



Audited Financial Statements
for the 34th Fiscal Period
(from January 1, 2020 to June 30, 2020)

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Greetings	1
Independent Auditor's Report	3
Balance Sheet as June 30, 2020	6
Statement of Income and Retained Earnings for the six months ended June 30, 2020	8
Statement of Changes in Net Assets for the six months ended June 30, 2020	9
Statement of Cash Flows for the six months ended June 30, 2020	11
Notes to Financial Statements as of and for the six months ended June 30, 2020	12

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. Our thoughts and prayers go out to all those who have contracted the COVID-19 virus, as well as to their families and friends.

We hereby provide you with a report on INV's asset management and financial results for the 34th fiscal period (from January 1, 2020 to June 30, 2020) (the "Reporting Period").

During the Reporting Period, we acquired two hotels on January 6, 2020 and sold one residential property on January 15, 2020 as part of asset recycling initiatives. As a result, we recorded a gain on sale of approximately JPY 2 billion in the Reporting Period. However, as the impacts of the spread of COVID-19 became apparent from the second half of February 2020, the number of both business and leisure trips decreased dramatically due to requests by domestic and overseas governments for people to refrain from going outside, restrict travel, government issued emergency declarations, and the request for people to refrain from traveling across prefectural boundaries. The environment surrounding the hotel industry, which is one of two core asset classes of INV, became extremely harsh. In response to the rapid and substantial decline in hotel occupancy rates, each hotel made concerted efforts to reduce operating expenses, including temporary hotel closures, but this was unable to compensate for the decline in revenues, which forced INV to accept a large-scale rent waiver from its largest tenant.

As a result, both revenues and profits for the Reporting Period dropped significantly, with operating revenues of JPY 9,410 million, operating income of JPY 1,496 million, and net income of JPY 423 million. INV decided on a distribution per unit (DPU) of JPY 69. The Covid-19 pandemic has caused an end to seven consecutive years of DPU growth.

In the residential property portfolio, another core asset class, NOI continued to exhibit stable growth in the Reporting Period, supporting INV's profitability. The existence of stable profits from the residential assets have alleviated any financial issues such as payment of interest on interest bearing debt. The relationship with our lenders continues to be favorable, and in July we refinanced bank loans at reasonable funding costs in the full amount, totaling over JPY 30 billion.

Our business outlook remains uncertain due to the COVID-19 pandemic. However, we believe that the hotel's occupancy rate bottomed out in May, and we have begun initiatives to maximize hotel revenues under the new environment classified as "With Corona". We, INV and its Asset Management Company, will make every effort to manage assets with the aim of achieving a recovery in business performance while contributing to the best interests of unitholders.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

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

Independent Auditor's Report

The Board of Directors
Invincible Investment Corporation

Opinion

We have audited the accompanying financial statements of Invincible Investment Corporation (the Company), which comprise the balance sheet as at June 30, 2020, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2020, and its financial performance and its cash flows for the six-months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and The Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six-months period ended June 30, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 25, 2020

金子秀嗣 

Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

竹内 和徳 

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

As of June 30, 2020

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 6 and 18)	¥ 17,924,733	¥ 10,190,672	\$ 94,585
Cash and bank deposits in trust (Notes 6 and 18)	10,862,669	6,127,902	56,876
Accounts receivable	613,563	-	-
Rental receivables	3,448,548	304,863	2,829
Deposits paid	482,506	262,507	2,436
Prepaid expenses	718,710	582,415	5,405
Income taxes receivable	137,528	129,613	1,203
Consumption taxes receivable	2,239,471	831,675	7,719
Other	154	-	-
Total current assets	36,427,886	18,429,649	171,056
Non-current assets:			
Property and equipment (Notes 7 and 8):			
Buildings, at cost	19,142,244	19,392,579	179,994
Buildings and accompanying facilities, at cost	5,111,514	5,292,840	49,126
Structures, at cost	-	1,458	13
Tools, furniture and fixtures, at cost	1,087,303	1,160,530	10,771
Construction in progress	534,690	486,479	4,515
Buildings in trust, at cost	159,549,904	167,743,709	1,556,930
Buildings and accompanying facilities in trust, at cost	33,269,242	33,693,125	312,726
Structures in trust, at cost	234,012	250,163	2,321
Tools, furniture and fixtures in trust, at cost	2,382,539	2,766,458	25,677
Land in trust	245,771,234	250,271,308	2,322,919
Construction in progress in trust	3,179	129,129	1,198
Subtotal	467,085,865	481,187,782	4,466,194
Less: Accumulated depreciation	(24,868,562)	(28,567,990)	(265,156)
Total property and equipment, net	442,217,302	452,619,792	4,201,037
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	98,735
Leasehold rights in trust	13,265,876	14,614,328	135,644
Total intangible assets	23,903,688	25,252,140	234,380
Investments and other assets:			
Investment securities (Note 19 and 23)	17,856,387	17,856,387	165,735
Guarantee deposits	803,721	1,362,721	12,648
Long-term prepaid expenses	974,554	898,626	8,340
Derivatives assets (Note 20)	166,234	152,275	1,413
Other	22,667	22,667	210
Total investments and other assets	19,823,566	20,292,677	188,348
Total non-current assets	485,944,557	498,164,611	4,623,766
Deferred assets:			
Investment corporation bond issuance costs	59,556	69,157	641
Total deferred assets	59,556	69,157	641
TOTAL ASSETS	¥ 522,431,999	¥ 516,663,418	\$ 4,795,465

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 443,004	¥ 142,330	\$ 1,321
Short-term loans payable (Notes 10 and 18)	2,686,000	880,000	8,167
Current portion of long-term loans payable (Notes 10 and 18)	50,130,000	57,380,000	532,578
Accounts payable-other	125,221	301,280	2,796
Accrued expenses	272,659	269,814	2,504
Income taxes payable	605	605	5
Advances received	798,980	1,000,217	9,283
Deposits received	52,128	31,889	295
Total current liabilities	54,508,599	60,006,137	556,953
Non-current liabilities:			
Investment corporation bonds (Notes 10 and 18) ..	7,000,000	8,200,000	76,109
Long-term loans payable (Notes 10 and 18)	199,358,000	197,008,000	1,828,550
Tenant leasehold and security deposits in trust (Note 18)	1,765,094	1,749,862	16,241
Derivatives liabilities (Note 20)	37,007	128,466	1,192
Asset retirement obligations (Note 21)	32,539	32,756	304
Total non-current liabilities	208,192,641	207,119,086	1,922,397
TOTAL LIABILITIES	262,701,240	267,125,223	2,479,350
NET ASSETS (Note 12)			
Unitholders' equity:			
Unitholders' capital	235,701,512	235,701,512	2,187,688
Surplus:			
Capital surplus	6,264,432	6,264,432	58,143
Allowance for temporary differences	(6,130)	(6,130)	(56)
Adjustment (Note 4)	(5,524,006)	(5,524,006)	(51,271)
Other deduction of capital surplus	(5,530,137)	(5,530,137)	(51,328)
Total deduction of capital surplus	734,294	734,294	6,815
Capital surplus (net)			
Voluntary reserve			
Retained earnings	23,261,426	13,168,294	122,222
Total surplus	23,995,720	13,902,588	129,038
Total unitholders' equity	259,697,232	249,604,100	2,316,726
Valuation and translation adjustments:			
Deferred gains or losses on hedges	33,525	(65,906)	(611)
Total valuation and translation adjustments	33,525	(65,906)	(611)
TOTAL NET ASSETS	259,730,758	249,538,194	2,316,114
TOTAL LIABILITIES AND NET ASSETS	¥ 522,431,999	¥ 516,663,418	\$ 4,795,465

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 June 30, 2020

	For the six months ended		
	December 31, 2020	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 13)	¥ 14,545,826	¥ 5,838,836	\$ 54,193
Management contract revenue (Note 14)	1,397,621	890,442	8,264
Gain on sales of properties (Note 15)	1,970,306	2,046,294	18,992
Dividend income	673,498	634,651	5,890
Total operating revenue	18,587,253	9,410,225	87,341
Operating expenses			
Property related expenses (Note 13)	4,673,007	6,801,584	63,129
Management contract expenses (Note 14)	537,542	535,279	4,968
Asset management fees	300,000	300,000	2,784
Directors' compensation	4,800	4,800	44
Asset custody fees	25,518	26,231	243
Administrative service fees	57,444	47,259	438
Other	129,956	198,092	1,838
Total operating expenses	5,728,269	7,913,247	73,447
Operating income	12,858,984	1,496,977	13,894
Non-operating income			
Interest income	179	114	1
Foreign exchange gains	40,710	-	-
Interest on tax refund	289	7,712	71
Gain on derivatives	-	47,743	443
Other	2,091	1,613	14
Total non-operating income	43,270	57,183	530
Non-operating expenses			
Interest expenses	687,208	702,917	6,524
Foreign exchange losses	-	31,675	294
Interest expenses on investment corporation bonds	15,654	25,911	240
Amortization of investment corporation bond issuance costs	4,256	5,928	55
Loan-related costs	412,550	362,534	3,364
Investment unit issuance costs	143,029	-	-
Other-non-operating expenses	1	670	6
Total non-operating expenses	1,262,700	1,129,639	10,484
Ordinary income	11,639,553	424,522	3,940
Extraordinary income			
Subsidy income	-	73,119	678
Total extraordinary income	-	73,119	678
Extraordinary losses			
Loss on reduction entry of non-current assets	-	73,119	678
Total extraordinary losses	-	73,119	678
Income before income taxes	11,639,553	424,522	3,940
Income taxes (Note 16):			
Current	605	605	5
Total income taxes	605	605	5
Net income	11,638,948	423,917	3,934
Retained earnings / losses brought forward	11,622,477	12,744,377	118,288
Unappropriated retained earnings / losses (Note 12)	¥ 23,261,426	¥ 13,168,294	\$ 122,222

