

Invincible Investment
Corporation

Audited Financial Statements
for the 42nd Fiscal Period
(from January 1, 2024 to June 30, 2024)

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Independent Auditor's Report

The Board of Directors
Invincible Investment Corporation

The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Invincible Investment Corporation (the Company), which comprise the balance sheet as at June 30, 2024, and the statements of income and retained earnings, changes in net assets, and cash flows for the six-month 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, 2024, and its financial performance and its cash flows for the six-month 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 documents that contain 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 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 to reduce threats to an acceptable level.

Convenience Translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended June 30, 2024 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.

Fee-related Information

The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the six-month period ended June 30, 2024 are 18,900 thousand yen and 6,896 thousand 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.

Ernst & Young ShinNihon LLC
Tokyo, Japan

September 26, 2024

/s/ 齋木 夏生

Natsuki Saiki
Designated Engagement Partner
Certified Public Accountant

/s/ 海上 大介

Daisuke Unagami
Designated Engagement Partner
Certified Public Accountant

INVINCIBLE INVESTMENT CORPORATION

BALANCE SHEET

June 30, 2024

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
ASSETS			
Current assets:			
Cash and bank deposits (Notes 6 and 17)	¥ 21,956,120	¥ 30,213,929	\$ 187,582
Cash and bank deposits in trust (Notes 6 and 17) ..	12,936,394	12,346,894	76,655
Rental receivables	4,834,083	6,040,833	37,504
Deposits paid	1,976,184	2,414,240	14,988
Prepaid expenses	1,143,417	1,428,542	8,869
Income taxes receivable.....	21	24	0
Consumption taxes receivable.....	2,615,543	-	-
Other	12,636	-	-
Total current assets	45,474,401	52,444,465	325,600
Non-current assets:			
Property and equipment (Notes 7 and 8):			
Buildings, at cost	19,484,168	19,487,456	120,987
Buildings and accompanying facilities, at cost	5,311,876	5,311,876	32,978
Structures, at cost.....	1,458	1,458	9
Tools, furniture and fixtures, at cost	1,365,816	1,495,664	9,285
Construction in progress.....	754,330	1,055,651	6,553
Buildings in trust, at cost	184,088,728	184,336,400	1,144,448
Buildings and accompanying facilities in trust, at cost	40,943,104	42,057,231	261,111
Structures in trust, at cost	281,528	302,742	1,879
Tools, furniture and fixtures in trust, at cost	3,767,991	4,049,883	25,143
Land in trust	264,666,397	264,666,397	1,643,176
Construction in progress in trust.....	198,056	240,499	1,493
Subtotal	520,863,459	523,005,263	3,247,068
Less: Accumulated depreciation	(52,163,284)	(56,463,658)	(350,553)
Total property and equipment, net	468,700,175	466,541,605	2,896,514
Intangible assets:			
Leasehold rights	10,637,811	10,637,811	66,044
Leasehold rights in trust	17,396,611	17,357,800	107,765
Total intangible assets	28,034,422	27,995,612	173,810
Investments and other assets:			
Investment securities (Note 18 and 23).....	17,856,387	17,856,387	110,861
Guarantee deposits	1,382,359	1,390,459	8,632
Long-term prepaid expenses	1,825,986	2,007,275	12,462
Derivatives assets (Note 19)	7,877	627,676	3,896
Other	22,667	32,667	202
Total investments and other assets	21,095,278	21,914,466	136,055
Total non-current assets	517,829,876	516,451,684	3,206,380
Deferred assets:			
Investment corporation bond issuance costs.....	88,783	120,364	747
Total deferred assets	88,783	120,364	747
TOTAL ASSETS	¥ 563,393,061	¥ 569,016,514	\$ 3,532,728

