



Audited Financial Statements
for the 33rd Fiscal Period
(from July 1, 2019 to December 31, 2019)

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Greetings from Naoki Fukuda, Executive Director of Invincible Investment Corporation and President & CEO of Consonant Investment Management Co., Ltd.

We would like to take this opportunity to express our sincere gratitude to all unitholders of Invincible Investment Corporation ("INV") for your continued support.

We hereby provide you with a report on INV's asset management and financial results for the 33rd fiscal period (from July 1, 2019 to December 31, 2019) (the "Reporting period").

During the Reporting Period, INV raised JPY 24.4 billion through a global offering for the sixth consecutive year. INV also acquired 18 domestic hotels for JPY 82.6 billion as a result of asset replacement using loans and JPY39.9 billion in proceeds from the sale of two residential properties implemented in the previous fiscal year. The actual NOI yield on an appraisal basis for the acquired properties was 5.6%, while the actual NOI yield on a sales price basis was 3.9%.

In December 2019, we decided to sell two residential properties at JPY 9.6 billion (NOI yield on sale price basis: 3.4%) and acquire two hotels at JPY 16.2 billion (NOI yield on appraisal basis: 5.8%), with the aim of further improving profits by replacing assets, and recorded a gain of JPY1.9 billion on the sale of one property in the Reporting Period. As a result, retained earnings, which will be used to ensure the stability of DPU in the future, increased by JPY 1.1 billion from the end of the previous fiscal period to JPY 12.7 billion at the end of the Reporting Period, and amounted to JPY 2,090 per investment unit.

Although we have actively managed assets in this manner, the NOI of the domestic hotel portfolio decreased due to several major typhoons and the deterioration of Japan-Korea relations. Meanwhile, the overseas hotel portfolio is performing well, and the NOI of the residential portfolio is also growing steadily.

As a result, operating revenues reached JPY 18,587 million, operating income JPY 12,858 million, and net income JPY 11,638 million (Note 1). INV decided on a distribution per unit (DPU) of JPY 1,725 for December 2019 fiscal period (+2.5% year on year (Note 2)) and annual DPU of JPY 3,381 for 2019.

The two domestic hotel properties acquired in January 2020 are all of a full-service type, and since they are hotels in areas that were not previously owned, further diversification is proceeding in terms of both the type of hotel portfolio and the region. In addition, both hotels are located in markets where new supply of hotels is limited and tourism demand is growing. By acquiring these two properties, we expanded our

portfolio and realized risk diversification with the aim of further improving profitability and stability.

As of February 28, 2020, INV's assets totaled JPY 511.6 billion on an acquisition-price basis, of which 88% was hotels. INV has grown into an investment corporation that owns the largest hotel portfolio in J-REIT. In addition, JCR raised the credit rating of INV from A (positive) to A+ (stable) on February 4, 2020.

Since the beginning of this year, the outlook has remained uncertain due to the outbreak of the new coronaviral virus, and it might have our investors be concerned about the impact on INV. However, as described above, as much of the gain on sales has been accumulated as internal reserves, and INV intends to strive for stable DPU by utilizing it as necessary in the future. Specifically, we are targeting an annual DPU of not less than JPY 3,400.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

President & CEO, Consonant Investment Management Co., Ltd.

(Note 1) Compared with June 2019, sales revenues were -32%, operating revenues were -42%, and net revenues were -45%, resulting in a \$11.1 thousand million sale of 2 residences during June 2019.

(Note 2) Comparison with the fiscal period ended December 2018. In order to eliminate the seasonal effects of hotel variable rent, which is one of the major revenues of INV, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended June 2019).

Distribution per unit for the 33rd fiscal period
(the fiscal period ended December 2019)

JPY 1,725

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of February 29, 2020. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

Independent Auditor's Report

The Board of Directors
Invincible Investment Corporation

We have audited the accompanying financial statements of Invincible Investment Corporation, which comprise the balance sheet as at December 31, 2019, and the statements of income and retained earnings, changes in net assets, and cash flows for the six months then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility 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 designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Invincible Investment Corporation as at December 31, 2019, and its financial performance and cash flows for the six months then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

March 25, 2020
Tokyo, Japan

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET As of December 31, 2019

	As of		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 5 and 17)	¥ 48,833,358	¥ 17,924,733	\$ 163,606
Cash and bank deposits in trust (Notes 5 and 17)	6,766,348	10,862,669	99,148
Accounts receivable	647,210	613,563	5,600
Rental receivables	2,758,865	3,448,548	31,476
Deposits paid	371,720	482,506	4,404
Prepaid expenses	483,656	718,710	6,559
Income taxes receivable	168,970	137,528	1,255
Consumption taxes receivable	-	2,239,471	20,440
Other	-	154	1
Allowance for doubtful accounts	(148)	-	-
Total current assets	60,029,983	36,427,886	332,492
Non-current assets:			
Property and equipment (Notes 6 and 7):			
Buildings, at cost	19,142,244	19,142,244	174,719
Buildings and accompanying facilities, at cost	5,111,168	5,111,514	46,654
Tools, furniture and fixtures, at cost	1,069,418	1,087,303	9,924
Construction in progress	9,817	534,690	4,880
Buildings in trust, at cost	130,105,036	159,549,904	1,456,278
Buildings and accompanying facilities in trust, at cost	29,757,547	33,269,242	303,662
Structures in trust, at cost	227,665	234,012	2,135
Tools, furniture and fixtures in trust, at cost	1,816,296	2,382,539	21,746
Land in trust	199,037,787	245,771,234	2,243,256
Construction in progress in trust	14,364	3,179	29
Subtotal	386,291,346	467,085,865	4,263,288
Less: Accumulated depreciation	(21,466,694)	(24,868,562)	(226,985)
Total property and equipment, net	364,824,652	442,217,302	4,036,302
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	97,095
Leasehold rights in trust	12,864,608	13,265,876	121,083
Total intangible assets	23,502,420	23,903,688	218,178
Investments and other assets:			
Investment securities (Note 18 and 22)	17,856,387	17,856,387	162,982
Guarantee deposits	803,721	803,721	7,335
Long-term prepaid expenses	601,259	974,554	8,895
Derivatives assets (Note 19)	255,404	166,234	1,517
Other	22,667	22,667	206
Total investments and other assets	19,539,440	19,823,566	180,937
Total non-current assets	407,866,513	485,944,557	4,435,419
Deferred assets:			
Investment corporation bond issuance costs	35,478	59,556	543
Total deferred assets	35,478	59,556	543
TOTAL ASSETS	¥ 467,931,975	¥ 522,431,999	\$ 4,768,455

	As of		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 511,902	¥ 443,004	\$ 4,043
Short-term loans payable (Notes 9 and 17)	-	2,686,000	24,516
Current portion of long-term loans payable (Notes 9 and 17)	51,744,000	50,130,000	457,557
Accounts payable-other	136,155	125,221	1,142
Accrued expenses	362,920	272,659	2,488
Income taxes payable	605	605	5
Consumption taxes payable	2,764,397	-	-
Advances received	454,614	798,980	7,292
Deposits received	26,159	52,128	475
Total current liabilities	56,000,754	54,508,599	497,522
Non-current liabilities:			
Investment corporation bonds (Notes 9 and 17)	4,000,000	7,000,000	63,891
Long-term loans payable (Notes 9 and 17)	173,030,000	199,358,000	1,819,623
Tenant leasehold and security deposits in trust (Note 17)	1,746,941	1,765,094	16,110
Derivatives liabilities (Note 19)	75,543	37,007	337
Asset retirement obligations (Note 20)	32,321	32,539	297
Total non-current liabilities	178,884,805	208,192,641	1,900,261
TOTAL LIABILITIES	234,885,560	262,701,240	2,397,784
NET ASSETS (Note 11)			
Unitholders' equity:			
Unitholders' capital	211,092,540	235,701,512	2,151,346
Surplus:			
Capital surplus	6,264,432	6,264,432	57,178
Allowance for temporary differences	(131,332)	(6,130)	(55)
Adjustment (Note 4)	(5,398,804)	(5,524,006)	(50,419)
Other deduction of capital surplus	(5,530,137)	(5,530,137)	(50,475)
Capital surplus (net)	734,294	734,294	6,702
Voluntary reserve			
Retained earnings	21,131,966	23,261,426	212,316
Total surplus	21,866,261	23,995,720	219,018
Total unitholders' equity	232,958,801	259,697,232	2,370,365
Valuation and translation adjustments:			
Deferred gains or losses on hedges	87,612	33,525	306
Total valuation and translation adjustments	87,612	33,525	306
TOTAL NET ASSETS	233,046,414	259,730,758	2,370,671
TOTAL LIABILITIES AND NET ASSETS	¥ 467,931,975	¥ 522,431,999	\$ 4,768,455

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, 2019

	For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 12)¥	12,153,399	¥ 14,545,826	\$ 132,765
Management contract revenue (Note 13)	580,588	1,397,621	12,756
Gain on sales of properties (Note 14)	11,117,983	1,970,306	17,983
Dividend income	827,477	673,498	6,147
Distribution income	2,660,220	-	-
Total operating revenue	27,339,670	18,587,253	169,653
Operating expenses			
Property related expenses (Note 12)	4,490,658	4,673,007	42,652
Management contract expenses (Note 13)	164,376	537,542	4,906
Asset management fees	300,000	300,000	2,738
Directors' compensation	4,800	4,800	43
Asset custody fees	22,233	25,518	232
Administrative service fees	47,312	57,444	524
Provision of allowance for doubtful accounts	148	-	-
Other	125,069	129,956	1,186
Total operating expenses	5,154,599	5,728,269	52,284
Operating income	22,185,070	12,858,984	117,369
Non-operating income			
Interest income.....	811	179	1
Foreign exchange gains	-	40,710	371
Interest on tax refund.....	1,005	289	2
Other	800	2,091	19
Total non-operating income	2,617	43,270	394
Non-operating expenses			
Interest expenses	588,555	687,208	6,272
Foreign exchange losses	33,648	-	-
Interest expenses on investment corporation bonds	11,405	15,654	142
Amortization of investment corporation bond issuance costs	3,506	4,256	38
Loan-related costs	310,089	412,550	3,765
Investment unit issuance costs	-	143,029	1,305
Other-non-operating expenses.....	0	1	0
Total non-operating expenses	947,206	1,262,700	11,525
Ordinary income	21,240,482	11,639,553	106,239
Extraordinary income			
Subsidy income.....	115,319	-	-
Total extraordinary income	115,319	-	-
Extraordinary losses			
Loss on reduction entry of non-current assets	115,319	-	-
Total extraordinary losses	115,319	-	-
Income before income taxes	21,240,482	11,639,553	106,239
Income taxes (Note 15):			
Current	605	605	5
Total income taxes	605	605	5
Net income	21,239,877	11,638,948	106,233
Retained earnings / losses brought forward	(107,910)	11,622,477	106,083
Unappropriated retained earnings / losses (Note 11)¥	21,131,966	¥ 23,261,426	\$ 212,316

