

# (REIT) Financial Report for Fiscal Period Ended February 29, 2024

April 19, 2024

REIT Securities Issuer: Takara Leben Real Estate Investment Corporation      Stock Exchange Listing: Tokyo Stock Exchange  
 Securities Code: 3492      URL: <https://takara-reit.co.jp>  
 Representative: Tetsuo Saida, Executive Director  
 Asset Management Company: MIRARTH Real Estate Advisory Inc.  
 (formerly Takara PAG Real Estate Advisory Ltd.)  
 Representative: Tetsuo Saida, President  
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Scheduled date of submission of securities report: May 30, 2024  
 Scheduled date of commencement of cash distribution payment: May 17, 2024  
 Preparation of supplementary financial results briefing materials: Yes  
 Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

## 1. Financial Results for Fiscal Period Ended February 29, 2024 (from September 1, 2023 to February 29, 2024)

### (1) Operating Results (% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenues		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended February 29, 2024	3,891	0.1	2,263	0.2	1,886	0.0	1,861	0.0
Fiscal period ended August 31, 2023	3,886	7.6	2,258	8.0	1,886	8.2	1,860	8.3

Fiscal period	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenues
	yen	%	%	%
Fiscal period ended February 29, 2024	2,691	2.6	1.3	48.5
Fiscal period ended August 31, 2023	2,694	2.7	1.4	48.5

### (2) Distribution

Fiscal period	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions per unit (including distributions in excess of earnings)	Total distributions (including distributions in excess of earnings)	Distribution payout ratio	Ratio of distribution to net assets
	yen	million yen	yen	million yen	yen	million yen	%	%
Fiscal period ended February 29, 2024	2,672	1,847	-	-	2,672	1,847	99.3	2.6
Fiscal period ended August 31, 2023	2,617	1,809	-	-	2,617	1,809	97.2	2.6

(Note 1) The amount of total distributions for the fiscal periods ended August 31, 2023, and February 29, 2024, is the amount of unappropriated retained earnings less the amount of internal reserve for the purpose of stabilizing future distributions.

(Note 2) The distribution payout ratio for the fiscal period ended August 31, 2023, is calculated using the following formula because the number of investment units issued and outstanding during the period has changed due to the issuance of new investment units during the period.  
 Distribution payout ratio = Total distributions (excluding distributions in excess of earnings) / Net income × 100

### (3) Financial Position

Fiscal period	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	yen
Fiscal period ended February 29, 2024	142,693	70,449	49.4	101,903
Fiscal period ended August 31, 2023	142,604	70,397	49.4	101,828

#### (4) Cash Flows

Fiscal period	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended February 29, 2024	2,521	(439)	(1,808)	4,338
Fiscal period ended August 31, 2023	2,582	(12,036)	6,677	4,064

#### 2. Forecasts of Financial Results for Fiscal Periods Ending August 31, 2024 (from March 1, 2024 to August 31, 2024) and February 28, 2025 (from September 1, 2024 to February 28, 2025)

(% figures are the rate of period-on-period increase (decrease))

Fiscal period	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including distributions in excess of earnings)
	million yen	%	million yen	%	million yen	%	million yen	%	yen	yen	yen
Fiscal period ending August 31, 2024	4,316	10.9	2,578	13.9	2,134	13.1	2,108	13.3	2,700	—	2,700
Fiscal period ending February 28, 2025	4,349	0.8	2,574	(0.2)	2,122	(0.6)	2,098	(0.5)	2,700	—	2,700

(Reference) Forecast net income per unit (fiscal period ending August 31, 2024): 2,700 yen

Forecast net income per unit (fiscal period ending February 28, 2025): 2,687 yen

(Note) For the fiscal period ending February 28, 2025, the amount obtained by adding a portion of the retained earnings carried forward from the previous fiscal period to net income is distributed as a profit distribution. Therefore, the projected amount of distributions per unit (excluding distributions in excess of earnings) differs from the projected amount of net income per unit.

