



**Takara Leben Real Estate
Investment Corporation**





8th Fiscal Period
Semi-Annual Report

From: September 1, 2021 To: February 28, 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 <small>(Note 1)</small>
   	A track record of extensive development and stable supply as a comprehensive real estate developer			
	A proven track record of increasing asset value, including renovations			
	Know-how about stable asset management by leveraging Takara Leben Group's <small>(Note 2)</small> value chain			
	A track record of handling real estate centered on offices and real estate-related assets in Japan			
	A proven track record of increasing asset value			
	Over 20 years of real estate fund investment performance in Japan			
		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) Refers to Takara Leben Co., Ltd. (hereinafter referred to as “Takara Leben”), its subsidiaries and affiliates. The same shall apply hereinafter.

Financial Highlights of the 8th Fiscal Period

Distribution of the 8th Fiscal Period (per unit)

3,120 yen

Operating revenues

4,030 million yen

Operating income

2,093 million yen

Ordinary income

1,806 million yen

Net income

1,801 million yen

Total acquisition price

108,732 million yen
46 properties

End-of-period occupancy rate

99.0 %

Appraisal NOI yield

4.9 %

LTV (Note 1)

47.2 %

NAV per unit (Note 2)

111,380 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 holdings, incl. real estate - Book value)

Distribution forecast for the 9th fiscal period (per unit)

2,930 yen

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

2,700 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 8th fiscal period for the Investment Corporation showed signs of recovery thanks in part to the progress of COVID-19 vaccination campaigns, but with the emergence of highly infectious variants, semi-emergency coronavirus measures were reimposed; an economic environment remains unpredictable. Meanwhile, in the real estate trading market, appetites 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, although 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, demand for office space is expected to

recover if economic activity makes a full-fledged resumption.

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 for hotels is expected to remain uncertain for some time due in part to concerns over the re-emergence of COVID-19.

Investment Performance

Under such circumstances, the Investment Corporation acquired two office properties, eight residential properties, and two retail properties, totaling 12 properties (total acquisition price of 26,310 million yen) as of September 2, 2021 by funding thanks to capital increase through public offering 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” while limiting the impact of COVID-19 on its asset holdings. Further, as of November 25, 2021, it acquired Mare Isogo Building (acquisition price of 1,900 million yen) while disposing of Nagano Central Building as of October 20, 2021, SAMTY Shin-Osaka Center Building as of November 19, 2021, a 37% of its quasi-co-ownership interest in Chuo Bakuromachi Building as of February 1, 2022, Shinsaibashi Building as of February 17, 2022, and Yamagata Ekimae-dori Building as of February 25, 2022, replacing the properties in the portfolio aggressively.

As a result of these investment activities, operating revenues were 4,030 million yen, ordinary income was 1,806 million yen, and net income was 1,801 million yen for the current fiscal period.

Distributions per unit in the 8th fiscal period were 3,120 yen, 20 yen higher than the forecast of 3,100 yen per unit announced in the “Notice Concerning Revision of Forecasts of Financial Results and Distributions for the Fiscal Period Ending February 28, 2022 and for the Fiscal Period Ending August 31, 2022 dated October 20, 2021.”

Overview of Funds Procurement

To fund the acquisition of properties, the Investment Corporation procured funds through public offering (Number of new units issued: 112,500 units; Total issue price: 12,192 million yen) as of September 1, 2021 and borrowed 13,900 million yen in total from a syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation as of September 2, 2021.

As a result, the balance of borrowings as of the end of the 8th fiscal period (February 28, 2022) was 57,300 million yen, and the ratio of interest-bearing debt to total assets (LTV) was 47.2%. 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) assigned an “A-/Positive” long-term issuer credit rating to the Investment Corporation.

Properties acquired in the 8th fiscal period

Acquired as of September 2, 2021 (at time of capital increase through public offering) Total acquisition price: 26,310 million yen

Office



HAKATA REISENMACHI Building



Kawagoe West Building

Residence



LUXENA NAGAREYAMA OOTAKANOMORI



PRIME SQUARE



LUXENA AKIHABARA



Fiore Residence Dejima Kaigan Dori



Winbell Chorus Seiseki Sakuragaoka



LUXENA TODAKOEN




LUXENA TODAKOEN II




LUXENA MUSASHI-SHINJO

Retail and other assets




APiTA NAGOYA-MINAMI



(Tentative name) BIGMOTOR Konosu (Land)

+
Acquired as of November 25, 2021
Acquisition price: 1,900 million yen

Residence



Mare Isogo Building

Properties disposed of in the 8th fiscal period



Nagano Central Building

Date of disposition	October 20, 2021
Disposition price	778 million yen



SAMTY Shin-Osaka Center Building

Date of disposition	November 19, 2021
Disposition price	4,000 million yen



Chuo Bakuromachi Building

Date of disposition	February 1, 2022 (37%) March 1, 2022 (63%)
Disposition price	1,950 million yen

*63% to be disposed of in the following 9th Fiscal Period



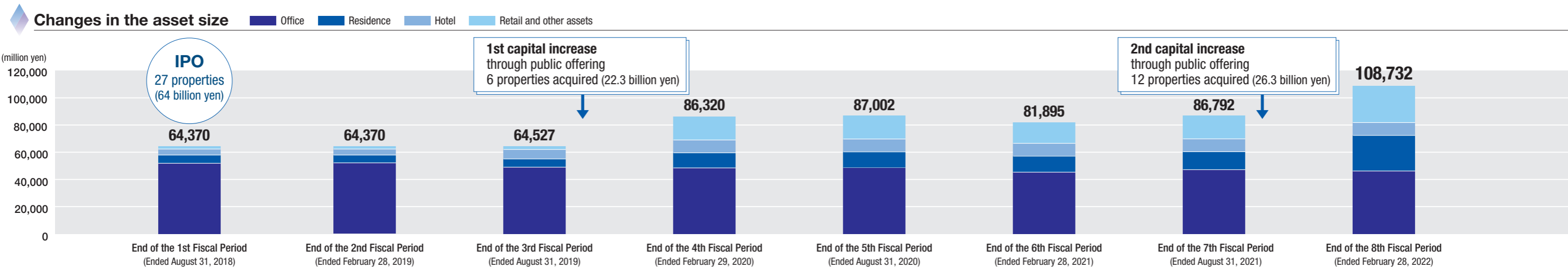
Shinsaibashi Building

Date of disposition	February 17, 2022
Disposition price	850 million yen



Yamagata Ekimae-dori Building

Date of disposition	February 25, 2022
Disposition price	237 million yen



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

Materiality	Specific initiatives	Relevant SDGs
1. Promote initiatives for climate change (E)	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)	① Receive support and corporation to promote initiatives to introduce renewable energy from the Takara Leben 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)	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)	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)	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)	① Ban political donations and prevent corruption	
	② Build an effective internal control system	
	③ Promote disclosure	

GRESB Real Estate Assessment

Gained the 2-star rating in the 2021 GRESB Real Estate Assessment

Both the Investment Corporation's "management component" to evaluate its policy for promoting ESG initiatives and organizational structure, and "performance component" to evaluate environment performances and initiatives with tenants of owned properties were highly rated to win the Green Star rating for the 3rd consecutive year.

The Investment Corporation acquired the B level rating in GRESB disclosure assessment that measures the degree of ESG information disclosure.