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended December 31, 2019

	Unitholders' equity					
	Surplus					
		Capital surplus				
	Unitholders' capital	Capital surplus	Deduction of capital surplus			Capital surplus (net)
			Allowance for temporary differences adjustment	Other deduction of capital surplus	Deduction of capital surplus	
	(in thousands of yen)					
Balance as of January 1, 2019	¥ 211,092,540	¥ 6,264,432	¥ (46,329)	¥ (5,194,798)	¥ (5,241,128)	¥ 1,023,303
Changes during the period						
Distributions from surplus						
Distributions in excess of retained earnings from allowance for temporary differences adjustment			(85,002)		(85,002)	(85,002)
Other distributions in excess of retained earnings				(204,006)	(204,006)	(204,006)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	(85,002)	(204,006)	(289,008)	(289,008)
Balance as of June 30, 2019	¥ 211,092,540	¥ 6,264,432	¥ (131,332)	¥ (5,398,804)	¥ (5,530,137)	¥ 734,294
Changes during the period						
Issuance of new investment units	24,483,770					
Reserve for temporary difference adjustment	125,201		125,201	(125,201)	-	-
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	24,608,971	-	125,201	(125,201)	-	-
Balance as of December 31, 2019	¥ 235,701,512	¥ 6,264,432	¥ (6,130)	¥ (5,524,006)	¥ (5,530,137)	¥ 734,294

	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 yen)						
Balance as of January 1, 2019	¥ 9,140,372	¥ 10,163,675	¥ 221,256,215	¥ 108,684	¥ 108,684	¥ 221,364,900	
Changes during the period							
Distributions from surplus	(9,248,282)	(9,248,282)	(9,248,282)			(9,248,282)	
Distributions in excess of retained earnings from allowance for temporary differences adjustment		(85,002)	(85,002)			(85,002)	
Other distributions in excess of retained earnings		(204,006)	(204,006)			(204,006)	
Net income	21,239,877	21,239,877	21,239,877			21,239,877	
Changes other than unitholders' equity(net)				(21,072)	(21,072)	(21,072)	
Total changes during the period	11,991,594	11,702,585	11,702,585	(21,072)	(21,072)	11,681,513	
Balance as of June 30, 2019	¥ 21,131,966	¥ 21,866,261	¥ 232,958,801	¥ 87,612	¥ 87,612	¥ 233,046,414	
Changes during the period							
Issuance of new investment units			24,483,770			24,483,770	
Reserve for temporary difference adjustment	(125,201)	(125,201)	-			-	
Distributions from surplus	(9,384,287)	(9,384,287)	(9,384,287)			(9,384,287)	
Net income	11,638,948	11,638,948	11,638,948			11,638,948	
Changes other than unitholders' equity(net)				(54,086)	(54,086)	(54,086)	
Total changes during the period	2,129,459	2,129,459	26,738,431	(54,086)	(54,086)	26,684,344	
Balance as of December 31, 2019	¥ 23,261,426	¥ 23,995,720	¥ 259,697,232	¥ 33,525	¥ 33,525	¥ 259,730,758	

	Unitholders' equity											
		Surplus										
		Capital surplus										
	Unitholders' capital		Deduction of capital surplus									
		Capital surplus	Allowance for temporary differences adjustment	Other deduction of capital surplus	Deduction of capital surplus	Capital surplus (net)						
		(in thousands of U.S dollars)										
Balance as of July 1, 2019	\$	1,926,730	\$	57,178	\$	(1,198)	\$	(49,277)	\$	(50,475)	\$	6,702
Changes during the period												
Issuance of new investment units		223,473										
Reserve for temporary difference adjustment		1,142			1,142		(1,142)					
Distributions from surplus												
Net income												
Changes other than unitholders' equity(net)												
Total changes during the period		224,616		-		1,142		(1,142)		-		-
Balance as of December 31, 2019	\$	2,151,346	\$	57,178	\$	(55)	\$	(50,419)	\$	(50,475)	\$	6,702

	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, 2019	\$ 192,880	\$ 199,582	\$ 2,126,312	\$ 799	\$ 799	\$ 2,127,112
Changes during the period						
Issuance of new investment units			223,473			223,473
Reserve for temporary difference adjustment	(1,142)	(1,142)				
Distributions from surplus	(85,654)	(85,654)	(85,654)			(85,654)
Net income	106,233	106,233	106,233			106,233
Changes other than unitholders' equity(net)				(493)	(493)	(493)
Total changes during the period	19,436	19,436	244,052	(493)	(493)	243,559
Balance as of December 31, 2019	\$ 212,316	\$ 219,018	\$ 2,370,365	\$ 306	\$ 306	\$ 2,370,671

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, 2019

	For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income before income taxes	¥ 21,240,482	¥ 11,639,553	\$ 106,239
Depreciation and amortization	3,168,320	3,757,778	34,298
Loss on reduction entry of non-current assets	115,319	-	-
Investment unit issuance costs	-	143,029	1,305
Amortization of investment corporation bond issuance costs	3,506	4,256	38
Loan-related costs	310,089	412,550	3,765
Interest income	(811)	(179)	(1)
Interest expenses	599,960	702,863	6,415
Changes in assets and liabilities			
Foreign exchange losses (gains)	(23,481)	(32,090)	(292)
Increase (decrease) in allowance for doubtful accounts	62	(148)	(1)
Decrease (increase) in rental receivables	285,339	(344,338)	(3,142)
Decrease (increase) in deposits paid	96,470	(110,785)	(1,011)
Decrease (increase) in receivable income taxes	3,830	31,539	287
Decrease (increase) in consumption taxes receivable	434,326	(2,426,511)	(22,147)
Increase (decrease) in accounts payable	22,952	(36,363)	(331)
Increase (decrease) in consumption taxes payable	2,764,397	(2,577,357)	(23,524)
Increase (decrease) in accounts payable-other	40,334	(29,060)	(265)
Increase (decrease) in accrued expenses	118,454	(92,670)	(845)
Increase (decrease) in advances received	(117,053)	(12,896)	(117)
Increase (decrease) in deposits received	(347,981)	(199,247)	(1,818)
Decrease in property and equipment in trust due to sale	21,268,952	2,991,980	27,309
Decrease in leasehold rights in trust due to sale	7,047,749	-	-
Other, net	(617,969)	(148,847)	(1,358)
Subtotal	56,413,251	13,673,054	124,799
Interest income received	811	179	1
Interest expenses paid	(603,432)	(701,225)	(6,400)
Income taxes paid	(605)	(605)	(5)
Net cash provided by operating activities	55,810,025	12,971,404	118,395
Cash flows from investing activities:			
Purchases of property and equipment	-	(543,104)	(4,957)
Purchases of property and equipment in trust	(1,302,310)	(83,576,781)	(762,840)
Purchases of leasehold rights in trust	-	(440,504)	(4,020)
Repayments of tenant leasehold and security deposits in trust	(323,779)	(48,255)	(440)
Proceeds from tenant leasehold and security deposits in trust	61,654	67,022	611
Collection of tenant leasehold and security deposits	896,949	-	-
Other, net	(58,789)	28,651	261
Net cash used in investing activities	(726,275)	(84,512,972)	(771,385)
Cash flows from financing activities:			
Proceeds from short-term loans payable	-	2,686,000	24,516
Repayments of short-term loans payable	(1,099,000)	-	-
Proceeds from long-term loans payable	17,684,000	61,775,000	563,846
Repayments of long-term loans payable	(17,684,000)	(37,061,000)	(338,271)
Proceeds from issuance of investment corporation bonds	-	2,971,665	27,123
Payments for loan-related costs	(167,123)	(839,086)	(7,658)
Payments of distributions of earnings	(8,993,502)	(9,144,041)	(83,461)
Payments of distributions in excess of retained earnings from allowance for temporary differences adjustment	(85,002)	-	-
Payments of other distributions in excess of retained earnings	(204,006)	-	-
Proceeds from issuance of investment units	-	24,340,740	222,168
Net cash provided by (used in) financing activities	(10,548,635)	44,729,277	408,262
Effect of exchange rate change on cash and cash equivalents	(12)	(13)	0
Net increase (decrease) in cash and cash equivalents	44,535,102	(26,812,304)	(244,727)
Cash and cash equivalents at beginning of period	11,064,604	55,599,707	507,481
Cash and cash equivalents at end of period (Note 6)	¥ 55,599,707	¥ 28,787,403	\$ 262,754

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, 2019

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 of ¥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 of ¥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 ninth 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.

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 securities

Other securities without fair market value are recorded at cost being determined by the moving average method.

(d) 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:

For the six months ended

December 31, 2019

Buildings	16-50
Buildings and accompanying facilities	5-29
Tools, furniture and fixtures	3-10
Buildings in trust	5-67
Buildings and accompanying facilities in trust	2-33
Structures in trust	9-55
Tools, furniture and fixtures in trust	2-19

(e) Intangible Assets

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

(f) Long-term Prepaid Expenses

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

(g) Investment Unit Issuance Costs

Investment unit issuance costs are recorded as expenses when incurred.

