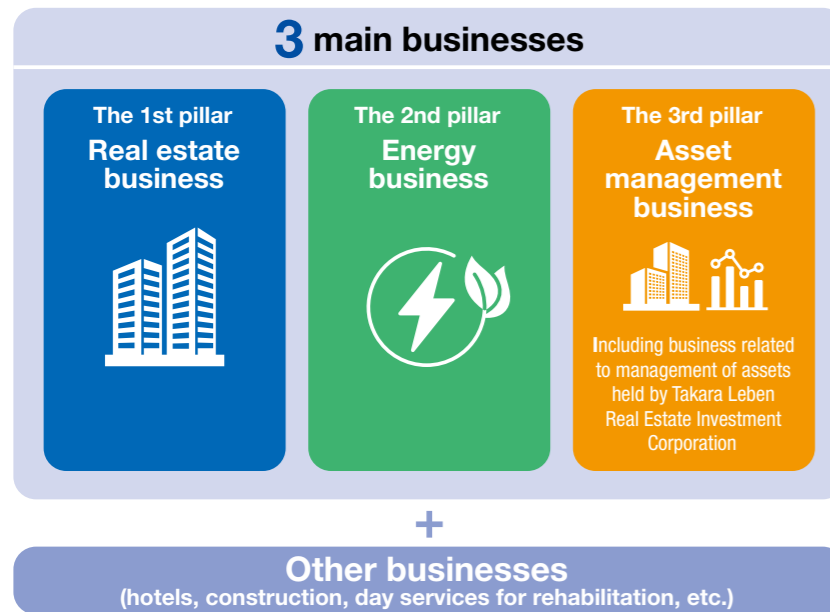


- ▶ Takara Leben, a sponsor, went beyond the framework of a general real estate developer and evolved into a new entity that co-creates future towns with the local community and enhanced ESG management further.
- ▶ The Company shifted to a holding company structure and changed the name to MIRARTH Holdings, Inc. as of October 1, 2022.

Future Environment Design Company

MIRARTH HOLDINGS, Inc.

3 main businesses



- Building a system that **promotes sustainable growth** and allows **quick and flexible business judgment**
- **Clarifying the profitability and business responsibility** by segment and **making effective use of management resources**
- **Enhancing further not only the real estate but energy and financial businesses as well**
- **Through co-creation with the local community, aiming for future urban creation**
- **Enhancing not only domestic but global operations as well**
- **Strengthening ESG management further** as a company listed on the Prime Section of TSE

Examples of initiatives in the Group

Promotion of the energy business

Promoting the energy business leveraging renewable energy that contributes to reducing greenhouse gas emissions, including CO₂. Developing mega-solar power generation plants in idle land, engaged in large-scale solar power generation. Since 2013 when it entered the energy business, it developed many mega-solar power generation plants centered in the Kanto area; the total power generation stood at around 310 MW as of the end of March 2022.

Environment-friendly property development

Proposing a ZEH (net zero emission) condominium featuring unprecedented environmental value through initiatives, such as suppression of peak electricity usage by leveraging IoT, energy conservation through full electric energy intake in exclusive areas, and CO₂-free electricity supply.

Utilizing former site of golf courses **Leben Solar Tottori Daisen Power Plant** (Completed in August 2022)

The Group's first power plant in Tottori of the largest size in the Chugoku region



BELS highest-ranked ZEH condominium **Leben Toyama Jinzu Honmachi ONE TOWER** (Scheduled for completion in November 2023)

Awarded the highest 5-star rating under BELS (Building-Housing Energy-efficiency Labeling System).



The Group's first logistics facility **Noda City Nakazato Logistics Facility** (Completed in March 2022)

Installed a photovoltaic system on the roof, which supplies electricity to be used within the facility.



Through consideration of ESG (Environment, Society, and Governance), with MIRARTH Holdings Group's cooperation, the Investment Corporation aims to "maximization of unitholder value," "creation of a sustainable environment" and "contribution to local communities and society."

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

GRESB assessment

- The GRESB Real Estate Assessment score continued to rise and **acquired Green Star rating for the fourth consecutive year.**
- The Investment Corporation **acquired the highest A level** rating in GRESB disclosure assessment that measures the degree of ESG information disclosure.



External certification acquisition status

DBJ Green Building Certification

● NT Building was recertified, whose evaluation rank rose from 1-star to 2-star (August 15, 2022).

 <p>Property with superior environmental & social awareness</p>	 <p>NT Building</p>	 <p>Property with superior environmental & social awareness</p>	 <p>Omiya NSD Building</p>	 <p>Property with satisfactory environmental & social awareness</p>	 <p>Higashi-Ikebukuro Central Place</p>
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BELS assessment

	 <p>Dormy Inn Morioka</p>	 <p>Hakata Gion Building</p>	 <p>LUXENA TODAKOEN</p>	 <p>Kawagoe West Building</p>	 <p>LUXENA HEIWADAI</p>
 <p>Dormy Inn Matsuyama</p>	 <p>L.Biz Jimbocho</p>	 <p>ACCESS by LOISIR HOTEL Nagoya</p>	 <p>LUXENA AKIHABARA</p>	 <p>HAKATA REISENMACHI Building</p>	 <p>LUXENA MUSASHI-SHINJO</p>

Environmental initiatives

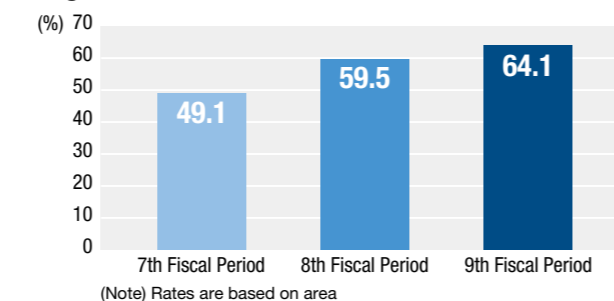
LED lighting work for energy-saving (case example)

 <p>NT Building (entrance)</p>	 <p>Higashi-Ikebukuro Central Place (leasing area)</p>
 <p>NT Building (driveway)</p>	 <p>Hakata Gion Building (ELV hall)</p>

LED lighting rate

Number of properties	LED lighting rate in the portfolio	
36 properties	Total 64.1%	Of which, 82.5% in common areas Of which, 60.4% in exclusive areas

Progress



Social initiatives

Tenant communication



● Feedback to a tenant questionnaire survey

Based on the results of a tenant questionnaire survey conducted in the previous period, we reviewed and promoted measures to improve the management of each property, and increase the comfort level of the buildings.

Example

Installed a Rube Goldberg machine in the elevator hall on the 1st floor of Kawagoe West Building

To ease stress while waiting for an elevator

Communication with employees



● Introduction of a new personnel appraisal system

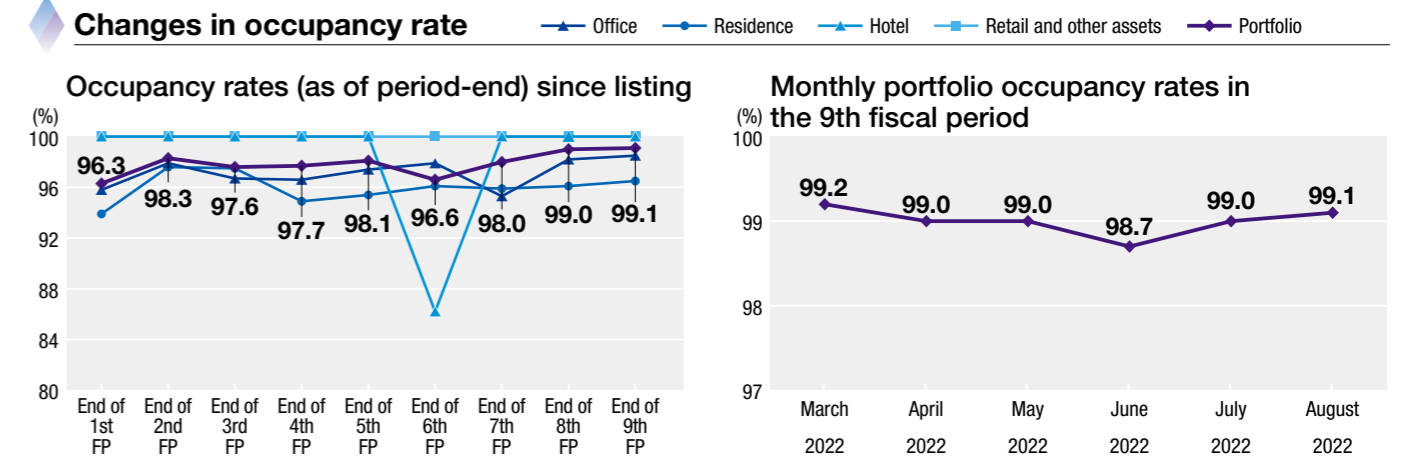
Reviewed the personnel appraisal system for full-time officers and employees and built a system that enables transparent goal setting and evaluation feedback to help promote communication more vigorously than before in fiscal 2022.