External certification acquisition status

DBJ Green Building Certification



BELS assessment

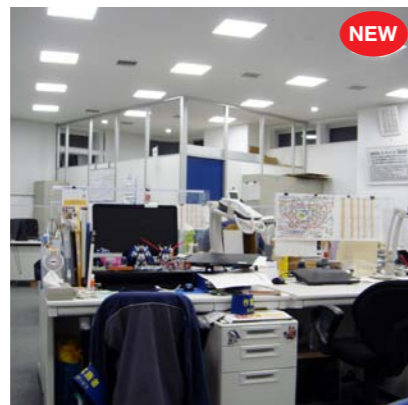


Environmental initiatives

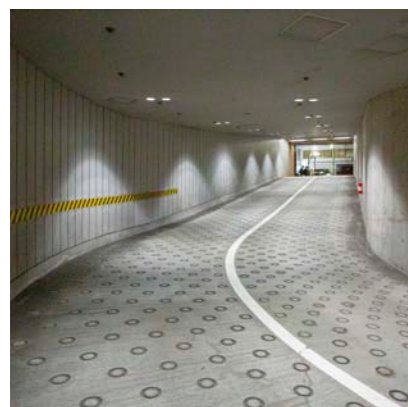
LED lighting work for energy-saving (case example)



NT Building (entrance)



Yoyogi 1-chome Building (leasing area)



NT Building (driveway)

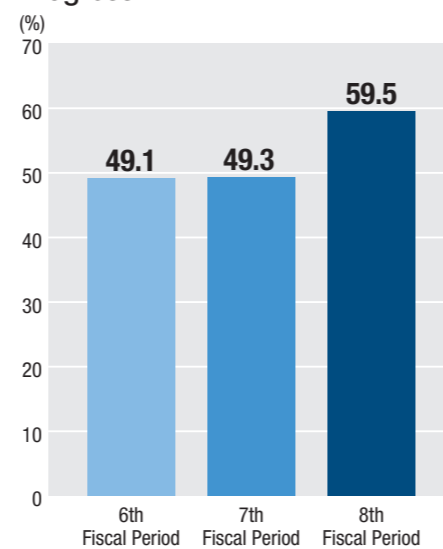


Hakata Gion Building (ELV hall)

LED lighting rate

Number of properties	LED lighting rate in the portfolio	
	36 properties	Total 59.5%

Progress



(Note) Rates are based on area

Social initiatives

Tenant communication

- Conduct a tenant questionnaire survey**
 Conduct a questionnaire survey targeting as many tenants as possible to improve the management of each property and the comfort of buildings
- A track record of introducing green leases**
 Aiming to increase the environmental performances of owned properties through collaboration with tenants, promote the introduction of green leases
 Signed a green lease agreement with the tenant of L.Biz Jimbocho Building (rental of the whole office building)

Communication with employees

- Support for capacity building**
 For the purpose of promoting personal development and improving operational quality, introduced a system to encourage the acquisition of qualifications at the asset management company

Governance initiatives

Initiatives to promote integration with unitholder profit

Change in the asset management fee system

At the general meeting of unitholders on November 26, 2021, statutory changes were proposed and the method of calculating asset management fees for the asset management company was partially revised to strengthen linkages with unitholder profit more than before.

Before change/ Asset management fees I	After change/ Asset management fees II
Net income before tax and before deduction of asset management fees x 10% (maximum rate)	Net income before tax and before deduction of asset management fees x Net income per unit before tax and before deduction of asset management fees x 0.0030% (maximum rate)

Asset management fee system	Calculation method	Upper limit
Asset management fees I	Total assets in the immediately preceding fiscal period x 0.3% per annum (maximum rate)	Total assets x 0.5% per annum
Asset management fees II	Net income before tax and before deduction of asset management fees x Net income per unit before tax and before deduction of asset management fees x 0.0030% (maximum rate)	
Acquisition fees	Acquisition price x 1.0% (maximum rate)	-

Endorsement given to the TCFD recommendations

Asset management company Takara PAG Real Estate Advisory Ltd. gave its endorsement to the TCFD (Taskforce on Climate-related Financial Disclosures) recommendations in February 2022 and joined the TCFD Consortium in March 2022.

The TCFD is an abbreviated name for an international initiative established by the Financial Stability Board (FSB) at the request of heads of state at the G20 Finance Ministers and Central Bank Governors meeting in 2015. The TCFD recommends disclosure in relation to risks and opportunities linked to climate change in terms of four themes: "governance," "strategy," "risk management," and "metrics and targets."

The TCFD Consortium is an organization established for the purpose of promoting initiatives through the concerted efforts of TCFD supporting companies and financial institutions and discussing them to encourage companies' effective disclosures and translate disclosed information into appropriate investment decisions by financial institutions and others.

Improve ESG information disclosure

Disclose information on ESG initiatives widely to stakeholders, including unitholders

ESG website URL

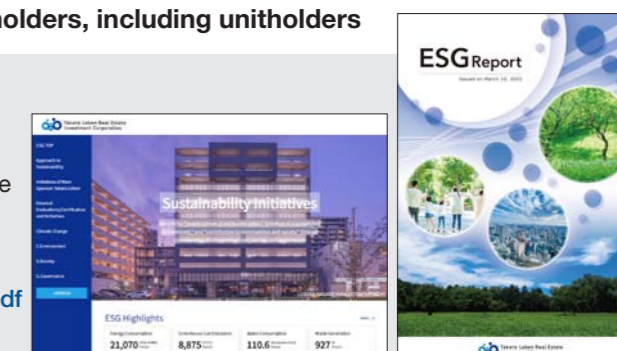
<https://takara-reit.co.jp/en/esg/index.html>

⇒ A website dedicated to ESG was set up to promote proactive information disclosures (Set up in March 2022)

ESG report URL

<https://takara-reit.co.jp/asset/esg/img-en/esgreport-en-2022.pdf>

⇒ A report on thoughts about ESG and initiatives overall (published in March 2022)

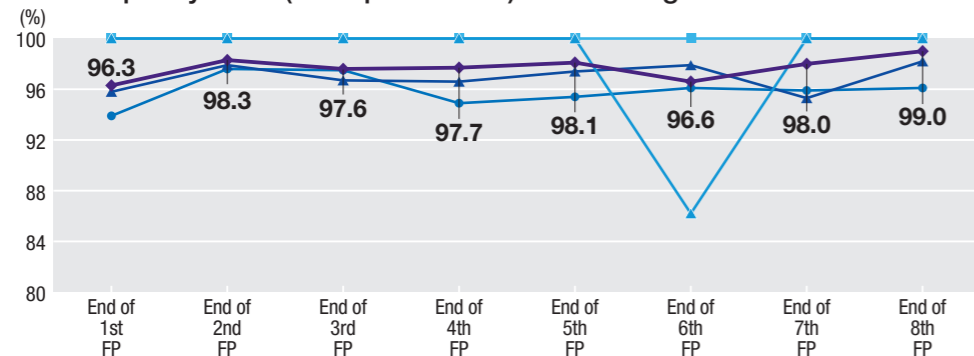


Investment Performance of the 8th Fiscal Period

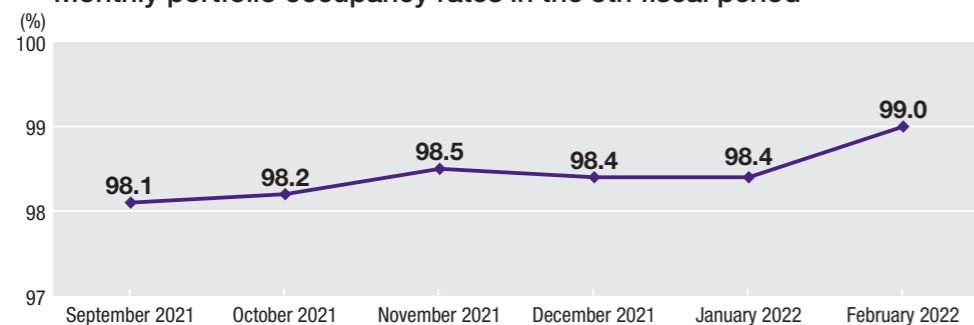
Changes in occupancy rate

Office Residence Hotel Retail and other assets Portfolio

Occupancy rates (as of period-end) since listing



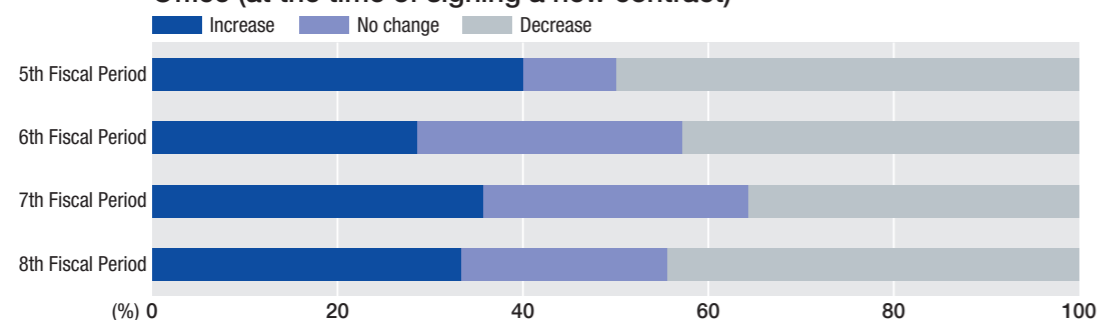
Monthly portfolio occupancy rates in the 8th fiscal period



