

Invincible Investment
Corporation

**Audited Financial Statements
for the 37th Fiscal Period
(from July 1, 2021 to December 31, 2021)**

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Independent Auditor's Report

The Board of Directors
Invincible Investment Corporation

Opinion

We have audited the accompanying financial statements of Invincible Investment Corporation (the Company), which comprise the balance sheet as at December 31, 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 December 31, 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

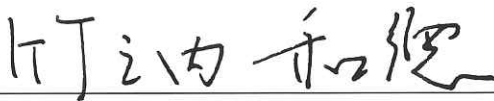
Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended December 31, 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

March 25, 2022



Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant



Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

December 31, 2021

	As of		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 7 and 19)	¥ 6,311,545	¥ 12,759,582	\$ 110,933
Cash and bank deposits in trust (Notes 7 and 19)	6,528,498	6,766,557	58,829
Rental receivables	1,239,770	2,293,736	19,942
Deposits paid	441,992	153,517	1,334
Prepaid expenses	498,144	642,219	5,583
Income taxes receivable.....	14	10	0
Consumption taxes receivable	268,549	-	-
Other	-	259	2
Total current assets	15,288,515	22,615,883	196,625
Non-current assets:			
Property and equipment (Notes 8 and 9):			
Buildings, at cost	19,406,379	19,428,985	168,918
Buildings and accompanying facilities, at cost	5,294,556	5,294,556	46,031
Structures, at cost.....	1,458	1,458	12
Tools, furniture and fixtures, at cost.....	1,187,082	1,191,356	10,357
Construction in progress.....	637,580	690,038	5,999
Buildings in trust, at cost	164,167,367	160,525,440	1,395,630
Buildings and accompanying facilities in trust, at cost	33,384,159	32,459,003	282,203
Structures in trust, at cost	235,988	206,135	1,792
Tools, furniture and fixtures in trust, at cost	2,800,865	2,876,215	25,006
Land in trust	245,560,970	242,197,743	2,105,701
Subtotal	472,676,409	464,870,935	4,041,653
Less: Accumulated depreciation	(35,048,599)	(37,511,682)	(326,131)
Total property and equipment, net	437,627,809	427,359,252	3,715,521
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	92,486
Leasehold rights in trust	14,536,494	14,497,257	126,041
Total intangible assets	25,174,306	25,135,069	218,527
Investments and other assets:			
Investment securities (Note 20 and 25).....	17,856,387	17,856,387	155,245
Guarantee deposits	1,362,721	1,372,719	11,934
Long-term prepaid expenses	494,637	379,422	3,298
Derivatives assets (Note 21)	16,216	28,054	243
Other	22,667	22,667	197
Total investments and other assets	19,752,630	19,659,251	170,920
Total non-current assets	482,554,746	472,153,573	4,104,969
Deferred assets:			
Investment corporation bond issuance costs.....	56,652	50,349	437
Total deferred assets	56,652	50,349	437
TOTAL ASSETS	¥ 497,899,915	¥ 494,819,805	\$ 4,302,032

	As of		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 917,331	¥ 774,133	\$ 6,730
Short-term loans payable (Notes 11 and 19)	44,228,000	71,786,000	624,117
Current portion of long-term loans payable (Notes 10 and 18)	53,315,000	48,667,000	423,117
Accounts payable-other	26,843	6,235	54
Accrued expenses	249,410	291,883	2,537
Income taxes payable	605	605	5
Consumption taxes payable	-	540,868	4,702
Advances received	597,790	558,777	4,858
Deposits received	11,083	8,813	76
Total current liabilities	99,346,064	122,634,316	1,066,199
Non-current liabilities:			
Investment corporation bonds (Notes 11 and 19) ..	8,200,000	8,200,000	71,291
Long-term loans payable (Notes 11 and 19)	143,455,000	116,292,000	1,011,058
Tenant leasehold and security deposits in trust (Note 19)	1,657,369	1,519,983	13,214
Derivatives liabilities (Note 21)	94,392	9,729	84
Asset retirement obligations (Note 22)	33,197	33,422	290
Total non-current liabilities	153,439,959	126,055,134	1,095,941
TOTAL LIABILITIES	252,786,023	248,689,451	2,162,140
NET ASSETS (Note 13)			
Unitholders' equity:			
Unitholders' capital	235,701,512	235,701,512	2,049,221
Surplus:			
Capital surplus	6,264,432	6,264,432	54,463
Allowance for temporary differences	(6,130)	(6,130)	(53)
Adjustment (Note 6)	(6,130)	(6,130)	(53)
Other deduction of capital surplus	(5,524,006)	(5,524,006)	(48,026)
Total deduction of capital surplus	(5,530,137)	(5,530,137)	(48,079)
Capital surplus (net).....	734,294	734,294	6,384
Voluntary reserve			
Retained earnings	8,753,480	9,676,221	84,126
Total surplus	9,487,774	10,410,516	90,510
Total unitholders' equity	245,189,287	246,112,028	2,139,732
Valuation and translation adjustments:			
Deferred gains or losses on hedges	(75,395)	18,325	159
Total valuation and translation adjustments	(75,395)	18,325	159
TOTAL NET ASSETS	245,113,891	246,130,354	2,139,891
TOTAL LIABILITIES AND NET ASSETS	¥ 497,899,915	¥ 494,819,805	\$ 4,302,032

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

INVINCIBLE INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended December 31, 2021

	For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 14)	¥ 3,806,176	¥ 5,837,847	\$ 50,755
Gain on sales of properties (Note 16)	-	2,568,486	22,330
Total operating revenue	3,806,176	8,406,334	73,085
Operating expenses			
Property related expenses (Note 14)	4,720,815	4,777,042	41,532
Management contract expenses (Note 15)	884,731	709,774	6,170
Asset management fees	300,000	300,000	2,608
Directors' compensation	4,800	4,800	41
Asset custody fees	25,203	24,732	215
Administrative service fees	49,087	54,720	475
Other	162,956	242,924	2,112
Total operating expenses	6,147,595	6,113,994	53,155
Operating income (loss)	(2,341,419)	2,292,339	19,929
Non-operating income			
Interest income	96	70	0
Interest on tax refund	-	1,118	9
Other	8,327	5,887	51
Total non-operating income	8,423	7,076	61
Non-operating expenses			
Interest expenses	624,616	602,398	5,237
Foreign exchange losses	34,513	40,718	354
Interest expenses on investment corporation bonds	27,769	28,230	245
Amortization of investment corporation bond issuance costs	6,200	6,303	54
Loan-related costs	508,348	596,446	5,185
Loss on derivatives	64,638	10,520	91
Total non-operating expenses	1,266,088	1,284,617	11,168
Ordinary income (loss)	(3,599,083)	1,014,799	8,822
Income (loss) before income taxes	(3,599,083)	1,014,799	8,822
Income taxes (Note 17):			
Current	605	605	5
Total income taxes	605	605	5
Net income (loss)	(3,599,688)	1,014,194	8,817
Retained earnings / losses brought forward	12,353,168	8,662,027	75,308
Unappropriated retained earnings / losses (Note 13)	¥ 8,753,480	¥ 9,676,221	\$ 84,126

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended December 31, 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 January 1, 2021	¥ 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
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, 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			Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
(in thousands of yen)						
Balance as of January 1, 2021	¥ 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
Changes during the period						
Distributions from surplus	(91,452)	(91,452)	(91,452)			(91,452)
Net income (loss)	1,014,194	1,014,194	1,014,194			1,014,194
Changes other than unitholders' equity (net)				93,720	93,720	93,720
Total changes during the period	922,741	922,741	922,741	93,720	93,720	1,016,462
Balance as of December 31, 2021	¥ 9,676,221	¥ 10,410,516	¥ 246,112,028	¥ 18,325	¥ 18,325	¥ 246,130,354

