

Invincible Investment
Corporation

**Audited Financial Statements
for the 35th Fiscal Period
(from July 1, 2020 to December 31, 2020)**

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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 December 31, 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 December 31, 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 December 31, 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

March 26, 2021

竹内 和徳 

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

大久保 照代 

Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET
As of December 31, 2020

	As of		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 6 and 18)	¥ 10,190,672	¥ 21,210,252	\$ 204,929
Cash and bank deposits in trust (Notes 6 and 18)	6,127,902	6,295,192	60,823
Rental receivables	304,863	1,717,908	16,598
Deposits paid	262,507	356,534	3,444
Prepaid expenses	582,415	708,338	6,843
Income taxes receivable	129,613	16	0
Consumption taxes receivable	831,675	-	-
Other	-	6,536	63
Total current assets	18,429,649	30,294,779	292,703
Non-current assets:			
Property and equipment (Notes 7 and 8):			
Buildings, at cost	19,392,579	19,406,379	187,501
Buildings and accompanying facilities, at cost	5,292,840	5,293,194	51,141
Structures, at cost	1,458	1,458	14
Tools, furniture and fixtures, at cost	1,160,530	1,183,738	11,437
Construction in progress	486,479	588,930	5,690
Buildings in trust, at cost	167,743,709	164,029,805	1,584,829
Buildings and accompanying facilities in trust, at cost	33,693,125	33,102,139	319,827
Structures in trust, at cost	250,163	233,505	2,256
Tools, furniture and fixtures in trust, at cost	2,766,458	2,727,329	26,351
Land in trust	250,271,308	245,560,970	2,372,569
Construction in progress in trust	129,129	-	-
Subtotal	481,187,782	472,127,451	4,561,617
Less: Accumulated depreciation	(28,567,990)	(31,197,821)	(301,428)
Total property and equipment, net	452,619,792	440,929,629	4,260,189
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	102,780
Leasehold rights in trust	14,614,328	14,575,091	140,822
Total intangible assets	25,252,140	25,212,903	243,602
Investments and other assets:			
Investment securities (Note 19 and 23)	17,856,387	17,856,387	172,525
Guarantee deposits	1,362,721	1,362,721	13,166
Long-term prepaid expenses	898,626	681,990	6,589
Derivatives assets (Note 20)	152,275	66,417	641
Other	22,667	22,667	219
Total investments and other assets	20,292,677	19,990,184	193,141
Total non-current assets	498,164,611	486,132,717	4,696,934
Deferred assets:			
Investment corporation bond issuance costs	69,157	62,853	607
Total deferred assets	69,157	62,853	607
TOTAL ASSETS	¥ 516,663,418	¥ 516,490,350	\$ 4,990,244

	As of		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 142,330	¥ 846,058	\$ 8,174
Short-term loans payable (Notes 10 and 18)	880,000	34,847,000	336,685
Current portion of long-term loans payable (Notes 10 and 18)	57,380,000	55,601,000	537,207
Accounts payable-other	301,280	24,701	238
Accrued expenses	269,814	344,243	3,326
Income taxes payable	605	605	5
Consumption taxes payable	-	578,858	5,592
Advances received	1,000,217	580,016	5,604
Deposits received	31,889	11,143	107
Total current liabilities	60,006,137	92,833,627	896,943
Non-current liabilities:			
Investment corporation bonds (Notes 10 and 18) ..	8,200,000	8,200,000	79,227
Long-term loans payable (Notes 10 and 18)	197,008,000	163,940,000	1,583,961
Tenant leasehold and security deposits in trust (Note 18)	1,749,862	1,672,037	16,154
Derivatives liabilities (Note 20)	128,466	170,488	1,647
Asset retirement obligations (Note 21)	32,756	32,977	318
Total non-current liabilities	207,119,086	174,015,504	1,681,309
TOTAL LIABILITIES	267,125,223	266,849,131	2,578,252
NET ASSETS (Note 12)			
Unitholders' equity:			
Unitholders' capital	235,701,512	235,701,512	2,277,309
Surplus:			
Capital surplus	6,264,432	6,264,432	60,525
Allowance for temporary differences			
Adjustment (Note 4)	(6,130)	(6,130)	(59)
Other deduction of capital surplus	(5,524,006)	(5,524,006)	(53,372)
Total deduction of capital surplus	(5,530,137)	(5,530,137)	(53,431)
Capital surplus (net)	734,294	734,294	7,094
Voluntary reserve			
Retained earnings	13,168,294	13,371,340	129,191
Total surplus	13,902,588	14,105,635	136,286
Total unitholders' equity	249,604,100	249,807,147	2,413,595
Valuation and translation adjustments:			
Deferred gains or losses on hedges	(65,906)	(165,929)	(1,603)
Total valuation and translation adjustments	(65,906)	(165,929)	(1,603)
TOTAL NET ASSETS	249,538,194	249,641,218	2,411,992
TOTAL LIABILITIES AND NET ASSETS	¥ 516,663,418	¥ 516,490,350	\$ 4,990,244

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

INVINCIBLE INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended December 31, 2020

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 13)¥	5,838,836	¥ 5,738,249	\$ 55,442
Management contract revenue (Note 14)	890,442	-	-
Gain on sales of properties (Note 15)	2,046,294	2,602,343	25,143
Dividend income	634,651	-	-
Total operating revenue	9,410,225	8,340,593	80,585
Operating expenses			
Property related expenses (Note 13)	6,801,584	5,044,533	48,739
Management contract expenses (Note 14)	535,279	983,288	9,500
Asset management fees	300,000	300,000	2,898
Directors' compensation	4,800	4,800	46
Asset custody fees	26,231	25,684	248
Administrative service fees	47,259	67,749	654
Other	198,092	223,692	2,161
Total operating expenses	7,913,247	6,649,749	64,248
Operating income	1,496,977	1,690,843	16,336
Non-operating income			
Interest income.....	114	107	1
Foreign exchange gains	-	12,878	124
Interest on tax refund.....	7,712	1,498	14
Gain on derivatives.....	47,743	81,626	788
Other	1,613	3,272	31
Total non-operating income	57,183	99,382	960
Non-operating expenses			
Interest expenses	702,917	654,685	6,325
Foreign exchange losses	31,675	-	-
Interest expenses on investment corporation bonds	25,911	28,230	272
Amortization of investment corporation bond issuance costs	5,928	6,303	60
Loan-related costs	362,534	472,665	4,566
Other-non-operating expenses.....	670	4,007	38
Total non-operating expenses	1,129,639	1,165,892	11,264
Ordinary income	424,522	624,333	6,032
Extraordinary income			
Subsidy income.....	73,119	-	-
Total extraordinary income	73,119	-	-
Extraordinary losses			
Loss on reduction entry of non-current assets	73,119	-	-
Total extraordinary losses	73,119	-	-
Income before income taxes	424,522	624,333	6,032
Income taxes (Note 16):			
Current	605	605	5
Total income taxes	605	605	5
Net income	423,917	623,728	6,026
Retained earnings / losses brought forward	12,744,377	12,747,612	123,165
Unappropriated retained earnings / losses (Note 12)¥	13,168,294	¥ 13,371,340	\$ 129,191

