

Invincible Investment
Corporation

**Audited Financial Statements
for the 36th Fiscal Period
(from January 1, 2021 to June 30, 2021)**

INDEX TO FINANCIAL STATEMENTS

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet as of June 30, 2021	4
Statement of Income and Retained Earnings for the six months ended June 30, 2021.....	6
Statement of Changes in Net Assets for the six months ended June 30, 2021	7
Statement of Cash Flows for the six months ended June 30, 2021	9
Notes to Financial Statements as of and for the six months ended June 30, 2021	10

Independent Auditor's Report

The Board of Directors
Invincible Investment Corporation

Opinion

We have audited the accompanying financial statements of Invincible Investment Corporation (the Company), which comprise the balance sheet as at June 30, 2021, and the statements of income and retained earnings, changes in net assets, and cash flows for the six months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2021, and its financial performance and its cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Responsibilities of Management and the Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended June 30, 2021 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 5 to the financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 24, 2021



Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant



Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

As of June 30, 2021

	As of		
	December 31, 2020	June 30, 2021	
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 7 and 19)	¥ 21,210,252	¥ 6,311,545	\$ 57,076
Cash and bank deposits in trust (Notes 7 and 19)	6,295,192	6,528,498	59,038
Rental receivables	1,717,908	1,239,770	11,211
Deposits paid	356,534	441,992	3,997
Prepaid expenses	708,338	498,144	4,504
Income taxes receivable	16	14	0
Consumption taxes receivable	-	268,549	2,428
Other	6,536	-	-
Total current assets	30,294,779	15,288,515	138,257
Non-current assets:			
Property and equipment (Notes 8 and 9):			
Buildings, at cost	19,406,379	19,406,379	175,496
Buildings and accompanying facilities, at cost	5,293,194	5,294,556	47,879
Structures, at cost	1,458	1,458	13
Tools, furniture and fixtures, at cost	1,183,738	1,187,082	10,735
Construction in progress	588,930	637,580	5,765
Buildings in trust, at cost	164,029,805	164,167,367	1,484,602
Buildings and accompanying facilities in trust, at cost	33,102,139	33,384,159	301,900
Structures in trust, at cost	233,505	235,988	2,134
Tools, furniture and fixtures in trust, at cost	2,727,329	2,800,865	25,328
Land in trust	245,560,970	245,560,970	2,220,663
Subtotal	472,127,451	472,676,409	4,274,519
Less: Accumulated depreciation	(31,197,821)	(35,048,599)	(316,952)
Total property and equipment, net	440,929,629	437,627,809	3,957,567
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	96,200
Leasehold rights in trust	14,575,091	14,536,494	131,456
Total intangible assets	25,212,903	25,174,306	227,656
Investments and other assets:			
Investment securities (Note 20 and 24)	17,856,387	17,856,387	161,479
Guarantee deposits	1,362,721	1,362,721	12,323
Long-term prepaid expenses	681,990	494,637	4,473
Derivatives assets (Note 21)	66,417	16,216	146
Other	22,667	22,667	204
Total investments and other assets	19,990,184	19,752,630	178,627
Total non-current assets	486,132,717	482,554,746	4,363,851
Deferred assets:			
Investment corporation bond issuance costs	62,853	56,652	512
Total deferred assets	62,853	56,652	512
TOTAL ASSETS	¥ 516,490,350	¥ 497,899,915	\$ 4,502,621

	As of		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 846,058	¥ 917,331	\$ 8,295
Short-term loans payable (Notes 11 and 19)	34,847,000	44,228,000	399,963
Current portion of long-term loans payable (Notes 10 and 18)	55,601,000	53,315,000	482,139
Accounts payable-other	24,701	26,843	242
Accrued expenses	344,243	249,410	2,255
Income taxes payable	605	605	5
Consumption taxes payable	578,858	-	-
Advances received	580,016	597,790	5,405
Deposits received	11,143	11,083	100
Total current liabilities	92,833,627	99,346,064	898,408
Non-current liabilities:			
Investment corporation bonds (Notes 11 and 19) ..	8,200,000	8,200,000	74,154
Long-term loans payable (Notes 11 and 19)	163,940,000	143,455,000	1,297,296
Tenant leasehold and security deposits in trust (Note 19)	1,672,037	1,657,369	14,987
Derivatives liabilities (Note 21)	170,488	94,392	853
Asset retirement obligations (Note 22)	32,977	33,197	300
Total non-current liabilities	174,015,504	153,439,959	1,387,592
TOTAL LIABILITIES	266,849,131	252,786,023	2,286,001
NET ASSETS (Note 13)			
Unitholders' equity:			
Unitholders' capital	235,701,512	235,701,512	2,131,502
Surplus:			
Capital surplus	6,264,432	6,264,432	56,650
Allowance for temporary differences			
Adjustment (Note 6)	(6,130)	(6,130)	(55)
Other deduction of capital surplus	(5,524,006)	(5,524,006)	(49,954)
Total deduction of capital surplus	(5,530,137)	(5,530,137)	(50,010)
Capital surplus (net)	734,294	734,294	6,640
Voluntary reserve			
Retained earnings	13,371,340	8,753,480	79,159
Total surplus	14,105,635	9,487,774	85,800
Total unitholders' equity	249,807,147	245,189,287	2,217,302
Valuation and translation adjustments:			
Deferred gains or losses on hedges	(165,929)	(75,395)	(681)
Total valuation and translation adjustments	(165,929)	(75,395)	(681)
TOTAL NET ASSETS	249,641,218	245,113,891	2,216,620
TOTAL LIABILITIES AND NET ASSETS	¥ 516,490,350	¥ 497,899,915	\$ 4,502,621

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

INVINCIBLE INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended June 30, 2021

	For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 14)	¥ 5,738,249	¥ 3,806,176	\$ 34,420
Gain on sales of properties (Note 16)	2,602,343	-	-
Total operating revenue	8,340,593	3,806,176	34,420
Operating expenses			
Property related expenses (Note 14)	5,044,533	4,720,815	42,691
Management contract expenses (Note 15)	983,288	884,731	8,000
Asset management fees	300,000	300,000	2,712
Directors' compensation	4,800	4,800	43
Asset custody fees	25,684	25,203	227
Administrative service fees	67,749	49,087	443
Other	223,692	162,956	1,473
Total operating expenses	6,649,749	6,147,595	55,594
Operating income (loss)	1,690,843	(2,341,419)	(21,173)
Non-operating income			
Interest income.....	107	96	0
Foreign exchange gains	12,878	-	-
Interest on tax refund.....	1,498	-	-
Gain on derivatives.....	81,626	-	-
Other	3,272	8,327	75
Total non-operating income	99,382	8,423	76
Non-operating expenses			
Interest expenses	654,685	624,616	5,648
Foreign exchange losses	-	34,513	312
Interest expenses on investment corporation bonds	28,230	27,769	251
Amortization of investment corporation bond issuance costs	6,303	6,200	56
Loan-related costs	472,665	508,348	4,597
Loss on derivatives	-	64,638	584
Other-non-operating expenses.....	4,007	-	-
Total non-operating expenses	1,165,892	1,266,088	11,449
Ordinary income (loss)	624,333	(3,599,083)	(32,547)
Income (loss) before income taxes	624,333	(3,599,083)	(32,547)
Income taxes (Note 17):			
Current	605	605	5
Total income taxes	605	605	5
Net income (loss)	623,728	(3,599,688)	(32,552)
Retained earnings / losses brought forward	12,747,612	12,353,168	111,712
Unappropriated retained earnings / losses (Note 13)	¥ 13,371,340	¥ 8,753,480	\$ 79,159