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
LIABILITIES			
Current liabilities:			
Accounts payable	¥ 800,491	¥ 709,906	\$ 4,407
Short-term loans payable (Notes 10 and 17)	36,520,000	8,813,000	54,715
Current portion of investment corporation bonds (Notes 9 and 17)	1,000,000	1,000,000	6,208
Current portion of long-term loans payable (Notes 10 and 17)	36,787,000	44,553,000	276,606
Accounts payable-other	6,321	8,691	53
Accrued expenses	281,210	393,151	2,440
Income taxes payable	605	605	3
Consumption taxes payable	-	1,023,206	6,352
Advances received	305,676	313,582	1,946
Deposits received	55,107	18,589	115
Total current liabilities	75,756,412	56,833,732	352,851
Non-current liabilities:			
Investment corporation bonds (Notes 9 and 17) ..	13,900,000	19,900,000	123,548
Long-term loans payable (Notes 10 and 17)	180,893,000	196,888,000	1,222,375
Tenant leasehold and security deposits in trust (Note 17)	1,491,055	1,497,699	9,298
Derivatives liabilities (Note 19)	654,369	734,860	4,562
Asset retirement obligations (Note 20)	393,202	395,487	2,455
Total non-current liabilities	197,331,627	219,416,047	1,362,240
TOTAL LIABILITIES	273,088,040	276,249,780	1,715,091
NET ASSETS (Note 11)			
Unitholders' equity:			
Unitholders' capital	270,101,249	270,101,249	1,676,918
Surplus:			
Capital surplus	6,264,432	6,264,432	38,892
Allowance for temporary differences	(6,130)	(6,130)	(38)
Adjustment (Note 4)	(6,130)	(6,130)	(38)
Other deduction of capital surplus	(5,524,006)	(5,524,006)	(34,295)
Total deduction of capital surplus	(5,530,137)	(5,530,137)	(34,333)
Capital surplus (net)	734,294	734,294	4,558
Voluntary reserve			
Retained earnings	19,690,532	21,542,214	133,744
Total surplus	20,424,826	22,276,509	138,303
Total unitholders' equity	290,526,075	292,377,758	1,815,221
Valuation and translation adjustments:			
Deferred gains or losses on hedges	(221,054)	388,975	2,414
Total valuation and translation adjustments	(221,054)	388,975	2,414
TOTAL NET ASSETS	290,305,021	292,766,734	1,817,636
TOTAL LIABILITIES AND NET ASSETS	¥ 563,393,061	¥ 569,016,514	\$ 3,532,728

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, 2024

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Operating revenue			
Rental revenue—real estate (Note 13)	¥ 16,696,076	¥ 14,933,032	\$ 92,711
Management contract revenue (Note 14)	2,123,042	4,774,272	29,640
Dividend income	-	1,428,702	8,870
Total operating revenue	18,819,119	21,136,007	131,222
Operating expenses			
Property related expenses (Note 13)	5,096,717	5,107,042	31,706
Management contract expenses (Note 14)	734,722	736,333	4,571
Asset management fees	300,000	450,000	2,793
Directors' compensation	5,200	4,800	29
Asset custody fees	27,267	28,235	175
Administrative service fees	48,537	41,077	255
Other	17,761	132,787	824
Total operating expenses	6,230,207	6,500,276	40,356
Operating income	12,588,912	14,635,731	90,865
Non-operating income			
Interest income	138	163	1
Foreign exchange gains	-	423,972	2,632
Interest on tax refund	-	2,615	16
Other	314	891	5
Total non-operating income	452	427,643	2,655
Non-operating expenses			
Interest expenses	603,172	893,218	5,545
Foreign exchange losses	76,288	-	-
Interest expenses on investment corporation bonds	63,059	108,923	676
Amortization of investment corporation bond issuance costs	10,839	15,608	96
Loan-related costs	620,370	583,615	3,623
Loss on derivatives	30,078	560,841	3,481
Investment unit issuance costs	152,379	-	-
Total non-operating expenses	1,556,188	2,162,208	13,424
Ordinary income	11,033,176	12,901,166	80,096
Extraordinary income			
Subsidy income	-	24,991	155
Total extraordinary income	-	24,991	155
Extraordinary losses			
Loss on reduction entry of non-current assets	-	24,991	155
Total extraordinary losses	-	24,991	155
Income before income taxes	11,033,176	12,901,166	80,096
Income taxes (Note 15):			
Current	605	605	3
Total income taxes	605	605	3
Net income	11,032,571	12,900,561	80,092
Retained earnings brought forward	8,657,960	8,641,653	53,651
Unappropriated retained earnings / losses (Note 12)	¥ 19,690,532	¥ 21,542,214	\$ 133,744

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, 2024

	Unitholders' equity					Capital surplus (net)
	Unitholders' capital	Surplus				
		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 yen)						
Balance as of July 1, 2023	¥ 235,701,512	¥ 6,264,432	¥ (6,130)	¥ (5,524,006)	¥ (5,530,137)	¥ 734,294
Changes during the period						
Issuance of new investment units	34,399,737					
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	34,399,737	-	-	-	-	-
Balance as of December 31, 2023	¥ 270,101,249	¥ 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, 2024	¥ 270,101,249	¥ 6,264,432	¥ (6,130)	¥ (5,524,006)	¥ (5,530,137)	¥ 734,294

