

**Invincible** Investment  
Corporation

**Audited Financial Statements**  
**for the 41th Fiscal Period**  
**(from July 1, 2023 to December 31, 2023)**

# INDEX TO FINANCIAL STATEMENTS

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# Independent Auditor's Report

The Board of Directors  
Invincible Investment Corporation

## ***The Audit of the Financial Statements***

### **Opinion**

We have audited the accompanying financial statements of Invincible Investment Corporation (the Company), which comprise the balance sheet as at December 31, 2023, and the statements of income and retained earnings, changes in net assets, and cash flows for the six months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

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

### **Other Information**

Other information comprises the information included in disclosure documents that contain audited financial statements, but does not include the financial statements and our auditor's report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

### **Responsibilities of Management and the Supervisory Director for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing 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 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 in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director 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 the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

## **Convenience Translation**

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended December 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

### ***Fee-related Information***

The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the six months period ended December 31, 2023 are 18,900 thousand yen and 30,742 thousand yen, respectively.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

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

Ernst & Young ShinNihon LLC  
Tokyo, Japan

March 27, 2024

/s/ Natsuki Saiki

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Natsuki Saiki  
Designated Engagement Partner  
Certified Public Accountant

/s/ Teruyo Okubo

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Teruyo Okubo  
Designated Engagement Partner  
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

December 31, 2023

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits (Notes 5 and 16) .....	¥ 18,377,030	¥ 21,956,120	\$ 154,805
Cash and bank deposits in trust (Notes 5 and 16) ..	10,464,171	12,936,394	91,210
Rental receivables .....	5,750,301	4,834,083	34,083
Deposits paid .....	542,947	1,976,184	13,933
Prepaid expenses .....	821,117	1,143,417	8,061
Income taxes receivable.....	15	21	0
Consumption taxes receivable.....	-	2,615,543	18,441
Other .....	397	12,636	89
<b>Total current assets</b> .....	<b>35,955,980</b>	<b>45,474,401</b>	<b>320,626</b>
<b>Non-current assets:</b>			
<b>Property and equipment (Notes 6 and 7):</b>			
Buildings, at cost .....	19,479,753	19,484,168	137,376
Buildings and accompanying facilities, at cost .....	5,311,502	5,311,876	37,452
Structures, at cost.....	1,458	1,458	10
Tools, furniture and fixtures, at cost .....	1,282,552	1,365,816	9,629
Construction in progress.....	720,331	754,330	5,318
Buildings in trust, at cost .....	159,247,341	184,088,728	1,297,953
Buildings and accompanying facilities in trust, at cost .....	33,186,709	40,943,104	288,677
Structures in trust, at cost .....	266,849	281,528	1,984
Tools, furniture and fixtures in trust, at cost .....	3,370,722	3,767,991	26,566
Land in trust .....	241,319,447	264,666,397	1,866,081
Construction in progress in trust.....	25,767	198,056	1,396
Subtotal .....	464,212,436	520,863,459	3,672,449
Less: Accumulated depreciation .....	(47,986,485)	(52,163,284)	(367,787)
<b>Total property and equipment, net</b> .....	<b>416,225,951</b>	<b>468,700,175</b>	<b>3,304,661</b>
<b>Intangible assets:</b>			
Leasehold rights .....	10,637,811	10,637,811	75,003
Leasehold rights in trust .....	14,380,825	17,396,611	122,658
<b>Total intangible assets</b> .....	<b>25,018,637</b>	<b>28,034,422</b>	<b>197,662</b>
<b>Investments and other assets:</b>			
Investment securities (Note 17 and 22).....	17,856,387	17,856,387	125,899
Guarantee deposits .....	1,372,719	1,382,359	9,746
Long-term prepaid expenses .....	290,589	1,825,986	12,874
Derivatives assets (Note 18) .....	9,306	7,877	55
Other .....	22,667	22,667	159
<b>Total investments and other assets</b> .....	<b>19,551,670</b>	<b>21,095,278</b>	<b>148,736</b>
<b>Total non-current assets</b> .....	<b>460,796,259</b>	<b>517,829,876</b>	<b>3,651,060</b>
<b>Deferred assets:</b>			
Investment corporation bond issuance costs.....	67,690	88,783	625
<b>Total deferred assets</b> .....	<b>67,690</b>	<b>88,783</b>	<b>625</b>
<b>TOTAL ASSETS</b> .....	<b>¥ 496,819,930</b>	<b>¥ 563,393,061</b>	<b>\$ 3,972,312</b>

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable .....	¥ 599,562	¥ 800,491	\$ 5,644
Short-term loans payable (Notes 9 and 16) .....	111,453,000	36,520,000	257,491
Current portion of investment corporation bonds (Notes 8 and 16) .....	2,000,000	1,000,000	7,050
Current portion of long-term loans payable (Notes 9 and 16) .....	46,139,000	36,787,000	259,373
Accounts payable-other .....	3,514	6,321	44
Accrued expenses .....	247,903	281,210	1,982
Income taxes payable .....	605	605	4
Consumption taxes payable .....	422,723	-	-
Advances received .....	305,914	305,676	2,155
Deposits received .....	11,663	55,107	388
<b>Total current liabilities</b> .....	<b>161,183,886</b>	<b>75,756,412</b>	<b>534,135</b>
<b>Non-current liabilities:</b>			
Investment corporation bonds (Notes 8 and 16) ..	11,400,000	13,900,000	98,004
Long-term loans payable (Notes 9 and 16) .....	68,198,000	180,893,000	1,275,421
Tenant leasehold and security deposits in trust (Note 16) .....	1,484,328	1,491,055	10,512
Derivatives liabilities (Note 18) .....	495,525	654,369	4,613
Asset retirement obligations (Note 19) .....	34,097	393,202	2,772
<b>Total non-current liabilities</b> .....	<b>81,611,951</b>	<b>197,331,627</b>	<b>1,391,325</b>
<b>TOTAL LIABILITIES</b> .....	<b>242,795,838</b>	<b>273,088,040</b>	<b>1,925,460</b>
<b>NET ASSETS (Note 10)</b>			
<b>Unitholders' equity:</b>			
Unitholders' capital .....	235,701,512	270,101,249	1,904,401
<b>Surplus:</b>			
Capital surplus .....	6,264,432	6,264,432	44,168
Allowance for temporary differences	(6,130)	(6,130)	(43)
Adjustment (Note 4) .....	(6,130)	(6,130)	(43)
Other deduction of capital surplus .....	(5,524,006)	(5,524,006)	(38,948)
Total deduction of capital surplus .....	(5,530,137)	(5,530,137)	(38,991)
Capital surplus (net) .....	734,294	734,294	5,177
<b>Voluntary reserve</b>			
Retained earnings .....	17,583,734	19,690,532	138,831
<b>Total surplus</b> .....	<b>18,318,029</b>	<b>20,424,826</b>	<b>144,009</b>
<b>Total unitholders' equity</b> .....	<b>254,019,541</b>	<b>290,526,075</b>	<b>2,048,410</b>
<b>Valuation and translation adjustments:</b>			
Deferred gains or losses on hedges .....	4,550	(221,054)	(1,558)
<b>Total valuation and translation adjustments</b> .....	<b>4,550</b>	<b>(221,054)</b>	<b>(1,558)</b>
<b>TOTAL NET ASSETS</b> .....	<b>254,024,091</b>	<b>290,305,021</b>	<b>2,046,852</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b>¥ 496,819,930</b>	<b>¥ 563,393,061</b>	<b>\$ 3,972,312</b>

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

INVINCIBLE INVESTMENT CORPORATION  
STATEMENT OF INCOME AND RETAINED EARNINGS  
For the six months ended December 31, 2023

	For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>Operating revenue</b>			
Rental revenue—real estate (Note 12) .....	¥ 12,000,955	¥ 16,696,076	\$ 117,718
Management contract revenue (Note 13) .....	3,914,026	2,123,042	14,968
<b>Total operating revenue</b> .....	<u>15,914,981</u>	<u>18,819,119</u>	<u>132,687</u>
<b>Operating expenses</b>			
Property related expenses (Note 12) .....	4,488,341	5,096,717	35,935
Management contract expenses (Note 13) .....	649,329	734,722	5,180
Asset management fees .....	300,000	300,000	2,115
Directors' compensation .....	4,800	5,200	36
Asset custody fees .....	24,736	27,267	192
Administrative service fees .....	39,162	48,537	342
Other .....	51,871	17,761	125
<b>Total operating expenses</b> .....	<u>5,558,241</u>	<u>6,230,207</u>	<u>43,927</u>
<b>Operating income</b> .....	<u>10,356,739</u>	<u>12,588,912</u>	<u>88,760</u>
<b>Non-operating income</b>			
Interest income .....	100	138	0
Foreign exchange gains .....	178,185	-	-
Other .....	3,821	314	2
<b>Total non-operating income</b> .....	<u>182,107</u>	<u>452</u>	<u>3</u>
<b>Non-operating expenses</b>			
Interest expenses .....	507,601	603,172	4,252
Foreign exchange losses .....	-	76,288	537
Interest expenses on investment corporation bonds .....	33,881	63,059	444
Amortization of investment corporation bond issuance costs .....	7,053	10,839	76
Loan-related costs .....	538,693	620,370	4,374
Loss on derivatives .....	537,269	30,078	212
Investment unit issuance costs .....	-	152,379	1,074
<b>Total non-operating expenses</b> .....	<u>1,624,499</u>	<u>1,556,188</u>	<u>10,972</u>
<b>Ordinary income</b> .....	<u>8,914,347</u>	<u>11,033,176</u>	<u>77,791</u>
<b>Income before income taxes</b> .....	<u>8,914,347</u>	<u>11,033,176</u>	<u>77,791</u>
Income taxes (Note 14):			
Current .....	605	605	4
<b>Total income taxes</b> .....	<u>605</u>	<u>605</u>	<u>4</u>
<b>Net income</b> .....	<u>8,913,742</u>	<u>11,032,571</u>	<u>77,787</u>
<b>Retained earnings / losses brought forward</b> .....	8,669,991	8,657,960	61,044
<b>Unappropriated retained earnings / losses (Note 11)</b> .....	<u>¥ 17,583,734</u>	<u>¥ 19,690,532</u>	<u>\$ 138,831</u>

