

**Invincible** Investment  
Corporation

**Audited Financial Statements**  
**for the 40th Fiscal Period**  
(from January 1, 2023 to June 30, 2023)

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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, 2023, 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, 2023, 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**

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

We have concluded that 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, actions taken to eliminate threats or safeguards applied.

## **Fee-related information**

The fees paid or payable to us and other EY Member Firms for the audits of the financial statements of the Company and other non-audit fees charged in the audit period to the Company are 18 million yen and 6 million yen, respectively.

## **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, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 26, 2023

/s/ Natsuki Saiki

Natsuki Saiki  
Designated Engagement Partner  
Certified Public Accountant

/s/ Teruyo Okubo

Teruyo Okubo  
Designated Engagement Partner  
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

June 30, 2023

	As of		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and bank deposits (Notes 5 and 16) .....	¥ 15,553,174	¥ 18,377,030	\$ 126,746
Cash and bank deposits in trust (Notes 5 and 16) ..	7,768,621	10,464,171	72,171
Rental receivables .....	4,845,162	5,750,301	39,659
Deposits paid .....	1,703,315	542,947	3,744
Prepaid expenses .....	651,469	821,117	5,663
Income taxes receivable.....	13	15	0
Other .....	5,060	397	2
<b>Total current assets</b> .....	<b>30,526,816</b>	<b>35,955,980</b>	<b>247,989</b>
<b>Non-current assets:</b>			
<b>Property and equipment (Notes 6 and 7):</b>			
Buildings, at cost .....	19,479,753	19,479,753	134,352
Buildings and accompanying facilities, at cost .....	5,308,557	5,311,502	36,633
Structures, at cost.....	1,458	1,458	10
Tools, furniture and fixtures, at cost .....	1,228,513	1,282,552	8,845
Construction in progress.....	714,997	720,331	4,968
Buildings in trust, at cost .....	159,079,641	159,247,341	1,098,333
Buildings and accompanying facilities in trust, at cost .....	32,688,012	33,186,709	228,889
Structures in trust, at cost .....	212,818	266,849	1,840
Tools, furniture and fixtures in trust, at cost .....	3,195,160	3,370,722	23,247
Land in trust .....	241,319,447	241,319,447	1,664,386
Construction in progress in trust.....	-	25,767	177
Subtotal .....	463,228,359	464,212,436	3,201,685
Less: Accumulated depreciation .....	(44,278,794)	(47,986,485)	(330,964)
<b>Total property and equipment, net</b> .....	<b>418,949,564</b>	<b>416,225,951</b>	<b>2,870,721</b>
<b>Intangible assets:</b>			
Leasehold rights .....	10,637,811	10,637,811	73,369
Leasehold rights in trust .....	14,419,422	14,380,825	99,184
<b>Total intangible assets</b> .....	<b>25,057,234</b>	<b>25,018,637</b>	<b>172,554</b>
<b>Investments and other assets:</b>			
Investment securities (Note 17 and 22).....	17,856,387	17,856,387	123,155
Guarantee deposits .....	1,372,719	1,372,719	9,467
Long-term prepaid expenses .....	271,704	290,589	2,004
Derivatives assets (Note 18) .....	142,841	9,306	64
Other .....	22,667	22,667	156
<b>Total investments and other assets</b> .....	<b>19,666,320</b>	<b>19,551,670</b>	<b>134,848</b>
<b>Total non-current assets</b> .....	<b>463,673,119</b>	<b>460,796,259</b>	<b>3,178,124</b>
<b>Deferred assets:</b>			
Investment corporation bond issuance costs.....	37,844	67,690	466
<b>Total deferred assets</b> .....	<b>37,844</b>	<b>67,690</b>	<b>466</b>
<b>TOTAL ASSETS</b> .....	<b>¥ 494,237,781</b>	<b>¥ 496,819,930</b>	<b>\$ 3,426,580</b>

	As of		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable .....	¥ 629,231	¥ 599,562	\$ 4,135
Short-term loans payable (Notes 9 and 16) .....	114,515,000	111,453,000	768,694
Current portion of investment corporation bonds (Notes 8 and 16) .....	3,000,000	2,000,000	13,794
Current portion of long-term loans payable (Notes 9 and 16) .....	42,405,000	46,139,000	318,221
Accounts payable-other .....	3,366	3,514	24
Accrued expenses .....	264,276	247,903	1,709
Income taxes payable .....	605	605	4
Consumption taxes payable .....	371,675	422,723	2,915
Advances received .....	317,350	305,914	2,109
Deposits received .....	13,490	11,663	80
<b>Total current liabilities</b> .....	<b>161,519,996</b>	<b>161,183,886</b>	<b>1,111,689</b>
<b>Non-current liabilities:</b>			
Investment corporation bonds (Notes 8 and 16) ..	5,200,000	11,400,000	78,626
Long-term loans payable (Notes 9 and 16) .....	75,677,000	68,198,000	470,363
Tenant leasehold and security deposits in trust (Note 16) .....	1,485,701	1,484,328	10,237
Derivatives liabilities (Note 18) .....	119	495,525	3,417
Asset retirement obligations (Note 19) .....	33,872	34,097	235
<b>Total non-current liabilities</b> .....	<b>82,396,693</b>	<b>81,611,951</b>	<b>562,879</b>
<b>TOTAL LIABILITIES</b> .....	<b>243,916,689</b>	<b>242,795,838</b>	<b>1,674,569</b>
<b>NET ASSETS (Note 10)</b>			
<b>Unitholders' equity:</b>			
Unitholders' capital .....	235,701,512	235,701,512	1,625,639
<b>Surplus:</b>			
Capital surplus .....	6,264,432	6,264,432	43,205
Allowance for temporary differences			
Adjustment (Note 4) .....	(6,130)	(6,130)	(42)
Other deduction of capital surplus .....	(5,524,006)	(5,524,006)	(38,099)
Total deduction of capital surplus .....	(5,530,137)	(5,530,137)	(38,141)
Capital surplus (net) .....	734,294	734,294	5,064
<b>Voluntary reserve</b>			
Retained earnings .....	13,742,562	17,583,734	121,275
<b>Total surplus</b> .....	<b>14,476,857</b>	<b>18,318,029</b>	<b>126,339</b>
<b>Total unitholders' equity</b> .....	<b>250,178,369</b>	<b>254,019,541</b>	<b>1,751,979</b>
<b>Valuation and translation adjustments:</b>			
Deferred gains or losses on hedges .....	142,721	4,550	31
<b>Total valuation and translation adjustments</b> .....	<b>142,721</b>	<b>4,550</b>	<b>31</b>
<b>TOTAL NET ASSETS</b> .....	<b>250,321,091</b>	<b>254,024,091</b>	<b>1,752,011</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b> .....	<b>¥ 494,237,781</b>	<b>¥ 496,819,930</b>	<b>\$ 3,426,580</b>