	Unitholders' equity					Capital surplus (net)
	Surplus					
	Unitholders' capital	Capital surplus				
		Capital surplus	Deduction of capital surplus			
	Allowance for temporary differences adjustment		Other deduction of capital surplus	Deduction of capital surplus		
(in thousands of U.S dollars)						
Balance as of July 1, 2021	\$ 2,049,221	\$ 54,463	\$ (53)	\$ (48,026)	\$ (48,079)	\$ 6,384
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, 2021	\$ 2,049,221	\$ 54,463	\$ (53)	\$ (48,026)	\$ (48,079)	\$ 6,384

	Unitholders' equity		Valuation and translation adjustments			Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
(in thousands of U.S dollars)						
Balance as of July 1, 2021	\$ 76,103	\$ 82,488	2,131,710	\$ (655)	\$ (655)	\$ 2,131,054
Changes during the period						
Distributions from surplus	(795)	(795)	(795)			(795)
Net income (loss)	8,817	8,817	8,817			8,817
Changes other than unitholders' equity (net)				814	814	814
Total changes during the period	8,022	8,022	8,022	814	814	8,837
Balance as of December 31, 2021	\$ 84,126	\$ 90,510	\$ 2,139,732	\$ 159	\$ 159	\$ 2,139,891

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the six months ended December 31, 2021

	For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income (loss) before income taxes	¥ (3,599,083)	¥ 1,014,799	\$ 8,822
Depreciation and amortization	3,889,784	3,850,520	33,476
Amortization of investment corporation bond issuance costs	6,200	6,303	54
Loan-related costs	508,348	596,446	5,185
Interest income	(96)	(70)	(0)
Interest expenses	652,386	630,628	5,482
Foreign exchange losses (gains)	51	9,934	86
Loss (gain) on derivatives	64,638	10,520	91
Decrease (increase) in rental receivables	478,137	(1,053,965)	(9,163)
Decrease (increase) in deposits paid	(85,458)	288,475	2,508
Decrease (increase) in receivable income taxes	1	3	0
Decrease (increase) in consumption taxes receivable	(268,549)	365,052	3,173
Increase (decrease) in accounts payable	17,621	(91,712)	(797)
Increase (decrease) in consumption taxes payable	(578,858)	444,366	3,863
Increase (decrease) in accounts payable-other	16,542	(17,672)	(153)
Increase (decrease) in accrued expenses	(89,059)	39,458	343
Increase (decrease) in advances received	17,773	(39,012)	(339)
Increase (decrease) in deposits received	(59)	(2,270)	(19)
Decrease in property and equipment in trust due to sale	0	6,996,756	60,830
Other, net	129,029	(100,064)	(869)
Subtotal	1,159,352	12,948,498	112,576
Interest income received	96	70	0
Interest expenses paid	(655,468)	(627,312)	(5,453)
Income taxes paid	(605)	(605)	(5)
Net cash provided by operating activities	503,374	12,320,651	107,117
Cash flows from investing activities:			
Payments into time deposits	(2,000,000)	(1,430,000)	(12,432)
Proceeds from withdrawal of time deposits	1,328,500	630,000	5,477
Purchases of property and equipment	(53,356)	(79,337)	(689)
Purchases of property and equipment in trust	(453,398)	(511,405)	(4,446)
Repayments of tenant leasehold and security deposits in trust	(53,590)	(183,308)	(1,593)
Proceeds from tenant leasehold and security deposits in trust	38,922	46,056	400
Payments of tenant leasehold and security deposits	-	(9,998)	(86)
Other, net	-	(23,203)	(201)
Net cash used in investing activities	(1,192,923)	(1,561,196)	(13,573)
Cash flows from financing activities:			
Proceeds from short-term loans payable	11,835,000	61,091,000	531,133
Repayments of short-term loans payable	(2,454,000)	(33,533,000)	(291,540)
Proceeds from long-term loans payable	-	1,582,000	13,754
Repayments of long-term loans payable	(22,771,000)	(33,393,000)	(290,323)
Payments for loan-related costs	(237,904)	(527,105)	(4,582)
Payments of distributions of earnings	(1,019,396)	(93,221)	(810)
Net cash provided by (used in) financing activities	(14,647,300)	(4,873,327)	(42,369)
Effect of exchange rate change on cash and cash equivalents	(51)	(32)	0
Net increase (decrease) in cash and cash equivalents	(15,336,901)	5,886,095	51,174
Cash and cash equivalents at beginning of period	26,176,945	10,840,044	94,244
Cash and cash equivalents at end of period (Note 7)	¥ 10,840,044	¥ 16,726,139	\$ 145,419

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

INVINCIBLE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended December 31, 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 shares in an Affiliated Company

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

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

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

(e) Property and Equipment

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

	<u>For the six months ended</u>
	<u>December 31, 2021</u>
Buildings	16-50
Buildings and accompanying facilities	5-29
Structures	20
Tools, furniture and fixtures	3-18
Buildings in trust	7-67
Buildings and accompanying facilities in trust	3-33
Structures in trust	10-55
Tools, furniture and fixtures in trust	2-20

(f) Intangible Assets

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

(g) Long-term Prepaid Expenses

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

(h) Investment corporation bond issuance costs

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

(i) Allowance for Doubtful Accounts

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

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

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

(k) Impairment of Fixed Assets

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

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

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

(m) Income Taxes

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

(n) Consumption Taxes

Consumption taxes withheld and consumption taxes paid are not included in the statement of income and retained earnings. Consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in current assets and the excess of amounts withheld over payments are included in current liabilities as the case may be.

(o) Taxes on Property and Equipment

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

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

No taxes on property and equipment were capitalized for the six months ended December 31, 2021.

(p) Revenue Recognition

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

1. Sale of real estate property

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

(q) Method of hedge accounting

1. Method of hedge accounting

Deferred hedge accounting is applied.

2. Hedging instruments and hedged items

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

3. Hedging policy

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

4. Method for assessing hedge effectiveness

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

3. Significant accounting estimates

1. Evaluation of fixed assets

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

	As of	
	December 31, 2021 (in thousands of yen)	December 31, 2021 (in thousands of U.S. dollars)
Impairment loss	¥ -	\$ -
Property and equipment	¥ 451,804	\$ 3,928

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 2022 and the business environment will gradually recover after 2023. 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 Accounting Policy

1. Application of Accounting Standard for Revenue Recognition, Etc.

The Company decided to apply the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29 issued on March 31, 2020, referred to below as "the Revenue Recognition Accounting Standard"), etc. from the beginning of the current fiscal period, and recognize revenue based on the amount which is expected to be received in exchange for the promised goods and services when the control of such goods and services is transferred to customers. This has no impact on the financial statement for the current fiscal period. Moreover, in accordance with the transitional treatment stipulated in Paragraph 89-3 of the Revenue Recognition Accounting Standard, the notes "related to revenue recognition" for the previous fiscal period are not stated.

2. Application of Accounting Standard for Fair Value Measurement, Etc.

The Company decided to apply the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30 issued on July 4, 2019, referred to below as "the Fair Value Measurement Accounting Standard"), etc. from the beginning of the current fiscal period, and apply the new accounting policy stipulated in the Fair Value Measurement Accounting Standard, etc. over the future in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 issued on July 4, 2019). This has no impact on the financial statement for the current fiscal period. In accordance with Article 2, paragraph 5 of the Supplementary Provision of the "Cabinet Office Order to Amend the Regulation on Terminology, Forms and Preparation Methods of Financial Statements" (Cabinet Office Order No. 61, September 24, 2021), the matters listed in Article 8-6-2, paragraph 1, item 3 of the amended Regulation on Terminology, Forms and Preparation Methods of Financial Statements are omitted.