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 June 30, 2020

	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 yen)				
Balance as of July 1, 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	
Changes during the period							
Distributions from surplus							
Net income							
Changes other than unitholders' equity (net)							
Total changes during the period	-	-	-	-	-	-	
Balance as of June 30, 2020	¥ 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 July 1, 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
Changes during the period						
Distributions from surplus	(10,517,049)	(10,517,049)	(10,517,049)			(10,517,049)
Net income	423,917	423,917	423,917			423,917
Changes other than unitholders' equity(net)				(99,432)	(99,432)	(99,432)
Total changes during the period	(10,093,131)	(10,093,131)	(10,093,131)	(99,432)	(99,432)	(10,192,564)
Balance as of June 30, 2020	¥ 13,168,294	¥ 13,902,588	¥ 249,604,100	¥ (65,906)	¥ (65,906)	¥ 249,538,194

	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 January 1, 2020	\$ 2,187,688	\$ 58,143	\$ (56)	\$ (51,271)	\$ (51,328)	\$ 6,815
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity(net)						
Total changes during the period	-	-	-	-	-	-
Balance as of June 30, 2020	\$ 2,187,688	\$ 58,143	\$ (56)	\$ (51,271)	\$ (51,328)	\$ 6,815

	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 January 1, 2020	\$ 215,903	\$ 222,718	\$ 2,410,406	\$ 311	\$ 311	\$ 2,410,718
Changes during the period						
Distributions from surplus	(97,615)	(97,615)	(97,615)			(97,615)
Net income	3,934	3,934	3,934			3,934
Changes other than unitholders' equity(net)				(922)	(922)	(922)
Total changes during the period	(93,680)	(93,680)	(93,680)	(922)	(922)	(94,603)
Balance as of June 30, 2020	\$ 122,222	\$ 129,038	\$ 2,316,726	\$ (611)	\$ (611)	\$ 2,316,114

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the six months ended June 30, 2020

	For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income before income taxes	¥ 11,639,553	¥ 424,522	\$ 3,940
Depreciation and amortization	3,757,778	3,999,589	37,122
Loss on reduction entry of non-current assets	-	73,119	678
Investment unit issuance costs	143,029	-	-
Amortization of investment corporation bond issuance costs	4,256	5,928	55
Loan-related costs	412,550	362,534	3,364
Interest income	(179)	(114)	(1)
Interest expenses	702,863	728,828	6,764
Changes in assets and liabilities			
Foreign exchange losses (gains)	(32,090)	9,864	91
Loss (gain) on derivatives	-	(47,743)	(443)
Increase (decrease) in allowance for doubtful accounts	(148)	-	-
Decrease (increase) in rental receivables	(344,338)	2,798,340	25,973
Decrease (increase) in deposits paid	(110,785)	219,998	2,041
Decrease (increase) in receivable income taxes	31,539	7,942	73
Decrease (increase) in consumption taxes receivable	(2,426,511)	1,594,835	14,802
Increase (decrease) in accounts payable	(36,363)	(13,390)	(124)
Increase (decrease) in consumption taxes payable	(2,577,357)	(187,039)	(1,736)
Increase (decrease) in accounts payable-other	(29,060)	163,143	1,514
Increase (decrease) in accrued expenses	(92,670)	(1,411)	(13)
Increase (decrease) in advances received	(12,896)	546,581	5,073
Increase (decrease) in deposits received	(199,247)	(20,238)	(187)
Decrease in property and equipment in trust due to sale	2,991,980	2,269,720	21,066
Other, net	(148,847)	726,442	6,742
Subtotal	13,673,054	13,661,453	126,800
Interest income received	179	114	1
Interest expenses paid	(701,225)	(729,698)	(6,772)
Income taxes paid	(605)	(605)	(5)
Net cash provided by operating activities	12,971,404	12,931,264	120,022
Cash flows from investing activities:			
Purchases of property and equipment	(543,104)	(458,135)	(4,252)
Purchases of property and equipment in trust	(83,576,781)	(16,523,212)	(153,361)
Purchases of leasehold rights in trust	(440,504)	(1,387,263)	(12,876)
Repayments of tenant leasehold and security deposits in trust	(48,255)	(56,966)	(528)
Proceeds from tenant leasehold and security deposits in trust	67,022	42,113	390
Payments of tenant leasehold and security deposits	-	(559,000)	(5,188)
Other, net	28,651	43,852	407
Net cash used in investing activities	(84,512,972)	(18,898,611)	(175,409)
Cash flows from financing activities:			
Proceeds from short-term loans payable	2,686,000	880,000	8,167
Repayments of short-term loans payable	-	(2,686,000)	(24,930)
Proceeds from long-term loans payable	61,775,000	19,583,000	181,761
Repayments of long-term loans payable	(37,061,000)	(14,683,000)	(136,281)
Proceeds from issuance of investment corporation bonds	2,971,665	1,184,469	10,993
Payments for loan-related costs	(839,086)	(265,553)	(2,464)
Payments of distributions of earnings	(9,144,041)	(10,514,410)	(97,590)
Proceeds from issuance of investment units	24,340,740	-	-
Net cash provided by (used in) financing activities	44,729,277	(6,501,494)	(60,344)
Effect of exchange rate change on cash and cash equivalents	(13)	13	0
Net increase (decrease) in cash and cash equivalents	(26,812,304)	(12,468,828)	(115,730)
Cash and cash equivalents at beginning of period	55,599,707	28,787,403	267,193
Cash and cash equivalents at end of period (Note 6)	¥ 28,787,403	¥ 16,318,574	\$ 151,462

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 June 30, 2020

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
	June 30, 2020
Buildings	16-50
Buildings and accompanying facilities	5-29
Structures	20
Tools, furniture and fixtures	3-18
Buildings in trust	7-67
Buildings and accompanying facilities in trust	2-33
Structures in trust	10-55
Tools, furniture and fixtures in trust	2-20

(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 ¥41,528 (US\$¥385) thousand for the six months ended June 30, 2020.

3. U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes there to represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥107.74 = US\$1, the effective rate of exchange prevailing at June 30, 2020. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended June 30, 2020 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 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)	

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 June 30, 2020

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)	¥(6,130)	-	-	¥(6,130)	-
Total		¥(131,332)	¥(6,130)	-	-	¥(6,130)	

(in thousands of U.S dollars)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	\$ (1,218)	\$ (56)	-	-	\$ (56)	-
Total		\$ (1,218)	\$ (56)	-	-	\$ (56)	

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. Advanced depreciation

Advanced depreciation amount for property, plant and equipment acquired by government subsidies, etc are as follows.

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Buildings and accompanying facilities in trust	¥ -	¥ 73,119	\$ 678

6. Cash and Cash Equivalents

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

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 17,924,733	¥ 10,190,672	\$ 94,585

Cash and bank deposits in trust	10,862,669	6,127,902	56,876
Cash and cash equivalents	¥ 28,787,403	¥ 16,318,574	\$ 151,462

7. Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended June 30, 2020.