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





	Unitholders' equity					Capital surplus (net)
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Deduction of capital surplus		Deduction of capital surplus	
Allowance for temporary differences adjustment	Other deduction of capital surplus					
(in thousands of U.S dollars)						
Balance as of July 1, 2023	\$ 1,661,859	\$ 44,168	\$ (43)	\$ (38,948)	\$ (38,991)	\$ 5,177
Changes during the period						
Issuance of new investment units	242,542					
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	242,542	-	-	-	-	-
Balance as of December 31, 2023	\$ 1,904,401	\$ 44,168	\$ (43)	\$ (38,948)	\$ (38,991)	\$ 5,177

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
(in thousands of U.S dollars)						
Balance as of July 1, 2023	\$ 123,977	\$ 129,154	1,791,014	\$ 32	\$ 32	\$ 1,791,046
Changes during the period						
Issuance of new investment units			242,542			242,542
Distributions from surplus	(62,932)	(62,932)	(62,932)			(62,932)
Net income	77,787	77,787	77,787			77,787
Changes other than unitholders' equity (net)				(1,590)	(1,590)	(1,590)
Total changes during the period	14,854	14,854	257,396	(1,590)	(1,590)	255,805
Balance as of December 31, 2023	\$ 138,831	\$ 144,009	\$ 2,048,410	\$ (1,558)	\$ (1,558)	\$ 2,046,852

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

# INVINCIBLE INVESTMENT CORPORATION

## STATEMENT OF CASH FLOWS

For the six months ended December 31, 2023

	For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 8,914,347	¥ 11,033,176	\$ 77,791
Depreciation and amortization	3,746,513	4,217,991	29,739
Investment unit issuance costs	-	152,379	1,074
Amortization of investment corporation bond issuance costs	7,053	10,839	76
Loan-related costs	538,693	620,370	4,374
Interest income	(100)	(138)	(0)
Interest expenses	541,482	666,231	4,697
Foreign exchange losses (gains)	(90)	23	0
Loss (gain) on derivatives	537,269	30,078	212
Decrease (increase) in rental receivables	(905,138)	916,217	6,459
Decrease (increase) in deposits paid	1,160,368	(1,433,237)	(10,105)
Decrease (increase) in receivable income taxes	(1)	(5)	(0)
Decrease (increase) in consumption taxes receivable	-	(3,038,267)	(21,421)
Increase (decrease) in accounts payable	13,731	(3,446)	(24)
Increase (decrease) in consumption taxes payable	51,048	-	-
Increase (decrease) in accrued expenses	(19,097)	8,353	58
Increase (decrease) in advances received	(11,435)	(238)	(1)
Increase (decrease) in deposits received	(1,827)	43,443	306
Other, net	(250,984)	193,803	1,366
Subtotal	14,321,833	13,417,575	94,603
Interest income received	100	138	0
Interest expenses paid	(538,660)	(643,780)	(4,539)
Income taxes paid	(605)	(605)	(4)
Net cash provided by operating activities	13,782,668	12,773,327	90,060
<b>Cash flows from investing activities:</b>			
Proceeds from withdrawal of time deposits	2,000,000	800,000	5,640
Purchases of property and equipment	(62,318)	(122,052)	(860)
Purchases of property and equipment in trust	(965,159)	(55,967,444)	(394,609)
Purchases of leasehold rights in trust	-	(3,055,022)	(21,540)
Repayments of tenant leasehold and security deposits in trust	(30,246)	(33,591)	(236)
Proceeds from tenant leasehold and security deposits in trust	28,873	40,318	284
Payments of tenant leasehold and security deposit	-	(9,640)	(67)
Other, net-investing activities	(46,500)	(95,410)	(672)
Net cash used in investing activities	924,648	(58,442,843)	(412,062)
<b>Cash flows from financing activities:</b>			
Proceeds from short-term loans payable	27,660,000	11,899,000	83,896
Repayments of short-term loans payable	(30,722,000)	(86,832,000)	(612,225)
Proceeds from long-term loans payable	12,317,000	129,686,000	914,376
Repayments of long-term loans payable	(16,062,000)	(26,343,000)	(185,736)
Proceeds from issuance of investment corporation bonds	6,163,101	3,470,368	24,468
Redemption of investment corporation bonds	(1,000,000)	(2,000,000)	(14,101)
Payments for loan-related costs	(473,134)	(2,684,150)	(18,925)
Payments of distributions of earnings	(5,070,967)	(8,922,722)	(62,911)
Proceeds from issuance of investment units	-	34,247,357	241,467
Net cash provided by (used in) financing activities	(7,188,001)	52,520,852	370,308
Effect of exchange rate change on cash and cash equivalents	90	(23)	(0)
Net increase (decrease) in cash and cash equivalents	7,519,406	6,851,312	48,306
Cash and cash equivalents at beginning of period	20,521,796	28,041,202	197,709
Cash and cash equivalents at end of period (Note 6)	¥ 28,041,202	¥ 34,892,514	\$ 246,016

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

# INVINCIBLE INVESTMENT CORPORATION

## NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended December 31, 2023

### 1. Organization

Invincible Investment Corporation (the “Company”), a real estate investment corporation, was incorporated on January 18, 2002, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”) with initial capital of ¥200 million.

The Company is externally managed by a registered asset management company, Consonant Investment Management Co., Ltd. (the “Asset Manager”). The Asset Manager is currently owned 100% by Calliope Godo Kaisha (Calliope). The Company was formed to invest primarily in properties in Japan.

On May 17, 2004, the Company raised ¥3,377,250 thousand through an initial public offering of 9,000 investment units. As a “comprehensive investment REIT focusing on the Tokyo metropolitan area and on residential properties,” the Company was listed on the Osaka Securities Exchange in May 2004.

On February 7, 2005, the Company completed its second public offering of 10,650 investment units at a price of ¥369,734 per unit in connection with a public offering in Japan.

On July 31, 2006, the Company completed its third public offering of 25,000 investment units at a price of ¥332,045 per unit in connection with a public offering in Japan. The Company was listed on the J-REIT market of the Tokyo Stock Exchange in August 2006 (in order to focus trading on one securities exchange and reduce administrative tasks and costs accompanying a duplicate listing, the Company delisted from the Osaka Securities Exchange on October 6, 2007).

Effective on February 1, 2010, the Company executed a five-to-one unit split and 215,596 investment units were issued in connection with the unit split. Effective on the same day, the Company also merged with LCP Investment Corporation (LCP) and allocated 367,200 investment units at a ratio of 4 units (post-unit split) of the Company per one investment unit of LCP. As a result, investment units issued and outstanding were 636,695 units as of February 1, 2010.

On July 29, 2011, the Company completed a third party allotment of 711,597 investment units at a price of ¥9,837 per unit.

On December 20, 2013, the Company completed a third party allotment of 224,887 investment units at a price of ¥13,340 per unit.

On July 16, 2014, the Company completed its fourth public offering totaling 1,040,000 new investment units at a price of ¥21,873 per unit. 527,322 of such units were issued in connection with a Domestic Public Offering, and the remaining 512,678 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On August 13, 2014, the Company issued 55,507 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥23.9 billion were used to repay the Company’s outstanding short term borrowings and in connection with the acquisition of 18 properties during this fiscal period.

On July 15, 2015, the Company completed its fifth public offering totaling 500,000 new investment units at a price of ¥57,817 per unit. 211,250 of such units were issued in connection with a Domestic Public Offering, and the remaining 288,750 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On August 12, 2015, the Company issued 25,000 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥29.3 billion were used to repay the Company’s outstanding long term borrowings and in connection with the acquisition of 14 properties during this fiscal period.

On March 30, 2016, the Company completed its sixth public offering totaling 459,512 new investment units at a price ¥81,217 per unit. 194,144 of such units were issued in connection with a Domestic Public Offering, and the remaining 265,368 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On April 27, 2016, the Company issued 22,626 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥37.9 billion were used to repay the Company’s outstanding long term borrowing and in connection with the acquisition of 6 properties during this fiscal period.

On March 13, 2017, the Company completed its seventh public offering totaling 185,000 new investment units at a price ¥46,897 per unit in connection with Japanese Primary Offering.

On October 12, 2017, the Company completed its eighth public offering totaling 887,959 new investment units at a price ¥44,118 per unit. 515,017 of such units were issued in connection with a Domestic Public Offering, and the remaining 372,942 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On November 1, 2017, the Company issued 44,398 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥39.8 billion were used to repay the Company's outstanding long term borrowing and in connection with the acquisition of 4 properties and 1 preferred security during this fiscal period.

On August 1, 2018, the Company completed its ninth public offering totaling 909,524 new investment units at a price ¥45,776 per unit. 432,024 of such units were issued in connection with a Domestic Public Offering, and the remaining 477,500 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On August 21, 2018, the Company issued 45,476 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥42.2 billion were used to repay the Company's outstanding long term borrowing and in connection with the acquisition of 4 properties and 1 TK investment during this fiscal period.

On July 18, 2019, the Company completed its tenth public offering totaling 409,524 new investment units at a price ¥56,939 per unit. 194,524 of such units were issued in connection with a Domestic Public Offering, and the remaining 215,000 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On August 15, 2019, the Company issued 20,476 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥24.4 billion were used to repay the Company's outstanding long term borrowing and in connection with the acquisition of 18 properties during this fiscal period.

On July 31, 2023, the Company completed its eleventh public offering totaling 609,792 new investment units at a price ¥53,726 per unit. 353,680 of such units were issued in connection with a Domestic Public Offering, and the remaining 256,112 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On August 28, 2023, the Company issued 30,489 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥34.3 billion were used to repay the Company's outstanding long term borrowing and in connection with the acquisition of 6 properties during this fiscal period.

## **2. Summary of Significant Accounting Policies**

### **(a) Basis of Presentation**

The Company maintains its accounts and records in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and other related regulations, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The financial statements are prepared based on the Japanese audited financial statements of the Company, which were prepared in accordance with Japanese GAAP and filed with the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying financial statements, certain information in the notes has been added and certain reclassifications have been made from the financial statements issued domestically for the convenience of the readers outside Japan. The financial statements are not intended to present the financial position and the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Company's fiscal period is a six-month period, which ends at the end of June and December of each year.

Amounts less than ¥1 thousand and US\$1 thousand have been rounded down. As a result, the totals shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual amounts.

The Company does not prepare consolidated financial statements as it has no subsidiaries.

### **(b) Cash and Cash Equivalents**

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid and readily convertible to cash, have a low risk of price fluctuation, and mature within three months from the date of acquisition.

### **(c) Valuation standard and method for shares in an Affiliated Company**

Shares in an Affiliated Company are recorded at cost being determined by the moving average method.

