

Invincible Investment
Corporation

**Audited Financial Statements
for the 38th Fiscal Period
(from January 1, 2022 to June 30, 2022)**

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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 June 30, 2022, and the statements of income and retained earnings, changes in net assets, and cash flows for the six months period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022, 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.

Other Information

The other information comprises the information included in the disclosure document that contains audited financial statements but does not include the financial statements and our auditor's report thereon.

We have concluded that the other information does not exist. Accordingly, we have not performed any work related to the other information.

Responsibilities of Management and the Supervisory Director for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended June 30, 2022 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 4 to the financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

October 14, 2022

/s/ Kazunori Takenouchi

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

/s/ Teruyo Okubo

Teruyo Okubo
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

June 30, 2022

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 6 and 18)	¥ 12,759,582	¥ 13,794,814	\$ 100,927
Cash and bank deposits in trust (Notes 6 and 18) ..	6,766,557	6,028,407	44,105
Rental receivables	2,293,736	3,396,197	24,847
Deposits paid	153,517	332,876	2,435
Prepaid expenses	642,219	411,977	3,014
Income taxes receivable.....	10	11	0
Other	259	-	-
Total current assets	22,615,883	23,964,286	175,331
Non-current assets:			
Property and equipment (Notes 7 and 8):			
Buildings, at cost	19,428,985	19,429,981	142,156
Buildings and accompanying facilities, at cost	5,294,556	5,303,078	38,799
Structures, at cost.....	1,458	1,458	10
Tools, furniture and fixtures, at cost	1,191,356	1,195,031	8,743
Construction in progress.....	690,038	701,230	5,130
Buildings in trust, at cost	160,525,440	158,812,478	1,161,929
Buildings and accompanying facilities in trust, at cost	32,459,003	32,062,171	234,578
Structures in trust, at cost	206,135	204,879	1,498
Tools, furniture and fixtures in trust, at cost	2,876,215	2,942,196	21,526
Land in trust	242,197,743	241,290,860	1,765,370
Construction in progress in trust.....	-	26,237	191
Subtotal	464,870,935	461,969,604	3,379,935
Less: Accumulated depreciation	(37,511,682)	(40,561,955)	(296,765)
Total property and equipment, net	427,359,252	421,407,648	3,083,169
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	77,830
Leasehold rights in trust	14,497,257	14,458,659	105,784
Total intangible assets	25,135,069	25,096,471	183,614
Investments and other assets:			
Investment securities (Note 19 and 24).....	17,856,387	17,856,387	130,643
Guarantee deposits	1,372,719	1,372,719	10,043
Long-term prepaid expenses	379,422	257,854	1,886
Derivatives assets (Note 20)	28,054	96,567	706
Other	22,667	22,667	165
Total investments and other assets	19,659,251	19,606,196	143,445
Total non-current assets	472,153,573	466,110,317	3,410,230
Deferred assets:			
Investment corporation bond issuance costs.....	50,349	44,148	323
Total deferred assets	50,349	44,148	323
TOTAL ASSETS	¥ 494,819,805	¥ 490,118,752	\$ 3,585,884

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 774,133	¥ 349,844	\$ 2,559
Short-term loans payable (Notes 10 and 18)	71,786,000	88,135,000	644,827
Current portion of investment corporation bonds (Notes 9 and 18)	-	1,000,000	7,316
Current portion of long-term loans payable (Notes 10 and 18)	48,667,000	44,807,000	327,824
Accounts payable-other	6,235	31,175	228
Accrued expenses	291,883	240,333	1,758
Income taxes payable	605	605	4
Consumption taxes payable	540,868	50,190	367
Advances received	558,777	317,935	2,326
Deposits received	8,813	10,397	76
Total current liabilities	122,634,316	134,942,482	987,287
Non-current liabilities:			
Investment corporation bonds (Notes 9 and 18) ..	8,200,000	7,200,000	52,677
Long-term loans payable (Notes 10 and 18)	116,292,000	100,230,000	733,318
Tenant leasehold and security deposits in trust (Note 18)	1,519,983	1,500,948	10,981
Derivatives liabilities (Note 20)	9,729	546	3
Asset retirement obligations (Note 21)	33,422	33,644	246
Total non-current liabilities	126,055,134	108,965,140	797,228
TOTAL LIABILITIES	248,689,451	243,907,622	1,784,515
NET ASSETS (Note 11)			
Unitholders' equity:			
Unitholders' capital	235,701,512	235,701,512	1,724,476
Surplus:			
Capital surplus	6,264,432	6,264,432	45,832
Allowance for temporary differences			
Adjustment (Note 5)	(6,130)	(6,130)	(44)
Other deduction of capital surplus	(5,524,006)	(5,524,006)	(40,415)
Total deduction of capital surplus	(5,530,137)	(5,530,137)	(40,460)
Capital surplus (net)	734,294	734,294	5,372
Voluntary reserve			
Retained earnings	9,676,221	9,679,301	70,817
Total surplus	10,410,516	10,413,596	76,189
Total unitholders' equity	246,112,028	246,115,108	1,800,666
Valuation and translation adjustments:			
Deferred gains or losses on hedges	18,325	96,020	702
Total valuation and translation adjustments	18,325	96,020	702
TOTAL NET ASSETS	246,130,354	246,211,129	1,801,369
TOTAL LIABILITIES AND NET ASSETS	¥ 494,819,805	¥ 490,118,752	\$ 3,585,884

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

INVINCIBLE INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended June 30, 2022

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 13)	¥ 5,837,847	¥ 5,198,229	\$ 38,032
Management contract revenue (Note 14)	-	1,013,790	7,417
Gain on sales of properties (Note 15)	2,568,486	1,468,206	10,741
Total operating revenue	8,406,334	7,680,227	56,191
Operating expenses			
Property related expenses (Note 13)	4,777,042	4,498,723	32,914
Management contract expenses (Note 14)	709,774	543,095	3,973
Asset management fees	300,000	300,000	2,194
Directors' compensation	4,800	4,800	35
Asset custody fees	24,732	24,556	179
Administrative service fees	54,720	42,618	311
Other	242,924	152,051	1,112
Total operating expenses	6,113,994	5,565,846	40,721
Operating income	2,292,339	2,114,380	15,469
Non-operating income			
Interest income	70	78	0
Foreign exchange gains	-	1,316	9
Interest on tax refund	1,118	-	-
Other	5,887	2,606	19
Total non-operating income	7,076	4,000	29
Non-operating expenses			
Interest expenses	602,398	562,607	4,116
Foreign exchange losses	40,718	-	-
Interest expenses on investment corporation bonds	28,230	27,769	203
Amortization of investment corporation bond issuance costs	6,303	6,200	45
Loan-related costs	596,446	505,414	3,697
Loss on derivatives	10,520	-	-
Other	-	629	4
Total non-operating expenses	1,284,617	1,102,621	8,067
Ordinary income	1,014,799	1,015,760	7,431
Income before income taxes	1,014,799	1,015,760	7,431
Income taxes (Note 16):			
Current	605	605	4
Total income taxes	605	605	4
Net income	1,014,194	1,015,155	7,427
Retained earnings / losses brought forward	8,662,027	8,664,146	63,390
Unappropriated retained earnings / losses (Note 12)	¥ 9,676,221	¥ 9,679,301	\$ 70,817