#### \* Other

##### (1) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- 1) Changes in accounting policies accompanying amendments to accounting standards, etc.: No
- 2) Changes in accounting policies other than 1): No
- 3) Changes in accounting estimates: No
- 4) Retrospective restatement: No

##### (2) Total number of investment units issued and outstanding

###### 1) Total number of investment units issued and outstanding (including treasury units) at the end of the period

Fiscal period ended February 29, 2024: 691,335 units

Fiscal period ended August 31, 2023: 691,335 units

###### 2) Number of treasury units at the end of the period

Fiscal period ended February 29, 2024: 0 units

Fiscal period ended August 31, 2023: 0 units

##### (3) Rounding processing

Unless otherwise specified in this document, numerical values such as monetary amounts are rounded down to the nearest unit and % figures are rounded off to the first decimal place.

\* Presentation of Status of Implementation of Audit Procedures at the time of disclosure of these financial results, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

#### \* Explanation of Appropriate Use of Forecasts of Financial Results, and Other Matters of Special Note

(Notes to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by Takara Leben Real Estate Investment Corporation (hereinafter referred to as the "Investment Corporation"), and the actual operating results and so on may differ significantly from that anticipated by the Investment Corporation due to various factors. Moreover, the forecasts are not intended to guarantee any amount of distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to "Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2024, and February 28, 2025" on page 3.

Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2024, and February 28, 2025

Item	Assumptions																																
Calculation period	<ul style="list-style-type: none"><li>Fiscal period ending August 31, 2024 (13th fiscal period: from March 1, 2024 to August 31, 2024) (184 days)</li><li>Fiscal period ending February 28, 2025 (14th fiscal period: from September 1, 2024 to February 28, 2025) (181 days)</li></ul>																																
Property portfolio	<ul style="list-style-type: none"><li>It is assumed that there will be no changes (acquisition of new assets, disposal of property portfolio, etc.) to the total of 70 properties as of the date of this document (hereinafter, “Owned Assets”) by the end of the fiscal period ending February 28, 2025 (14th fiscal period).</li><li>The actual property portfolio may vary due to the acquisition of new properties or the disposal of Owned Assets, etc.</li></ul>																																
Operating revenues	<ul style="list-style-type: none"><li>Operating revenues from Owned Assets are based on the expected occupancy rate and the expected rent fluctuations that are in turn based on the assumptions of tenant fluctuation and rent level listed in lease agreements that are effective as of the date of this document.</li><li>Forecasts are based on the assumption that there will be no delay in payment of rent or non-payments by the tenant.</li></ul>																																
Operating expenses	<ul style="list-style-type: none"><li>The main operating expenses are as follows:<table><tr><td></td><td>Fiscal period ending August 31, 2024 (13th FP)</td><td>Fiscal period ending February 28, 2025 (14th FP)</td></tr><tr><td>Expenses related to leasing business total</td><td>1,392 million yen</td><td>1,417 million yen</td></tr><tr><td>Subcontract expenses</td><td>282 million yen</td><td>288 million yen</td></tr><tr><td>(Of which, maintenance expenses)</td><td>210 million yen</td><td>216 million yen</td></tr><tr><td>(Of which, property management fees)</td><td>71 million yen</td><td>72 million yen</td></tr><tr><td>Repair expenses</td><td>53 million yen</td><td>51 million yen</td></tr><tr><td>Taxes and dues</td><td>273 million yen</td><td>273 million yen</td></tr><tr><td>Depreciation</td><td>611 million yen</td><td>622 million yen</td></tr><tr><td>Those other than expenses related to leasing business total</td><td>345 million yen</td><td>358 million yen</td></tr><tr><td>Asset management fees</td><td>209 million yen</td><td>215 million yen</td></tr></table></li><li>Expenses related to leasing business constituting major operating expenses other than depreciation are calculated based on historical data and these costs reflect expected fluctuations.</li><li>Depreciation is calculated by the straight-line method, including certain ancillary expenses.</li><li>Property-related taxes, such as property taxes, city planning taxes are expensed on an accrual basis. In general, upon acquisition of real estate, etc., property taxes, etc. are calculated on a pro-rata basis for the period with the previous owner and settled at the time of acquisition. The amount equivalent to this settlement is included in the acquisition cost and is not recorded as an expense.</li><li>As for repair expenses, the amount assumed as necessary for each property is based on the repair plan of the Asset Management Company for each fiscal period. However, the repair expenses may be substantially different from the expected amount during the operating period due to certain unexpected factors, including the fact that amounts generally differ greatly from period to period, and those amounts are not incurred on a regular basis.</li></ul>				Fiscal period ending August 31, 2024 (13th FP)	Fiscal period ending February 28, 2025 (14th FP)	Expenses related to leasing business total	1,392 million yen	1,417 million yen	Subcontract expenses	282 million yen	288 million yen	(Of which, maintenance expenses)	210 million yen	216 million yen	(Of which, property management fees)	71 million yen	72 million yen	Repair expenses	53 million yen	51 million yen	Taxes and dues	273 million yen	273 million yen	Depreciation	611 million yen	622 million yen	Those other than expenses related to leasing business total	345 million yen	358 million yen	Asset management fees	209 million yen	215 million yen
	Fiscal period ending August 31, 2024 (13th FP)	Fiscal period ending February 28, 2025 (14th FP)																															
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Asset management fees	209 million yen	215 million yen																															
Non-operating expenses	<ul style="list-style-type: none"><li>The costs to issue and list the new investment units will be amortized on a monthly basis over three years from the time they are incurred and are expected to be 18 million yen and 13 million yen for the fiscal periods ending August 31, 2024 (13th fiscal period) and February 28, 2025 (14th fiscal period), respectively.</li><li>For interest expenses and other borrowing-related expenses, 425 million yen and 438 million yen are expected for the fiscal periods ending August 31, 2024 (13th fiscal period) and February 28, 2025 (14th fiscal period), respectively.</li></ul>																																
Interest-bearing debt	<ul style="list-style-type: none"><li>It is assumed that the total amount of interest-bearing debt will be 77,020 million yen as of the end of each of the fiscal periods ending August 31, 2024 (13th fiscal period) and February 28, 2025 (14th fiscal period), respectively.</li><li>The LTV ratio is expected to be around 47.8% as of the end of each of the fiscal periods ending August 31, 2024 (13th fiscal period) and February 28, 2025 (14th fiscal period).</li><li>The LTV ratio is calculated using the following formula: LTV ratio = (Total amount of interest-bearing debt as of the end of the fiscal period / Total assets as of the end of the fiscal period) × 100</li></ul>																																
Investment units	<ul style="list-style-type: none"><li>It is assumed that there will be no change in the number of investment units issued and outstanding as of the date of this document (780,820 units) due to the issuance of new investment units or other factors by the end of the fiscal period ending February 28, 2025 (14th fiscal period).</li></ul>																																

Item	Assumptions
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy stipulated in the Investment Corporation's Articles of Incorporation.</li> <li>• For the fiscal period ending February 28, 2025 (14th fiscal period), it is assumed that the amount obtained by adding a portion of the internally reserved retained earnings brought forward in addition to net income will be distributed as profit distribution</li> <li>• Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in rental revenue, changes in investment assets and tenants, and unexpected repairs and other factors.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• Distribution in excess of earnings is not scheduled at this point.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• It is assumed that there will be no change in laws and regulations, the taxation system, accounting standards, the Securities Listing Regulations of the Tokyo Stock Exchange, or the rules of The Investment Trusts Association, Japan, etc. that could affect the above forecasts.</li> <li>• It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc.</li> </ul>

### 3. Financial Statements

#### (1) Balance Sheet

(Unit: thousand yen)