(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

Consumption taxes withheld and consumption taxes paid are not included in the statement of income and retained earnings.

Consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in current assets and the excess of amounts withheld over payments are included in current liabilities as the case may be.

(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, half of such taxes on property and equipment for each calendar year are charged as operating expenses in each fiscal period.

Tax on property and equipment capitalized as part of the acquisition cost of properties amounted to ¥111,155 (US\$¥1,014) thousand for the six months ended December 31, 2019.

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 thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥109.56 = US\$1, the effective rate of exchange prevailing at December 31, 2019. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended December 31, 2019 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, 2019

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

1. 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)	¥ (46,329)	¥ (85,002)	-	¥ (131,332)	-
Total		¥ (131,332)	¥ (46,329)	¥ (85,002)	-	¥ (131,332)	

2. Method of reversal

(1) 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, 2019

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

1. 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)	¥ (131,332)	-	¥ 125,201	¥ (6,130)	Sale of leasehold rights in trust
Total		¥ (131,332)	¥ (131,332)	-	¥ 125,201	¥ (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	\$ (1,198)	\$ (1,198)	-	\$ 1,142	\$ (55)	Sale of leasehold rights in trust
Total		\$ (1,198)	\$ (1,198)	-	\$ 1,142	\$ (55)	

2. Method of reversal

(1) 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, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 48,833,358	¥ 17,924,733	\$ 163,606
Cash and bank deposits in trust	6,766,348	10,862,669	99,148
Cash and cash equivalents	¥ 55,599,707	¥ 28,787,403	\$ 262,754

6. Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended December 31, 2019.

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of yen)						
Buildings	¥ 19,142,244	¥ -	¥ -	¥ 19,142,244	¥ 278,377	¥ 215,468	¥ 18,863,867
Buildings and accompanying facilities	5,111,168	346	-	5,111,514	190,462	147,575	4,921,052
Tools, furniture and fixtures	1,069,418	17,884	-	1,087,303	64,425	49,501	1,022,877
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	9,817	524,872	-	534,690	-	-	534,690
Buildings in trust	130,105,036	30,553,244	1,108,376	159,549,904	15,114,933	2,110,465	144,434,970
Buildings and accompanying facilities	29,757,547	3,677,901	166,206	33,269,242	8,355,624	1,030,136	24,913,618

in trust							
Structures in trust	227,665	6,347	-	234,012	100,967	5,987	133,045
Tools, furniture and fixtures in trust	1,816,296	583,038	16,795	2,382,539	763,771	159,406	1,618,767
Land in trust	199,037,787	48,750,503	2,017,056	245,771,234	-	-	245,771,234
Leasehold rights in trust	13,106,766	440,504	-	13,547,271	281,395	39,237	13,265,876
Construction in progress in trust	14,364	3,179	14,364	3,179	-	-	3,179
Total	<u>¥ 410,035,925</u>	<u>¥ 84,557,823</u>	<u>¥ 3,322,800</u>	<u>¥ 491,270,948</u>	<u>¥ 25,149,957</u>	<u>¥ 3,757,778</u>	<u>¥ 466,120,990</u>

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of U.S dollars)						
Buildings	\$ 174,719	\$ -	\$ -	\$ 174,719	\$ 2,540	\$ 1,966	\$ 172,178
Buildings and accompanying facilities	46,651	3	-	46,654	1,738	1,346	44,916
Tools, furniture and fixtures	9,761	163	-	9,924	588	451	9,336
Leasehold rights	97,095	-	-	97,095	-	-	97,095
Construction in progress	89	4,790	-	4,880	-	-	4,880
Buildings in trust	1,187,523	278,872	10,116	1,456,278	137,960	19,263	1,318,318
Buildings and accompanying facilities in trust	271,609	33,569	1,517	303,662	76,265	9,402	227,397
Structures in trust	2,077	57	-	2,135	921	54	1,214
Tools, furniture and fixtures in trust	16,578	5,321	153	21,746	6,971	1,454	14,775
Land in trust	1,816,701	444,966	18,410	2,243,256	-	-	2,243,256
Leasehold rights in trust	119,630	4,020	-	123,651	2,568	358	121,083
Construction in progress in trust	131	29	131	29	-	-	29
Total	\$ 3,742,569	\$ 771,794	\$ 30,328	\$ 4,484,035	\$ 229,554	\$ 34,298	\$ 4,254,481

Increases in the net book values are mainly due to the acquisition of 18 properties as shown below and capitalized expenditures.

Property No.	Property name	Acquisition cost (in thousands of yen)	Acquisition cost (in thousands of U.S. dollars)
D64	Hotel MyStays Sapporo Aspen	15,543,000	141,867
D65	Art Hotel Ishigakijima	9,731,000	88,818
D66	Hotel MyStays Fuji Onsen Resort	9,405,000	85,843
D67	Hotel Sonia Otaru	5,930,000	54,125
D68	Hotel MyStays Kanazawa Castle	5,682,000	51,861
D69	Art Hotel Niigata Station	5,524,000	50,419
D70	Hotel MyStays Nagoya Nishiki	5,197,000	47,435
D71	Hotel Nord Otaru	4,296,000	39,211
D72	Hotel MyStays Kagoshima Tenmonkan	3,445,000	31,443
D73	Art Hotel Asahikawa	3,197,000	29,180
D74	Hotel MyStays Matsuyama	3,098,000	28,276
D75	Hotel MyStays Sapporo Susukino	3,059,000	27,920
D76	Hotel MyStays Sapporo Nakajima Park	2,118,000	19,331
D77	Hotel MyStays Sapporo Nakajima Park Annex	1,584,000	14,457
D78	Flexstay Inn Sakuragicho	1,425,000	13,006
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1,287,000	11,746
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1,168,000	10,660
D81	Hotel MyStays Nayoro	957,000	8,734
Total		82,646,000	754,344

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, 2019 and December 31, 2019.

Residential

	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)

Net book value

Balance at the beginning of period	¥ 85,908,280	¥ 56,921,817	\$ 519,549
Net increase (decrease) during period	(28,986,463)	(3,368,841)	(30,748)
Balance at the end of period	56,921,817	53,552,976	488,800
Fair value	¥ 72,197,000	¥ 69,671,000	\$ 635,916

Retail facilities

	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,866,739	¥ 4,825,236	\$ 44,041
Net increase (decrease) during period	(41,503)	(35,280)	(322)
Balance at the end of period	4,825,236	4,789,956	43,719
Fair value	¥ 6,140,000	¥ 6,150,000	\$ 56,133

Hotel

	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 291,874,909	¥ 326,555,836	\$ 2,980,611
Net increase (decrease) during period	34,680,926	80,684,352	736,439
Balance at the end of period	326,555,836	407,240,188	3,717,051
Fair value	¥ 393,926,158	¥ 482,093,260	\$ 4,400,267

Total

	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 382,649,930	¥ 388,302,890	\$ 3,544,203
Net increase (decrease) during period	5,652,960	77,280,230	705,369
Balance at the end of period	388,302,890	465,583,121	4,249,572
Fair value	¥ 472,263,158	¥ 557,914,260	\$ 5,092,317

Notes:

1.Fair value has been determined based on the appraisals or research provided by independent real estate appraisers. City House Tokyo Shinbashi, for which the disposition agreement was made dated December 9, 2019, was valued at the disposition price

2.For rental revenues and expenses for the six months ended June 30, 2019 and December 31, 2019, 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, 2019.

For the six months ended December 31, 2019

	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	Interest rate (%)
	<i>(in thousands of yen)</i>		<i>(in thousands of U.S. dollars)</i>		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	1,000,000	9,127	9,127	0.400
2nd unsecured investment corporation bond	1,000,000	1,000,000	9,127	9,127	0.800

(Issued on May 25, 2018 and due on May 25, 2028) (1)(2)					
3rd unsecured investment corporation bond (Issued on October 12, 2018 and due on October 12, 2023) (1)(3)	2,000,000	2,000,000	18,254	18,254	0.550
4th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 28, 2024) (1)(4)	-	1,000,000	-	9,127	0.480
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(4)	-	2,000,000	-	18,254	0.900
Total investment corporation bonds	4,000,000	7,000,000	36,509	63,891	

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) Repayment schedule of investment corporation bonds for the next five years after each balance sheet date are as follows:

	As of	
	December 31, 2019	December 31, 2019
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ -	\$ -
1-2 years.....	-	-
2-3 years.....	-	-
3-4 years.....	3,000,000	27,382
4-5 years.....	1,000,000	9,127

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9. Loans Payable

The following table shows the details of loans payable for the six months ended December 31, 2019.