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 ¥115.02 = US\$1, the effective rate of exchange prevailing at December 31, 2021. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended December 31, 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 June 30, 2021

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

(a). Reason, related assets and amounts

(in thousands of yen)

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

(b). Method of reversal

(i) Leasehold rights in trust

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

For the six months ended December 31, 2021

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

(a). Reason, related assets and amounts

(in thousands of yen)

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

(in thousands of U.S dollars)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	\$(1,141)	\$(53)	-	-	\$(53)	-
Total		\$(1,141)	\$(53)	-	-	\$(53)	

(b). Method of reversal

(i) 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		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 6,311,545	¥ 12,759,582	\$ 110,933
Cash and bank deposits in trust	¥ 6,528,498	¥ 6,766,557	\$ 58,829
Time deposits with maturities of more than three months	¥ (2,000,000)	¥ (2,800,000)	\$ (24,343)
Cash and cash equivalents	¥ 10,840,044	¥ 16,726,139	\$ 145,419

8. Property and Equipment

The following tables show the summary of movement in property and equipment for the six months ended December 31, 2021.

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of yen)						
Buildings	¥ 19,406,379	¥ 22,605	¥ -	¥ 19,428,985	¥ 1,150,408	¥ 218,645	¥ 18,278,576
Buildings and accompanying facilities	5,294,556	-	-	5,294,556	800,261	152,717	4,494,295
Structures	1,458	-	-	1,458	118	32	1,340
Tools, furniture and fixtures	1,187,082	4,273	-	1,191,356	292,045	58,509	899,310
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	637,580	59,433	6,974	690,038	-	-	690,038
Buildings in trust	164,167,367	97,380	3,739,307	160,525,440	22,562,657	2,260,023	137,962,783
Buildings and accompanying facilities in trust	33,384,159	262,734	1,187,891	32,459,003	11,144,094	928,719	21,314,908
Structures in trust	235,988	1,180	31,032	206,135	100,953	5,448	105,182
Tools, furniture and fixtures in trust	2,800,865	98,624	23,274	2,876,215	1,461,143	187,185	1,415,071
Land in trust	245,560,970	-	3,363,226	242,197,743	-	-	242,197,743
Leasehold rights in trust	14,934,534	-	-	14,934,534	437,277	39,237	14,497,257
Total	¥ 498,248,756	¥ 546,232	¥ 8,351,707	¥ 490,443,281	¥ 37,948,960	¥ 3,880,520	¥ 452,494,321

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of U.S. dollars)						
Buildings	\$ 168,721	\$ 196	\$ -	\$ 168,918	\$ 10,001	\$ 1,900	\$ 158,916
Buildings and accompanying facilities	46,031	-	-	46,031	6,957	1,327	39,074
Structures	12	-	-	12	1	-	11
Tools, furniture and fixtures	10,320	37	-	10,357	2,539	508	7,818
Leasehold rights	92,486	-	-	92,486	-	-	92,486
Construction in progress	5,543	516	60	5,999	-	-	5,999
Buildings in trust	1,427,294	846	32,510	1,395,630	196,162	19,648	1,199,467
Buildings and accompanying facilities in trust	290,246	2,284	10,327	282,203	96,888	8,074	185,314
Structures in trust	2,051	10	269	1,792	877	47	914
Tools, furniture and fixtures in trust	24,351	857	202	25,006	12,703	1,627	12,302
Land in trust	2,134,941	-	29,240	2,105,701	-	-	2,105,701
Leasehold rights in trust	129,842	-	-	129,842	3,801	341	126,041
Total	\$ 4,331,844	\$ 4,749	\$ 72,610	\$ 4,263,982	\$ 329,933	\$ 33,476	\$ 3,934,049

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 June 30, 2021 and December 31, 2021.

Residential

	As of / For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 42,293,729	¥ 41,998,033	\$ 365,136
Net increase (decrease) during period	(295,696)	(4,304,561)	(37,424)
Balance at the end of period	41,998,033	37,693,472	327,712
Fair value	¥ 55,024,000	¥ 49,803,000	\$ 432,994

Retail facilities

	As of / For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,689,226	¥ 4,661,429	\$ 40,527
Net increase (decrease) during period	(27,797)	(3,011,821)	(26,185)
Balance at the end of period	4,661,429	1,649,608	14,341
Fair value	¥ 6,040,000	¥ 2,380,000	\$ 20,692

Hotel

	As of / For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 418,570,646	¥ 415,505,072	\$ 3,612,459
Net increase (decrease) during period	(3,065,573)	(3,043,871)	(26,463)
Balance at the end of period	415,505,072	412,461,201	3,585,995
Fair value	¥ 471,486,268	¥ 471,512,500	\$ 4,099,395

Total

	As of / For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 465,553,602	¥ 462,164,535	\$ 4,018,123
Net increase (decrease) during period	(3,389,066)	(10,360,253)	(90,073)
Balance at the end of period	462,164,535	451,804,282	3,928,049
Fair value	¥ 532,550,268	¥ 523,695,500	\$ 4,553,082

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers. Six residential properties, for which the disposition agreement was made dated December 8, 2021, were valued at the disposition price
2. For rental revenues and expenses for the six months ended June 30, 2021 and December 31, 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 December 31, 2021.

For the six months ended December 31, 2021

	<i>Beginning balance</i>	<i>Ending balance</i>	<i>Beginning balance</i>	<i>Ending balance</i>	Interest rate (%)
	<i>(in thousands of yen)</i>		<i>(in thousands of U.S. dollars)</i>		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	1,000,000	8,694	8,694	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	8,694	8,694	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	17,388	17,388	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	8,694	8,694	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	17,388	17,388	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	10,432	10,432	0.850
Total investment corporation bonds	8,200,000	8,200,000	71,291	71,291	

Notes:

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

	As of	
	December 31, 2021	December 31, 2021
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ -	\$ -
1-2 years.....	3,000,000	26,082
2-3 years.....	1,000,000	8,694
3-4 years.....	-	-
4-5 years.....	-	-

11. Loans Payable

The following table shows the details of loans payable for the six months ended December 31, 2021.