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, 2023

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>Operating revenue</b>			
Rental revenue—real estate (Note 12) .....¥	10,182,751	¥ 12,000,955	\$ 82,770
Management contract revenue (Note 13) .....	1,746,848	3,914,026	26,995
<b>Total operating revenue</b> .....	<u>11,929,599</u>	<u>15,914,981</u>	<u>109,766</u>
<b>Operating expenses</b>			
Property related expenses (Note 12) .....	4,606,538	4,488,341	30,956
Management contract expenses (Note 13) .....	569,669	649,329	4,478
Asset management fees .....	300,000	300,000	2,069
Directors' compensation .....	4,800	4,800	33
Asset custody fees .....	24,475	24,736	170
Administrative service fees .....	50,047	39,162	270
Other .....	117,057	51,871	357
<b>Total operating expenses</b> .....	<u>5,672,588</u>	<u>5,558,241</u>	<u>38,335</u>
<b>Operating income</b> .....	<u>6,257,011</u>	<u>10,356,739</u>	<u>71,430</u>
<b>Non-operating income</b>			
Interest income.....	90	100	0
Foreign exchange gains.....	-	178,185	1,228
Interest on tax refund.....	92	-	-
Other .....	17,657	3,821	26
<b>Total non-operating income</b> .....	<u>17,840</u>	<u>182,107</u>	<u>1,256</u>
<b>Non-operating expenses</b>			
Interest expenses .....	542,104	507,601	3,500
Foreign exchange losses .....	68,859	-	-
Interest expenses on investment corporation bonds ...	28,230	33,881	233
Amortization of investment corporation bond issuance costs.....	6,303	7,053	48
Loan-related costs .....	553,412	538,693	3,715
Loss on derivatives .....	-	537,269	3,705
<b>Total non-operating expenses</b> .....	<u>1,198,910</u>	<u>1,624,499</u>	<u>11,204</u>
<b>Ordinary income</b> .....	<u>5,075,941</u>	<u>8,914,347</u>	<u>61,482</u>
<b>Income before income taxes</b> .....	<u>5,075,941</u>	<u>8,914,347</u>	<u>61,482</u>
Income taxes (Note 14):			
Current .....	605	605	4
<b>Total income taxes</b> .....	<u>605</u>	<u>605</u>	<u>4</u>
<b>Net income</b> .....	<u>5,075,336</u>	<u>8,913,742</u>	<u>61,478</u>
<b>Retained earnings / losses brought forward</b> .....	8,667,226	8,669,991	59,797
<b>Unappropriated retained earnings / losses (Note 11) ...¥</b>	<u>13,742,562</u>	<u>¥ 17,583,734</u>	<u>\$ 121,275</u>

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, 2023

	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, 2022	¥ 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, 2022	¥ 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, 2023	¥ 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, 2022	¥ 9,679,301	¥ 10,413,596	¥ 246,115,108	¥ 96,020	¥ 96,020	¥ 246,211,129
Changes during the period						
Distributions from surplus	(1,012,075)	(1,012,075)	(1,012,075)			(1,012,075)
Net income	5,075,336	5,075,336	5,075,336			5,075,336
Changes other than unitholders' equity (net)				46,701	46,701	46,701
Total changes during the period	4,063,260	4,063,260	4,063,260	46,701	46,701	4,109,962
Balance as of December 31, 2022	¥ 13,742,562	¥ 14,476,857	¥ 250,178,369	¥ 142,721	¥ 142,721	¥ 250,321,091
Changes during the period						
Distributions from surplus	(5,072,570)	(5,072,570)	(5,072,570)			(5,072,570)
Net income	8,913,742	8,913,742	8,913,742			8,913,742
Changes other than unitholders' equity (net)				(138,171)	(138,171)	(138,171)
Total changes during the period	3,841,171	3,841,171	3,841,171	(138,171)	(138,171)	3,703,000
Balance as of June 30, 2023	¥ 17,583,734	¥ 18,318,029	¥ 254,019,541	¥ 4,550	¥ 4,550	¥ 254,024,091

	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, 2023	\$ 1,625,639	\$ 43,205	\$ (42)	\$ (38,099)	\$ (38,141)	\$ 5,064
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, 2023	\$ 1,625,639	\$ 43,205	\$ (42)	\$ (38,099)	\$ (38,141)	\$ 5,064

	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, 2023	\$ 94,782	\$ 99,847	1,725,487	\$ 984	\$ 984	\$ 1,726,471
Changes during the period						
Distributions from surplus	(34,985)	(34,985)	(34,985)			(34,985)
Net income	61,478	61,478	61,478			61,478
Changes other than unitholders' equity (net)				(952)	(952)	(952)
Total changes during the period	26,492	26,492	26,492	(952)	(952)	25,539
Balance as of June 30, 2023	\$ 121,275	\$ 126,339	\$ 1,751,979	\$ 31	\$ 31	\$ 1,752,011

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, 2023

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
<b>Cash flows from operating activities:</b>			
Income before income taxes	¥ 5,075,941	¥ 8,914,347	\$ 61,482
Depreciation and amortization	3,756,303	3,746,513	25,839
Amortization of investment corporation bond issuance costs	6,303	7,053	48
Loan-related costs	553,412	538,693	3,715
Interest income	(90)	(100)	(0)
Interest expenses	570,334	541,482	3,734
Foreign exchange losses (gains)	(29)	(90)	(0)
Loss (gain) on derivatives	-	537,269	3,705
Decrease (increase) in rental receivables	(1,448,964)	(905,138)	(6,242)
Decrease (increase) in deposits paid	(1,370,438)	1,160,368	8,003
Decrease (increase) in receivable income taxes	(1)	(1)	(0)
Increase (decrease) in accounts payable	(3,505)	13,731	94
Increase (decrease) in consumption taxes payable	321,485	51,048	352
Increase (decrease) in accounts payable-other	(26,469)	-	-
Increase (decrease) in accrued expenses	20,843	(19,097)	(131)
Increase (decrease) in advances received	(585)	(11,435)	(78)
Increase (decrease) in deposits received	3,093	(1,827)	(12)
Other, net	(219,196)	(250,984)	(1,731)
Subtotal	7,238,437	14,321,833	98,778
Interest income received	90	100	0
Interest expenses paid	(567,445)	(538,660)	(3,715)
Income taxes paid	(605)	(605)	(4)
Net cash provided by operating activities	6,670,476	13,782,668	95,059
<b>Cash flows from investing activities:</b>			
Payments into time deposits	(800,000)	-	-
Proceeds from withdrawal of time deposits	800,000	2,000,000	13,794
Purchases of property and equipment	(102,499)	(62,318)	(429)
Purchases of property and equipment in trust	(875,748)	(965,159)	(6,656)
Repayments of tenant leasehold and security deposits in trust	(27,487)	(30,246)	(208)
Proceeds from tenant leasehold and security deposits in trust	12,239	28,873	199
Other, net-investing activities	-	(46,500)	(320)
Net cash used in investing activities	(993,494)	924,648	6,377
<b>Cash flows from financing activities:</b>			
Proceeds from short-term loans payable	87,471,000	27,660,000	190,771
Repayments of short-term loans payable	(61,091,000)	(30,722,000)	(211,890)
Proceeds from long-term loans payable	1,790,000	12,317,000	84,950
Repayments of long-term loans payable	(28,745,000)	(16,062,000)	(110,780)
Proceeds from issuance of investment corporation bonds	-	6,163,101	42,507
Redemption of investment corporation bonds	-	(1,000,000)	(6,897)
Payments for loan-related costs	(591,633)	(473,134)	(3,263)
Payments of distributions of earnings	(1,011,803)	(5,070,967)	(34,974)
Net cash provided by (used in) financing activities	(2,178,436)	(7,188,001)	(49,575)
Effect of exchange rate change on cash and cash equivalents	29	90	0
Net increase (decrease) in cash and cash equivalents	3,498,574	7,519,406	51,861
Cash and cash equivalents at beginning of period	17,023,221	20,521,796	141,539
Cash and cash equivalents at end of period (Note 6)	¥ 20,521,796	¥ 28,041,202	\$ 193,400

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, 2023

### 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, 2023</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 .....	3-20

**(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, taxes paid in each fiscal year are expensed.

No taxes on property and equipment were capitalized for the six months ended June 30, 2023.

#### **(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. 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 ¥144.99 = US\$1, the effective rate of exchange prevailing at June 30, 2023. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended June 30, 2023 is solely for the convenience of readers outside Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, U.S. dollars at that or any other rate.