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CHANGES IN NET ASSETS

For the six months ended June 30, 2022

	Unitholders' equity					Capital surplus (net)
	Unitholders' capital	Surplus				
		Capital surplus	Capital surplus			
			Allowance for temporary differences adjustment	Deduction of capital surplus		
				Other deduction of capital surplus	Deduction of capital surplus	
(in thousands of yen)						
Balance as of July 1, 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						
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
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of June 30, 2022	¥ 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 July 1, 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	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
Changes during the period						
Distributions from surplus	(1,012,075)	(1,012,075)	(1,012,075)			(1,012,075)
Net income	1,015,155	1,015,155	1,015,155			1,015,155
Changes other than unitholders' equity (net)				77,695	77,695	77,695
Total changes during the period	3,080	3,080	3,080	77,695	77,695	80,775
Balance as of June 30, 2022	¥ 9,679,301	¥ 10,413,596	¥ 246,115,108	¥ 96,020	¥ 96,020	¥ 246,211,129

	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 January 1, 2022	\$ 1,724,476	\$ 45,832	\$ (44)	\$ (40,415)	\$ (40,460)	\$ 5,372
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	-	-	-	-
Balance as of June 30, 2022	\$ 1,724,476	\$ 45,832	\$ (44)	\$ (40,415)	\$ (40,460)	\$ 5,372

	Unitholders' equity		Valuation and translation adjustments			Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
(in thousands of U.S dollars)						
Balance as of January 1, 2022	\$ 70,794	\$ 76,167	1,800,644	\$ 134	\$ 134	\$ 1,800,778
Changes during the period						
Distributions from surplus	(7,404)	(7,404)	(7,404)			(7,404)
Net income	7,427	7,427	7,427			7,427
Changes other than unitholders' equity (net)				568	568	568
Total changes during the period	22	22	22	568	568	590
Balance as of June 30, 2022	\$ 70,817	\$ 76,189	\$ 1,800,666	\$ 702	\$ 702	\$ 1,801,369

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

INVINCIBLE INVESTMENT CORPORATION

STATEMENT OF CASH FLOWS For the six months ended June 30, 2022

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income before income taxes	¥ 1,014,799	¥ 1,015,760	\$ 7,431
Depreciation and amortization	3,850,520	3,766,009	27,553
Amortization of investment corporation bond issuance costs	6,303	6,200	45
Loan-related costs	596,446	505,414	3,697
Interest income	(70)	(78)	0
Interest expenses	630,628	590,377	4,319
Foreign exchange losses (gains)	9,934	158	1
Loss (gain) on derivatives	10,520	-	-
Decrease (increase) in rental receivables	(1,053,965)	(1,102,461)	(8,066)
Decrease (increase) in deposits paid	288,475	(179,359)	(1,312)
Decrease (increase) in receivable income taxes	3	(1)	0
Decrease (increase) in consumption taxes receivable	365,052	-	-
Increase (decrease) in accounts payable	(91,712)	(511,128)	(3,739)
Increase (decrease) in consumption taxes payable	444,366	(490,678)	(3,589)
Increase (decrease) in accounts payable-other	(17,672)	26,469	193
Increase (decrease) in accrued expenses	39,458	(48,167)	(352)
Increase (decrease) in advances received	(39,012)	(240,841)	(1,762)
Increase (decrease) in deposits received	(2,270)	1,583	11
Decrease in property and equipment in trust due to sale	6,996,756	2,867,202	20,977
Other, net	(100,064)	116,612	853
Subtotal	12,948,498	6,323,071	46,261
Interest income received	70	78	0
Interest expenses paid	(627,312)	(593,962)	(4,345)
Income taxes paid	(605)	(605)	(4)
Net cash provided by operating activities	12,320,651	5,728,582	41,912
Cash flows from investing activities:			
Payments into time deposits	(1,430,000)	(2,000,000)	(14,632)
Proceeds from withdrawal of time deposits	630,000	2,000,000	14,632
Purchases of property and equipment	(79,337)	(24,384)	(178)
Purchases of property and equipment in trust	(511,405)	(531,563)	(3,889)
Repayments of tenant leasehold and security deposits in trust	(183,308)	(35,672)	(260)
Proceeds from tenant leasehold and security deposits in trust	46,056	16,777	122
Payments of tenant leasehold and security deposits	(9,998)	-	-
Other, net	(23,203)	-	-
Net cash used in investing activities	(1,561,196)	(574,843)	(4,205)
Cash flows from financing activities:			
Proceeds from short-term loans payable	61,091,000	27,044,000	197,863
Repayments of short-term loans payable	(33,533,000)	(10,695,000)	(78,248)
Proceeds from long-term loans payable	1,582,000	-	-
Repayments of long-term loans payable	(33,393,000)	(19,922,000)	(145,756)
Payments for loan-related costs	(527,105)	(271,524)	(1,986)
Payments of distributions of earnings	(93,221)	(1,011,974)	(7,403)
Net cash provided by (used in) financing activities	(4,873,327)	(4,856,498)	(35,531)
Effect of exchange rate change on cash and cash equivalents	(32)	(158)	(1)
Net increase (decrease) in cash and cash equivalents	5,886,095	297,081	2,173
Cash and cash equivalents at beginning of period	10,840,044	16,726,139	122,374
Cash and cash equivalents at end of period (Note 6)	¥ 16,726,139	¥ 17,023,221	\$ 124,548

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

INVINCIBLE INVESTMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended June 30, 2022

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>June 30, 2022</u>
Buildings	16-50
Buildings and accompanying facilities	5-29
Structures	20
Tools, furniture and fixtures	3-18
Buildings in trust	5-67
Buildings and accompanying facilities in trust	3-33
Structures in trust	7-55
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

Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

(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 June 30, 2022.

(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	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Impairment loss	¥ -	¥ -	\$ -
Property and equipment	¥ 451,804,282	¥ 445,776,652	\$ 3,261,462

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 late 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. 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 ¥136.68 = US\$1, the effective rate of exchange prevailing at June 30, 2022. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended June 30, 2022 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.

5. Allowance for temporary differences adjustment

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)	

(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 June 30, 2022

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
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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	\$ (960)	\$ (44)	-	-	\$ (44)	-
Total		\$ (960)	\$ (44)	-	-	\$ (44)	

(b). Method of reversal

(i) Leasehold rights in trust

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

6. Cash and Cash Equivalents

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

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 12,759,582	¥ 13,794,814	\$ 100,927
Cash and bank deposits in trust	¥ 6,766,557	¥ 6,028,407	\$ 44,105
Time deposits with maturities of more than three months	¥ (2,800,000)	¥ (2,800,000)	\$ (20,485)
Cash and cash equivalents	¥ 16,726,139	¥ 17,023,221	\$ 124,548

7. Property and Equipment

The following tables show the summary of movement in property and equipment For the six months ended June 30, 2022.