	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	¥ 250,335	¥ -	¥ 19,392,579	¥ 494,780	¥ 216,403	¥ 18,897,798
Buildings and accompanying facilities	5,111,514	181,325	-	5,292,840	342,143	151,680	4,950,697
Structures	-	1,458	-	1,458	19	19	1,439
Tools, furniture and fixtures	1,087,303	73,226	-	1,160,530	117,632	53,207	1,042,897
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	534,690	252,466	300,678	486,479	-	-	486,479
Buildings in trust	159,549,904	9,094,737	900,933	167,743,709	17,281,345	2,310,210	150,462,363
Buildings and accompanying facilities in trust	33,269,242	550,689	126,806	33,693,125	9,275,639	1,030,617	24,417,485
Structures in trust	234,012	21,058	4,907	250,163	102,281	5,694	147,882
Tools, furniture and fixtures in trust	2,382,539	390,353	6,434	2,766,458	954,147	192,944	1,812,311
Land in trust	245,771,234	5,991,846	1,491,772	250,271,308	-	-	250,271,308
Leasehold rights in trust	13,547,271	1,387,263	-	14,934,534	320,205	38,810	14,614,328
Construction in progress in trust	3,179	129,129	3,179	129,129	-	-	129,129
Total	¥ 491,270,948	¥ 18,323,892	¥ 2,834,711	¥ 506,760,129	¥ 28,888,196	¥ 3,999,589	¥ 477,871,933

	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	\$ 177,670	\$ 2,323	\$ -	\$ 179,994	\$ 4,592	\$ 2,008	\$ 175,401
Buildings and accompanying facilities	47,443	1,682	-	49,126	3,175	1,407	45,950
Structures	-	13	-	13	-	-	13
Tools, furniture and fixtures	10,091	679	-	10,771	1,091	493	9,679
Leasehold rights	98,735	-	-	98,735	-	-	98,735
Construction in progress	4,962	2,343	2,790	4,515	-	-	4,515
Buildings in trust	1,480,879	84,413	8,362	1,556,930	160,398	21,442	1,396,532
Buildings and accompanying facilities in trust	308,791	5,111	1,176	312,726	86,092	9,565	226,633
Structures in trust	2,172	195	45	2,321	949	52	1,372
Tools, furniture and fixtures in trust	22,113	3,623	59	25,677	8,856	1,790	16,821
Land in trust	2,281,151	55,613	13,846	2,322,919	-	-	2,322,919
Leasehold rights in trust	125,740	12,876	-	138,616	2,972	360	135,644
Construction in progress in trust	29	1,198	29	1,198	-	-	1,198
Total	\$ 4,559,782	\$ 170,075	\$ 26,310	\$ 4,703,546	\$ 268,128	\$ 37,122	\$ 4,435,417

Increases in the net book values are mainly due to the acquisition of 2 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)
D82	Hotel MyStays Premier Narita	10,593,000	98,320
D83	Art Hotel Morioka	5,643,000	52,376
Total		16,236,000	150,696

8. 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 December 31, 2019 and June 30, 2020.

Residential

As of / For the six months ended		
December 31, 2019	June 30, 2020	June 30, 2020

	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 56,921,817	¥ 53,552,976	\$ 497,057
Net increase (decrease) during period	(3,368,841)	(2,648,900)	(24,586)
Balance at the end of period	53,552,976	50,904,075	472,471
Fair value	¥ 69,671,000	¥ 65,438,000	\$ 607,369

Retail facilities

	As of / For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,825,236	¥ 4,789,956	\$ 44,458
Net increase (decrease) during period	(35,280)	(51,271)	(475)
Balance at the end of period	4,789,956	4,738,684	43,982
Fair value	¥ 6,150,000	¥ 6,120,000	\$ 56,803

Hotel

	As of / For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 326,555,836	¥ 407,240,188	\$ 3,779,842
Net increase (decrease) during period	80,684,352	14,373,376	133,407
Balance at the end of period	407,240,188	421,613,565	3,913,250
Fair value	¥ 482,093,260	¥ 470,778,826	\$ 4,369,582

Total

	As of / For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 388,302,890	¥ 465,583,121	\$ 4,321,358
Net increase (decrease) during period	77,280,230	11,673,203	108,346
Balance at the end of period	465,583,121	477,256,324	4,429,704
Fair value	¥ 557,914,260	¥ 542,336,826	\$ 5,033,755

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers.
2. For rental revenues and expenses for the six months ended December 31, 2019 and June 30, 2020, please refer to "Note 13: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

9. Investment corporation bonds

The following table shows the details of investment corporation bonds for the six months ended June 30, 2020.

For the six months ended June 30, 2020

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	(in thousands of yen)		(in thousands of U.S. dollars)		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	1,000,000	9,281	9,281	0.400

2nd unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2028) (1)(2)	1,000,000	1,000,000	9,281	9,281	0.800
3rd unsecured investment corporation bond (Issued on October 12, 2018 and due on October 12, 2023) (1)(3)	2,000,000	2,000,000	18,563	18,563	0.550
4th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 28, 2024) (1)(4)	1,000,000	1,000,000	9,281	9,281	0.480
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(4)	2,000,000	2,000,000	18,563	18,563	0.900
6th unsecured investment corporation bond (Issued on March 13, 2020 and due on March 13, 2030) (1)(3)	-	1,200,000	-	11,137	0.850
Total investment corporation bonds	7,000,000	8,200,000	64,971	76,109	

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	
	June 30, 2020	June 30, 2020
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ -	\$ -
1-2 years.....	-	-
2-3 years.....	1,000,000	9,281
3-4 years.....	2,000,000	18,563
4-5 years.....	1,000,000	9,281

10. Loans Payable

The following table shows the details of loans payable for the six months ended June 30, 2020.