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended June 30, 2021

	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 July 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 (loss)						
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
Changes during the period						
Distributions from surplus						
Net income (loss)						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of June 30, 2021	¥ 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			Total unitholders' equity	Deferred gains or losses on hedges		Total valuation and translation adjustments
	Retained earnings	Total surplus					
(in thousands of yen)							
Balance as of July 1, 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 (loss)	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	
Changes during the period							
Distributions from surplus	(1,018,172)	(1,018,172)	(1,018,172)			(1,018,172)	
Net income (loss)	(3,599,688)	(3,599,688)	(3,599,688)			(3,599,688)	
Changes other than unitholders' equity (net)				90,533	90,533	90,533	
Total changes during the period	(4,617,860)	(4,617,860)	(4,617,860)	90,533	90,533	(4,527,327)	
Balance as of June 30, 2021	¥ 8,753,480	¥ 9,487,774	¥ 245,189,287	¥ (75,395)	¥ (75,395)	¥ 245,113,891	

	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 January 1, 2021	\$ 2,131,502	\$ 56,650	\$ (55)	\$ (49,954)	\$ (50,010)	\$ 6,640
Changes during the period						
Distributions from surplus						
Net income (loss)						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of June 30, 2021	\$ 2,131,502	\$ 56,650	\$ (55)	\$ (49,954)	\$ (50,010)	\$ 6,640

	Unitholders' equity		Valuation and translation adjustments			Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
	(in thousands of U.S dollars)					
Balance as of January 1, 2021	\$ 120,920	\$ 127,560	2,259,062	\$ (1,500)	\$ (1,500)	\$ 2,257,562
Changes during the period						
Distributions from surplus	(9,207)	(9,207)	(9,207)			(9,207)
Net income (loss)	(32,552)	(32,552)	(32,552)			(32,552)
Changes other than unitholders' equity (net)				818	818	818
Total changes during the period	(41,760)	(41,760)	(41,760)	818	818	(40,941)
Balance as of June 30, 2021	\$ 79,159	\$ 85,800	\$ 2,217,302	\$ (681)	\$ (681)	\$ 2,216,620

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the six months ended June 30, 2021

	For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income (loss) before income taxes	¥ 624,333	¥ (3,599,083)	\$ (32,547)
Depreciation and amortization	3,992,787	3,889,784	35,176
Amortization of investment corporation bond issuance costs	6,303	6,200	56
Loan-related costs	472,665	508,348	4,597
Interest income	(107)	(96)	(0)
Interest expenses	682,915	652,386	5,899
Foreign exchange losses (gains)	(30)	51	0
Loss (gain) on derivatives	(81,626)	64,638	584
Decrease (increase) in rental receivables	(1,413,044)	478,137	4,323
Decrease (increase) in deposits paid	(94,026)	(85,458)	(772)
Decrease (increase) in receivable income taxes	129,597	1	0
Decrease (increase) in consumption taxes receivable	831,675	(268,549)	(2,428)
Increase (decrease) in accounts payable	640,046	17,621	159
Increase (decrease) in consumption taxes payable	578,858	(578,858)	(5,234)
Increase (decrease) in accounts payable-other	(256,749)	16,542	149
Increase (decrease) in accrued expenses	68,632	(89,059)	(805)
Increase (decrease) in advances received	(420,200)	17,773	160
Increase (decrease) in deposits received	(20,746)	(59)	(0)
Decrease in property and equipment in trust due to sale	8,284,271	0	0
Other, net	(104,384)	129,029	1,166
Subtotal	13,921,171	1,159,352	10,484
Interest income received	107	96	0
Interest expenses paid	(680,307)	(655,468)	(5,927)
Income taxes paid	(605)	(605)	(5)
Net cash provided by operating activities	13,240,366	503,374	4,552
Cash flows from investing activities:			
Payments into time deposits	(1,328,500)	(2,000,000)	(18,086)
Proceeds from withdrawal of time deposits	-	1,328,500	12,013
Purchases of property and equipment	(139,812)	(53,356)	(482)
Purchases of property and equipment in trust	(358,986)	(453,398)	(4,100)
Repayments of tenant leasehold and security deposits in trust	(99,182)	(53,590)	(484)
Proceeds from tenant leasehold and security deposits in trust	26,461	38,922	351
Other, net	109,484	-	-
Net cash used in investing activities	(1,790,534)	(1,192,923)	(10,787)
Cash flows from financing activities:			
Proceeds from short-term loans payable	34,847,000	11,835,000	107,026
Repayments of short-term loans payable	(880,000)	(2,454,000)	(22,192)
Proceeds from long-term loans payable	600,000	-	-
Repayments of long-term loans payable	(35,447,000)	(22,771,000)	(205,923)
Payments for loan-related costs	(287,367)	(237,904)	(2,151)
Payments of distributions of earnings	(424,124)	(1,019,396)	(9,218)
Net cash provided by (used in) financing activities	(1,591,491)	(14,647,300)	(132,458)
Effect of exchange rate change on cash and cash equivalents	30	(51)	(0)
Net increase (decrease) in cash and cash equivalents	9,858,370	(15,336,901)	(138,695)
Cash and cash equivalents at beginning of period	16,318,574	26,176,945	236,724
Cash and cash equivalents at end of period (Note 7)	¥ 26,176,945	¥ 10,840,044	\$ 98,028

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

INVINCIBLE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended June 30, 2021

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:

	For the six months ended
	June 30, 2021
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 June 30, 2021.

3. Significant accounting estimates

1. Evaluation of fixed assets

(1) Amounts recorded in the financial statements are as follows

	As of	
	June 30, 2021	June 30, 2021
	(in thousands of yen)	(in thousands of U.S. dollars)
Impairment loss	¥ -	\$ -
Property and equipment	¥ 462,164	\$ 4,179

Although no impairment loss was recorded in this fiscal period, the Company has recognized the accounting estimates related to impairment loss as a disclosure item in consideration of the possibility that it may have a material impact on the financial statements for the next fiscal period.

(2) Information on the nature of significant accounting estimates for identified items

For real estate for rent, etc. owned by the Company, it is necessary to determine whether there are any indications that an impairment loss may have occurred, and if so, to determine whether an impairment loss should be recognized. For the Company's real estate for rent, etc., no impairment loss is recognized because the undiscounted future cash flow exceeds the carrying amount of the real estate for rent. In estimating future cash flows, the Company estimates the impact of the new coronavirus, assuming that the impact of the spread of the new coronavirus will continue in the fiscal year ending December 2021 and the business environment will gradually recover after 2022. However, 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 above estimate and an impairment loss may be incurred.

4. Changes in presentation methods

The Company adopted "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ statement No.31, March 31, 2020) to the financial statements for the six month ended June 30, 2021. and therefore significant accounting estimates are disclosed in the note to the financial statements.

The information for the previous fiscal period is not included in the note, in accordance with the transitional provision set out in paragraph 11 of the Accounting Standard.

5. 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 ¥110.58 = US\$1, the effective rate of exchange prevailing at June 30, 2021. The inclusion of such U.S. dollar amounts associated with the fiscal six months

ended June 30, 2021 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.