	At cost						
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	(in thousands of yen)						
Buildings	¥ 19,428,985	¥ 996	¥ -	¥ 19,429,981	¥ 1,369,148	¥ 218,740	¥ 18,060,833
Buildings and accompanying facilities	5,294,556	8,521	-	5,303,078	953,381	153,120	4,349,696
Structures	1,458	-	-	1,458	150	32	1,308
Tools, furniture and fixtures	1,191,356	3,675	-	1,195,031	350,708	58,663	844,322
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	690,038	11,191	-	701,230	-	-	701,230
Buildings in trust	160,525,440	156,376	1,869,338	158,812,478	24,417,810	2,218,287	134,394,668
Buildings and accompanying facilities in trust	32,459,003	335,606	732,438	32,062,171	11,735,097	895,385	20,327,073
Structures in trust	206,135	11,299	12,555	204,879	104,096	5,230	100,783

Tools, furniture and fixtures in trust	2,876,215	88,883	22,903	2,942,196	1,631,561	177,952	1,310,634
Land in trust	242,197,743	-	906,883	241,290,860	-	-	241,290,860
Leasehold rights in trust	14,934,534	-	-	14,934,534	475,874	38,597	14,458,659
Construction in progress in trust	-	26,237	-	26,237	-	-	26,237
Total	¥ 490,443,281	¥ 642,788	¥ 3,544,119	¥ 487,541,951	¥ 41,037,830	¥ 3,766,009	¥ 446,504,120

	At cost						Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation	Depreciation for the period	
	(in thousands of U.S. dollars)						
Buildings	\$ 142,149	\$ 7	\$ -	\$ 142,156	\$ 10,017	\$ 1,600	\$ 132,139
Buildings and accompanying facilities	38,736	62	-	38,799	6,975	1,120	31,823
Structures	10	-	-	10	1	-	9
Tools, furniture and fixtures	8,716	26	-	8,743	2,565	429	6,177
Leasehold rights	77,830	-	-	77,830	-	-	77,830
Construction in progress	5,048	81	-	5,130	-	-	5,130
Buildings in trust	1,174,461	1,144	13,676	1,161,929	178,649	16,229	983,279
Buildings and accompanying facilities in trust	237,481	2,455	5,358	234,578	85,858	6,550	148,720
Structures in trust	1,508	82	91	1,498	761	38	737
Tools, furniture and fixtures in trust	21,043	650	167	21,526	11,937	1,301	9,589
Land in trust	1,772,005	-	6,635	1,765,370	-	-	1,765,370
Leasehold rights in trust	109,266	-	-	109,266	3,481	282	105,784
Construction in progress in trust	-	191	-	191	-	-	191
Total	\$ 3,588,259	\$ 4,702	\$ 25,930	\$ 3,567,032	\$ 300,247	\$ 27,553	\$ 3,266,784

8. Fair Value of Investment and Rental Properties

The following tables show the net book value and the fair value of the investment and rental properties in the aggregate For the six months ended December 31, 2021 and June 30, 2022.

Residential

	As of / For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 41,998,033	¥ 37,693,472	\$ 275,778
Net increase (decrease) during period	(4,304,561)	(3,125,906)	(22,870)
Balance at the end of period	37,693,472	34,567,566	252,908
Fair value	¥ 49,803,000	¥ 46,074,000	\$ 337,093

Retail facilities

	As of / For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 4,661,429	¥ 1,649,608	\$ 12,069
Net increase (decrease) during period	(3,011,821)	(27,624)	(202)
Balance at the end of period	1,649,608	1,621,984	11,867
Fair value	¥ 2,380,000	¥ 2,380,000	\$ 17,412

Hotel

	As of / For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)

			U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 415,505,072	¥ 412,461,201	\$ 3,017,714
Net increase (decrease) during period	(3,043,871)	(2,874,099)	(21,027)
Balance at the end of period	412,461,201	409,587,102	2,996,686
Fair value	¥ 471,512,500	¥ 481,758,260	\$ 3,524,716

Total

	As of / For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 462,164,535	¥ 451,804,282	\$ 3,305,562
Net increase (decrease) during period	(10,360,253)	(6,027,630)	(44,100)
Balance at the end of period	451,804,282	445,776,652	3,261,462
Fair value	¥ 523,695,500	¥ 530,212,260	\$ 3,879,223

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 December 31, 2021 and June 30, 2022, please refer to "Note 13: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

9. Investment corporation bonds

The following table shows the details of investment corporation bonds For the six months ended June 30, 2022.

For the six months ended June 30, 2022

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	(in thousands of yen)		(in thousands of U.S. dollars)		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	1,000,000	7,316	7,316	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	7,316	7,316	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	14,632	14,632	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	7,316	7,316	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	14,632	14,632	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	8,779	8,779	0.850
Total investment corporation bonds	8,200,000	8,200,000	59,994	59,994	

Notes:

- (1) The bonds were issued with pari passu conditions among specified investment corporation bonds.
- (2) The funds are mainly used to acquire properties in trust.
- (3) The funds are mainly used to repay existing borrowing.
- (4) The funds are mainly used for capital expenditures

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

	As of	
	June 30, 2022	June 30, 2022
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ 1,000,000	\$ 7,316
1-2 years.....	2,000,000	14,632
2-3 years.....	1,000,000	7,316
3-4 years.....	-	-
4-5 years.....	-	-

10. Loans Payable

The following table shows the details of loans payable For the six months ended June 30, 2022.