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended December 31, 2020

	Unitholders' equity					Capital surplus (net)
	Unitholders' capital	Surplus				
		Capital surplus	Capital surplus			
			Allowance for temporary differences adjustment	Deduction of capital surplus		
				Other deduction of capital surplus	Deduction of capital surplus	
(in thousands of yen)						
Balance as of January 1, 2020	¥ 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
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of December 31, 2020	¥ 235,701,512	¥ 6,264,432	¥ (6,130)	¥ (5,524,006)	¥ (5,530,137)	¥ 734,294

	Unitholders' equity		Total unitholders' equity	Valuation and translation adjustments		Total net assets
	Surplus			Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
(in thousands of yen)						
Balance as of January 1, 2020	¥ 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
Changes during the period						
Distributions from surplus	(420,681)	(420,681)	(420,681)			(420,681)
Net income	623,728	623,728	623,728			623,728
Changes other than unitholders' equity (net)				(100,022)	(100,022)	(100,022)
Total changes during the period	203,046	203,046	203,046	(100,022)	(100,022)	103,024
Balance as of December 31, 2020	¥ 13,371,340	¥ 14,105,635	¥ 249,807,147	¥ (165,929)	¥ (165,929)	¥ 249,641,218

	Unitholders' equity					Capital surplus (net)
	Surplus					
	Unitholders' capital	Capital surplus				
		Capital surplus	Deduction of capital surplus		Deduction of capital surplus	
Allowance for temporary differences adjustment	Other deduction of capital surplus					
	(in thousands of U.S dollars)					
Balance as of July 1, 2020	\$ 2,277,309	\$ 60,525	\$ (59)	\$ (53,372)	\$ (53,431)	\$ 7,094
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of December 31, 2020	\$ 2,277,309	\$ 60,525	\$ (59)	\$ (53,372)	\$ (53,431)	\$ 7,094

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
	(in thousands of U.S dollars)					
Balance as of July 1, 2020	\$ 127,229	\$ 134,324	\$ 2,411,633	\$ (636)	\$ (636)	\$ 2,410,997
Changes during the period						
Distributions from surplus	(4,064)	(4,064)	(4,064)			(4,064)
Net income	6,026	6,026	6,026			6,026
Changes other than unitholders' equity (net)				(966)	(966)	(966)
Total changes during the period	1,961	1,961	1,961	(966)	(966)	995
Balance as of December 31, 2020	\$ 129,191	\$ 136,286	\$ 2,413,595	\$ (1,603)	\$ (1,603)	\$ 2,411,992

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the six months ended December 31, 2020

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income before income taxes	¥ 424,522	¥ 624,333	\$ 6,032
Depreciation and amortization	3,999,589	3,992,787	38,577
Loss on reduction entry of non-current assets	73,119	-	-
Amortization of investment corporation bond issuance costs	5,928	6,303	60
Loan-related costs	362,534	472,665	4,566
Interest income	(114)	(107)	(1)
Interest expenses	728,828	682,915	6,598
Foreign exchange losses (gains)	9,864	(30)	(0)
Loss (gain) on derivatives	(47,743)	(81,626)	(788)
Decrease (increase) in rental receivables	2,798,340	(1,413,044)	(13,652)
Decrease (increase) in deposits paid	219,998	(94,026)	(908)
Decrease (increase) in receivable income taxes	7,942	129,597	1,252
Decrease (increase) in consumption taxes receivable	1,594,835	831,675	8,035
Increase (decrease) in accounts payable	(13,390)	640,046	6,184
Increase (decrease) in consumption taxes payable	(187,039)	578,858	5,592
Increase (decrease) in accounts payable-other	163,143	(256,749)	(2,480)
Increase (decrease) in accrued expenses	(1,411)	68,632	663
Increase (decrease) in advances received	546,581	(420,200)	(4,059)
Increase (decrease) in deposits received	(20,238)	(20,746)	(200)
Decrease in property and equipment in trust due to sale	2,269,720	8,284,271	80,041
Other, net	726,442	(104,384)	(1,008)
Subtotal	13,661,453	13,921,171	134,504
Interest income received	114	107	1
Interest expenses paid	(729,698)	(680,307)	(6,573)
Income taxes paid	(605)	(605)	(5)
Net cash provided by operating activities	12,931,264	13,240,366	127,926
Cash flows from investing activities:			
Payments into time deposits	-	(1,328,500)	(12,835)
Purchases of property and equipment	(458,135)	(139,812)	(1,350)
Purchases of property and equipment in trust	(16,523,212)	(358,986)	(3,468)
Purchases of leasehold rights in trust	(1,387,263)	-	-
Repayments of tenant leasehold and security deposits in trust	(56,966)	(99,182)	(958)
Proceeds from tenant leasehold and security deposits in trust	42,113	26,461	255
Payments of tenant leasehold and security deposits	(559,000)	-	-
Other, net	43,852	109,484	1,057
Net cash used in investing activities	(18,898,611)	(1,790,534)	(17,299)
Cash flows from financing activities:			
Proceeds from short-term loans payable	880,000	34,847,000	336,685
Repayments of short-term loans payable	(2,686,000)	(880,000)	(8,502)
Proceeds from long-term loans payable	19,583,000	600,000	5,797
Repayments of long-term loans payable	(14,683,000)	(35,447,000)	(342,483)
Proceeds from issuance of investment corporation bonds	1,184,469	-	-
Payments for loan-related costs	(265,553)	(287,367)	(2,776)
Payments of distributions of earnings	(10,514,410)	(424,124)	(4,097)
Net cash provided by (used in) financing activities	(6,501,494)	(1,591,491)	(15,376)
Effect of exchange rate change on cash and cash equivalents	13	30	0
Net increase (decrease) in cash and cash equivalents	(12,468,828)	9,858,370	95,249
Cash and cash equivalents at beginning of period	28,787,403	16,318,574	157,667
Cash and cash equivalents at end of period (Note 6)	¥ 16,318,574	¥ 26,176,945	\$ 252,917

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

INVINCIBLE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended December 31, 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 ¥81,217 per unit. 194,144 of such units were issued in connection with a Domestic Public Offering, and the remaining 265,368 units were issued in connection with an International Offering pursuant Rule 144A and Regulation S under the U.S. Securities Act of 1933. On April 27, 2016, the Company issued 22,626 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥37.9 billion were used to repay the Company’s outstanding long term borrowing and in connection with the acquisition of 6 properties during this fiscal period.

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

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

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

On July 18, 2019, the Company completed its 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:

	<u>For the six months ended</u>
	<u>December 31, 2020</u>
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 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) 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.

(n) 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.

No taxes on property and equipment were capitalized for the six months ended December 31, 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 ¥103.50 = US\$1, the effective rate of exchange prevailing at December 31, 2020. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended December 31, 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 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)	

2. Method of reversal

(1) Leasehold rights in trust

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

For the six months ended December 31, 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	\$ (1,268)	\$ (59)	-	-	\$ (59)	-
Total		\$ (1,268)	\$ (59)	-	-	\$ (59)	

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

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		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 10,190,672	¥ 21,210,252	\$ 204,929
Cash and bank deposits in trust	¥ 6,127,902	¥ 6,295,192	\$ 60,823
Time deposits with maturities of more than three months	¥ -	¥ (1,328,500)	\$ (12,835)

Cash and cash equivalents	¥	16,318,574	¥	26,176,945	\$	252,917
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7. Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended December 31, 2020.