**(d) Valuation standard and method for Claims and obligations from derivative transactions**

Claims and obligations from derivative transactions are evaluated at the market values.

**(e) Property and Equipment**

Property and equipment are recorded at cost. Depreciation of property and equipment, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets as stated below:

	<u>For the six months ended</u>
	<u>December 31, 2023</u>
Buildings .....	16-50
Buildings and accompanying facilities .....	5-29
Structures .....	20
Tools, furniture and fixtures .....	3-18
Buildings in trust .....	5-67
Buildings and accompanying facilities in trust .....	3-33
Structures in trust .....	7-55
Tools, furniture and fixtures in trust .....	3-20

**(f) Intangible Assets**

Amortization of a domestic term leasehold interest for business use is calculated by the straight-line method over the lease term.

**(g) Long-term Prepaid Expenses**

Long-term prepaid expenses are amortized on a straight-line basis.

**(h) Investment corporation bond issuance costs**

Investment corporation bond issuance costs are amortized using the straight-line method over the period through the redemption of the bonds.

**(i) Allowance for Doubtful Accounts**

Allowance for doubtful accounts is provided based on past experience for normal receivables and on a valuation of any receivables from companies and individuals with financial difficulties.

**(j) Conversion of assets and liabilities in foreign currency into Japanese yen**

Receivables and payables denominated in foreign currencies are translated into yen at the exchange rate in effect at the balance sheet date, and differences arising from the translation are included in the statements of income.

**(k) Impairment of Fixed Assets**

An assessment for impairment is carried out on an asset or group of assets, such as fixed assets, intangible assets and investments, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the asset or group of assets is deemed to be impaired, an impairment loss is recognized for the difference between the carrying amount and the recoverable value of the asset or group of assets using the discounted cash flow model.

**(l) Accounting Treatment of Trust Beneficiary Interests in Real Estate Trusts**

For trust beneficiary interests in real estate trusts, which are commonly utilized to obtain ownership in investment properties in Japan and through which the Company holds all of its real estate, all assets and liabilities with respect to assets in trust, as well as all income generated and expenses incurred with respect to assets in trust, are recorded in the relevant accounts of the balance sheet and statement of income and retained earnings of the Company in proportion to the percentage that such trust beneficiary interest represents. Certain material accounts with respect to assets and liabilities in trust are presented separately from other accounts in the balance sheets of the Company.

**(m) Income Taxes**

Deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax basis of assets and liabilities using the applicable statutory tax rate.

**(n) Consumption Taxes**

Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

**(o) Taxes on Property and Equipment**

Property and equipment are subject to various taxes, such as property taxes and urban planning taxes on an annual basis. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and such taxes are imposed on the owner registered in the record as of January 1 of each year based on the assessment made by the local government.

Under the above tax rules, a seller of a property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued tax liabilities and the amount of settlement reflects this adjustment. For the purchaser, a portion of such taxes calculated from the acquisition date to the end of the calendar year is capitalized as a cost of the property in accordance with Japanese GAAP. In subsequent calendar years, taxes paid in each fiscal year are expensed.

Tax on property and equipment capitalized as part of the acquisition cost of properties amounted to ¥59,935 (US\$422) thousand for the six months ended December 31, 2023.

**(p) Revenue Recognition**

The details of main performance obligations concerning revenue generated from contracts between the Company and its customers and the ordinary time to fulfil said performance obligations (ordinary time to recognize revenue) are as follows.

1. Sale of real estate property

Revenue from sale of real estate properties is recorded as revenue when a buyer who is a customer obtains control over a real estate property following the seller's fulfilment of its obligation to hand over the property which is stipulated in the contract associated with the sale of real estate property

**(q) Method of hedge accounting**

1. Method of hedge accounting

Deferred hedge accounting is applied.

2. Hedging instruments and hedged items

Hedging instruments : Interest rate swaps    Hedged items : Interest rates on loans payable

3. Hedging policy

The Company enters into certain derivative transactions in accordance with its financial policy in order to manage risks, which is provided in the Articles of Incorporation.

4. Method for assessing hedge effectiveness

The Company evaluates hedge effectiveness by comparing the cumulative changes in cash flow of hedging instruments and the hedged items and assessing the ratio between the changes.

### **3. U.S. Dollar Amounts**

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes there to represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥141.83 = US\$1, the effective rate of exchange prevailing at December 31, 2023. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended December 31, 2023 is solely for the convenience of readers outside Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, U.S. dollars at that or any other rate.

### **4. Allowance for temporary differences adjustment**

*For the six months ended June 30, 2023*

On the Balance Sheet, there are the increase and decrease of allowance for temporary differences adjustment.

**(a). Reason, related assets and amounts**

(in thousands of yen)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	¥(131,332)	¥(6,130)	-	-	¥(6,130)	-
Total		¥(131,332)	¥(6,130)	-	-	¥(6,130)	

**(b). Method of reversal**

(i) Leasehold rights in trust

Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed.

*For the six months ended December 31, 2023*

On the Balance Sheet, there are the increase and decrease of allowance for temporary differences adjustment.

**(a). Reason, related assets and amounts**

(in thousands of yen)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	¥(131,332)	¥(6,130)	-	-	¥(6,130)	-
Total		¥(131,332)	¥(6,130)	-	-	¥(6,130)	

(in thousands of U.S dollars)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	\$ (925)	\$ (43)	-	-	\$ (43)	-
Total		\$ (925)	\$ (43)	-	-	\$ (43)	



## (b). Method of reversal

(i) Leasehold rights in trust

Upon the sale of the relevant properties, the corresponding amount is scheduled to be reversed.

## 5. Cash and Cash Equivalents

Cash and cash equivalents shown in the statements of cash flows consist of the following balance sheet items.

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits .....	¥ 18,377,030	¥ 21,956,120	\$ 154,805
Cash and bank deposits in trust .....	¥ 10,464,171	¥ 12,936,394	\$ 91,210
Time deposits with maturities of more than three months .....	¥ (800,000)	¥ -	\$ -
Cash and cash equivalents .....	¥ 28,041,202	¥ 34,892,514	\$ 246,016

## 6. Property and Equipment

The following tables show the summary of movement in property and equipment For the six months ended December 31, 2023.

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of yen)						
Buildings .....	¥ 19,479,753	¥ 4,415	¥ -	¥ 19,484,168	¥ 2,026,919	¥ 219,311	¥ 17,457,249
Buildings and accompanying facilities .....	5,311,502	374	-	5,311,876	1,413,713	153,541	3,898,162
Structures .....	1,458	-	-	1,458	249	32	1,209
Tools, furniture and fixtures .....	1,282,552	83,264	-	1,365,816	543,189	69,038	822,627
Leasehold rights .....	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress .....	720,331	37,398	3,399	754,330	-	-	754,330
Buildings in trust .....	159,247,341	24,841,387	-	184,088,728	31,362,709	2,501,589	152,726,019
Buildings and accompanying facilities in trust .....	33,186,709	7,756,395	-	40,943,104	14,493,714	1,021,003	26,449,389
Structures in trust .....	266,849	14,678	-	281,528	121,916	6,728	159,611
Tools, furniture and fixtures in trust .....	3,370,722	397,269	-	3,767,991	2,200,871	205,552	1,567,120
Land in trust .....	241,319,447	23,346,950	-	264,666,397	-	-	264,666,397
Leasehold rights in trust .....	14,934,534	3,055,022	-	17,989,557	592,946	39,237	17,396,611
Construction in progress in trust .....	25,767	198,056	25,767	198,056	-	-	198,056
Total .....	¥ 489,784,783	¥ 59,735,212	¥ 29,167	¥ 549,490,828	¥ 52,756,230	¥ 4,216,035	¥ 496,734,598

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S dollars)						
Buildings .....	\$ 137,345	\$ 31	\$ -	\$ 137,376	\$ 14,291	\$ 1,546	\$ 123,085
Buildings and accompanying facilities .....	37,449	2	-	37,452	9,967	1,082	27,484
Structures .....	10	-	-	10	1	-	8
Tools, furniture and fixtures .....	9,042	587	-	9,629	3,829	486	5,800
Leasehold rights .....	75,003	-	-	75,003	-	-	75,003
Construction in progress .....	5,078	263	23	5,318	-	-	5,318
Buildings in trust .....	1,122,804	175,149	-	1,297,953	221,128	17,637	1,076,824
Buildings and accompanying facilities in trust .....	233,989	54,687	-	288,677	102,190	7,198	186,486
Structures in trust .....	1,881	103	-	1,984	859	47	1,125
Tools, furniture and fixtures in trust .....	23,765	2,801	-	26,566	15,517	1,449	11,049
Land in trust .....	1,701,469	164,612	-	1,866,081	-	-	1,866,081
Leasehold rights in trust .....	105,298	21,540	-	126,838	4,180	276	122,658
Construction in progress in trust .....	181	1,396	181	1,396	-	-	1,396
Total .....	\$ 3,453,322	\$ 421,174	\$ 205	\$ 3,874,291	\$ 371,968	\$ 29,725	\$ 3,502,323

## 7. Fair Value of Investment and Rental Properties

The following tables show the net book value and the fair value of the investment and rental properties in the aggregate For the six months ended June 30, 2023 and December 31, 2023.

### Residential

	As of / For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 34,383,500	¥ 34,210,779	\$ 241,209
Net increase (decrease) during period	(172,720)	(124,698)	(879)
Balance at the end of period	34,210,779	34,086,080	240,330
Fair value	¥ 48,017,000	¥ 48,229,000	\$ 340,047

### Retail facilities

	As of / For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 1,605,322	¥ 1,588,724	\$ 11,201
Net increase (decrease) during period	(16,598)	3,999	28
Balance at the end of period	1,588,724	1,592,723	11,229
Fair value	¥ 2,380,000	¥ 2,380,000	\$ 16,780

### Hotel

	As of / For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 407,302,979	¥ 404,698,985	\$ 2,853,408
Net increase (decrease) during period	(2,603,993)	55,404,420	390,639
Balance at the end of period	404,698,985	460,103,406	3,244,048
Fair value	¥ 510,566,211	¥ 578,432,474	\$ 4,078,350

### Total

	As of / For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 443,291,801	¥ 440,498,489	\$ 3,105,820
Net increase (decrease) during period	(2,793,312)	55,283,722	389,788
Balance at the end of period	440,498,489	495,782,211	3,495,608
Fair value	¥ 560,963,211	¥ 629,041,474	\$ 4,435,179

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers.
2. For rental revenues and expenses For the six months ended June 30, 2023 and December 31, 2023, please refer to "Note 12: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

## 8. Investment corporation bonds

The following table shows the details of investment corporation bonds For the six months ended December 31, 2023.