For the six months ended June 30, 2020

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	-	6,227	-	6,227	-	0.280	18-Jul-20 (3)	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	671,500	-	671,500	-	6,232	-	6,232	-	0.280	18-Jul-20 (3)		
	Sumitomo Mitsui Banking Corporation	671,500	-	671,500	-	6,232	-	6,232	-	0.280	18-Jul-20 (3)		
	Sumitomo Mitsui Trust Bank, Limited	672,000	-	672,000	-	6,237	-	6,237	-	0.280	18-Jul-20 (3)		
	Sumitomo Mitsui Trust Bank, Limited	-	880,000	-	880,000	-	8,167	-	8,167	0.261	06-Jan-21		
	Total short-term loans payable	2,686,000	880,000	2,686,000	880,000	24,930	8,167	24,930	8,167				
Long-term loans payable	Mizuho Bank, Ltd.	5,992,000	-	-	5,992,000	55,615	-	-	55,615	0.590	16-Jul-20	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	5,992,000	-	-	5,992,000	55,615	-	-	55,615	0.590	16-Jul-20		
	Sumitomo Mitsui Banking Corporation	5,992,000	-	-	5,992,000	55,615	-	-	55,615	0.590	16-Jul-20		
	Shinsei Bank, Limited.	3,330,000	-	-	3,330,000	30,907	-	-	30,907	0.590	16-Jul-20		
	Citibank, N.A., Tokyo Branch	3,000,000	-	-	3,000,000	27,844	-	-	27,844	0.590	16-Jul-20		
	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	-	2,670,000	24,781	-	-	24,781	0.590	16-Jul-20		
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	12,390	-	-	12,390	0.590	16-Jul-20		
	MUFG Bank, Ltd.	668,000	-	-	668,000	6,200	-	-	6,200	0.590	16-Jul-20		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	31,557	-	-	31,557	0.600	22-Jan-21		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,889	-	-	7,889	0.600	22-Jan-21		
	Mizuho Bank, Ltd.	965,000	-	965,000	-	8,956	-	8,956	-	0.569	30-Mar-20		
	MUFG Bank, Ltd.	1,125,000	-	1,125,000	-	10,441	-	10,441	-	0.569	30-Mar-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	2,180,000	-	2,180,000	-	20,233	-	20,233	-	0.569	30-Mar-20	(2)	Unsecured and unguarante ed
	Shinsei Bank, Limited.	570,000	-	570,000	-	5,290	-	5,290	-	0.569	30-Mar-20		
	Resona Bank, Limited.	570,000	-	570,000	-	5,290	-	5,290	-	0.569	30-Mar-20		
	MUFG Bank, Ltd.	650,000	-	650,000	-	6,033	-	6,033	-	0.569	30-Mar-20		
	Japan Post Bank Co., Ltd.	2,000,000	-	2,000,000	-	18,563	-	18,563	-	0.569	30-Mar-20		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	3,090	-	3,090	-	0.569	30-Mar-20		
	The Shizuoka Bank, Ltd.	270,000	-	270,000	-	2,506	-	2,506	-	0.569	30-Mar-20		
	The Kagawa Bank, Ltd.	500,000	-	500,000	-	4,640	-	4,640	-	0.569	30-Mar-20		
	The Hyakugo Bank, Ltd.	1,000,000	-	1,000,000	-	9,281	-	9,281	-	0.569	30-Mar-20		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	270,000	-	2,506	-	2,506	-	0.569	30-Mar-20		
	Mizuho Bank, Ltd.	1,965,000	-	-	1,965,000	18,238	-	-	18,238	0.661	30-Mar-21		
	MUFG Bank, Ltd.	1,125,000	-	-	1,125,000	10,441	-	-	10,441	0.661	30-Mar-21		
	Sumitomo Mitsui Trust Bank, Limited	2,180,000	-	-	2,180,000	20,233	-	-	20,233	0.661	30-Mar-21		
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,290	-	-	5,290	0.661	30-Mar-21		
	Resona Bank, Limited.	570,000	-	-	570,000	5,290	-	-	5,290	0.661	30-Mar-21		
	MUFG Bank, Ltd.	650,000	-	-	650,000	6,033	-	-	6,033	0.661	30-Mar-21		
	The Bank of Fukuoka, Ltd.	1,333,000	-	-	1,333,000	12,372	-	-	12,372	0.661	30-Mar-21		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,506	-	-	2,506	0.661	30-Mar-21		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,640	-	-	4,640	0.661	30-Mar-21		
	The Hiroshima Bank, Ltd.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.661	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	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,506	-	-	2,506	0.661	30-Mar-21	(2)	Unsecured and unguarante ed
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	9,281	-	9,281	-	0.541	15-Jun-20		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.661	15-Jun-21		
	AEON Bank, Ltd.	3,000,000	-	-	3,000,000	27,844	-	-	27,844	0.661	30-Jun-21		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	5,568	-	-	5,568	0.561	20-Jul-20		
	The Toyou Bank, Ltd.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.561	20-Jul-20		
	The Tokyo Star Bank, Limited	1,700,000	-	-	1,700,000	15,778	-	-	15,778	0.661	20-Jul-21		
	Mizuho Bank, Ltd.	634,000	-	634,000	-	5,884	-	5,884	-	0.469	14-Mar-20		
	Developme nt Bank of Japan Inc.	1,000,000	-	1,000,000	-	9,281	-	9,281	-	0.469	14-Mar-20		
	Resona Bank, Limited.	333,000	-	333,000	-	3,090	-	3,090	-	0.469	14-Mar-20		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	3,090	-	3,090	-	0.469	14-Mar-20		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	333,000	-	3,090	-	3,090	-	0.469	14-Mar-20		
	The Toyou Bank, Ltd.	252,000	-	252,000	-	2,338	-	2,338	-	0.469	14-Mar-20		
	The Shizuoka Bank, Ltd.	200,000	-	200,000	-	1,856	-	1,856	-	0.469	14-Mar-20		
	The Gunma Bank, Ltd.	165,000	-	165,000	-	1,531	-	1,531	-	0.469	14-Mar-20		
	Mizuho Bank, Ltd.	1,633,000	-	-	1,633,000	15,156	-	-	15,156	0.561	14-Mar-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,090	-	-	3,090	0.561	14-Mar-21		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.561	14-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.561	14-Mar-21		
	The Toyou Bank, Ltd.	253,000	-	-	253,000	2,348	-	-	2,348	0.561	14-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	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,856	-	-	1,856	0.561	14-Mar-21	(2)	Unsecured and unguarante ed
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,531	-	-	1,531	0.561	14-Mar-21		
	Mizuho Bank, Ltd.	1,733,000	-	-	1,733,000	16,085	-	-	16,085	0.661	14-Mar-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,090	-	-	3,090	0.661	14-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.661	14-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.661	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	-	900,000	8,353	-	-	8,353	0.661	14-Mar-22		
	The Tokai Bank, Ltd.	253,000	-	-	253,000	2,348	-	-	2,348	0.661	14-Mar-22		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,856	-	-	1,856	0.661	14-Mar-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,640	-	-	4,640	0.661	14-Mar-22		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,531	-	-	1,531	0.661	14-Mar-22		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	27,844	-	-	27,844	0.511	14-Sep-20		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	40,105	-	-	40,105	0.611	29-Nov-21		
	The Dai-ichi Life Insurance company, Limited	3,000,000	-	-	3,000,000	27,844	-	-	27,844	0.611	29-Nov-21		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,294	-	-	3,294	0.361	13-Oct-20		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,294	-	-	3,294	0.361	13-Oct-20		
	Resona Bank, Limited.	334,000	-	-	334,000	3,100	-	-	3,100	0.361	13-Oct-20		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.361	13-Oct-20		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,763	-	-	1,763	0.361	13-Oct-20		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,550	-	-	1,550	0.361	13-Oct-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	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,550	-	-	1,550	0.361	13-Oct-20	(2)	Unsecured and unguarante ed
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,294	-	-	3,294	0.461	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,294	-	-	3,294	0.461	13-Oct-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,090	-	-	3,090	0.461	13-Oct-21		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.461	13-Oct-21		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,763	-	-	1,763	0.461	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,550	-	-	1,550	0.461	13-Oct-21		
	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,550	-	-	1,550	0.461	13-Oct-21		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	4,640	-	-	4,640	0.661	13-Oct-22		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	4,640	-	-	4,640	0.661	13-Oct-22		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	4,640	-	-	4,640	0.661	13-Oct-22		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,294	-	-	3,294	0.661	13-Oct-22		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,294	-	-	3,294	0.661	13-Oct-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,090	-	-	3,090	0.661	13-Oct-22		
	Developme nt Bank of Japan Inc.	1,500,000	-	-	1,500,000	13,922	-	-	13,922	0.661	13-Oct-22		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.661	13-Oct-22		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,763	-	-	1,763	0.661	13-Oct-22		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,540	-	-	1,540	0.661	13-Oct-22		
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,540	-	-	1,540	0.661	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,640	-	-	4,640	0.661	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	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,602	-	-	11,602	0.761	13-Oct-23	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	9,884	-	-	9,884	0.761	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	11,602	-	-	11,602	0.761	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,602	-	-	11,602	0.861	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	9,838	-	-	9,838	0.861	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	11,602	-	-	11,602	0.861	11-Oct-24		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	4,640	-	-	4,640	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,665	-	-	22,665	0.361	17-Jul-21		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,605	-	-	20,605	0.361	17-Jul-21		
	Sumitomo Mitsui Banking Corporation	1,998,000	-	-	1,998,000	18,544	-	-	18,544	0.361	17-Jul-21		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,302	-	-	10,302	0.361	17-Jul-21		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.361	17-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,260	-	-	8,260	0.361	17-Jul-21		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	22,674	-	-	22,674	0.461	17-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,605	-	-	20,605	0.461	17-Jul-22		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	18,535	-	-	18,535	0.461	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,302	-	-	10,302	0.461	17-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.461	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,260	-	-	8,260	0.461	17-Jul-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	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,665	-	-	22,665	0.561	14-Jul-23	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,605	-	-	20,605	0.561	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	18,535	-	-	18,535	0.561	14-Jul-23		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,302	-	-	10,302	0.561	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.561	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,260	-	-	8,260	0.561	14-Jul-23		
	Mizuho Bank, Ltd.	766,000	-	-	766,000	7,109	-	-	7,109	0.361	02-Aug-21		
	Sumitomo Mitsui Banking Corporation	766,000	-	-	766,000	7,109	-	-	7,109	0.361	02-Aug-21		
	MUFG Bank, Ltd.	467,000	-	-	467,000	4,334	-	-	4,334	0.361	02-Aug-21		
	Shinsei Bank, Limited.	150,000	-	-	150,000	1,392	-	-	1,392	0.361	02-Aug-21		
	Citibank, N.A., Tokyo Branch	120,000	-	-	120,000	1,113	-	-	1,113	0.361	02-Aug-21		
	The Nomura Trust and Banking Co., Ltd.	30,000	-	-	30,000	278	-	-	278	0.361	02-Aug-21		
	AEON Bank, Ltd.	60,000	-	-	60,000	556	-	-	556	0.361	02-Aug-21		
	Mizuho Bank, Ltd.	2,521,500	-	-	2,521,500	23,403	-	-	23,403	0.361	26-Sep-21		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	-	2,521,500	23,403	-	-	23,403	0.361	26-Sep-21		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	19,797	-	-	19,797	0.361	26-Sep-21		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.361	26-Sep-21		
	Shinsei Bank, Limited.	684,000	-	-	684,000	6,348	-	-	6,348	0.361	26-Sep-21		
	Citibank, N.A., Tokyo Branch	546,000	-	-	546,000	5,067	-	-	5,067	0.361	26-Sep-21		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,640	-	-	4,640	0.361	26-Sep-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	Resona Bank, Limited.	445,000	-	-	445,000	4,130	-	-	4,130	0.361	26-Sep-21	(2)	Unsecured and unguarante ed
	The Nomura Trust and Banking Co., Ltd.	137,000	-	-	137,000	1,271	-	-	1,271	0.361	26-Sep-21		
	AEON Bank, Ltd.	273,000	-	-	273,000	2,533	-	-	2,533	0.361	26-Sep-21		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	30,508	-	-	30,508	0.461	26-Sep-22		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	30,508	-	-	30,508	0.461	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	24,132	-	-	24,132	0.461	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.461	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,731	-	-	7,731	0.461	26-Sep-22		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	6,190	-	-	6,190	0.461	26-Sep-22		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,640	-	-	4,640	0.461	26-Sep-22		
	Resona Bank, Limited.	445,000	-	-	445,000	4,130	-	-	4,130	0.461	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,550	-	-	1,550	0.461	26-Sep-22		
	AEON Bank, Ltd.	334,000	-	-	334,000	3,100	-	-	3,100	0.461	26-Sep-22		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	30,513	-	-	30,513	0.561	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	30,513	-	-	30,513	0.561	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	24,132	-	-	24,132	0.561	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.561	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,731	-	-	7,731	0.561	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	6,190	-	-	6,190	0.561	26-Sep-23		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,640	-	-	4,640	0.561	26-Sep-23		