	At cost						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	(in thousands of yen)						
Buildings	¥ 19,392,579	¥ 13,800	¥ -	¥ 19,406,379	¥ 713,241	¥ 218,460	¥ 18,693,138
Buildings and accompanying facilities	5,292,840	353	-	5,293,194	494,825	152,682	4,798,368
Structures	1,458	-	-	1,458	52	32	1,406
Tools, furniture and fixtures	1,160,530	23,208	-	1,183,738	175,331	57,699	1,008,406
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	486,479	102,450	-	588,930	-	-	588,930
Buildings in trust	167,743,709	269,087	3,982,991	164,029,805	18,754,443	2,308,236	145,275,361
Buildings and accompanying facilities in trust	33,693,125	216,797	807,783	33,102,139	9,866,713	1,013,377	23,235,425
Structures in trust	250,163	3,978	20,636	233,505	98,339	6,157	135,165
Tools, furniture and fixtures in trust	2,766,458	46,891	86,020	2,727,329	1,094,873	196,904	1,632,456
Land in trust	250,271,308	-	4,710,337	245,560,970	-	-	245,560,970
Leasehold rights in trust	14,934,534	-	-	14,934,534	359,442	39,237	14,575,091
Construction in progress in trust	129,129	-	129,129	-	-	-	-
Total	¥ 506,760,129	¥ 676,567	¥ 9,736,898	¥ 497,699,797	¥ 31,557,264	¥ 3,992,787	¥ 466,142,533

	At cost						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	(in thousands of U.S dollars)						
Buildings	\$ 187,367	\$ 133	\$ -	\$ 187,501	\$ 6,891	\$ 2,110	\$ 180,610
Buildings and accompanying facilities	51,138	3	-	51,141	4,780	1,475	46,361
Structures	14	-	-	14	-	-	13
Tools, furniture and fixtures	11,212	224	-	11,437	1,694	557	9,743
Leasehold rights	102,780	-	-	102,780	-	-	102,780
Construction in progress	4,700	989	-	5,690	-	-	5,690
Buildings in trust	1,620,712	2,599	38,483	1,584,829	181,202	22,301	1,403,626
Buildings and accompanying facilities in trust	325,537	2,094	7,804	319,827	95,330	9,791	224,496
Structures in trust	2,417	38	199	2,256	950	59	1,305
Tools, furniture and fixtures in trust	26,729	453	831	26,351	10,578	1,902	15,772
Land in trust	2,418,080	-	45,510	2,372,569	-	-	2,372,569
Leasehold rights in trust	144,295	-	-	144,295	3,472	379	140,822
Construction in progress in trust	1,247	-	1,247	-	-	-	-
Total	\$ 4,896,233	\$ 6,536	\$ 94,076	\$ 4,808,693	\$ 304,901	\$ 38,577	\$ 4,503,792

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 June 30, 2020 and December 31, 2020.

Residential

	As of / For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S dollars)
Net book value			
Balance at the beginning of period	¥ 53,552,976	¥ 50,904,075	\$ 491,826
Net increase (decrease) during period	(2,648,900)	(8,610,346)	(83,191)
Balance at the end of period	50,904,075	42,293,729	408,635
Fair value	¥ 65,438,000	¥ 54,237,000	\$ 524,028

Retail facilities

	As of / For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,789,956	¥ 4,738,684	\$ 45,784
Net increase (decrease) during period	(51,271)	(49,457)	(477)
Balance at the end of period	4,738,684	4,689,226	45,306
Fair value	¥ 6,120,000	¥ 6,040,000	\$ 58,357

Hotel

	As of / For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 407,240,188	¥ 421,613,565	\$ 4,073,561
Net increase (decrease) during period	14,373,376	(3,042,918)	(29,400)
Balance at the end of period	421,613,565	418,570,646	4,044,160
Fair value	¥ 470,778,826	¥ 470,583,650	\$ 4,546,701

Total

	As of / For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 465,583,121	¥ 477,256,324	\$ 4,611,172
Net increase (decrease) during period	11,673,203	(11,702,721)	(113,069)
Balance at the end of period	477,256,324	465,553,602	4,498,102
Fair value	¥ 542,336,826	¥ 530,860,650	\$ 5,129,088

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers.
2. For rental revenues and expenses for the six months ended June 30, 2020 and December 31, 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 December 31, 2020.

For the six months ended December 31, 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	9,661	9,661	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	9,661	9,661	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	19,323	19,323	0.550
4th unsecured investment corporation bond	1,000,000	1,000,000	9,661	9,661	0.480

(Issued on October 28, 2019 and due on October 28, 2024) (1)(4)					
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(4)	2,000,000	2,000,000	19,323	19,323	0.900
6th unsecured investment corporation bond (Issued on March 13, 2020 and due on March 13, 2030) (1)(3)	1,200,000	1,200,000	11,594	11,594	0.850
Total investment corporation bonds	8,200,000	8,200,000	79,227	79,227	

Notes:

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

	As of	
	December 31, 2020	December 31, 2020
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ -	\$ -
1-2 years.....	-	-
2-3 years.....	3,000,000	28,985
3-4 years.....	1,000,000	9,661
4-5 years.....	-	-

10. Loans Payable

The following table shows the details of loans payable for the six months ended December 31, 2020.

For the six months ended December 31, 2020

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	880,000	-	880,000	-	8,502	-	8,502	-	0.288	06-Jan-21 (3)	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	-	5,992,000	-	5,992,000	-	57,893	-	57,893	0.338	16-Jul-21		
	MUFG Bank, Ltd.	-	6,660,000	-	6,660,000	-	64,347	-	64,347	0.338	16-Jul-21		
	Sumitomo Mitsui Banking Corporation	-	5,992,000	-	5,992,000	-	57,893	-	57,893	0.338	16-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	-	2,670,000	-	2,670,000	-	25,797	-	25,797	0.338	16-Jul-21		
	Citibank, N.A., Tokyo Branch	-	3,000,000	-	3,000,000	-	28,985	-	28,985	0.338	16-Jul-21		
	Shinsei Bank, Limited.	-	3,330,000	-	3,330,000	-	32,173	-	32,173	0.338	16-Jul-21		
	Resona Bank, Limited.	-	1,335,000	-	1,335,000	-	12,898	-	12,898	0.338	16-Jul-21		
	Development Bank of Japan Inc.	-	1,000,000	-	1,000,000	-	9,661	-	9,661	0.338	20-Jul-21		
	Sumitomo Mitsui Banking Corporation	-	3,000,000	-	3,000,000	-	28,985	-	28,985	0.338	14-Sep-21		
	Mizuho Bank, Ltd.	-	328,500	-	328,500	-	3,173	-	3,173	0.338	13-Oct-21		
	Citibank, N.A., Tokyo Branch	-	355,000	-	355,000	-	3,429	-	3,429	0.338	13-Oct-21		
	Shinsei Bank, Limited.	-	355,000	-	355,000	-	3,429	-	3,429	0.338	13-Oct-21		
	Resona Bank, Limited.	-	334,000	-	334,000	-	3,227	-	3,227	0.338	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	-	167,000	-	167,000	-	1,613	-	1,613	0.338	13-Oct-21		
	Sumitomo Mitsui Trust Bank, Limited	-	328,500	-	328,500	-	3,173	-	3,173	0.338	13-Oct-21		
	Total short-term loans payable	880,000	34,847,000	880,000	34,847,000	8,502	336,685	8,502	336,685				