6. Allowance for temporary differences adjustment

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)	

2. Method of reversal

(1) Leasehold rights in trust

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

For the six months ended June 30, 2021

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
----------------------	-----------------------	----------------	-------------------	-----------------------------------	------------------------	----------------	---------------------

				period			
Leasehold rights in trust	Amortization of leasehold rights in trust	\$ (1,187)	\$ (55)	-	-	\$ (55)	-
Total		\$ (1,187)	\$ (55)	-	-	\$ (55)	

2. Method of reversal

(1) Leasehold rights in trust

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

7. Cash and Cash Equivalents

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

	As of		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 21,210,252	¥ 6,311,545	\$ 57,076
Cash and bank deposits in trust	¥ 6,295,192	¥ 6,528,498	\$ 59,038
Time deposits with maturities of more than three months	¥ (1,328,500)	¥ (2,000,000)	\$ (18,086)
Cash and cash equivalents	¥ 26,176,945	¥ 10,840,044	\$ 98,028

8. Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended June 30, 2021.

	At cost						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	(in thousands of yen)						
Buildings	¥ 19,406,379	¥ -	¥ -	¥ 19,406,379	¥ 931,763	¥ 218,521	¥ 18,474,616
Buildings and accompanying facilities	5,293,194	1,362	-	5,294,556	647,543	152,717	4,647,013
Structures	1,458	-	-	1,458	85	32	1,373
Tools, furniture and fixtures	1,183,738	3,344	-	1,187,082	233,535	58,203	953,547
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	588,930	52,538	3,888	637,580	-	-	637,580
Buildings in trust	164,029,805	137,562	-	164,167,367	21,027,435	2,273,211	143,139,931
Buildings and accompanying facilities in trust	33,102,139	282,020	-	33,384,159	10,817,809	951,096	22,566,350
Structures in trust	233,505	2,482	-	235,988	104,094	5,754	131,893
Tools, furniture and fixtures in trust	2,727,329	73,724	189	2,800,865	1,286,332	191,648	1,514,532
Land in trust	245,560,970	-	-	245,560,970	-	-	245,560,970
Leasehold rights in trust	14,934,534	-	-	14,934,534	398,040	38,597	14,536,494
Total	¥ 497,699,797	¥ 553,036	¥ 4,078	¥ 498,248,756	¥ 35,446,640	¥ 3,889,784	¥ 462,802,116

	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	\$ 175,496	\$ -	\$ -	\$ 175,496	\$ 8,426	\$ 1,976	\$ 167,070
Buildings and accompanying facilities	47,867	12	-	47,879	5,855	1,381	42,023
Structures	13	-	-	13	-	-	12
Tools, furniture and fixtures	10,704	30	-	10,735	2,111	526	8,623
Leasehold rights	96,200	-	-	96,200	-	-	96,200

Construction in progress	5,325	475	35	5,765	-	-	5,765
Buildings in trust	1,483,358	1,244	-	1,484,602	190,155	20,557	1,294,446
Buildings and accompanying facilities in trust	299,350	2,550	-	301,900	97,827	8,600	204,072
Structures in trust	2,111	22	-	2,134	941	52	1,192
Tools, furniture and fixtures in trust	24,663	666	1	25,328	11,632	1,733	13,696
Land in trust	2,220,663	-	-	2,220,663	-	-	2,220,663
Leasehold rights in trust	135,056	-	-	135,056	3,599	349	131,456
Total	\$ 4,500,812	\$ 5,001	\$ 36	\$ 4,505,776	\$ 320,552	\$ 35,176	\$ 4,185,224

9. Fair Value of Investment and Rental Properties

The following tables show the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended December 31, 2020 and June 30, 2021.

Residential

	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 50,904,075	¥ 42,293,729	\$ 382,471
Net increase (decrease) during period	(8,610,346)	(295,696)	(2,674)
Balance at the end of period	42,293,729	41,998,033	379,797
Fair value	¥ 54,237,000	¥ 55,024,000	\$ 497,594

Retail facilities

	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,738,684	¥ 4,689,226	\$ 42,405
Net increase (decrease) during period	(49,457)	(27,797)	(251)
Balance at the end of period	4,689,226	4,661,429	42,154
Fair value	¥ 6,040,000	¥ 6,040,000	\$ 54,621

Hotel

	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 421,613,565	¥ 418,570,646	\$ 3,785,229
Net increase (decrease) during period	(3,042,918)	(3,065,573)	(27,722)
Balance at the end of period	418,570,646	415,505,072	3,757,506
Fair value	¥ 470,583,650	¥ 471,486,268	\$ 4,263,757

Total

	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 477,256,324	¥ 465,553,602	\$ 4,210,106

Net increase (decrease) during period	(11,702,721)	(3,389,066)	(30,648)
Balance at the end of period	465,553,602	462,164,535	4,179,458
Fair value	¥ 530,860,650	¥ 532,550,268	\$ 4,815,972

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers.
2. For rental revenues and expenses for the six months ended December 31, 2020 and June 30, 2021, please refer to "Note 14: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

10. Investment corporation bonds

The following table shows the details of investment corporation bonds for the six months ended June 30, 2021.

For the six months ended June 30, 2021

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	<i>(in thousands of yen)</i>		<i>(in thousands of U.S. dollars)</i>		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	1,000,000	9,043	9,043	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	9,043	9,043	0.800
3rd unsecured investment corporation bond (Issued on October 12, 2018 and due on October 12, 2023) (1)(3)	2,000,000	2,000,000	18,086	18,086	0.550
4th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 28, 2024) (1)(4)	1,000,000	1,000,000	9,043	9,043	0.480
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(4)	2,000,000	2,000,000	18,086	18,086	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	10,851	10,851	0.850
Total investment corporation bonds	8,200,000	8,200,000	74,154	74,154	

Notes:

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

	As of	
	June 30, 2021	June 30, 2021
	<i>(in thousands of yen)</i>	<i>(in thousands of U.S. dollars)</i>
Within 1 year	¥ -	\$ -
1-2 years	1,000,000	9,043
2-3 years	2,000,000	18,086
3-4 years	1,000,000	9,043
4-5 years	-	-

11. Loans Payable

The following table shows the details of loans payable for the six months ended June 30, 2021.