For the six months ended December 31, 2019

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	Mizuho Bank, Ltd.	-	671,000	-	671,000	-	6,124	-	6,124	0.269	18-Jul-20	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	-	671,500	-	671,500	-	6,129	-	6,129	0.269	18-Jul-20		
	Sumitomo Mitsui Banking Corporatio n	-	671,500	-	671,500	-	6,129	-	6,129	0.269	18-Jul-20		
	Sumitomo Mitsui Trust Bank, Limited	-	672,000	-	672,000	-	6,133	-	6,133	0.269	18-Jul-20		
	Total short-term loans payable	-	2,686,000	-	2,686,000	-	24,516	-	24,516				
Long-term loans payable	Mizuho Bank, Ltd.	5,992,000	-	5,992,000	-	54,691	-	54,691	-	0.480	16-Jul-19	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	5,992,000	-	5,992,000	-	54,691	-	54,691	-	0.480	16-Jul-19		
	Sumitomo Mitsui Banking Corporatio n	5,992,000	-	5,992,000	-	54,691	-	54,691	-	0.480	16-Jul-19		
	Shinsei Bank, Limited.	3,330,000	-	3,330,000	-	30,394	-	30,394	-	0.480	16-Jul-19		
	Citibank, N.A., Japan Branches	3,000,000	-	3,000,000	-	27,382	-	27,382	-	0.480	16-Jul-19		
	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	2,670,000	-	24,370	-	24,370	-	0.480	16-Jul-19		
	Resona Bank, Limited.	1,335,000	-	1,335,000	-	12,185	-	12,185	-	0.480	16-Jul-19		
	MUFG Bank, Ltd.	668,000	-	668,000	-	6,097	-	6,097	-	0.480	16-Jul-19		
	Mizuho Bank, Ltd.	5,992,000	-	-	5,992,000	54,691	-	-	54,691	0.590	16-Jul-20		
	MUFG Bank, Ltd.	5,992,000	-	-	5,992,000	54,691	-	-	54,691	0.590	16-Jul-20		
	Sumitomo Mitsui Banking Corporatio n	5,992,000	-	-	5,992,000	54,691	-	-	54,691	0.590	16-Jul-20		
	Shinsei Bank, Limited.	3,330,000	-	-	3,330,000	30,394	-	-	30,394	0.590	16-Jul-20		
	Citibank, N.A., Japan Branches	3,000,000	-	-	3,000,000	27,382	-	-	27,382	0.590	16-Jul-20		

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	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	-	2,670,000	24,370	-	-	24,370	0.590	16-Jul-20	(2)	Unsecured and unguarante ed
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	12,185	-	-	12,185	0.590	16-Jul-20		
	MUFG Bank, Ltd.	668,000	-	-	668,000	6,097	-	-	6,097	0.590	16-Jul-20		
	Mizuho Bank, Ltd.	3,682,000	-	3,682,000	-	33,607	-	33,607	-	0.480	28-Aug-19		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	31,033	-	-	31,033	0.600	22-Jan-21		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,758	-	-	7,758	0.600	22-Jan-21		
	Mizuho Bank, Ltd.	965,000	-	-	965,000	8,807	-	-	8,807	0.569	30-Mar-20		
	MUFG Bank, Ltd.	1,125,000	-	-	1,125,000	10,268	-	-	10,268	0.569	30-Mar-20		
	Sumitomo Mitsui Trust Bank, Limited	2,180,000	-	-	2,180,000	19,897	-	-	19,897	0.569	30-Mar-20		
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,202	-	-	5,202	0.569	30-Mar-20		
	Resona Bank, Limited.	570,000	-	-	570,000	5,202	-	-	5,202	0.569	30-Mar-20		
	MUFG Bank, Ltd.	650,000	-	-	650,000	5,932	-	-	5,932	0.569	30-Mar-20		
	Japan Post Bank Co., Ltd.	2,000,000	-	-	2,000,000	18,254	-	-	18,254	0.569	30-Mar-20		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.569	30-Mar-20		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,464	-	-	2,464	0.569	30-Mar-20		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,563	-	-	4,563	0.569	30-Mar-20		
	The Hyakugo Bank, Ltd.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.569	30-Mar-20		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,464	-	-	2,464	0.569	30-Mar-20		
	Mizuho Bank, Ltd.	1,965,000	-	-	1,965,000	17,935	-	-	17,935	0.669	30-Mar-21		
	MUFG Bank, Ltd.	1,125,000	-	-	1,125,000	10,268	-	-	10,268	0.669	30-Mar-21		

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	Sumitomo Mitsui Trust Bank, Limited	2,180,000	-	-	2,180,000	19,897	-	-	19,897	0.669	30-Mar-21	(2)	Unsecured and unguarante ed
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,202	-	-	5,202	0.669	30-Mar-21		
	Resona Bank, Limited.	570,000	-	-	570,000	5,202	-	-	5,202	0.669	30-Mar-21		
	MUFG Bank, Ltd.	650,000	-	-	650,000	5,932	-	-	5,932	0.669	30-Mar-21		
	The Bank of Fukuoka, Ltd.	1,333,000	-	-	1,333,000	12,166	-	-	12,166	0.669	30-Mar-21		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,464	-	-	2,464	0.669	30-Mar-21		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,563	-	-	4,563	0.669	30-Mar-21		
	The Hiroshima Bank, Ltd.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.669	30-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,464	-	-	2,464	0.669	30-Mar-21		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.569	15-Jun-20		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.669	15-Jun-21		
	AEON Bank, Ltd.	3,000,000	-	-	3,000,000	27,382	-	-	27,382	0.669	30-Jun-21		
	The Tokyo Star Bank, Limited	700,000	-	700,000	-	6,389	-	6,389	-	0.465	20-Jul-19		
	The Tokyo Star Bank, Limited (4)	1,600,000	-	1,000,000	600,000	14,603	-	9,127	5,476	0.569	20-Jul-20		
	The Towa Bank, Ltd (4).	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.569	20-Jul-20		
	The Tokyo Star Bank, Limited	1,700,000	-	-	1,700,000	15,516	-	-	15,516	0.669	20-Jul-21		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	5,786	-	-	5,786	0.469	14-Mar-20		
	Developm ent Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.469	14-Mar-20		
	Resona Bank, Limited.	333,000	-	-	333,000	3,039	-	-	3,039	0.469	14-Mar-20		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.469	14-Mar-20		

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.	333,000	-	-	333,000	3,039	-	-	3,039	0.469	14-Mar-20	(2)	Unsecured and unguaranteed
	The Towa Bank, Ltd.	252,000	-	-	252,000	2,300	-	-	2,300	0.469	14-Mar-20		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,825	-	-	1,825	0.469	14-Mar-20		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,506	-	-	1,506	0.469	14-Mar-20		
	Mizuho Bank, Ltd.	1,633,000	-	-	1,633,000	14,905	-	-	14,905	0.569	14-Mar-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,039	-	-	3,039	0.569	14-Mar-21		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.569	14-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.569	14-Mar-21		
	The Towa Bank, Ltd.	253,000	-	-	253,000	2,309	-	-	2,309	0.569	14-Mar-21		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,825	-	-	1,825	0.569	14-Mar-21		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,506	-	-	1,506	0.569	14-Mar-21		
	Mizuho Bank, Ltd.	1,733,000	-	-	1,733,000	15,817	-	-	15,817	0.669	14-Mar-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,039	-	-	3,039	0.669	14-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.669	14-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.669	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	-	900,000	8,214	-	-	8,214	0.669	14-Mar-22		
	The Towa Bank, Ltd.	253,000	-	-	253,000	2,309	-	-	2,309	0.669	14-Mar-22		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,825	-	-	1,825	0.669	14-Mar-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,563	-	-	4,563	0.669	14-Mar-22		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,506	-	-	1,506	0.669	14-Mar-22		

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	Sumitomo Mitsui Banking Corporatio n	3,000,000	-	-	3,000,000	27,382	-	-	27,382	0.519	14-Sep-20	(2)	Unsecured and unguarante ed
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	39,439	-	-	39,439	0.619	29-Nov-21		
	The Dai-ichi Life Insurance company, Limited	3,000,000	-	-	3,000,000	27,382	-	-	27,382	0.619	29-Nov-21		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,240	-	-	3,240	0.369	13-Oct-20		
	Citibank, N.A., Japan Branches	355,000	-	-	355,000	3,240	-	-	3,240	0.369	13-Oct-20		
	Resona Bank, Limited.	334,000	-	-	334,000	3,048	-	-	3,048	0.369	13-Oct-20		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,738	-	-	2,738	0.369	13-Oct-20		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,734	-	-	1,734	0.369	13-Oct-20		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,524	-	-	1,524	0.369	13-Oct-20		
	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,524	-	-	1,524	0.369	13-Oct-20		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,240	-	-	3,240	0.469	13-Oct-21		
	Citibank, N.A., Japan Branches	355,000	-	-	355,000	3,240	-	-	3,240	0.469	13-Oct-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,039	-	-	3,039	0.469	13-Oct-21		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,738	-	-	2,738	0.469	13-Oct-21		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,734	-	-	1,734	0.469	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,524	-	-	1,524	0.469	13-Oct-21		
	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,524	-	-	1,524	0.469	13-Oct-21		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	4,563	-	-	4,563	0.669	13-Oct-22		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	4,563	-	-	4,563	0.669	13-Oct-22		
	Sumitomo Mitsui Banking Corporatio n	500,000	-	-	500,000	4,563	-	-	4,563	0.669	13-Oct-22		

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	Shinsei Bank, Limited.	355,000	-	-	355,000	3,240	-	-	3,240	0.669	13-Oct-22	(2)	Unsecured and unguarante ed
	Citibank, N.A., Japan Branches	355,000	-	-	355,000	3,240	-	-	3,240	0.669	13-Oct-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,039	-	-	3,039	0.669	13-Oct-22		
	Developm ent Bank of Japan Inc.	1,500,000	-	-	1,500,000	13,691	-	-	13,691	0.669	13-Oct-22		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,738	-	-	2,738	0.669	13-Oct-22		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,734	-	-	1,734	0.669	13-Oct-22		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,515	-	-	1,515	0.669	13-Oct-22		
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,515	-	-	1,515	0.669	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,563	-	-	4,563	0.669	13-Oct-22		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,409	-	-	11,409	0.769	13-Oct-23		
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	9,720	-	-	9,720	0.769	13-Oct-23		
	Sumitomo Mitsui Banking Corporatio n	1,250,000	-	-	1,250,000	11,409	-	-	11,409	0.769	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,409	-	-	11,409	0.869	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	9,675	-	-	9,675	0.869	11-Oct-24		
	Sumitomo Mitsui Banking Corporatio n	1,250,000	-	-	1,250,000	11,409	-	-	11,409	0.869	11-Oct-24		
	Mizuho Bank, Ltd.	1,850,000	-	1,850,000	-	16,885	-	16,885	-	0.327	13-Oct-19		
	Sumitomo Mitsui Banking Corporatio n	1,850,000	-	1,850,000	-	16,885	-	16,885	-	0.327	13-Oct-19		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	4,563	-	-	4,563	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,289	-	-	22,289	0.369	17-Jul-21		