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.	5,992,000	-	5,992,000	-	57,893	-	57,893	-	0.590	16-Jul-20	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	5,992,000	-	5,992,000	-	57,893	-	57,893	-	0.590	16-Jul-20		
	Sumitomo Mitsui Banking Corporation	5,992,000	-	5,992,000	-	57,893	-	57,893	-	0.590	16-Jul-20		
	Shinsei Bank, Limited.	3,330,000	-	3,330,000	-	32,173	-	32,173	-	0.590	16-Jul-20		
	Citibank, N.A., Tokyo Branch	3,000,000	-	3,000,000	-	28,985	-	28,985	-	0.590	16-Jul-20		
	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	2,670,000	-	25,797	-	25,797	-	0.590	16-Jul-20		
	Resona Bank, Limited.	1,335,000	-	1,335,000	-	12,898	-	12,898	-	0.590	16-Jul-20		
	MUFG Bank, Ltd.	668,000	-	668,000	-	6,454	-	6,454	-	0.590	16-Jul-20		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	32,850	-	-	32,850	0.600	22-Jan-21		
	MUFG Bank, Ltd.	850,000	-	-	850,000	8,212	-	-	8,212	0.600	22-Jan-21		
	Mizuho Bank, Ltd.	1,965,000	-	-	1,965,000	18,985	-	-	18,985	0.688	30-Mar-21		
	MUFG Bank, Ltd.	1,125,000	-	-	1,125,000	10,869	-	-	10,869	0.688	30-Mar-21		
	Sumitomo Mitsui Trust Bank, Limited	2,180,000	-	-	2,180,000	21,062	-	-	21,062	0.688	30-Mar-21		
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,507	-	-	5,507	0.688	30-Mar-21		
	Resona Bank, Limited.	570,000	-	-	570,000	5,507	-	-	5,507	0.688	30-Mar-21		
	MUFG Bank, Ltd.	650,000	-	-	650,000	6,280	-	-	6,280	0.688	30-Mar-21		
	The Bank of Fukuoka, Ltd.	1,333,000	-	-	1,333,000	12,879	-	-	12,879	0.688	30-Mar-21		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,608	-	-	2,608	0.688	30-Mar-21		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.688	30-Mar-21		
	The Hiroshima Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.688	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	2,608	-	-	2,608	0.688	30-Mar-21	(2)	Unsecured and unguarante ed
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.688	15-Jun-21		
	AEON Bank, Ltd.	3,000,000	-	-	3,000,000	28,985	-	-	28,985	0.688	30-Jun-21		
	The Tokyo Star Bank, Limited	600,000	-	600,000	-	5,797	-	5,797	-	0.561	20-Jul-20		
	The Toyou Bank, Ltd.	1,000,000	-	1,000,000	-	9,661	-	9,661	-	0.561	20-Jul-20		
	The Tokyo Star Bank, Limited	1,700,000	-	-	1,700,000	16,425	-	-	16,425	0.688	20-Jul-21		
	Mizuho Bank, Ltd.	1,633,000	-	-	1,633,000	15,777	-	-	15,777	0.588	14-Mar-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,217	-	-	3,217	0.588	14-Mar-21		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.588	14-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.588	14-Mar-21		
	The Toyou Bank, Ltd.	253,000	-	-	253,000	2,444	-	-	2,444	0.588	14-Mar-21		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,932	-	-	1,932	0.588	14-Mar-21		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,594	-	-	1,594	0.588	14-Mar-21		
	Mizuho Bank, Ltd.	1,733,000	-	-	1,733,000	16,743	-	-	16,743	0.688	14-Mar-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,217	-	-	3,217	0.688	14-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.688	14-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.688	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	-	900,000	8,695	-	-	8,695	0.688	14-Mar-22		
The Toyou Bank, Ltd.	253,000	-	-	253,000	2,444	-	-	2,444	0.688	14-Mar-22			
The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,932	-	-	1,932	0.688	14-Mar-22			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,830	-	-	4,830	0.688	14-Mar-22	(2)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,594	-	-	1,594	0.688	14-Mar-22		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	3,000,000	-	28,985	-	28,985	-	0.500	14-Sep-20		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	41,748	-	-	41,748	0.638	29-Nov-21		
	The Dai-ichi Life Insurance company, Limited	3,000,000	-	-	3,000,000	28,985	-	-	28,985	0.638	29-Nov-21		
	Shinsei Bank, Limited.	355,000	-	355,000	-	3,429	-	3,429	-	0.380	13-Oct-20		
	Citibank, N.A., Tokyo Branch	355,000	-	355,000	-	3,429	-	3,429	-	0.380	13-Oct-20		
	Resona Bank, Limited.	334,000	-	334,000	-	3,227	-	3,227	-	0.380	13-Oct-20		
	The Bank of Fukuoka, Ltd.	300,000	-	300,000	-	2,898	-	2,898	-	0.380	13-Oct-20		
	AEON Bank, Ltd.	190,000	-	190,000	-	1,835	-	1,835	-	0.380	13-Oct-20		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	167,000	-	1,613	-	1,613	-	0.380	13-Oct-20		
	The Hiroshima Bank, Ltd.	167,000	-	167,000	-	1,613	-	1,613	-	0.380	13-Oct-20		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,429	-	-	3,429	0.488	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,429	-	-	3,429	0.488	13-Oct-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,217	-	-	3,217	0.488	13-Oct-21		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.488	13-Oct-21		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,835	-	-	1,835	0.488	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,613	-	-	1,613	0.488	13-Oct-21		
	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,613	-	-	1,613	0.488	13-Oct-21		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.688	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	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	4,830	-	-	4,830	0.688	13-Oct-22	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	4,830	-	-	4,830	0.688	13-Oct-22		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,429	-	-	3,429	0.688	13-Oct-22		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,429	-	-	3,429	0.688	13-Oct-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,217	-	-	3,217	0.688	13-Oct-22		
	Developme nt Bank of Japan Inc.	1,500,000	-	-	1,500,000	14,492	-	-	14,492	0.688	13-Oct-22		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.688	13-Oct-22		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,835	-	-	1,835	0.688	13-Oct-22		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,603	-	-	1,603	0.688	13-Oct-22		
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,603	-	-	1,603	0.688	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,830	-	-	4,830	0.688	13-Oct-22		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	12,077	-	-	12,077	0.788	13-Oct-23		
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	10,289	-	-	10,289	0.788	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	12,077	-	-	12,077	0.788	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	12,077	-	-	12,077	0.888	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	10,241	-	-	10,241	0.888	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	12,077	-	-	12,077	0.888	11-Oct-24		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	23,594	-	-	23,594	0.388	17-Jul-21		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	21,449	-	-	21,449	0.388	17-Jul-21	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,998,000	-	-	1,998,000	19,304	-	-	19,304	0.388	17-Jul-21		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,724	-	-	10,724	0.388	17-Jul-21		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.388	17-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,599	-	-	8,599	0.388	17-Jul-21		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	23,603	-	-	23,603	0.488	17-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	21,449	-	-	21,449	0.488	17-Jul-22		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	19,294	-	-	19,294	0.488	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,724	-	-	10,724	0.488	17-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.488	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,599	-	-	8,599	0.488	17-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	23,594	-	-	23,594	0.588	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	21,449	-	-	21,449	0.588	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	19,294	-	-	19,294	0.588	14-Jul-23		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,724	-	-	10,724	0.588	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.588	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,599	-	-	8,599	0.588	14-Jul-23		
	Mizuho Bank, Ltd.	766,000	-	-	766,000	7,400	-	-	7,400	0.388	02-Aug-21		
	Sumitomo Mitsui Banking Corporation	766,000	-	-	766,000	7,400	-	-	7,400	0.388	02-Aug-21		
	MUFG Bank, Ltd.	467,000	-	-	467,000	4,512	-	-	4,512	0.388	02-Aug-21		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Shinsei Bank, Limited.	150,000	-	-	150,000	1,449	-	-	1,449	0.388	02-Aug-21	(2)	Unsecured and unguaranteed
	Citibank, N.A., Tokyo Branch	120,000	-	-	120,000	1,159	-	-	1,159	0.388	02-Aug-21		
	The Nomura Trust and Banking Co., Ltd.	30,000	-	-	30,000	289	-	-	289	0.388	02-Aug-21		
	AEON Bank, Ltd.	60,000	-	-	60,000	579	-	-	579	0.388	02-Aug-21		
	Mizuho Bank, Ltd.	2,521,500	-	-	2,521,500	24,362	-	-	24,362	0.388	26-Sep-21		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	-	2,521,500	24,362	-	-	24,362	0.388	26-Sep-21		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	20,608	-	-	20,608	0.388	26-Sep-21		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.388	26-Sep-21		
	Shinsei Bank, Limited.	684,000	-	-	684,000	6,608	-	-	6,608	0.388	26-Sep-21		
	Citibank, N.A., Tokyo Branch	546,000	-	-	546,000	5,275	-	-	5,275	0.388	26-Sep-21		
	Development Bank of Japan Inc.	500,000	-	-	500,000	4,830	-	-	4,830	0.388	26-Sep-21		
	Resona Bank, Limited.	445,000	-	-	445,000	4,299	-	-	4,299	0.388	26-Sep-21		
	The Nomura Trust and Banking Co., Ltd.	137,000	-	-	137,000	1,323	-	-	1,323	0.388	26-Sep-21		
	AEON Bank, Ltd.	273,000	-	-	273,000	2,637	-	-	2,637	0.388	26-Sep-21		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	31,758	-	-	31,758	0.488	26-Sep-22		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	31,758	-	-	31,758	0.488	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	25,120	-	-	25,120	0.488	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.488	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	8,048	-	-	8,048	0.488	26-Sep-22		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	6,444	-	-	6,444	0.488	26-Sep-22		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,830	-	-	4,830	0.488	26-Sep-22	(2)	Unsecured and unguarante ed
	Resona Bank, Limited.	445,000	-	-	445,000	4,299	-	-	4,299	0.488	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,613	-	-	1,613	0.488	26-Sep-22		