For the six months ended December 31, 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	-	52,095	-	52,095	-	0.335	16-Jul-21	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	6,660,000	-	6,660,000	-	57,902	-	57,902	-	0.335	16-Jul-21		
	Sumitomo Mitsui Banking Corporation	4,442,000	-	4,442,000	-	38,619	-	38,619	-	0.335	16-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	2,670,000	-	23,213	-	23,213	-	0.335	16-Jul-21		
	Citibank, N.A., Tokyo Branch	3,000,000	-	3,000,000	-	26,082	-	26,082	-	0.335	16-Jul-21		
	Shinsei Bank, Limited.	3,330,000	-	3,330,000	-	28,951	-	28,951	-	0.335	16-Jul-21		
	Resona Bank, Limited.	1,335,000	-	1,335,000	-	11,606	-	11,606	-	0.335	16-Jul-21		
	Development Bank of Japan Inc.	666,000	-	666,000	-	5,790	-	5,790	-	0.335	20-Jul-21		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	3,000,000	-	26,082	-	26,082	-	0.335	14-Sep-21		
	Mizuho Bank, Ltd.	328,500	-	328,500	-	2,856	-	2,856	-	0.335	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	355,000	-	3,086	-	3,086	-	0.335	13-Oct-21		
	Shinsei Bank, Limited.	355,000	-	355,000	-	3,086	-	3,086	-	0.335	13-Oct-21		
	Resona Bank, Limited.	334,000	-	334,000	-	2,903	-	2,903	-	0.335	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	167,000	-	1,451	-	1,451	-	0.335	13-Oct-21		
	Sumitomo Mitsui Trust Bank, Limited	328,500	-	328,500	-	2,856	-	2,856	-	0.335	13-Oct-21		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	29,560	-	-	29,560	0.335	22-Jan-22		
MUFG Bank, Ltd.	850,000	-	-	850,000	7,390	-	-	7,390	0.335	22-Jan-22			
Mizuho Bank, Ltd.	1,215,500	-	-	1,215,500	10,567	-	-	10,567	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	1,730	-	-	1,730	0.335	30-Mar-22	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	447,500	-	-	447,500	3,890	-	-	3,890	0.335	30-Mar-22		
	Shinsei Bank, Limited.	25,000	-	-	25,000	217	-	-	217	0.335	30-Mar-22		
	The Bank of Fukuoka, Ltd.	525,000	-	-	525,000	4,564	-	-	4,564	0.335	30-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,347	-	-	2,347	0.335	30-Mar-22		
	The Shizuoka Bank, Ltd.	375,000	-	-	375,000	3,260	-	-	3,260	0.335	30-Mar-22		
	Mizuho Bank, Ltd.	902,000	-	-	902,000	7,842	-	-	7,842	0.335	30-Mar-22		
	MUFG Bank, Ltd.	692,000	-	-	692,000	6,016	-	-	6,016	0.335	30-Mar-22		
	Sumitomo Mitsui Banking Corporation	681,000	-	-	681,000	5,920	-	-	5,920	0.335	30-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	617,000	-	-	617,000	5,364	-	-	5,364	0.335	30-Mar-22		
	Development Bank of Japan Inc.	147,000	-	-	147,000	1,278	-	-	1,278	0.335	30-Mar-22		
	Citibank, N.A., Tokyo Branch	349,000	-	-	349,000	3,034	-	-	3,034	0.335	15-Jun-22		
	Resona Bank, Limited.	570,000	-	570,000	-	4,955	-	4,955	-	0.325	30-Dec-21		
	Mizuho Bank, Ltd.	-	5,992,000	-	5,992,000	-	52,095	-	52,095	0.335	16-Jul-22		
	MUFG Bank, Ltd.	-	6,660,000	-	6,660,000	-	57,902	-	57,902	0.335	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	-	4,442,000	-	4,442,000	-	38,619	-	38,619	0.335	16-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	-	2,670,000	-	2,670,000	-	23,213	-	23,213	0.335	16-Jul-22		
	Citibank, N.A., Tokyo Branch	-	3,000,000	-	3,000,000	-	26,082	-	26,082	0.335	16-Jul-22		
	Shinsei Bank, Limited.	-	3,330,000	-	3,330,000	-	28,951	-	28,951	0.335	16-Jul-22		
Resona Bank, Limited.	-	1,335,000	-	1,335,000	-	11,606	-	11,606	0.335	16-Jul-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	Mizuho Bank, Ltd.	-	2,442,000	-	2,442,000	-	21,231	-	21,231	0.335	16-Jul-22	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	-	2,220,000	-	2,220,000	-	19,300	-	19,300	0.335	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	-	1,998,000	-	1,998,000	-	17,370	-	17,370	0.335	16-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	-	890,000	-	890,000	-	7,737	-	7,737	0.335	16-Jul-22		
	Citibank, N.A., Tokyo Branch	-	1,000,000	-	1,000,000	-	8,694	-	8,694	0.335	16-Jul-22		
	Shinsei Bank, Limited.	-	1,110,000	-	1,110,000	-	9,650	-	9,650	0.335	16-Jul-22		
	Development Bank of Japan Inc.	-	666,000	-	666,000	-	5,790	-	5,790	0.335	16-Jul-22		
	Mizuho Bank, Ltd.	-	766,000	-	766,000	-	6,659	-	6,659	0.335	16-Jul-22		
	MUFG Bank, Ltd.	-	467,000	-	467,000	-	4,060	-	4,060	0.335	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	-	766,000	-	766,000	-	6,659	-	6,659	0.335	16-Jul-22		
	Citibank, N.A., Tokyo Branch	-	120,000	-	120,000	-	1,043	-	1,043	0.335	16-Jul-22		
	Shinsei Bank, Limited.	-	150,000	-	150,000	-	1,304	-	1,304	0.335	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	-	3,000,000	-	3,000,000	-	26,082	-	26,082	0.335	14-Sep-22		
	Mizuho Bank, Ltd.	-	2,521,500	-	2,521,500	-	21,922	-	21,922	0.335	27-Sep-22		
	MUFG Bank, Ltd.	-	2,133,000	-	2,133,000	-	18,544	-	18,544	0.335	27-Sep-22		
	Sumitomo Mitsui Banking Corporation	-	2,521,500	-	2,521,500	-	21,922	-	21,922	0.335	27-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	-	1,000,000	-	1,000,000	-	8,694	-	8,694	0.335	27-Sep-22		
	Shinsei Bank, Limited.	-	684,000	-	684,000	-	5,946	-	5,946	0.335	27-Sep-22		
	Development Bank of Japan Inc.	-	500,000	-	500,000	-	4,347	-	4,347	0.335	27-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	-	137,000	-	137,000	-	1,191	-	1,191	0.335	27-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)							
Short-term loans payable	Mizuho Bank, Ltd.	-	328,500	-	328,500	-	2,856	-	2,856	0.335	27-Sep-22	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	-	328,500	-	328,500	-	2,856	-	2,856	0.335	27-Sep-22		
	Shinsei Bank, Limited.	-	560,000	-	560,000	-	4,868	-	4,868	0.335	27-Sep-22		
	Resona Bank, Limited.	-	667,000	-	667,000	-	5,798	-	5,798	0.335	27-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	-	320,000	-	320,000	-	2,782	-	2,782	0.335	27-Sep-22		
	The Bank of Fukuoka, Ltd.	-	150,000	-	150,000	-	1,304	-	1,304	0.335	27-Sep-22		
	Mizuho Bank, Ltd.	-	190,000	-	190,000	-	1,651	-	1,651	0.335	27-Sep-22		
	MUFG Bank, Ltd.	-	146,000	-	146,000	-	1,269	-	1,269	0.335	27-Sep-22		
	Sumitomo Mitsui Banking Corporation	-	143,000	-	143,000	-	1,243	-	1,243	0.335	27-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	-	130,000	-	130,000	-	1,130	-	1,130	0.335	27-Sep-22		
	Development Bank of Japan Inc.	-	30,000	-	30,000	-	260	-	260	0.335	27-Sep-22		
	Citibank, N.A., Tokyo Branch	-	1,256,000	-	1,256,000	-	10,919	-	10,919	0.335	27-Sep-22		
	Mizuho Bank, Ltd.	-	4,321,000	-	4,321,000	-	37,567	-	37,567	0.335	29-Nov-22		
	Total short-term loans payable	44,228,000	61,091,000	33,533,000	71,786,000	384,524	531,133	291,540	624,117				
Long-term loans payable	The Tokyo Star Bank, Limited	1,582,000	-	1,582,000	-	13,754	-	13,754	-	0.685	20-Jul-21		
	Mizuho Bank, Ltd.	1,733,000	-	-	1,733,000	15,066	-	-	15,066	0.685	14-Mar-22		
	Resona Bank, Limited.	333,000	-	-	333,000	2,895	-	-	2,895	0.685	14-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.685	14-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.685	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	-	900,000	7,824	-	-	7,824	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 Toyou Bank, Ltd.	253,000	-	-	253,000	2,199	-	-	2,199	0.685	14-Mar-22	(2)	Unsecured and unguarante ed
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,738	-	-	1,738	0.685	14-Mar-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,347	-	-	4,347	0.685	14-Mar-22		
	The Gunma Bank, Ltd.	165,000	-	-	165,000	1,434	-	-	1,434	0.685	14-Mar-22		
	Mizuho Bank, Ltd.	4,321,000	-	4,321,000	-	37,567	-	37,567	-	0.625	29-Nov-21		
	The Dai-ichi Life Insurance company, Limited	2,843,000	-	2,843,000	-	24,717	-	24,717	-	0.625	29-Nov-21		
	Shinsei Bank, Limited.	355,000	-	355,000	-	3,086	-	3,086	-	0.485	13-Oct-21		
	Citibank, N.A., Tokyo Branch	355,000	-	355,000	-	3,086	-	3,086	-	0.485	13-Oct-21		
	Resona Bank, Limited.	333,000	-	333,000	-	2,895	-	2,895	-	0.485	13-Oct-21		
	The Bank of Fukuoka, Ltd.	300,000	-	300,000	-	2,608	-	2,608	-	0.485	13-Oct-21		
	AEON Bank, Ltd.	190,000	-	190,000	-	1,651	-	1,651	-	0.485	13-Oct-21		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	167,000	-	1,451	-	1,451	-	0.485	13-Oct-21		