● Personal interviews with the President

The President has conducted one-on-one interviews with all the employees of the Asset Management Company on a quarterly basis since fiscal 2022.

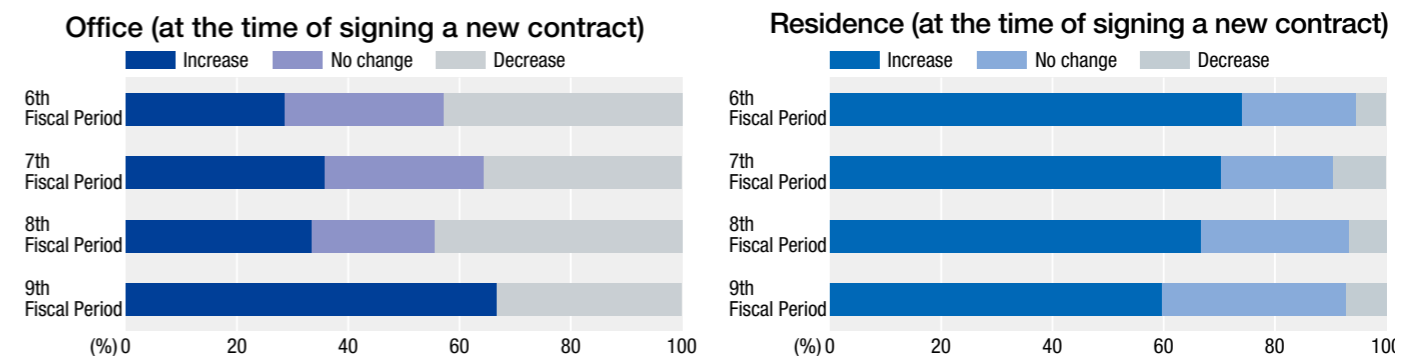
Investment Performance of the 9th Fiscal Period

Changes in occupancy rate

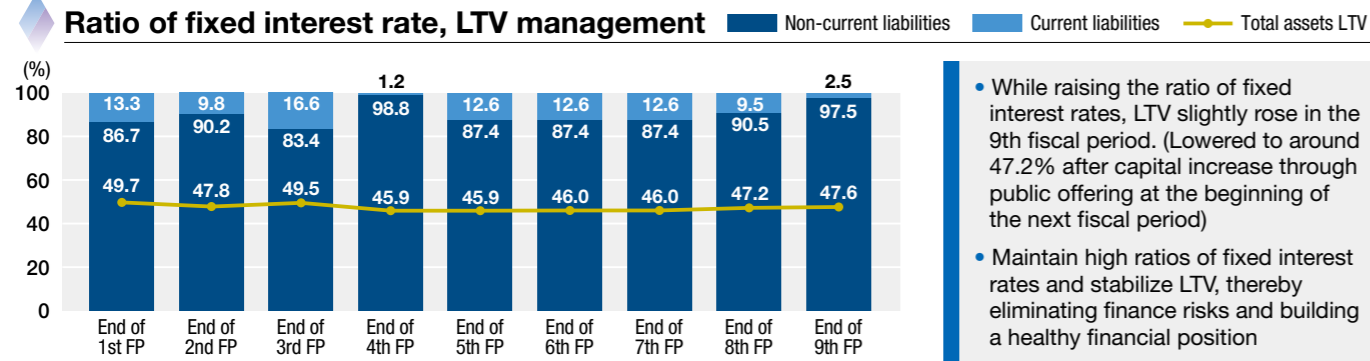


Average occupancy rate during the period for the entire portfolio and end-of-period occupancy rate stood at 99.0% and 99.1%, respectively, hitting all-time highs since listing.

Rent trends



Ratio of fixed interest rate, LTV management



Status of acquired ratings (as of August 31, 2022)



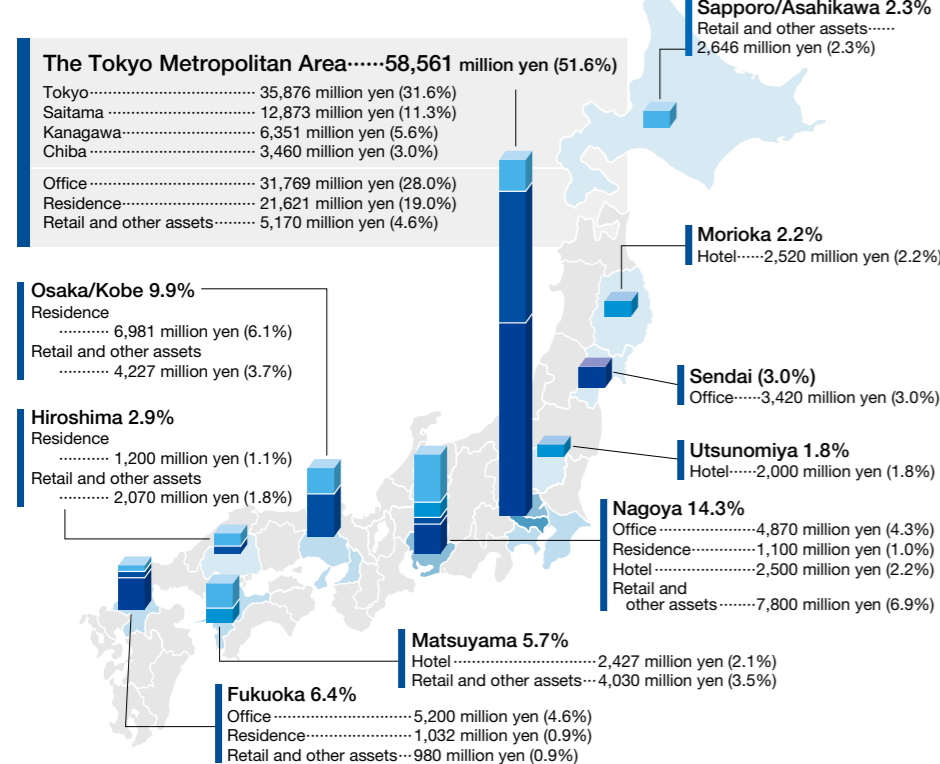
Portfolio Summary (as of August 31, 2022)

Portfolio summary

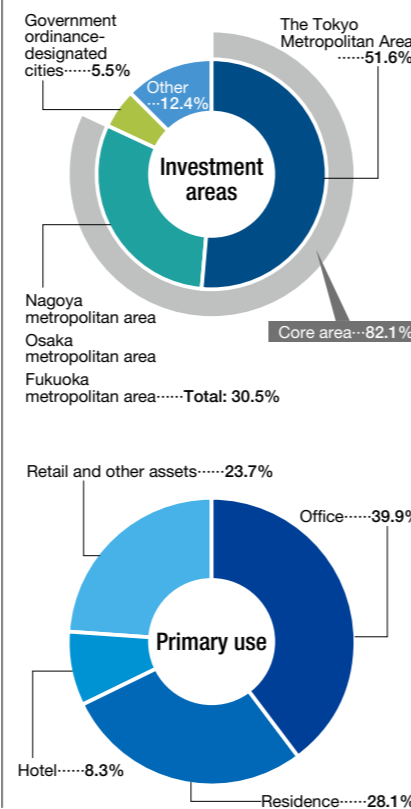
	Number of properties	Acquisition price	Appraisal value	Average appraisal NOI Yield
Total	48	113,564 million yen	121,565 million yen	4.8%

Portfolio's dispersion status

Portfolio dispersion by geographic area (as of August 31, 2022)



Portfolio item ratios (as of August 31, 2022)