	Unitholders' equity		Valuation and translation adjustments		Total net assets	
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges		Total valuation and translation adjustments
	Retained earnings	Total surplus				
	(in thousands of yen)					
Balance as of July 1, 2023	¥ 17,583,734	¥ 18,318,029	¥ 254,019,541	¥ 4,550	¥ 4,550	¥ 254,024,091
Changes during the period						
Issuance of new investment units			34,399,737			34,399,737
Distributions from surplus	(8,925,773)	(8,925,773)	(8,925,773)			(8,925,773)
Net income	11,032,571	11,032,571	11,032,571			11,032,571
Changes other than unitholders' equity (net)				(225,605)	(225,605)	(225,605)
Total changes during the period	2,106,797	2,106,797	36,506,534	(225,605)	(225,605)	36,280,929
Balance as of December 31, 2023	¥ 19,690,532	¥ 20,424,826	¥ 290,526,075	¥ (221,054)	¥ (221,054)	¥ 290,305,021
Changes during the period						
Distributions from surplus	(11,048,878)	(11,048,878)	(11,048,878)			(11,048,878)
Net income	12,900,561	12,900,561	12,900,561			12,900,561
Changes other than unitholders' equity (net)				610,029	610,029	610,029
Total changes during the period	1,851,682	1,851,682	1,851,682	610,029	610,029	2,461,712
Balance as of June 30, 2024	¥ 21,542,214	¥ 22,276,509	¥ 292,377,758	¥ 388,975	¥ 388,975	¥ 292,766,734

	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, 2024	\$ 1,676,918	\$ 38,892	\$ (38)	\$ (34,295)	\$ (34,333)	\$ 4,558
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, 2024	\$ 1,676,918	\$ 38,892	\$ (38)	\$ (34,295)	\$ (34,333)	\$ 4,558

	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, 2024	\$ 122,248	\$ 126,807	1,803,725	\$ (1,372)	\$ (1,372)	\$ 1,802,353
Changes during the period						
Distributions from surplus	(68,596)	(68,596)	(68,596)			(68,596)
Net income	80,092	80,092	80,092			80,092
Changes other than unitholders' equity (net)				3,787	3,787	3,787
Total changes during the period	11,496	11,496	11,496	3,787	3,787	15,283
Balance as of June 30, 2024	\$ 133,744	\$ 138,303	\$ 1,815,221	\$ 2,414	\$ 2,414	\$ 1,817,636

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, 2024

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash flows from operating activities:			
Income before income taxes	¥ 11,033,176	¥ 12,901,166	\$ 80,096
Depreciation and amortization	4,217,991	4,341,470	26,953
Loss on reduction entry of non-current assets	-	24,991	155
Investment unit issuance costs	152,379	-	-
Amortization of investment corporation bond issuance costs	10,839	15,608	96
Loan-related costs	620,370	583,615	3,623
Interest income	(138)	(163)	(1)
Interest expenses	666,231	1,002,142	6,221
Foreign exchange losses (gains)	23	(142)	(0)
Loss (gain) on derivatives	30,078	560,841	3,481
Decrease (increase) in rental receivables	916,217	(1,206,749)	(7,492)
Decrease (increase) in deposits paid	(1,433,237)	(438,055)	(2,719)
Decrease (increase) in receivable income taxes	(5)	(3)	(0)
Decrease (increase) in consumption taxes receivable	(3,038,267)	2,615,543	16,238
Increase (decrease) in accounts payable	(3,446)	(4,478)	(27)
Increase (decrease) in consumption taxes payable	-	1,023,206	6,352
Increase (decrease) in accrued expenses	8,353	85,639	531
Increase (decrease) in advances received	(238)	7,905	49
Increase (decrease) in deposits received	43,443	(36,518)	(226)
Other, net	193,803	(176,618)	(1,096)
Subtotal	13,417,575	21,299,400	132,236
Interest income received	138	163	1
Interest expenses paid	(643,780)	(973,357)	(6,043)
Income taxes paid	(605)	(605)	(3)
Net cash provided by operating activities	12,773,327	20,325,601	126,191
Cash flows from investing activities:			
Proceeds from withdrawal of time deposits	800,000	-	-
Purchases of property and equipment	(122,052)	(434,456)	(2,697)
Purchases of property and equipment in trust	(55,967,444)	(1,818,446)	(11,289)
Purchases of leasehold rights in trust	(3,055,022)	-	-
Repayments of tenant leasehold and security deposits in trust	(33,591)	(22,016)	(136)
Proceeds from tenant leasehold and security deposits in trust	40,318	28,659	177
Payments of tenant leasehold and security depositist	(9,640)	(8,100)	(50)
Other, net-investing activities	(95,410)	(500,120)	(3,104)
Net cash used in investing activities	(58,442,843)	(2,754,478)	(17,101)
Cash flows from financing activities:			
Proceeds from short-term loans payable	11,899,000	-	-
Repayments of short-term loans payable	(86,832,000)	(27,707,000)	(172,018)
Proceeds from long-term loans payable	129,686,000	43,557,000	270,422
Repayments of long-term loans payable	(26,343,000)	(19,796,000)	(122,903)
Proceeds from issuance of investment corporation bonds	3,470,368	5,950,508	36,943
Redemption of investment corporation bonds	(2,000,000)	-	-
Payments for loan-related costs	(2,684,150)	(861,343)	(5,347)
Payments of distributions of earnings	(8,922,722)	(11,046,120)	(68,579)
Proceeds from issuance of investment units	34,247,357	-	-
Net cash provided by (used in) financing activities	52,520,852	(9,902,955)	(61,482)
Effect of exchange rate change on cash and cash equivalents	(23)	142	0
Net increase (decrease) in cash and cash equivalents	6,851,312	7,668,309	47,608
Cash and cash equivalents at beginning of period	28,041,202	34,892,514	216,629
Cash and cash equivalents at end of period (Note 6)	¥ 34,892,514	¥ 42,560,824	\$ 264,238