### **4. Allowance for temporary differences adjustment**

*For the six months ended December 31, 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
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, 2023*

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

**(a). Reason, related assets and amounts**

(in thousands of yen)

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

(in thousands of U.S dollars)

Related assets, etc.	Reason for occurrence	Initial amount	Beginning balance	Allowance set aside during period	Reversal during period	Ending balance	Reason for reversal
Leasehold rights in trust	Amortization of leasehold rights in trust	\$ (905)	\$ (42)	-	-	\$ (42)	-
Total		\$ (905)	\$ (42)	-	-	\$ (42)	

**(b). Method of reversal**

(i) Leasehold rights in trust

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



## 5. 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, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits .....	¥ 15,553,174	¥ 18,377,030	\$ 126,746
Cash and bank deposits in trust .....	¥ 7,768,621	¥ 10,464,171	\$ 72,171
Time deposits with maturities of more than three months .....	¥ (2,800,000)	¥ (800,000)	\$ (5,517)
Cash and cash equivalents .....	¥ 20,521,796	¥ 28,041,202	\$ 193,400

## 6. Property and Equipment

The following tables show the summary of movement in property and equipment For the six months ended June 30, 2023.

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of yen)						
Buildings .....	¥ 19,479,753	¥ -	¥ -	¥ 19,479,753	¥ 1,807,607	¥ 219,278	¥ 17,672,145
Buildings and accompanying facilities .....	5,308,557	2,945	-	5,311,502	1,260,171	153,475	4,051,330
Structures .....	1,458	-	-	1,458	216	32	1,242
Tools, furniture and fixtures .....	1,228,513	54,039	-	1,282,552	474,151	63,091	808,401
Leasehold rights .....	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress .....	714,997	12,602	7,268	720,331	-	-	720,331
Buildings in trust .....	159,079,641	167,700	-	159,247,341	28,861,119	2,223,029	130,386,221
Buildings and accompanying facilities in trust .....	32,688,012	498,697	-	33,186,709	13,472,710	858,599	19,713,998
Structures in trust .....	212,818	54,030	-	266,849	115,188	5,674	151,661
Tools, furniture and fixtures in trust .....	3,195,160	175,562	-	3,370,722	1,995,319	184,735	1,375,402
Land in trust .....	241,319,447	-	-	241,319,447	-	-	241,319,447
Leasehold rights in trust .....	14,934,534	-	-	14,934,534	553,709	38,597	14,380,825
Construction in progress in trust .....	-	25,767	-	25,767	-	-	25,767
Total .....	¥ 488,800,705	¥ 991,346	¥ 7,268	¥ 489,784,783	¥ 48,540,195	¥ 3,746,513	¥ 441,244,588

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance			
	(in thousands of U.S. dollars)						
Buildings .....	\$ 134,352	\$ -	\$ -	\$ 134,352	\$ 12,467	\$ 1,512	\$ 121,885
Buildings and accompanying facilities .....	36,613	20	-	36,633	8,691	1,058	27,942
Structures .....	10	-	-	10	1	-	8
Tools, furniture and fixtures .....	8,473	372	-	8,845	3,270	435	5,575
Leasehold rights .....	73,369	-	-	73,369	-	-	73,369
Construction in progress .....	4,931	86	50	4,968	-	-	4,968
Buildings in trust .....	1,097,176	1,156	-	1,098,333	199,055	15,332	899,277
Buildings and accompanying facilities in trust .....	225,450	3,439	-	228,889	92,921	5,921	135,967
Structures in trust .....	1,467	372	-	1,840	794	39	1,046
Tools, furniture and fixtures in trust .....	22,037	1,210	-	23,247	13,761	1,274	9,486
Land in trust .....	1,664,386	-	-	1,664,386	-	-	1,664,386
Leasehold rights in trust .....	103,003	-	-	103,003	3,818	266	99,184
Construction in progress in trust .....	-	177	-	177	-	-	177
Total .....	\$ 3,371,271	\$ 6,837	\$ 50	\$ 3,378,059	\$ 334,783	\$ 25,839	\$ 3,043,276

## 7. 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, 2022 and June 30, 2023.

*Residential*

	As of / For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 34,567,566	¥ 34,383,500	\$ 237,143
Net increase (decrease) during period	(184,066)	(172,720)	(1,191)
Balance at the end of period	34,383,500	34,210,779	235,952
Fair value	¥ 47,357,000	¥ 48,017,000	\$ 331,174

*Retail facilities*

	As of / For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 1,621,984	¥ 1,605,322	\$ 11,071
Net increase (decrease) during period	(16,661)	(16,598)	(114)
Balance at the end of period	1,605,322	1,588,724	10,957
Fair value	¥ 2,380,000	¥ 2,380,000	\$ 16,414

*Hotel*

	As of / For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 409,587,102	¥ 407,302,979	\$ 2,809,179
Net increase (decrease) during period	(2,284,122)	(2,603,993)	(17,959)
Balance at the end of period	407,302,979	404,698,985	2,791,219
Fair value	¥ 482,833,730	¥ 510,566,211	\$ 3,521,389

*Total*

	As of / For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 445,776,652	¥ 443,291,801	\$ 3,057,395
Net increase (decrease) during period	(2,484,850)	(2,793,312)	(19,265)
Balance at the end of period	443,291,801	440,498,489	3,038,130
Fair value	¥ 532,570,730	¥ 560,963,211	\$ 3,868,978

Notes:

1. Fair value has been determined based on the appraisals or research provided by independent real estate appraisers.
2. For rental revenues and expenses For the six months ended December 31, 2022 and June 30, 2023, please refer to "Note 12: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

## 8. Investment corporation bonds

The following table shows the details of investment corporation bonds For the six months ended June 30, 2023.

For the six months ended June 30, 2023

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	<i>(in thousands of yen)</i>		<i>(in thousands of U.S. dollars)</i>		
1st unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2023)(1)(2)	1,000,000	-	6,897	-	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	6,897	6,897	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	13,794	13,794	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	6,897	6,897	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	13,794	13,794	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	8,276	8,276	0.850
7th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2026) (1)(5)	-	5,000,000	-	34,485	1.000
8th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2028) (1)(5)	-	1,200,000	-	8,276	1.200
Total investment corporation bonds	8,200,000	13,400,000	56,555	92,420	

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) The funds are mainly used to redeem investment corporation bonds and repay existing borrowing.
- (6) Repayment schedule of investment corporation bonds for the next five years after each balance sheet date are as follows:

	As of	
	June 30, 2023	June 30, 2023
	<i>(in thousands of yen)</i>	<i>(in thousands of U.S. dollars)</i>
Within 1 year .....	¥ 2,000,000	\$ 13,794
1-2 years.....	1,000,000	6,897
2-3 years.....	5,000,000	34,485
3-4 years.....	-	-
4-5 years.....	2,200,000	15,173

## 9. Loans Payable

The following table shows the details of loans payable For the six months ended June 30, 2023.