For the six months ended December 31, 2023

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	(in thousands of yen)		(in thousands of U.S. dollars)		
2nd unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2028) (1)(2)	1,000,000	1,000,000	7,050	7,050	0.800
3rd unsecured investment corporation bond (Issued on October 12, 2018 and due on October 12, 2023) (1)(3)	2,000,000	-	14,101	-	0.550
4th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 28, 2024) (1)(4)	1,000,000	1,000,000	7,050	7,050	0.480
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(4)	2,000,000	2,000,000	14,101	14,101	0.900
6th unsecured investment corporation bond (Issued on March 13, 2020 and due on March 13, 2030) (1)(3)	1,200,000	1,200,000	8,460	8,460	0.850
7th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2026) (1)(5)	5,000,000	5,000,000	35,253	35,253	1.000
8th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2028) (1)(5)	1,200,000	1,200,000	8,460	8,460	1.200
9th unsecured investment corporation bond (Issued on September 21, 2023 and due on September 21, 2028) (1)(5)	-	1,700,000	-	11,986	1.200
10th unsecured investment corporation bond (Issued on December 14, 2023 and due on December 14, 2028) (1)(5)	-	1,800,000	-	12,691	1.297
<b>Total investment corporation bonds</b>	<b>13,400,000</b>	<b>14,900,000</b>	<b>94,479</b>	<b>105,055</b>	

Notes:

- (1) The bonds were issued with pari passu conditions among specified investment corporation bonds.
- (2) The funds are mainly used to acquire properties in trust.
- (3) The funds are mainly used to repay existing borrowing.
- (4) The funds are mainly used for capital expenditures
- (5) The funds are mainly used to redeem investment corporation bonds and repay existing borrowing.
- (6) Repayment schedule of investment corporation bonds for the next five years after each balance sheet date are as follows:

	As of	
	December 31, 2023 (in thousands of yen)	December 31, 2023 (in thousands of U.S. dollars)
Within 1 year .....	¥ 1,000,000	\$ 7,050
1-2 years .....	-	-
2-3 years .....	5,000,000	35,253
3-4 years .....	-	-
4-5 years .....	5,700,000	40,188

## 9. Loans Payable

The following table shows the details of loans payable For the six months ended December 31, 2023.

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Mizuho Bank, Ltd.	11,643,000	-	11,643,000	-	82,091	-	82,091	-	0.295	19-Jul-23	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	11,567,000	-	11,567,000	-	81,555	-	81,555	-	0.295	19-Jul-23		
	Sumitomo Mitsui Banking Corporation	9,203,000	-	9,203,000	-	64,887	-	64,887	-	0.295	19-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	4,450,000	-	4,450,000	-	31,375	-	31,375	-	0.295	19-Jul-23		
	Citibank, N.A., Tokyo Branch	5,120,000	-	5,120,000	-	36,099	-	36,099	-	0.295	19-Jul-23		
	SBI Shinsei Bank, Limited	5,513,000	-	5,513,000	-	38,870	-	38,870	-	0.295	19-Jul-23		
	Development Bank of Japan Inc.	666,000	-	666,000	-	4,695	-	4,695	-	0.295	19-Jul-23		
	Resona Bank, Limited.	1,335,000	-	1,335,000	-	9,412	-	9,412	-	0.295	19-Jul-23		
	The Ogaki Kyoritsu Bank, Ltd.	187,000	-	187,000	-	1,318	-	1,318	-	0.295	19-Jul-23		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	3,000,000	-	21,152	-	21,152	-	0.295	14-Sep-23		
	Mizuho Bank, Ltd.	3,287,000	-	3,287,000	-	23,175	-	23,175	-	0.295	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	2,600,000	-	18,331	-	18,331	-	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	3,287,000	-	23,175	-	23,175	-	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	1,000,000	-	7,050	-	7,050	-	0.295	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	667,000	-	4,702	-	4,702	-	0.295	26-Sep-23		
	SBI Shinsei Bank, Limited	833,000	-	833,000	-	5,873	-	5,873	-	0.295	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	500,000	-	3,525	-	3,525	-	0.295	26-Sep-23		
	Resona Bank, Limited.	445,000	-	445,000	-	3,137	-	3,137	-	0.295	26-Sep-23		
The Nomura Trust and Banking Co., Ltd.	590,000	-	590,000	-	4,159	-	4,159	-	0.295	26-Sep-23			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Mizuho Bank, Ltd.	2,850,000	-	2,850,000	-	20,094	-	20,094	-	0.295	26-Sep-23	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	2,133,000	-	2,133,000	-	15,039	-	15,039	-	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	2,521,500	-	17,778	-	17,778	-	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,328,500	-	1,328,500	-	9,366	-	9,366	-	0.295	26-Sep-23		
	SBI Shinsei Bank, Limited	1,244,000	-	1,244,000	-	8,771	-	8,771	-	0.295	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	500,000	-	3,525	-	3,525	-	0.295	26-Sep-23		
	Resona Bank, Limited.	442,000	-	442,000	-	3,116	-	3,116	-	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	500,000	-	500,000	-	3,525	-	3,525	-	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	500,000	-	500,000	-	3,525	-	3,525	-	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	500,000	-	3,525	-	3,525	-	0.295	26-Sep-23		
	Citibank, N.A., Tokyo Branch	355,000	-	355,000	-	2,502	-	2,502	-	0.295	26-Sep-23		
	SBI Shinsei Bank, Limited	355,000	-	355,000	-	2,502	-	2,502	-	0.295	26-Sep-23		
	Development Bank of Japan Inc.	1,500,000	-	1,500,000	-	10,576	-	10,576	-	0.295	26-Sep-23		
	Resona Bank, Limited.	333,000	-	333,000	-	2,347	-	2,347	-	0.295	26-Sep-23		
	The Bank of Fukuoka, Ltd.	300,000	-	300,000	-	2,115	-	2,115	-	0.295	26-Sep-23		
	Citibank, N.A., Tokyo Branch	1,256,000	-	1,256,000	-	8,855	-	8,855	-	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	4,321,000	-	4,321,000	-	30,466	-	30,466	-	0.306	29-Nov-23		
	Mizuho Bank, Ltd.	1,656,400	-	-	1,656,400	11,678	-	-	11,678	0.315	16-Jan-24		
MUFG Bank, Ltd.	2,451,800	-	-	2,451,800	17,286	-	-	17,286	0.315	16-Jan-24			
Sumitomo Mitsui Banking Corporation	2,318,200	-	-	2,318,200	16,344	-	-	16,344	0.315	16-Jan-24			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	1,312,600	-	-	1,312,600	9,254	-	-	9,254	0.315	16-Jan-24	(2)	Unsecured and unguaranteed
	Citibank, N.A., Tokyo Branch	1,500,000	-	-	1,500,000	10,576	-	-	10,576	0.315	16-Jan-24		
	SBI Shinsei Bank, Limited	169,000	-	-	169,000	1,191	-	-	1,191	0.315	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,115	-	-	2,115	0.315	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	4,230	-	-	4,230	0.315	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	705	-	-	705	0.315	16-Jan-24		
	MUFG Bank, Ltd.	1,700,000	-	-	1,700,000	11,986	-	-	11,986	0.315	24-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	6,800,000	-	-	6,800,000	47,944	-	-	47,944	0.315	24-Jan-24		
	Mizuho Bank, Ltd.	333,000	-	-	333,000	2,347	-	-	2,347	0.315	14-Mar-24		
	MUFG Bank, Ltd.	148,000	-	-	148,000	1,043	-	-	1,043	0.315	14-Mar-24		
	Sumitomo Mitsui Trust Bank, Limited	254,000	-	-	254,000	1,790	-	-	1,790	0.315	14-Mar-24		
	SBI Shinsei Bank, Limited	281,000	-	-	281,000	1,981	-	-	1,981	0.315	14-Mar-24		
	Development Bank of Japan Inc.	100,000	-	-	100,000	705	-	-	705	0.315	14-Mar-24		
	The Nomura Trust and Banking Co., Ltd.	700,000	-	-	700,000	4,935	-	-	4,935	0.315	14-Mar-24		
	The Shizuoka Bank, Ltd.	1,845,000	-	-	1,845,000	13,008	-	-	13,008	0.315	14-Mar-24		
	The Bank of Fukuoka, Ltd.	858,000	-	-	858,000	6,049	-	-	6,049	0.315	14-Mar-24		
	MUFG Bank, Ltd.	85,000	-	-	85,000	599	-	-	599	0.315	14-Mar-24		
	Sumitomo Mitsui Trust Bank, Limited	109,000	-	-	109,000	768	-	-	768	0.315	14-Mar-24		
	SBI Shinsei Bank, Limited	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.315	27-Jun-24		
SBI Shinsei Bank, Limited	-	5,513,000	-	5,513,000	-	38,870	-	38,870	0.265	16-Jul-24			