	The Hiroshima Bank, Ltd.	167,000	-	167,000	-	1,451	-	1,451	-	0.485	13-Oct-21		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	4,347	-	-	4,347	0.685	13-Oct-22		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	4,347	-	-	4,347	0.685	13-Oct-22		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	4,347	-	-	4,347	0.685	13-Oct-22		
	Shinsei Bank, Limited.	355,000	-	-	355,000	3,086	-	-	3,086	0.685	13-Oct-22		
	Citibank, N.A., Tokyo Branch	355,000	-	-	355,000	3,086	-	-	3,086	0.685	13-Oct-22		
	Resona Bank, Limited.	333,000	-	-	333,000	2,895	-	-	2,895	0.685	13-Oct-22		
Developme nt Bank of Japan Inc.	1,500,000	-	-	1,500,000	13,041	-	-	13,041	0.685	13-Oct-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 Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.685	13-Oct-22	(2)	Unsecured and unguaranteed
	AEON Bank, Ltd.	190,000	-	-	190,000	1,651	-	-	1,651	0.685	13-Oct-22		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,443	-	-	1,443	0.685	13-Oct-22		
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,443	-	-	1,443	0.685	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	4,347	-	-	4,347	0.685	13-Oct-22		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	10,867	-	-	10,867	0.785	13-Oct-23		
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	9,259	-	-	9,259	0.785	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	10,867	-	-	10,867	0.785	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	10,867	-	-	10,867	0.885	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	9,215	-	-	9,215	0.885	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	10,867	-	-	10,867	0.885	11-Oct-24		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	4,347	-	-	4,347	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	2,442,000	-	21,231	-	21,231	-	0.385	17-Jul-21		
	MUFG Bank, Ltd.	2,220,000	-	2,220,000	-	19,300	-	19,300	-	0.385	17-Jul-21		
	Sumitomo Mitsui Banking Corporation	1,998,000	-	1,998,000	-	17,370	-	17,370	-	0.385	17-Jul-21		
	Shinsei Bank, Limited.	1,110,000	-	1,110,000	-	9,650	-	9,650	-	0.385	17-Jul-21		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	8,694	-	8,694	-	0.385	17-Jul-21		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	890,000	-	7,737	-	7,737	-	0.385	17-Jul-21		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	21,239	-	-	21,239	0.485	17-Jul-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	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	19,300	-	-	19,300	0.485	17-Jul-22	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	17,362	-	-	17,362	0.485	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	9,650	-	-	9,650	0.485	17-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.485	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	7,737	-	-	7,737	0.485	17-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	21,231	-	-	21,231	0.585	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	19,300	-	-	19,300	0.585	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	17,362	-	-	17,362	0.585	14-Jul-23		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	9,650	-	-	9,650	0.585	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.585	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	7,737	-	-	7,737	0.585	14-Jul-23		
	Mizuho Bank, Ltd.	766,000	-	766,000	-	6,659	-	6,659	-	0.385	02-Aug-21		
	Sumitomo Mitsui Banking Corporation	766,000	-	766,000	-	6,659	-	6,659	-	0.385	02-Aug-21		
	MUFG Bank, Ltd.	467,000	-	467,000	-	4,060	-	4,060	-	0.385	02-Aug-21		
	Shinsei Bank, Limited.	150,000	-	150,000	-	1,304	-	1,304	-	0.385	02-Aug-21		
	Citibank, N.A., Tokyo Branch	120,000	-	120,000	-	1,043	-	1,043	-	0.385	02-Aug-21		
	The Nomura Trust and Banking Co., Ltd.	30,000	-	30,000	-	260	-	260	-	0.385	02-Aug-21		
	AEON Bank, Ltd.	60,000	-	60,000	-	521	-	521	-	0.385	02-Aug-21		
	Mizuho Bank, Ltd.	2,521,500	-	2,521,500	-	21,922	-	21,922	-	0.385	26-Sep-21		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	2,521,500	-	21,922	-	21,922	-	0.385	26-Sep-21		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	2,133,000	-	2,133,000	-	18,544	-	18,544	-	0.385	26-Sep-21	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	1,000,000	-	8,694	-	8,694	-	0.385	26-Sep-21		
	Shinsei Bank, Limited.	684,000	-	684,000	-	5,946	-	5,946	-	0.385	26-Sep-21		
	Citibank, N.A., Tokyo Branch	546,000	-	546,000	-	4,747	-	4,747	-	0.385	26-Sep-21		
	Developme nt Bank of Japan Inc.	500,000	-	500,000	-	4,347	-	4,347	-	0.385	26-Sep-21		
	Resona Bank, Limited.	445,000	-	445,000	-	3,868	-	3,868	-	0.385	26-Sep-21		
	The Nomura Trust and Banking Co., Ltd.	137,000	-	137,000	-	1,191	-	1,191	-	0.385	26-Sep-21		
	AEON Bank, Ltd.	273,000	-	273,000	-	2,373	-	2,373	-	0.385	26-Sep-21		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	28,577	-	-	28,577	0.485	26-Sep-22		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	28,577	-	-	28,577	0.485	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	22,604	-	-	22,604	0.485	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.485	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,242	-	-	7,242	0.485	26-Sep-22		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	5,798	-	-	5,798	0.485	26-Sep-22		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	4,347	-	-	4,347	0.485	26-Sep-22		
	Resona Bank, Limited.	445,000	-	-	445,000	3,868	-	-	3,868	0.485	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,451	-	-	1,451	0.485	26-Sep-22		
	AEON Bank, Ltd.	334,000	-	-	334,000	2,903	-	-	2,903	0.485	26-Sep-22		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	28,581	-	-	28,581	0.585	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	28,581	-	-	28,581	0.585	26-Sep-23		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	22,604	-	-	22,604	0.585	26-Sep-23	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.585	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	7,242	-	-	7,242	0.585	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	5,798	-	-	5,798	0.585	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	-	500,000	4,347	-	-	4,347	0.585	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	3,868	-	-	3,868	0.585	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,443	-	-	1,443	0.585	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.585	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,390	-	-	7,390	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	-	3,400,000	29,560	-	-	29,560	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	-	386,000	3,355	-	-	3,355	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	-	1,275,000	11,085	-	-	11,085	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	-	2,100,000	18,257	-	-	18,257	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	-	500,000	4,347	-	-	4,347	0.361	29-Mar-22		
	Resona Bank, Limited.	500,000	-	-	500,000	4,347	-	-	4,347	0.361	29-Mar-22		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.361	29-Mar-22		
	The Shizuoka Bank, Ltd.	1,270,000	-	-	1,270,000	11,041	-	-	11,041	0.361	29-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,347	-	-	2,347	0.361	29-Mar-22		
	The Sanshu Ibea Bank, Ltd.	288,000	-	-	288,000	2,503	-	-	2,503	0.361	29-Mar-22		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Azura Bank, Ltd.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.594	29-Mar-24	(2)	Unsecured and unguarante ed
	THE NISHI-NI PPON CITY BANK LTD.	921,000	-	-	921,000	8,007	-	-	8,007	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	480,000	-	-	480,000	4,173	-	-	4,173	0.594	29-Mar-24		
	Kiraboshi Bank, Ltd.	961,000	-	-	961,000	8,355	-	-	8,355	0.885	29-Mar-29		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.340	17-Jun-22		