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	MUFG Bank, Ltd.	1,700,000	-	1,700,000	-	11,724	-	11,724	-	0.318	24-Jan-23	(2)	Unsecured and unguarante ed
	Sumitomo Mitsui Trust Bank, Limited	6,800,000	-	6,800,000	-	46,899	-	46,899	-	0.318	24-Jan-23		
	Mizuho Bank, Ltd.	1,733,000	-	1,733,000	-	11,952	-	11,952	-	0.302	14-Mar-23		
	The Shizuoka Bank, Ltd.	200,000	-	200,000	-	1,379	-	1,379	-	0.302	14-Mar-23		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	2,296	-	2,296	-	0.302	14-Mar-23		
	Mizuho Bank, Ltd.	386,000	-	386,000	-	2,662	-	2,662	-	0.302	14-Mar-23		
	MUFG Bank, Ltd.	1,275,000	-	1,275,000	-	8,793	-	8,793	-	0.302	14-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	2,100,000	-	2,100,000	-	14,483	-	14,483	-	0.302	14-Mar-23		
	SBI Shinsai Bank, Limited	297,000	-	297,000	-	2,048	-	2,048	-	0.302	14-Mar-23		
	Develoyme nt Bank of Japan Inc.	1,000,000	-	1,000,000	-	6,897	-	6,897	-	0.302	14-Mar-23		
	The Shizuoka Bank, Ltd.	1,270,000	-	1,270,000	-	8,759	-	8,759	-	0.302	14-Mar-23		
	Mizuho Bank, Ltd.	1,215,500	-	1,215,500	-	8,383	-	8,383	-	0.302	14-Mar-23		
	MUFG Bank, Ltd.	199,000	-	199,000	-	1,372	-	1,372	-	0.302	14-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	447,500	-	447,500	-	3,086	-	3,086	-	0.302	14-Mar-23		
	The Nomura Trust and Banking Co., Ltd.	800,000	-	800,000	-	5,517	-	5,517	-	0.302	14-Mar-23		
	The Shizuoka Bank, Ltd.	375,000	-	375,000	-	2,586	-	2,586	-	0.302	14-Mar-23		
	The Bank of Fukuoka, Ltd.	525,000	-	525,000	-	3,620	-	3,620	-	0.302	14-Mar-23		
Mizuho Bank, Ltd.	902,000	-	902,000	-	6,221	-	6,221	-	0.302	14-Mar-23			
MUFG Bank, Ltd.	692,000	-	692,000	-	4,772	-	4,772	-	0.302	14-Mar-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	Sumitomo Mitsui Banking Corporation	681,000	-	681,000	-	4,696	-	4,696	-	0.302	14-Mar-23	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	617,000	-	617,000	-	4,255	-	4,255	-	0.302	14-Mar-23		
	Development Bank of Japan Inc.	147,000	-	147,000	-	1,013	-	1,013	-	0.302	14-Mar-23		
	Citibank, N.A., Tokyo Branch	2,349,000	-	2,349,000	-	16,201	-	16,201	-	0.295	17-Jun-23		
	Development Bank of Japan Inc.	1,000,000	-	1,000,000	-	6,897	-	6,897	-	0.295	17-Jun-23		
	Mizuho Bank, Ltd.	11,643,000	-	-	11,643,000	80,302	-	-	80,302	0.295	19-Jul-23		
	MUFG Bank, Ltd.	11,567,000	-	-	11,567,000	79,777	-	-	79,777	0.295	19-Jul-23		
	Sumitomo Mitsui Banking Corporation	9,203,000	-	-	9,203,000	63,473	-	-	63,473	0.295	19-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	4,450,000	-	-	4,450,000	30,691	-	-	30,691	0.295	19-Jul-23		
	Citibank, N.A., Tokyo Branch	5,120,000	-	-	5,120,000	35,312	-	-	35,312	0.295	19-Jul-23		
	SBI Shinsei Bank, Limited	5,513,000	-	-	5,513,000	38,023	-	-	38,023	0.295	19-Jul-23		
	Development Bank of Japan Inc.	666,000	-	-	666,000	4,593	-	-	4,593	0.295	19-Jul-23		
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	9,207	-	-	9,207	0.295	19-Jul-23		
	The Oryoku Kyoritsu Bank, Ltd.	187,000	-	-	187,000	1,289	-	-	1,289	0.295	19-Jul-23		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	20,691	-	-	20,691	0.295	14-Sep-23		
	Mizuho Bank, Ltd.	3,287,000	-	-	3,287,000	22,670	-	-	22,670	0.295	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	17,932	-	-	17,932	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,000	-	-	3,287,000	22,670	-	-	22,670	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.295	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	4,600	-	-	4,600	0.295	26-Sep-23		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	SBI Shinsei Bank, Limited	833,000	-	-	833,000	5,745	-	-	5,745	0.295	26-Sep-23	(2)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	500,000	-	-	500,000	3,448	-	-	3,448	0.295	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	3,069	-	-	3,069	0.295	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	590,000	-	-	590,000	4,069	-	-	4,069	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	2,850,000	-	-	2,850,000	19,656	-	-	19,656	0.295	26-Sep-23		
	MUFG Bank, Ltd.	2,133,000	-	-	2,133,000	14,711	-	-	14,711	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	2,521,500	-	-	2,521,500	17,390	-	-	17,390	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,328,500	-	-	1,328,500	9,162	-	-	9,162	0.295	26-Sep-23		
	SBI Shinsei Bank, Limited	1,244,000	-	-	1,244,000	8,579	-	-	8,579	0.295	26-Sep-23		
	Development Bank of Japan Inc.	500,000	-	-	500,000	3,448	-	-	3,448	0.295	26-Sep-23		
	Resona Bank, Limited.	442,000	-	-	442,000	3,048	-	-	3,048	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	500,000	-	-	500,000	3,448	-	-	3,448	0.295	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	3,448	-	-	3,448	0.295	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	3,448	-	-	3,448	0.295	26-Sep-23		
	Chiba Bank N.A., Tokyo Branch	355,000	-	-	355,000	2,448	-	-	2,448	0.295	26-Sep-23		
	SBI Shinsei Bank, Limited	355,000	-	-	355,000	2,448	-	-	2,448	0.295	26-Sep-23		
	Development Bank of Japan Inc.	1,500,000	-	-	1,500,000	10,345	-	-	10,345	0.295	26-Sep-23		
	Resona Bank, Limited.	333,000	-	-	333,000	2,296	-	-	2,296	0.295	26-Sep-23		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	2,069	-	-	2,069	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	190,000	-	190,000	-	1,310	-	1,310	-	0.295	26-Sep-23 (3)		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	MUFG Bank, Ltd.	146,000	-	146,000	-	1,006	-	1,006	-	0.295	26-Sep-23 (3)	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	143,000	-	143,000	-	986	-	986	-	0.295	26-Sep-23 (3)		
	Sumitomo Mitsui Trust Bank, Limited	130,000	-	130,000	-	896	-	896	-	0.295	26-Sep-23 (3)		
	Development Bank of Japan Inc.	30,000	-	30,000	-	206	-	206	-	0.295	26-Sep-23 (3)		
	Citibank, N.A., Tokyo Branch	1,256,000	-	-	1,256,000	8,662	-	-	8,662	0.295	26-Sep-23		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	29,802	-	-	29,802	0.295	29-Nov-23		
	Mizuho Bank, Ltd.	-	1,656,400	-	1,656,400	-	11,424	-	11,424	0.295	16-Jan-24		
	MUFG Bank, Ltd.	-	2,451,800	-	2,451,800	-	16,910	-	16,910	0.295	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	-	2,318,200	-	2,318,200	-	15,988	-	15,988	0.295	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	-	1,312,600	-	1,312,600	-	9,053	-	9,053	0.295	16-Jan-24		
	Citibank, N.A., Tokyo Branch	-	1,500,000	-	1,500,000	-	10,345	-	10,345	0.295	16-Jan-24		
	SBI Shinsei Bank, Limited	-	169,000	-	169,000	-	1,165	-	1,165	0.295	16-Jan-24		
	Development Bank of Japan Inc.	-	300,000	-	300,000	-	2,069	-	2,069	0.295	16-Jan-24		
	Resona Bank, Limited.	-	600,000	-	600,000	-	4,138	-	4,138	0.295	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	-	100,000	-	100,000	-	689	-	689	0.295	16-Jan-24		
	MUFG Bank, Ltd.	-	1,700,000	-	1,700,000	-	11,724	-	11,724	0.295	24-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	-	6,800,000	-	6,800,000	-	46,899	-	46,899	0.295	24-Jan-24		
	Mizuho Bank, Ltd.	-	333,000	-	333,000	-	2,296	-	2,296	0.295	14-Mar-24		
MUFG Bank, Ltd.	-	148,000	-	148,000	-	1,020	-	1,020	0.295	14-Mar-24			
Sumitomo Mitsui Trust Bank, Limited	-	254,000	-	254,000	-	1,751	-	1,751	0.295	14-Mar-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)							
Short-term loans payable	SBI Shinsei Bank, Limited	-	281,000	-	281,000	-	1,938	-	1,938	0.295	14-Mar-24	(2)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	-	100,000	-	100,000	-	689	-	689	0.295	14-Mar-24		
	The Nomura Trust and Banking Co., Ltd.	-	700,000	-	700,000	-	4,827	-	4,827	0.295	14-Mar-24		
	The Shizuoka Bank, Ltd.	-	1,845,000	-	1,845,000	-	12,725	-	12,725	0.295	14-Mar-24		
	The Bank of Fukuoka, Ltd.	-	858,000	-	858,000	-	5,917	-	5,917	0.295	14-Mar-24		
	MUFG Bank, Ltd.	-	85,000	-	85,000	-	586	-	586	0.295	14-Mar-24		
	Sumitomo Mitsui Trust Bank, Limited	-	109,000	-	109,000	-	751	-	751	0.295	14-Mar-24		
	Mizuho Bank, Ltd.	-	902,000	902,000	-	-	6,221	6,221	-	0.295	14-Mar-24 (3)		
	MUFG Bank, Ltd.	-	692,000	692,000	-	-	4,772	4,772	-	0.295	14-Mar-24 (3)		
	Sumitomo Mitsui Banking Corporation	-	681,000	681,000	-	-	4,696	4,696	-	0.295	14-Mar-24 (3)		
	Sumitomo Mitsui Trust Bank, Limited	-	617,000	617,000	-	-	4,255	4,255	-	0.295	14-Mar-24 (3)		
	Development Bank of Japan Inc.	-	147,000	147,000	-	-	1,013	1,013	-	0.295	14-Mar-24 (3)		
	SBI Shinsei Bank, Limited	-	1,000,000	-	1,000,000	-	6,897	-	6,897	0.295	27-Jun-24		
	Total short-term loans payable	114,515,000	27,660,000	30,722,000	111,453,000	789,813	190,771	211,890	768,694				
Long-term loans payable	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	8,621	-	-	8,621	0.745	13-Oct-23	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	1,065,000	-	-	1,065,000	7,345	-	-	7,345	0.745	13-Oct-23		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	8,621	-	-	8,621	0.745	13-Oct-23		
	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	8,621	-	-	8,621	0.845	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	7,310	-	-	7,310	0.845	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	8,621	-	-	8,621	0.845	11-Oct-24		



Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	SBI Shinsai Bank, Limited	1,000,000	-	1,000,000	-	6,897	-	6,897	-	0.750	27-Jun-23	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	500,000	-	500,000	-	3,448	-	3,448	-	0.750	27-Jun-23		
	Mizuho Bank, Ltd.	2,442,000	-	-	2,442,000	16,842	-	-	16,842	0.545	14-Jul-23		
	MUFG Bank, Ltd.	2,220,000	-	-	2,220,000	15,311	-	-	15,311	0.545	14-Jul-23		
	Sumitomo Mitsui Banking Corporation	1,997,000	-	-	1,997,000	13,773	-	-	13,773	0.545	14-Jul-23		
	SBI Shinsai Bank, Limited	1,110,000	-	-	1,110,000	7,655	-	-	7,655	0.545	14-Jul-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.545	14-Jul-23		
	Sumitomo Mitsui Trust Bank, Limited	890,000	-	-	890,000	6,138	-	-	6,138	0.545	14-Jul-23		
	Mizuho Bank, Ltd.	3,287,500	-	-	3,287,500	22,673	-	-	22,673	0.545	26-Sep-23		
	Sumitomo Mitsui Banking Corporation	3,287,500	-	-	3,287,500	22,673	-	-	22,673	0.545	26-Sep-23		
	MUFG Bank, Ltd.	2,600,000	-	-	2,600,000	17,932	-	-	17,932	0.545	26-Sep-23		
	Sumitomo Mitsui Trust Bank, Limited	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.545	26-Sep-23		
	SBI Shinsai Bank, Limited	833,000	-	-	833,000	5,745	-	-	5,745	0.545	26-Sep-23		
	Citibank, N.A., Tokyo Branch	667,000	-	-	667,000	4,600	-	-	4,600	0.545	26-Sep-23		
	Developme nt Bank of Japan Inc.	500,000	-	-	500,000	3,448	-	-	3,448	0.545	26-Sep-23		
	Resona Bank, Limited.	445,000	-	-	445,000	3,069	-	-	3,069	0.545	26-Sep-23		
	The Nomura Trust and Banking Co., Ltd.	166,000	-	-	166,000	1,144	-	-	1,144	0.545	26-Sep-23		
	AEON Bank, Ltd.	333,000	-	-	333,000	2,296	-	-	2,296	0.545	26-Sep-23		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.594	29-Mar-24		
THE NISHI-NI PPON CITY BANK, LTD.	921,000	-	-	921,000	6,352	-	-	6,352	0.594	29-Mar-24			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Tochigi Bank, Ltd.	480,000	-	-	480,000	3,310	-	-	3,310	0.594	29-Mar-24	(2)	Unsecured and unguaranteed
	Kiriboshi Bank, Ltd.	961,000	-	-	961,000	6,628	-	-	6,628	0.845	29-Mar-29		
	Mizuho Bank, Ltd.	571,400	-	571,400	-	3,940	-	3,940	-	0.400	16-Jan-23		
	MUFG Bank, Ltd.	1,464,800	-	1,464,800	-	10,102	-	10,102	-	0.400	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	1,331,200	-	9,181	-	9,181	-	0.400	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	628,600	-	4,335	-	4,335	-	0.400	16-Jan-23		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	6,897	-	6,897	-	0.400	16-Jan-23		
	SBI Shinsei Bank, Limited	200,000	-	200,000	-	1,379	-	1,379	-	0.400	16-Jan-23		
	Resona Bank, Limited.	600,000	-	600,000	-	4,138	-	4,138	-	0.400	16-Jan-23		
	Mizuho Bank, Ltd.	571,400	-	-	571,400	3,940	-	-	3,940	0.499	16-Jan-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,102	-	-	10,102	0.499	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,181	-	-	9,181	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,335	-	-	4,335	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.499	16-Jan-24		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,379	-	-	1,379	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	-	600,000	4,138	-	-	4,138	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	8,079	-	-	8,079	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,102	-	-	10,102	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,181	-	-	9,181	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,335	-	-	4,335	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	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.563	16-Jul-24	(2)	Unsecured and unguaranteed
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,379	-	-	1,379	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	14,976	-	-	14,976	0.595	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,102	-	-	10,102	0.595	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,181	-	-	9,181	0.595	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,335	-	-	4,335	0.595	16-Jan-25		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,379	-	-	1,379	0.595	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	14,969	-	-	14,969	0.745	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	10,102	-	-	10,102	0.745	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	9,181	-	-	9,181	0.745	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	4,335	-	-	4,335	0.745	16-Jul-25		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,379	-	-	1,379	0.745	16-Jul-25		
	Mizuho Bank, Ltd.	1,085,000	-	1,085,000	-	7,483	-	7,483	-	0.413	16-Jan-23		
	MUFG Bank, Ltd.	987,000	-	987,000	-	6,807	-	6,807	-	0.413	16-Jan-23		
	Sumitomo Mitsui Banking Corporation	987,000	-	987,000	-	6,807	-	6,807	-	0.413	16-Jan-23		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	684,000	-	4,717	-	4,717	-	0.413	16-Jan-23		
	Citibank, N.A., Tokyo Branch	500,000	-	500,000	-	3,448	-	3,448	-	0.413	16-Jan-23		
	Development Bank of Japan Inc.	300,000	-	300,000	-	2,069	-	2,069	-	0.413	16-Jan-23		
	AEON Bank, Ltd.	300,000	-	300,000	-	2,069	-	2,069	-	0.413	16-Jan-23		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	100,000	-	689	-	689	-	0.413	16-Jan-23		