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, 2024

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 tenth 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.

On July 31, 2023, the Company completed its eleventh public offering totaling 609,792 new investment units at a price ¥53,726 per unit. 353,680 of such units were issued in connection with a Domestic Public Offering, and the remaining 256,112 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 28, 2023, the Company issued 30,489 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥34.3 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.

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, 2024</u>
Buildings	16-50
Buildings and accompanying facilities	5-29
Structures	20
Tools, furniture and fixtures	3-18
Buildings in trust	5-67
Buildings and accompanying facilities in trust	3-33
Structures in trust	7-55
Tools, furniture and fixtures in trust	2-20

(f) Intangible Assets

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

(g) Long-term Prepaid Expenses

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

(h) Investment corporation bond issuance costs

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

(i) Allowance for Doubtful Accounts

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

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

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

(k) Impairment of Fixed Assets

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

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

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

(m) Income Taxes

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

(n) Consumption Taxes

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

(o) Taxes on Property and Equipment

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

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

No taxes on property and equipment were capitalized for the six months ended June 30, 2024.

(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

Hedging instruments : Forward exchange contracts Hedged items : Future transactions denominated in a foreign currency

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 ¥161.07 = US\$1, the effective rate of exchange prevailing at June 30, 2024. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended June 30, 2024 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, 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)	

(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, 2024

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	\$ (815)	\$ (38)	-	-	\$ (38)	-
Total		\$ (815)	\$ (38)	-	-	\$ (38)	

(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. Advanced depreciation

Advanced depreciation amount for property, plant and equipment acquired by government subsidies, etc are as follows.

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Buildings and accompanying facilities in trust	¥ -	¥ 24,991	\$ 155

6. Cash and Cash Equivalents

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

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Cash and bank deposits	¥ 21,956,120	¥ 30,213,929	\$ 187,582
Cash and bank deposits in trust	¥ 12,936,394	¥ 12,346,894	\$ 76,655
Cash and cash equivalents	¥ 34,892,514	¥ 42,560,824	\$ 264,238

7. Property and Equipment

The following tables show the summary of movement in property and equipment For the six months ended June 30, 2024.