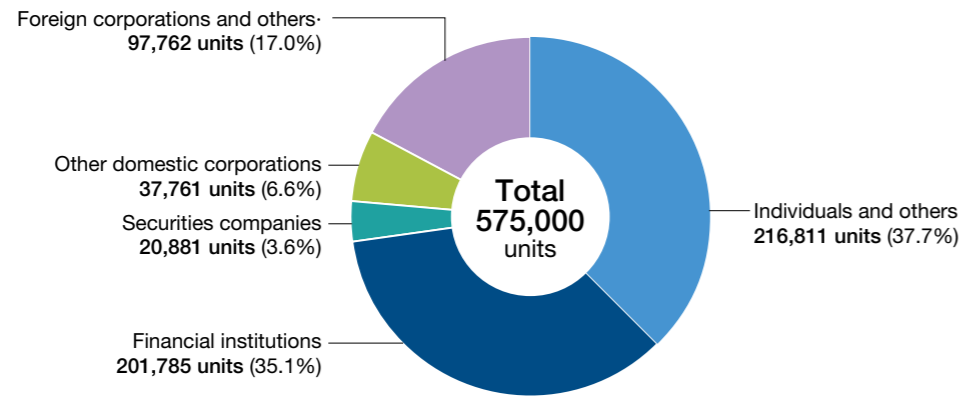
*As the amounts in the graph represent acquisition prices, which were rounded down to the nearest one million yen, they may not add up.
 *The ratios of the portfolio items are rounded off to the first decimal place.

Property number	Category	Property	Location	Acquisition price (million yen)	Book value (million yen)	Appraisal value (million yen)	Appraisal NOI Yield (%)	End-of-period occupancy rate (%)
0-01	Office	NT Building	Shinagawa Ward, Tokyo	12,350	12,383	12,600	4.1	94.9
0-02		Higashi-Ikebukuro Central Place	Toshima Ward, Tokyo	9,780	9,898	10,900	4.2	100.0
0-03		Nagoya Center Plaza Building	Nagoya City, Aichi	4,870	5,272	5,230	5.4	100.0
0-05		Omiya NSD Building	Saitama City, Saitama	3,493	3,535	3,960	5.6	100.0
0-07		Hakata Gion Building	Fukuoka City, Fukuoka	2,500	2,489	2,930	5.2	100.0
0-09		L.Biz Jimbocho	Chiyoda Ward, Tokyo	1,006	1,008	1,180	4.5	100.0
0-11		L.Biz Sendai	Sendai City, Miyagi	1,680	1,637	1,670	5.5	98.0
0-12		Sendai Nikko Building	Sendai City, Miyagi	1,740	1,742	1,800	5.1	100.0
0-18		Akasaka Kawase Building	Minato Ward, Tokyo	690	712	751	4.1	78.3
0-19		Yoyogi 1-chome Building	Shibuya Ward, Tokyo	1,850	1,929	2,170	4.0	100.0
0-20		Kawagoe West Building	Kawagoe City, Saitama	2,600	2,621	2,780	5.0	100.0
0-21		HAKATA REISENMACHI Building	Fukuoka City, Fukuoka	2,700	2,803	2,720	3.9	100.0
Office Total/Average				45,259	46,035	48,691	4.6	98.5
R-01	Residence	Amare Tokaidori	Nagoya City, Aichi	1,100	1,056	1,220	5.3	88.3
R-02		Dormy Ukimafunado	Itabashi Ward, Tokyo	1,080	1,084	1,130	5.3	100.0
R-03		Benefis Hakata-Minami Grand Sweet	Fukuoka City, Fukuoka	1,032	996	1,180	5.3	98.7
R-04		LUXENA HIGASHI-KOENJI	Suginami Ward, Tokyo	1,060	1,072	1,170	4.2	95.5
R-06		J City Hatchobori	Hiroshima City, Hiroshima	1,200	1,190	1,260	5.4	97.1
R-07		LUXENA HEIWADAI	Nerima Ward, Tokyo	3,910	3,866	4,430	4.5	97.6
R-08		LUXENA KACHIDOKI	Chuo Ward, Tokyo	1,120	1,102	1,320	4.2	100.0
R-09		LUXENA HONATSUGI	Atsugi City, Kanagawa	705	715	777	5.5	93.5
R-10		LUXENA KADOMA	Kadoma City, Osaka	2,000	2,006	2,170	4.8	99.3
R-11		LUXENA TODAKOEN	Toda City, Saitama	910	911	978	4.5	96.1
R-12		LUXENA TODAKOEN II	Toda City, Saitama	1,200	1,199	1,260	4.4	96.8
R-13		LUXENA AKIHABARA	Taito Ward, Tokyo	2,300	2,307	2,460	3.6	90.8
R-14		Fiore Residence Dejima Kaigan Dori	Sakai City, Osaka	560	566	595	5.5	94.7
R-15		LUXENA MUSASHI-SHINJO	Kawasaki City, Kanagawa	1,900	1,902	2,020	4.4	100.0
R-16		LUXENA NAGAREYAMA OOTAKANOMORI	Nagareyama City, Chiba	2,840	2,841	3,070	4.6	98.7
R-17		PRIME SQUARE	Funabashi City, Chiba	620	626	753	5.4	100.0
R-18		Winbell Chorus Seiseki Sakuragaoka	Tama City, Tokyo	730	737	841	5.5	96.6
R-19		Mare Isogo Building	Yokohama City, Kanagawa	1,900	1,971	2,170	5.5	100.0
R-20		TLR Residence Kawasaki Daishi	Kawasaki City, Kanagawa	1,346	1,403	1,410	4.3	95.8
R-21		TLR Residence Honmachi WEST	Osaka City, Osaka	3,479	3,625	3,490	3.6	93.0
R-22		TLR Residence Takaida	Higashi-Osaka City, Osaka	942	989	1,010	4.8	89.1
Residence Total/Average				31,934	32,175	34,714	4.6	96.5
H-01	Hotel	Dormy Inn Matsuyama	Matsuyama City, Ehime	2,427	2,290	2,550	5.5	100.0
H-02		Hotel Sunshine Utsunomiya	Utsunomiya City, Tochigi	2,000	2,110	2,090	5.9	100.0
H-03		Dormy Inn Morioka	Morioka City, Iwate	2,520	2,387	2,570	5.2	100.0
H-04		ACCESS by LOISIR HOTEL Nagoya	Nagoya City, Aichi	2,500	2,490	2,190	4.3	100.0
Hotel Total/Average				9,447	9,279	9,400	5.2	100.0
C-01	Retail and other assets	Prio Daimyo II	Fukuoka City, Fukuoka	980	997	1,120	4.9	100.0
C-02		Co-op Sapporo Shunko	Asahikawa City, Hokkaido	1,036	1,009	1,110	7.0	100.0
C-03		TA Shonan Kugenumakaigan	Fujisawa City, Kanagawa	500	503	570	5.5	100.0
C-05		YAMADA web.com Matsuyama Toiya-cho	Matsuyama City, Ehime	4,030	3,989	4,410	7.5	100.0
C-06		Tecc LIFE SELECT Kobe Tarumi (Land)	Kobe City, Hyogo	4,227	4,277	4,350	4.9	100.0
C-07		AEON STYLE Onomichi (Land)	Onomichi City, Hiroshima	900	929	1,040	5.4	100.0
C-08		BIGMOTOR Sapporo Kiyota (Land)	Sapporo City, Hokkaido	1,610	1,648	1,790	4.6	100.0
C-09		DCM Daiki Onomichi (Land)	Onomichi City, Hiroshima	1,170	1,192	1,240	5.6	100.0
C-10		Cainz Omiya	Saitama City, Saitama	2,520	2,542	2,590	5.0	100.0
C-11		APITA NAGOYA-MINAMI	Nagoya City, Aichi	7,800	7,872	8,250	5.2	100.0
C-12		(Tentative name) BIGMOTOR Konosu (Land)	Konosu City, Saitama	2,150	2,178	2,290	4.6	100.0
Retail and other assets Total/Average				26,923	27,140	28,760	5.5	100.0
Portfolio Total/Average				113,564	114,630	121,565	4.8	99.1

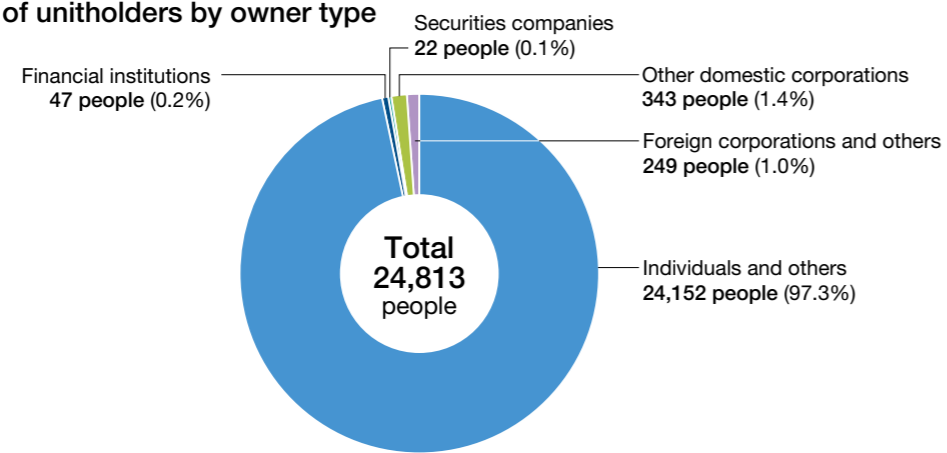
(Note) *Appraisal value" indicates the appraisal value stated in the real estate appraisal report as of August 31, 2022.