For the six months ended June 30, 2021

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Mizuho Bank, Ltd.	5,992,000	-	-	5,992,000	54,187	-	-	54,187	0.335	16-Jul-21	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	6,660,000	-	-	6,660,000	60,227	-	-	60,227	0.335	16-Jul-21		
	Sumitomo Mitsui Banking Corporation	5,992,000	-	1,550,000	4,442,000	54,187	-	14,017	40,170	0.335	16-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	-	2,670,000	24,145	-	-	24,145	0.335	16-Jul-21		
	Citibank, N.A., Tokyo Branch	3,000,000	-	-	3,000,000	27,129	-	-	27,129	0.335	16-Jul-21		
	Shinsei Bank, Limited.	3,330,000	-	-	3,330,000	30,113	-	-	30,113	0.335	16-Jul-21		
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	12,072	-	-	12,072	0.335	16-Jul-21		
	Development Bank of Japan Inc.	1,000,000	-	334,000	666,000	9,043	-	3,020	6,022	0.335	20-Jul-21		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	27,129	-	-	27,129	0.335	14-Sep-21		
	Mizuho Bank, Ltd.	328,500	-	-	328,500	2,970	-	-	2,970	0.335	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,210	-	-	3,210	0.335	13-Oct-21		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,210	-	-	3,210	0.335	13-Oct-21		
	Resona Bank, Limited.	334,000	-	-	334,000	3,020	-	-	3,020	0.335	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,510	-	-	1,510	0.335	13-Oct-21		
	Sumitomo Mitsui Trust Bank, Limited	328,500	-	-	328,500	2,970	-	-	2,970	0.335	13-Oct-21		
	Sumitomo Mitsui Trust Bank, Limited	-	3,400,000	-	3,400,000	-	30,746	-	30,746	0.335	22-Jan-22		
	MUFG Bank, Ltd.	-	850,000	-	850,000	-	7,686	-	7,686	0.335	22-Jan-22		
Mizuho Bank, Ltd.	-	1,215,500	-	1,215,500	-	10,992	-	10,992	0.335	30-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)							
Short-term loans payable	MUFG Bank, Ltd.	-	199,000	-	199,000	-	1,799	-	1,799	0.335	30-Mar-22	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	-	447,500	-	447,500	-	4,046	-	4,046	0.335	30-Mar-22		
	Shinsei Bank, Limited.	-	25,000	-	25,000	-	226	-	226	0.335	30-Mar-22		
	The Bank of Fukuoka, Ltd.	-	525,000	-	525,000	-	4,747	-	4,747	0.335	30-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	-	270,000	-	270,000	-	2,441	-	2,441	0.335	30-Mar-22		
	The Shizuoka Bank, Ltd.	-	375,000	-	375,000	-	3,391	-	3,391	0.335	30-Mar-22		
	Mizuho Bank, Ltd.	-	902,000	-	902,000	-	8,156	-	8,156	0.335	30-Mar-22		
	MUFG Bank, Ltd.	-	692,000	-	692,000	-	6,257	-	6,257	0.335	30-Mar-22		
	Sumitomo Mitsui Banking Corporation	-	681,000	-	681,000	-	6,158	-	6,158	0.335	30-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	-	617,000	-	617,000	-	5,579	-	5,579	0.335	30-Mar-22		
	Development Bank of Japan Inc.	-	147,000	-	147,000	-	1,329	-	1,329	0.335	30-Mar-22		
	Resona Bank, Limited.	-	570,000	570,000	-	-	5,154	5,154	-	0.335	30-Jun-21		
	Citibank, N.A., Tokyo Branch	-	349,000	-	349,000	-	3,156	-	3,156	0.335	15-Jun-22		
	Resona Bank, Limited.	-	570,000	-	570,000	-	5,154	-	5,154	0.335	30-Dec-21		
	Total short-term loans payable	34,847,000	11,835,000	2,454,000	44,228,000	315,129	107,026	22,192	399,963				
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	3,400,000	-	30,746	-	30,746	-	0.600	22-Jan-21	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	850,000	-	850,000	-	7,686	-	7,686	-	0.600	22-Jan-21		
	Mizuho Bank, Ltd.	1,965,000	-	1,965,000	-	17,769	-	17,769	-	0.678	30-Mar-21		
	MUFG Bank, Ltd.	1,125,000	-	1,125,000	-	10,173	-	10,173	-	0.678	30-Mar-21		
	Sumitomo Mitsui Trust Bank, Limited	2,180,000	-	2,180,000	-	19,714	-	19,714	-	0.678	30-Mar-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.	570,000	-	570,000	-	5,154	-	5,154	-	0.678	30-Mar-21	(2)	Unsecured and unguaranteed
	Resona Bank, Limited.	570,000	-	570,000	-	5,154	-	5,154	-	0.678	30-Mar-21		
	MUFG Bank, Ltd.	650,000	-	650,000	-	5,878	-	5,878	-	0.678	30-Mar-21		
	The Bank of Fukuoka, Ltd.	1,333,000	-	1,333,000	-	12,054	-	12,054	-	0.678	30-Mar-21		
	The Shizuoka Bank, Ltd.	270,000	-	270,000	-	2,441	-	2,441	-	0.678	30-Mar-21		
	The Kagawa Bank, Ltd.	500,000	-	500,000	-	4,521	-	4,521	-	0.678	30-Mar-21		
	The Hiroshima Bank, Ltd.	1,000,000	-	1,000,000	-	9,043	-	9,043	-	0.678	30-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	270,000	-	2,441	-	2,441	-	0.678	30-Mar-21		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	9,043	-	9,043	-	0.685	15-Jun-21		
	AEON Bank, Ltd.	3,000,000	-	3,000,000	-	27,129	-	27,129	-	0.685	30-Jun-21		
	The Tokyo Star Bank, Limited	1,700,000	-	118,000	1,582,000	15,373	-	1,067	14,306	0.685	20-Jul-21		
	Mizuho Bank, Ltd.	1,633,000	-	1,633,000	-	14,767	-	14,767	-	0.578	14-Mar-21		
	Resona Bank, Limited.	333,000	-	333,000	-	3,011	-	3,011	-	0.578	14-Mar-21		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	3,011	-	3,011	-	0.578	14-Mar-21		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	333,000	-	3,011	-	3,011	-	0.578	14-Mar-21		
	The Tokai Bank, Ltd.	253,000	-	253,000	-	2,287	-	2,287	-	0.578	14-Mar-21		
	The Shizuoka Bank, Ltd.	200,000	-	200,000	-	1,808	-	1,808	-	0.578	14-Mar-21		
	The Gunma Bank, Ltd.	165,000	-	165,000	-	1,492	-	1,492	-	0.578	14-Mar-21		
	Mizuho Bank, Ltd.	1,733,000	-	-	1,733,000	15,671	-	-	15,671	0.685	14-Mar-22		
	Resona Bank, Limited.	333,000	-	-	333,000	3,011	-	-	3,011	0.685	14-Mar-22		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.685	14-Mar-22	(2)	Unsecured and unguarante ed
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.685	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	-	900,000	8,138	-	-	8,138	0.685	14-Mar-22		
	The Tokai Bank, Ltd.	253,000	-	-	253,000	2,287	-	-	2,287	0.685	14-Mar-22		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,808	-	-	1,808	0.685	14-Mar-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,521	-	-	4,521	0.685	14-Mar-22		
	The Gamma Bank, Ltd.	165,000	-	-	165,000	1,492	-	-	1,492	0.685	14-Mar-22		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	39,075	-	-	39,075	0.635	29-Nov-21		
	The Dai-ichi Life Insurance company, Limited	3,000,000	-	157,000	2,843,000	27,129	-	1,419	25,709	0.635	29-Nov-21		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,210	-	-	3,210	0.485	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,210	-	-	3,210	0.485	13-Oct-21		
	Resona Bank, Limited.	333,000	-	-	333,000	3,011	-	-	3,011	0.485	13-Oct-21		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.485	13-Oct-21		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,718	-	-	1,718	0.485	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,510	-	-	1,510	0.485	13-Oct-21		
	The Hiroshima Bank, Ltd.	167,000	-	-	167,000	1,510	-	-	1,510	0.485	13-Oct-21		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	4,521	-	-	4,521	0.685	13-Oct-22		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	4,521	-	-	4,521	0.685	13-Oct-22		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	4,521	-	-	4,521	0.685	13-Oct-22		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,210	-	-	3,210	0.685	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	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,210	-	-	3,210	0.685	13-Oct-22	(2)	Unsecured and unguarante ed
	Resona Bank, Limited.	333,000	-	-	333,000	3,011	-	-	3,011	0.685	13-Oct-22		
	Developme nt Bank of Japan Inc.	1,500,000	-	-	1,500,000	13,564	-	-	13,564	0.685	13-Oct-22		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.685	13-Oct-22		
	AEON Bank, Ltd.	190,000	-	-	190,000	1,718	-	-	1,718	0.685	13-Oct-22		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,501	-	-	1,501	0.685	13-Oct-22		
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,501	-	-	1,501	0.685	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,521	-	-	4,521	0.685	13-Oct-22		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,304	-	-	11,304	0.785	13-Oct-23		
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	9,631	-	-	9,631	0.785	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	11,304	-	-	11,304	0.785	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	11,304	-	-	11,304	0.885	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	9,585	-	-	9,585	0.885	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	11,304	-	-	11,304	0.885	11-Oct-24		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	4,521	-	-	4,521	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,083	-	-	22,083	0.385	17-Jul-21		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,075	-	-	20,075	0.385	17-Jul-21		
	Sumitomo Mitsui Banking Corporation	1,998,000	-	-	1,998,000	18,068	-	-	18,068	0.385	17-Jul-21		
Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,037	-	-	10,037	0.385	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	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.385	17-Jul-21	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,048	-	-	8,048	0.385	17-Jul-21		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	22,092	-	-	22,092	0.485	17-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,075	-	-	20,075	0.485	17-Jul-22		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	18,059	-	-	18,059	0.485	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,037	-	-	10,037	0.485	17-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.485	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,048	-	-	8,048	0.485	17-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	22,083	-	-	22,083	0.585	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	20,075	-	-	20,075	0.585	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	18,059	-	-	18,059	0.585	14-Jul-23		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	10,037	-	-	10,037	0.585	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.585	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	8,048	-	-	8,048	0.585	14-Jul-23		
	Mizuho Bank, Ltd.	766,000	-	-	766,000	6,927	-	-	6,927	0.385	02-Aug-21		
	Sumitomo Mitsui Banking Corporation	766,000	-	-	766,000	6,927	-	-	6,927	0.385	02-Aug-21		
	MUFG Bank, Ltd.	467,000	-	-	467,000	4,223	-	-	4,223	0.385	02-Aug-21		
	Shinsei Bank, Limited.	150,000	-	-	150,000	1,356	-	-	1,356	0.385	02-Aug-21		
Citibank, N.A., Tokyo Branch	120,000	-	-	120,000	1,085	-	-	1,085	0.385	02-Aug-21			
The Nomura Trust and Banking Co., Ltd.	30,000	-	-	30,000	271	-	-	271	0.385	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	AEON Bank, Ltd.	60,000	-	-	60,000	542	-	-	542	0.385	02-Aug-21	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	2,521,500	-	-	2,521,500	22,802	-	-	22,802	0.385	26-Sep-21		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	-	2,521,500	22,802	-	-	22,802	0.385	26-Sep-21		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	19,289	-	-	19,289	0.385	26-Sep-21		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.385	26-Sep-21		
	Shinsei Bank, Limited.	684,000	-	-	684,000	6,185	-	-	6,185	0.385	26-Sep-21		
	Citibank, N.A., Tokyo Branch	546,000	-	-	546,000	4,937	-	-	4,937	0.385	26-Sep-21		
	Development Bank of Japan Inc.	500,000	-	-	500,000	4,521	-	-	4,521	0.385	26-Sep-21		
	Resona Bank, Limited.	445,000	-	-	445,000	4,024	-	-	4,024	0.385	26-Sep-21		
	The Nomura Trust and Banking Co., Ltd.	137,000	-	-	137,000	1,238	-	-	1,238	0.385	26-Sep-21		
	AEON Bank, Ltd.	273,000	-	-	273,000	2,468	-	-	2,468	0.385	26-Sep-21		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	29,725	-	-	29,725	0.485	26-Sep-22		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	29,725	-	-	29,725	0.485	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	23,512	-	-	23,512	0.485	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.485	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,533	-	-	7,533	0.485	26-Sep-22		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	6,031	-	-	6,031	0.485	26-Sep-22		
	Development Bank of Japan Inc.	500,000	-	-	500,000	4,521	-	-	4,521	0.485	26-Sep-22		
	Resona Bank, Limited.	445,000	-	-	445,000	4,024	-	-	4,024	0.485	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,510	-	-	1,510	0.485	26-Sep-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	AEON Bank, Ltd.	334,000	-	-	334,000	3,020	-	-	3,020	0.485	26-Sep-22	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	29,729	-	-	29,729	0.585	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	29,729	-	-	29,729	0.585	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	23,512	-	-	23,512	0.585	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.585	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,533	-	-	7,533	0.585	26-Sep-23		
	Citybank N.A., Tokyo Branch	667,000	-	-	667,000	6,031	-	-	6,031	0.585	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	-	500,000	4,521	-	-	4,521	0.585	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	4,024	-	-	4,024	0.585	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,501	-	-	1,501	0.585	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.585	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,686	-	-	7,686	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	30,746	-	-	30,746	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	-	386,000	3,490	-	-	3,490	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	-	1,275,000	11,530	-	-	11,530	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	-	2,100,000	18,990	-	-	18,990	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	-	500,000	4,521	-	-	4,521	0.361	29-Mar-22		
	Resona Bank, Limited.	500,000	-	-	500,000	4,521	-	-	4,521	0.361	29-Mar-22		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	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	The Shizuoka Bank, Ltd.	1,270,000	-	-	1,270,000	11,484	-	-	11,484	0.361	29-Mar-22	(2)	Unsecured and unguaranteed
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,441	-	-	2,441	0.361	29-Mar-22		
	The Senshu Ikeda Bank, Ltd.	300,000	-	12,000	288,000	2,712	-	108	2,604	0.361	29-Mar-22		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.594	29-Mar-24		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	79,000	921,000	9,043	-	714	8,328	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	500,000	-	20,000	480,000	4,521	-	180	4,340	0.594	29-Mar-24		
	Kinokuniya Bank, Ltd.	1,000,000	-	39,000	961,000	9,043	-	352	8,690	0.885	29-Mar-29		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.340	17-Jun-22		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.334	17-Jun-22		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,167	-	-	5,167	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,246	-	-	13,246	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,038	-	-	12,038	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,684	-	-	5,684	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.400	16-Jan-23		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,808	-	-	1,808	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	-	600,000	5,425	-	-	5,425	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	5,167	-	-	5,167	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,246	-	-	13,246	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,038	-	-	12,038	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,684	-	-	5,684	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	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.499	16-Jan-24	(2)	Unsecured and unguaranteed
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,808	-	-	1,808	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	5,425	-	-	5,425	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	10,593	-	-	10,593	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,246	-	-	13,246	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,038	-	-	12,038	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,684	-	-	5,684	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.563	16-Jul-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,808	-	-	1,808	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	19,636	-	-	19,636	0.635	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,246	-	-	13,246	0.635	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,038	-	-	12,038	0.635	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,684	-	-	5,684	0.635	16-Jan-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,808	-	-	1,808	0.635	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	19,627	-	-	19,627	0.785	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	13,246	-	-	13,246	0.785	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	12,038	-	-	12,038	0.785	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,684	-	-	5,684	0.785	16-Jul-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,808	-	-	1,808	0.785	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	-	1,085,000	9,811	-	-	9,811	0.413	16-Jan-23		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	987,000	-	-	987,000	8,925	-	-	8,925	0.413	16-Jan-23	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Banking Corporation	987,000	-	-	987,000	8,925	-	-	8,925	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,185	-	-	6,185	0.413	16-Jan-23		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,521	-	-	4,521	0.413	16-Jan-23		
	Develope nt Bank of Japan Inc.	300,000	-	-	300,000	2,712	-	-	2,712	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	904	-	-	904	0.413	16-Jan-23		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,438	-	-	6,438	0.525	16-Jan-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,916	-	-	8,916	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,916	-	-	8,916	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,185	-	-	6,185	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,521	-	-	4,521	0.525	16-Jan-24		
	Develope nt Bank of Japan Inc.	300,000	-	-	300,000	2,712	-	-	2,712	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	904	-	-	904	0.525	16-Jan-24		
	Aozora Bank, Ltd.	375,000	-	138,000	237,000	3,391	-	1,247	2,143	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,438	-	-	6,438	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,916	-	-	8,916	0.580	16-Jul-24		
Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,916	-	-	8,916	0.580	16-Jul-24			
Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,185	-	-	6,185	0.580	16-Jul-24			