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	3,400,000	-	24,875	-	24,875	-	0.335	22-Jan-22	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	850,000	-	850,000	-	6,218	-	6,218	-	0.335	22-Jan-22		
	Mizuho Bank, Ltd.	1,215,500	-	1,215,500	-	8,893	-	8,893	-	0.325	30-Mar-22		
	MUFG Bank, Ltd.	199,000	-	199,000	-	1,455	-	1,455	-	0.325	30-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	447,500	-	447,500	-	3,274	-	3,274	-	0.325	30-Mar-22		
	Shinsei Bank, Limited.	25,000	-	25,000	-	182	-	182	-	0.325	30-Mar-22		
	The Bank of Fukuoka, Ltd.	525,000	-	525,000	-	3,841	-	3,841	-	0.325	30-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	270,000	-	1,975	-	1,975	-	0.325	30-Mar-22		
	The Shizuoka Bank, Ltd.	375,000	-	375,000	-	2,743	-	2,743	-	0.325	30-Mar-22		
	Mizuho Bank, Ltd.	902,000	-	902,000	-	6,599	-	6,599	-	0.325	30-Mar-22		
	MUFG Bank, Ltd.	692,000	-	692,000	-	5,062	-	5,062	-	0.325	30-Mar-22		
	Sumitomo Mitsui Banking Corporation	681,000	-	681,000	-	4,982	-	4,982	-	0.325	30-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	617,000	-	617,000	-	4,514	-	4,514	-	0.325	30-Mar-22		
	Development Bank of Japan Inc.	147,000	-	147,000	-	1,075	-	1,075	-	0.325	30-Mar-22		
	Citibank, N.A. Tokyo Branch	349,000	-	349,000	-	2,553	-	2,553	-	0.322	15-Jun-22		
	Mizuho Bank, Ltd.	5,992,000	-	-	5,992,000	43,839	-	-	43,839	0.332	16-Jul-22		
MUFG Bank, Ltd.	6,660,000	-	-	6,660,000	48,726	-	-	48,726	0.332	16-Jul-22			
Sumitomo Mitsui Banking Corporation	4,442,000	-	-	4,442,000	32,499	-	-	32,499	0.332	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	Sumitomo Mitsui Trust Bank, Limited	2,670,000	-	-	2,670,000	19,534	-	-	19,534	0.332	16-Jul-22	(2)	Unsecured and unguaranteed
	Citibank, N.A., Tokyo Branch	3,000,000	-	-	3,000,000	21,949	-	-	21,949	0.332	16-Jul-22		
	Shinsei Bank, Limited.	3,330,000	-	-	3,330,000	24,363	-	-	24,363	0.332	16-Jul-22		
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	9,767	-	-	9,767	0.332	16-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	17,866	-	-	17,866	0.332	16-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	16,242	-	-	16,242	0.332	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	1,998,000	-	-	1,998,000	14,618	-	-	14,618	0.332	16-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	6,511	-	-	6,511	0.332	16-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.332	16-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	8,121	-	-	8,121	0.332	16-Jul-22		
	Development Bank of Japan Inc.	666,000	-	-	666,000	4,872	-	-	4,872	0.332	16-Jul-22		
	Mizuho Bank, Ltd.	766,000	-	-	766,000	5,604	-	-	5,604	0.332	16-Jul-22		
	MUFG Bank, Ltd.	467,000	-	-	467,000	3,416	-	-	3,416	0.332	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	766,000	-	-	766,000	5,604	-	-	5,604	0.332	16-Jul-22		
	Citibank, N.A., Tokyo Branch	120,000	-	-	120,000	877	-	-	877	0.332	16-Jul-22		
	Shinsei Bank, Limited.	150,000	-	-	150,000	1,097	-	-	1,097	0.332	16-Jul-22		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	21,949	-	-	21,949	0.332	14-Sep-22		
	Mizuho Bank, Ltd.	2,521,500	-	-	2,521,500	18,448	-	-	18,448	0.332	27-Sep-22		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	15,605	-	-	15,605	0.332	27-Sep-22		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	-	2,521,500	18,448	-	-	18,448	0.332	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	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.332	27-Sep-22	(2)	Unsecured and unguaranteed
	Shinsei Bank, Limited	684,000	-	-	684,000	5,004	-	-	5,004	0.332	27-Sep-22		
	Development Bank of Japan Inc.	500,000	-	-	500,000	3,658	-	-	3,658	0.332	27-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	137,000	-	-	137,000	1,002	-	-	1,002	0.332	27-Sep-22		
	Mizuho Bank, Ltd.	328,500	-	-	328,500	2,403	-	-	2,403	0.332	27-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	328,500	-	-	328,500	2,403	-	-	2,403	0.332	27-Sep-22		
	Shinsei Bank, Limited	560,000	-	-	560,000	4,097	-	-	4,097	0.332	27-Sep-22		
	Resona Bank, Limited	667,000	-	-	667,000	4,880	-	-	4,880	0.332	27-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	320,000	-	-	320,000	2,341	-	-	2,341	0.332	27-Sep-22		
	The Bank of Fukuoka, Ltd.	150,000	-	-	150,000	1,097	-	-	1,097	0.332	27-Sep-22		
	Mizuho Bank, Ltd.	190,000	-	-	190,000	1,390	-	-	1,390	0.332	27-Sep-22		
	MUFG Bank, Ltd.	146,000	-	-	146,000	1,068	-	-	1,068	0.332	27-Sep-22		
	Sumitomo Mitsui Banking Corporation	143,000	-	-	143,000	1,046	-	-	1,046	0.332	27-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	130,000	-	-	130,000	951	-	-	951	0.332	27-Sep-22		
	Development Bank of Japan Inc.	30,000	-	-	30,000	219	-	-	219	0.332	27-Sep-22		
	Citibank, N.A., Tokyo Branch	1,256,000	-	-	1,256,000	9,189	-	-	9,189	0.332	27-Sep-22		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	31,613	-	-	31,613	0.332	29-Nov-22		
	MUFG Bank, Ltd.	-	1,700,000	-	1,700,000	-	12,437	-	12,437	0.332	24-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	-	6,800,000	-	6,800,000	-	49,751	-	49,751	0.332	24-Jan-23		
Mizuho Bank, Ltd.	-	1,733,000	-	1,733,000	-	12,679	-	12,679	0.332	14-Mar-23			

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	The Shizuoka Bank, Ltd.	-	200,000	-	200,000	-	1,463	-	1,463	0.332	14-Mar-23	(2)	Unsecured and unguarante ed
	The Bank of Fukuoka, Ltd.	-	333,000	-	333,000	-	2,436	-	2,436	0.332	14-Mar-23		
	Mizuho Bank, Ltd.	-	386,000	-	386,000	-	2,824	-	2,824	0.332	14-Mar-23		
	MUFG Bank, Ltd.	-	1,275,000	-	1,275,000	-	9,328	-	9,328	0.332	14-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	-	2,100,000	-	2,100,000	-	15,364	-	15,364	0.332	14-Mar-23		
	Shinsei Bank, Limited.	-	297,000	-	297,000	-	2,172	-	2,172	0.332	14-Mar-23		
	Developme nt Bank of Japan Inc.	-	1,000,000	-	1,000,000	-	7,316	-	7,316	0.332	14-Mar-23		
	The Shizuoka Bank, Ltd.	-	1,270,000	-	1,270,000	-	9,291	-	9,291	0.332	14-Mar-23		
	Mizuho Bank, Ltd.	-	1,215,500	-	1,215,500	-	8,893	-	8,893	0.332	14-Mar-23		
	MUFG Bank, Ltd.	-	199,000	-	199,000	-	1,455	-	1,455	0.332	14-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	-	447,500	-	447,500	-	3,274	-	3,274	0.332	14-Mar-23		
	The Nomura Trust and Banking Co., Ltd.	-	800,000	-	800,000	-	5,853	-	5,853	0.332	14-Mar-23		
	The Shizuoka Bank, Ltd.	-	375,000	-	375,000	-	2,743	-	2,743	0.332	14-Mar-23		
	The Bank of Fukuoka, Ltd.	-	525,000	-	525,000	-	3,841	-	3,841	0.332	14-Mar-23		
	Mizuho Bank, Ltd.	-	902,000	-	902,000	-	6,599	-	6,599	0.332	14-Mar-23		
	MUFG Bank, Ltd.	-	692,000	-	692,000	-	5,062	-	5,062	0.332	14-Mar-23		
	Sumitomo Mitsui Banking Corporation	-	681,000	-	681,000	-	4,982	-	4,982	0.332	14-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	-	617,000	-	617,000	-	4,514	-	4,514	0.332	14-Mar-23		
	Developme nt Bank of Japan Inc.	-	147,000	-	147,000	-	1,075	-	1,075	0.332	14-Mar-23		
	Citibank, N.A., Tokyo Branch	-	2,349,000	-	2,349,000	-	17,186	-	17,186	0.332	17-Jun-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)							
Short-term loans payable	Development Bank of Japan Inc.	-	1,000,000	-	1,000,000	-	7,316	-	7,316	0.332	17-Jun-23		
	Total short-term loans payable	71,786,000	27,044,000	10,695,000	88,135,000	525,212	197,863	78,248	644,827				
Long-term loans payable	Mizuho Bank, Ltd.	1,733,000	-	1,733,000	-	12,679	-	12,679	-	0.675	14-Mar-22		
	Resona Bank, Limited.	333,000	-	333,000	-	2,436	-	2,436	-	0.675	14-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	2,436	-	2,436	-	0.675	14-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	333,000	-	2,436	-	2,436	-	0.675	14-Mar-22		
	AEON Bank, Ltd.	900,000	-	900,000	-	6,584	-	6,584	-	0.675	14-Mar-22		
	The Tokai Bank, Ltd.	253,000	-	253,000	-	1,851	-	1,851	-	0.675	14-Mar-22		
	The Shizuoka Bank, Ltd.	200,000	-	200,000	-	1,463	-	1,463	-	0.675	14-Mar-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	500,000	-	3,658	-	3,658	-	0.675	14-Mar-22		
	The Gama Bank, Ltd.	165,000	-	165,000	-	1,207	-	1,207	-	0.675	14-Mar-22		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	3,658	-	-	3,658	0.682	13-Oct-22		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	3,658	-	-	3,658	0.682	13-Oct-22		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	3,658	-	-	3,658	0.682	13-Oct-22		
	Shinsei Bank, Limited.	355,000	-	-	355,000	2,597	-	-	2,597	0.682	13-Oct-22		
	Chūbank, N.A., Tokyo Branch	355,000	-	-	355,000	2,597	-	-	2,597	0.682	13-Oct-22		
	Resona Bank, Limited.	333,000	-	-	333,000	2,436	-	-	2,436	0.682	13-Oct-22		
	Development Bank of Japan Inc.	1,500,000	-	-	1,500,000	10,974	-	-	10,974	0.682	13-Oct-22		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.682	13-Oct-22		
AEON Bank, Ltd.	190,000	-	-	190,000	1,390	-	-	1,390	0.682	13-Oct-22			