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of yen)						
Buildings	¥ 19,484,168	¥ 3,287	¥ -	¥ 19,487,456	¥ 2,246,260	¥ 219,340	¥ 17,241,196
Buildings and accompanying facilities	5,311,876	-	-	5,311,876	1,567,255	153,541	3,744,620
Structures	1,458	-	-	1,458	282	32	1,176
Tools, furniture and fixtures	1,365,816	129,847	-	1,495,664	622,265	79,076	873,398
Leasehold rights	10,637,811	-	-	10,637,811	-	-	10,637,811
Construction in progress	754,330	333,742	32,421	1,055,651	-	-	1,055,651
Buildings in trust	184,088,728	247,671	-	184,336,400	33,929,448	2,566,738	150,406,952
Buildings and accompanying facilities in trust	40,943,104	1,139,118	24,991	42,057,231	15,555,045	1,061,330	26,502,186
Structures in trust	281,528	21,214	-	302,742	129,191	7,274	173,551
Tools, furniture and fixtures in trust	3,767,991	281,892	-	4,049,883	2,413,909	213,037	1,635,974
Land in trust	264,666,397	-	-	264,666,397	-	-	264,666,397
Leasehold rights in trust	17,989,557	-	-	17,989,557	631,757	38,810	17,357,800
Construction in progress in trust	198,056	237,692	195,250	240,499	-	-	240,499
Total	¥ 549,490,828	¥ 2,394,466	¥ 252,662	¥ 551,632,633	¥ 57,095,415	¥ 4,339,184	¥ 494,537,218

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars)						
Buildings	\$ 120,967	\$ 20	\$ -	\$ 120,987	\$ 13,945	\$ 1,361	\$ 107,041

Buildings and accompanying facilities	32,978	-	-	32,978	9,730	953	23,248
Structures	9	-	-	9	1	-	7
Tools, furniture and fixtures	8,479	806	-	9,285	3,863	490	5,422
Leasehold rights	66,044	-	-	66,044	-	-	66,044
Construction in progress	4,683	2,072	201	6,553	-	-	6,553
Buildings in trust	1,142,911	1,537	-	1,144,448	210,650	15,935	933,798
Buildings and accompanying facilities in trust	254,194	7,072	155	261,111	96,573	6,589	164,538
Structures in trust	1,747	131	-	1,879	802	45	1,077
Tools, furniture and fixtures in trust	23,393	1,750	-	25,143	14,986	1,322	10,156
Land in trust	1,643,176	-	-	1,643,176	-	-	1,643,176
Leasehold rights in trust	111,687	-	-	111,687	3,922	240	107,765
Construction in progress in trust	1,229	1,475	1,212	1,493	-	-	1,493
Total	\$ 3,411,503	\$ 14,865	\$ 1,568	\$ 3,424,800	\$ 354,475	\$ 26,939	\$ 3,070,324

8. Fair Value of Investment and Rental Properties

The following tables show the net book value and the fair value of the investment and rental properties in the aggregate For the six months ended December 31, 2023 and June 30, 2024.

Residential

	As of / For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 34,210,779	¥ 34,086,080	\$ 211,622
Net increase (decrease) during period	(124,698)	(188,194)	(1,168)
Balance at the end of period	34,086,080	33,897,885	210,454
Fair value	¥ 48,229,000	¥ 48,546,000	\$ 301,396

Retail facilities

	As of / For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 1,588,724	¥ 1,592,723	\$ 9,888
Net increase (decrease) during period	3,999	(17,055)	(105)
Balance at the end of period	1,592,723	1,575,668	9,782
Fair value	¥ 2,380,000	¥ 2,380,000	\$ 14,776

Hotel

	As of / For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Net book value			
Balance at the beginning of period	¥ 404,698,985	¥ 460,103,406	\$ 2,856,543
Net increase (decrease) during period	55,404,420	(2,335,894)	(14,502)
Balance at the end of period	460,103,406	457,767,512	2,842,040
Fair value	¥ 578,432,474	¥ 606,976,797	\$ 3,768,403

Total

	As of / For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)

	U.S. dollars)		
Net book value			
Balance at the beginning of period	¥ 440,498,489	¥ 495,782,211	\$ 3,078,054
Net increase (decrease) during period	55,283,722	(2,541,143)	(15,776)
Balance at the end of period	495,782,211	493,241,067	3,062,277
Fair value	¥ 629,041,474	¥ 657,902,797	\$ 4,084,576

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, 2023 and June 30, 2024, please refer to "Note 13: Rent Revenues—Real Estate and Expenses Related to Property Rental Business"

9. Investment corporation bonds

The following table shows the details of investment corporation bonds For the six months ended June 30, 2024.