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Resona Bank, Limited.	-	1,335,000	-	1,335,000	-	9,412	-	9,412	0.265	16-Jul-24		
	Mizuho Bank, Ltd.	-	960,400	-	960,400	-	6,771	-	6,771	0.265	01-Aug-24		
	MUFG Bank, Ltd.	-	742,000	-	742,000	-	5,231	-	5,231	0.265	01-Aug-24		
	Sumitomo Mitsui Banking Corporation	-	728,900	-	728,900	-	5,139	-	5,139	0.265	01-Aug-24		
	Sumitomo Mitsui Trust Bank, Limited	-	654,700	-	654,700	-	4,616	-	4,616	0.265	01-Aug-24		
	Resona Bank, Limited.	-	1,665,000	-	1,665,000	-	11,739	-	11,739	0.265	16-Jul-24		
	The Bank of Fukuoka, Ltd.	-	300,000	-	300,000	-	2,115	-	2,115	0.265	16-Jul-24		
	Total short-term loans payable	111,453,000	11,899,000	86,832,000	36,520,000	785,821	83,896	612,225	257,491				
Long-term loans payable	Mizuho Bank, Ltd.	1,250,000	-	1,250,000	-	8,813	-	8,813	-	0.765	13-Oct-23	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	1,065,000	-	7,508	-	7,508	-	0.765	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	1,250,000	-	8,813	-	8,813	-	0.765	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	8,813	-	-	8,813	0.865	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	7,473	-	-	7,473	0.865	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	8,813	-	-	8,813	0.865	11-Oct-24		
	Mizuho Bank, Ltd.	2,442,000	-	2,442,000	-	17,217	-	17,217	-	0.545	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	2,220,000	-	15,652	-	15,652	-	0.545	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	1,997,000	-	14,080	-	14,080	-	0.545	14-Jul-23		
	SBI Shinsai Bank, Limited	1,110,000	-	1,110,000	-	7,826	-	7,826	-	0.545	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	7,050	-	7,050	-	0.545	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	890,000	-	6,275	-	6,275	-	0.545	14-Jul-23		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	3,287,500	-	3,287,500	-	23,179	-	23,179	-	0.545	26-Sep-23	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	3,287,500	-	3,287,500	-	23,179	-	23,179	-	0.545	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	2,600,000	-	18,331	-	18,331	-	0.545	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	1,000,000	-	7,050	-	7,050	-	0.545	26-Sep-23		
	SBI Shinsai Bank, Limited	833,000	-	833,000	-	5,873	-	5,873	-	0.545	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	667,000	-	4,702	-	4,702	-	0.545	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	500,000	-	3,525	-	3,525	-	0.545	26-Sep-23		
	Resona Bank, Limited.	445,000	-	445,000	-	3,137	-	3,137	-	0.545	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	166,000	-	1,170	-	1,170	-	0.545	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	333,000	-	2,347	-	2,347	-	0.545	26-Sep-23		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.594	29-Mar-24		
	THE NISHI-NIPPON CITY BANK, LTD.	921,000	-	-	921,000	6,493	-	-	6,493	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	480,000	-	-	480,000	3,384	-	-	3,384	0.594	29-Mar-24		
	Kinoshita Bank, Ltd.	961,000	-	-	961,000	6,775	-	-	6,775	0.865	29-Mar-29		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	4,028	-	-	4,028	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,327	-	-	10,327	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,385	-	-	9,385	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,432	-	-	4,432	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.499	16-Jan-24		
	SBI Shinsai Bank, Limited	200,000	-	-	200,000	1,410	-	-	1,410	0.499	16-Jan-24		



Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Resona Bank, Limited.	600,000	-	-	600,000	4,230	-	-	4,230	0.499	16-Jan-24	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	8,259	-	-	8,259	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,327	-	-	10,327	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,385	-	-	9,385	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,432	-	-	4,432	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.563	16-Jul-24		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,410	-	-	1,410	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	15,309	-	-	15,309	0.615	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,327	-	-	10,327	0.615	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,385	-	-	9,385	0.615	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,432	-	-	4,432	0.615	16-Jan-25		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,410	-	-	1,410	0.615	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	15,302	-	-	15,302	0.765	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,327	-	-	10,327	0.765	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,385	-	-	9,385	0.765	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,432	-	-	4,432	0.765	16-Jul-25		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,410	-	-	1,410	0.765	16-Jul-25		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	5,020	-	-	5,020	0.525	16-Jan-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,951	-	-	6,951	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,951	-	-	6,951	0.525	16-Jan-24		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,822	-	-	4,822	0.525	16-Jan-24	(2)	Unsecured and unguaranteed
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,525	-	-	3,525	0.525	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,115	-	-	2,115	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,115	-	-	2,115	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	705	-	-	705	0.525	16-Jan-24		
	Aozora Bank, Ltd.	237,000	-	-	237,000	1,671	-	-	1,671	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	5,020	-	-	5,020	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,951	-	-	6,951	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,951	-	-	6,951	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,822	-	-	4,822	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,525	-	-	3,525	0.580	16-Jul-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,115	-	-	2,115	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,115	-	-	2,115	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	705	-	-	705	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,644	-	-	2,644	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	8,545	-	-	8,545	0.615	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,951	-	-	6,951	0.615	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,951	-	-	6,951	0.615	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,822	-	-	4,822	0.615	16-Jan-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,115	-	-	2,115	0.615	16-Jan-25		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	AEON Bank, Ltd.	300,000	-	-	300,000	2,115	-	-	2,115	0.615	16-Jan-25	(2)	Unsecured and unguarante ed
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	705	-	-	705	0.615	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,644	-	-	2,644	0.615	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	8,538	-	-	8,538	0.765	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,951	-	-	6,951	0.765	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,951	-	-	6,951	0.765	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,822	-	-	4,822	0.765	16-Jul-25		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,115	-	-	2,115	0.765	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,115	-	-	2,115	0.765	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	705	-	-	705	0.765	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,644	-	-	2,644	0.765	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	4,935	-	-	4,935	0.765	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	20,320	-	-	20,320	0.462	16-Jan-24		
	Sai ju Sai Bank, Ltd.	662,000	-	-	662,000	4,667	-	-	4,667	0.462	16-Jan-24		
	Sai ju Sai Bank, Ltd.	1,700,000	-	-	1,700,000	11,986	-	-	11,986	0.486	15-Apr-24		
	Sai ju Sai Bank, Ltd.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.615	15-Apr-25		
	THE NISHI-NI PPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.765	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	21,504	-	-	21,504	0.643	06-Jan-25		
	Moniji Bank, Ltd.	961,000	-	-	961,000	6,775	-	-	6,775	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	480,000	-	-	480,000	3,384	-	-	3,384	0.643	06-Jan-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	634,000	-	-	634,000	4,470	-	-	4,470	0.487	16-Mar-25	(2)	Unsecured and unguaranteed
	Resona Bank, Limited.	300,000	-	-	300,000	2,115	-	-	2,115	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,347	-	-	2,347	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,347	-	-	2,347	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,410	-	-	1,410	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	411,000	-	-	411,000	2,897	-	-	2,897	0.487	16-Mar-25		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	4,103	-	-	4,103	0.565	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	4,427	-	-	4,427	0.565	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	7,685	-	-	7,685	0.565	16-Mar-25		
	SBI Shinsai Bank, Limited	570,000	-	-	570,000	4,018	-	-	4,018	0.565	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	3,525	-	-	3,525	0.565	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	1,903	-	-	1,903	0.565	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.565	16-Mar-25		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	1,903	-	-	1,903	0.565	16-Mar-25		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	3,525	-	-	3,525	0.565	16-Mar-25		
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	3,877	-	-	3,877	0.565	16-Mar-25		
	The Chuojo Bank, Ltd.	961,000	-	-	961,000	6,775	-	-	6,775	0.565	16-Mar-25		
	The Tokyo Star Bank, Limited	1,582,000	-	-	1,582,000	11,154	-	-	11,154	0.415	20-Jul-24		
The Tokyo Star Bank, Limited	600,000	-	-	600,000	4,230	-	-	4,230	0.415	20-Jul-25			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Tokyo Star Bank, Limited	1,190,000	-	-	1,190,000	8,390	-	-	8,390	0.565	13-Oct-27	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	-	1,550,000	10,928	-	-	10,928	0.315	24-Jan-24		
	Mizuho Bank, Ltd.	3,001,500	-	-	3,001,500	21,162	-	-	21,162	0.712	14-Mar-26		
	MUFG Bank, Ltd.	1,326,000	-	-	1,326,000	9,349	-	-	9,349	0.712	14-Mar-26		
	Sumitomo Mitsui Trust Bank, Limited	2,293,500	-	-	2,293,500	16,170	-	-	16,170	0.712	14-Mar-26		
	Development Bank of Japan Inc.	900,000	-	-	900,000	6,345	-	-	6,345	0.712	14-Mar-26		
	MUFG Bank, Ltd.	765,000	-	-	765,000	5,393	-	-	5,393	0.707	14-Mar-26		
	The Chiba Bank, Ltd. (4)	981,000	-	-	981,000	6,916	-	-	6,916	0.707	14-Mar-26		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	7,050	-	-	7,050	0.380	19-Jun-26		
	MUFG Bank, Ltd.	500,000	-	-	500,000	3,525	-	-	3,525	0.380	27-Jun-26		
	SBI Shinsei Bank, Limited	-	1,110,000	-	1,110,000	-	7,826	-	7,826	0.265	16-Jul-24		
	Mizuho Bank, Ltd.	-	1,221,000	-	1,221,000	-	8,608	-	8,608	0.691	16-Jul-26		
	MUFG Bank, Ltd.	-	1,110,000	-	1,110,000	-	7,826	-	7,826	0.691	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	-	998,500	-	998,500	-	7,040	-	7,040	0.691	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	-	445,000	-	445,000	-	3,137	-	3,137	0.691	16-Jul-26		
	Mizuho Bank, Ltd.	-	5,821,500	-	5,821,500	-	41,045	-	41,045	0.696	16-Jul-26		
	MUFG Bank, Ltd.	-	5,783,500	-	5,783,500	-	40,777	-	40,777	0.696	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	-	4,601,500	-	4,601,500	-	32,443	-	32,443	0.696	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	-	2,225,000	-	2,225,000	-	15,687	-	15,687	0.696	16-Jul-26		
	Development Bank of Japan Inc.	-	333,000	-	333,000	-	2,347	-	2,347	0.696	16-Jul-26		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Oyaki Kyoritsu Bank, Ltd.	-	93,500	-	93,500	-	659	-	659	0.696	16-Jul-26	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	-	1,221,000	-	1,221,000	-	8,608	-	8,608	0.580	14-Jul-28		
	MUFG Bank, Ltd.	-	1,110,000	-	1,110,000	-	7,826	-	7,826	0.580	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	998,500	-	998,500	-	7,040	-	7,040	0.580	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	-	445,000	-	445,000	-	3,137	-	3,137	0.580	14-Jul-28		
	Mizuho Bank, Ltd.	-	5,821,500	-	5,821,500	-	41,045	-	41,045	0.580	14-Jul-28		
	MUFG Bank, Ltd.	-	5,783,500	-	5,783,500	-	40,777	-	40,777	0.580	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	4,601,500	-	4,601,500	-	32,443	-	32,443	0.580	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	-	2,225,000	-	2,225,000	-	15,687	-	15,687	0.580	14-Jul-28		
	Development Bank of Japan Inc.	-	333,000	-	333,000	-	2,347	-	2,347	0.580	14-Jul-28		
	The Oyaki Kyoritsu Bank, Ltd.	-	93,500	-	93,500	-	659	-	659	0.580	14-Jul-28		
	Mizuho Bank, Ltd.	-	296,800	-	296,800	-	2,092	-	2,092	0.365	16-Jul-26		
	MUFG Bank, Ltd.	-	227,700	-	227,700	-	1,605	-	1,605	0.365	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	-	224,100	-	224,100	-	1,580	-	1,580	0.365	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	-	203,000	-	203,000	-	1,431	-	1,431	0.365	16-Jul-26		
	Mizuho Bank, Ltd.	-	1,519,600	-	1,519,600	-	10,714	-	10,714	0.365	16-Jul-26		
	MUFG Bank, Ltd.	-	1,165,900	-	1,165,900	-	8,220	-	8,220	0.365	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	-	1,147,300	-	1,147,300	-	8,089	-	8,089	0.365	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	-	1,039,500	-	1,039,500	-	7,329	-	7,329	0.365	16-Jul-26		
	Development Bank of Japan Inc.	-	296,100	-	296,100	-	2,087	-	2,087	0.365	16-Jul-26		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	-	2,454,000	-	2,454,000	-	17,302	-	17,302	0.691	16-Jul-26	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	-	1,784,600	-	1,784,600	-	12,582	-	12,582	0.691	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	-	1,784,600	-	1,784,600	-	12,582	-	12,582	0.691	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	-	1,586,300	-	1,586,300	-	11,184	-	11,184	0.691	16-Jul-26		
	The Tokyo Star Bank, Limited	-	793,100	-	793,100	-	5,591	-	5,591	0.691	16-Jul-26		
	Aozora Bank, Ltd.	-	793,100	-	793,100	-	5,591	-	5,591	0.691	16-Jul-26		
	Mizuho Bank, Ltd.	-	3,681,000	-	3,681,000	-	25,953	-	25,953	1.069	14-Jul-28		
	MUFG Bank, Ltd.	-	2,677,000	-	2,677,000	-	18,874	-	18,874	1.069	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	2,677,000	-	2,677,000	-	18,874	-	18,874	1.069	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	-	2,379,500	-	2,379,500	-	16,777	-	16,777	1.069	14-Jul-28		
	Development Bank of Japan Inc.	-	2,974,400	-	2,974,400	-	20,971	-	20,971	1.069	14-Jul-28		
	The Tokyo Star Bank, Limited	-	1,189,700	-	1,189,700	-	8,388	-	8,388	1.069	14-Jul-28		
	Aozora Bank, Ltd.	-	1,189,700	-	1,189,700	-	8,388	-	8,388	1.069	14-Jul-28		
	The Oryoku Kyoritsu Bank, Ltd.	-	806,000	-	806,000	-	5,682	-	5,682	1.069	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	3,000,000	-	3,000,000	-	21,152	-	21,152	0.879	16-Jul-27		
	Mizuho Bank, Ltd.	-	6,947,000	-	6,947,000	-	48,981	-	48,981	0.894	16-Jul-27		
	MUFG Bank, Ltd.	-	5,133,100	-	5,133,100	-	36,191	-	36,191	0.894	16-Jul-27		
	Sumitomo Mitsui Banking Corporation	-	6,717,200	-	6,717,200	-	47,360	-	47,360	0.894	16-Jul-27		
	Sumitomo Mitsui Trust Bank, Limited	-	2,679,950	-	2,679,950	-	18,895	-	18,895	0.894	16-Jul-27		
	Development Bank of Japan Inc.	-	2,100,000	-	2,100,000	-	14,806	-	14,806	0.894	16-Jul-27		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Nomura Trust and Banking Co., Ltd.	-	756,000	-	756,000	-	5,330	-	5,330	0.894	16-Jul-27	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	-	875,000	-	875,000	-	6,169	-	6,169	0.879	16-Jul-27		
	Sumitomo Mitsui Banking Corporation	-	875,000	-	875,000	-	6,169	-	6,169	0.879	16-Jul-27		
	Sumitomo Mitsui Trust Bank, Limited	-	745,500	-	745,500	-	5,256	-	5,256	0.879	16-Jul-27		
	Mizuho Bank, Ltd.	-	2,977,500	-	2,977,500	-	20,993	-	20,993	0.580	16-Jul-28		
	MUFG Bank, Ltd.	-	2,199,900	-	2,199,900	-	15,510	-	15,510	0.580	16-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	2,878,800	-	2,878,800	-	20,297	-	20,297	0.580	16-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	-	1,148,550	-	1,148,550	-	8,098	-	8,098	0.580	16-Jul-28		
	Development Bank of Japan Inc.	-	900,000	-	900,000	-	6,345	-	6,345	0.580	16-Jul-28		
	Mizuho Bank, Ltd.	-	375,000	-	375,000	-	2,644	-	2,644	0.580	16-Jul-28		
	Sumitomo Mitsui Banking Corporation	-	375,000	-	375,000	-	2,644	-	2,644	0.580	16-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	-	319,500	-	319,500	-	2,252	-	2,252	0.580	16-Jul-28		
	SBI Shinsei Bank, Limited	-	3,197,000	-	3,197,000	-	22,541	-	22,541	0.691	16-Jul-26		
	The Tokyo Star Bank, Limited	-	1,900,000	-	1,900,000	-	13,396	-	13,396	1.054	14-Jul-28		
	Mizuho Bank, Ltd.	-	4,321,000	-	4,321,000	-	30,466	-	30,466	0.680	29-Nov-29		
Total long-term loans payable	114,337,000	129,686,000	26,343,000	217,680,000	806,155	914,376	185,736	1,534,795					
Total loans payable	225,790,000	141,585,000	113,175,000	254,200,000	1,591,976	998,272	797,962	1,792,286					