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,521	-	-	4,521	0.580	16-Jul-24	(2)	Unsecured and unguarante ed
	Develo pment Bank of Japan Inc.	300,000	-	-	300,000	2,712	-	-	2,712	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	904	-	-	904	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,391	-	-	3,391	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	10,960	-	-	10,960	0.635	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,916	-	-	8,916	0.635	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,916	-	-	8,916	0.635	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,185	-	-	6,185	0.635	16-Jan-25		
	Develo pment Bank of Japan Inc.	300,000	-	-	300,000	2,712	-	-	2,712	0.635	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.635	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	904	-	-	904	0.635	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,391	-	-	3,391	0.635	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	10,951	-	-	10,951	0.785	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,916	-	-	8,916	0.785	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,916	-	-	8,916	0.785	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	6,185	-	-	6,185	0.785	16-Jul-25		
	Develo pment Bank of Japan Inc.	300,000	-	-	300,000	2,712	-	-	2,712	0.785	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,712	-	-	2,712	0.785	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	904	-	-	904	0.785	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	Azura Bank, Ltd.	375,000	-	-	375,000	3,391	-	-	3,391	0.785	16-Jul-25	(2)	Unsecured and unguaranteed
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	6,330	-	-	6,330	0.785	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	26,062	-	-	26,062	0.462	16-Jan-24		
	Sai ju Sai Bank, Ltd.(4)	800,000	-	138,000	662,000	7,234	-	1,247	5,986	0.462	16-Jan-24		
	Sai ju Sai Bank, Ltd.(4)	1,700,000	-	-	1,700,000	15,373	-	-	15,373	0.486	15-Apr-24		
	Sai ju Sai Bank, Ltd.(4)	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.635	15-Apr-25		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.785	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	-	1,550,000	14,017	-	-	14,017	0.417	06-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	27,581	-	-	27,581	0.643	06-Jan-25		
	Moniji Bank, Ltd.	1,000,000	-	39,000	961,000	9,043	-	352	8,690	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	500,000	-	20,000	480,000	4,521	-	180	4,340	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	5,733	-	-	5,733	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	2,712	-	-	2,712	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,808	-	-	1,808	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	450,000	-	39,000	411,000	4,069	-	352	3,716	0.487	16-Mar-25		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,686	-	-	7,686	0.385	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	9,857	-	-	9,857	0.385	16-Mar-23		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	3,011	-	-	3,011	0.385	16-Mar-23	(2)	Unsecured and unguarante ed
	Mizuho Bank, Ltd.	582,000	-	-	582,000	5,263	-	-	5,263	0.585	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	5,679	-	-	5,679	0.585	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	9,857	-	-	9,857	0.585	16-Mar-25		
	Shinsei Bank, Limited.	570,000	-	-	570,000	5,154	-	-	5,154	0.585	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	4,521	-	-	4,521	0.585	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,441	-	-	2,441	0.585	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.585	16-Mar-25		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,441	-	-	2,441	0.585	16-Mar-25		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,521	-	-	4,521	0.585	16-Mar-25		
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	4,973	-	-	4,973	0.585	16-Mar-25		
	The Chukyo Bank, Ltd.	1,000,000	-	39,000	961,000	9,043	-	352	8,690	0.585	16-Mar-25		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	9,043	-	-	9,043	0.335	17-Jun-22		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	5,425	-	-	5,425	0.335	20-Jul-22		
Total long-term loans payable	219,541,000	-	22,771,000	196,770,000	1,985,359	-	205,923	1,779,435					
Total loans payable	254,388,000	11,835,000	25,225,000	240,998,000	2,300,488	107,026	228,115	2,179,399			-	-	