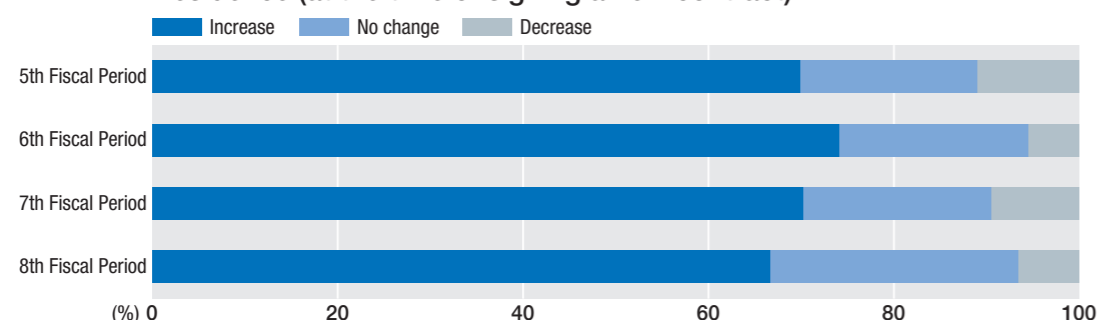
The portfolio's occupancy rate at the end of the 8th fiscal period hit an all-time high at 99.0% at the end of February 2022 since the Investment Corporation was listed.

Rent trends

Office (at the time of signing a new contract)



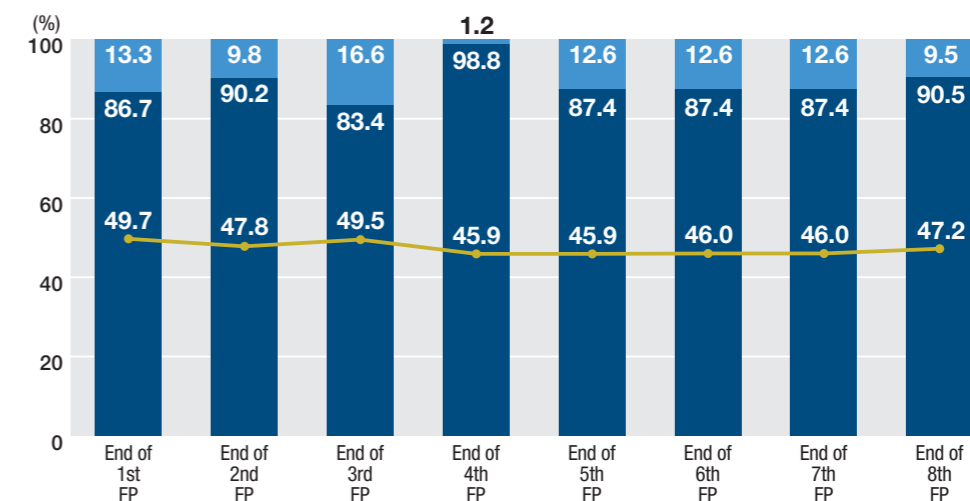
Residence (at the time of signing a new contract)



Financial Status

Ratio of fixed interest rate, LTV management

Non-current liabilities Current liabilities Total assets LTV



- While raising the ratio of fixed interest rates, LTV slightly rose in the 8th fiscal period.
- Maintain high ratios of fixed interest rates and stabilize LTV, thereby eliminating finance risks and building a healthy financial position

Status of acquired ratings (as of February 28, 2022)

Rating and Investment Information, Inc.

A⁻
Stable

Japan Credit Rating Agency, Ltd.

A⁻
Positive

Incorporation into the FTSE EPRA Nareit Global Real Estate Index Series

- In EPRA Nareit's Quarterly Review published on March 2, 2022 (local time), the Investment Corporation's incorporation into the index was decided.
- Positive effects resulting from the incorporation are expected.

Summary of the EPRA Nareit

- One of the world's leading international real estate investment indexes made up of global listed real estate stocks, REITs and others
- The main eligibility requirements include a market capitalization value and disclosure of an English annual report.



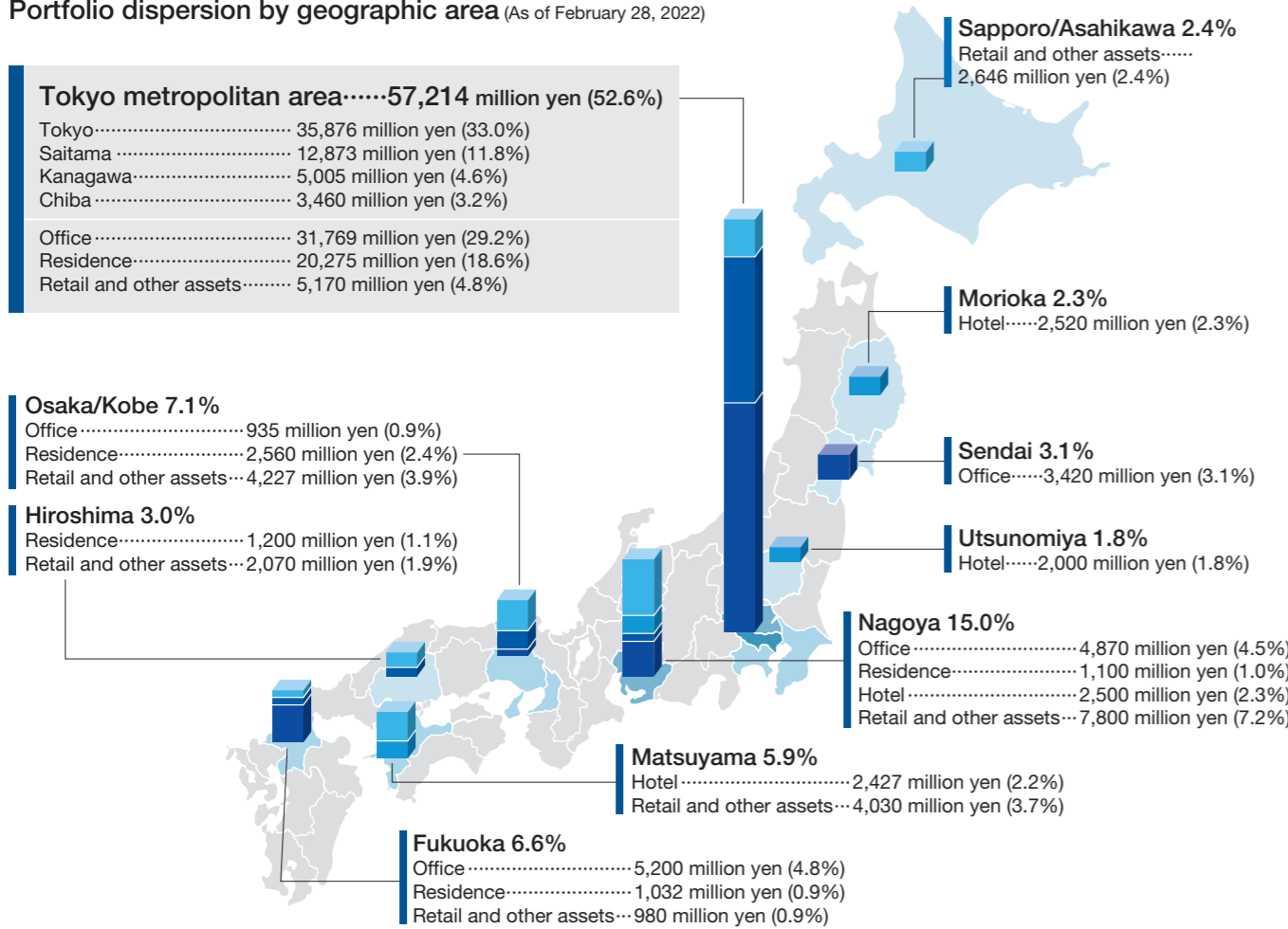
Portfolio Summary

Portfolio summary

	Number of properties	Acquisition price	Appraisal value	Average appraisal NOI Yield
Total	46	108,732 million yen	116,223 million yen	4.9%