For the six months ended June 30, 2024

	Beginning balance	Ending balance	Beginning balance	Ending balance	Interest rate (%)
	(in thousands of yen)		(in thousands of U.S. dollars)		
2nd unsecured investment corporation bond (Issued on May 25, 2018 and due on May 25, 2028) (1)(3)	1,000,000	1,000,000	6,208	6,208	0.800
4th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 28, 2024) (1)(5)	1,000,000	1,000,000	6,208	6,208	0.480
5th unsecured investment corporation bond (Issued on October 28, 2019 and due on October 26, 2029) (1)(5)	2,000,000	2,000,000	12,416	12,416	0.900
6th unsecured investment corporation bond (Issued on March 13, 2020 and due on March 13, 2030) (1)(4)	1,200,000	1,200,000	7,450	7,450	0.850
7th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2026) (1)(6)	5,000,000	5,000,000	31,042	31,042	1.000
8th unsecured investment corporation bond (Issued on May 25, 2023 and due on May 25, 2028) (1)(6)	1,200,000	1,200,000	7,450	7,450	1.200
9th unsecured investment corporation bond (Issued on September 21, 2023 and due on September 21, 2028) (1)(6)	1,700,000	1,700,000	10,554	10,554	1.200
10th unsecured investment corporation bond (Issued on December 14, 2023 and due on December 14, 2028) (1)(6)	1,800,000	1,800,000	11,175	11,175	1.297
11th unsecured investment corporation bond (Issued on February 9, 2024 and due on February 9, 2029) (2)(6)	-	6,000,000	-	37,250	1.470
Total investment corporation bonds	14,900,000	20,900,000	92,506	129,757	

Notes:

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

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

	As of	
	June 30,	June 30,
	2024	2024
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year.....	¥ 1,000,000	\$ 6,208
1-2 years.....	5,000,000	31,042
2-3 years.....	-	-
3-4 years.....	2,200,000	13,658
4-5 years.....	9,500,000	58,980

10. Loans Payable

The following table shows the details of loans payable For the six months ended June 30, 2024.