Notes:

- (1) The average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to three decimal places.
- (2) The funds are mainly used to acquire properties in trust and for repayment of loans payable.
- (3) Long-term loans payable include current portion.
- (4) The Daisan Bank, Ltd. merged with The Mie Bank, Ltd. and changed its name to The San ju San Bank, Ltd. as of May 1, 2021.
- (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	
June 30, 2021	June 30, 2021
(in thousands of yen)	(in thousands of

		U.S. dollars)	
1-2 years.....	¥	44,807,000	\$ 405,199
2-3 years.....		44,589,000	403,228
3-4 years.....		40,661,000	367,706
4-5 years.....		12,437,000	112,470

12. 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\$452 thousand) as required by Article 67-4 of the Investment Trust Act.

The number of investment units authorized was 10,000,000 units as of December 31, 2020 and June 30, 2021.

The number of investment units issued and outstanding were 6,096,840 units as of J December 31, 2020, and June 30, 2021, respectively.

13. Appropriation of Retained Earnings

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

The following table shows the appropriation of retained earnings for the six months ended December 31, 2020 and June 30, 2021.

	For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 13,371,340	¥ 8,753,480	\$ 79,159
Distributions	(1,018,172)	(91,452)	(827)
Retained earnings / losses carried forward.....	¥ 12,353,168	¥ 8,662,027	\$ 78,332

The distribution in respect of the six months ended June 30, 2021 of ¥15 (US\$0.1) per investment unit, amounting to a total distribution of ¥91,452 thousand (US\$827 thousand) was proposed and approved at the Board of Directors meeting on August 25, 2021. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥167 and ¥15 (US\$0.1) for the six months ended J December 31, 2020 and June 30, 2021 respectively.

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

For the six months ended December 31, 2020

Not Applicable

For the six months ended June 30, 2021

Not Applicable

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

Rent revenue – real estate and expenses related to property rental business for the six months ended December 31, 2020 and June 30, 2021 consist of the following:

	For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*).....	¥ 5,530,201	¥ 3,599,611	\$ 32,552
Other	208,047	206,564	1,868

Total rental revenue – real estate	¥	5,738,249	¥	3,806,176	\$	34,420
Expenses related to property rental business:						
Facility management fees	¥	548,085	¥	497,596	\$	4,499
Property related taxes		779,062		603,133		5,454
Insurance expense		19,719		19,012		171
Depreciation		3,564,224		3,460,619		31,295
Other		133,441		140,454		1,270
Total expenses related to property rental business	¥	5,044,533	¥	4,720,815	\$	42,691
Operating income from property leasing activities.....	¥	693,715	¥	(914,639)	\$	(8,271)
(*)Variable rental revenue of hotels.....						
	¥	1,105,021	¥	37,496	\$	339

15. Management Contract Revenue

	For the six months ended					
	December 31, 2020	June 30, 2021	June 30, 2021			
	(in thousands of yen)		(in thousands of U.S. dollars)			
Management contract revenue:						
Hotel management revenue.....	¥	323,764	¥	388,076	\$	3,509
Hotel management expenses		774,406		740,915		6,700
Management contract revenue	¥	-	¥	-	\$	-
Management contract expenses:						
Loss for management contract(*)	¥	450,641	¥	352,838	\$	3,190
Insurance expense		101,221		101,793		920
Depreciation		428,563		429,164		3,881
Other		2,862		934		8
Total management contract expenses	¥	983,288	¥	884,731	\$	8,000
Operating income (loss) from management contract.....	¥	(983,288)	¥	(884,731)	\$	(8,000)

(*)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.