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.	445,000	-	-	445,000	4,130	-	-	4,130	0.561	26-Sep-23	(2)	Unsecured and unguarante ed
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,540	-	-	1,540	0.561	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.561	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,889	-	-	7,889	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	31,557	-	-	31,557	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	-	386,000	3,582	-	-	3,582	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	-	1,275,000	11,834	-	-	11,834	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	-	2,100,000	19,491	-	-	19,491	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	-	500,000	4,640	-	-	4,640	0.361	29-Mar-22		
	Resona Bank, Limited.	500,000	-	-	500,000	4,640	-	-	4,640	0.361	29-Mar-22		
	Developme nt Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,090	-	-	3,090	0.361	29-Mar-22		
	The Shizuoka Bank, Ltd.	1,270,000	-	-	1,270,000	11,787	-	-	11,787	0.361	29-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,506	-	-	2,506	0.361	29-Mar-22		
	The Saitama Ikeeda Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.361	29-Mar-22		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.594	29-Mar-24		
	THE NISHI-NI PPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	500,000	-	-	500,000	4,640	-	-	4,640	0.594	29-Mar-24		
	Kinaboshi Bank, Ltd.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.861	29-Mar-29		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.340	17-Jun-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	Developme nt Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.334	17-Jun-22	(2)	Unsecured and unguarante ed
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,303	-	-	5,303	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,595	-	-	13,595	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,355	-	-	12,355	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,834	-	-	5,834	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.400	16-Jan-23		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,856	-	-	1,856	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	-	600,000	5,568	-	-	5,568	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,303	-	-	5,303	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,595	-	-	13,595	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,355	-	-	12,355	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,834	-	-	5,834	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.499	16-Jan-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,856	-	-	1,856	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	5,568	-	-	5,568	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	10,872	-	-	10,872	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,595	-	-	13,595	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,355	-	-	12,355	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,834	-	-	5,834	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.563	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	Shinsei Bank, Limited.	200,000	-	-	200,000	1,856	-	-	1,856	0.563	16-Jul-24	(2)	Unsecured and unguarante ed
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	20,154	-	-	20,154	0.611	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,595	-	-	13,595	0.611	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,355	-	-	12,355	0.611	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,834	-	-	5,834	0.611	16-Jan-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,856	-	-	1,856	0.611	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	20,144	-	-	20,144	0.761	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,595	-	-	13,595	0.761	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,355	-	-	12,355	0.761	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,834	-	-	5,834	0.761	16-Jul-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,856	-	-	1,856	0.761	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	-	1,085,000	10,070	-	-	10,070	0.413	16-Jan-23		
	MUFG Bank, Ltd.	987,000	-	-	987,000	9,160	-	-	9,160	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	987,000	-	-	987,000	9,160	-	-	9,160	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,348	-	-	6,348	0.413	16-Jan-23		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,640	-	-	4,640	0.413	16-Jan-23		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,784	-	-	2,784	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	928	-	-	928	0.413	16-Jan-23		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,608	-	-	6,608	0.525	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.	986,000	-	-	986,000	9,151	-	-	9,151	0.525	16-Jan-24	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,151	-	-	9,151	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,348	-	-	6,348	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,640	-	-	4,640	0.525	16-Jan-24		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,784	-	-	2,784	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	928	-	-	928	0.525	16-Jan-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,480	-	-	3,480	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,608	-	-	6,608	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,151	-	-	9,151	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,151	-	-	9,151	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,348	-	-	6,348	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,640	-	-	4,640	0.580	16-Jul-24		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,784	-	-	2,784	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	928	-	-	928	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,480	-	-	3,480	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	11,249	-	-	11,249	0.611	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,151	-	-	9,151	0.611	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,151	-	-	9,151	0.611	16-Jan-25		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,348	-	-	6,348	0.611	16-Jan-25	(2)	Unsecured and unguarante ed
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,784	-	-	2,784	0.611	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.611	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	928	-	-	928	0.611	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,480	-	-	3,480	0.611	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	11,240	-	-	11,240	0.761	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,151	-	-	9,151	0.761	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,151	-	-	9,151	0.761	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,348	-	-	6,348	0.761	16-Jul-25		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,784	-	-	2,784	0.761	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,784	-	-	2,784	0.761	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	928	-	-	928	0.761	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,480	-	-	3,480	0.761	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	6,497	-	-	6,497	0.761	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	26,749	-	-	26,749	0.462	16-Jan-24		
	The Daiwa Bank, Ltd.	800,000	-	-	800,000	7,425	-	-	7,425	0.462	16-Jan-24		
	The Daiwa Bank, Ltd.	1,700,000	-	-	1,700,000	15,778	-	-	15,778	0.486	15-Apr-24		
	The Daiwa Bank, Ltd.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.611	15-Apr-25		
	THE NISHI-NI PPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,281	-	-	9,281	0.761	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	-	1,550,000	-	1,550,000	-	14,386	-	14,386	0.417	06-Jan-23		

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(5)	-	4,550,000	1,500,000	3,050,000	-	42,231	13,922	28,308	0.643	06-Jan-25	(2)	Unsecured and unguarante ed
	Memiji Bank,Ltd. (5)	-	1,000,000	-	1,000,000	-	9,281	-	9,281	0.643	06-Jan-25		
	The Kiyo Bank, Ltd. (5)	-	500,000	-	500,000	-	4,640	-	4,640	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	-	634,000	-	634,000	-	5,884	-	5,884	0.487	16-Mar-25		
	Resona Bank, Limited.	-	300,000	-	300,000	-	2,784	-	2,784	0.487	16-Mar-25		
	Developme nt Bank of Japan Inc.	-	1,000,000	-	1,000,000	-	9,281	-	9,281	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	-	333,000	-	333,000	-	3,090	-	3,090	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	-	333,000	-	333,000	-	3,090	-	3,090	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	-	200,000	-	200,000	-	1,856	-	1,856	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	-	450,000	-	450,000	-	4,176	-	4,176	0.487	16-Mar-25		
	MUFG Bank, Ltd.	-	850,000	-	850,000	-	7,889	-	7,889	0.361	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	-	1,090,000	-	1,090,000	-	10,116	-	10,116	0.361	16-Mar-23		
	The Bank of Fukuoka, Ltd.	-	333,000	-	333,000	-	3,090	-	3,090	0.361	16-Mar-23		
	Mizuho Bank, Ltd.	-	582,000	-	582,000	-	5,401	-	5,401	0.561	16-Mar-25		
	MUFG Bank, Ltd.	-	628,000	-	628,000	-	5,828	-	5,828	0.561	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	-	1,090,000	-	1,090,000	-	10,116	-	10,116	0.561	16-Mar-25		
	Shinsei Bank, Limited.	-	570,000	-	570,000	-	5,290	-	5,290	0.561	16-Mar-25		
	Resona Bank, Limited.	-	500,000	-	500,000	-	4,640	-	4,640	0.561	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	-	270,000	-	270,000	-	2,506	-	2,506	0.561	16-Mar-25		
	Aozora Bank, Ltd.	-	1,000,000	-	1,000,000	-	9,281	-	9,281	0.561	16-Mar-25		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Avernge interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Shizuoka Bank, Ltd.	-	270,000	-	270,000	-	2,506	-	2,506	0.561	16-Mar-25	(2)	Unsecured and unguarante ed
	The Kagawa Bank, Ltd.	-	500,000	-	500,000	-	4,640	-	4,640	0.561	16-Mar-25		
	The Yamaguchi Bank, Ltd.	-	550,000	-	550,000	-	5,104	-	5,104	0.561	16-Mar-25		
	The Chukyo Bank, Ltd.	-	1,000,000	-	1,000,000	-	9,281	-	9,281	0.561	16-Mar-25		
	Citibank, N.A., Tokyo Branch	-	1,000,000	-	1,000,000	-	9,281	-	9,281	0.311	17-Jun-22		
	Total long-term loans payable	249,488,000	21,083,000	16,183,000	254,388,000	2,315,648	195,684	150,204	2,361,128				
Total loans payable		252,174,000	21,963,000	18,869,000	255,268,000	2,340,579	203,851	175,134	2,369,296	-	-	-	-

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) Due to the receipt of consumption taxes refunds The principal was repaid on May 29, 2020.
- (4) Long-term loans payable include current portion.
- (5) Sumitomo Mitsui Trust Bank, Limited transferred credits of 1,000,000 thousand yen to Momiji Bank, Ltd. and 500,000 thousand yen to The Kiyo Bank, Ltd.
- (6) 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			
June 30, 2020		June 30, 2020	
(in thousands of yen)		(in thousands of U.S. dollars)	
1-2 years.....	¥ 53,602,000	\$ 497,512	
2-3 years.....	44,207,000	410,311	
3-4 years.....	44,964,000	417,338	
4-5 years.....	40,798,000	378,670	

11. 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\$464 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 December 31, 2019 and June 30, 2020.