	Developme nt Bank of Japan Inc.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.334	17-Jun-22		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	4,967	-	-	4,967	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	12,735	-	-	12,735	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	11,573	-	-	11,573	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,465	-	-	5,465	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.400	16-Jan-23		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,738	-	-	1,738	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	-	600,000	5,216	-	-	5,216	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	4,967	-	-	4,967	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	12,735	-	-	12,735	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	11,573	-	-	11,573	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,465	-	-	5,465	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.499	16-Jan-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,738	-	-	1,738	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	5,216	-	-	5,216	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	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	10,184	-	-	10,184	0.563	16-Jul-24	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	12,735	-	-	12,735	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	11,573	-	-	11,573	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,465	-	-	5,465	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.563	16-Jul-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,738	-	-	1,738	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	18,878	-	-	18,878	0.635	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	12,735	-	-	12,735	0.635	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	11,573	-	-	11,573	0.635	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,465	-	-	5,465	0.635	16-Jan-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,738	-	-	1,738	0.635	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	18,869	-	-	18,869	0.785	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	12,735	-	-	12,735	0.785	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	11,573	-	-	11,573	0.785	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	5,465	-	-	5,465	0.785	16-Jul-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,738	-	-	1,738	0.785	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	-	1,085,000	9,433	-	-	9,433	0.413	16-Jan-23		
	MUFG Bank, Ltd.	987,000	-	-	987,000	8,581	-	-	8,581	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	987,000	-	-	987,000	8,581	-	-	8,581	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,946	-	-	5,946	0.413	16-Jan-23		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,347	-	-	4,347	0.413	16-Jan-23	(2)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,608	-	-	2,608	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	869	-	-	869	0.413	16-Jan-23		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,190	-	-	6,190	0.525	16-Jan-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,572	-	-	8,572	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,572	-	-	8,572	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,946	-	-	5,946	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,347	-	-	4,347	0.525	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,608	-	-	2,608	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	869	-	-	869	0.525	16-Jan-24		
	Aozora Bank, Ltd.	237,000	-	-	237,000	2,060	-	-	2,060	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	6,190	-	-	6,190	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,572	-	-	8,572	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,572	-	-	8,572	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,946	-	-	5,946	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	4,347	-	-	4,347	0.580	16-Jul-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,608	-	-	2,608	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.580	16-Jul-24		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	869	-	-	869	0.580	16-Jul-24	(2)	Unsecured and unguaranteed
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,260	-	-	3,260	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	10,537	-	-	10,537	0.635	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,572	-	-	8,572	0.635	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,572	-	-	8,572	0.635	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,946	-	-	5,946	0.635	16-Jan-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,608	-	-	2,608	0.635	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.635	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	869	-	-	869	0.635	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,260	-	-	3,260	0.635	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	10,528	-	-	10,528	0.785	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	8,572	-	-	8,572	0.785	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	8,572	-	-	8,572	0.785	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,946	-	-	5,946	0.785	16-Jul-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,608	-	-	2,608	0.785	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,608	-	-	2,608	0.785	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	869	-	-	869	0.785	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	3,260	-	-	3,260	0.785	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	6,085	-	-	6,085	0.785	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	25,056	-	-	25,056	0.462	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	Sai ju Sai Bank, Ltd.	662,000	-	-	662,000	5,755	-	-	5,755	0.462	16-Jan-24	(2)	Unsecured and unguaranteed
	Sai ju Sai Bank, Ltd.	1,700,000	-	-	1,700,000	14,780	-	-	14,780	0.486	15-Apr-24		
	Sai ju Sai Bank, Ltd.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.635	15-Apr-25		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.785	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	-	1,550,000	13,475	-	-	13,475	0.417	06-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	26,517	-	-	26,517	0.643	06-Jan-25		
	Moniji Bank, Ltd.	961,000	-	-	961,000	8,355	-	-	8,355	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	480,000	-	-	480,000	4,173	-	-	4,173	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	5,512	-	-	5,512	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	2,608	-	-	2,608	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,738	-	-	1,738	0.487	16-Mar-25		
	The Yanaguchi Bank, Ltd.	411,000	-	-	411,000	3,573	-	-	3,573	0.487	16-Mar-25		
	MUFG Bank, Ltd.	850,000	-	-	850,000	7,390	-	-	7,390	0.385	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	9,476	-	-	9,476	0.385	16-Mar-23		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,895	-	-	2,895	0.385	16-Mar-23		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	5,059	-	-	5,059	0.585	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	5,459	-	-	5,459	0.585	16-Mar-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	9,476	-	-	9,476	0.585	16-Mar-25	(2)	Unsecured and unguaranteed
	Shinsei Bank, Limited.	570,000	-	-	570,000	4,955	-	-	4,955	0.585	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	4,347	-	-	4,347	0.585	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	2,347	-	-	2,347	0.585	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.585	16-Mar-25		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	2,347	-	-	2,347	0.585	16-Mar-25		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	4,347	-	-	4,347	0.585	16-Mar-25		
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	4,781	-	-	4,781	0.585	16-Mar-25		
	The Chukyo Bank, Ltd.	961,000	-	-	961,000	8,355	-	-	8,355	0.585	16-Mar-25		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	8,694	-	-	8,694	0.335	17-Jun-22		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	5,216	-	-	5,216	0.335	20-Jul-22		
	The Tokyo Star Bank, Limited	-	1,582,000	-	1,582,000	-	13,754	-	13,754	0.435	20-Jul-24		
	Total long-term loans payable	196,770,000	1,582,000	33,393,000	164,959,000	1,710,745	13,754	290,323	1,434,176				
Total loans payable	240,998,000	62,673,000	66,926,000	236,745,000	2,095,270	544,887	581,864	2,058,294					