Classificati on	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	712,000	-	-	712,000	4,910	-	-	4,910	0.525	16-Jan-24	(2)	Unsecured and unguarante ed
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,800	-	-	6,800	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,800	-	-	6,800	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,717	-	-	4,717	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,448	-	-	3,448	0.525	16-Jan-24		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,069	-	-	2,069	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,069	-	-	2,069	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	689	-	-	689	0.525	16-Jan-24		
	Aozora Bank, Ltd.	237,000	-	-	237,000	1,634	-	-	1,634	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	4,910	-	-	4,910	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,800	-	-	6,800	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,800	-	-	6,800	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,717	-	-	4,717	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,448	-	-	3,448	0.580	16-Jul-24		
	Developme nt Bank of Japan Inc.	300,000	-	-	300,000	2,069	-	-	2,069	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,069	-	-	2,069	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	689	-	-	689	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,586	-	-	2,586	0.580	16-Jul-24		
	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	8,359	-	-	8,359	0.595	16-Jan-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,800	-	-	6,800	0.595	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 Banking Corporation	986,000	-	-	986,000	6,800	-	-	6,800	0.595	16-Jan-25	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,717	-	-	4,717	0.595	16-Jan-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,069	-	-	2,069	0.595	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,069	-	-	2,069	0.595	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	689	-	-	689	0.595	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,586	-	-	2,586	0.595	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	8,352	-	-	8,352	0.745	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,800	-	-	6,800	0.745	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,800	-	-	6,800	0.745	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,717	-	-	4,717	0.745	16-Jul-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	2,069	-	-	2,069	0.745	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	2,069	-	-	2,069	0.745	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	689	-	-	689	0.745	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,586	-	-	2,586	0.745	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	4,827	-	-	4,827	0.745	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	-	2,882,000	19,877	-	-	19,877	0.462	16-Jan-24		
	Saiju San Bank, Ltd.	662,000	-	-	662,000	4,565	-	-	4,565	0.462	16-Jan-24		
	Saiju San Bank, Ltd.	1,700,000	-	-	1,700,000	11,724	-	-	11,724	0.486	15-Apr-24		
Saiju San Bank, Ltd.	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.595	15-Apr-25			
THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.745	15-Oct-25			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	1,550,000	-	10,690	-	10,690	-	0.417	06-Jan-23	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	21,035	-	-	21,035	0.643	06-Jan-25		
	Moniji Bank, Ltd.	961,000	-	-	961,000	6,628	-	-	6,628	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	480,000	-	-	480,000	3,310	-	-	3,310	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	4,372	-	-	4,372	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	2,069	-	-	2,069	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,296	-	-	2,296	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,296	-	-	2,296	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,379	-	-	1,379	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	411,000	-	-	411,000	2,834	-	-	2,834	0.487	16-Mar-25		
	MUFG Bank, Ltd.	850,000	-	850,000	-	5,862	-	5,862	-	0.352	16-Mar-23		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	1,090,000	-	7,517	-	7,517	-	0.352	16-Mar-23		
	The Bank of Fukuoka, Ltd.	333,000	-	333,000	-	2,296	-	2,296	-	0.352	16-Mar-23		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	4,014	-	-	4,014	0.545	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	4,331	-	-	4,331	0.545	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	7,517	-	-	7,517	0.545	16-Mar-25		
	SBI Shimsei Bank, Limited	570,000	-	-	570,000	3,931	-	-	3,931	0.545	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	3,448	-	-	3,448	0.545	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	1,862	-	-	1,862	0.545	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	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	6,897	-	-	6,897	0.545	16-Mar-25	(2)	Unsecured and unguaranteed
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	1,862	-	-	1,862	0.545	16-Mar-25		
	The Kagawa Bank, Ltd.	500,000	-	-	500,000	3,448	-	-	3,448	0.545	16-Mar-25		
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	3,793	-	-	3,793	0.545	16-Mar-25		
	The Chudayo Bank, Ltd.	961,000	-	-	961,000	6,628	-	-	6,628	0.545	16-Mar-25		
	The Tokyo Star Bank, Limited	1,582,000	-	-	1,582,000	10,911	-	-	10,911	0.395	20-Jul-24		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	4,138	-	-	4,138	0.395	20-Jul-25		
	The Tokyo Star Bank, Limited	1,190,000	-	-	1,190,000	8,207	-	-	8,207	0.545	13-Oct-27		
	Sumitomo Mitsui Trust Bank, Limited	-	1,550,000	-	1,550,000	-	10,690	-	10,690	0.295	24-Jan-24		
	Mizuho Bank, Ltd.	-	3,001,500	-	3,001,500	-	20,701	-	20,701	0.425	14-Mar-26		
	MUFG Bank, Ltd.	-	1,326,000	-	1,326,000	-	9,145	-	9,145	0.425	14-Mar-26		
	Sumitomo Mitsui Trust Bank, Limited	-	2,293,500	-	2,293,500	-	15,818	-	15,818	0.425	14-Mar-26		
	Development Bank of Japan Inc.	-	900,000	-	900,000	-	6,207	-	6,207	0.425	14-Mar-26		
	MUFG Bank, Ltd.	-	765,000	-	765,000	-	5,276	-	5,276	0.425	14-Mar-26		
	Sumitomo Mitsui Trust Bank, Limited	-	981,000	-	981,000	-	6,765	-	6,765	0.425	14-Mar-26		
	Development Bank of Japan Inc.	-	1,000,000	-	1,000,000	-	6,897	-	6,897	0.375	19-Jun-26		
	MUFG Bank, Ltd.	-	500,000	-	500,000	-	3,448	-	3,448	0.375	27-Jun-26		
Total long-term loans payable	118,082,000	12,317,000	16,062,000	114,337,000	814,414	84,950	110,780	788,585					
Total loans payable	232,597,000	39,977,000	46,784,000	225,790,000	1,604,227	275,722	322,670	1,557,279					

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) The loan was repaid prior to maturity on June 30, 2023.  
(4) Long-term loans payable include current portion.  
(5) Repayment schedule of long-term loans payable for the next five years after each balance sheet date are as follows:

	As of	
	June 30, 2023	June 30, 2023
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ 46,139,000	\$ 318,221
1-2 years.....	42,243,000	291,351
2-3 years.....	23,804,000	164,176
3-4 years.....	-	-
4-5 years.....	1,190,000	8,207

## 10. 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\$344 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, 2022 and June 30, 2023.

The number of investment units issued and outstanding were 6,096,840 units as of December 31, 2022 and June 30, 2023, respectively.

## 11. 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, 2022 and June 30, 2023.

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings.....	¥ 13,742,562	¥ 17,583,734	\$ 121,275
Distributions .....	(5,072,570)	(8,925,773)	(61,561)
Retained earnings / losses carried forward.....	¥ 8,669,991	¥ 8,657,960	\$ 59,714

The distribution in respect of the six months ended June 30, 2023 of ¥1,464 (US\$10.0) per investment unit, amounting to a total distribution of ¥8,925,773 thousand (US\$61,561 thousand) was proposed and approved at the Board of Directors meeting on August 25, 2023. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥832 and ¥1,464 (US\$10.0) For the six months ended December 31, 2022 and June 30, 2023 respectively.

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

*For the six months ended December 31, 2022*

Not Applicable

*For the six months ended June 30, 2023*

Not Applicable

## 12. 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, 2022 and June 30, 2023 consist of the following:

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*)	¥ 10,037,349	¥ 11,729,696	\$ 80,900
Other	145,401	271,259	1,870
Total rental revenue – real estate	¥ 10,182,751	¥ 12,000,955	\$ 82,770
Expenses related to property rental business:			
Facility management fees	¥ 426,784	¥ 445,723	\$ 3,074
Property related taxes	739,194	596,132	4,111
Insurance expense	20,233	20,475	141
Depreciation	3,323,690	3,311,017	22,836
Other	96,634	114,992	793
Total expenses related to property rental business	¥ 4,606,538	¥ 4,488,341	\$ 30,956
Operating income from property leasing activities	¥ 5,576,212	¥ 7,512,613	\$ 51,814
(*)Variable rental revenue of hotels	¥ 3,118,811	¥ 4,615,327	\$ 31,832

### 13. Management Contract Revenue

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue	¥ 5,096,139	¥ 8,388,052	\$ 57,852
Hotel management expenses	3,349,290	4,474,026	30,857
Management contract revenue	¥ 1,746,848	¥ 3,914,026	\$ 26,995
Insurance expense	136,505	152,464	1,051
Depreciation	432,613	435,496	3,003
Other	550	61,368	423
Total management contract expenses	¥ 569,669	¥ 649,329	\$ 4,478
Operating income (loss) from management contract	¥ 1,177,179	¥ 3,264,696	\$ 22,516