	AEON Bank, Ltd.	334,000	-	-	334,000	3,227	-	-	3,227	0.488	26-Sep-22		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	31,763	-	-	31,763	0.588	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	31,763	-	-	31,763	0.588	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	25,120	-	-	25,120	0.588	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.588	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	8,048	-	-	8,048	0.588	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	6,444	-	-	6,444	0.588	26-Sep-23		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,830	-	-	4,830	0.588	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	4,299	-	-	4,299	0.588	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,603	-	-	1,603	0.588	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.588	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	-	850,000	8,212	-	-	8,212	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	32,850	-	-	32,850	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	-	386,000	3,729	-	-	3,729	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	-	1,275,000	12,318	-	-	12,318	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	-	2,100,000	20,289	-	-	20,289	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	-	500,000	4,830	-	-	4,830	0.361	29-Mar-22		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Resona Bank, Limited.	500,000	-	-	500,000	4,830	-	-	4,830	0.361	29-Mar-22	(2)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.361	29-Mar-22		
	The Shizuoka Bank, Ltd.	1,270,000	-	-	1,270,000	12,270	-	-	12,270	0.361	29-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,608	-	-	2,608	0.361	29-Mar-22		
	The Sanyo Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.361	29-Mar-22		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.594	29-Mar-24		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.594	29-Mar-24		
	Kimboshi Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.888	29-Mar-29		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.340	17-Jun-22		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.334	17-Jun-22		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,520	-	-	5,520	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	14,152	-	-	14,152	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,861	-	-	12,861	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	6,073	-	-	6,073	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.400	16-Jan-23		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,932	-	-	1,932	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	-	600,000	5,797	-	-	5,797	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,520	-	-	5,520	0.499	16-Jan-24		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	14,152	-	-	14,152	0.499	16-Jan-24	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,861	-	-	12,861	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	6,073	-	-	6,073	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.499	16-Jan-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,932	-	-	1,932	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	5,797	-	-	5,797	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	11,317	-	-	11,317	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	14,152	-	-	14,152	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,861	-	-	12,861	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	6,073	-	-	6,073	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.563	16-Jul-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,932	-	-	1,932	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	20,979	-	-	20,979	0.638	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	14,152	-	-	14,152	0.638	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,861	-	-	12,861	0.638	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	6,073	-	-	6,073	0.638	16-Jan-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,932	-	-	1,932	0.638	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	20,970	-	-	20,970	0.788	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	14,152	-	-	14,152	0.788	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,861	-	-	12,861	0.788	16-Jul-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	6,073	-	-	6,073	0.788	16-Jul-25	(2)	Unsecured and unguaranteed
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,932	-	-	1,932	0.788	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	-	1,085,000	10,483	-	-	10,483	0.413	16-Jan-23		
	MUFG Bank, Ltd.	987,000	-	-	987,000	9,536	-	-	9,536	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	987,000	-	-	987,000	9,536	-	-	9,536	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,608	-	-	6,608	0.413	16-Jan-23		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,830	-	-	4,830	0.413	16-Jan-23		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,898	-	-	2,898	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	966	-	-	966	0.413	16-Jan-23		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,879	-	-	6,879	0.525	16-Jan-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,526	-	-	9,526	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,526	-	-	9,526	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,608	-	-	6,608	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,830	-	-	4,830	0.525	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,898	-	-	2,898	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	966	-	-	966	0.525	16-Jan-24		
Aozora Bank, Ltd.	375,000	-	-	375,000	3,623	-	-	3,623	0.525	16-Jan-24			
Mizuho Bank, Ltd.	712,000	-	-	712,000	6,879	-	-	6,879	0.580	16-Jul-24			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	986,000	-	-	986,000	9,526	-	-	9,526	0.580	16-Jul-24	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,526	-	-	9,526	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,608	-	-	6,608	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,830	-	-	4,830	0.580	16-Jul-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,898	-	-	2,898	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	966	-	-	966	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,623	-	-	3,623	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	11,710	-	-	11,710	0.638	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,526	-	-	9,526	0.638	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,526	-	-	9,526	0.638	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,608	-	-	6,608	0.638	16-Jan-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,898	-	-	2,898	0.638	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.638	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	966	-	-	966	0.638	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,623	-	-	3,623	0.638	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	11,700	-	-	11,700	0.788	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	9,526	-	-	9,526	0.788	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	9,526	-	-	9,526	0.788	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,608	-	-	6,608	0.788	16-Jul-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Development Bank of Japan Inc.	300,000	-	-	300,000	2,898	-	-	2,898	0.788	16-Jul-25	(2)	Unsecured and unguaranteed
	AEON Bank, Ltd.	300,000	-	-	300,000	2,898	-	-	2,898	0.788	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	966	-	-	966	0.788	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,623	-	-	3,623	0.788	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	6,763	-	-	6,763	0.788	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	27,845	-	-	27,845	0.462	16-Jan-24		
	The Daisai Bank, Ltd.	800,000	-	-	800,000	7,729	-	-	7,729	0.462	16-Jan-24		
	The Daisai Bank, Ltd.	1,700,000	-	-	1,700,000	16,425	-	-	16,425	0.486	15-Apr-24		
	The Daisai Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.638	15-Apr-25		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.788	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	-	1,550,000	14,975	-	-	14,975	0.417	06-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	29,468	-	-	29,468	0.643	06-Jan-25		
	Moniji Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	6,125	-	-	6,125	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	2,898	-	-	2,898	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.487	16-Mar-25		
The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,932	-	-	1,932	0.487	16-Mar-25			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Yanaguchi Bank, Ltd.	450,000	-	-	450,000	4,347	-	-	4,347	0.487	16-Mar-25	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	850,000	-	-	850,000	8,212	-	-	8,212	0.388	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	10,531	-	-	10,531	0.388	16-Mar-23		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,217	-	-	3,217	0.388	16-Mar-23		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	5,623	-	-	5,623	0.588	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	6,067	-	-	6,067	0.588	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	10,531	-	-	10,531	0.588	16-Mar-25		
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,507	-	-	5,507	0.588	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	4,830	-	-	4,830	0.588	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,608	-	-	2,608	0.588	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.588	16-Mar-25		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,608	-	-	2,608	0.588	16-Mar-25		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,830	-	-	4,830	0.588	16-Mar-25		
	The Yanaguchi Bank, Ltd.	550,000	-	-	550,000	5,314	-	-	5,314	0.588	16-Mar-25		
	The Chukyo Bank, Ltd.	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.588	16-Mar-25		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,661	-	-	9,661	0.338	17-Jun-22		
	The Tokyo Star Bank, Limited	-	600,000	-	600,000	-	5,797	-	5,797	0.338	20-Jul-22		
Total long-term loans payable	254,388,000	600,000	35,447,000	219,541,000	2,457,855	5,797	342,483	2,121,169	-	-			
Total loans payable	255,268,000	35,447,000	36,327,000	254,388,000	2,466,357	342,483	350,985	2,457,855	-	-	-	-	