(2)

Unsecured and unguaranteed

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.	166,000	-	-	166,000	1,214	-	-	1,214	0.682	13-Oct-22	(2)	Unsecured and unguaranteed
	The Hiroshima Bank, Ltd.	166,000	-	-	166,000	1,214	-	-	1,214	0.682	13-Oct-22		
	The Dai-ichi Life Insurance company, Limited	500,000	-	-	500,000	3,658	-	-	3,658	0.682	13-Oct-22		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	9,145	-	-	9,145	0.782	13-Oct-23		
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	7,791	-	-	7,791	0.782	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	9,145	-	-	9,145	0.782	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	9,145	-	-	9,145	0.882	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	7,755	-	-	7,755	0.882	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	9,145	-	-	9,145	0.882	11-Oct-24		
	Shinsei Bank, Limited.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.750	27-Jun-23		
	MUFG Bank, Ltd.	500,000	-	-	500,000	3,658	-	-	3,658	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,443,000	-	-	2,443,000	17,873	-	-	17,873	0.482	17-Jul-22		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	16,242	-	-	16,242	0.482	17-Jul-22		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	14,610	-	-	14,610	0.482	17-Jul-22		
	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	8,121	-	-	8,121	0.482	17-Jul-22		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.482	17-Jul-22		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	6,511	-	-	6,511	0.482	17-Jul-22		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	17,866	-	-	17,866	0.582	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	16,242	-	-	16,242	0.582	14-Jul-23		
Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	14,610	-	-	14,610	0.582	14-Jul-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	Shinsei Bank, Limited.	1,110,000	-	-	1,110,000	8,121	-	-	8,121	0.582	14-Jul-23	(2)	Unsecured and unguaranteed
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.582	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	6,511	-	-	6,511	0.582	14-Jul-23		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	24,048	-	-	24,048	0.482	26-Sep-22		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	24,048	-	-	24,048	0.482	26-Sep-22		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	19,022	-	-	19,022	0.482	26-Sep-22		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.482	26-Sep-22		
	Shinsei Bank, Limited.	833,000	-	-	833,000	6,094	-	-	6,094	0.482	26-Sep-22		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	4,880	-	-	4,880	0.482	26-Sep-22		
	Development Bank of Japan Inc.	500,000	-	-	500,000	3,658	-	-	3,658	0.482	26-Sep-22		
	Resona Bank, Limited.	445,000	-	-	445,000	3,255	-	-	3,255	0.482	26-Sep-22		
	The Nomura Trust and Banking Co., Ltd.	167,000	-	-	167,000	1,221	-	-	1,221	0.482	26-Sep-22		
	AEON Bank, Ltd.	334,000	-	-	334,000	2,443	-	-	2,443	0.482	26-Sep-22		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	24,052	-	-	24,052	0.582	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	24,052	-	-	24,052	0.582	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	19,022	-	-	19,022	0.582	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.582	26-Sep-23		
	Shinsei Bank, Limited.	833,000	-	-	833,000	6,094	-	-	6,094	0.582	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	4,880	-	-	4,880	0.582	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	-	500,000	3,658	-	-	3,658	0.582	26-Sep-23		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Resona Bank, Limited.	445,000	-	-	445,000	3,255	-	-	3,255	0.582	26-Sep-23	(2)	Unsecured and unguarante ed
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,214	-	-	1,214	0.582	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	2,436	-	-	2,436	0.582	26-Sep-23		
	MUFG Bank, Ltd.	850,000	-	850,000	-	6,218	-	6,218	-	0.373	22-Jan-22		
	Sumitomo Mitsui Trust Bank, Limited	3,400,000	-	3,400,000	-	24,875	-	24,875	-	0.373	22-Jan-22		
	Mizuho Bank, Ltd.	386,000	-	386,000	-	2,824	-	2,824	-	0.361	29-Mar-22		
	MUFG Bank, Ltd.	1,275,000	-	1,275,000	-	9,328	-	9,328	-	0.361	29-Mar-22		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	2,100,000	-	15,364	-	15,364	-	0.361	29-Mar-22		
	Shinsei Bank, Limited.	500,000	-	500,000	-	3,658	-	3,658	-	0.361	29-Mar-22		
	Resona Bank, Limited.	500,000	-	500,000	-	3,658	-	3,658	-	0.361	29-Mar-22		
	Developme nt Bank of Japan Inc.	1,000,000	-	1,000,000	-	7,316	-	7,316	-	0.361	29-Mar-22		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	2,436	-	2,436	-	0.361	29-Mar-22		
	The Shizuoka Bank, Ltd.	1,270,000	-	1,270,000	-	9,291	-	9,291	-	0.361	29-Mar-22		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	270,000	-	1,975	-	1,975	-	0.361	29-Mar-22		
	The Senshu Ikeba Bank, Ltd.	288,000	-	288,000	-	2,107	-	2,107	-	0.361	29-Mar-22		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.594	29-Mar-24		
	THE NISHI-NI PPON CITY BANK, LTD.	921,000	-	-	921,000	6,738	-	-	6,738	0.594	29-Mar-24		
	The Tochi gi Bank, Ltd.	480,000	-	-	480,000	3,511	-	-	3,511	0.594	29-Mar-24		
	Kimoboshi Bank, Ltd.	961,000	-	-	961,000	7,031	-	-	7,031	0.882	29-Mar-29		
Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	7,316	-	7,316	-	0.340	17-Jun-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	Development Bank of Japan Inc.	1,000,000	-	1,000,000	-	7,316	-	7,316	-	0.334	17-Jun-22	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	571,400	-	-	571,400	4,180	-	-	4,180	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,717	-	-	10,717	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,739	-	-	9,739	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,599	-	-	4,599	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.400	16-Jan-23		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,463	-	-	1,463	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	-	600,000	4,389	-	-	4,389	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	4,180	-	-	4,180	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,717	-	-	10,717	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,739	-	-	9,739	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,599	-	-	4,599	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.499	16-Jan-24		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,463	-	-	1,463	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	4,389	-	-	4,389	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	8,570	-	-	8,570	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,717	-	-	10,717	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,739	-	-	9,739	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,599	-	-	4,599	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.563	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	Shinsei Bank, Limited.	200,000	-	-	200,000	1,463	-	-	1,463	0.563	16-Jul-24	(2)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	15,886	-	-	15,886	0.632	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,717	-	-	10,717	0.632	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,739	-	-	9,739	0.632	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,599	-	-	4,599	0.632	16-Jan-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,463	-	-	1,463	0.632	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	15,879	-	-	15,879	0.782	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,717	-	-	10,717	0.782	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,739	-	-	9,739	0.782	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,599	-	-	4,599	0.782	16-Jul-25		
	Shinsei Bank, Limited.	200,000	-	-	200,000	1,463	-	-	1,463	0.782	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	-	1,085,000	7,938	-	-	7,938	0.413	16-Jan-23		
	MUFG Bank, Ltd.	987,000	-	-	987,000	7,221	-	-	7,221	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	987,000	-	-	987,000	7,221	-	-	7,221	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,004	-	-	5,004	0.413	16-Jan-23		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,658	-	-	3,658	0.413	16-Jan-23		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,194	-	-	2,194	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	731	-	-	731	0.413	16-Jan-23		
Mizuho Bank, Ltd.	712,000	-	-	712,000	5,209	-	-	5,209	0.525	16-Jan-24			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	986,000	-	-	986,000	7,213	-	-	7,213	0.525	16-Jan-24	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	7,213	-	-	7,213	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,004	-	-	5,004	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,658	-	-	3,658	0.525	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,194	-	-	2,194	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	731	-	-	731	0.525	16-Jan-24		
	Aozora Bank, Ltd.	237,000	-	-	237,000	1,733	-	-	1,733	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	5,209	-	-	5,209	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	7,213	-	-	7,213	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	7,213	-	-	7,213	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,004	-	-	5,004	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,658	-	-	3,658	0.580	16-Jul-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,194	-	-	2,194	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	731	-	-	731	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,743	-	-	2,743	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	8,867	-	-	8,867	0.632	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	7,213	-	-	7,213	0.632	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	7,213	-	-	7,213	0.632	16-Jan-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	684,000	-	-	684,000	5,004	-	-	5,004	0.632	16-Jan-25	(2)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,194	-	-	2,194	0.632	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.632	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	731	-	-	731	0.632	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,743	-	-	2,743	0.632	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	8,860	-	-	8,860	0.782	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	7,213	-	-	7,213	0.782	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	7,213	-	-	7,213	0.782	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	5,004	-	-	5,004	0.782	16-Jul-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,194	-	-	2,194	0.782	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,194	-	-	2,194	0.782	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	731	-	-	731	0.782	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,743	-	-	2,743	0.782	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	5,121	-	-	5,121	0.782	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	21,085	-	-	21,085	0.462	16-Jan-24		
	San ju San Bank, Ltd.	662,000	-	-	662,000	4,843	-	-	4,843	0.462	16-Jan-24		
	San ju San Bank, Ltd.	1,700,000	-	-	1,700,000	12,437	-	-	12,437	0.486	15-Apr-24		
	San ju San Bank, Ltd.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.632	15-Apr-25		
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.782	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	-	1,550,000	11,340	-	-	11,340	0.417	06-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	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	22,314	-	-	22,314	0.643	06-Jan-25	(2)	Unsecured and unguaranteed
	Monji Bank, Ltd.	961,000	-	-	961,000	7,031	-	-	7,031	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	480,000	-	-	480,000	3,511	-	-	3,511	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	4,638	-	-	4,638	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	2,194	-	-	2,194	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,436	-	-	2,436	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,436	-	-	2,436	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,463	-	-	1,463	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	411,000	-	-	411,000	3,007	-	-	3,007	0.487	16-Mar-25		
	MUFG Bank, Ltd.	850,000	-	-	850,000	6,218	-	-	6,218	0.382	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	7,974	-	-	7,974	0.382	16-Mar-23		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,436	-	-	2,436	0.382	16-Mar-23		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	4,258	-	-	4,258	0.582	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	4,594	-	-	4,594	0.582	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	7,974	-	-	7,974	0.582	16-Mar-25		
	Shinsei Bank, Limited.	570,000	-	-	570,000	4,170	-	-	4,170	0.582	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	3,658	-	-	3,658	0.582	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	1,975	-	-	1,975	0.582	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	7,316	-	-	7,316	0.582	16-Mar-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	1,975	-	-	1,975	0.582	16-Mar-25	(2)	Unsecured and unguaranteed
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	3,658	-	-	3,658	0.582	16-Mar-25		
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	4,023	-	-	4,023	0.582	16-Mar-25		
	The Chukyo Bank, Ltd.	961,000	-	-	961,000	7,031	-	-	7,031	0.582	16-Mar-25		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	7,316	-	7,316	-	0.322	17-Jun-22		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	4,389	-	-	4,389	0.332	20-Jul-22		
	The Tokyo Star Bank, Limited	1,582,000	-	-	1,582,000	11,574	-	-	11,574	0.432	20-Jul-24		
	Total long-term loans payable	164,959,000	-	19,922,000	145,037,000	1,206,899	-	145,756	1,061,142				
Total loans payable	236,745,000	27,044,000	30,617,000	233,172,000	1,732,111	197,863	224,004	1,705,970					