	11th Fiscal Period (As of August 31, 2023)	12th Fiscal Period (As of February 29, 2024)
<b>Assets</b>		
Current assets		
Cash and deposits	4,667,574	4,991,178
Cash and deposits in trust	2,235,695	2,163,461
Operating accounts receivable	126,790	121,926
Prepaid expenses	252,868	217,646
Other	-	1,100
Total current assets	7,282,928	7,495,312
Non-current assets		
Property, plant and equipment		
Buildings	4,136,596	4,136,596
Accumulated depreciation	(347,787)	(396,728)
Buildings, net	3,788,808	3,739,867
Structures	28,587	28,587
Accumulated depreciation	(1,501)	(1,742)
Structures, net	27,085	26,845
Machinery and equipment	47,540	47,540
Accumulated depreciation	(9,508)	(10,696)
Machinery and equipment, net	38,032	36,844
Tools, furniture and fixtures	31,481	31,929
Accumulated depreciation	(12,052)	(14,551)
Tools, furniture and fixtures, net	19,428	17,377
Land	5,617,204	5,617,204
Buildings in trust	35,474,107	35,962,365
Accumulated depreciation	(2,774,475)	(3,252,866)
Buildings in trust, net	32,699,632	32,709,499
Structures in trust	202,677	202,677
Accumulated depreciation	(10,849)	(12,959)
Structures in trust, net	191,827	189,718
Machinery and equipment in trust	56,828	68,611
Accumulated depreciation	(2,885)	(5,882)
Machinery and equipment in trust, net	53,942	62,728
Tools, furniture and fixtures in trust	119,133	144,177
Accumulated depreciation	(25,982)	(34,303)
Tools, furniture and fixtures in trust, net	93,151	109,874
Land in trust	92,353,406	92,353,406
Construction in progress in trust	18,061	20,147
Total property, plant and equipment	134,900,581	134,883,512
Intangible assets		
Software	1,042	658
Total intangible assets	1,042	658
Investments and other assets		
Long-term prepaid expenses	361,198	268,678
Leasehold and security deposits	11,000	11,000
Other	10	10
Total investments and other assets	372,208	279,688
Total non-current assets	135,273,833	135,163,858
Deferred assets		
Investment unit issuance costs	47,812	34,199
Total deferred assets	47,812	34,199
<b>Total assets</b>	<b>142,604,574</b>	<b>142,693,370</b>

(Unit: thousand yen)

	11th Fiscal Period (As of August 31, 2023)	12th Fiscal Period (As of February 29, 2024)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	472,811	509,275
Current portion of long-term loans payable	9,550,000	16,900,000
Current portion of tenant leasehold and security deposits in trust	62,103	62,103
Accounts payable – other	234,523	236,578
Accrued expenses	20,355	19,058
Income taxes payable	599	599
Accrued consumption taxes	42,306	64,343
Advances received	24,248	16,673
Other	9,720	9,050
Total current liabilities	10,416,667	17,817,683
Non-current liabilities		
Long-term loans payable	57,600,000	50,250,000
Tenant leasehold and security deposits	189,146	188,968
Tenant leasehold and security deposits in trust	3,803,779	3,771,799
Deferred tax liabilities	99,420	124,705
Asset retirement obligations	83,152	83,467
Other	15,092	7,620
Total non-current liabilities	61,790,591	54,426,562
Total liabilities	72,207,258	72,244,245
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	68,299,018	68,299,018
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	(7,888)	(7,888)
Total deduction from unitholders' capital	(7,888)	(7,888)
Unitholders' capital, net	68,291,129	68,291,129
Surplus		
Unappropriated retained earnings (undisposed loss)	2,106,185	2,157,995
Total surplus	2,106,185	2,157,995
Total unitholders' equity	70,397,315	70,449,125
Total net assets	70,397,315	70,449,125
Total liabilities and net assets	142,604,574	142,693,370

## (2) Statement of Income

(Unit: thousand yen)