Composition of unitholders

Number of investment units by owner type

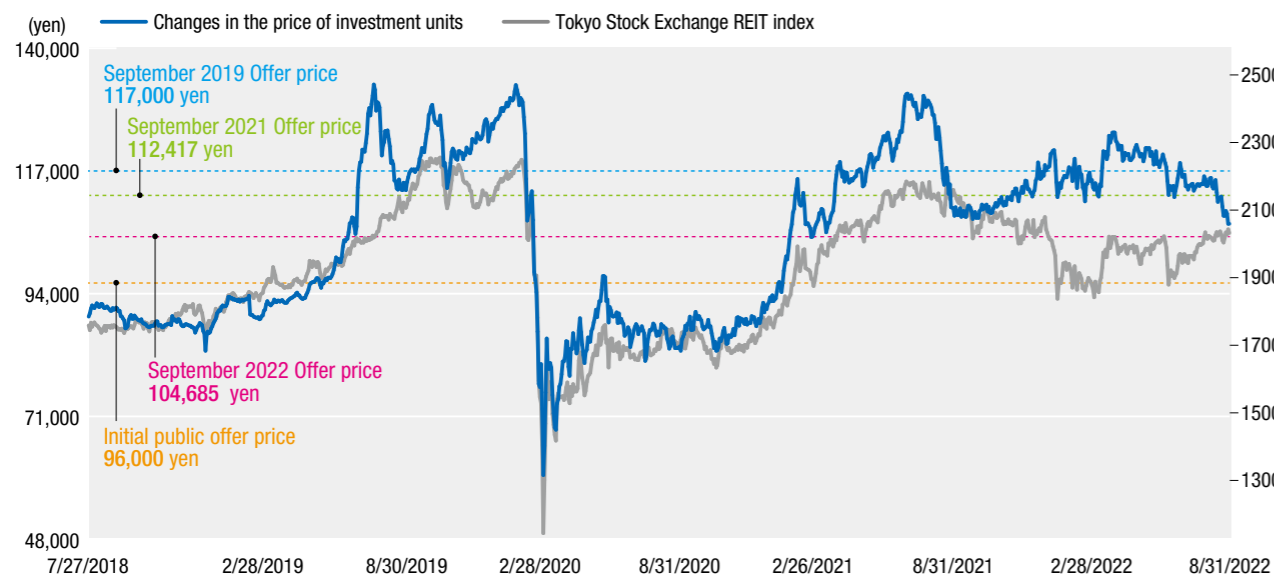


Number of unitholders by owner type



As the ratios were rounded off to the first decimal place, they may not add up to 100.0%.

Changes in the price of investment units



Financial Statements

I. Balance Sheet

	(Unit: thousand yen)	
	8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
Assets		
Current assets		
Cash and deposits	7,587,926	3,619,842
Cash and deposits in trust	2,570,032	2,577,890
Operating accounts receivable	91,074	93,166
Prepaid expenses	340,073	402,779
Consumption taxes receivable	99,075	—
Other	13,890	4,363
Total current assets	10,702,072	6,698,042
Non-current assets		
Property, plant and equipment		
Buildings	4,035,541	4,037,705
Accumulated depreciation	(202,130)	(250,594)
Buildings, net	3,833,411	3,787,111
Structures	28,587	28,587
Accumulated depreciation	(781)	(1,021)
Structures, net	27,806	27,566
Machinery and equipment	47,540	47,540
Accumulated depreciation	(5,942)	(7,131)
Machinery and equipment, net	41,598	40,409
Tools, furniture and fixtures	32,371	33,092
Accumulated depreciation	(5,081)	(7,728)
Tools, furniture and fixtures, net	27,289	25,363
Land	6,280,425	6,280,425
Buildings in trust	26,777,053	28,553,907
Accumulated depreciation	(1,705,859)	(2,066,020)
Buildings in trust, net	25,071,194	26,487,887
Structures in trust	135,527	147,154
Accumulated depreciation	(5,318)	(6,836)
Structures in trust, net	130,209	140,318
Machinery and equipment in trust	—	9,793
Accumulated depreciation	—	(274)
Machinery and equipment in trust, net	—	9,519
Tools, furniture and fixtures in trust	59,085	85,117
Accumulated depreciation	(10,381)	(15,226)
Tools, furniture and fixtures in trust, net	48,704	69,891
Land in trust	74,244,525	77,753,189
Construction in progress in trust	362	8,851
Total property, plant and equipment	109,705,526	114,630,532
Intangible assets		
Software	1,925	2,362
Total intangible assets	1,925	2,362
Investments and other assets		
Long-term prepaid expenses	866,666	940,826
Leasehold and security deposits	11,000	11,000
Other	10	10
Total investments and other assets	877,676	951,836
Total non-current assets	110,585,127	115,584,731
Deferred assets		
Investment unit issuance costs	31,898	20,211
Total deferred assets	31,898	20,211
Total assets	121,319,099	122,302,985

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

	(Unit: thousand yen)	
	8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	339,756	310,387
Short-term loans payable	—	975,000
Current portion of long-term loans payable	9,950,000	6,000,000
Current portion of tenant leasehold and security deposits in trust	62,103	62,103
Accounts payable – other	220,030	238,190
Accrued expenses	15,585	21,443
Income taxes payable	599	598
Accrued consumption taxes	—	131,364
Advances received	23,628	8,499
Derivative liabilities	2,041	—
Other	10,922	7,156
Total current liabilities	10,624,667	7,754,743
Non-current liabilities		
Long-term loans payable	47,350,000	51,300,000
Tenant leasehold and security deposits	205,625	198,676
Tenant leasehold and security deposits in trust	3,729,323	3,672,238
Asset retirement obligations	88,970	89,310
Other	—	32,757
Total non-current liabilities	51,373,919	55,292,983
Total liabilities	61,998,586	63,047,726
Net assets		
Unitholders' equity		
Unitholders' capital	57,382,134	57,382,134
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*1 (11,086)	*1 (10,218)
Total deduction from unitholders' capital	(11,086)	(10,218)
Unitholders' capital, net	57,371,047	57,371,916
Surplus		
Unappropriated retained earnings (undisposed loss)	1,951,506	1,883,342
Total surplus	1,951,506	1,883,342
Total unitholders' equity	59,322,554	59,255,258
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,041)	—
Total valuation and translation adjustments	(2,041)	—
Total net assets	*2 59,320,513	*2 59,255,258
Total liabilities and net assets	121,319,099	122,302,985

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

II. Statement of Income

(Unit: thousand yen)