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	
	June 30, 2022	June 30, 2022
	(in thousands of yen)	(in thousands of U.S. dollars)
1-2 years.....	¥ 44,589,000	\$ 326,229
2-3 years.....	42,243,000	309,064
3-4 years.....	12,437,000	90,993
4-5 years.....	-	-

11. Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50,000 thousand (US\$365 thousand) as required by Article 67-4 of the Investment Trust Act.

The number of investment units authorized was 10,000,000 units as of December 31, 2021 and June 30, 2022.

The number of investment units issued and outstanding were 6,096,840 units as of December 31, 2021 and June 30, 2022, respectively.

12. Appropriation of Retained Earnings

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

The following table shows the appropriation of retained earnings For the six months ended December 31,2021 and June 30, 2022.

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 9,676,221	¥ 9,679,301	\$ 70,817
Distributions	(1,012,075)	(1,012,075)	(7,404)
Retained earnings / losses carried forward.....	¥ 8,664,146	¥ 8,667,226	\$ 63,412

The distribution in respect of the six months ended June 30, 2022 of ¥166 (US\$1.2) per investment unit, amounting to a total distribution of ¥1,012,075thousand (US\$7,404thousand) was proposed and approved at the Board of Directors meeting on August 25, 2022. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥166 and ¥166 (US\$1.2) For the six months ended December 31,2021 and June 30, 2022 respectively.