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 October 30, 2020.
- (4) Long-term loans payable include current portion.
- (5) Repayment schedule of long-term loans payable (except for the current portion) for the next five years after each balance sheet date are as follows:

	As of	
	December 31, 2020	December 31, 2020
	(in thousands of yen)	(in thousands of U.S. dollars)
1-2 years.....	¥ 48,679,000	\$ 470,328
2-3 years.....	42,405,000	409,710
3-4 years.....	32,920,000	318,067
4-5 years.....	38,936,000	376,193

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\$483 thousand) as required by Article 67-4 of the Investment Trust Act.

The number of investment units authorized was 10,000,000 units as of June 30, 2020 and December 31, 2020.

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

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 13,168,294	¥ 13,371,340	\$ 129,191
Distributions	(420,681)	(1,018,172)	(9,837)
Retained earnings / losses carried forward.....	¥ 12,747,612	¥ 12,353,168	\$ 119,354

The distribution in respect of the six months ended December 31, 2020 of ¥167 (US\$1.6) per investment unit, amounting to a total distribution of ¥1,018,172 thousand (US\$9,837 thousand) was proposed and approved at the Board of Directors meeting on February 25, 2020. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥69 and ¥167 (US\$1.6) for the six months ended June 30, 2020, and December 31, 2020, respectively.

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

For the six months ended June 30, 2020

Not Applicable

For the six months ended December 31, 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 June 30, 2020 and December 31, 2020 consist of the following:

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*)	¥ 5,604,840	¥ 5,530,201	\$ 53,431
Other	233,996	208,047	2,010
Total rental revenue – real estate	¥ 5,838,836	¥ 5,738,249	\$ 55,442
Expenses related to property rental business:			
Facility management fees	¥ 2,452,700	¥ 548,085	\$ 5,295
Property related taxes	598,839	779,062	7,527
Insurance expense	19,721	19,719	190
Depreciation	3,578,589	3,564,224	34,436
Other	151,732	133,441	1,289
Total expenses related to property rental business	¥ 6,801,584	¥ 5,044,533	\$ 48,739
Operating income from property leasing activities	¥ (962,747)	¥ 693,715	\$ 6,702
(*)Variable rental revenue of hotels	¥ 1,246,746	¥ 1,105,021	\$ 10,676

14. Management Contract Revenue

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue	¥ 2,912,073	¥ 323,764	\$ 3,128
Hotel management expenses	2,021,630	774,406	7,482
Management contract revenue	¥ 890,442	¥ -	\$ -
Management contract expenses:			
Loss for management contract(*1)	¥ -	¥ 450,641	\$ 4,354
Management fee	4,096	-	-
Insurance expense	109,853	101,221	977
Depreciation	420,999	428,563	4,140
Other	329	2,862	27
Total management contract expenses	¥ 535,279	¥ 983,288	\$ 9,500
Operating income (loss) from management contract	¥ 355,162	¥ (983,288)	\$ (9,500)

(*1) In the case that Hotel management expenses exceed Hotel management revenue, the excess of such expenses over revenues is recorded as a loss for management contract.

15. Breakdown of Gain on sales of Properties

For the six months ended June 30, 2020

	City House Tokyo Shinbashi
	(in thousands of yen)
Revenue from sales of properties	¥ 4,474,757
Cost of properties sold	2,269,720
Other sale-related costs	158,741
Gain or loss on sales of properties	¥ 2,046,294

For the six months ended December 31, 2020

	Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence, City Court Kitaichijo	
	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sales of properties	¥ 7,870,163	\$ 76,040

Cost of properties sold	6,183,306	59,742
Other sale-related costs	176,967	1,709
Gain or loss on sales of properties	<u>¥ 1,509,889</u>	<u>\$ 14,588</u>

Lexington Square Akebonobashi, Lexington Square Daitabashi		
	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sales of properties	¥ 3,270,294	\$ 31,597
Cost of properties sold	2,100,964	20,299
Other sale-related costs	76,876	742
Gain or loss on sales of properties	<u>¥ 1,092,453</u>	<u>\$ 10,555</u>

(*) The sale price of individual properties are not disclosed as the transferees' consent has not been obtained for disclosure.