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	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,262	-	-	20,262	0.369	17-Jul-21	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporatio n	1,998,000	-	-	1,998,000	18,236	-	-	18,236	0.369	17-Jul-21		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,131	-	-	10,131	0.369	17-Jul-21		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.369	17-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,123	-	-	8,123	0.369	17-Jul-21		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	22,298	-	-	22,298	0.469	17-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,262	-	-	20,262	0.469	17-Jul-22		
	Sumitomo Mitsui Banking Corporatio n	1,997,000	-	-	1,997,000	18,227	-	-	18,227	0.469	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,131	-	-	10,131	0.469	17-Jul-22		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.469	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,123	-	-	8,123	0.469	17-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,289	-	-	22,289	0.569	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,262	-	-	20,262	0.569	14-Jul-23		
	Sumitomo Mitsui Banking Corporatio n	1,997,000	-	-	1,997,000	18,227	-	-	18,227	0.569	14-Jul-23		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,131	-	-	10,131	0.569	14-Jul-23		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.569	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,123	-	-	8,123	0.569	14-Jul-23		
	Mizuho Bank, Ltd.	766,000	-	-	766,000	6,991	-	-	6,991	0.369	02-Aug-21		
	Sumitomo Mitsui Banking Corporatio n	766,000	-	-	766,000	6,991	-	-	6,991	0.369	02-Aug-21		
	MUFG Bank, Ltd.	467,000	-	-	467,000	4,262	-	-	4,262	0.369	02-Aug-21		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Aeenge interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Shinsei Bank, Limited.	150,000	-	-	150,000	1,369	-	-	1,369	0.369	02-Aug-21	(2)	Unsecured and unguarante ed
	Citibank, N.A., Japan Branches	120,000	-	-	120,000	1,095	-	-	1,095	0.369	02-Aug-21		
	The Nomura Trust and Banking Co., Ltd.	30,000	-	-	30,000	273	-	-	273	0.369	02-Aug-21		
	AEON Bank, Ltd.	60,000	-	-	60,000	547	-	-	547	0.369	02-Aug-21		
	Mizuho Bank, Ltd.	2,521,500	-	-	2,521,500	23,014	-	-	23,014	0.369	26-Sep-21		
	Sumitomo Mitsui Banking Corporatio n	2,521,500	-	-	2,521,500	23,014	-	-	23,014	0.369	26-Sep-21		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	19,468	-	-	19,468	0.369	26-Sep-21		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.369	26-Sep-21		
	Shinsei Bank, Limited.	684,000	-	-	684,000	6,243	-	-	6,243	0.369	26-Sep-21		
	Citibank, N.A., Japan Branches	546,000	-	-	546,000	4,983	-	-	4,983	0.369	26-Sep-21		
	Developm ent Bank of Japan Inc.	500,000	-	-	500,000	4,563	-	-	4,563	0.369	26-Sep-21		
	Resona Bank, Limited.	445,000	-	-	445,000	4,061	-	-	4,061	0.369	26-Sep-21		
	The Nomura Trust and Banking Co., Ltd.	137,000	-	-	137,000	1,250	-	-	1,250	0.369	26-Sep-21		
	AEON Bank, Ltd.	273,000	-	-	273,000	2,491	-	-	2,491	0.369	26-Sep-21		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	30,001	-	-	30,001	0.469	26-Sep-22		
	Sumitomo Mitsui Banking Corporatio n	3,287,000	-	-	3,287,000	30,001	-	-	30,001	0.469	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	23,731	-	-	23,731	0.469	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.469	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,603	-	-	7,603	0.469	26-Sep-22		
	Citibank, N.A., Japan Branches	667,000	-	-	667,000	6,087	-	-	6,087	0.469	26-Sep-22		

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	Developm ent Bank of Japan Inc.	500,000	-	-	500,000	4,563	-	-	4,563	0.469	26-Sep-22	(2)	Unsecured and unguarante ed
	Resona Bank, Limited.	445,000	-	-	445,000	4,061	-	-	4,061	0.469	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,524	-	-	1,524	0.469	26-Sep-22		
	AEON Bank, Ltd.	334,000	-	-	334,000	3,048	-	-	3,048	0.469	26-Sep-22		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	30,006	-	-	30,006	0.569	26-Sep-23		
	Sumitomo Mitsui Banking Corporatio n	3,287,500	-	-	3,287,500	30,006	-	-	30,006	0.569	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	23,731	-	-	23,731	0.569	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.569	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,603	-	-	7,603	0.569	26-Sep-23		
	Citibank, N.A., Japan Branches	667,000	-	-	667,000	6,087	-	-	6,087	0.569	26-Sep-23		
	Developm ent Bank of Japan Inc.	500,000	-	-	500,000	4,563	-	-	4,563	0.569	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	4,061	-	-	4,061	0.569	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,515	-	-	1,515	0.569	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.569	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,758	-	-	7,758	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	31,033	-	-	31,033	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	-	386,000	3,523	-	-	3,523	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	-	1,275,000	11,637	-	-	11,637	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	-	2,100,000	19,167	-	-	19,167	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	-	500,000	4,563	-	-	4,563	0.361	29-Mar-22		