Notes:

- (1) The average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to three decimal places.
- (2) The funds are mainly used to acquire properties in trust and for repayment of loans payable.
- (3) Long-term loans payable include current portion.
- (4) Sumitomo Mitsui Trust Bank, Limited transferred credits to The Chiba Bank, Ltd.
- (5) Repayment schedule of long-term loans payable for the next five years after each balance sheet date are as follows:



	As of	
	December 31, 2023	December 31, 2023
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ 36,787,000	\$ 259,373
1-2 years.....	39,399,000	277,790
2-3 years.....	51,912,200	366,017
3-4 years.....	31,018,750	218,703
4-5 years.....	53,281,050	375,668

## 10. Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50,000 thousand (US\$352 thousand) as required by Article 67-4 of the Investment Trust Act.

The number of investment units authorized was 10,000,000 units as of June 30, 2023 and December 31, 2023.

The number of investment units issued and outstanding were 6,096,840 units and 6,732,039 units as of June 30, 2023 and December 31, 2023, respectively.

## 11. Appropriation of Retained Earnings

In accordance with the distribution policy in Article 17, Paragraph 1, of the Company's articles of incorporation which stipulates making distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period.

The following table shows the appropriation of retained earnings For the six months ended June 30, 2023 and December 31, 2023.

	For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 17,583,734	¥ 19,690,532	\$ 138,831
Distributions .....	(8,925,773)	(11,048,878)	(77,902)
Retained earnings / losses carried forward.....	¥ 8,657,960	¥ 8,641,653	\$ 60,929

The distribution in respect of the six months ended December 31, 2023 of ¥1,640 (US\$11.5) per investment unit, amounting to a total distribution of ¥11,048,878 thousand (US\$77,902 thousand) was proposed and approved at the Board of Directors meeting on February 26, 2024. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥1,464 and ¥1,640 (US\$11.5) For the six months ended June 30, 2023 and December 31, 2023, respectively.

Notes related to provision and reversal of allowance for temporary differences adjustment is below.

*For the six months ended June 30, 2023*

Not Applicable

*For the six months ended December 31, 2023*

Not Applicable

## 12. Rent Revenues — Real Estate and Expenses Related to Property Rental Business

Rent revenue – real estate and expenses related to property rental business For the six months ended June 30, 2023 and December 31, 2023, consist of the following:

	For the six months ended	
	June 30,	December 31,

	2023		2023		2023	
	(in thousands of yen)				(in thousands of U.S. dollars)	
Rental revenue – real estate:						
Rental revenue and common area charges (*)	¥	11,729,696	¥	16,536,797	\$	116,595
Other		271,259		159,279		1,123
Total rental revenue – real estate	¥	12,000,955	¥	16,696,076	\$	117,718
Expenses related to property rental business:						
Facility management fees	¥	445,723	¥	438,212	\$	3,089
Property related taxes		596,132		754,133		5,317
Insurance expense		20,475		23,534		165
Depreciation		3,311,017		3,776,448		26,626
Other		114,992		104,388		736
Total expenses related to property rental business	¥	4,488,341	¥	5,096,717	\$	35,935
Operating income from property leasing activities	¥	7,512,613	¥	11,599,359	\$	81,783
(*)Variable rental revenue of hotels	¥	4,615,327	¥	7,441,452	\$	52,467

### 13. Management Contract Revenue

	For the six months ended					
	June 30, 2023	December 31, 2023	December 31, 2023			
	(in thousands of yen)		(in thousands of U.S. dollars)			
Management contract revenue:						
Hotel management revenue	¥	8,388,052	¥	6,309,635	\$	44,487
Hotel management expenses		4,474,026		4,186,593		29,518
Management contract revenue	¥	3,914,026	¥	2,123,042	\$	14,968
Insurance expense		152,464		218,735		1,542
Depreciation		435,496		441,542		3,113
Other		61,368		74,443		524
Total management contract expenses	¥	649,329	¥	734,722	\$	5,180
Operating income (loss) from management contract	¥	3,264,696	¥	1,388,320	\$	9,788

### 14. Income Taxes

The Company is subject to corporate income taxes in Japan. The Company may deduct from its taxable income the amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measures Act of Japan. Under this act, the Company must meet a number of tax requirements, including a requirement to distribute in excess of 90% of distributable profit for the fiscal period in order to be able to deduct such amounts. If the Company does not satisfy all of the requirements, the entire taxable income of the Company will be subject to regular corporate income taxes in Japan.

The Company has a policy of making distributions in excess of 90% of its distributable profit for the fiscal period to qualify for conditions set forth in the Special Taxation Measures Act of Japan to achieve a deduction of distributions for income tax purpose and it distributes approximately 100% of distributable profit. Hence, the Company has treated the distributions as a tax allowable deduction as defined in the Special Taxation Measures Act of Japan.