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) Repayment schedule of long-term loans payable (except for the current portion) for the next five years after each balance sheet date are as follows:

	As of	
	December 31, 2021 (in thousands of yen)	December 31, 2021 (in thousands of U.S. dollars)
1-2 years.....	¥ 42,405,000	\$ 368,675
2-3 years.....	34,127,000	296,704
3-4 years.....	38,799,000	337,323
4-5 years.....	-	-

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\$434 thousand) as required by Article 67-4 of the Investment Trust Act.

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

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

	For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 8,753,480	¥ 9,676,221	\$ 84,126
Distributions	(91,452)	(1,012,075)	(8,799)
Retained earnings / losses carried forward.....	¥ 8,662,027	¥ 8,664,146	\$ 75,327

The distribution in respect of the six months ended December 31, 2021 of ¥166 (US\$1.4) per investment unit, amounting to a total distribution of ¥1,012,075 thousand (US\$8,799 thousand) was proposed and approved at the Board of Directors meeting on February 24, 2022. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥15 and ¥166 (US\$1.4) for the six months ended June 30, 2021 and December 31, 2021 respectively.

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

For the six months ended June 30, 2021

Not Applicable

For the six months ended December 31, 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 June 30, 2021 and December 31, 2021 consist of the following:

	For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*).....	¥ 3,599,611	¥ 5,636,467	\$ 49,004
Other	206,564	201,380	1,750
Total rental revenue – real estate	¥ 3,806,176	¥ 5,837,847	\$ 50,755
Expenses related to property rental business:			
Facility management fees	¥ 497,596	¥ 465,075	\$ 4,043
Property related taxes	603,133	753,548	6,551
Insurance expense	19,012	20,256	176
Depreciation	3,460,619	3,420,925	29,742
Other	140,454	117,236	1,019

Total expenses related to property rental business	¥	4,720,815	¥	4,777,042	\$	41,532
Operating income from property leasing activities.....	¥	(914,639)	¥	1,060,805	\$	9,222
(*)Variable rental revenue of hotels						
	¥	37,496	¥	1,280,015	\$	11,128

15. Management Contract Revenue

	For the six months ended					
	June 30, 2021	December 31, 2021	December 31, 2021			
	(in thousands of yen)		(in thousands of U.S. dollars)			
Management contract revenue:						
Hotel management revenue.....	¥	388,076	¥	819,087	\$	7,121
Hotel management expenses		740,915		995,357		8,653
Management contract revenue	¥	-	¥	-	\$	-
Management contract expenses:						
Loss for management contract(*1)	¥	352,838	¥	176,269	\$	1,532
Insurance expense		101,793		103,910		903
Depreciation		429,164		429,594		3,734
Other		934		-		-
Total management contract expenses	¥	884,731	¥	709,774	\$	6,170
Operating income (loss) from management contract	¥	(884,731)	¥	(709,774)	\$	(6,170)

(*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 June 30, 2021

Not Applicable

For the six months ended December 31, 2021

	Lexington Plaza Hachiman			
	(in thousands of yen)	(in thousands of U.S. dollars)		
Revenue from sales of properties	¥	3,660,000	\$	31,820
Cost of properties sold		2,982,382		25,929
Other sale-related costs		86,632		753
Gain or loss on sales of properties	¥	590,985	\$	5,138

	Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Wintage Kobe Motomachi, Corp Higashinotoin, HERMITAGE NANBA WEST(*)			
	(in thousands of yen)	(in thousands of U.S. dollars)		
Revenue from sales of properties	¥	6,150,000	\$	53,468
Cost of properties sold		4,014,374		34,901
Other sale-related costs		158,123		1,374
Gain or loss on sales of properties	¥	1,977,501	\$	17,192

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

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	
	June 30, 2021	December 31, 2021
	(Rate)	
Statutory tax rates	- %	31.46 %
Increase (decrease) in valuation allowance	-	(31.46)
Other	-	0.06
Effective tax rates	- %	0.06 %

(*) In the prior 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		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 615	¥ 615	\$ 5
Buildings and other (merger)	307,217	186,136	1,618
Land (merger)	472,381	116,724	1,014
Net loss carried forward(*1)	1,662,026	1,810,135	15,737
Asset retirement obligations	10,443	10,514	91
Fixed-term leasehold	125,223	137,567	1,196
Adjustment of acquisition price (Overseas properties)	461,428	457,482	3,977
Subtotal - deferred tax assets	3,039,336	2,719,176	23,640
Valuation allowance for tax loss carried forward	(1,662,026)	(1,810,135)	(15,737)
Valuation allowance for the sum of deductible temporary differences	(1,377,309)	(909,041)	(7,903)
Subtotal - valuation allowance(*2)	(3,039,336)	(2,719,176)	(23,640)
Total - deferred tax assets	-	-	-

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

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

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

For the six months ended December 31, 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)	201,072	320,467	-	-	-	1,288,595	1,810,135
Valuation allowance	(201,072)	(320,467)	-	-	-	(1,288,595)	(1,810,135)
Deferred tax assets	-	-	-	-	-	-	-

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in thousands of U.S. dollars)						
Tax loss carried forward (a)	1,748	2,786	-	-	-	11,203	15,737
Valuation allowance	(1,748)	(2,786)	-	-	-	(11,203)	(15,737)
Deferred tax assets	-	-	-	-	-	-	-

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

(*2)The valuation allowance decreased by 320,159 thousand yen (US\$2,783thousand). This decrease is mainly due to sales of buildings, etc and land.

18. Leases

(a) Lease rental revenues

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

	As of		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 13,055,492	¥ (*1)12,867,086	\$ (*1)111,868
Due over one year	64,085,583	56,997,263	495,542
Total	¥ 77,141,076	¥ 69,864,350	\$ 607,410

(*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 June 30, 2021 and December 31, 2021 scheduled to be paid are summarized as follows:

	As of		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 319,859	¥ 319,859	\$ 2,780
Due over one year	8,686,455	8,526,526	74,130
Total	¥ 9,006,315	¥ 8,846,385	\$ 76,911

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 estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair values and valuation differences of financial instruments for which fair value is available as of June 30, 2021 and December 31, 2021. Furthermore, “cash and deposits” and “short-term loans payable” are omitted as they are settled with cash and in a short span of time and are therefore similar in fair value to the book value. Also, “tenant leasehold and security deposits in trust” is omitted as it lacks in significance.

	As of								
	June 30, 2021			December 31, 2021			December 31, 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) Investment securities	¥ 17,856,387	¥ -	¥ -	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	\$ 155,245	\$ 150,582	\$ (4,663)
Total assets	¥ 17,856,387	¥ -	¥ -	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	\$ 155,245	\$ 150,582	\$ (4,663)
Liabilities:									
(2) Current portion of long-term loans payable	53,315,000	53,315,000	-	48,667,000	48,667,000	-	423,117	423,117	-
(3) Investment corporation bonds	8,200,000	7,556,240	(643,760)	8,200,000	7,657,040	(542,960)	71,291	66,571	(4,720)
(4) Long-term loans payable	143,455,000	143,455,000	-	116,292,000	116,292,000	-	1,011,058	1,011,058	-
Total liabilities	¥ 204,970,000	¥ 204,326,240	¥ (643,760)	¥ 173,159,000	¥ 172,616,040	¥ (542,960)	\$ 1,505,468	\$ 1,500,748	\$ (4,720)
(5) Derivatives	¥ (78,176)	¥ (78,176)	¥ -	¥ 18,325	¥ 18,325	¥ -	\$ 159	\$ 159	\$ -

Notes

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

(1) Investment securities

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

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

(3) 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.

(5) Derivatives

Please refer to the “21. Derivatives” below.

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

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of yen)					
As of June 30, 2021:						
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	¥ 53,315,000	¥ 45,807,000	¥ 46,589,000	¥ 41,661,000	¥ 12,437,000	¥ 5,161,000
As of December 31, 2021:						
Current portion of long-term loans payable	48,667,000	-	-	-	-	-
Investment corporation bonds	-	3,000,000	1,000,000	-	-	4,200,000
Long-term loans payable	-	42,405,000	34,127,000	38,799,000	-	961,000
Total	¥ 48,667,000	¥ 45,405,000	¥ 35,127,000	¥ 38,799,000	¥ -	¥ 5,161,000

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
(in thousands of U.S. dollars)						
As of December 31, 2021:						
Current portion of long-term loans payable	423,117	-	-	-	-	-
Investment corporation bonds	-	26,082	8,694	-	-	36,515
Long-term loans payable	-	368,675	296,704	337,323	-	8,355
Total	\$ 423,117	\$ 394,757	\$ 305,399	\$ 337,323	\$ -	\$ 44,870

20. Investment securities

	As of										
	June 30, 2021			December 31, 2021			December 31, 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)		
Shares in an Affiliated Company	¥ 17,856,387	¥ -	¥ -	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	\$ 155,245	\$ 150,582	\$ (4,663)		
Total	¥ 17,856,387	¥ -	¥ -	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	\$ 155,245	\$ 150,582	\$ (4,663)		

21. Derivatives

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

(a) Transactions for which hedge accounting is not applied

As of June 30, 2021:

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	¥ 952,820	¥ -		
	USD Call (Option premium)	¥ (23,788)	¥ -	¥ (15,962)	¥ 7,825
	Currency options Buy	¥ 952,820	¥ -		
	USD Put Option premium	¥ 39,407	¥ -	¥ 13,181	¥ (26,226)

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

As of December 31, 2021:

Not Applicable

(b) Transactions for which hedge accounting is applied

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)
(in thousands of yen)					
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)

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

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

As of December 31, 2021:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)					
			Total			Over 1 year		
			(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	¥ 18,325	\$ 562,058	\$ 438,845	\$ 159

(*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 June 30, 2021 and December 31, 2021 are as follows.