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	Resona Bank, Limited.	500,000	-	-	500,000	4,563	-	-	4,563	0.361	29-Mar-22	(2)	Unsecured and unguarante ed
	Developm ent Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,039	-	-	3,039	0.361	29-Mar-22		
	The Shizuoka Bank, Ltd.	1,270,000	-	-	1,270,000	11,591	-	-	11,591	0.361	29-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,464	-	-	2,464	0.361	29-Mar-22		
	The Senshu Ikeda Bank, Ltd.	300,000	-	-	300,000	2,738	-	-	2,738	0.361	29-Mar-22		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.594	29-Mar-24		
	THE NISHI-NI PPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	500,000	-	-	500,000	4,563	-	-	4,563	0.594	29-Mar-24		
	Kiraboshi Bank, Ltd.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.869	29-Mar-29		
	Citibank, N.A., Japan Branches	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.340	17-Jun-22		
	Developm ent Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,127	-	-	9,127	0.334	17-Jun-22		
	Mizuho Bank, Ltd.	-	571,400	-	571,400	-	5,215	-	5,215	0.400	16-Jan-23		
	MUFG Bank, Ltd.	-	1,464,800	-	1,464,800	-	13,369	-	13,369	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporatio n	-	1,331,200	-	1,331,200	-	12,150	-	12,150	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	-	628,600	-	628,600	-	5,737	-	5,737	0.400	16-Jan-23		
	Citibank, N.A., Japan Branches	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.400	16-Jan-23		
	Shinsei Bank, Limited.	-	200,000	-	200,000	-	1,825	-	1,825	0.400	16-Jan-23		
	Resona Bank, Limited.	-	600,000	-	600,000	-	5,476	-	5,476	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	-	571,400	-	571,400	-	5,215	-	5,215	0.499	16-Jan-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)							
Long-term loans payable	MUFG Bank, Ltd.	-	1,464,800	-	1,464,800	-	13,369	-	13,369	0.499	16-Jan-24	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporatio n	-	1,331,200	-	1,331,200	-	12,150	-	12,150	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	-	628,600	-	628,600	-	5,737	-	5,737	0.499	16-Jan-24		
	Citibank, N.A., Japan Branches	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.499	16-Jan-24		
	Shinsei Bank, Limited.	-	200,000	-	200,000	-	1,825	-	1,825	0.499	16-Jan-24		
	Resona Bank, Limited.	-	600,000	-	600,000	-	5,476	-	5,476	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	-	1,171,400	-	1,171,400	-	10,691	-	10,691	0.563	16-Jul-24		
	MUFG Bank, Ltd.	-	1,464,800	-	1,464,800	-	13,369	-	13,369	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporatio n	-	1,331,200	-	1,331,200	-	12,150	-	12,150	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	-	628,600	-	628,600	-	5,737	-	5,737	0.563	16-Jul-24		
	Citibank, N.A., Japan Branches	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.563	16-Jul-24		
	Shinsei Bank, Limited.	-	200,000	-	200,000	-	1,825	-	1,825	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	-	2,171,400	-	2,171,400	-	19,819	-	19,819	0.619	16-Jan-25		
	MUFG Bank, Ltd.	-	1,464,800	-	1,464,800	-	13,369	-	13,369	0.619	16-Jan-25		
	Sumitomo Mitsui Banking Corporatio n	-	1,331,200	-	1,331,200	-	12,150	-	12,150	0.619	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	-	628,600	-	628,600	-	5,737	-	5,737	0.619	16-Jan-25		
	Shinsei Bank, Limited.	-	200,000	-	200,000	-	1,825	-	1,825	0.619	16-Jan-25		
	Mizuho Bank, Ltd.	-	2,170,400	-	2,170,400	-	19,810	-	19,810	0.769	16-Jul-25		
	MUFG Bank, Ltd.	-	1,464,800	-	1,464,800	-	13,369	-	13,369	0.769	16-Jul-25		
	Sumitomo Mitsui Banking Corporatio n	-	1,331,200	-	1,331,200	-	12,150	-	12,150	0.769	16-Jul-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	Sumitomo Mitsui Trust Bank, Limited	-	628,600	-	628,600	-	5,737	-	5,737	0.769	16-Jul-25	(2)	Unsecured and unguarante ed
	Shinsei Bank, Limited.	-	200,000	-	200,000	-	1,825	-	1,825	0.769	16-Jul-25		
	Mizuho Bank, Ltd.	-	1,085,000	-	1,085,000	-	9,903	-	9,903	0.413	16-Jan-23		
	MUFG Bank, Ltd.	-	987,000	-	987,000	-	9,008	-	9,008	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporatio n	-	987,000	-	987,000	-	9,008	-	9,008	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	-	684,000	-	684,000	-	6,243	-	6,243	0.413	16-Jan-23		
	Citibank, N.A., Japan Branches	-	500,000	-	500,000	-	4,563	-	4,563	0.413	16-Jan-23		
	Developm ent Bank of Japan Inc.	-	300,000	-	300,000	-	2,738	-	2,738	0.413	16-Jan-23		
	AEON Bank, Ltd.	-	300,000	-	300,000	-	2,738	-	2,738	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	912	-	912	0.413	16-Jan-23		
	Mizuho Bank, Ltd.	-	712,000	-	712,000	-	6,498	-	6,498	0.525	16-Jan-24		
	MUFG Bank, Ltd.	-	986,000	-	986,000	-	8,999	-	8,999	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporatio n	-	986,000	-	986,000	-	8,999	-	8,999	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	-	684,000	-	684,000	-	6,243	-	6,243	0.525	16-Jan-24		
	Citibank, N.A., Japan Branches	-	500,000	-	500,000	-	4,563	-	4,563	0.525	16-Jan-24		
	Developm ent Bank of Japan Inc.	-	300,000	-	300,000	-	2,738	-	2,738	0.525	16-Jan-24		
	AEON Bank, Ltd.	-	300,000	-	300,000	-	2,738	-	2,738	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	912	-	912	0.525	16-Jan-24		
	Aozora Bank, Ltd.	-	375,000	-	375,000	-	3,422	-	3,422	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	-	712,000	-	712,000	-	6,498	-	6,498	0.580	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)							
Long-term loans payable	MUFG Bank, Ltd.	-	986,000	-	986,000	-	8,999	-	8,999	0.580	16-Jul-24	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporatio n	-	986,000	-	986,000	-	8,999	-	8,999	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	-	684,000	-	684,000	-	6,243	-	6,243	0.580	16-Jul-24		
	Citibank, N.A., Japan Branches	-	500,000	-	500,000	-	4,563	-	4,563	0.580	16-Jul-24		
	Developm ent Bank of Japan Inc.	-	300,000	-	300,000	-	2,738	-	2,738	0.580	16-Jul-24		
	AEON Bank, Ltd.	-	300,000	-	300,000	-	2,738	-	2,738	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	912	-	912	0.580	16-Jul-24		
	Aozora Bank, Ltd.	-	375,000	-	375,000	-	3,422	-	3,422	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	-	1,212,000	-	1,212,000	-	11,062	-	11,062	0.619	16-Jan-25		
	MUFG Bank, Ltd.	-	986,000	-	986,000	-	8,999	-	8,999	0.619	16-Jan-25		
	Sumitomo Mitsui Banking Corporatio n	-	986,000	-	986,000	-	8,999	-	8,999	0.619	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	-	684,000	-	684,000	-	6,243	-	6,243	0.619	16-Jan-25		
	Developm ent Bank of Japan Inc.	-	300,000	-	300,000	-	2,738	-	2,738	0.619	16-Jan-25		
	AEON Bank, Ltd.	-	300,000	-	300,000	-	2,738	-	2,738	0.619	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	912	-	912	0.619	16-Jan-25		
	Aozora Bank, Ltd.	-	375,000	-	375,000	-	3,422	-	3,422	0.619	16-Jan-25		
	Mizuho Bank, Ltd.	-	1,211,000	-	1,211,000	-	11,053	-	11,053	0.769	16-Jul-25		
	MUFG Bank, Ltd.	-	986,000	-	986,000	-	8,999	-	8,999	0.769	16-Jul-25		
	Sumitomo Mitsui Banking Corporatio n	-	986,000	-	986,000	-	8,999	-	8,999	0.769	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	-	684,000	-	684,000	-	6,243	-	6,243	0.769	16-Jul-25		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Avenge interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Developm ent Bank of Japan Inc.	-	300,000	-	300,000	-	2,738	-	2,738	0.769	16-Jul-25	(2)	Unsecured and unguarante ed
	AEON Bank, Ltd.	-	300,000	-	300,000	-	2,738	-	2,738	0.769	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	912	-	912	0.769	16-Jul-25		
	Aozora Bank, Ltd.	-	375,000	-	375,000	-	3,422	-	3,422	0.769	16-Jul-25		
	The Tokyo Star Bank, Limited	-	700,000	-	700,000	-	6,389	-	6,389	0.769	16-Jul-25		
	Mizuho Bank, Ltd.	-	2,882,000	-	2,882,000	-	26,305	-	26,305	0.462	16-Jan-24		
	The Daisan Bank, Ltd.	-	800,000	-	800,000	-	7,301	-	7,301	0.462	16-Jan-24		
	The Daisan Bank, Ltd.	-	1,700,000	-	1,700,000	-	15,516	-	15,516	0.486	15-Apr-24		
	The Daisan Bank, Ltd.	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.619	15-Apr-25		
	THE NISHI-NI PPON CITY BANK, LTD.	-	1,000,000	-	1,000,000	-	9,127	-	9,127	0.769	15-Oct-25		
	Total long-term loans payable	224,774,000	62,775,000	38,061,000	249,488,000	2,051,606	572,973	347,398	2,277,181				
Total loans payable		224,774,000	65,461,000	38,061,000	252,174,000	2,051,606	597,489	347,398	2,301,697	-	-	-	-

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) A loan payable of 1,000,000 thousand yen has been transferred from The Tokyo Star Bank, Limited to The Towa Bank, Ltd on December 25, 2019.
- (5) Repayment schedule of long-term loans payable (except for the current portion) for the next five years after each balance sheet date are as follows:

As of			
December 31, 2019		December 31, 2019	
(in thousands of yen)		(in thousands of U.S. dollars)	
1-2 years.....	¥ 55,601,000	\$ 507,493	
2-3 years.....	47,079,000	429,709	
3-4 years.....	38,582,000	352,154	
4-5 years.....	32,920,000	300,474	

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\$456 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, 2019 and December 31, 2019.

The number of investment units issued and outstanding were 5,666,840 units and 6,096,840 units as of June 30, 2019 and December 31, 2019 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, 2019 and December 31, 2019.

	For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings	¥ 21,131,966	¥ 23,261,426	\$ 212,316
Reversal of allowance for temporary differences adjustment	(125,201)	-	-
Distributions	(9,384,287)	(10,517,049)	(95,993)
Retained earnings / losses carried forward	¥ 11,622,477	¥ 12,744,377	\$ 116,323

The distribution in respect of the six months ended December 31, 2019 of ¥1,725 (US\$15.7) per investment unit, amounting to a total distribution of ¥10,517,049 thousand (US\$95,993 thousand) was proposed and approved at the Board of Directors meeting on February 20, 2019. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥1,656 and ¥1,725 (US\$15.7) for the six months ended June 30, 2019, and December 31, 2019, respectively.

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

For the six months ended June 30, 2019

In this table, the Company reversed allowance for temporary differences adjustment below.

(a) Reasons, related assets and allowance

(in thousands of yen)

Related assets, etc.	Reason for reversal	Allowance for temporary difference adjustments
Leasehold rights in trust	Sale of leasehold in trust	(125,201)

(b) Method of reversal

Related assets, etc.	Method of reversal
Leasehold rights in trust	Upon sale, the corresponding amount is scheduled to be reversed.

For the six months ended December 31, 2019

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, 2019 and December 31, 2019 consist of the following:

For the six months ended		
June 30, 2019	December 31, 2019	December 31, 2019
(in thousands of yen)		(in thousands of U.S. dollars)

Rental revenue – real estate:			
Rental revenue and common area charges (*)	¥ 11,795,812	¥ 14,306,734	\$ 130,583
Other	357,587	239,092	2,182
Total rental revenue – real estate	¥ 12,153,399	¥ 14,545,826	\$ 132,765
Expenses related to property rental business:			
Facility management fees	¥ 662,160	¥ 539,778	\$ 4,926
Property related taxes	565,715	631,040	5,759
Insurance expense	13,723	17,639	161
Depreciation	3,048,495	3,345,473	30,535
Other	200,561	139,076	1,269
Total expenses related to property rental business	¥ 4,490,658	¥ 4,673,007	\$ 42,652
Operating income from property leasing activities	¥ 7,662,741	¥ 9,872,819	\$ 90,113
(*)Variable rental revenue of hotels			
	¥ 4,304,181	¥ 5,317,963	\$ 48,539

13. Management Contract Revenue

	For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue.....	¥ 1,406,749	¥ 3,927,961	\$ 35,852
Hotel management expenses	826,160	2,530,339	23,095
Management contract revenue	¥ 580,588	¥ 1,397,621	\$ 12,756
Management contract expenses:			
Management fee	¥ 3,490	¥ 12,276	\$ 112
Insurance expense	36,279	111,278	1,015
Depreciation	119,824	412,305	3,763
Other	4,782	1,680	15
Total management contract expenses	¥ 164,376	¥ 537,542	\$ 4,906
Operating income from management contract.....	¥ 416,211	¥ 860,079	\$ 7,850

14. Breakdown of Gain on sales of Properties

For the six months ended June 30, 2019

	Royal Parks Tower Minami-Senju	
	Spacia Ebisu	
	(in thousands of yen)	
Revenue from sales of properties	¥ 12,209,814	¥ 27,745,250
Cost of properties sold	6,422,775	21,923,169
Other sale-related costs	153,225	337,910
Gain or loss on sales of properties	¥ 5,633,813	¥ 5,484,169

For the six months ended December 31, 2019

	Winbell Kagurazaka	
	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sales of properties	¥ 5,135,530	\$ 46,874
Cost of properties sold	2,992,380	27,312
Other sale-related costs	172,843	1,577
Gain or loss on sales of properties	¥ 1,970,306	\$ 17,983

15. 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, 2019	December 31, 2019
	(Rate)	
Statutory tax rates	31.51 %	31.51 %
Deductible cash distributions	-	(28.47)
Increase (decrease) in valuation allowance	(31.58)	(3.03)
Change of tax rates	(0.05)	-
Other	0.12	0.00
Effective tax rates	0.00 %	0.01 %