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	
	June 30, 2020	December 31, 2020
	(Rate)	
Statutory tax rates	31.46 %	31.46 %
Deductible cash distributions	(8.87)	-
Increase (decrease) in valuation allowance	(16.98)	(31.46)
Deductible dividends received	(5.61)	-
Other	0.15	0.10
Effective tax rates	<u>0.14 %</u>	<u>0.10 %</u>

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

	As of		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 731	¥ 731	\$ 7
Buildings and other (merger)	301,485	312,445	3,018
Land (merger)	693,693	472,381	4,564
Net loss carried forward(*1)	522,444	532,677	5,146
Asset retirement obligations	10,305	10,374	100
Fixed-term leasehold	100,736	113,080	1,092
Adjustment of acquisition price (Overseas properties)	469,321	465,374	4,496
Deposits received	4,762	-	-
Subtotal - deferred tax assets	2,103,480	1,907,065	18,425
Valuation allowance for tax loss carried forward	(522,444)	(532,677)	(5,146)
Valuation allowance for the sum of deductible temporary differences	<u>(1,581,036)</u>	<u>(1,374,387)</u>	<u>(13,279)</u>

Subtotal - valuation allowance	(2,103,480)	(1,907,065)	(18,425)
Total - deferred tax assets	-	-	-

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

For the six months ended June 30, 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	-	-	-	-	-	-	-

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

For the six months ended December 31, 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)	-	201,976	320,467	-	-	10,232	532,677
Valuation allowance	-	(201,976)	(320,467)	-	-	(10,232)	(532,677)
Deferred tax assets	-	-	-	-	-	-	-

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of U.S. dollars)						
Tax loss carried forward (a)	-	1,951	3,096	-	-	98	5,146
Valuation allowance	-	(1,951)	(3,096)	-	-	(98)	(5,146)
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 June 30, 2020 and December 31, 2020 scheduled to be received are summarized as follows:

	As of		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 13,074,353	¥ (*1) 12,885,947	\$ (*1) 124,501
Due over one year	76,516,655	69,716,320	673,587
Total	¥ 89,591,008	¥ 82,602,268	\$ 798,089

(*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 June 30, 2020 and December 31, 2020 scheduled to be paid are summarized as follows:

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

	(in thousands of yen)		(in thousands of U.S. dollars)	
Due within one year	¥ 315,287	¥ 317,915	\$ 3,071	
Due over one year	8,822,415	8,769,532	84,729	
Total	¥ 9,137,702	¥ 9,087,447	\$ 87,801	

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 June 30, 2020 and December 31, 2020.

	As of								
	June 30, 2020			December 31, 2020			December 31, 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	¥ 10,190,672	¥ 10,190,672	¥ -	¥ 21,210,252	¥ 21,210,252	¥ -	\$ 204,929	\$ 204,929	\$ -
(2) Cash and bank deposits in trust	6,127,902	6,127,902	-	6,295,192	6,295,192	-	60,823	60,823	-
Total assets	¥ 16,318,574	¥ 16,318,574	¥ -	¥ 27,505,445	¥ 27,505,445	¥ -	\$ 265,753	\$ 265,753	\$ -
Liabilities:									
(3) Short-term loans payable	880,000	880,000	-	34,847,000	34,847,000	-	336,685	336,685	-
(4) Current portion of long-term loans payable	57,380,000	57,380,000	-	55,601,000	55,601,000	-	537,207	537,207	-
(5) Investment corporation bonds	8,200,000	7,351,740	(848,260)	8,200,000	7,467,240	(732,760)	79,227	72,147	(7,079)
(6) Long-term loans payable	197,008,000	197,008,000	-	163,940,000	163,940,000	-	1,583,961	1,583,961	-
Total liabilities	¥ 263,468,000	¥ 262,619,740	¥ (848,260)	¥ 262,588,000	¥ 261,855,240	¥ (732,760)	\$ 2,537,082	\$ 2,530,002	\$ (7,079)
(7) Derivatives	¥ 23,808	¥ 23,808	¥ -	¥ (104,071)	¥ (104,071)	¥ -	\$ (1,005)	\$ (1,005)	\$ -

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		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Tenant leasehold and security deposits in trust	¥ 1,749,862	¥ 1,672,037	\$ 16,154
Investment securities	¥ 17,856,387	¥ 17,856,387	\$ 172,525

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

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

(iii) Cash flow schedule of financial assets after the balance sheet date

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of yen)					
As of June 30, 2020						
Cash and bank deposits	¥ 10,190,672	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	6,127,902	-	-	-	-	-
Total	¥ 16,318,574	¥ -	¥ -	¥ -	¥ -	¥ -

As of December 31, 2020:

Cash and bank deposits	¥ 21,210,252	¥ -	¥ -	¥ -	¥ -	¥ -
Cash and bank deposits in trust	6,295,192	-	-	-	-	-
Total	¥ 27,505,445	¥ -	¥ -	¥ -	¥ -	¥ -

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars)					
As of December 31, 2020:						
Cash and bank deposits	\$ 204,929	\$ -	\$ -	\$ -	\$ -	\$ -
Cash and bank deposits in trust	60,823	-	-	-	-	-
Total	\$ 265,753	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of yen)					
As of June 30, 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
As of December 31, 2020:						
Short-term loans payable	34,847,000	-	-	-	-	-
Current portion of long-term loans payable	55,601,000	-	-	-	-	-
Investment corporation bonds	-	-	3,000,000	1,000,000	-	4,200,000
Long-term loans payable	-	48,679,000	42,405,000	32,920,000	38,936,000	1,000,000
Total	¥ 90,448,000	¥ 48,679,000	¥ 45,405,000	¥ 33,920,000	¥ 38,936,000	¥ 5,200,000

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars)					
As of December 31, 2020:						
Short-term loans payable	336,685	-	-	-	-	-
Current portion of long-term loans payable	537,207	-	-	-	-	-
Investment corporation bonds	-	-	28,985	9,661	-	40,579
Long-term loans payable	-	470,328	409,710	318,067	376,193	9,661
Total	\$ 873,893	\$ 470,328	\$ 438,695	\$ 327,729	\$ 376,193	\$ 50,241

19. Investment securities

As of June 30, 2020

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

As of December 31, 2020

Fair values of preferred securities recorded on the Balance Sheet at ¥17,856,387 thousand (US\$172,525 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 June 30, 2020 and December 31, 2020 is as follows.