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Operating revenues		
Leasing business revenue	*1 3,155,564	*1 3,163,845
Other leasing business revenue	*1 154,224	*1 133,435
Gain on sales of real estate properties	*2 720,791	*2 248,108
Total operating revenue	4,030,579	3,545,389
Operating expenses		
Expenses related to leasing business	*1 1,049,365	*1 1,122,990
Loss on sales of real estate properties	*3 555,207	—
Asset management fees	168,286	199,266
Asset custody and administrative service fees	25,419	23,642
Directors' compensations	2,400	2,400
Taxes and dues	81,478	109,941
Other operating expenses	55,244	66,876
Total operating expenses	1,937,401	1,525,116
Operating income	2,093,178	2,020,272
Non-operating income		
Interest income	36	41
Reversal of distributions payable	207	832
Refund of property taxes	794	—
Interest on tax refund	736	122
Income from insurance claims	1,111	2,327
Other	—	952
Total non-operating income	2,885	4,275
Non-operating expenses		
Interest expenses	177,228	184,114
Borrowing related expenses	100,168	101,437
Amortization of investment unit issuance costs	11,687	11,687
Total non-operating expenses	289,084	297,239
Ordinary income	1,806,980	1,727,309
Income before income taxes	1,806,980	1,727,309
Income taxes – current	605	605
Income taxes – deferred	4,924	—
Total income taxes	5,529	605
Net income	1,801,451	1,726,704
Retained earnings brought forward	150,055	156,638
Unappropriated retained earnings (undisposed loss)	1,951,506	1,883,342

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

III. Statement of Changes in Net Assets

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

(Unit: thousand yen)

	Unitholders' equity						Total unitholders' equity
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	45,189,272	(21,279)	(21,279)	45,167,992	1,619,897	1,619,897	46,787,890
Changes during the period							
Issuance of new investment units	12,192,862			12,192,862			12,192,862
Dividends of surplus					(1,459,650)	(1,459,650)	(1,459,650)
Reversal of allowance for temporary difference adjustments		10,192	10,192	10,192	(10,192)	(10,192)	—
Net income					1,801,451	1,801,451	1,801,451
Net changes of items other than unitholders' equity							
Total changes during the period	12,192,862	10,192	10,192	12,203,055	331,608	331,608	12,534,663
Balance at end of period	57,382,134	(11,086)	(11,086)	57,371,047	1,951,506	1,951,506	59,322,554

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period		(2,909)	46,784,980
Changes during the period			
Issuance of new investment units			12,192,862
Dividends of surplus			(1,459,650)
Reversal of allowance for temporary difference adjustments			—
Net income			1,801,451
Net changes of items other than unitholders' equity	868	868	868
Total changes during the period	868	868	12,535,532
Balance at end of period	(2,041)	(2,041)	59,320,513

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

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

(Unit: thousand yen)

	Unitholders' equity						Total unitholders' equity
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus		
Balance at beginning of period	57,382,134	(11,086)	(11,086)	57,371,047	1,951,506	1,951,506	59,322,554
Changes during the period							
Dividends of surplus					(1,794,000)	(1,794,000)	(1,794,000)
Reversal of allowance for temporary difference adjustments		868	868	868	(868)	(868)	-
Net income					1,726,704	1,726,704	1,726,704
Net changes of items other than unitholders' equity							
Total changes during the period	-	868	868	868	(68,163)	(68,163)	(67,295)
Balance at end of period	57,382,134	(10,218)	(10,218)	57,371,916	1,883,342	1,883,342	59,255,258

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at beginning of period	(2,041)	(2,041)	59,320,513
Changes during the period			
Dividends of surplus			(1,794,000)
Reversal of allowance for temporary difference adjustments			—
Net income			1,726,704
Net changes of items other than unitholders' equity	2,041	2,041	2,041
Total changes during the period	2,041	2,041	(65,254)
Balance at end of period	—	—	59,255,258

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

IV. Statement of Cash Distributions

(Unit: yen)

Category	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
I Unappropriated retained earnings	1,951,506,436	1,883,342,630
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	868,421	1,681,368
Reversal of allowance for temporary difference adjustments	868,421	1,681,368
IV Distributions	1,794,000,000	1,729,600,000
[Distributions per unit]	(3,120)	(3,008)
Distributions of earnings	1,794,000,000	1,729,600,000
[Distributions of earnings per unit]	(3,120)	(3,008)
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	156,638,015	152,061,262
Method of calculation of amount of cash distributions	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 its 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 1,794,000,000 yen for the period. The amount of this profit distribution is the entire amount after deducting 156,638,015 yen as internal reserve for the purpose of stabilizing future distributions and the reversal of the allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, Item 30 of the Regulation on Accounting at Investment Corporation of Japan) 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 Regulation on Accounting at Investment Corporation of Japan) 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.	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 its 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 1,729,600,000 yen for the period. The amount of this profit distribution is the entire amount after deducting 152,061,262 yen as internal reserve for the purpose of stabilizing future distributions and the reversal of the allowance for temporary difference adjustments (as defined in Article 2, Paragraph 2, Item 30 of the Regulation on Accounting at Investment Corporation of Japan) 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 Regulation on Accounting at Investment Corporation of Japan) 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.

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

V. Statement of Cash Flows

(Unit: thousand yen)

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Cash flows from operating activities		
Income before income taxes	1,806,980	1,727,309
Depreciation	437,070	437,981
Amortization of investment unit issuance costs	11,687	11,687
Borrowing related expenses	92,730	93,409
Interest income	(36)	(41)
Interest expenses	177,228	184,114
Decrease (increase) in operating accounts receivable	13,276	(6,392)
Decrease (increase) in consumption taxes receivable	130,096	99,075
Increase (decrease) in accrued consumption taxes	—	131,364
Decrease (increase) in prepaid expenses	(94,855)	(45,730)
Decrease (increase) in long-term prepaid expenses	(347,959)	(47,666)
Increase (decrease) in operating accounts payable	(32,708)	60,048
Increase (decrease) in accounts payable - other	18,341	26,054
Increase (decrease) in advances received	3,136	(15,128)
Decrease in disposal of property, plant and equipment in trust due to sale	6,270,270	930,789
Other	(4,779)	4,482
Subtotal	8,480,479	3,591,357
Interest income received	36	41
Interest expenses paid	(178,564)	(178,256)
Income taxes paid	(60,195)	(605)
Net cash provided by (used in) operating activities	8,241,756	3,412,537
Cash flows from investing activities		
Purchase of property, plant and equipment	(37,730)	(2,898)
Purchase of property, plant and equipment in trust	(28,862,664)	(6,364,931)
Purchase of intangible assets	—	(1,096)
Proceeds from refund of leasehold and security deposits	80	—
Proceeds from tenant leasehold and security deposits	88	8,414
Proceeds from tenant leasehold and security deposits in trust	224,807	11,651
Repayments of tenant leasehold and security deposits in trust	(66,197)	(17,542)
Net cash provided by (used in) investing activities	(28,741,616)	(6,366,403)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	974,800
Proceeds from long-term loans payable	13,690,102	9,814,340
Repayments of long-term loans payable	—	(9,950,000)
Proceeds from issuance of investment units	12,171,458	—
Payment of investment unit issuance costs	—	(8,913)
Distributions paid	(1,459,784)	(1,791,762)
Net cash provided by (used in) financing activities	24,401,776	(961,535)
Net increase (decrease) in cash and cash equivalents	3,901,916	(3,915,402)
Cash and cash equivalents at beginning of period	3,458,106	7,360,022
Cash and cash equivalents at end of period	*1 7,360,022	*1 3,444,620

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

VI. Notes to Financial Statements

[Organization]

Takara Leben Real Estate Investment Corporation (hereinafter, the “Investment Corporation”) was established with Takara PAG Real Estate Advisory Ltd. (formerly 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 August 31, 2022, the Investment Corporation has a portfolio of 48 properties with total acquisition price of 113,564 million yen and 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	(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: Buildings 5 to 66 years Structures 10 to 65 years Machinery and equipment 10 to 20 years Tools, furniture and fixtures 2 to 15 years (2) Intangible assets Intangible assets are amortized by the straight-line method over the estimated useful lives as follows: Software 5 years (3) Long-term prepaid expenses Long-term prepaid expenses are amortized by the straight-line method.
2. Accounting for Deferred Assets	Amortization of investment unit issuance costs Investment unit issuance costs are amortized by the straight-line method over three years.