	11th Fiscal Period (from March 1, 2023 to August 31, 2023)	12th Fiscal Period (from September 1, 2023 to February 29, 2024)
Operating revenues		
Leasing business revenue	3,681,324	3,704,943
Other leasing business revenue	204,976	186,608
Total operating revenue	3,886,301	3,891,551
Operating expenses		
Expenses related to leasing business	1,309,897	1,305,895
Asset management fees	188,629	192,347
Asset custody and administrative service fees	27,491	32,619
Directors' compensations	2,400	2,400
Taxes and dues	27,670	27,107
Other operating expenses	71,650	67,556
Total operating expenses	1,627,738	1,627,926
Operating income	2,258,562	2,263,624
Non-operating income		
Interest income	35	33
Reversal of distributions payable	518	485
Refund of property taxes	-	260
Interest on tax refund	19	6
Income from insurance claims	7,192	302
Other	287	-
Total non-operating income	8,054	1,088
Non-operating expenses		
Interest expenses	241,821	246,063
Borrowing related expenses	124,468	118,112
Amortization of investment unit issuance costs	13,613	13,613
Total non-operating expenses	379,903	377,788
Ordinary income	1,886,713	1,886,924
Income before income taxes	1,886,713	1,886,924
Income taxes – current	605	605
Income taxes – deferred	25,223	25,285
Total income taxes	25,828	25,890
Net income	1,860,884	1,861,033
Retained earnings brought forward	245,301	296,961
Unappropriated retained earnings (undisposed loss)	2,106,185	2,157,995

## (3) Statement of Changes in Net Assets

11th Fiscal Period (from March 1, 2023 to August 31, 2023)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	63,801,091	(8,537)	(8,537)	63,792,554	1,976,555	1,976,555	65,769,110
Changes during the period							
Issuance of new investment units	4,497,926			4,497,926			4,497,926
Dividends of surplus					(1,730,606)	(1,730,606)	(1,730,606)
Reversal of allowance for temporary difference adjustments		648	648	648	(648)	(648)	-
Net income					1,860,884	1,860,884	1,860,884
Total changes during the period	4,497,926	648	648	4,498,575	129,629	129,629	4,628,204
Balance at end of period	68,299,018	(7,888)	(7,888)	68,291,129	2,106,185	2,106,185	70,397,315

(Unit: thousand yen)

	Total net assets
Balance at beginning of period	65,769,110
Changes during the period	
Issuance of new investment units	4,497,926
Dividends of surplus	(1,730,606)
Reversal of allowance for temporary difference adjustments	-
Net income	1,860,884
Total changes during the period	4,628,204
Balance at end of period	70,397,315



12th Fiscal Period (from September 1, 2023 to February 29, 2024)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
Balance at beginning of period	68,299,018	(7,888)	(7,888)	68,291,129	2,106,185	2,106,185	70,397,315
Changes during the period							
Dividends of surplus					(1,809,223)	(1,809,223)	(1,809,223)
Net income					1,861,033	1,861,033	1,861,033
Total changes during the period	-	-	-	-	51,810	51,810	51,810
Balance at end of period	68,299,018	(7,888)	(7,888)	68,291,129	2,157,995	2,157,995	70,449,125

(Unit: thousand yen)

	Total net assets
Balance at beginning of period	70,397,315
Changes during the period	
Dividends of surplus	(1,809,223)
Net income	1,861,033
Total changes during the period	51,810
Balance at end of period	70,449,125

## (4) Statement of Cash Distributions

(Unit: yen)