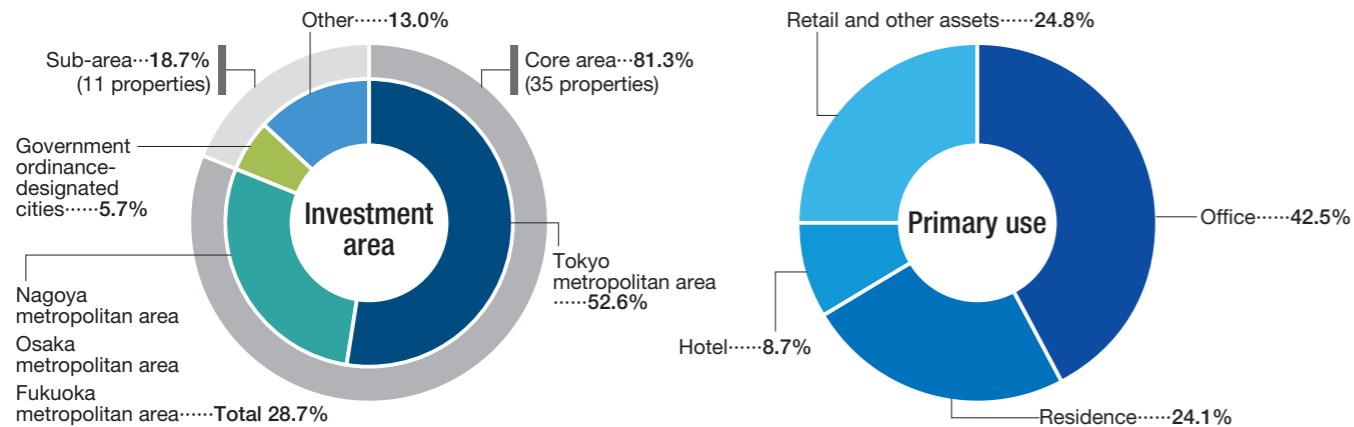
Portfolio's dispersion status

Portfolio dispersion by geographic area (As of February 28, 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.

Portfolio item ratios (As of February 28, 2022)

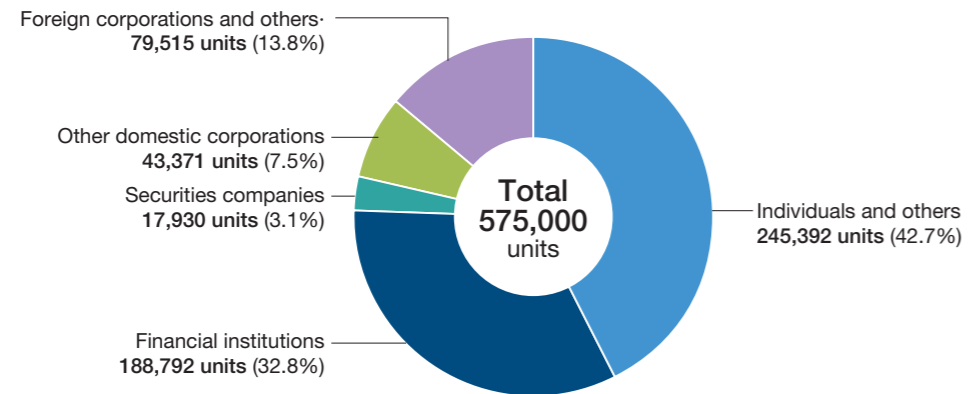


Property number	Category	Property	Location	Acquisition price (million yen)	Book value (million yen)	Appraisal value (million yen)	Appraisal NOI Yield (%)	End-of-period occupancy rate (%)	
0-01	Office	NT Building	Shinagawa Ward, Tokyo	12,350	12,399	12,700	4.3	92.2	
0-02		Higashi-Ikebukuro Central Place	Toshima Ward, Tokyo	9,780	9,869	10,500	4.2	100.0	
0-03		Nagoya Center Plaza Building	Nagoya City, Aichi	4,870	5,198	5,130	5.5	100.0	
0-05		Omiya NSD Building	Saitama City, Saitama	3,493	3,536	3,960	5.6	100.0	
0-07		Hakata Gion Building	Fukuoka City, Fukuoka	2,500	2,475	2,960	5.2	100.0	
0-08		Chuo Bakuromachi Building	Osaka City, Osaka	935	930	1,230	6.2	95.8	
0-09		L.Biz Jimbocho	Chiyoda Ward, Tokyo	1,006	1,011	1,140	4.5	100.0	
0-11		L.Biz Sendai	Sendai City, Miyagi	1,680	1,643	1,670	5.5	100.0	
0-12		Sendai Nikko Building	Sendai City, Miyagi	1,740	1,745	1,760	5.2	100.0	
0-18		Akasaka Kawase Building	Minato Ward, Tokyo	690	713	753	4.2	100.0	
0-19		Yoyogi 1-chome Building	Shibuya Ward, Tokyo	1,850	1,928	2,110	4.0	100.0	
0-20		Kawagoe West Building	Kawagoe City, Saitama	2,600	2,629	2,750	5.1	100.0	
0-21		HAKATA REISENMACHI Building	Fukuoka City, Fukuoka	2,700	2,812	2,810	4.2	100.0	
Office Total/Average				46,195	46,894	49,473	4.7	98.2	
R-01		Residence	Amare Tokaidori	Nagoya City, Aichi	1,100	1,061	1,210	5.4	87.0
R-02			Dormy Ukimafunado	Itabashi Ward, Tokyo	1,080	1,087	1,110	5.3	100.0
R-03			Benefis Hakata-Minami Grand Sweet	Fukuoka City, Fukuoka	1,032	1,002	1,160	5.3	96.3
R-04			LUXENA HIGASHI-KOENJI	Suginami Ward, Tokyo	1,060	1,075	1,140	4.2	95.5
R-06			J City Hatchobori	Hiroshima City, Hiroshima	1,200	1,188	1,280	5.4	93.0
R-07			LUXENA HEIWADAI	Nerima Ward, Tokyo	3,910	3,878	4,430	4.5	96.2
R-08			LUXENA KACHIDOKI	Chuo Ward, Tokyo	1,120	1,106	1,300	4.1	92.9
R-09	LUXENA HONATSUGI		Atsugi City, Kanagawa	705	716	777	5.5	96.0	
R-10	LUXENA KADOMA		Kadoma City, Osaka	2,000	2,023	2,180	4.8	96.1	
R-11	LUXENA TODAKOEN		Toda City, Saitama	910	916	978	4.5	100.0	
R-12	LUXENA TODAKOEN II		Toda City, Saitama	1,200	1,206	1,260	4.4	100.0	
R-13	LUXENA AKIHABARA		Taito Ward, Tokyo	2,300	2,313	2,450	3.7	94.7	
R-14	Fiore Residence Dejima Kaigan Dori		Sakai City, Osaka	560	570	591	5.4	85.0	
R-15	LUXENA MUSASHI-SHINJO		Kawasaki City, Kanagawa	1,900	1,909	1,980	4.3	100.0	
R-16	LUXENA NAGAREYAMA OOTAKANOMORI		Nagareyama City, Chiba	2,840	2,858	3,040	4.7	99.1	
R-17	PRIME SQUARE		Funabashi City, Chiba	620	628	734	5.3	100.0	
R-18	Winbell Chorus Seiseki Sakuragaoka		Tama City, Tokyo	730	740	840	5.6	93.7	
R-19	Mare Isogo Building		Yokohama City, Kanagawa	1,900	1,977	2,130	5.5	100.0	
Residence Total/Average				26,167	26,261	28,590	4.7	96.1	
H-01	Hotel	Dormy Inn Matsuyama	Matsuyama City, Ehime	2,427	2,309	2,550	5.4	100.0	
H-02		Hotel Sunshine Utsunomiya	Utsunomiya City, Tochigi	2,000	2,130	2,090	5.9	100.0	
H-03		Dormy Inn Morioka	Morioka City, Iwate	2,520	2,414	2,570	5.2	100.0	
H-04		ACCESS by LOISIR HOTEL Nagoya	Nagoya City, Aichi	2,500	2,501	2,190	4.3	100.0	
Hotel Total/Average				9,447	9,356	9,400	5.1	100.0	
C-01	Retail and other assets	Prio Daimyo II	Fukuoka City, Fukuoka	980	998	1,120	4.8	100.0	
C-02		Co-op Sapporo Shunko	Asahikawa City, Hokkaido	1,036	1,016	1,110	7.0	100.0	
C-03		TA Shonan Kugenumakaigan	Fujisawa City, Kanagawa	500	504	570	5.5	100.0	
C-05		YAMADA web.com Matsuyama Toiya-cho	Matsuyama City, Ehime	4,030	4,005	4,410	7.5	100.0	
C-06		Kaden Sumairu Kan YAMADA 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	4.5	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	2,551	2,590	5.0	100.0	
C-11		APITA NAGOYA-MINAMI	Nagoya City, Aichi	7,800	7,890	8,250	5.2	100.0	
C-12		(Tentative name) BIGMOTOR Konosu (Land)	Konosu City, Saitama	2,150	2,178	2,290	4.5	100.0	
Retail and other assets Total/Average				26,923	27,193	28,760	5.5	100.0	
Portfolio Total/Average				108,732	109,705	116,223	4.9	99.0	