### 14. 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, 2022	June 30, 2023
	(Rate)	
Statutory tax rates	31.46 %	31.46 %
Deductible cash distributions	(31.44)	(31.50)
Increase (decrease) in valuation allowance	(3.60)	(3.52)

Expiration of net operating loss carried forward	3.58	3.55
Other	0.01	0.01
Effective tax rates	0.01 %	0.01 %

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

	As of		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 615	¥ 615	\$ 4
Buildings and other (merger)	186,398	185,229	1,277
Land (merger)	116,724	116,724	805
Net loss carried forward(*1)	1,609,063	1,288,595	8,887
Asset retirement obligations	10,656	10,727	73
Fixed-term leasehold	162,054	174,196	1,201
Adjustment of acquisition price (Overseas properties)	449,589	445,643	3,073
Subtotal - deferred tax assets	2,535,101	2,221,732	15,323
Valuation allowance for tax loss carried forward	(1,609,063)	(1,288,595)	(8,887)
Valuation allowance for the sum of deductible temporary differences	(926,038)	(933,137)	(6,435)
Subtotal - valuation allowance(*2)	(2,535,101)	(2,221,732)	(15,323)
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, 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)	330,700	-	-	-	-	1,278,362	1,609,063
Valuation allowance	(330,700)	-	-	-	-	(1,278,362)	(1,609,063)
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, 2023

	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)	-	-	-	-	-	1,288,595	1,288,595
Valuation allowance	-	-	-	-	-	(1,288,595)	(1,288,595)
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)	-	-	-	-	-	8,887	8,887
Valuation allowance	-	-	-	-	-	(8,887)	(8,887)
Deferred tax assets	-	-	-	-	-	-	-

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

(\*2) The valuation allowance decreased by 313,369 thousand yen (US\$2,161 thousand). This decrease is mainly due to an decrease in tax loss carryforwards.

## 15. Leases

### (a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of December 31, 2022 and June 30, 2023 scheduled to be received are summarized as follows:

	As of		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 13,068,093	¥ 13,119,003	\$ 90,482
Due over one year	44,885,587	39,197,781	270,348
Total	¥ 57,953,680	¥ 52,316,785	\$ 360,830

### (b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of December 31, 2022 and June 30, 2023, scheduled to be paid are summarized as follows:

	As of		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 320,447	¥ 320,951	\$ 2,213
Due over one year	8,229,974	8,089,958	55,796
Total	¥ 8,550,422	¥ 8,410,909	\$ 58,010

## 16. 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, 2022 and June 30, 2023. 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, 2022	June 30, 2023
		June 30, 2023

	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
	(in thousands of yen)			(in thousands of yen)			(in thousands of U.S. dollars)		
Assets:									
Current:									
(1) Investment securities	¥ 17,856,387	¥ 17,553,373	¥ (303,014)	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	\$ 123,155	\$ 130,600	\$ 7,444
Total assets	¥ 17,856,387	¥ 17,553,373	¥ (303,014)	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	\$ 123,155	\$ 130,600	\$ 7,444
Liabilities:									
(2) Current portion of investment corporation bonds	3,000,000	2,970,200	(29,800)	2,000,000	1,996,000	(4,000)	13,794	13,766	(27)
(3) Current portion of long-term loans payable	42,405,000	42,405,000	-	46,139,000	46,139,000	-	318,221	318,221	-
(4) Investment corporation bonds	5,200,000	4,734,340	(465,660)	11,400,000	11,166,860	(233,140)	78,626	77,018	(1,607)
(5) Long-term loans payable	75,677,000	75,677,000	-	68,198,000	68,198,000	-	470,363	470,363	-
Total liabilities	¥ 126,282,000	¥ 125,786,540	¥ (495,460)	¥ 127,737,000	¥ 127,499,860	¥ (237,140)	\$ 881,005	\$ 879,370	\$ (1,635)
(6) Derivatives	¥ 142,721	¥ 142,721	¥ -	¥ (486,218)	¥ (486,218)	¥ -	\$ (3,353)	\$ (3,353)	\$ -

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 "18. 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, 2022:						
Current portion of investment corporation bonds	3,000,000	-	-	-	-	-
Current portion of long-term loans payable	42,405,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	-	-	-	4,200,000
Long-term loans payable	-	34,127,000	39,399,000	-	1,190,000	961,000
Total	¥ 45,405,000	¥ 35,127,000	¥ 39,399,000	¥ -	¥ 1,190,000	¥ 5,161,000

As of June 30, 2023:

Current portion of investment corporation bonds	2,000,000	-	-	-	-	-
Current portion of long-term loans payable	46,139,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	5,000,000	-	2,200,000	3,200,000
Long-term loans payable	-	42,243,000	23,804,000	-	1,190,000	961,000
Total	¥ 48,139,000	¥ 43,243,000	¥ 28,804,000	¥ -	¥ 3,390,000	¥ 4,161,000

	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, 2023:						
Current portion of investment corporation bonds	13,794	-	-	-	-	-
Current portion of long-term loans payable	318,221	-	-	-	-	-
Investment corporation bonds	-	6,897	34,485	-	15,173	22,070
Long-term loans payable	-	291,351	164,176	-	8,207	6,628
Total	\$ 332,016	\$ 298,248	\$ 198,661	\$ -	\$ 23,380	\$ 28,698

## 17. Investment securities

	As of								
	December 31, 2022			June 30, 2023			June 30, 2023		
	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	¥ 17,553,373	¥ (303,014)	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	\$ 123,155	\$ 130,600	\$ 7,444
Total	¥ 17,856,387	¥ 17,553,373	¥ (303,014)	¥ 17,856,387	¥ 18,935,791	¥ 1,079,404	\$ 123,155	\$ 130,600	\$ 7,444

## 18. Derivatives

Information on derivative transactions undertaken by the Company as of December 31, 2022 and June 30, 2023 is as follows.

### (a) Transactions for which hedge accounting is not applied

As of December 31, 2022:

Not Applicable

As of June 30, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount					
			(in thousands of yen)			(in thousands of U.S. dollars)		
			Total	Over 1 year	Fair Value (*1)	Total	Over 1 year	Fair Value (*2)
Principle accounting method	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 5,158,490	¥ 1,872,600	¥ (490,769)	\$ 35,578	\$ 12,915	\$ (3,384)

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

### (b) Transactions for which hedge accounting is applied

As of December 31, 2022:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)		
			(in thousands of yen)		
			Total	Over 1 year	Fair Value (*2)
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 50,476,000	¥ 36,687,000	¥ 142,721

(\*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, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount(*1)					
			(in thousands of yen)			(in thousands of U.S. dollars)		
			Total	Over 1 year	Fair Value (*2)	Total	Over 1 year	Fair Value (*2)
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 36,687,000	¥ 18,441,000	¥ 4,550	\$ 253,031	\$ 127,188	\$ 31

(\*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.

## 19. 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 December 31, 2022 and June 30, 2023 are as follows.

	For the six months ended		
	December 31, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 33,644	¥ 33,872	\$ 233
Liabilities incurred due to the acquisition of properties	-	-	-
Accretion expense	227	225	1
Balance at the end of the period	¥ 33,872	¥ 34,097	\$ 235

## 20. Revenue Recognition

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

For the six months ended December 31, 2022

	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	-	-
Other	31,966	11,929,599
Total	31,966	11,929,599

(\*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.