3. Standards for Revenue and Expense Recognition	(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: 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. On the statement of income, an amount after deducting the “cost of sales of real estate properties” and “other sales expenses” from “revenue on sales of real estate properties” is presented as “gain on sales of real estate properties” or “loss on sales of real estate properties.” 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. (2) Accounting for property tax, etc. Property-related taxes, such as property taxes, city planning taxes and depreciable asset taxes are expensed on an accrual basis. When the Investment Corporation acquires the property, the property-related taxes reimbursed to the seller for the amount related to the period from the acquisition date to the end of the calendar year in which such acquisition occurs is capitalized as acquisition costs. The amount of property-related taxes included in the acquisition cost of real estate was 33,611 thousand yen for the fiscal period ended February 28, 2022 (the 8th period) and 11,724 thousand yen for the fiscal period ended August 31, 2022 (the 9th period).
4. Method of Hedge Accounting	(1) Method of hedge accounting Deferral hedge accounting is adopted. (2) Hedging instruments and hedged items Hedging instrument: Interest rate swaps Hedged items: Interest on loans (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations. (4) Method for assessing hedge effectiveness Hedge effectiveness is determined by comparing the changes in cumulative cash flows of both the hedged item and the hedging instrument.
5. Scope of Cash and Cash Equivalents on the Statement of Cash Flows	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 that are subject to an insignificant risk of changes in value.
6. Other Matters Serving as the Basis for Preparation of Financial Statements	(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. 1) Cash and deposits in trust 2) Buildings in trust, Structures in trust, Machinery and equipment in trust, Tools, furniture and fixtures in trust, Land in trust, and Construction in progress in trust 3) Current portion of tenant leasehold and security deposits in trust, and Tenant leasehold and security deposits in trust (2) Accounting for consumption taxes All amounts in the accompanying financial statements exclude consumption taxes. In general, non-deductible consumption taxes are recognized as an expense in the fiscal year in which they are incurred. However, non-deductible consumption taxes related to non-current assets are recorded as long-term prepaid expenses and are amortized equally over 5 years.

(Additional Information)

[Provision and Reversal of Allowance for Temporary Difference Adjustments]**8th Fiscal Period (from September 1, 2021 to February 28, 2022)****1. Details of Allowance for Temporary Difference Adjustments**

(Unit: thousand yen)

Item	Reasons for reversal	Changes in allowance for temporary difference adjustments
Deferred gains or losses on hedges	Changes in fair value of derivative transactions	(868)
Total		(868)

2. Reversal of Allowance for Temporary Difference Adjustments**(1) Deferred gains or losses on hedges**

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)**1. Details of Allowance for Temporary Difference Adjustments**

(Unit: thousand yen)

Item	Reasons for reversal	Changes in allowance for temporary difference adjustments
Deferred gains or losses on hedges	Termination of derivative transactions	(1,681)
Total		(1,681)

2. Reversal of Allowance for Temporary Difference Adjustments**(1) Deferred gains or losses on hedges**

The balance will be reversed due to termination of hedging derivative transactions.

[Notes to Balance Sheet]

*1 Allowance for temporary difference adjustments

8th Fiscal Period (from September 1, 2021 to February 28, 2022)**1. Details of Allowance for Temporary Difference Adjustments**

(Unit: thousand yen)

Item	Reason for provision	Initial amount	Balance at the beginning of the period	Provision	Reversal	Balance at the end of the period	Reason for reversal
Buildings in trust	Book-tax differences on recognition of asset retirement obligations	105,723 (Note)	8,537	—	—	8,537	—
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	6,625	12,742	—	(10,192)	2,549	Changes in fair value of derivative transactions
Total		112,348	21,279	—	(10,192)	11,086	—

(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. Reversal of Allowance for Temporary Difference Adjustments**(1) Buildings in trust**

The allowance for temporary difference adjustments will be reversed corresponding to removal of related assets or the sale of the buildings.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)**1. Details of Allowance for Temporary Difference Adjustments**

(Unit: thousand yen)

Item	Reason for provision	Initial amount	Balance at the beginning of the period	Provision	Reversal	Balance at the end of the period	Reason for reversal
Buildings in trust	Book-tax differences on recognition of asset retirement obligations	105,723 (Note)	8,537	—	—	8,537	—
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	1,627	2,549	—	(868)	1,681	Changes in fair value of derivative transactions
Total		107,350	11,086	—	(868)	10,218	—

(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. Reversal of Allowance for Temporary Difference Adjustments

(1) Buildings in trust

The allowance for temporary difference adjustments will be reversed corresponding to removal of related assets or the sale of the buildings.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

*2 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)	
8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
50,000	50,000

[Notes to Statement of Income]

*1 Breakdown of operating income from real estate leasing business

(Unit: thousand yen)				
	8th Fiscal Period (from September 1, 2021 to February 28, 2022)		9th Fiscal Period (from March 1, 2022 to August 31, 2022)	
A. Operating revenue from real estate leasing business				
Leasing business revenue				
Rental revenue	2,860,611		2,895,637	
Common area charges	189,800		167,287	
Parking revenue	81,030		74,764	
Other rental revenue	24,121	3,155,564	26,155	3,163,845
Other leasing business revenue				
Utilities reimbursement revenue	127,609		111,741	
Other revenue	26,615	154,224	21,694	133,435
Total operating revenue from real estate leasing business		3,309,788		3,297,281
B. Operating expenses from real estate leasing business				
Expenses related to leasing business				
Management fees	209,743		225,506	
Utilities expenses	117,464		124,783	
Taxes and dues	178,310		231,033	
Insurance premiums	6,663		6,431	
Repair expenses	82,868		81,090	
Trust fees	13,572		13,033	
Depreciation	436,520		437,322	
Other expenses	4,223		3,788	
Total operating expenses from real estate leasing business		1,049,365		1,122,990
C. Operating income from real estate leasing business (A-B)		2,260,422		2,174,290

*2 Breakdown of gain on sales of real estate properties

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

(Unit: thousand yen)	
SAMTY Shin-Osaka Center Building	
Revenue on sales of real estate properties	4,000,000
Cost of sales of real estate properties	3,408,192
Other sales expenses	72,631
Gain on sales of real estate properties	519,175

(Unit: thousand yen)	
Chuo Bakuromachi Building (37% quasi-co-ownership interest)	
Revenue on sales of real estate properties	714,690
Cost of sales of real estate properties	546,920
Other sales expenses	23,792
Gain on sales of real estate properties	143,978

(Unit: thousand yen)	
Shinsaibashi Building	
Revenue on sales of real estate properties	848,945
Cost of sales of real estate properties	764,298
Other sales expenses	27,009
Gain on sales of real estate properties	57,636

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

(Unit: thousand yen)	
Chuo Bakuromachi Building (63% quasi-co-ownership interest)	
Revenue on sales of real estate properties	1,228,500
Cost of sales of real estate properties	930,789
Other sales expenses	49,601
Gain on sales of real estate properties	248,108

*3 Breakdown of loss on sales of real estate properties

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

(Unit: thousand yen)	
Nagano Central Building	
Revenue on sales of real estate properties	778,162
Cost of sales of real estate properties	924,295
Other sales expenses	12,667
Loss on sales of real estate properties	158,800

(Unit: thousand yen)	
Yamagata Ekimae-dori Building	
Revenue on sales of real estate properties	233,743
Cost of sales of real estate properties	626,563
Other sales expenses	3,586
Loss on sales of real estate properties	396,406

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

Not applicable.

[Notes to Statement of Changes in Net Assets]

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

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	575,000 units	575,000 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

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Cash and deposits	7,587,926	3,619,842
Cash and deposits in trust	2,570,032	2,577,890
Restricted deposits ^(Note)	(2,797,936)	(2,753,112)
Cash and cash equivalents	7,360,022	3,444,620

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

[Lease Transactions]

Operating lease transactions (lessor side)

Future minimum lease payments to be received under non-cancellable operating leases of properties

(Unit: thousand yen)

	8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
Due within 1 year	1,558,759	1,556,727
Due after 1 year	11,823,942	11,053,908
Total	13,382,702	12,610,636

[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 conducts equity financing at appropriate timing when the Investment Corporation needs funds to acquire properties, conducts repairs and other work, pays 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 invests in financial derivative transactions only to reduce the Investment Corporation's interest rate fluctuation risk and not for speculative purposes.

(2) Financial instrument risk management

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 risks. 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

The fair value of financial instruments is determined based on the market price. When there is no market price, the fair value of financial instruments is determined by a reasonable calculation. Because the certain assumptions are adopted in the calculation of the above value, 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 February 28, 2022, and as of August 31, 2022 are as follows. The notes for "cash and deposits," "cash and deposits in trust" and "short-term loans payable" are omitted as they are cash and short-term settlements, and the fair value approximates the book value.