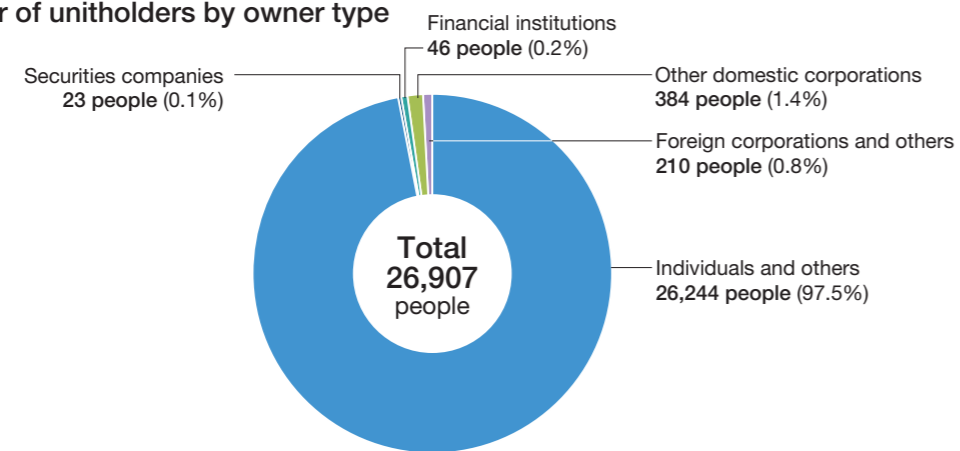
(Note) "Appraisal value" indicates the appraisal value stated in the real estate appraisal report as of February 28, 2022.

Composition of unitholders

Number of investment units by owner type

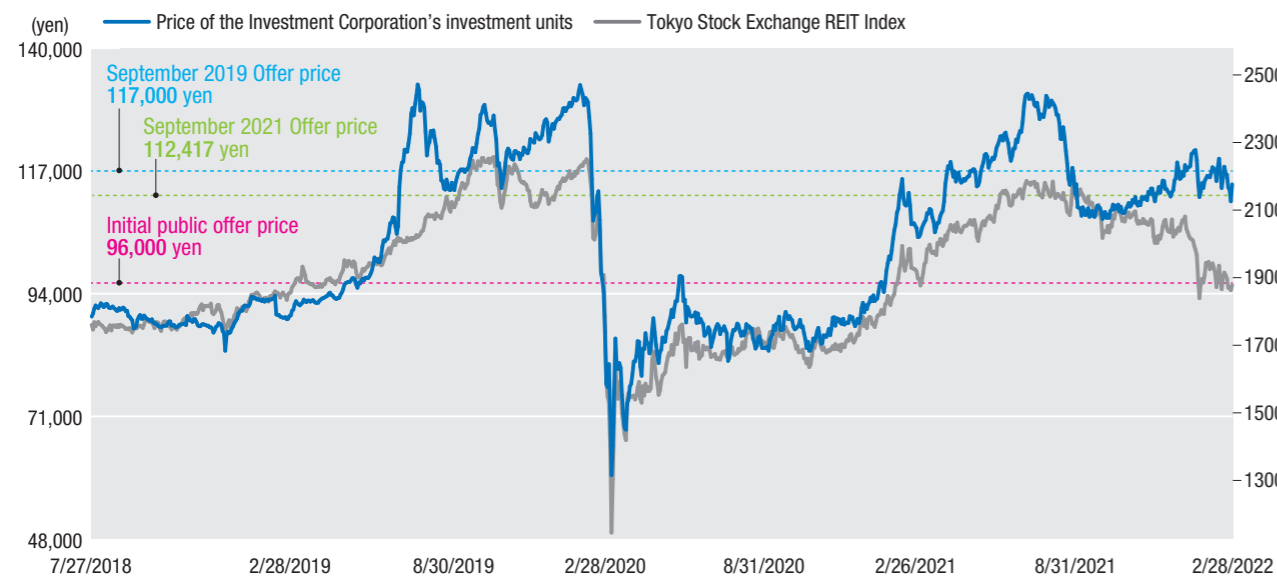


Number of unitholders by owner type



(Note) 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)	
	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Assets		
Current assets		
Cash and deposits	4,208,122	7,587,926
Cash and deposits in trust	1,624,896	2,570,032
Operating accounts receivable	94,259	91,074
Prepaid expenses	204,793	340,073
Consumption taxes receivable	229,172	99,075
Other	6,672	13,890
Total current assets	6,367,916	10,702,072
Non-current assets		
Property, plant and equipment		
Buildings	4,034,179	4,035,541
Accumulated depreciation	(153,732)	(202,130)
Buildings, net	3,880,446	3,833,411
Structures	28,587	28,587
Accumulated depreciation	(540)	(781)
Structures, net	28,046	27,806
Machinery and equipment	47,540	47,540
Accumulated depreciation	(4,754)	(5,942)
Machinery and equipment, net	42,786	41,598
Tools, furniture and fixtures	32,371	32,371
Accumulated depreciation	(2,461)	(5,081)
Tools, furniture and fixtures, net	29,909	27,289
Land	6,280,425	6,280,425
Buildings in trust	20,274,127	26,777,053
Accumulated depreciation	(1,541,502)	(1,705,859)
Buildings in trust, net	18,732,625	25,071,194
Structures in trust	71,160	135,527
Accumulated depreciation	(3,879)	(5,318)
Structures in trust, net	67,280	130,209
Tools, furniture and fixtures in trust	41,223	59,085
Accumulated depreciation	(7,115)	(10,381)
Tools, furniture and fixtures in trust, net	34,108	48,704
Land in trust	58,343,096	74,244,525
Construction in progress in trust	718	362
Total property, plant and equipment	87,439,443	109,705,526
Intangible assets		
Software	2,475	1,925
Total intangible assets	2,475	1,925
Investments and other assets		
Long-term prepaid expenses	442,788	866,666
Deferred tax assets	4,924	—
Leasehold and security deposits	11,080	11,000
Other	10	10
Total investments and other assets	458,802	877,676
Total non-current assets	87,900,721	110,585,127
Deferred assets		
Investment unit issuance costs	13,268	31,898
Total deferred assets	13,268	31,898
Total assets	94,281,906	121,319,099

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

	(Unit: thousand yen)	
	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	312,492	339,756
Current portion of long-term loans payable	9,950,000	9,950,000
Current portion of tenant leasehold and security deposits in trust	50,973	62,103
Accounts payable - other	193,598	220,030
Accrued expenses	16,922	15,585
Income taxes payable	60,189	599
Advances received	20,491	23,628
Derivative liabilities	2,909	2,041
Other	8,953	10,922
Total current liabilities	10,616,530	10,624,667
Non-current liabilities		
Long-term loans payable	33,450,000	47,350,000
Tenant leasehold and security deposits	205,535	205,625
Tenant leasehold and security deposits in trust	3,136,223	3,729,323
Asset retirement obligations	88,636	88,970
Total non-current liabilities	36,880,394	51,373,919
Total liabilities	47,496,925	61,998,586
Net assets		
Unitholders' equity		
Unitholders' capital	45,189,272	57,382,134
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*1 (21,279)	*1 (11,086)
Total deduction from unitholders' capital	(21,279)	(11,086)
Unitholders' capital, net	45,167,992	57,371,047
Surplus		
Unappropriated retained earnings (undisposed loss)	1,619,897	1,951,506
Total surplus	1,619,897	1,951,506
Total unitholders' equity	46,787,890	59,322,554
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,909)	(2,041)
Total valuation and translation adjustments	(2,909)	(2,041)
Total net assets	*2 46,784,980	*2 59,320,513
Total liabilities and net assets	94,281,906	121,319,099