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

For the six months ended December 31,2021

Not Applicable

For the six months ended June 30, 2022

Not Applicable

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

Rent revenue – real estate and expenses related to property rental business For the six months ended December 31,2021 and June 30, 2022 consist of the following:

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*).....	¥ 5,636,467	¥ 5,046,284	\$ 36,920
Other	201,380	151,944	1,111
Total rental revenue – real estate	¥ 5,837,847	¥ 5,198,229	\$ 38,032
Expenses related to property rental business:			
Facility management fees	¥ 465,075	¥ 439,577	\$ 3,216
Property related taxes	753,548	588,582	4,306
Insurance expense	20,256	19,867	145
Depreciation	3,420,925	3,335,739	24,405
Other	117,236	114,957	841
Total expenses related to property rental business	¥ 4,777,042	¥ 4,498,723	\$ 32,914
Operating income from property leasing activities.....	¥ 1,060,805	¥ 699,505	\$ 5,117
(*)Variable rental revenue of hotels	¥ 1,280,015	¥ 2,038,648	\$ 14,915

14. Management Contract Revenue

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue.....	¥ 819,087	¥ 3,180,828	\$ 23,272
Hotel management expenses	995,357	2,167,037	15,854

Management contract revenue	¥	-	¥	1,013,790	\$	7,417
Management contract expenses:						
Loss for management contract(*1)	¥	176,269	¥	-	\$	-
Insurance expense		103,910		112,825		825
Depreciation		429,594		430,270		3,148
Total management contract expenses	¥	709,774	¥	543,095	\$	3,973
Operating income (loss) from management contract	¥	(709,774)	¥	470,695	\$	3,443

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

15. Breakdown of Gain on sales of Properties

For the six months ended December 31, 2021

Lexington Plaza Hachiman	
(in thousands of yen)	
Revenue from sales of properties	¥ 3,660,000
Cost of properties sold	2,982,382
Other sale-related costs	86,632
Gain or loss on sales of properties	¥ 590,985

Invoice Shin-Kobe	
Residence, Cosmo Court	
Motomachi, Vendir	
Hamaotsu Ekimae, Salvo	
Sala, Winntage Kobe	
Motomachi, Corp	
Higashinotoin,	
HERMITAGE NANBA	
WEST(*)	
(in thousands of yen)	
Revenue from sales of properties	¥ 6,150,000
Cost of properties sold	4,014,374
Other sale-related costs	158,123
Gain or loss on sales of properties	¥ 1,977,501

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

For the six months ended June 30, 2022

Revest Honjin, Revest Matsubara, Alba Noritake		
Shinmachi, Revest Meieki Minami, Luna Court		
Edobori, Little River Honmachibashi(*)		
	(in thousands of yen)	(in thousands of U.S. dollars)
Revenue from sales of properties	¥ 4,450,000	\$ 32,557
Cost of properties sold	2,867,202	20,977
Other sale-related costs	114,591	838
Gain or loss on sales of properties	¥ 1,468,206	\$ 10,741

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

16. Income Taxes

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

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

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

	For the six months ended	
	December 31, 2021	June 30, 2022
	(Rate)	
Statutory tax rates	31.46 %	31.46 %
Deductible cash distributions	-	(31.35)
Increase (decrease) in valuation allowance	(31.46)	(0.11)
Other	0.06	0.06
Effective tax rates	0.06 %	0.06 %

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

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 615	¥ 615	\$ 4
Buildings and other (merger)	186,136	187,068	1,368
Land (merger)	116,724	116,724	854
Net loss carried forward(*1)	1,810,135	1,799,777	13,167
Asset retirement obligations	10,514	10,584	77
Fixed-term leasehold	137,567	149,710	1,095
Adjustment of acquisition price (Overseas properties)	457,482	453,535	3,318
Subtotal - deferred tax assets	2,719,176	2,718,017	19,885
Valuation allowance for tax loss carried forward	(1,810,135)	(1,799,777)	(13,167)
Valuation allowance for the sum of deductible temporary differences	(909,041)	(918,239)	(6,718)
Subtotal - valuation allowance	(2,719,176)	(2,718,017)	(19,885)
Total - deferred tax assets	-	-	-

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

For the six months ended December 31,2021

	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	-	-	-	-	-	-	-

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

For the six months ended June 30, 2022

	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)	511,182	-	-	-	-	1,288,595	1,799,777
Valuation allowance	(511,182)	-	-	-	-	(1,288,595)	(1,799,777)
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)	3,739	-	-	-	-	9,427	13,167
Valuation allowance	(3,739)	-	-	-	-	(9,427)	(13,167)
Deferred tax assets	-	-	-	-	-	-	-

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

17. Leases

(a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of December 31, 2021 and June 30, 2022 scheduled to be received are summarized as follows:

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 12,867,086	¥ (*1)13,061,273	\$ (*1)95,560
Due over one year	56,997,263	52,172,023	381,709
Total	¥ 69,864,350	¥ 65,233,297	\$ 477,270

(*1) The effect of "Note 28 Subsequent Events (Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement with Major Tenant)" below is not included.

(b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of December 31, 2021 and June 30, 2022 scheduled to be paid are summarized as follows:

	As of		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 319,859	¥ 320,447	\$ 2,344
Due over one year	8,526,526	8,390,198	61,385
Total	¥ 8,846,385	¥ 8,710,645	\$ 63,730

18. Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

(iii) Supplemental information for financial instruments

The fair value of financial instruments is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair values and valuation differences of financial instruments for which fair value is available as of December 31, 2021 and June 30, 2022. 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								
	December 31, 2021			June 30, 2022			June 30, 2022		
	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	¥ 17,320,018	¥ (536,369)	¥ 17,856,387	¥ 17,521,928	¥ (334,458)	\$ 130,643	\$ 128,196	\$ (2,447)
Total assets	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	¥ 17,856,387	¥ 17,521,928	¥ (334,458)	\$ 130,643	\$ 128,196	\$ (2,447)
Liabilities:									
(2) Current portion of investment corporation bonds	-	-	-	1,000,000	985,500	(14,500)	7,316	7,210	(106)
(3) Current portion of long-term loans payable	48,667,000	48,667,000	-	44,807,000	44,807,000	-	327,824	327,824	-
(4) Investment corporation bonds	8,200,000	7,657,040	(542,960)	7,200,000	6,689,440	(510,560)	52,677	48,942	(3,735)
(5) Long-term loans payable	116,292,000	116,292,000	-	100,230,000	100,230,000	-	733,318	733,318	-
Total liabilities	¥ 173,159,000	¥ 172,616,040	¥ (542,960)	¥ 153,237,000	¥ 152,711,940	¥ (525,060)	\$ 1,121,136	\$ 1,117,295	\$ (3,841)
(6) Derivatives	¥ 18,325	¥ 18,325	¥ -	¥ 96,020	¥ 96,020	¥ -	\$ 702	\$ 702	\$ -

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 Investment corporation bonds (4) 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.

(3) Current portion of long-term loans payable (5) 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.

(6) Derivatives

Please refer to the “20. 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 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
As of June 30, 2022:						
Current portion of investment corporation bonds	1,000,000	-	-	-	-	-
Current portion of long-term loans payable ...	44,807,000	-	-	-	-	-
Investment corporation bonds	-	2,000,000	1,000,000	-	-	4,200,000
Long-term loans payable	-	44,589,000	42,243,000	12,437,000	-	961,000
Total	¥ 45,807,000	¥ 46,589,000	¥ 43,243,000	¥ 12,437,000	¥ -	¥ 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 June 30, 2022:						
Current portion of investment corporation bonds	7,316	-	-	-	-	-
Current portion of long-term loans payable ...	327,824	-	-	-	-	-
Investment corporation bonds	-	14,632	7,316	-	-	30,728
Long-term loans payable	-	326,229	309,064	90,993	-	7,031
Total	\$ 335,140	\$ 340,861	\$ 316,381	\$ 90,993	\$ -	\$ 37,759

19. Investment securities

	As of								
	December 31, 2021			June 30, 2022			June 30, 2022		
	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	¥ 17,320,018	¥ (536,369)	¥ 17,856,387	¥ 17,521,928	¥ (334,458)	\$ 130,643	\$ 128,196	\$ (2,447)
Total	¥ 17,856,387	¥ 17,320,018	¥ (536,369)	¥ 17,856,387	¥ 17,521,928	¥ (334,458)	\$ 130,643	\$ 128,196	\$ (2,447)

20. Derivatives

Information on derivative transactions undertaken by the Company as of December 31, 2021 and June 30, 2022 is as follows.