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Short-term loans payable	Mizuho Bank, Ltd.	1,656,400	-	1,656,400	-	10,283	-	10,283	-	0.315	16-Jan-24	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	2,451,800	-	2,451,800	-	15,221	-	15,221	-	0.315	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	2,318,200	-	2,318,200	-	14,392	-	14,392	-	0.315	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	1,312,600	-	1,312,600	-	8,149	-	8,149	-	0.315	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,500,000	-	1,500,000	-	9,312	-	9,312	-	0.315	16-Jan-24		
	SBI Shinsai Bank, Limited	169,000	-	169,000	-	1,049	-	1,049	-	0.315	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	300,000	-	1,862	-	1,862	-	0.315	16-Jan-24		
	Resona Bank, Limited.	600,000	-	600,000	-	3,725	-	3,725	-	0.315	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	100,000	-	620	-	620	-	0.315	16-Jan-24		
	MUFG Bank, Ltd.	1,700,000	-	1,700,000	-	10,554	-	10,554	-	0.315	24-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	6,800,000	-	6,800,000	-	42,217	-	42,217	-	0.315	24-Jan-24		
	Mizuho Bank, Ltd.	333,000	-	333,000	-	2,067	-	2,067	-	0.305	14-Mar-24		
	MUFG Bank, Ltd.	148,000	-	148,000	-	918	-	918	-	0.305	14-Mar-24		
	Sumitomo Mitsui Trust Bank, Limited	254,000	-	254,000	-	1,576	-	1,576	-	0.305	14-Mar-24		
	SBI Shinsai Bank, Limited	281,000	-	281,000	-	1,744	-	1,744	-	0.305	14-Mar-24		
	Development Bank of Japan Inc.	100,000	-	100,000	-	620	-	620	-	0.305	14-Mar-24		
	The Nomura Trust and Banking Co., Ltd.	700,000	-	700,000	-	4,345	-	4,345	-	0.305	14-Mar-24		
	The Shizuoka Bank, Ltd.	1,845,000	-	1,845,000	-	11,454	-	11,454	-	0.305	14-Mar-24		
The Bank of Fukuoka, Ltd.	858,000	-	858,000	-	5,326	-	5,326	-	0.305	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	MUFG Bank, Ltd.	85,000	-	85,000	-	527	-	527	-	0.305	14-Mar-24	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	109,000	-	109,000	-	676	-	676	-	0.305	14-Mar-24		
	SBI Shinsei Bank, Limited	1,000,000	-	1,000,000	-	6,208	-	6,208	-	0.433	27-Jun-24		
	SBI Shinsei Bank, Limited	5,513,000	-	-	5,513,000	34,227	-	-	34,227	0.395	16-Jul-24		
	Resona Bank, Limited.	1,335,000	-	-	1,335,000	8,288	-	-	8,288	0.395	16-Jul-24		
	Mizuho Bank, Ltd.	960,400	-	960,400	-	5,962	-	5,962	-	0.395	01-Aug-24 (3)		
	MUFG Bank, Ltd.	742,000	-	742,000	-	4,606	-	4,606	-	0.395	01-Aug-24 (3)		
	Sumitomo Mitsui Banking Corporation	728,900	-	728,900	-	4,525	-	4,525	-	0.395	01-Aug-24 (3)		
	Sumitomo Mitsui Trust Bank, Limited	654,700	-	654,700	-	4,064	-	4,064	-	0.395	01-Aug-24 (3)		
	Resona Bank, Limited.	1,665,000	-	-	1,665,000	10,337	-	-	10,337	0.395	16-Jul-24		
	The Bank of Fukuoka, Ltd.	300,000	-	-	300,000	1,862	-	-	1,862	0.395	16-Jul-24		
	Total short-term loans payable	36,520,000	-	27,707,000	8,813,000	226,733	-	172,018	54,715				
Long-term loans payable	Mizuho Bank, Ltd.	1,250,000	-	-	1,250,000	7,760	-	-	7,760	0.995	11-Oct-24		
	Sumitomo Mitsui Trust Bank, Limited	1,060,000	-	-	1,060,000	6,580	-	-	6,580	0.995	11-Oct-24		
	Sumitomo Mitsui Banking Corporation	1,250,000	-	-	1,250,000	7,760	-	-	7,760	0.995	11-Oct-24		
	Aozora Bank, Ltd.	1,000,000	-	1,000,000	-	6,208	-	6,208	-	0.594	29-Mar-24		
	THE NISHI-NIPPON CITY BANK, LTD.	921,000	-	921,000	-	5,718	-	5,718	-	0.594	29-Mar-24		
	The Tochigi Bank, Ltd.	480,000	-	480,000	-	2,980	-	2,980	-	0.594	29-Mar-24		
	Kiriboshi Bank, Ltd.	961,000	-	-	961,000	5,966	-	-	5,966	0.995	29-Mar-29		
Mizuho Bank, Ltd.	571,400	-	571,400	-	3,547	-	3,547	-	0.499	16-Jan-24			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	MUFG Bank, Ltd.	1,464,800	-	1,464,800	-	9,094	-	9,094	-	0.499	16-Jan-24	(2)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,331,200	-	1,331,200	-	8,264	-	8,264	-	0.499	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	628,600	-	3,902	-	3,902	-	0.499	16-Jan-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	1,000,000	-	6,208	-	6,208	-	0.499	16-Jan-24		
	SBI Shinsei Bank, Limited	200,000	-	200,000	-	1,241	-	1,241	-	0.499	16-Jan-24		
	Resona Bank, Limited.	600,000	-	600,000	-	3,725	-	3,725	-	0.499	16-Jan-24		
	Mizuho Bank, Ltd.	1,171,400	-	-	1,171,400	7,272	-	-	7,272	0.563	16-Jul-24		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	9,094	-	-	9,094	0.563	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	8,264	-	-	8,264	0.563	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	3,902	-	-	3,902	0.563	16-Jul-24		
	Citibank, N.A., Tokyo Branch	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.563	16-Jul-24		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,241	-	-	1,241	0.563	16-Jul-24		