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

	As of		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 1,294	¥ 821	\$ 7
Allowance for doubtful accounts	46	-	-
Buildings and other (merger)	428,965	375,803	3,430
Land (merger)	786,792	695,171	6,345
Net loss carried forward(*1)	747,198	522,444	4,768
Asset retirement obligations	10,168	10,237	93
Fixed-term leasehold	76,182	88,526	808
Adjustment of acquisition price (Overseas properties)	477,213	472,363	4,311
Deposits received	-	9,301	84
Subtotal - deferred tax assets	2,527,862	2,174,669	19,849
Valuation allowance for tax loss carried forward	(747,198)	(522,444)	(4,768)
Valuation allowance for the sum of deductible temporary differences	(1,743,389)	(1,652,225)	(15,080)
Subtotal - valuation allowance(*2)	(2,490,588)	(2,174,669)	(19,849)
Total - deferred tax assets	37,274	-	-
Deferred tax liabilities:			
Asset retirement obligations	9,711	-	-
Deferred gains or losses on hedges	27,562	-	-
Total - deferred tax liabilities	37,274	-	-
Net 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, 2019

	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)	-	78,982	-	668,215	-	-	747,198
Valuation allowance	-	(78,982)	-	(668,215)	-	-	(747,198)
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, 2019

	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)	-	-	201,976	320,467	-	-	522,444
Valuation allowance	-	-	(201,976)	(320,467)	-	-	(522,444)
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)	-	-	1,843	2,925	-	-	4,768
Valuation allowance	-	-	(1,843)	(2,925)	-	-	(4,768)
Deferred tax assets	-	-	-	-	-	-	-

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

16. Leases

(a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of June 30, 2019 and December 31, 2019 scheduled to be received are summarized as follows:

	As of		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 9,754,753	¥ 12,306,447	\$ 112,326
Due over one year	58,695,396	76,858,696	701,521
Total	¥ 68,450,150	¥ 89,165,143	\$ 813,847

(b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of June 30, 2019 and December 31, 2019 scheduled to be paid are summarized as follows:

	As of		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 268,487	¥ 268,487	\$ 2,450
Due over one year	7,824,534	7,690,291	70,192
Total	¥ 8,093,022	¥ 7,958,778	\$ 72,643

17. 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 based on quoted market prices if available. When quoted market prices are not available, fair value 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, 2019 and December 31, 2019.

	As of								
	June 30, 2019			December 31, 2019			December 31, 2019		
	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) Cash and bank deposits	¥ 48,833,358	¥ 48,833,358	¥ -	¥ 17,924,733	¥ 17,924,733	¥ -	\$ 163,606	\$ 163,606	\$ -
(2) Cash and bank deposits in trust	6,766,348	6,766,348	-	10,862,669	10,862,669	-	99,148	99,148	-
Total assets	¥ 55,599,707	¥ 55,599,707	¥ -	¥ 28,787,403	¥ 28,787,403	¥ -	\$ 262,754	\$ 262,754	\$ -
Liabilities:									
(3) Short-term loans payable	-	-	-	2,686,000	2,686,000	-	24,516	24,516	-
(4) Current portion of long-term loans payable	51,744,000	51,744,000	-	50,130,000	50,130,000	-	457,557	457,557	-
(5) Investment corporation bonds	4,000,000	4,005,300	5,300	7,000,000	6,957,300	(42,700)	63,891	63,502	(389)
(6) Long-term loans payable	173,030,000	173,030,000	-	199,358,000	199,358,000	-	1,819,623	1,819,623	-
Total liabilities	¥ 228,774,000	¥ 228,779,300	¥ 5,300	¥ 259,174,000	¥ 259,131,300	¥ (42,700)	\$ 2,365,589	\$ 2,365,199	\$ (389)
(7) Derivatives	¥ 179,861	¥ 179,861	¥ -	¥ 129,227	¥ 129,227	¥ -	\$ 1,179	\$ 1,179	\$ -

Notes

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

(1) Cash and bank deposits and (2) Cash and bank deposits in trust (3) Short-term loans payable

Because of their short maturities, the carrying amounts approximate their fair value.

(4) Current portion of long-term loans payable (6) 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.

(5) 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.

(7) Derivatives

Please refer to the "19. Derivatives" below.

(ii) Financial instruments for which fair value is difficult to determine are as follows:

As of		
June 30,	December 31,	December 31,

	2019	2019	2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Tenant leasehold and security deposits in trust	¥ 1,746,941	¥ 1,765,094	\$ 16,110
Investment securities	¥ 17,856,387	¥ 17,856,387	\$ 162,982

Tenant leasehold and security deposits are not publicly traded, and it is difficult to determine their fair value based on estimated future cash flows because the repayment dates of those deposits are not certain. Therefore, these financial instruments are not included in the above quantitative information.

Fair values of preferred securities are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

(iii) Cash flow schedule of financial assets 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, 2019:						
Cash and bank deposits	¥ 48,833,358	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	6,766,348	-	-	-	-	-
Total	¥ 55,599,707	¥ -	¥ -	¥ -	¥ -	¥ -
As of December 31, 2019:						
Cash and bank deposits	¥ 17,924,733	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	10,862,669	-	-	-	-	-
Total	¥ 28,787,403	¥ -	¥ -	¥ -	¥ -	¥ -

	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, 2019:						
Cash and bank deposits	\$ 163,606	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and bank deposits in trust	99,148	-	-	-	-	-
Total	\$ 262,754	\$ -	\$ -	\$ -	\$ -	\$ -

(iv) 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, 2019:						
Short-term loans payable	-	-	-	-	-	-
Current portion of long-term loans payable ...	51,744,000	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	2,000,000	1,000,000
Long-term loans payable	-	57,380,000	52,602,000	29,645,000	28,843,000	4,560,000
Total	¥ 51,744,000	¥ 57,380,000	¥ 52,602,000	¥ 30,645,000	¥ 30,843,000	¥ 5,560,000
As of December 31, 2019:						
Short-term loans payable	2,686,000	-	-	-	-	-
Current portion of long-term loans payable ...	50,130,000	-	-	-	-	-
Investment corporation bonds	-	-	-	3,000,000	1,000,000	3,000,000
Long-term loans payable	-	55,601,000	47,079,000	38,582,000	32,920,000	25,176,000
Total	¥ 52,816,000	¥ 55,601,000	¥ 47,079,000	¥ 41,582,000	¥ 33,920,000	¥ 28,176,000

	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, 2019:						
Short-term loans payable	24,516	-	-	-	-	-
Current portion of long-term loans payable ...	457,557	-	-	-	-	-
Investment corporation bonds	-	-	-	27,382	9,127	27,382
Long-term loans payable	-	507,493	429,709	352,154	300,474	229,791

Total	\$ 482,073	\$ 507,493	\$ 429,709	\$ 379,536	\$ 309,602	\$ 257,174
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18. Investment securities

As of June 30, 2019

Fair values of preferred securities recorded on the Balance Sheet at ¥17,856,387 thousand are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

As of December 31, 2019

Fair values of preferred securities recorded on the Balance Sheet at ¥17,856,387 thousand (US\$162,982 thousand) are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

19. Derivatives

Information on derivative transactions undertaken by the Company as of June 30, 2019 and December 31, 2019 is as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting.

As of June 30, 2019:

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	¥ 84,074,000	¥ 51,413,000	¥ (19,845)
	Currency options Sell – USD Call (Option premium)	Future transactions denominated in a foreign currency	¥ 5,134,140	¥ 1,933,140	
			¥ (133,171)	¥ (42,806)	¥ (33,916)
	Currency options Buy – USD Put Option premium		¥ 5,134,140	¥ 1,933,140	
			¥ 225,420	¥ 102,873	¥ 233,622

(*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, 2019:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)			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	Long-term borrowings									
	transaction floating rate receivable and Fixed rate payable		¥ 95,112,000	¥ 66,133,000	¥ 64,609	\$ 868,127	\$ 603,623	\$ 589			

Currency options Sell – USD Call (Option premium)	Future transactions denominated in a foreign currency	¥	3,836,140	¥	622,160		\$	35,014	\$	5,678			
		¥	(95,963)	¥	(13,687)	¥	(24,788)	\$	(875)	\$	(124)	\$	(226)
Currency options Buy – USD Put Option premium		¥	3,836,140	¥	622,160		\$	35,014	\$	5,678			
		¥	191,665	¥	38,743	¥	89,405	\$	1,749	\$	353	\$	816

(*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.

20. Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore its leased land, which represents the land where COMFORT HOTEL MAEBASHI, owned by the Company, is located upon the termination of agreement. The estimated period of use of property is estimated at 43 years based on the lease period per the agreement. The assets retirement obligation for the restoration is recognized as a liability using discount rate at 1.342%.

Movements of asset retirement obligations for the six months ended June 30, 2019 and December 31, 2019 are as follows.

	For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 32,107	¥ 32,321	\$ 295
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	213	218	1
Balance at the end of the period	¥ 32,321	¥ 32,539	\$ 297

21. Segment Information

Segment information for the six months ended June 30, 2019 and December 31, 2019 is 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, 2019

(in thousands of yen)

Japan	Grand Cayman	Total
24,098,860	3,240,809	27,339,670

For the six months ended December 31, 2019

(in thousands of yen)

Japan	Grand Cayman	Total
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17,189,631	1,397,621	18,587,253
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(in thousands of U.S. dollars)

Japan	Grand Cayman	Total
156,896	12,756	169,653

(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, 2019 and December 31, 2019 were as follows:

For the six months ended June 30, 2019

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co., Ltd.	¥6,581,126	Real estate investing business
Undisclosed (1)	¥5,633,813	Real estate investing business
Undisclosed (2)	¥5,484,169	Real estate investing business

For the six months ended December 31, 2019

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	¥8,084,924	\$73,794	Real estate investing business
Undisclosed (1)	¥1,970,306	\$17,983	Real estate investing business

Notes

(1) The name of the client (an affiliate of a foreign real estate fund) is not disclosed, as the client's consent has not been obtained for disclosure. The client is not included in the group entities of the company and the Asset Manager.