(a) Transactions for which hedge accounting is not applied

As of December 31, 2021:

Not Applicable

As of June 30, 2022:

Not Applicable

(b) Transactions for which hedge accounting is applied

As of December 31, 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	¥ 18,325

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

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

As of June 30, 2022:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)					
			Total	Over 1 year	Fair Value (*2)	Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 50,476,000	¥ 36,687,000	¥ 96,020	\$ 369,300	\$ 268,415	\$ 702

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

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

21. Asset Retirement Obligations

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

Movements of asset retirement obligations For the six months ended December 31, 2021 and June 30, 2022 are as follows.

	For the six months ended		
	December 31, 2021	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 33,197	¥ 33,422	\$ 244
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	224	222	1
Balance at the end of the period	¥ 33,422	¥ 33,644	\$ 246

22. 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 yen)
Revenue from sale of real estate property	3,660,000	(*2)590,985
Other	27,870	7,815,349
Total	3,687,870	8,406,334

(*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.

For the six months ended June 30, 2022

	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	-	-	-	-
Other	21,281	155	7,680,227	56,191
Total	21,281	155	7,680,227	56,191

(*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.

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

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	June 30, 2022	June 30, 2022
	(in thousands of yen)		(in thousands of U.S. dollars)
Claims generated from contracts with customers (balance at beginning of fiscal year)	¥ 1,534	¥ 2,114	\$ 15
Claims generated from contracts with customers (balance at end of fiscal year)	2,114	2,250	16
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 i) Transaction value allocated to remaining performance obligations

Not Applicable

23. Segment Information

Segment information For the six months ended December 31, 2021 and June 30, 2022 are as follows :

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) *Information about Products and Services*

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

(ii) *Information about Geographic Areas*

(1) *Revenues from Overseas Customers:*

For the six months ended December 31, 2021

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

For the six months ended June 30, 2022

(in thousands of yen)

Japan	Grand Cayman	Total
6,666,436	1,013,790	7,680,227

(in thousands of U.S. dollars)

Japan	Grand Cayman	Total
48,774	7,417	56,191

(2) *Tangible Fixed Assets:*

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

(c) Information about Major Customers

Information about major clients for the six-month periods ended December 31, 2021 and June 30, 2022 were as follows:

For the six months ended December 31,2021

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co., Ltd.	2,182,504	Real estate investing business
Kansai Residence Tokutei Mokuteki Kaisha	1,977,501	Real estate investing business

For the six months ended June 30, 2022

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	2,190,756	16,028	Real estate investing business
Kansai Residence Tokutei Mokuteki Kaisha	1,468,206	10,741	Real estate investing business

24. Profit or Loss from Equity Method, etc

For the six months ended December 31,2021

(in thousands of yen)

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

For the six months ended June 30, 2022

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

Investments in affiliates	17,856,387	130,643
Investments, if equity method was adopted	17,419,488	127,447
Investment gains (losses), if equity method was adopted	(67,970)	(497)

25. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Nagai Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	-	Leaseholder and operator of hotel	Rental revenues	¥721,419	Rental receivables	¥422,909
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Leaseholder and operator of hotel	Rental revenues	¥2,182,504	Rental receivables	¥1,436,837

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.

For the six months ended June 30, 2022

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	\$73	-	Lesseeholder and operator of hotel	Rental revenues	¥422,206	\$3,089	Rental receivables	¥464,466	\$3,388
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$731	-	Lesseeholder and operator of hotel	Rental revenues	¥2,190,756	\$16,028	Rental receivables	¥2,407,825	\$17,616

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 December 31, 2021

Not Applicable

For the six months ended June 30, 2022

Not Applicable

(c) Board of Directors and Major Individual Unitholders

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 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)	¥329,430	Accrued expenses	¥185,295
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	Accrued expenses	¥880

Notes:

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

For the six months ended June 30, 2022

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)	¥313,350	\$2,292	Accrued expenses	¥165,000	\$1,207
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	\$4	Accrued expenses	¥330	\$2

Notes:

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

26. Parent company and/or significant affiliates

(a) Information on the parent company

Not Applicable.

(b) Summary of financial statements of the significant affiliates

The significant affiliates in the year ended June 30, 2022 is Kingdom TMK. Summary of financial information is as follows:

	Kingdom TMK		
	As of / For the six months ended		
	September 30, 2021	March 31, 2022	March 31, 2022
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,199,285	100,317,015	733,955
Total other assets	1,713,274	1,393,697	10,196
Total current liabilities	86,508	7,377	53
Total non-current liabilities	66,158,866	66,174,866	484,159
Total net assets	35,667,184	35,528,468	259,939
Operating revenue	525,288	546,895	4,001
Income before income taxes	(137,687)	(138,111)	(1,010)
Net income	(138,292)	(138,716)	(1,014)

27. Per Unit Information

The following table shows net asset value per unit as of December 31, 2021 and June 30, 2022 and net income per unit for the six months then ended. Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding. In regard to diluted net income per unit for the previous fiscal year, there were no dilutive units. Accordingly, diluted net income per unit for the previous fiscal year is not presented. In regard to diluted net income per unit for the subject fiscal year, there was a net loss per unit, and there were no dilutive units. Accordingly, diluted net income per unit for the subject fiscal year is not presented.

As of / For the six months ended		
December 31, 2021	June 30, 2022	June 30, 2022
(Yen)		(U.S. dollars)

Net asset value per unit	¥	40,370	¥	40,383	\$	295
Net income per unit	¥	166	¥	167	\$	1
Weighted average number of units		6,096,840		6,096,840		-

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

Under the impact of the spread of the new coronavirus infection, the Company decided at its board of director's meeting held on September 9, 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 July 1, 2022 to September 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 July 1, 2022 to September 30, 2022 as follows.

Items subject to Change	Calculated based on the Original Leasing Terms and Conditions	Tentative Measures (July 1, 2022 to September 30, 2022)
Fixed rent (Total rent for 3 months for 73 properties)	JPY 3,783 million	JPY 2,100 million (Approx. 56% 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 3 months. The amount obtained by deducting (i) the above total fixed rent (the total rent for 3 months for 73 properties) from (ii) the aggregate of the amount for 3 months for 73 properties, which amount is obtained by deducting the management services fees for the hotel for each month from the monthly GOP (operating gross profit calculated by subtracting expenses from total monthly sales) for each hotel for the same month (if the calculation results are negative, the amount shall be JPY 0). (hereinafter referred to as the "total variable rent")
Payment method of rent	Paid on the hotel-by-hotel basis. The due date is the 11th of the month which is two months from the month in which the last day of the 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 November 11, 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 1,683 million yen (US\$12 million) in the fiscal period ending December 31, 2022. However, as the variable rent recorded in operating revenue is determined by the GOP for the period from July 1, 2022 to September 30, 2022, the amount of impact cannot be estimated as of today