The number of investment units issued and outstanding were 6,096,840 units as of December 31, 2019 and June 30, 2020 respectively.

12. 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 December 31, 2019 and June 30, 2020.

For the six months ended		
December 31,	June 30,	June 30,

	2019	2020	2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings	¥ 23,261,426	¥ 13,168,294	\$ 122,222
Distributions	(10,517,049)	(420,681)	(3,904)
Retained earnings / losses carried forward	¥ 12,744,377	¥ 12,747,612	\$ 118,318

The distribution in respect of the six months ended June 30, 2020 of ¥69 (US\$0.6) per investment unit, amounting to a total distribution of ¥420,681 thousand (US\$3,904 thousand) was proposed and approved at the Board of Directors meeting on August 25, 2020. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥1,725 and ¥69 (US\$0.6) for the six months ended December 31, 2019, and June 30, 2020, respectively.

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

For the six months ended December 31, 2019

Not Applicable

For the six months ended June 30, 2020

Not Applicable

13. 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 December 31, 2019 and June 30, 2020 consist of the following:

	For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*)	¥ 14,306,734	¥ 5,604,840	\$ 52,021
Other	239,092	233,996	2,171
Total rental revenue – real estate	¥ 14,545,826	¥ 5,838,836	\$ 54,193
Expenses related to property rental business:			
Facility management fees	¥ 539,778	¥ 2,452,700	\$ 22,764
Property related taxes	631,040	598,839	5,558
Insurance expense	17,639	19,721	183
Depreciation	3,345,473	3,578,589	33,215
Other	139,076	151,732	1,408
Total expenses related to property rental business	¥ 4,673,007	¥ 6,801,584	\$ 63,129
Operating income from property leasing activities	¥ 9,872,819	¥ (962,747)	\$ (8,935)
(*)Variable rental revenue of hotels	¥ 5,317,963	¥ 1,246,746	\$ 11,571

14. Management Contract Revenue

	For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue	¥ 3,927,961	¥ 2,912,073	\$ 27,028
Hotel management expenses	2,530,339	2,021,630	18,763
Management contract revenue	¥ 1,397,621	¥ 890,442	\$ 8,264

Management contract expenses:

Management fee	¥	12,276	¥	4,096	\$	38
Insurance expense		111,278		109,853		1,019
Depreciation		412,305		420,999		3,907
Other		1,680		329		3
Total management contract expenses	¥	537,542	¥	535,279	\$	4,968
Operating income from management contract	¥	860,079	¥	355,162	\$	3,296

15. Breakdown of Gain on sales of Properties

For the six months ended December 31, 2019

Winbell Kagurazaka	
(in thousands of yen)	
Revenue from sales of properties	¥ 5,135,530
Cost of properties sold	2,992,380
Other sale-related costs	172,843
Gain or loss on sales of properties	¥ 1,970,306

For the six months ended June 30, 2020

City House Tokyo Shinbashi			
(in thousands of yen)		(in thousands of U.S. dollars)	
Revenue from sales of properties	¥ 4,474,757	\$	41,532
Cost of properties sold	2,269,720		21,066
Other sale-related costs	158,741		1,473
Gain or loss on sales of properties	¥ 2,046,294	\$	18,992

16. 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	
	December 31, 2019	June 30, 2020
	(Rate)	
Statutory tax rates	31.51 %	31.46 %
Deductible cash distributions	(28.47)	(8.87)
Increase (decrease) in valuation allowance	(3.03)	(16.98)
Deductible dividends received	-	(5.61)
Other	0.00	0.15
Effective tax rates	0.01 %	0.14 %

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

As of		
December 31, 2019	June 30, 2020	June 30, 2020

	(in thousands of yen)		(in thousands of U.S. dollars)	
Deferred tax assets:				
Enterprise tax payable	¥	821	¥	731
Buildings and other (merger)		375,803		301,485
Land (merger)		695,171		693,693
Net loss carried forward(*1)		522,444		522,444
Asset retirement obligations		10,237		10,305
Fixed-term leasehold		88,526		100,736
Adjustment of acquisition price (Overseas properties)		472,363		469,321
Deposits received		9,301		4,762
Subtotal - deferred tax assets		2,174,669		2,103,480
Valuation allowance for tax loss carried forward		(522,444)		(522,444)
Valuation allowance for the sum of deductible temporary differences		(1,652,225)		(1,581,036)
Subtotal - valuation allowance		(2,174,669)		(2,103,480)
Total - deferred tax assets		-		-

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

For the six months ended 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	-	-	-	-	-	-	-

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

For the six months ended June 30, 2020

	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)	-	-	522,444	-	-	-	522,444
Valuation allowance	-	-	(522,444)	-	-	-	(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)	-	-	4,849	-	-	-	4,849
Valuation allowance	-	-	(4,849)	-	-	-	(4,849)
Deferred tax assets	-	-	-	-	-	-	-

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

17. Leases

(a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of December 31, 2019 and June 30, 2020 scheduled to be received are summarized as follows:

As of		
December 31, 2019	June 30, 2020	June 30, 2020
(in thousands of yen)		(in thousands of U.S. dollars)

Due within one year	¥ 12,306,447	¥ (*1)13,074,353	\$ (*1)121,350
Due over one year	76,858,696	76,516,655	710,197
Total	¥ 89,165,143	¥ 89,591,008	\$ 831,548

(*1) The effect of "Note 27 Subsequent Events (Conclusion of Memorandum of Understanding with Major Tenant for Amendment of Term Building Lease and Management Service Agreement)" below is not included.

(b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of December 31, 2019 and June 30, 2020 scheduled to be paid are summarized as follows:

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 268,487	¥ 315,287	\$ 2,926
Due over one year	7,690,291	8,822,415	81,886
Total	¥ 7,958,778	¥ 9,137,702	\$ 84,812

18. 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 December 31, 2019 and June 30, 2020.

	As of								
	December 31, 2019			June 30, 2020			June 30, 2020		
	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	¥ 17,924,733	¥ 17,924,733	¥ -	¥ 10,190,672	¥ 10,190,672	¥ -	\$ 94,585	\$ 94,585	\$ -
(2) Cash and bank deposits in trust	10,862,669	10,862,669	-	6,127,902	6,127,902	-	56,876	56,876	-
Total assets	¥ 28,787,403	¥ 28,787,403	¥ -	¥ 16,318,574	¥ 16,318,574	¥ -	\$ 151,462	\$ 151,462	\$ -
Liabilities:									
(3) Short-term loans payable	2,686,000	2,686,000	-	880,000	880,000	-	8,167	8,167	-
(4) Current portion of long-term loans payable	50,130,000	50,130,000	-	57,380,000	57,380,000	-	532,578	532,578	-

(5) Investment corporation bonds	7,000,000	6,957,300	(42,700)	8,200,000	7,351,740	(848,260)	76,109	68,235	(7,873)
(6) Long-term loans payable	199,358,000	199,358,000	-	197,008,000	197,008,000	-	1,828,550	1,828,550	-
Total liabilities	¥ 259,174,000	¥ 259,131,300	¥ (42,700)	¥ 263,468,000	¥ 262,619,740	¥ (848,260)	\$ 2,445,405	\$ 2,437,532	\$ (7,873)
(7) Derivatives	¥ 129,227	¥ 129,227	¥ -	¥ 23,808	¥ 23,808	¥ -	\$ 220	\$ 220	\$ -

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 "20. Derivatives" below.