	For the six months ended		
	June 30, 2021	December 31, 2021	December 31, 2021
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 32,977	¥ 33,197	\$ 288
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	219	224	1
Balance at the end of the period	¥ 33,197	¥ 33,422	\$ 290

23. Revenue Recognition

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

For the six months ended December 31, 2021

	Revenues generated from contracts with customers (*1)		Sales to external customers	
	(in thousands of yen)	(in thousands of U.S. dollars)	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sale of real estate property	3,660,000	31,820	(*2)590,985	(*2)5,138
Other	27,870	242	7,815,349	67,947
Total	3,687,870	32,062	8,406,334	73,085

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

(*2) Sales of real estate properties are recorded as gains or losses on sales of real estate properties in the statements of income in accordance with Article 48-2 of the Regulations on Accounting of Investment Corporation (Cabinet Office Ordinance No. 47 of 2006), and therefore the amount is the proceeds from sales of real estate properties, less the cost of real estate properties sold and other sales expenses.

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

For the six months ended December 31, 2021

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

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

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

	For the six months ended			
	December 31, 2021		December 31, 2021	
	(in thousands of yen)		(in thousands of U.S. dollars)	
Claims generated from contracts with customers (balance at beginning of fiscal year)	¥	1,534	\$	13
Claims generated from contracts with customers (balance at end of fiscal year)	¥	2,114	\$	18
Contract assets (balance at beginning of fiscal year)		-		-
Contract assets (balance at end of fiscal year)		-		-
Contract liabilities (balance at beginning of fiscal year)		-		-
Contract liabilities (balance at end of fiscal year)		-		-

(i) Transaction value allocated to remaining performance obligations

Not Applicable

24. Segment Information

Segment information for the six months ended June 30, 2021 and December 31, 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 June 30, 2021 and December 31, 2021 were as follows:

For the six months ended June 30, 2021

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co., Ltd.	867,619	Real estate investing business

For the six months ended December 31, 2021

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	2,182,504	18,975	Real estate investing business

25. Profit or Loss from Equity Method, etc

For the six months ended June 30, 2021

(in thousands of yen)

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

For the six months ended December 31, 2021

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	155,245
Investments, if equity method was adopted	17,487,459	152,038
Investment gains (losses), if equity method was adopted	(67,763)	(589)

26. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

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)			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	-	Lessholder and operator of hotel	Rental revenues	¥38,627	Rental receivables	¥42,489
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Lessholder and operator of hotel	Rental revenues	¥867,619	Rental receivables	¥945,735

Notes:

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

For the six months ended December 31, 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	\$86	-	Lesseeholder and operator of hotel	Rental revenues	¥721,419	\$6,272	Rental receivables	¥422,909	\$3,676
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$869	-	Lesseeholder and operator of hotel	Rental revenues	¥2,182,504	\$18,975	Rental receivables	¥1,436,837	\$12,492

Notes:

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

(b) Affiliates

For the six months ended June 30, 2021

Not Applicable

For the six months ended December 31, 2021

Not Applicable

(c) Board of Directors and Major Individual Unitholders

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 yen)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥300,000	Accrued expenses	¥165,000
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	Accrued expenses	¥330

Notes:

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

For the six months ended December 31, 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)	¥329,430	\$2,864	Accrued expenses	¥185,295	\$1,610
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	\$9	Accrued expenses	¥880	\$7

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.

27. Parent company and/or significant affiliates

(a) Information on the parent company

Not Applicable.

(b) Summary of financial statements of the significant affiliates

The significant affiliates in the year ended December 31, 2021 is Kingdom TMK. Summary of financial information is as follows:

	Kingdom TMK		
	As of / For the six months ended		
	March 31, 2021	September 30, 2021	September 30, 2021
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,129,595	100,199,285	871,146
Total other assets	2,191,726	1,713,274	14,895
Total current liabilities	356,926	86,508	752
Total non-current liabilities	66,158,918	66,158,866	575,194
Total net assets	35,805,477	35,667,184	310,095
Operating revenue	547,658	525,288	4,566
Income before income taxes	(133,555)	(137,687)	(1,197)
Net income	(134,160)	(138,292)	(1,202)

28. Per Unit Information

The following table shows net asset value per unit as of June 30, 2021 and December 31, 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		
	June 30, 2021	December 31, 2021	December 31, 2021
	(Yen)		(U.S. dollars)
Net asset value per unit	¥ 40,203	¥ 40,370	\$ 350
Net income (loss) per unit	¥ (590)	¥ 166	\$ 1
Weighted average number of units	6,096,840	6,096,840	-

29. Subsequent Events

(a) Sale of Assets

The Company completed sale of the following 6 properties on January 12, 2022.

Property Number : A79 Property Name: Revest Honjin

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 569 million

Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number : A80 Property Name: Revest Matsubara

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 559 million
Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number : A82 Property Name: Alba Noritake Shinmachi

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 509 million
Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number : A83 Property Name: Revest Meieki Minami

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 498 million
Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number : A88 Property Name: Luna Court Edobori

Sale Date	January 12, 2022
Location	Osaka-shi, Osaka
Book Value (Note 1)	JPY457 million
Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number : A98 Property Name: Little River Honmachibashi

Sale Date	January 12, 2022
Location	Osaka-shi, Osaka
Book Value (Note 1)	JPY272 million
Sale Price (Note 2)	Undisclosed
Estimated Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

(Note 1) Book Value shows a figure as of December 31, 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. Sale price of individual properties are not disclosed as the transferee's consent has not been obtained for

disclosure. Accordingly, the expected gain on sale of individual properties is not disclosed either. The total sale price of the above six properties is JPY4,450 million, and the total estimated gain/loss on transfer is JPY1,454 million.

(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 March 11, 2022 to enter into a Memorandum of Understanding (the "MOU") to amend each fixed-term building lease and property management agreement ("MLPM Agreements") pertaining to the rent conditions for the period from January 1, 2022 to June 30, 2022 for 73 domestic hotels owned by the Company with main tenant, MyStays Hotel Management Co., Ltd. ("MHM") and its affiliates (the "MHM Group"), who operate the hotels, in order to avoid the inability of MHM Group to make payments and to maintain hotel operations by MHM Group, and concluded on the same date.

Based on the MOU, the Company decided to amend the MLPM Agreement (the "Original Leasing Terms and Conditions") as a tentative measure for the period from January 1, 2022 to June 30, 2022 as follows.

Items subject to Change	Calculated based on the Original Leasing Terms and Conditions	Tentative Measures (January 1, 2022 to June 30, 2022)
Fixed rent (Total rent for 6 months for 73 properties)	JPY 4,970 million	JPY 900 million (Approx. 18% of the amount under the Original Leasing Terms and Conditions) (hereinafter referred to as the "total fixed rent")
Variable rent	Calculated on a 3-month basis for each hotel. The amount obtained by deducting (i) the total amount of expenses, management services fees, and fixed rents of the hotel property from (ii) the total monthly sales of the hotel property (if the calculation results are negative, the amount shall be JPY 0).	Calculated by summing up the rent of all 73 properties for 6 months. The amount obtained by deducting (i) the above total fixed rent (the total rent for 6 months for 73 properties) from (ii) the aggregate of the amount for 6 months for 73 properties, which amount is obtained by deducting the management services fees for the hotel for each month from the monthly GOP (operating gross profit calculated by subtracting expenses from total monthly sales) for each hotel for the same month (if the calculation results are negative, the amount shall be JPY 0). (hereinafter referred to as the "total variable rent")
Payment method of rent	Paid on the hotel-by-hotel basis. The due date is the 11th of the month which is two months from the month in which the last day of the fiscal period falls (for the fixed rent, every month, and for the variable rent, every three months).	Paid on a total basis of 73 hotel properties. On August 10, 2022, 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 4,070 million yen (US\$35 million) in the fiscal period ending June 30, 2022. However, as the variable rent recorded in operating revenue is determined by the GOP for the period from January 1, 2022 to June 30, 2022, the amount of impact cannot be estimated as of today