8th Fiscal Period (As of February 28, 2022)

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	9,950,000	9,950,000	—
(2) Long-term loans payable	47,350,000	47,250,328	(99,671)
(3) Derivative transactions ^(*)	(2,041)	(2,041)	—

9th Fiscal Period (As of August 31, 2022)

(Unit: thousand yen)

	Carrying amount	Fair value	Difference
(1) Current portion of long-term loans payable	6,000,000	6,000,000	—
(2) Long-term loans payable	51,300,000	51,121,687	(178,312)

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

(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.

(3) Derivative transactions

Please refer to "Derivative Transactions" later in this document.

(Note 2) Maturity analysis of long-term loans payable (February 28, 2022)

(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	9,950,000	6,000,000	16,900,000	16,600,000	7,850,000	—
Total	9,950,000	6,000,000	16,900,000	16,600,000	7,850,000	—

Maturity analysis of long-term loans payable (August 31, 2022)

(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	6,000,000	9,550,000	17,400,000	14,400,000	5,060,000	4,890,000
Total	6,000,000	9,550,000	17,400,000	14,400,000	5,060,000	4,890,000

[Securities]**8th Fiscal Period (As of February 28, 2022)**

Not applicable.

9th Fiscal Period (As of August 31, 2022)

Not applicable.

[Derivative Transactions]**1. Derivative Transactions to Which Hedge Accounting Is Not Applied****8th Fiscal Period (As of February 28, 2022)**

Not applicable.

9th Fiscal Period (As of August 31, 2022)

Not applicable.

2. Derivative Transactions to Which Hedge Accounting Is Applied**8th Fiscal Period (As of February 28, 2022)**

The following is the contract amount, or the notional principal provided in the contract as of the date of the fiscal period end for each method of hedge accounting.

Method of hedge accounting	Derivative instruments	Hedged item	Contract amount ^(Note 1)		Fair value ^(Note 2)
			(Unit: thousand yen)		
			Due after 1 year		
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	5,000,000	—	(2,041)

(Note 1) Contract amount is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by financial institutions.

9th Fiscal Period (As of August 31, 2022)

Not applicable.

[Retirement Benefits]**8th Fiscal Period (As of February 28, 2022)**

Not applicable.

9th Fiscal Period (As of August 31, 2022)

Not applicable.

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

(Unit: thousand yen)

	8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
Deferred tax assets		
Asset retirement obligations	27,990	28,097
Deferred consumption taxes	43	34
Deferred gains or losses on hedges	642	—
Subtotal of deferred tax assets	28,675	28,131
Valuation allowance	(5,344)	(5,333)
Total deferred tax assets	23,330	22,797
Deferred tax liabilities		
Building and equipment corresponding to the asset retirement obligations	23,330	22,797
Total deferred tax liabilities	23,330	22,797
Deferred tax assets, net	—	—

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

(Unit: %)

	8th Fiscal Period (As of February 28, 2022)	9th Fiscal Period (As of August 31, 2022)
Statutory tax rate	31.46	31.46
(Adjustments)		
Deductible distributions	(31.23)	(31.50)
Other	0.08	0.08
Effective income tax rate	0.31	0.04

[Related-Party Transactions]**1. Parent Company and Major Corporate Unitholders****8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

Not applicable.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

Not applicable.

2. Affiliated Companies**8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

Not applicable.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

Not applicable.

3. Fellow Subsidiaries**8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

Not applicable.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

Not applicable.

4. Directors and Major Individual Unitholders**8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

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 period (thousand yen)
Director	Tetsuo Saida	—	—	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, Takara PAG Real Estate Advisory Ltd.	—	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, Takara PAG Real Estate Advisory Ltd.	Payment of asset management fee to the Asset Management Company	416,036	Accounts payable – other	185,115

(Note 1) The transaction amount does not include consumption tax, while the balance at the 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) Asset management fees include the property acquisition fee of 247,750 thousand yen recorded as the book value of the acquired properties.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

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 period (thousand yen)
Director	Tetsuo Saida	—	—	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, Takara PAG Real Estate Advisory Ltd.	—	Executive Director, Takara Leben Real Estate Investment Corporation and Representative Director, President, Takara PAG Real Estate Advisory Ltd.	Payment of asset management fee to the Asset Management Company	256,939	Accounts payable – other	219,192

(Note 1) The transaction amount does not include consumption tax, while the balance at the 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) Asset management fees include the property acquisition fee of 57,672 thousand yen recorded as the book value of the acquired properties.

[Profit or Loss of Affiliates Accounted for Under the Equity Method]**8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

Not applicable.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

Not applicable.

[Asset Retirement Obligations]**8th Fiscal Period (from September 1, 2021 to February 28, 2022)****1. Asset Retirement Obligations Booked on the Balance Sheet****(1) Overview**

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

(2) Measurement of the asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the expected period of use based on the useful life of the properties and using the following discount rates.

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

9th Fiscal Period (from March 1, 2022 to August 31, 2022)**1. Asset Retirement Obligations Booked on the Balance Sheet****(1) Overview**

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

(2) Measurement of the asset retirement obligations

The amount of asset retirement obligations is calculated by estimating the expected period of use based on the useful life of the properties and using the following discount rates.

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

(3) Movements of the asset retirement obligations

(Unit: thousand yen)

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Balance at beginning of period	88,636	88,970
Increase due to acquisition of properties	—	—
Decrease due to disposition of properties	—	—
Adjustment for passage of time	333	340
Balance at end of period	88,970	89,310

[Segment Information]

(Segment information)

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

(Related information)

8th Fiscal Period (from September 1, 2021 to February 28, 2022)**(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

Disclosure is omitted because there are no customers that account for 10% or more of total operating revenues.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)**(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

Disclosure is omitted because there are no customers that account for 10% or more of total operating revenues.

[Investment and Rental Properties]

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

(Unit: thousand yen)

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Carrying amount		
Balance at beginning of period	87,439,443	109,705,526
Increase (decrease) during the period	22,266,082	4,925,006
Balance at end of period	109,705,526	114,630,532
Fair value at end of period	116,223,000	121,675,000

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

(Note 2) The main increase during the fiscal period ended February 28, 2022 is attributable to acquisition of thirteen properties (28,726,671 thousand yen), and the main decrease during the fiscal period ended February 28, 2022 is attributable to sale of five properties (6,270,270 thousand yen) and depreciation (436,520 thousand yen). The main increase during the fiscal period ended August 31, 2022 is attributable to acquisition of three properties (6,031,527 thousand yen), and the main decrease during the fiscal period ended August 31, 2022 is attributable to sale of one property (930,789 thousand yen) and depreciation (437,322 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 February 28, 2022 (8th Period) and the fiscal period ended August 31, 2022 (9th Period) is as stated in "Notes to Statement of Income."

[Revenue Recognition]**Information about disaggregation of revenue from contracts with customers****8th Fiscal Period (from September 1, 2021 to February 28, 2022)**

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," "*2 Breakdown of gain on sales of real estate properties," and "*3 Breakdown of loss 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.

9th Fiscal Period (from March 1, 2022 to August 31, 2022)

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," "*2 Breakdown of gain on sales of real estate properties," and "*3 Breakdown of loss 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.

[Per Unit Information]

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Net assets per unit	103,166 yen	103,052 yen
Net income per unit	3,132 yen	3,002 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:

	8th Fiscal Period (from September 1, 2021 to February 28, 2022)	9th Fiscal Period (from March 1, 2022 to August 31, 2022)
Net income (thousand yen)	1,801,451	1,726,704
Amount not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,801,451	1,726,704
Average number of investment units during the period (units)	575,000	575,000

[Significant Subsequent Events]

1. Issuance of new investment units

Pursuant to the resolutions on the issuance of new investment units made at the Board of Directors' meetings held on August 15, 2022, and August 23, 2022, the Investment Corporation issued 63,600 new investment units through public offering, for which payment of 6,418,957,200 yen was completed on September 1, 2022. As a result, unitholders' capital is 63,801,091,700 yen and the total number of investment units issued and outstanding is 638,600 units as of September 1, 2022.

<Issuance of New Investment Units through Public Offering>

• Number of new units issued	63,600 units
• Issue price (offer price)	104,685 yen per unit
• Total issue price (total offer price)	6,657,966,000 yen
• Issue amount (paid-in amount)	100,927 yen per unit
• Total issue amount (total paid-in amount)	6,418,957,200 yen
• Payment date	September 1, 2022
• Purpose of funds raised	Allocation to funds for acquisition of domestic real estate trust beneficiary interests per "3. Acquisition of Assets," below, and allocation to a portion of associated costs.