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

II. Statement of Income

(Unit: thousand yen)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)		8th Fiscal Period (from September 1, 2021 to February 28, 2022)	
Operating revenues				
Leasing business revenue	*1	2,427,281	*1	3,155,564
Other leasing business revenue	*1	177,464	*1	154,224
Gain on sales of real estate properties	*2	457,223	*2	720,791
Total operating revenue		3,061,968		4,030,579
Operating expenses				
Expenses related to leasing business	*1	943,498	*1	1,049,365
Loss on sales of real estate properties		—	*3	555,207
Asset management fees		157,703		168,286
Asset custody and administrative service fees		19,162		25,419
Directors' compensations		2,400		2,400
Taxes and dues		42,830		81,478
Other operating expenses		52,384		55,244
Total operating expenses		1,217,979		1,937,401
Operating income		1,843,988		2,093,178
Non-operating income				
Interest income		44		36
Reversal of distributions payable		—		207
Refund of property taxes		—		794
Interest on tax refund		—		736
Income from insurance claims		1,079		1,111
Other		0		—
Total non-operating income		1,124		2,885
Non-operating expenses				
Interest expenses		138,611		177,228
Borrowing related expenses		69,943		100,168
Amortization of investment unit issuance costs		15,178		11,687
Total non-operating expenses		223,733		289,084
Ordinary income		1,621,379		1,806,980
Income before income taxes		1,621,379		1,806,980
Income taxes – current		60,196		605
Income taxes – deferred		(2,778)		4,924
Total income taxes		57,417		5,529
Net income		1,563,962		1,801,451
Retained earnings brought forward		55,935		150,055
Unappropriated retained earnings (undisposed loss)		1,619,897		1,951,506

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

III. Statement of Changes in Net Assets

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

(Unit: thousand yen)

	Unitholders' equity						Total unitholders' equity
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital	Total deduction from unitholders' capital	Unitholders' capital, net	Unappropriated retained earnings (undisposed loss)	Total surplus	
Balance at beginning of period	45,189,272	(36,882)	(36,882)	45,152,389	1,505,288	1,505,288	46,657,677
Changes during the period							
Dividends of surplus					(1,433,750)	(1,433,750)	(1,433,750)
Reversal of allowance for temporary difference adjustments		15,603	15,603	15,603	(15,603)	(15,603)	-
Net income					1,563,962	1,563,962	1,563,962
Net changes of items other than unitholders' equity							
Total changes during the period	-	15,603	15,603	15,603	114,609	114,609	130,212
Balance at end of period	45,189,272	(21,279)	(21,279)	45,167,992	1,619,897	1,619,897	46,787,890

(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		(13,102)	46,644,575
Changes during the period			
Dividends of surplus			(1,433,750)
Reversal of allowance for temporary difference adjustments			—
Net income			1,563,962
Net changes of items other than unitholders' equity			10,192
Total changes during the period			140,405
Balance at end of period		(2,909)	46,784,980

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

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	Total 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 the 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)	(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.

IV. Statement of Cash Distributions

(Unit: yen)

Category	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
I Unappropriated retained earnings	1,619,897,845	1,951,506,436
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	10,192,746	868,421
Reversal of allowance for temporary difference adjustments	10,192,746	868,421
IV Distributions	1,459,650,000	1,794,000,000
[Distributions per unit]	(3,156)	(3,120)
Distributions of earnings	1,459,650,000	1,794,000,000
[Distributions of earnings per unit]	(3,156)	(3,120)
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	150,055,099	156,638,015

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, it shall distribute in excess of the amount equivalent to 90% of the amount of distributable income of the Investment Corporation 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 1,459,650,000 yen for the period. The amount of this profit distribution is the entire amount after deducting 150,055,099 yen as internal reserve 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. The internal reserve is for the purpose to stabilize future distributions, considering 457,223,128 yen non-recurring profit was recognized from the disposition of the properties for the period. 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, it shall distribute in excess of the amount equivalent to 90% of the amount of distributable income of the Investment Corporation 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.

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

V. Statement of Cash Flows

(Unit: thousand yen)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Cash flows from operating activities		
Income before income taxes	1,621,379	1,806,980
Depreciation	334,900	437,070
Amortization of investment unit issuance costs	15,178	11,687
Borrowing related expenses	63,803	92,730
Interest income	(44)	(36)
Interest expenses	138,611	177,228
Decrease (increase) in operating accounts receivable	(37,593)	13,276
Decrease (increase) in consumption taxes receivable	(229,172)	130,096
Increase (decrease) in accrued consumption taxes	(319,699)	—
Decrease (increase) in prepaid expenses	(43,433)	(94,855)
Decrease (increase) in long-term prepaid expenses	(126,188)	(347,959)
Increase (decrease) in operating accounts payable	51,357	(32,708)
Increase (decrease) in accounts payable - other	7,665	18,341
Increase (decrease) in advances received	9,295	3,136
Decrease in disposal of property, plant and equipment in trust due to sale	5,211,461	6,270,270
Other	(508)	(4,779)
Subtotal	6,697,012	8,480,479
Interest income received	44	36
Interest expenses paid	(137,630)	(178,564)
Income taxes paid	(26,799)	(60,195)
Net cash provided by (used in) operating activities	6,532,626	8,241,756
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,825,212)	(37,730)
Purchase of property, plant and equipment in trust	(4,625,153)	(28,862,664)
Proceeds from refund of leasehold and security deposits	—	80
Payments of leasehold and security deposits	(80)	—
Proceeds from tenant leasehold and security deposits	27,406	88
Repayments of tenant leasehold and security deposits	(268)	—
Proceeds from tenant leasehold and security deposits in trust	37,725	224,807
Repayments of tenant leasehold and security deposits in trust	(151,929)	(66,197)
Net cash provided by (used in) investing activities	(10,537,511)	(28,741,616)
Cash flows from financing activities		
Proceeds from long-term loans payable	9,856,825	13,690,102
Repayments of long-term loans payable	(10,000,000)	—
Proceeds from issuance of investment units	—	12,171,458
Distributions paid	(1,433,027)	(1,459,784)
Net cash provided by (used in) financing activities	(1,576,202)	24,401,776
Net increase (decrease) in cash and cash equivalents	(5,581,087)	3,901,916
Cash and cash equivalents at beginning of period	9,039,193	3,458,106
Cash and cash equivalents at end of period	*1 3,458,106	*1 7,360,022

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 February 28, 2022, the Investment Corporation has a portfolio of 46 properties with total acquisition price of 108,732 million yen and occupancy rate of 99.0%.

[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.

Amounts less than one thousand yen have been omitted. As a result, the totals presented in the accompanying financial statements 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 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 29,316 thousand yen for the fiscal period ended August 31, 2021 (the 7th period) and 33,611 thousand yen for the fiscal period ended February 28, 2022 (the 8th 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, 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.

[Changes in Accounting Policies]

(1) Application of the Accounting Standard for Revenue Recognition, Etc.

The Investment Corporation has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 8th fiscal period to recognize revenue at the amount expected to be received in exchange for the promised goods or services when the control of the goods or services is transferred to the customer. The impact of this application on the financial statements is immaterial.

In accordance with the transitional treatment set out in Paragraph 89-3 of the “Accounting Standard for Revenue Recognition,” notes on “Revenue Recognition” for the 7th fiscal period are not presented.

(2) Application of the Accounting Standard for Fair Value Measurement, Etc.

The Investment Corporation has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the 8th fiscal period and in accordance with the transitional treatment set out in Paragraph 19 of the “Accounting Standard for Fair Value Measurement” and Paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), it decided to prospectively apply the new accounting policies set out in the “Accounting Standard for Fair Value Measurement.” The impact of this application on the financial statements is immaterial.

In accordance with the Supplementary Provisions of Article 2, Paragraph 5 of the Cabinet Office Ordinance that revises part of the Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, Etc. (Cabinet Office Ordinance No. 61, September 24, 2021), the items specified in Article 8-6-2, Paragraph 1, Item 3 of the revised Ordinance on Terminology, Forms and Preparation Methods of Financial Statements, Etc. are omitted.