(a) Transactions for which hedge accounting is not applied

As of June 30, 2020:

Category	Type of derivative transaction	Contract amount			
		Total	Over 1 year	Fair Value (*1)	Valuation gains or losses
(in thousands of yen)					
Transactions other than market transactions	Currency options Sell – USD Call (Option premium)	¥ 3,271,290	¥ 1,890,460	¥ (48,852)	¥ 30,162
	Currency options Buy – USD Put Option premium	¥ 3,271,290	¥ 1,890,460	¥ 138,567	¥ 28,797
		¥ 109,770	¥ 70,605	¥ 138,567	¥ 28,797

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

As of December 31, 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)	¥ 952,820	¥ 596,860	¥ (4,323)	¥ 19,464	\$ 9,205	\$ 5,766	\$ (41)	\$ 188
	Currency options Buy – USD Put	¥ 952,820	¥ 596,860			\$ 9,205	\$ 5,766		

Option premium	¥ 39,407	¥ 25,719	¥ 66,180	¥ 26,773	\$ 380	\$ 248	\$ 639	\$ 258
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(*1) Calculation of fair value is based on information provided by financial institutions.

(b) Transactions for which hedge accounting is applied

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)
			(in thousands of yen)		
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)

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

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

As of December 31, 2020:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)			Contract amount(*1)		
			Total	Over 1 year	Fair Value (*2)	Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 69,383,000	¥ 65,133,000	¥ (165,929)	\$ 670,367	\$ 629,304	\$ (1,603)

(*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 June 30, 2020 and December 31, 2020 are as follows.

	For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 32,539	¥ 32,756	\$ 316
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	217	221	2
Balance at the end of the period	¥ 32,756	¥ 32,977	\$ 318

22. Segment Information

Segment information for the six months ended June 30, 2020 and December 31, 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 June 30, 2020

(in thousands of yen)

<i>Japan</i>	<i>Grand Cayman</i>	<i>Total</i>
<i>8,519,782</i>	<i>890,442</i>	<i>9,410,225</i>

For the six months ended December 31, 2020

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.⁽²⁾*Tangible Fixed Assets:*

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

(c) Information about Major Customers

Information about major clients for the six-month periods ended, June 30, 2020 and December 31, 2020 were as follows:

For the six months ended June 30, 2020

<i>Name of client</i>	<i>Operating Revenues (in thousands of yen)</i>	<i>Related segment</i>
<i>Mystays Hotel Management Co., Ltd.</i>	<i>¥2,205,610</i>	<i>Real estate investing business</i>
<i>Undisclosed (1)</i>	<i>¥2,046,294</i>	<i>Real estate investing business</i>

For the six months ended December 31, 2020

<i>Name of client</i>	<i>Operating Revenues (in thousands of yen)</i>	<i>Operating Revenues (in thousands of U.S. dollars)</i>	<i>Related segment</i>
<i>Undisclosed (2)</i>	<i>2,602,343</i>	<i>25,143</i>	<i>Real estate investing business</i>
<i>Mystays Hotel Management Co., Ltd.</i>	<i>1,389,730</i>	<i>13,427</i>	<i>Real estate investing business</i>
<i>Naqua Hotel & Resorts Management Co., Ltd.</i>	<i>851,447</i>	<i>8,226</i>	<i>Real estate investing business</i>

Notes

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

23. Profit or Loss from Equity Method, etc

For the six months ended June 30, 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	558,924

For the six months ended December 31, 2020

(in thousands of yen) (in thousands of US dollars)

Investments in affiliates	17,856,387	172,525
Investments, if equity method was adopted	17,620,960	170,250
Investment gains (losses), if equity method was adopted	(235,426)	(2,274)

24. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Adria 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)	¥10,593,000	-	-
	Heijo 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)	¥5,643,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥10	-	Lessholder and operator of hotel	Rental revenues	¥112,358	Rental receivables	¥40,124
							Property management costs and management fees (2)	¥273,674	-	-
	Mystays Hotel Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥760	-	Lessholder and operator of hotel	Rental revenues	¥2,205,610	Rental receivables	¥93,116
							Property management costs and management fees (2)	¥985,476	Accounts payable other	¥93,109

Notes:

- Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- Terms and conditions are decided pursuant to the Asset Manager's Regulations on Transactions with Sponsor-related Persons and the Management Manual regarding Transactions with Sponsor-related Persons.
- The seller, 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 FIG, 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)
D82	Hotel MyStays Premier Narita	Adria TMK	10,593,000
D83	Art Hotel Morioka	Heijo TMK	5,643,000
	Total		16,236,000

For the six months ended December 31, 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	Naqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	\$96	-	Lessor and operator of hotel	Rental revenues	¥851,447	\$8,226	Rental receivables	¥402,013	\$3,884
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥760	\$7,342	-	Lessor and operator of hotel	Rental revenues	¥1,389,730	\$13,427	Rental receivables	¥966,790	\$9,340

Notes:

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

(b) Affiliates

For the six months ended June 30, 2020

Not Applicable

For the six months ended December 31, 2020

Not Applicable

(c) Board of Directors and Major Individual Unitholders

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 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)	¥315,018	Accrued expenses	¥165,238
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	Accrued expenses	¥330

Notes:

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

For the six months ended December 31, 2020

Type of	Name	Business /	Voting	Transactions for the period	Balance at the end of period
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related-party		Occupation	interest in the Company	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)	¥333,417	\$3,221	Accrued expenses	¥201,758	\$1,949
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	\$10	Accrued expenses	¥880	\$8

Notes:

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

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 December 31, 2020 is Kingdom TMK. Summary of financial statements are as follows:

	Kingdom TMK		
	As of / For the six months ended		
	June 30, 2020	December 31, 2020	December 31, 2020
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,194,569	100,174,273	967,867
Total other assets	3,724,184	2,043,010	19,739
Total current liabilities	79,072	18,728	180
Total non-current liabilities	66,278,918	66,258,918	640,182
Total net assets	37,560,763	35,939,637	347,242
Operating revenue	1,748,867	201,274	1,944
Income before income taxes	1,141,544	(479,858)	(4,636)
Net income	1,140,663	(480,463)	(4,642)

26. Per Unit Information

The following table shows net asset value per unit as of June 30, 2020 and December 31, 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		
	June 30, 2020	December 31, 2020	December 31, 2020
	(Yen)		(U.S. dollars)
Net asset value per unit	¥ 40,929	¥ 40,946	\$ 395
Net income per unit	¥ 70	¥ 102	\$ 0
Weighted average number of units	6,096,840	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 March 11, 2021 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 January 1, 2021 to June 30, 2021 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, and concluded on the same date.

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 January 1, 2021 to June 30, 2021 as follows.

Items subject to Change	Calculated based on the Original Leasing Terms and Conditions	Tentative Measures (January 1, 2021 to June 30, 2021)
Fixed rent (Total rent for 6 months for 73 properties)	JPY 4,970 million	JPY 1,000 million (Approx. 20% 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 6 months. The amount obtained by deducting (i) the above total fixed rent (the total rent for 6 months for 73 properties) from (ii) the aggregate of the amount for 6 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 (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 August 11, 2021, 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 3,970 million yen in the fiscal period ending June 2021. However, as the variable rent recorded in operating revenue is determined by the GOP for the period from January 1, 2021 to June 30, 2021, 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