(a) Reconciliations of the Company's effective tax rates and statutory tax rates are as follows:

	For the six months ended	
	June 30, 2023	December 31, 2023
	(Rate)	
Statutory tax rates	31.46 %	31.46 %
Deductible cash distributions	(31.50)	(31.50)
Increase (decrease) in valuation allowance	(3.52)	1.06
Expiration of net operating loss carried forward	3.55	-
Other	0.01	(1.01)
Effective tax rates	0.01 %	0.01 %

(b) Deferred tax assets and liabilities consist of the following:

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 615	¥ 615	\$ 4
Buildings and other (merger)	185,229	181,991	1,283
Land (merger)	116,724	116,724	822
Net loss carried forward(*1)	1,288,595	1,277,967	9,010
Asset retirement obligations	10,727	123,701	872
Fixed-term leasehold	174,196	186,540	1,315
Adjustment of acquisition price (Overseas properties)	445,643	441,696	3,114
Deposits received	-	9,789	69
Subtotal - deferred tax assets	2,221,732	2,339,028	16,491
Valuation allowance for tax loss carried forward	(1,288,595)	(1,277,967)	(9,010)
Valuation allowance for the sum of deductible temporary differences	(933,137)	(1,061,060)	(7,481)
Subtotal - valuation allowance(*2)	(2,221,732)	(2,339,028)	(16,491)
Total - deferred tax assets	-	-	-

(\*1)The amounts of tax loss carried forward and the deferred tax assets are indicated by carry-forward period.

For the six months ended June 30, 2023

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of yen)						
Tax loss carried forward (a)	-	-	-	-	-	1,288,595	1,288,595
Valuation allowance	-	-	-	-	-	(1,288,595)	(1,288,595)
Deferred tax assets	-	-	-	-	-	-	-

(a)Tax loss carried forward shown in the above table is after multiplying the statutory tax rate.

For the six months ended December 31, 2023

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of yen)						
Tax loss carried forward (a)	-	-	-	-	-	1,277,967	1,277,967
Valuation allowance	-	-	-	-	-	(1,277,967)	(1,277,967)
Deferred tax assets	-	-	-	-	-	-	-

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of U.S. dollars)						
Tax loss carried forward (a)	-	-	-	-	-	9,010	9,010
Valuation allowance	-	-	-	-	-	(9,010)	(9,010)
Deferred tax assets	-	-	-	-	-	-	-

(a) Tax loss carried forward shown in the above table is after multiplying the statutory tax rate.

(\*2) The valuation allowance increased by 117,295 thousand yen (US\$827 thousand). This increase is mainly due to an increase in asset retirement obligation.

## 15. Leases

### (a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of June 30, 2023 and December 31, 2023 scheduled to be received are summarized as follows:

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 13,119,003	¥ 13,424,361	\$ 94,651
Due over one year	39,197,781	41,147,705	290,119
Total	¥ 52,316,785	¥ 54,572,066	\$ 384,770

**(b) Lease rental expenses**

The future minimum rental expenses pursuant to existing rental contracts as of June 30, 2023 and December 31, 2023, scheduled to be paid are summarized as follows:

	As of		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 320,951	¥ 345,226	\$ 2,434
Due over one year	8,089,958	8,107,626	57,164
Total	¥ 8,410,909	¥ 8,452,852	\$ 59,598

**16. Financial Instruments**

**(a) Qualitative information for financial instruments**

*(i) Policy for financial instrument transactions*

The Company raises funds through loans payable, investment corporation bonds, and the issuance of investment units to acquire real estate properties, pay property maintenance expenses and/or repay existing loans payable. Surplus funds are managed carefully through investments in financial instruments taking into account liquidity and safety in light of the current financial market conditions. Derivative instruments are used only for hedging purposes and not for speculation.

*(ii) Nature and extent of risks arising from financial instruments and risk management*

The funds raised through loans payable and investment corporation bonds are mainly used to acquire real estate properties or properties in trust and for the repayment of existing loans payable. Liquidity risks relating to loans payable are managed by the finance department of the Asset Manager by preparing monthly plans for funds, and monitoring the covenants defined in loan agreements.

*(iii) Supplemental information for financial instruments*

The fair value of financial instruments is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

**(b) Quantitative information for financial instruments**

The following table shows the carrying amounts, fair values and valuation differences of financial instruments for which fair value is available as of June 30, 2023 and December 31, 2023. Furthermore, “cash and deposits” and “short-term loans payable” are omitted as they are settled with cash and in a short span of time and are therefore similar in fair value to the book value. Also, “tenant leasehold and security deposits in trust” is omitted as it lacks in significance.

	As of								
	June 30, 2023			December 31, 2023			December 31, 2023		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
	(in thousands of yen)						(in thousands of U.S. dollars)		

Assets:

Current:									
(1) Investment securities	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	\$ 125,899	\$ 148,785	\$ 22,885
Total assets	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	\$ 125,899	\$ 148,785	\$ 22,885
Liabilities:									
(2) Current portion of investment corporation bonds	2,000,000	1,996,000	(4,000)	1,000,000	994,700	(5,300)	7,050	7,013	(37)
(3) Current portion of long-term loans payable	46,139,000	46,139,000	-	36,787,000	36,787,000	-	259,373	259,373	-
(4) Investment corporation bonds	11,400,000	11,166,860	(233,140)	13,900,000	13,650,170	(249,830)	98,004	96,243	(1,761)
(5) Long-term loans payable	68,198,000	68,198,000	-	180,893,000	180,893,000	-	1,275,421	1,275,421	-
Total liabilities	¥ 127,737,000	¥ 127,499,860	¥ (237,140)	¥ 232,580,000	¥ 232,324,870	¥ (255,130)	\$ 1,639,850	\$ 1,638,051	\$ (1,798)
(6) Derivatives	¥ (486,218)	¥ (486,218)	¥ -	¥ (646,492)	¥ (646,492)	¥ -	\$ (4,558)	\$ (4,558)	\$ -

#### Notes

(i) The methods and assumptions used to estimate fair value are as follows:

(1) Investment securities

For preferred securities, the market value is the amount equivalent to the equity interest in the net assets at market value obtained by valuing the assets and liabilities of the investee at market value.

(2) Current portion of Investment corporation bonds (4) Investment corporation bonds

The fair values of investment corporate bonds are determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new investment corporate bonds under the same conditions and terms.

(3) Current portion of long-term loans payable (5) Long-term loans payable

Long-term loans payable with floating interest rates reflecting changes in market rates within a short term period are stated at their carrying amounts as their carrying amounts approximate their fair values.

(6) Derivatives

Please refer to the "18. Derivatives" below.

(ii) Cash flow schedule of financial liabilities after the balance sheet date

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
(in thousands of yen)						
As of June 30, 2023:						
Current portion of investment corporation bonds	2,000,000	-	-	-	-	-
Current portion of long-term loans payable	46,139,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	5,000,000	-	2,200,000	3,200,000
Long-term loans payable	-	42,243,000	23,804,000	-	1,190,000	961,000
Total	¥ 48,139,000	¥ 43,243,000	¥ 28,804,000	¥ -	¥ 3,390,000	¥ 4,161,000

As of December 31, 2023:

Current portion of investment corporation bonds	1,000,000	-	-	-	-	-
Current portion of long-term loans payable	36,787,000	-	-	-	-	-
Investment corporation bonds	-	-	5,000,000	-	5,700,000	3,200,000
Long-term loans payable	-	39,399,000	51,912,200	31,018,750	53,281,050	5,282,000
Total	¥ 37,787,000	¥ 39,399,000	¥ 56,912,200	¥ 31,018,750	¥ 58,981,050	¥ 8,482,000

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
(in thousands of U.S. dollars)						
As of December 31, 2023:						
Current portion of investment corporation bonds	7,050	-	-	-	-	-
Current portion of long-term loans payable	259,373	-	-	-	-	-
Investment corporation bonds	-	-	35,253	-	40,188	22,562
Long-term loans payable	-	277,790	366,017	218,703	375,668	37,241
Total	\$ 266,424	\$ 277,790	\$ 401,270	\$ 218,703	\$ 415,857	\$ 59,803

## 17. Investment securities

	As of								
	June 30, 2023			December 31, 2023			December 31, 2023		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
	(in thousands of yen)						(in thousands of U.S. dollars)		
Shares in an Affiliated Company	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	\$ 125,899	\$ 148,785	\$ 22,885
Total	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	\$ 125,899	\$ 148,785	\$ 22,885

## 18. Derivatives

Information on derivative transactions undertaken by the Company as of June 30, 2023 and December 31, 2023 is as follows.

### (a) Transactions for which hedge accounting is not applied

As of June 30, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		
			Total	Over 1 year	Fair Value (*1)
			(in thousands of yen)		
Principle accounting method	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 5,158,490	¥ 1,872,600	¥ (490,769)

(\*1) Calculation of fair value is based on information provided by financial institutions.

As of December 31, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount			Total	Over 1 year	Fair Value (*2)
			Total	Over 1 year	Fair Value (*1)			
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 4,397,800	¥ 989,200	¥ (425,438)	\$ 31,007	\$ 6,974	\$ (2,999)

### (b) Transactions for which hedge accounting is applied

As of June 30, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)		
			Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 36,687,000	¥ 18,441,000	¥ 4,550

(\*1) The interest rate swap contract amount is based on the notional principal amount.

(\*2) Calculation of fair value is based on information provided by financial institutions.

As of December 31, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)			Total	Over 1 year	Fair Value (*2)
			Total	Over 1 year	Fair Value (*2)			
			(in thousands of yen)			(in thousands of U.S. dollars)		

Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 130,282,250	¥ 101,297,250	¥ (221,054)	\$ 918,580	\$ 714,215	\$ (1,558)
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(\*1) The interest rate swap contract amount is based on the notional principal amount.

(\*2) Calculation of fair value is based on information provided by financial institutions.

## 19. Asset Retirement Obligations

The Company recognizes asset retirement obligations associated with restoration obligations upon expiration of the fixed term land lease agreements with some landowners and those associated with contractual and legal obligations for asbestos removal. The Company estimates the useful life of applicable assets as the remaining period of the fixed-term land lease agreements 43years, and uses 1.342% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, The Company estimates the useful life to be 15-31 years, and uses a 0.963 – 1.505% discount rate.

Movements of asset retirement obligations For the six months June 30, 2023 and December 31, 2023 are as follows.

	For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 33,872	¥ 34,097	\$ 240
Liabilities incurred due to the acquisition of properties	-	357,149	2,518
Accretion expense	225	1,955	13
Balance at the end of the period	¥ 34,097	¥ 393,202	\$ 2,772

## 20. Revenue Recognition

### (a) Information from analysis of revenues generated from contracts with customers

For the six months ended June 30, 2023

	Revenues generated from contracts with customers (*1)	Sales to external customers
	(in thousands of yen)	(in thousands of yen)
Revenue from sale of real estate property	-	-
Other	27,645	15,914,981
Total	27,645	15,914,981

(\*1)The rental revenues, etc. subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), the dividend income subject to the "Accounting Standards for Financial Instruments" (ASBJ statement No. 10), and the sale of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate.