Category	11th Fiscal Period (from March 1, 2023 to August 31, 2023)	12th Fiscal Period (from September 1, 2023 to February 29, 2024)
I. Unappropriated retained earnings	2,106,185,690	2,157,995,798
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	-	-
Reversal of allowance for temporary difference adjustments	-	-
IV. Distributions	1,809,223,695	1,847,247,120
[Distributions per unit]	[2,617]	[2,672]
Distributions of earnings	1,809,223,695	1,847,247,120
[Distributions of earnings per unit]	[2,617]	[2,672]
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	296,961,995	310,748,678
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 the distributable profit as defined in Article 67-15, Item 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, the Investment Corporation decided profit distribution (excluding the amount in excess of earnings) as 1,809,223,695 yen for the period. The amount of this profit distribution is the entire amount after deducting 296,961,995 yen as internal reserve for the purpose of stabilizing future distributions from unappropriated retained earnings. In addition, in consideration of the impact of the temporary difference between accounting and income tax (as defined in Article 2, Paragraph 2, Item 30 (a) of the Ordinance on Accountings of Investment Corporations) on dividends, the Investment Corporation will distribute the amount in excess of earnings which is equivalent to such a temporary difference in accordance with Article 36, Paragraph 1, Item 2 of the Articles of Incorporation. However, no such distribution was made due to internal reserve.	Pursuant to the cash distribution policy defined in Article 36, Paragraph 1, Item 1 of the Articles of Incorporation of the Investment Corporation, the Investment Corporation shall distribute in excess of the amount equivalent to 90% of the distributable profit as defined in Article 67-15, Item 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, the Investment Corporation decided profit distribution (excluding the amount in excess of earnings) as 1,847,247,120 yen for the period. The amount of this profit distribution is the entire amount after deducting 310,748,678 yen as internal reserve for the purpose of stabilizing future distributions from unappropriated retained earnings. In addition, in consideration of the impact of the temporary difference between accounting and income tax (as defined in Article 2, Paragraph 2, Item 30 (a) of the Ordinance on Accountings of Investment Corporations) on dividends, the Investment Corporation will distribute the amount in excess of earnings which is equivalent to such a temporary difference in accordance with Article 36, Paragraph 1, Item 2 of the Articles of Incorporation. However, no such distribution was made due to internal reserve.

## (5) Statement of Cash Flows

(Unit: thousand yen)

	11th Fiscal Period (from March 1, 2023 to August 31, 2023)	12th Fiscal Period (from September 1, 2023 to February 29, 2024)
<b>Cash flows from operating activities</b>		
Income before income taxes	1,886,713	1,886,924
Depreciation	530,057	545,072
Amortization of investment unit issuance costs	13,613	13,613
Borrowing related expenses	115,990	108,545
Interest income	(35)	(33)
Interest expenses	241,821	246,063
Decrease (increase) in operating accounts receivable	(31,079)	4,864
Increase (decrease) in accrued consumption taxes	39,617	22,037
Decrease (increase) in prepaid expenses	(11,921)	18,111
Decrease (increase) in long-term prepaid expenses	5,649	18
Increase (decrease) in operating accounts payable	29,207	(62,702)
Increase (decrease) in accounts payable – other	23,172	3,122
Increase (decrease) in advances received	(8,569)	(7,575)
Other	(11,266)	(8,141)
Subtotal	2,822,971	2,769,919
Interest income received	35	33
Interest expenses paid	(239,797)	(247,359)
Income taxes paid	(604)	(604)
Net cash provided by (used in) operating activities	2,582,605	2,521,989
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	-	(448)
Purchase of property, plant and equipment in trust	(12,075,868)	(388,220)
Proceeds from tenant leasehold and security deposits	104	109
Repayments of tenant leasehold and security deposits	(81)	(163)
Proceeds from tenant leasehold and security deposits in trust	49,252	13,667
Repayments of tenant leasehold and security deposits in trust	(10,101)	(64,145)
Net cash provided by (used in) investing activities	(12,036,695)	(439,200)
<b>Cash flows from financing activities</b>		
Proceeds from long-term loans payable	9,935,039	-
Repayments of long-term loans payable	(6,000,000)	-
Proceeds from issuance of investment units	4,473,609	-
Distributions paid	(1,730,741)	(1,808,908)
Net cash provided by (used in) financing activities	6,677,908	(1,808,908)
Net increase (decrease) in cash and cash equivalents	(2,776,181)	273,880
Cash and cash equivalents at beginning of period	6,840,931	4,064,749
Cash and cash equivalents at end of period	4,064,749	4,338,630