16. Breakdown of Gain on sales of Properties

For the six months ended December 31, 2020

	Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence, City Court Kitaichijo (in thousands of yen)	
Revenue from sales of properties	¥	7,870,163
Cost of properties sold		6,183,306
Other sale-related costs		176,967
Gain or loss on sales of properties	¥	1,509,889

	Lexington Square Akebonobashi, Lexington Square Daitabashi (in thousands of yen)	
Revenue from sales of properties	¥	3,270,294
Cost of properties sold		2,100,964
Other sale-related costs		76,876
Gain or loss on sales of properties	¥	1,092,453

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

For the six months ended June 30, 2021

Not Applicable

17. Income Taxes

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

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

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

	For the six months ended	
	December 31, 2020	June 30, 2021
	(Rate)	
Statutory tax rates	31.46 %	- %
Increase (decrease) in valuation allowance	(31.46)	-
Other	0.10	-
Effective tax rates	0.10 %	- %

(*) In the this fiscal period, the Company posted a net loss before income taxes, so this information is omitted.

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

	As of		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 731	¥ 615	\$ 5
Buildings and other (merger)	312,445	307,217	2,778
Land (merger)	472,381	472,381	4,271
Net loss carried forward(*1)	532,677	1,662,026	15,030
Asset retirement obligations	10,374	10,443	94
Fixed-term leasehold	113,080	125,223	1,132
Adjustment of acquisition price (Overseas properties)	465,374	461,428	4,172
Subtotal - deferred tax assets	1,907,065	3,039,336	27,485
Valuation allowance for tax loss carried forward	(532,677)	(1,662,026)	(15,030)
Valuation allowance for the sum of deductible temporary differences	(1,374,387)	(1,377,309)	(12,455)
Subtotal - valuation allowance(*2)	(1,907,065)	(3,039,336)	(27,485)
Total - deferred tax assets	-	-	-

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

For the six months ended December 31, 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	-	-	-	-	-	-	-

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

For the six months ended June 30, 2021

	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	-	-	-	1,139,582	1,662,026
Valuation allowance	-	(522,444)	-	-	-	(1,139,582)	(1,662,026)
Deferred tax assets	-	-	-	-	-	-	-

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of U.S. dollars)						
Tax loss carried forward (a)	-	4,724	-	-	-	10,305	15,030
Valuation allowance	-	(4,724)	-	-	-	(10,305)	(15,030)
Deferred tax assets	-	-	-	-	-	-	-

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

(*2) The valuation allowance increased by 1,132,271 thousand yen (US\$10,239 thousand). This increase is mainly due to an increase in tax loss carryforwards.

18. Leases

(a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of December 31, 2020 and June 30, 2021 scheduled to be received are summarized as follows:

	As of		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 12,885,947	¥ (*1)13,055,492	\$ (*1)118,063
Due over one year	69,716,320	64,085,583	579,540
Total	¥ 82,602,268	¥ 77,141,076	\$ 697,604

(*1) The effect of "Note 28 Subsequent Events (Conclusion of Memorandum of Understanding with Major Tenant for Amendment of Term Building Lease and Management Service Agreement)" below is not included.

(b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of December 31, 2020 and June 30, 2021 scheduled to be paid are summarized as follows:

	As of		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 317,915	¥ 319,859	\$ 2,892
Due over one year	8,769,532	8,686,455	78,553
Total	¥ 9,087,447	¥ 9,006,315	\$ 81,446

19. Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

(iii) Supplemental information for financial instruments

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair values and valuation differences of financial instruments for which fair value is available as of December 31, 2020 and June 30, 2021.

	December 31, 2020			As of June 30, 2021			June 30, 2021		
	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	¥ 21,210,252	¥ 21,210,252	¥ -	¥ 6,311,545	¥ 6,311,545	¥ -	\$ 57,076	\$ 57,076	\$ -
(2) Cash and bank deposits in trust	6,295,192	6,295,192	-	6,528,498	6,528,498	-	59,038	59,038	-
Total assets	¥ 27,505,445	¥ 27,505,445	¥ -	¥ 12,840,044	¥ 12,840,044	¥ -	\$ 116,115	\$ 116,115	\$ -
Liabilities:									
(3) Short-term loans payable	34,847,000	34,847,000	-	44,228,000	44,228,000	-	399,963	399,963	-
(4) Current portion of long-term loans payable	55,601,000	55,601,000	-	53,315,000	53,315,000	-	482,139	482,139	-
(5) Investment corporation bonds	8,200,000	7,467,240	(732,760)	8,200,000	7,556,240	(643,760)	74,154	68,332	(5,821)
(6) Long-term loans payable	163,940,000	163,940,000	-	143,455,000	143,455,000	-	1,297,296	1,297,296	-
Total liabilities	¥ 262,588,000	¥ 261,855,240	¥ (732,760)	¥ 249,198,000	¥ 248,554,240	¥ (643,760)	\$ 2,253,553	\$ 2,247,732	\$ (5,821)
(7) Derivatives	¥ (104,071)	¥ (104,071)	¥ -	¥ (78,176)	¥ (78,176)	¥ -	\$ (706)	\$ (706)	\$ -

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 "21. Derivatives" below.

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

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

	2020		2021		2021	
	(in thousands of yen)		(in thousands of yen)		(in thousands of U.S. dollars)	
Tenant leasehold and security deposits in trust	¥	1,672,037	¥	1,657,369	\$	14,987
Investment securities	¥	17,856,387	¥	17,856,387	\$	161,479

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

	(in thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
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	¥	-	¥	-

	(in thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
As of June 30, 2021:						
Cash and bank deposits	¥	6,311,545	¥	-	¥	-
Cash and bank deposits in trust		6,528,498		-		-
Total	¥	12,840,044	¥	-	¥	-

	(in thousands of U.S. dollars)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
As of June 30, 2021:						
Cash and bank deposits	\$	57,076	\$	-	\$	-
Cash and bank deposits in trust		59,038		-		-
Total	\$	116,115	\$	-	\$	-

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

	(in thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
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

	(in thousands of yen)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
As of June 30, 2021:						
Short-term loans payable	44,228,000	-	-	-	-	-
Current portion of long-term loans payable ..	53,315,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	2,000,000	1,000,000	-	4,200,000
Long-term loans payable	-	44,807,000	44,589,000	40,661,000	12,437,000	961,000
Total	¥	97,543,000	¥	45,807,000	¥	46,589,000

	(in thousands of U.S. dollars)					
	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
As of June 30, 2021:						
Short-term loans payable	399,963	-	-	-	-	-
Current portion of long-term loans payable ..	482,139	-	-	-	-	-
Investment corporation bonds	-	9,043	18,086	9,043	-	37,981
Long-term loans payable	-	405,199	403,228	367,706	112,470	8,690
Total	\$	882,103	\$	414,243	\$	421,314

20. Investment securities

As of December 31, 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 June 30, 2021

Fair values of preferred securities recorded on the Balance Sheet at ¥17,856,387 thousand (US\$161,479 thousand) are not subject to disclosure of fair value as they have no market value and their fair values are extremely difficult to recognize.