2. Borrowing of Funds

In order to allocate funds for acquisition of domestic real estate trust beneficiary interests per "3. Acquisition of Assets," below, and to a portion of their associated expenses, as well as for repayment of existing borrowings, the Investment Company conducted the following borrowings on September 2, 2022.

Category (Note 1)	Lender	Amount borrowed (million yen)	Interest rate (Note 3)	Drawdown date	Repayment date (Note 4)	Repayment method	Notes
Long-term loans payable	A syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation (Note 2)	5,780	0.85940%	September 2, 2022	February 26, 2027	Lump-sum repayment on maturity	Unguaranteed/unsecured

(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.

(Note 2) The "syndicate of lenders" is composed of Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Shinsei Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd., Aozora Bank, Ltd., Daishi Hokuetsu Bank, Ltd., The Asahi Shinkin Bank, Aichi Bank, Ltd., The Chiba Bank, Ltd., The Bank of Fukuoka, Ltd., and The Yamagata Bank, Ltd.

(Note 3) The first interest payment date shall be November 30, 2022, and subsequent interest payment dates shall be the last day of every third month thereafter and the principal repayment date. However, if the payment date is not a bank business day, this shall fall on the next business day, and if the next business day falls in the next month, this shall fall on the previous business day.

(Note 4) After the borrowing commences and up to the repayment date, all or part of the borrowings may be repaid in advance upon prior written notice, provided that certain conditions are met. 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.

3. Acquisition of Assets

The Investment Corporation acquired the following domestic real estate trust beneficiary interests on September 2, 2022.

Category	Property number (Note 1)	Property name	Location	Acquisition price (million yen) (Note 2)	Seller		
Residence	R-23	LUXENA KITASENJU	Adachi Ward, Tokyo	1,540	Takara Leben Co., Ltd.		
	R-24	La Vita Higashi Ueno	Taito Ward, Tokyo	1,280			
	R-25	LUXENA JOSHIN	Nagoya City, Aichi	620			
	R-26	LUXENA UMEKOJI-KYOTONISHI	Kyoto City, Kyoto	725			
	R-27	LUXENA KIYOMIZU-GOJO	Kyoto City, Kyoto	515			
	R-28	La Vita Nijo Gekko	Kyoto City, Kyoto	515			
	R-29	La Vita Toji	Kyoto City, Kyoto	465			
	R-30	Pleiades Namba east	Osaka City, Osaka	675			
	Retail and Other	C-13	Kaden Sumairu Kan×YAMADA web.com Nara	Nara City, Nara		4,850	Undisclosed (Note 3)
	Total		—			11,185	

(Note 1) The code "R" represents residential properties and "C" represents retail and other properties.

(Note 2) "Acquisition price" refers to the purchase price (not including consumption tax, local consumption tax, and miscellaneous expenses required in acquisition) stated in the real estate trust beneficiary interests purchase agreement for each investment asset, rounded down to the nearest million yen.

(Note 3) For Kaden Sumairu Kan×YAMADA web.com Nara, though the seller is a domestic limited liability company, this information is undisclosed as the seller has not provided consent for disclosure.

VII. Supplementary Schedules

1. Securities

- (a) Shares
Not applicable.
- (b) Securities Other Than Shares
Not applicable.

2. Contract Amount 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)

Type of assets	Balance at beginning of period	Increase during period	Decrease during period	Balance at end of period	Accumulated depreciation		Net balance at end of period	Notes
					Depreciation during period			
[Property, plant and equipment]								
Buildings	4,035,541	2,164	—	4,037,705	250,594	48,464	3,787,111	
Structures	28,587	—	—	28,587	1,021	240	27,566	
Machinery and equipment	47,540	—	—	47,540	7,131	1,188	40,409	
Tools, furniture and fixtures	32,371	720	—	33,092	7,728	2,646	25,363	
Land	6,280,425	—	—	6,280,425	—	—	6,280,425	
Buildings in trust	26,777,053	1,953,592	176,739	28,553,907	2,066,020	377,918	26,487,887	
Structures in trust	135,527	11,720	93	147,154	6,836	1,536	140,318	
Machinery and equipment in trust	—	9,793	—	9,793	274	274	9,519	
Tools, furniture and fixtures in trust	59,085	27,145	1,113	85,117	15,226	5,052	69,891	
Land in trust	74,244,525	4,279,492	770,827	77,753,189	—	—	77,753,189	
Construction in progress in trust	362	8,489	-	8,851	—	—	8,851	
Total	111,641,020	6,293,118	948,773	116,985,364	2,354,832	437,322	114,630,532	
[Intangible assets]								
Software	5,500	1,096	—	6,596	4,234	659	2,362	
Total	5,500	1,096	—	6,596	4,234	659	2,362	
Grand total	111,646,520	6,294,214	948,773	116,991,961	2,359,066	437,981	114,632,894	

(Note) The main increases during the period are attributable to the acquisition of three properties (6,031,527 thousand yen), and the main decreases during the period are attributable to the disposition of one property (948,773 thousand yen).

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.



Category (Note1)	Balance at beginning of period (thousand yen)	Increase during period (thousand yen)	Decrease during period (thousand yen)	Balance at end of period (thousand yen)	Average interest rate (%) (Note 2)	Repayment date (Note 4)	Repayment method	Use	Notes
Long-term loans payable	Sumitomo Mitsui Banking Corporation	1,650,000	—	—	1,650,000	0.60088 (Note 7)	February 27, 2026	Lump-sum repayment on maturity	(Note 5) Unguaranteed/unsecured
	Mizuho Bank, Ltd.	700,000	—	—	700,000				
	Aozora Bank, Ltd.	650,000	—	—	650,000				
	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, Ltd.	300,000	—	—	300,000				
	The Nishi-Nippon City Bank, Ltd.	250,000	—	—	250,000				
Aichi Bank, Ltd.	150,000	—	—	150,000					
Resona Bank, Limited	100,000	—	—	100,000					
Long-term loans payable	Sumitomo Mitsui Banking Corporation	—	890,000	—	890,000	0.92375 (Note 7)	July 30, 2027	Lump-sum repayment on maturity	(Note 6) Unguaranteed/unsecured
	Mizuho Bank, Ltd.	—	650,000	—	650,000				
	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				
	Sumitomo Mitsui Banking Corporation	—	890,000	—	890,000				
	Mizuho Bank, Ltd.	—	650,000	—	650,000				
Shinsei Bank, Limited	—	550,000	—	550,000					
Sumitomo Mitsui Trust Bank, Limited	—	500,000	—	500,000					
Resona Bank, Limited	—	450,000	—	450,000					
Aozora Bank, Ltd.	—	500,000	—	500,000					
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					
Subtotal	57,300,000	9,950,000	9,950,000	57,300,000	—	—	—	—	—
Total	57,300,000	10,925,000	9,950,000	58,275,000	—	—	—	—	—

(Note 1) "Short-term loans payable" refer to loans to be paid off within one year and "long-term loans payable" refer to loans that mature in more than one year. Long-term loans payable include 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) The borrowing has floating interest rate, but an interest rate swap transaction has been entered into for the purpose of hedging the risk of interest rate fluctuations. Accordingly, the interest rate after taking into account the effect of the interest rate swap (conversion into fixed interest rate) is shown.

(Note 4) 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 5) The funds are used for the acquisition of properties and for the payment of a portion of the related expenses.

(Note 6) The funds are used for repayment of existing borrowings.

(Note 7) The borrowing has 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.

	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	6,000,000	9,550,000	17,400,000	14,400,000	5,060,000

(Unit: thousand yen)

Independent Auditor's Report

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

Opinion

We have audited the financial statements of Takara Leben Real Estate Investment Corporation (the Company), which comprise the balance sheet as at August 31, 2022, 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 August 31, 2022, 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.

Emphasis of Matter

We draw attention to "Significant Subsequent Events" in the financial statements, which states the issuance of new investment units, borrowing of funds and acquisition of assets. Our opinion is not qualified in respect of this matter.

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.

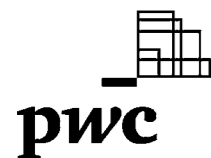
Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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.

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.

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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, related safeguards.

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.

Mitsuo Tsuruta
Designated Engagement Partner
Certified Public Accountant

Takashi Sato
Designated Engagement Partner
Certified Public Accountant

November 25, 2022