For the six months ended December 31, 2023

	Revenues generated from contracts with customers (*1)		Sales to external customers	
	(in thousands of yen)	(in thousands of U.S. dollars)	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sale of real estate property	-	-	-	-
Other	28,370	200	18,819,119	132,687
Total	28,370	200	18,819,119	132,687

(\*1)The rental revenues, etc. subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), the dividend income subject to the "Accounting Standards for Financial Instruments" (ASBJ statement No. 10), and the sale of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in the above amount as they are not applied to the Revenue Recognition Accounting Standard. Moreover, the main revenue from contracts with customers are revenue from sale of real estate.

(b) Foundational information for understanding revenues generated from contracts with customers

The information is described in the notes on the Summary of Significant Accounting Policies

(c) Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts and amount and period of revenue expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of the fiscal period

(i) Balance of contract assets and contract liabilities, etc.

	For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Claims generated from contracts with customers (balance at beginning of fiscal year) .....	4,231	¥ 3,093	\$ 21
Claims generated from contracts with customers (balance at end of fiscal year) .....	3,093	2,876	20
Contract assets (balance at beginning of fiscal year) .....	-	-	-
Contract assets (balance at end of fiscal year) .....	-	-	-
Contract liabilities (balance at beginning of fiscal year) .....	-	-	-
Contract liabilities (balance at end of fiscal year) .....	-	-	-

(i) Transaction value allocated to remaining performance obligations

Not Applicable

## 21. Segment Information

Segment information For the six months ended June 30, 2023 and December 31, 2023, are as follows :

(a) Operating Segment Information

Disclosure is omitted as the Company is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

Disclosure is not required as revenues from external customers for the single segment are in excess of 90% of total revenues.

(ii) Information about Geographic Areas

(1) Revenues from Overseas Customers:

For the six months ended June 30, 2023

(in thousands of yen)

Japan	Grand Cayman	Total
12,000,955	3,914,026	15,914,981

For the six months ended December 31, 2023

(in thousands of yen)

Japan	Grand Cayman	Total
16,696,076	2,123,042	18,819,119

(in thousands of U.S. dollars)

Japan	Grand Cayman	Total
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117,718	14,968	132,687
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(2) *Tangible Fixed Assets:*

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.

**(c) Information about Major Customers**

Information about major clients for the six-month periods ended June 30, 2023 and December 31, 2023 were as follows:

*For the six months ended June 30, 2023*

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co., Ltd.	8,022,489	Real estate investing business

*For the six months ended December 31, 2023*

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	10,473,047	73,842	Real estate investing business

## 22. Profit or Loss from Equity Method, etc

*For the six months ended June 30, 2023*

(in thousands of yen)

Investments in affiliates	17,856,387
Investments, if equity method was adopted	17,341,860
Investment gains (losses), if equity method was adopted	(18,280)

*For the six months ended December 31, 2023*

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	125,899
Investments, if equity method was adopted	18,231,267	128,543
Investment gains (losses), if equity method was adopted	889,407	6,270

## 23. Related-Party Transactions

**(a) Parent Company and Major Corporate Unitholders**

*For the six months ended June 30, 2023*

Type of related-party	Company name	Location	Business	Share capital (in millions)	Voting interest in the Company	Relationship with the Company	Transactions for the period		Balance at the end of period	
							Type of transaction	Amounts (1)	Balance sheet	Amounts(1)

				of yen)		s	(in thousands of yen)	account	(in thousands of yen)	
Interested party of the Asset Manager	Naqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	-	Leaseholder and operator of hotel	Rental revenues	¥612,959	Rental receivables	¥261,128
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Leaseholder and operator of hotel	Rental revenues	¥8,022,489	Rental receivables	¥3,227,566

Notes:

- Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management, Co. Ltd has no relationship to be stated, they receive investment through funds that are managed by FIG, a subsidiary of Softbank Group; a parent company of the asset manager directly and indirectly owning 100% of issued shares. Accordingly, we treat, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management as a related party.

For the six months ended December 31, 2023

Type of related-party	Company name	Location	Business	Share capital		Voting interest in the Company	Relationship with the Company	Transactions for the period			Balance at the end of period		
				(in millions of yen)	(in thousands of U.S. dollars)			Type of transactions	Amounts(1)		Balance sheet account	Amounts(1)	
									(in thousands of yen)	(in thousands of U.S. dollars)		(in thousands of yen)	(in thousands of U.S. dollars)
Interested party of the Asset Manager	Sheffield Asset TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.0	\$0	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥40,293,000	\$284,093	-	-	-
	Heijo TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥9,840,000	\$69,378	-	-	-
	Nippori TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥4,652,000	\$32,799	-	-	-
	Shiretoko TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥2,445,000	\$17,238	-	-	-
	Naqua Hotel & Resorts Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥10	\$70	-	Leaseholder and operator of hotel	Rental revenues	¥1,064,067	\$7,502	Rental receivables	¥174,796	\$1,232
	Mystays Hotel Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥100	\$705	-	Leaseholder and operator of hotel	Rental revenues	¥10,473,047	\$73,842	Rental receivables	¥3,915,256	\$27,605

Notes:

- Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- Terms and conditions are decided pursuant to the Asset Manager's Regulations on Transactions with Sponsor-related Persons and the Management Manual regarding Transactions with Sponsor-related Persons.
- The seller, Sheffield Asset TMK, Heijo TMK, Nippori TMK, Shiretoko TMK, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management, Co. Ltd has no relationship to be stated, they receive investment through funds that are managed by FIG, a subsidiary of Softbank Group; a parent company of the asset manager directly and indirectly owning 100% of issued shares. Accordingly, we treat, Sheffield Asset TMK, Heijo TMK, Nippori TMK, Shiretoko TMK, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management, Co. Ltd as a related party.
- The transaction amount is stated based on the transaction price under the purchase and sale agreement of trust beneficiary interests, and does not include the expenses in the transaction, property tax, city planning tax, and consumption taxes.

Acquisition of real estate trust beneficiary interests are relating to below

Property No.	Property name	Seller	Acquisition cost (in thousands of yen)	Acquisition cost (in thousands of US dollars)
D84	Fusaki Beach Resort Hotel & Villas	Sheffield Asset TMK	40,293,000	284,093
D85	Tateshina Grand Hotel Takinoyu	Heijo TMK	8,365,000	58,979
D86	Hotel MyStays Okayama	Nippori TMK	2,613,000	18,423
D87	Hotel MyStays Aomori Station	Shiretoko TMK	2,445,000	17,238
D88	Hotel MyStays Soga	Nippori TMK	2,039,000	14,376
D89	Tazawako Lake Resort & Onsen	Heijo TMK	1,475,000	10,399
		Total	57,230,000	403,511

**(b) Affiliates**

For the six months ended June 30, 2023

Not Applicable

For the six months ended December 31, 2023

Not Applicable

**(c) Board of Directors and Major Individual Unitholders**

For the six months ended June 30, 2023

Type of related-party	Name	Business / Occupation	Voting interest in the Company	Transactions for the period		Balance at the end of period	
				Type of transactions	Amounts(3)	Balance sheet account	Amounts(3)
					(in thousands of yen)		(in thousands of yen)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥300,000	Accrued expenses	¥165,000
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	Accrued expenses	¥330

Notes:

- (1) Naoki Fukuda serves as a representative of the Asset Manager and the asset management fee is established in the Articles of Incorporation of the Company.
- (2) Naoki Fukuda serves as a representative of Asset Manager and the fee is established in the "Administrative Agency Agreement for Organizational Management" which was agreed between the Asset Manager and the Company.
- (3) Consumption taxes are not included in the transaction amount, but are included in the balance at the end of period.

For the six months ended December 31, 2023

Type of related-party	Name	Business / Occupation	Voting interest in the Company	Transactions for the period			Balance at the end of period		
				Type of transactions	Amounts(3)		Balance sheet account	Amounts(3)	
					(in thousands of yen)	(in thousands of U.S. dollars)		(in thousands of yen)	(in thousands of U.S. dollars)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥305,723	\$2,155	Accrued expenses	¥165,000	\$1,163
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	\$7	Accrued expenses	¥880	\$6

Notes:

- (1) Naoki Fukuda serves as a representative of the Asset Manager and the asset management fee is established in the Articles of Incorporation of the Company.
- (2) Naoki Fukuda serves as a representative of Asset Manager and the fee is established in the "Administrative Agency Agreement for Organizational Management" which was agreed between the Asset Manager and the Company.
- (3) Consumption taxes are not included in the transaction amount, but are included in the balance at the end of period.

**24. Parent company and/or significant affiliates****(a) Information on the parent company**

Not Applicable.

**(b) Summary of financial statements of the significant affiliates**

The significant affiliates in the year ended December 31, 2023 is Kingdom TMK. Summary of financial information is as follows:

Kingdom TMK			
As of / For the six months ended			
March 31, 2023		September 30, 2023	
		September 30, 2023	
(in thousands of yen)		(in thousands of US dollars)	

Total specified assets	99,527,689	99,346,106	700,459
Total other assets	1,974,338	4,083,121	28,788
Total current liabilities	161,817	273,900	1,931
Total non-current liabilities	65,970,166	65,970,166	465,135
Total net assets	35,370,044	37,185,160	262,181
Operating revenue	652,802	2,518,282	17,755
Income before income taxes	(36,702)	1,815,721	12,802
Net income	(37,307)	1,815,116	12,797

## 25. Per Unit Information

The following table shows net asset value per unit as of June 30, 2023 and December 31, 2023 and net income per unit for the six months then ended. Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding. In regard to diluted net income per unit for the previous fiscal year, there were no dilutive units. Accordingly, diluted net income per unit for the previous fiscal year is not presented. In regard to diluted net income per unit for the subject fiscal year, there was a net loss per unit, and there were no dilutive units. Accordingly, diluted net income per unit for the subject fiscal year is not presented.

	As of / For the six months ended		
	June 30, 2023	December 31, 2023	December 31, 2023
	(Yen)		(U.S. dollars)
Net asset value per unit .....	¥ 41,665	¥ 43,090	\$ 303
Net income per unit .....	¥ 1,462	¥ 1,639	\$ 11
Weighted average number of units .....	6,096,840	6,732,039	-

## 26. Subsequent Events

Not Applicable.