21. Derivatives

Information on derivative transactions undertaken by the Company as of December 31, 2020 and June 30, 2021 is as follows.

(a) Transactions for which hedge accounting is not applied

As of December 31, 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)	¥ 952,820	¥ 596,860	¥ (4,323)	¥ 19,464
	Currency options Buy – USD Put Option premium	¥ 952,820	¥ 596,860		
		¥ 39,407	¥ 25,719	¥ 66,180	¥ 26,773

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

As of June 30, 2021:

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	¥ -	¥ (15,962)	¥ 7,825	\$ 8,616	\$ -	\$ (144)	\$ 70
	Currency options Buy – USD Put Option premium	¥ 952,820	¥ -	¥ 13,181	¥ (26,226)	\$ 8,616	\$ -	\$ 119	\$ (237)
		¥ 39,407	¥ -	¥ -	¥ -	\$ 356	\$ -	\$ -	\$ -

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

(b) Transactions for which hedge accounting is applied

As of December 31, 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	¥ 69,383,000	¥ 65,133,000	¥ (165,929)

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

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

As of June 30, 2021:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)					
			Total	Over 1 year	Fair Value (*2)	Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 64,648,000	¥ 50,476,000	¥ (75,395)	\$ 584,626	\$ 456,465	\$ (681)

(*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.

22. Asset Retirement Obligations

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

Movements of asset retirement obligations for the six months ended December 31, 2020 and June 30, 2021 are as follows.

	For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 32,756	¥ 32,977	\$ 298
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	221	219	1
Balance at the end of the period	¥ 32,977	¥ 33,197	\$ 300

23. Segment Information

Segment information for the six months ended December 31, 2020 and June 30, 2021 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:

Disclosure is not required as revenues from external customers in Japan are in excess of 90% of total revenues.

(2) *Tangible Fixed Assets:*

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

(c) Information about Major Customers

Information about major clients for the six-month periods ended December 31, 2020 and June 30, 2021 were as follows:

For the six months ended December 31, 2020

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

For the six months ended June 30, 2021

<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>Mystays Hotel Management Co., Ltd.</i>	<i>867,619</i>	<i>7,846</i>	<i>Real estate investing business</i>

Notes

- (1) 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.

24. Profit or Loss from Equity Method, etc

For the six months ended December 31, 2020

(in thousands of yen)

Investments in affiliates	17,856,387
Investments, if equity method was adopted	17,620,960
Investment gains (losses), if equity method was adopted	(235,426)

For the six months ended June 30, 2021

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	161,479
Investments, if equity method was adopted	17,555,222	158,755
Investment gains (losses), if equity method was adopted	(65,738)	(594)

25. Related-Party Transactions

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

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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Naqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	-	Lesseeholder and operator of hotel	Rental revenues	¥851,447	Rental receivables	¥402,013
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Lesseeholder and operator of hotel	Rental revenues	¥1,389,730	Rental receivables	¥966,790

Notes:

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

For the six months ended June 30, 2021

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	\$90	-	Lesseeholder and operator of hotel	Rental revenues	¥38,627	\$349	Rental receivables	¥42,489	\$384
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$904	-	Lesseeholder and operator of hotel	Rental revenues	¥867,619	\$7,846	Rental receivables	¥945,735	\$8,552

Notes:

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

(b) **Affiliates**

For the six months ended December 31, 2020

Not Applicable

For the six months ended June 30, 2021

Not Applicable

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

For the six months ended December 31, 2020

Type of related-party	Name	Business /Occupation	Voting interest in the Company	Transactions for the period		Balance at the end of period	
				Type of transactions	Amounts(3) (in thousands of yen)	Balance sheet account	Amounts(3) (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)	¥333,417	Accrued expenses	¥201,758
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	Accrued expenses	¥880

Notes:

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

For the six months ended June 30, 2021

Type of related-party	Name	Business / Occupation	Voting interest in the Company	Transactions for the period			Balance at the end of period		
				Type of transactions	Amounts(3)		Balance sheet account	Amounts(3)	
					(in thousands of yen)	(in thousands of U.S. dollars)		(in thousands of yen)	(in thousands of U.S. dollars)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥300,000	\$2,712	Accrued expenses	¥165,000	\$1,492
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	\$5	Accrued expenses	¥330	\$2

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.

26. Parent company and/or significant affiliates

(a) Information on the parent company

Not Applicable.

(b) Summary of financial statements of the significant affiliates

The significant affiliates in the year ended June 30, 2021 is Kingdom TMK. Summary of financial statements are as follows:

	Kingdom TMK		
	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,174,273	100,129,595	905,494
Total other assets	2,043,010	2,191,726	19,820
Total current liabilities	18,728	356,926	3,227
Total non-current liabilities	66,258,918	66,158,918	598,290
Total net assets	35,939,637	35,805,477	323,797
Operating revenue	201,274	547,658	4,952
Income before income taxes	(479,858)	(133,555)	(1,207)
Net income	(480,463)	(134,160)	(1,213)

27. Per Unit Information

The following table shows net asset value per unit as of December 31, 2020 and June 30, 2021 and net income (loss) per unit for the six months then ended. Net income (loss) per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding. In regard to diluted net income per unit for the previous fiscal year, there were no dilutive units. Accordingly, diluted net income per unit for the previous fiscal year is not presented. In regard to diluted net income per unit for the

subject fiscal year, there was a net loss per unit, and there were no dilutive units. Accordingly, diluted net income per unit for the subject fiscal year is not presented.

	As of / For the six months ended		
	December 31, 2020	June 30, 2021	June 30, 2021
	(Yen)		(U.S. dollars)
Net asset value per unit	¥ 40,946	¥ 40,203	\$ 363
Net income (loss) per unit	¥ 102	¥ (590)	\$ (5)
Weighted average number of units	6,096,840	6,096,840	-

28. Subsequent Events

(a) Sale of Assets

The Company completed sale of the following one property on July 2, 2021.

Property Number : B17 Property Name: Lexington Plaza Hachiman

Sale Date	July 2, 2021
Location	Sendai-shi, Miyagi
Book Value (Note 1)	JPY 2,982 million
Sale Price (Note 2)	JPY 3,660 million
Estimated Gain on Sale (Note 3)	JPY 590 million
Transferee	Kubota Holdings
Legal Form of Asset	Trust beneficiary interest

(Note 1) Book Value shows a figure as of June 30, 2021.

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

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

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

Under the impact of the spread of the new coronavirus infection, the Company decided at its board of director's meeting held on September 10, 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 July 1, 2021 to September 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 July 1, 2021 to September 30, 2021 as follows.

Items subject to Change	Calculated based on the Original Leasing Terms and Conditions	Tentative Measures (July 1, 2021 to September 30, 2021)
Fixed rent (Total rent for 3 months for 73 properties)	JPY 3,783 million	JPY 1,000 million (Approx. 26% 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)	Calculated by summing up the rent of all 73 properties for 3 months. The amount obtained by deducting (i) the above total fixed rent (the total rent for 3 months for 73

	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).	properties) from (ii) the aggregate of the amount for 3 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 November 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 2,783 million yen in the fiscal period ending December 31, 2021. However, as the variable rent recorded in operating revenue is determined by the GOP for the period from July 1, 2021 to September 30, 2021, the amount of impact cannot be estimated as of today

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.