(Additional Information)

[Provision and Reversal of Allowance for Temporary Difference Adjustments]**7th Fiscal Period (from March 1, 2021 to August 31, 2021)****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	(10,192)
Total		(10,192)

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.

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.

[Notes to Balance Sheet]

*1 Allowance for temporary difference adjustments

7th Fiscal Period (from March 1, 2021 to August 31, 2021)**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	28,345	—	(15,603)	12,742	Changes in fair value of derivative transactions
Total		112,348	36,882	—	(15,603)	21,279	—

(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.

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.

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

(Unit: thousand yen)	
7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
50,000	50,000

[Notes to Statement of Income]

*1 Breakdown of operating income from real estate leasing business

(Unit: thousand yen)				
	7th Fiscal Period (from March 1, 2021 to August 31, 2021)		8th Fiscal Period (from September 1, 2021 to February 28, 2022)	
A. Operating revenue from real estate leasing business				
Leasing business revenue				
Rental revenue	2,149,964		2,860,611	
Common area charges	190,916		189,800	
Parking revenue	67,745		81,030	
Other rental revenue	18,654	2,427,281	24,121	3,155,564
Other leasing business revenue				
Utilities reimbursement revenue	124,139		127,609	
Other revenue	53,325	177,464	26,615	154,224
Total operating revenue from real estate leasing business		2,604,745		3,309,788
B. Operating expenses from real estate leasing business				
Expenses related to leasing business				
Management fees	189,774		209,743	
Utilities expenses	101,030		117,464	
Taxes and dues	179,812		178,310	
Insurance premiums	4,512		6,663	
Repair expenses	85,719		82,868	
Trust fees	9,929		13,572	
Depreciation	334,350		436,520	
Other expenses	38,367		4,223	
Total operating expenses from real estate leasing business		943,498		1,049,365
C. Operating income from real estate leasing business (A-B)		1,661,247		2,260,422

*2 Breakdown of gain on sales of real estate properties

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

(Unit: thousand yen)	
Almost Blue (70% quasi-co-ownership interest)	
Revenue on sales of real estate properties	5,037,636
Cost of sales of real estate properties	4,618,120
Other sales expenses	3,042
Gain on sales of real estate properties	416,474

(Unit: thousand yen)	
Alpha Space Toritsudai	
Revenue on sales of real estate properties	652,000
Cost of sales of real estate properties	593,341
Other sales expenses	17,909
Gain on sales of real estate properties	40,748

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

*3 Breakdown of loss on sales of real estate properties

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

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

[Notes to Statement of Changes in Net Assets]

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

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	462,500 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

	(Unit: thousand yen)	
	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Cash and deposits	4,208,122	7,587,926
Cash and deposits in trust	1,624,896	2,570,032
Restricted deposits ^(Note)	(2,374,912)	(2,797,936)
Cash and cash equivalents	3,458,106	7,360,022

(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)

	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Due within 1 year	1,273,802	1,558,759
Due after 1 year	10,254,679	11,823,942
Total	11,528,482	13,382,702

[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 August 31, 2021 are as follows. The notes for "cash and deposits" and "cash and deposits in trust" are omitted as they are cash and short-term settlements and the fair value approximates the book value. In addition, the note for "current portion of tenant leasehold and security deposits in trust," "tenant leasehold and security deposits" and "tenant leasehold and security deposits in trust" are omitted because they are immaterial.

(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	33,450,000	33,605,112	155,112
(3) Derivative transactions ^(*)	(2,909)	(2,909)	—

(*)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.

The carrying amount, the fair value, and the difference between them as of February 28, 2022 are as follows. The notes for "cash and deposits" and "cash and deposits in trust" are omitted as they are cash and short-term settlements and the fair value approximates the book value. In addition, the note for "current portion of tenant leasehold and security deposits in trust," "tenant leasehold and security deposits" and "tenant leasehold and security deposits in trust" are omitted because they are immaterial.

(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)	—

(*) 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 and derivatives transactions

(1) Current portion of long-term loans payable

Since these are settled in a short period of time and have variable interest rates, the fair value is approximately equal to the book value, so it is based on the book value.

(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 loans payable (August 31, 2021)

(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	9,550,000	10,050,000	7,850,000	—
Total	9,950,000	6,000,000	9,550,000	10,050,000	7,850,000	—

Maturity analysis of 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	—

[Securities]**7th Fiscal Period (As of August 31, 2021)**

Not applicable.

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

Not applicable.

[Derivative Transactions]**1. Derivative Transactions to Which Hedge Accounting is Not Applied****7th Fiscal Period (As of August 31, 2021)**

Not applicable.

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

Not applicable.

2. Derivative Transactions to Which Hedge Accounting is Applied**7th Fiscal Period (As of August 31, 2021)**

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

(Unit: thousand yen)

Method of hedge accounting	Derivative instruments	Hedged item	Contract amount ^(Note 1)		Fair value ^(Note 2)
				Due after 1 year	
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	5,000,000	—	(2,909)

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

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

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 fiscal period for each method of hedge accounting.

(Unit: thousand yen)

Method of hedge accounting	Derivative instruments	Hedged item	Contract amount ^(Note 1)		Fair value ^(Note 2)
				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.

[Retirement Benefits]**7th Fiscal Period (As of August 31, 2021)**

Not applicable.

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

Not applicable.

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

(Unit: thousand yen)

	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Deferred tax assets		
Non-deductible accrued enterprise tax	4,924	—
Asset retirement obligations	27,884	27,990
Deferred consumption taxes	53	43
Deferred gains or losses on hedges	915	642
Subtotal of deferred tax assets	33,777	28,675
Valuation allowance	(4,989)	(5,344)
Total deferred tax assets	28,788	23,330
Deferred tax liabilities		
Building and equipment corresponding to the asset retirement obligations	23,864	23,330
Total deferred tax liabilities	23,864	23,330
Deferred tax assets, net	4,924	—

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

(Unit: %)

	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Statutory tax rate	34.59	31.46
(Adjustments)		
Deductible distributions	(31.14)	(31.23)
Other	0.09	0.08
Effective income tax rate	3.54	0.31

[Related-Party Transactions]**1. Parent Company and Major Corporate Unitholders****7th Fiscal Period (from March 1, 2021 to August 31, 2021)**

Not applicable.

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

Not applicable.

2. Affiliated Companies**7th Fiscal Period (from March 1, 2021 to August 31, 2021)**

Not applicable.

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

Not applicable.

3. Fellow Subsidiaries**7th Fiscal Period (from March 1, 2021 to August 31, 2021)**

Not applicable.

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

Not applicable.

4. Directors and Major Individual Unitholders**7th Fiscal Period (from March 1, 2021 to August 31, 2021)**

Type	Name	Location	Stated capital	Business or occupation	Percentage of voting rights (owned) (%)	Relationship	Transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
Director	Masayuki Ishihara	—	—	Executive Director, Takara Leben Real Estate Investment Corporation and Chairman, Chief Executive Officer, Takara PAG Real Estate Advisory Ltd.	—	Executive Director, Takara Leben Real Estate Investment Corporation and Chairman, Chief Executive Officer, Takara PAG Real Estate Advisory Ltd.	Payment of asset management fee to the Asset Management Company	237,853	Accounts payable – other	173,474

(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 fee includes the property acquisition fee of 80,150 thousand yen recorded as the book value of the acquired properties.

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

Type	Name	Location	Stated capital	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 includes the property acquisition fee of 247,750 thousand yen recorded as the book value of the acquired properties.

[Profit or Loss of Affiliates Accounted for Under the Equity Method]**7th Fiscal Period (from March 1, 2021 to August 31, 2021)**

Not applicable.

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

Not applicable.

[Asset Retirement Obligations]**7th Fiscal Period (from March 1, 2021 to August 31, 2021)****1. Asset Retirement Obligations Booked on the Balance Sheet****(1) Overview**

The Investment Corporation has recorded the asset retirement obligations to remove asbestos and PCBs from Nagoya Center Plaza Building and asbestos from Sendai Nikko 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	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%

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 and PCBs from Nagoya Center Plaza Building and asbestos from Sendai Nikko 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	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 asset retirement obligations

(Unit: thousand yen)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Balance at beginning of period	88,298	88,636
Increase due to acquisition of properties	—	—
Decrease due to disposition of properties	—	—
Adjustment for passage of time	338	333
Balance at end of period	88,636	88,970

[Segment Information]

(Segment information)

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

(Related information)

7th Fiscal Period (from March 1, 2021 to August 31, 2021)**(1) Information by product and service**

Disclosure is omitted because operating revenues from external customers in a single product and service category exceeds 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 exceeds 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.