(2) The name of the client (a Japanese TMK (Tokutei Mokuteki Kaisha)) is not disclosed, as the client's consent has not been obtained for disclosure. The client is not included in the group entities of the company and the Asset Manager.

22. Profit or Loss from Equity Method, etc

For the six months ended June 30, 2019

(in thousands of yen)

Investments in affiliates	17,856,387
Investments, if equity method was adopted	17,856,387
Investment gains (losses), if equity method was adopted	3,487,698

For the six months ended December 31, 2019

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	162,982
Investments, if equity method was adopted	17,856,387	162,982
Investment gains (losses), if equity method was adopted	673,498	6,147

23. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

For the six months ended June 30, 2019

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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts (1) (in thousands of yen)
Interested party of the Asset Manager	Naqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	-	Lease holder and operator of hotel	Rental Revenues	¥590,306	Rental receivables	¥197,253
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Lease holder and operator of hotel	Rental Revenues	¥6,581,126	Rental receivables	¥1,834,677

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, Co. Ltd as a related party.

For the six months ended December 31, 2019

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	Shinohama TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥22,322,000	\$203,742	-	-	-
	Touyoko GK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥15,543,000	\$141,867	-	-	-
	Cadvis TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥11,492,000	\$104,892	-	-	-
	Yaeyama Resort Hotel TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥9,731,000	\$88,818	-	-	-
	Saturnia TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥9,405,000	\$85,843	-	-	-
	Kazuguchiko TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥8,629,000	\$78,760	-	-	-

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	HL Investments 2 TMK(3)	Minato-ku, Tokyo	Investment management business	¥01	\$0	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥5,524,000	\$50,419	-	-	-
	Naqua Hotel & Resorts Management Co., Ltd(2)	Minato-ku, Tokyo	Hotel management business	¥10	\$91	-	Lease holder and operator of hotel	Rental Revenues	¥1,133,572	\$10,346	Rental receivables	¥195,942	\$1,788
	Mystays Hotel Management Co., Ltd(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$912	-	Lease holder and operator of hotel	Rental Revenues	¥8,084,924	\$73,794	Rental receivables	¥2,664,336	\$24,318

Notes:

- (1) Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- (2) 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.
- (3) The seller, Shirahama TMK, Touyako GK, Calvis TMK, Yaeyama Resort Hotel TMK, Satumia TMK, Kawaguchiko TMK, HL Investments 2 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, Shirahama TMK, Touyako GK, Calvis TMK, Yaeyama Resort Hotel TMK, Satumia TMK, Kawaguchiko TMK, HL Investments 2 TMK, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management as a related party.
- (4) 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)
D64	Hotel MyStays Sapporo Aspen	Touyako GK	15,543,000	141,867
D65	Art Hotel Ishigakijima	Yaeyama Resort Hotel TMK	9,731,000	88,818
D66	Hotel MyStays Fuji Onsen Resort	Satumia TMK	9,405,000	85,843
D67	Hotel Sonia Otaru	Shirahama TMK	5,930,000	54,125
D68	Hotel MyStays Kanazawa Castle	Calvis TMK	5,682,000	51,861
D69	Art Hotel Niigata Station	HL Investments 2 TMK	5,524,000	50,419
D70	Hotel MyStays Nagoya Nishiki	Shirahama TMK	5,197,000	47,435
D71	Hotel Nord Otaru	Shirahama TMK	4,296,000	39,211
D72	Hotel MyStays Kagoshima Tenmonkan	Kawaguchiko TMK	3,445,000	31,443
D73	Art Hotel Asahikawa	Shirahama TMK	3,197,000	29,180
D74	Hotel MyStays Matsuyama	Calvis TMK	3,098,000	28,276
D75	Hotel MyStays Sapporo Susukino	Kawaguchiko TMK	3,059,000	27,920
D76	Hotel MyStays Sapporo Nakajima Park	Shirahama TMK	2,118,000	19,331
D77	Hotel MyStays Sapporo Nakajima Park Annex	Shirahama TMK	1,584,000	14,457
D78	Flexstay Inn Sakuragicho	Calvis TMK	1,425,000	13,006
D79	MyCUBE by MYSTAYS Asakusa Kuramae	Calvis TMK	1,287,000	11,746
D80	Hotel MyStays Kagoshima Tenmonkan Annex	Kawaguchiko TMK	1,168,000	10,660
D81	Hotel MyStays Nayoro	Kawaguchiko TMK	957,000	8,734
Total			82,646,000	754,344

(b) Affiliates

For the six months ended June 30, 2019

Type of related-party	Company name	Location	Business	Share capital	Investment ratio	Relationship with the Company	Transactions for the period		Balance at the end of period	
				Amounts (1)(2)			Type of transactions	Amounts (1)(2) (in millions of yen)	Balance sheet account	Amounts (1)(2) (in millions of yen)
				(in millions of yen)						
Affiliates	Seven Mile Resort Holdings Ltd.	Grand Cayman, Cayman	Investment management business	¥36,783	100.0%	TK investment	Investment in the TK (2)(3)	¥36,783	-	-
							Acquisition of	¥35,903	-	-

		Islands					fixed assets (3)			
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- (1) Investment amount in USD is converted to yen using the exchange rate fixed by foreign exchange forward (USD 1=JPY 110.45 (rounded down to two decimal places)).
- (2) INV initially funded USD 339,836 thousand (JPY 37,534 million). However, based on the closing settlement, the Cayman SPC did not need as much capital as anticipated. Therefore, INV received a refund of the TK investment in the amount of USD 6.8 million on December 10, 2018 (Cayman Island local time) from the Cayman SPC. Thus, the amounts indicated are those after the partial refund.
- (3) Investment was made based on a TK agreement with Seven Mile Resort Holdings Ltd. as an operator. INV acquired the Leasehold of the Cayman Hotels by way of a distribution in kind after the termination of the TK agreement on May 9, 2019. Acquisition price of Leasehold differs from the amount of refund of the TK investment since the book value as of May 9, 2019 is deemed the acquisition price of these properties.

For the six months ended December 31, 2019

Not Applicable

(c) Board of Directors and Major Individual Unitholders

For the six months ended June 30, 2019

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)	¥419,700	Accrued expenses	¥291,276
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	Accrued expenses	¥324

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, 2019

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)	¥323,669	\$2,954	Accrued expenses	¥181,945	\$1,660
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	\$10	Accrued expenses	¥880	\$8

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, 2019 is Kingdom TMK. Summary of financial statements are as follows:

	Kingdom TMK
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	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,524,164	100,450,855	916,857
Total other assets	3,972,036	3,753,104	34,256
Total current liabilities	106,709	128,712	1,174
Total non-current liabilities	66,280,661	66,280,661	604,971
Total net assets	38,108,830	37,794,586	344,967
Operating revenue	2,333,624	2,010,770	18,353
Income before income taxes	1,689,613	1,375,369	12,553
Net income	1,688,730	1,374,486	12,545

25. Per Unit Information

The following table shows net asset value per unit as of June 30, 2019 and December 31, 2019 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. The Company has no potentially dilutive units.

	As of / For the six months ended		
	June 30, 2019	December 31, 2019	December 31, 2019
	(Yen)		(U.S. dollars)
Net asset value per unit	¥ 41,125	¥ 42,601	\$ 388
Net income per unit	¥ 3,748	¥ 1,910	\$ 17
Weighted average number of units	5,666,840	6,093,427	-

26. Subsequent Events

(a) Sale of Assets

The Company completed sale of the following one property on January 15, 2020

Property Number : A51 Property Name: City House Tokyo Shinbashi

Sale Date	January 15, 2020
Location	Minato-ku, Tokyo
Book Value (Note 1)	JPY 2,269 million
Sales Price (Note 2)	JPY 4,465 million
Estimated Gain on Sales (Note 3)	JPY 2,043 million
Transferee	Not disclosed (Note 4)
Legal Form of Asset	Trust beneficiary interest

(Note 1) Book Value shows a figure as of December 31, 2019.

(Note 2) Sale Price does not include transfer related cost, adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes.

(Note 3) Estimated Gain on Sale is calculated by deducting the Book Value and estimated transfer related cost from Sale Price.

(Note 4) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure.

(b) New borrowings

In order to raise a part of the funds to be used for the acquisition of the 2 hotel properties acquired on January 6, 2020, the Company borrowed New Syndicate Loan (P).

New Syndicate Loan (P)

Lender	Sumitomo Mitsui Trust Bank, Limited
Borrowing amount	JPY 6,980 million
Interest rate, etc.	Base rate (1-month JPY TIBOR) +0.500%, 0.300%, 0.200%
Interest payment date	(i) The last Japanese business day of each month before the principal maturity date, beginning with January 31, 2020, and (ii) the principal maturity date,
Principal repayment method	Lump-sum repayment
Borrowing method	Unsecured / with no guarantee
Borrowing date	January 6, 2020,
Maturity date	January 6, 2025, January 6, 2023, January 6, 2021,

(c) Acquisition of assets (properties)

The Company acquired 2 hotel properties as shown in the following table on January 6, 2020

Use	Property number	Property name	Location	Construction completion date	Acquisition price (JPY million) (Note)	Total rentable area (m ²)	Seller	Category of specified asset
Hotel	D82	Hotel MyStays Premier Narita	Narita-shi, Chiba	May 1985	10,593	36,519.70	Adria Tokutei Mokuteki Kaisha	Trust beneficiary interest
Hotel	D83	Art Hotel Morioka	Morioka-shi, Iwate	March 1981	5,643	16,727.08	Heijo Tokutei Mokuteki Kaisha	Trust beneficiary interest

(Note) Acquisition price is stated based on the transaction price under the purchase and sale agreement. Acquisition price does not include the expenses in the acquisition, adjustments for property taxes and city planning taxes, and national and local consumption taxes.