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

	As of		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Tenant leasehold and security deposits in trust	¥ 1,765,094	¥ 1,749,862	\$ 16,241
Investment securities	¥ 17,856,387	¥ 17,856,387	\$ 165,735

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 December 31, 2019						
Cash and bank deposits	¥ 17,924,733	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	10,862,669	-	-	-	-	-
Total	¥ 28,787,403	¥ -	¥ -	¥ -	¥ -	¥ -

As of June 30, 2020:

Cash and bank deposits	¥ 10,190,672	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	6,127,902	-	-	-	-	-
Total	¥ 16,318,574	¥ -	¥ -	¥ -	¥ -	¥ -

	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 June 30, 2020:						
Cash and bank deposits	\$ 94,585	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and bank deposits in trust	56,876	-	-	-	-	-
Total	\$ 151,462	\$ -	\$ -	\$ -	\$ -	\$ -

(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 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

As of June 30, 2020:

Short-term loans payable	880,000	-	-	-	-	-
Current portion of long-term loans payable ...	57,380,000	-	-	-	-	-
Investment corporation bonds	-	-	1,000,000	2,000,000	1,000,000	4,200,000
Long-term loans payable	-	53,602,000	44,207,000	44,964,000	40,798,000	13,437,000
Total	¥ 58,260,000	¥ 53,602,000	¥ 45,207,000	¥ 46,964,000	¥ 41,798,000	¥ 17,637,000

	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 June 30, 2020:						
Short-term loans payable	8,167	-	-	-	-	-
Current portion of long-term loans payable ...	532,578	-	-	-	-	-
Investment corporation bonds	-	-	9,281	18,563	9,281	38,982
Long-term loans payable	-	497,512	410,311	417,338	378,670	124,716
Total	\$ 540,746	\$ 497,512	\$ 419,593	\$ 435,901	\$ 387,952	\$ 163,699

19. Investment securities

As of December 31, 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 June 30, 2020

Fair values of preferred securities recorded on the Balance Sheet at ¥17,856,387 thousand (US\$165,735 thousand) are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

20. Derivatives

Information on derivative transactions undertaken by the Company as of J December 31, 2019 and June 30, 2020 is as follows.

(a) Transactions for which hedge accounting is not applied

As of December 31, 2019:

Not Applicable

As of June 30, 2020:

Category	Type of derivative transaction	Contract amount							
		Total	Over 1 year	Fair Value (*1)	Valuation gains or losses	Total	Over 1 year	Fair Value (*1)	Valuation gains or losses
		(in thousands of yen)				(in thousands of U.S. dollars)			
Transactions other than market transactions	Currency options Sell – USD Call (Option premium)	¥ 3,271,290	¥ 1,890,460			\$ 30,362	\$ 17,546		
		¥ (79,014)	¥ (46,376)	¥ (48,852)	¥ 30,162	\$ (733)	\$ (430)	\$ (453)	\$ 279
	Currency options Buy – USD Put Option premium	¥ 3,271,290	¥ 1,890,460			\$ 30,362	\$ 17,546		
		¥ 109,770	¥ 70,605	¥ 138,567	¥ 28,797	\$ 1,018	\$ 655	\$ 1,286	\$ 267

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

(b) Transactions for which hedge accounting is applied

As of December 31, 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	¥ 95,112,000	¥ 66,133,000	¥ 64,609
	Currency options Sell – USD Call (Option premium)	Future transactions denominated in a foreign currency	¥ 3,836,140	¥ 622,160	
			¥ (95,963)	¥ (13,687)	¥ (24,788)
	Currency options Buy – USD Put Option premium		¥ 3,836,140	¥ 622,160	
			¥ 191,665	¥ 38,743	¥ 89,405

(*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 June 30, 2020:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)					
			Total	Over 1 year	Fair Value (*2)	Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 98,362,000	¥ 65,133,000	¥ (65,906)	\$ 912,957	\$ 604,538	\$ (611)

(*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.

21. 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 December 31, 2019 and June 30, 2020 are as follows.

For the six months ended		
December 31, 2019	June 30, 2020	June 30, 2020
(in thousands of yen)		(in thousands of

					U.S. dollars)	
Balance at the beginning of the period	¥	32,321	¥	32,539	\$	302
Liabilities incurred due to the acquisition of properties		-		-		-
Accretion expense		218		217		2
Balance at the end of the period	¥	32,539	¥	32,756	\$	304

22. Segment Information

Segment information for the six months ended , December 31, 2019 and June 30, 2020 are as follows :

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

(1) Revenues from Overseas Customers:

For the six months ended December 31, 2019

(in thousands of yen)

Japan	Grand Cayman	Total
17,189,631	1,397,621	18,587,253

For the six months ended June 30, 2020

(in thousands of yen)

Japan	Grand Cayman	Total
8,519,782	890,442	9,410,225

(in thousands of U.S. dollars)

Japan	Grand Cayman	Total
79,077	8,264	87,341

(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, December 31, 2020 and June 30, 2020 were as follows:

For the six months ended December 31, 2019

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co.,Ltd.	¥8,084,924	Real estate investing business
Undisclosed (1)	¥1,970,306	Real estate investing business

For the six months ended June 30, 2020

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	¥2,205,610	\$20,471	Real estate investing business
Undisclosed (1)	¥2,046,294	\$18,992	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.

23. Profit or Loss from Equity Method, etc

For the six months ended December 31, 2020

(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	673,498

For the six months ended June 30, 2020

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	165,735
Investments, if equity method was adopted	17,856,387	165,735
Investment gains (losses), if equity method was adopted	558,924	5,187

24. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Shirahama TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥22,322,000	-	-
	Touyoko GK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥15,543,000	-	-
	Calais TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥11,492,000	-	-

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	Yaeyama Resort Hotel TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥9,731,000	-	-
	Saturnia TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥9,405,000	-	-
	Kawaguchiko TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥8,629,000	-	-
	HL Investments 2 TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary interests	Acquisition of real estate trust beneficiary interests(2)(4)	¥5,524,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥10	-	Lease holder and operator of hotel	Rental Revenues	¥1,133,572	Rental receivables	¥195,942
	Mystays Hotel Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥100	-	Lease holder and operator of hotel	Rental Revenues	¥8,084,924	Rental receivables	¥2,664,336

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, Saturnia 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, Saturnia 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)
D64	Hotel MyStays Sapporo Aspen	Touyako GK	15,543,000
D65	Art Hotel Ishigakijima	Yaeyama Resort Hotel TMK	9,731,000
D66	Hotel MyStays Fuji Onsen Resort	Saturnia TMK	9,405,000
D67	Hotel Sonia Otaru	Shirahama TMK	5,930,000
D68	Hotel MyStays Kanazawa Castle	Calvis TMK	5,682,000
D69	Art Hotel Niigata Station	HL Investments 2 TMK	5,524,000
D70	Hotel MyStays Nagoya Nishiki	Shirahama TMK	5,197,000
D71	Hotel Nord Otaru	Shirahama TMK	4,296,000
D72	Hotel MyStays Kagoshima Tenmonkan	Kawaguchiko TMK	3,445,000
D73	Art Hotel Asahikawa	Shirahama TMK	3,197,000
D74	Hotel MyStays Matsuyama	Calvis TMK	3,098,000
D75	Hotel MyStays Sapporo Susukino	Kawaguchiko TMK	3,059,000
D76	Hotel MyStays Sapporo Nakajima Park	Shirahama TMK	2,118,000
D77	Hotel MyStays Sapporo Nakajima Park Annex	Shirahama TMK	1,584,000
D78	Flexstay Inn Sakuragicho	Calvis TMK	1,425,000
D79	MyCUBE by MYSTAYS Asakusa Kuramae	Calvis TMK	1,287,000
D80	Hotel MyStays Kagoshima Tenmonkan Annex	Kawaguchiko TMK	1,168,000
D81	Hotel MyStays Nayoro	Kawaguchiko TMK	957,000
Total			82,646,000

For the six months ended June 30, 2020

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	Adria 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)	¥10,593,000	\$98,320	-	-	-
	Heijo 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)	¥5,643,000	\$52,376	-	-	-
	Naqua Hotel & Resorts Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥10	\$92	-	Leaseholder and operator of hotel	Rental revenues	¥112,358	\$1,042	Rental receivables	¥40,124	\$372
								Property management costs and management fees (2)	¥273,674	\$2,540	-	-	-
	Mystays Hotel Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥760	\$7,054	-	Leaseholder and operator of hotel	Rental revenues	¥2,205,610	\$20,471	Rental receivables	¥93,116	\$864
								Property management costs and management fees (2)	¥985,476	\$9,146	Accounts payable other	¥93,109	\$864

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, Adria TMK, Heijo 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 FIC, a subsidiary of Softbank Group; a parent company of the asset manager directly and indirectly owning 100% of issued shares. Accordingly, we treat, Adria TMK, Heijo 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)
D82	Hotel MyStays Premier Narita	Adria TMK	10,593,000	98,320
D83	Art Hotel Morioka	Heijo TMK	5,643,000	52,376
Total			16,236,000	150,696

(b) Affiliates

For the six months ended December 31, 2019

Not Applicable

For the six months ended June 30, 2020

Not Applicable

(c) Board of Directors and Major Individual Unitholders

For the six months ended December 31, 2020

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

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 June 30, 2020

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)	¥315,018	\$2,923	Accrued expenses	¥165,238	\$1,533
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	\$5	Accrued expenses	¥330	\$3

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.