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 exceeds 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 exceeds 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)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Carrying amount		
Balance at beginning of period	82,414,491	87,439,443
Increase (decrease) during the period	5,024,952	22,266,082
Balance at end of period	87,439,443	109,705,526
Fair value at end of period	92,880,000	116,223,000

(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 August 31, 2021 is attributable to acquisition of six properties (10,317,680 thousand yen), and the main decrease during the fiscal period ended August 31, 2021 is attributable to sale of two properties (5,227,524 thousand yen) and depreciation (334,350 thousand yen). 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 (436,250 thousand yen).

(Note 3) The fair value at the end of the period is based on the appraisal value by an independent real estate appraiser.

The income (loss) concerning investment and rental properties for the fiscal period ended August 31, 2021 (the 7th period) and the fiscal period ended February 28, 2022 (the 8th period) is as stated in "Notes to Statement of Income."

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

Major revenues generated from contracts with customers are "revenue on sales of real estate properties" and "utilities reimbursement revenue." As for the amounts, refer to "*1 Breakdown of operating income from real estate leasing business," "*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]

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Net assets per unit	101,156 yen	103,166 yen
Net income per unit	3,381yen	3,132 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:

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Net income (thousand yen)	1,563,962	1,801,451
Amount not attributable to common unitholders (thousand yen)	—	—
Net income attributable to common investment units (thousand yen)	1,563,962	1,801,451
Average number of investment units during the period (units)	462,500	575,000

[Significant Subsequent Events]

Not applicable

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

(Unit: thousand yen)

Category	Type	Contract amount (Note 1)		Fair value (Note 2)
			Due after 1 year	
Transaction other than market transaction	Interest rate swap floating receivable; fixed 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.

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	4,034,179	1,362	—	4,035,541	202,130	48,397	3,833,411	
Structures	28,587	—	—	28,587	781	240	27,806	
Machinery and equipment	47,540	—	—	47,540	5,942	1,188	41,598	
Tools, furniture and fixtures	32,371	—	—	32,371	5,081	2,620	27,289	
Land	6,280,425	—	—	6,280,425	—	—	6,280,425	
Buildings in trust	20,274,127	8,748,542	2,245,616	26,777,053	1,705,859	378,586	25,071,194	
Structures in trust	71,160	64,421	54	135,527	5,318	1,448	130,209	
Tools, furniture and fixtures in trust	41,223	21,910	4,049	59,085	10,381	4,038	48,704	
Land in trust	58,343,096	20,136,991	4,235,563	74,244,525	—	—	74,244,525	
Construction in progress in trust	718	—	356	362	—	—	362	
Total	89,153,430	28,973,229	6,485,639	111,641,020	1,935,494	436,520	109,705,526	
[Intangible assets]								
Software	5,500	—	—	5,500	3,575	550	1,925	
Total	5,500	—	—	5,500	3,575	550	1,925	
Grand total	89,158,930	28,973,229	6,485,639	111,646,520	1,939,069	437,070	109,707,451	

(Note) The main increases during the period is attributable to the acquisition of thirteen properties (28,726,671 thousand yen), and the main decreases during the period is attributable to the sale of five properties (6,485,283 thousand yen) and depreciation (437,070 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.

6. Borrowings

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

Category (Note 1)	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
	780,000	—	—	780,000					
Sumitomo Mitsui Banking Corporation	780,000	—	—	780,000					
Mizuho Bank, Ltd.	600,000	—	—	600,000					
Shinsei Bank, Limited	600,000	—	—	600,000					
Sumitomo Mitsui Trust Bank, Limited	400,000	—	—	400,000					
Resona Bank, Limited	400,000	—	—	400,000					
Aozora Bank, Ltd.	400,000	—	—	400,000	0.69250 (Note 3)	July 29, 2022	Lump-sum repayment on maturity	(Note 5)	Unguaranteed/unsecured
Daishi Hokuetsu Bank, Ltd.	400,000	—	—	400,000					
The Nishi-Nippon City Bank, Ltd.	400,000	—	—	400,000					
The Minato Bank, Ltd.	400,000	—	—	400,000					
The Asahi Shinkin Bank	200,000	—	—	200,000					
The Bank of Fukuoka, Ltd.	200,000	—	—	200,000					
The Iyo Bank, Ltd.	100,000	—	—	100,000					
The Ashikaga Bank, Ltd.	70,000	—	—	70,000					
The Tochigi Bank, Ltd.	50,000	—	—	50,000					
The Hiroshima Bank, Ltd.	500,000	—	—	500,000	0.57409	August 31, 2023	Lump-sum repayment on maturity	(Note 5)	Unguaranteed/unsecured
Sumitomo Mitsui Banking Corporation	1,365,000	—	—	1,365,000					
Shinsei Bank, Limited	1,000,000	—	—	1,000,000					
Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
Mizuho Bank, Ltd.	585,000	—	—	585,000	0.61200 (Note 7)	August 31, 2023	Lump-sum repayment on maturity	(Note 5)	Unguaranteed/unsecured
Aozora Bank, Ltd.	500,000	—	—	500,000					
The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000					
Resona Bank, Limited	500,000	—	—	500,000					
The Kiyo Bank, Ltd.	250,000	—	—	250,000					
The Iyo Bank, Ltd.	200,000	—	—	200,000					
Sumitomo Mitsui Banking Corporation	1,365,000	—	—	1,365,000					
Aozora Bank, Ltd.	1,000,000	—	—	1,000,000					
Shinsei Bank, Limited	1,000,000	—	—	1,000,000					
The Nishi-Nippon City Bank, Ltd.	1,000,000	—	—	1,000,000					
The Hiroshima Bank, Ltd.	1,000,000	—	—	1,000,000	0.71580 (Note 7)	August 30, 2024	Lump-sum repayment on maturity	(Note 5)	Unguaranteed/unsecured
Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
Mizuho Bank, Ltd.	585,000	—	—	585,000					
Resona Bank, Limited	500,000	—	—	500,000					
The Kiyo Bank, Ltd.	250,000	—	—	250,000					
The Iyo Bank, Ltd.	100,000	—	—	100,000					
Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000					
Mizuho Bank, Ltd.	700,000	—	—	700,000					
Sumitomo Mitsui Trust Bank, Limited	600,000	—	—	600,000					
Shinsei Bank, Limited	500,000	—	—	500,000					
Resona Bank, Limited	500,000	—	—	500,000					
The Bank of Fukuoka, Ltd.	500,000	—	—	500,000	0.37072	July 29, 2022	Lump-sum repayment on maturity	(Note 6)	Unguaranteed/unsecured
The Nishi-Nippon City Bank, Ltd.	300,000	—	—	300,000					
The Minato Bank, Ltd.	300,000	—	—	300,000					
The Iyo Bank, Ltd.	250,000	—	—	250,000					
Aozora Bank, Ltd.	100,000	—	—	100,000					
The Asahi Shinkin Bank	100,000	—	—	100,000					
The Ashikaga Bank, Ltd.	100,000	—	—	100,000					
Sumitomo Mitsui Banking Corporation	2,200,000	—	—	2,200,000					
Mizuho Bank, Ltd.	1,400,000	—	—	1,400,000					
The Asahi Shinkin Bank	1,300,000	—	—	1,300,000					
Sumitomo Mitsui Trust Bank, Limited	1,200,000	—	—	1,200,000					
Shinsei Bank, Limited	900,000	—	—	900,000	0.76226 (Note 7)	July 31, 2025	Lump-sum repayment on maturity	(Note 6)	Unguaranteed/unsecured
Resona Bank, Limited	800,000	—	—	800,000					
Aozora Bank, Ltd.	800,000	—	—	800,000					
The Nishi-Nippon City Bank, Ltd.	600,000	—	—	600,000					
The Minato Bank, Ltd.	600,000	—	—	600,000					
The Tochigi Bank, Ltd.	150,000	—	—	150,000					
The Ashikaga Bank, Ltd.	100,000	—	—	100,000					

Long-term loans payable



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.

Takashi Sasaki
Designated Engagement Partner
Certified Public Accountant

Takashi Sato
Designated Engagement Partner
Certified Public Accountant

June 21, 2022