For the six months ended June 30, 2023

	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	27,645	190	15,914,981	109,766
Total	27,645	190	15,914,981	109,766

(\*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, 2022	June 30, 2023	June 30, 2023
	(in thousands of yen)		(in thousands of U.S. dollars)
Claims generated from contracts with customers (balance at beginning of fiscal year) .....	¥ 2,250	¥ 4,231	\$ 29
Claims generated from contracts with customers (balance at end of fiscal year) .....	4,231	3,093	21
Contract assets (balance at beginning of fiscal year) .....	-	-	-
Contract assets (balance at end of fiscal year) .....	-	-	-
Contract liabilities (balance at beginning of fiscal year) .....	-	-	-
Contract liabilities (balance at end of fiscal year) .....	-	-	-

(i) Transaction value allocated to remaining performance obligations

Not Applicable

## 21. Segment Information

Segment information For the six months ended December 31, 2022 and June 30, 2023 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, 2022

(in thousands of yen)

Japan	Grand Cayman	Total
10,182,751	1,746,848	11,929,599

For the six months ended June 30, 2023

(in thousands of yen)

Japan	Grand Cayman	Total
12,000,955	3,914,026	15,914,981

(in thousands of U.S. dollars)

Japan	Grand Cayman	Total
82,770	26,995	109,766

##### (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, 2022 and June 30, 2023 were as follows:

For the six months ended December 31, 2022

Name of client	Operating Revenues (in thousands of yen)	Related segment
Mystays Hotel Management Co., Ltd.	5,771,441	Real estate investing business

For the six months ended June 30, 2023

Name of client	Operating Revenues (in thousands of yen)	Operating Revenues (in thousands of U.S. dollars)	Related segment
Mystays Hotel Management Co., Ltd.	8,022,489	55,331	Real estate investing business

## 22. Profit or Loss from Equity Method, etc

For the six months ended December 31, 2022

(in thousands of yen)

Investments in affiliates	17,856,387
Investments, if equity method was adopted	17,360,140
Investment gains (losses), if equity method was adopted	(59,347)

For the six months ended June 30, 2023

(in thousands of yen)

(in thousands of US dollars)

Investments in affiliates	17,856,387	123,155
Investments, if equity method was adopted	17,341,860	119,607
Investment gains (losses), if equity method was adopted	(18,280)	(126)

## 23. Related-Party Transactions

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

For the six months ended December 31, 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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Naiqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	-	Lessor and operator of hotel	Rental revenues	¥1,152,194	Rental receivables	¥404,531
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	-	Lessor and operator of hotel	Rental revenues	¥5,771,441	Rental receivables	¥3,864,932

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, 2023

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	\$68	-	Leaseholder and operator of hotel	Rental revenues	¥612,959	\$4,227	Rental receivables	¥261,128	\$1,801
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$689	-	Leaseholder and operator of hotel	Rental revenues	¥8,022,489	\$55,331	Rental receivables	¥3,227,566	\$22,260

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, 2022

Not Applicable

For the six months ended June 30, 2023

Not Applicable

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

For the six months ended December 31, 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)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥300,064	Accrued expenses	¥165,000
				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, 2023

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	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥300,000	\$2,069	Accrued expenses	¥165,000	\$1,138
				Payment of institution management fee to Consonant	¥600	\$4	Accrued expenses	¥330	\$2

		Management Co., Ltd.		Investment Management Co., Ltd.(2)					
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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.

## 24. 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, 2023 is Kingdom TMK. Summary of financial information is as follows:

	Kingdom TMK		
	As of / For the six months ended		
	September 30, 2022	March 31, 2023	March 31, 2023
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	100,114,466	99,527,689	686,445
Total other assets	1,550,642	1,974,338	13,617
Total current liabilities	73,592	161,817	1,116
Total non-current liabilities	66,184,166	65,970,166	454,998
Total net assets	35,407,351	35,370,044	243,948
Operating revenue	565,320	652,802	4,502
Income before income taxes	(120,512)	(36,702)	(253)
Net income	(121,117)	(37,307)	(257)

## 25. Per Unit Information

The following table shows net asset value per unit as of December 31, 2022 and June 30, 2023 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, 2022	June 30, 2023	June 30, 2023
	(Yen)		(U.S. dollars)
Net asset value per unit	¥ 41,058	¥ 41,665	\$ 287
Net income per unit	¥ 832	¥ 1,462	\$ 10
Weighted average number of units	6,096,840	6,096,840	-

## 26. Subsequent Events

### (a) Issuance of New Investment Units

The board of directors held on July 19, 2023 and July 25, 2023 approved the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued via public offering was completed on July 31, 2023. In addition, with the respect to the issuance of new investment units through the third-party allotment in connection with the overallotment for the public

offering, the payment was completed on August 28, 2023. As a result, holders' capital becomes JPY270,101 million and the number of investment units issued and outstanding become 6,737,121 units.

(i) Issuance of new investment units through public offering

Number of investment units	Domestic public offering	: 353,680 units
	International	: 256,112 units
	Total	: 609,792 units
Issue price (offer price)		: ¥55,566 per unit
Total issue price (total offer price)		: ¥33,883,702,272
Amount paid in (issue value)		: ¥53,726 per unit
Total amount paid in (total issue value)		: ¥32,761,684,992
Payment date		: July 31, 2023

(ii) Secondary offering of investment units (overallotment secondary offering)

Number of investment units	: 30,489 units
Offer price	: ¥55,566 per unit
Total offer value	: ¥1,694,151,774
Delivery date	: August 1, 2023

(iii) Issuance of new investment units through third-party allotment

Number of investment units	: 30,489 units
Amount paid in (issue value)	: ¥53,726 per unit
Total amount paid in (total issue value)	: ¥1,638,052,014
Delivery date	: August 28, 2023
Allotee	: Mizuho Securities Co, Ltd.

**(b) New borrowings**

In order to raise a part of the funds to be used for the acquisition of the 6 hotel properties acquired on August 1, 2023, the Company decided on the implementation of the following borrowings at its board of directors' meeting held and entered into the borrowing agreement on July 19, 2023.

New Syndicate Loan (010)

Lender	Syndicate formed by Mizuho Bank, Ltd.
Borrowing amount	¥29,856 million

Interest rate, etc.	Base rate (3-month JPY TIBOR) +0.500%, 0.300%, Base rate (1-month JPY TIBOR) +0.200%
Interest payment date	(i) The last Japanese business day of March, June, September and December before the principal maturity date, beginning with September 30, 2023, and (ii) the principal maturity date, (i) The last Japanese business day of each month before the principal maturity date, beginning with August 31, 2023, and (ii) the principal maturity date,
Principal repayment method	Lump-sum repayment
Borrowing method	Unsecured / with no guarantee
Borrowing date	August 1, 2023,
Maturity date	July 14, 2028, July 16, 2026, August 1, 2024

**(c) Acquisition of assets (properties)**

The Company decided to acquire 6 hotel properties as shown in the following table, of which the total acquisition price is JPY 57,230million, on July 19, 2023 and the acquisitions have been closed on August 1, 2023.

Use	Property number	Property name	Location	Construction completion date	Acquisition price (JPY million) (Note)	Total rentable area (m <sup>2</sup> )	Seller	Category of specified asset
Hotel	D84	Fusaki Beach Resort Hotel & Villas	Ishigaki City, Okinawa	June 1982 June 2019 March 2020	40,293	23,573.57	Sheffield Asset Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D85	Tateshina Grand Hotel Takinoyu	Chino City, Nagano	August 1966 July 1967 July 1988	8,365	20,577.41	Heijo Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D86	Hotel MyStays Okayama	Okayama City, Okayama	March 1986	2,613	3,023.27	Nippori Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D87	Hotel MyStays Aomori Station	Aomori City, Aomori	June 2007	2,445	3,963.86	Shiretoko Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D88	Hotel MyStays Soga	Chiba City, Chiba	February 1994	2,039	3,398.18	Nippori Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D89	Tazawako Lake Resort & Onsen	Semboku City, Akita	December 1981 November 1988	1,475	7,289.75	Heijo Tokutei Mokuteki Kaisha	Trust beneficial interest

(Note) Acquisition prices do not include adjustments for property taxes or city planning taxes, or national or local consumption taxes; hereinafter the same.