25. 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 June 30, 2020 is Kingdom TMK. Summary of financial statements are as follows:

	Kingdom TMK		
	As of / For the six months ended		
	December 31, 2019	June 30, 2020	June 30, 2020
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,450,855	100,194,569	929,966
Total other assets	3,753,104	3,724,184	34,566
Total current liabilities	128,712	79,072	733
Total non-current liabilities	66,280,661	66,278,918	615,174
Total net assets	37,794,586	37,560,763	348,624
Operating revenue	2,010,770	1,748,867	16,232
Income before income taxes	1,375,369	1,141,544	10,595
Net income	1,374,486	1,140,663	10,587

26. Per Unit Information

The following table shows net asset value per unit as of December 31, 2020 and June 30, 2020 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		
December 31, 2019	June 30, 2020	June 30, 2020

	(Yen)		(U.S. dollars)			
Net asset value per unit	¥	42,601	¥	40,929	\$	379
Net income per unit	¥	1,910	¥	70	\$	0
Weighted average number of units		6,093,427		6,096,840		

27. Subsequent Events (Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement with Major Tenant)

Under the impact of the spread of the new coronavirus infection, the Company decided at its board of director's meeting held on September 10, 2020 to enter into a Memorandum of Understanding (the "MOU") to amend each fixed-term building lease and property management agreement ("MLPM Agreements") pertaining to the rent conditions for the period from July 1, 2020 to September 30, 2020 for 73 domestic hotels owned by the Company with main tenant, MyStays Hotel Management Co., Ltd. ("MHM") and its affiliates (the "MHM Group"), who operate the hotels, in order to avoid the inability of MHM Group to make payments and to maintain hotel operations by MHM Group.

Based on the MOU, the Company decided to amend the MLPM Agreement (the "Original Leasing Terms and Conditions") as a tentative measure for the period from July 1, 2020 to September 30, 2020 as follows.

Items subject to Change	Calculated based on the Original Leasing Terms and Conditions	Tentative Measures (July 1, 2020 to September 30, 2020)
Fixed rent (Total rent for 3 months for 73 properties)	JPY 3,783 million	JPY 800 million (Approx. 21% of the amount under the Original Leasing Terms and Conditions) (hereinafter referred to as the "total fixed rent")
Variable rent	Calculated on a 3-month basis for each hotel. The amount obtained by deducting (i) the total amount of expenses, management services fees, and fixed rents of the hotel property from (ii) the total monthly sales of the hotel property (if the calculation results are negative, the amount shall be JPY 0).	Calculated by summing up the rent of all 73 properties for three months. The amount obtained by deducting (i) the above total fixed rent (the total rent for 3 months for 73 properties) from (ii) the aggregate of the amount for three months for 73 properties, which amount is obtained by deducting the management services fees for the hotel for each month from the monthly GOP (operating gross profit calculated by subtracting expenses from total monthly sales) for each hotel for the same month (provided that, for any month where such amount is negative, the amount for the month shall be JPY 0) (if the calculation results are negative, the amount shall be JPY 0). (hereinafter referred to as the "total variable rent")
Payment method of rent	Paid on the hotel-by-hotel basis. The due date is the 11th of the month which is two months from the month in which the last day of the calculation period falls (for the fixed rent, every month, and for the variable rent, every three months).	Paid on a total basis of 73 hotel properties. On November 11, 2020, the sum of the total fixed rent and the total variable rent shall be paid.

As a result of this MOU, the fixed rent to be recorded in operating revenue is expected to decrease by 2,983 million yen in the fiscal period ending December 2020. However, as the variable rent recorded in operating revenue is determined by the GOP for the period from July 1, 2020 to September 30, 2020, the amount of impact cannot be estimated as of today

28. Additional Information (Impact related to the Spread of new coronavirus)

In applying impairment accounting for fixed assets, the Company estimates the impact of the new coronavirus, assuming that the impact of the spread of the new coronavirus will be gradually controlled and the business environment will recover after the next fiscal period. Since it is difficult to predict with certainty when the spread of the new coronavirus will be eliminated and the extent of the impact, any change in the spread of the new coronavirus could have an impact on the Company's financial position and results of operations after the next fiscal period.

29. Unapplied Accounting Standard

- “Accounting Standard for Revenue Recognition” (Corporate Accounting Standards No. 29 issued by Accounting Standards Board of Japan (“ASBJ”) on March 31, 2020)

- “Implementation Guidance on Accounting Standard for Revenue Recognition” (Implementation Guidance of Corporate Accounting Standards No. 30 issued by ASBJ on March 31, 2020)

(1) Overview

The International Accounting Standard Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) have jointly developed the comprehensive accounting standard for revenue recognition, and have published “Revenue from Contracts with Customers” (International Financial Reporting Standards (“IFRS”) 15 issued by IASB and Topic 606 issued by FASB) in May 2014. As IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and Topic 606 is effective for annual periods beginning after December 15, 2017, ASBJ has developed and published the comprehensive accounting standard and implementation guidance for revenue recognition accordingly.

As the basic policy of ASBJ for the development of accounting standard for revenue recognition, the accounting standard in Japan have been established while adopting the basic principal of IFRS 15 from the point of view of the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP as a benefit for the consistency with IFRS 15. In addition, in the case that there is an item that the actual practice conducted in Japan is considered, the alternate treatments are added within the scope not to fail the comparability.

(2) Scheduled date of the application

Company will adopt the accounting standard, etc. from the beginning of the period ending December 31, 2021.

(3) Impact of the application of the respective accounting standard, etc.

Company is currently evaluating the effect on its financial statements by applying the “Accounting Standard for Revenue Recognition”, etc.

- “Accounting Standard for Fair Value Measurement” (Corporate Accounting Standards No. 30 issued by ASBJ on July 4, 2019)

- “Accounting Standard for Financial Instruments” (Corporate Accounting Standards No. 10 issued by ASBJ on July 4, 2019)

- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Implementation Guidance of Corporate Accounting Standards No. 31 issued by ASBJ on July 4, 2019)

- “Implementation Guidance on Disclosure about Fair Value of Financial Instruments” (Implementation Guidance of Corporate Accounting Standards No. 19 issued by ASBJ on March 31, 2020)

(1) Overview

IASB and FASB have established detailed guidance for fair value measurement (IFRS 13 “Fair Value Measurement” by IFRS and Topic 820 “Fair Value Measurement” by FASB). In order to improve the comparability between the international accounting standard and Japanese accounting standard, ASBJ has mainly considered guidance and disclosure on fair value of financial instruments and published the accounting standard and implementation guidance for fair value measurement accordingly.

As the basic policy of ASBJ for the development of accounting standard for fair value measurement, ASBJ basically adopted all provisions of IFRS 13 by using a unified calculation method, from the point of view of improving the comparability between the

financial statements based on IFRS or U.S. GAAP and Japanese GAAP. Moreover, in consideration of the actual practice conducted in Japan, other treatments for individual items are established within the scope not to fail the comparability.

(2) Scheduled date of the application

Company will adopt the accounting standard, etc. from the beginning of the period ending December 31, 2021.

(3) Impact of the application of the respective accounting standard, etc.

Company is currently evaluating the effect on its financial statements by applying the “Accounting Standard for Fair Value Measurement”, etc.

- “Accounting Standard for Disclosure of Accounting Estimates” (Corporate Accounting Standards No. 31 issued by ASBJ on March 31, 2020)

(1) Overview

With regard to “sources of estimation uncertainty” which are required to be disclosed under Paragraph 125 of International Accounting Standard (“IAS”) 1 “Presentation of Financial Statements” (“IAS 1”) issued in 2003 by IASB, ASBJ was requested to examine disclosures of such information under Japanese GAAP as useful information for users of financial statements. Accordingly, ASBJ has developed and published the accounting standard for disclosures of accounting estimates (the “Accounting Standard”).

The basic policy of ASBJ for the development of the Accounting Standard was to provide general principles (disclosure objectives) instead of expanding required information in the notes, and an entity shall determine specific disclosures in accordance with its disclosure objectives. The development of this standard is based on Paragraph 125 of IAS 1.

(2) Scheduled date of the application

Company will adopt the accounting standard from the end of the period ending June 30, 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes, and Error Corrections” (Corporate Accounting Standards No. 24 issued by ASBJ on March 31, 2020)

(1) Overview

Following the recommendation to examine enhancements to note information concerning “application of principles of accounting policies and procedures where provisions of related accounting standards are not available,” necessary amendments were made and the accounting standard for accounting policy disclosures, accounting changes, and error corrections was published by ASBJ.

When enhancing note information concerning “application of principles of accounting policies and procedures where provisions of related accounting standards are not available,” in order to ensure consistency with past actual practice in case the provisions of related accounting standards are clear, the provisions in the Notes on Corporate Accounting Principles (Note 1-2) have been followed.

(2) Scheduled date of the application

Company will adopt the accounting standard from the end of the period ending June 30, 2021