	Mizuho Bank, Ltd.	2,171,400	-	-	2,171,400	13,481	-	-	13,481	0.745	16-Jan-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	9,094	-	-	9,094	0.745	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	8,264	-	-	8,264	0.745	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	3,902	-	-	3,902	0.745	16-Jan-25		
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,241	-	-	1,241	0.745	16-Jan-25		
	Mizuho Bank, Ltd.	2,170,400	-	-	2,170,400	13,474	-	-	13,474	0.895	16-Jul-25		
	MUFG Bank, Ltd.	1,464,800	-	-	1,464,800	9,094	-	-	9,094	0.895	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	1,331,200	-	-	1,331,200	8,264	-	-	8,264	0.895	16-Jul-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	628,600	-	-	628,600	3,902	-	-	3,902	0.895	16-Jul-25	(2)	Unsecured and unguaranteed
	SBI Shinsei Bank, Limited	200,000	-	-	200,000	1,241	-	-	1,241	0.895	16-Jul-25		
	Mizuho Bank, Ltd.	712,000	-	712,000	-	4,420	-	4,420	-	0.525	16-Jan-24		
	MUFG Bank, Ltd.	986,000	-	986,000	-	6,121	-	6,121	-	0.525	16-Jan-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	986,000	-	6,121	-	6,121	-	0.525	16-Jan-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	684,000	-	4,246	-	4,246	-	0.525	16-Jan-24		
	Citibank, N.A., Tokyo Branch	500,000	-	500,000	-	3,104	-	3,104	-	0.525	16-Jan-24		
	Development Bank of Japan Inc.	300,000	-	300,000	-	1,862	-	1,862	-	0.525	16-Jan-24		
	AEON Bank, Ltd.	300,000	-	300,000	-	1,862	-	1,862	-	0.525	16-Jan-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	100,000	-	620	-	620	-	0.525	16-Jan-24		
	Aozora Bank, Ltd.	237,000	-	237,000	-	1,471	-	1,471	-	0.525	16-Jan-24		
	Mizuho Bank, Ltd.	712,000	-	-	712,000	4,420	-	-	4,420	0.580	16-Jul-24		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,121	-	-	6,121	0.580	16-Jul-24		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,121	-	-	6,121	0.580	16-Jul-24		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,246	-	-	4,246	0.580	16-Jul-24		
	Citibank, N.A., Tokyo Branch	500,000	-	-	500,000	3,104	-	-	3,104	0.580	16-Jul-24		
	Development Bank of Japan Inc.	300,000	-	-	300,000	1,862	-	-	1,862	0.580	16-Jul-24		
	AEON Bank, Ltd.	300,000	-	-	300,000	1,862	-	-	1,862	0.580	16-Jul-24		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	620	-	-	620	0.580	16-Jul-24		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,328	-	-	2,328	0.580	16-Jul-24		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	1,212,000	-	-	1,212,000	7,524	-	-	7,524	0.745	16-Jan-25	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,121	-	-	6,121	0.745	16-Jan-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,121	-	-	6,121	0.745	16-Jan-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,246	-	-	4,246	0.745	16-Jan-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	1,862	-	-	1,862	0.745	16-Jan-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	1,862	-	-	1,862	0.745	16-Jan-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	620	-	-	620	0.745	16-Jan-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,328	-	-	2,328	0.745	16-Jan-25		
	Mizuho Bank, Ltd.	1,211,000	-	-	1,211,000	7,518	-	-	7,518	0.895	16-Jul-25		
	MUFG Bank, Ltd.	986,000	-	-	986,000	6,121	-	-	6,121	0.895	16-Jul-25		
	Sumitomo Mitsui Banking Corporation	986,000	-	-	986,000	6,121	-	-	6,121	0.895	16-Jul-25		
	Sumitomo Mitsui Trust Bank, Limited	684,000	-	-	684,000	4,246	-	-	4,246	0.895	16-Jul-25		
	Development Bank of Japan Inc.	300,000	-	-	300,000	1,862	-	-	1,862	0.895	16-Jul-25		
	AEON Bank, Ltd.	300,000	-	-	300,000	1,862	-	-	1,862	0.895	16-Jul-25		
	The Nomura Trust and Banking Co., Ltd.	100,000	-	-	100,000	620	-	-	620	0.895	16-Jul-25		
	Aozora Bank, Ltd.	375,000	-	-	375,000	2,328	-	-	2,328	0.895	16-Jul-25		
	The Tokyo Star Bank, Limited	700,000	-	-	700,000	4,345	-	-	4,345	0.895	16-Jul-25		
	Mizuho Bank, Ltd.	2,882,000	-	2,882,000	-	17,892	-	17,892	-	0.462	16-Jan-24		
	Saiju Sai Bank, Ltd.	662,000	-	662,000	-	4,110	-	4,110	-	0.462	16-Jan-24		
	Saiju Sai Bank, Ltd.	1,700,000	-	1,700,000	-	10,554	-	10,554	-	0.486	15-Apr-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	Saiju Sai Bank, Ltd.	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.745	15-Apr-25	(2)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.895	15-Oct-25		
	Sumitomo Mitsui Trust Bank, Limited	3,050,000	-	-	3,050,000	18,935	-	-	18,935	0.643	06-Jan-25		
	Moniji Bank, Ltd.	961,000	-	-	961,000	5,966	-	-	5,966	0.643	06-Jan-25		
	The Kiyo Bank, Ltd.	480,000	-	-	480,000	2,980	-	-	2,980	0.643	06-Jan-25		
	Mizuho Bank, Ltd.	634,000	-	-	634,000	3,936	-	-	3,936	0.487	16-Mar-25		
	Resona Bank, Limited.	300,000	-	-	300,000	1,862	-	-	1,862	0.487	16-Mar-25		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.487	16-Mar-25		
	The Bank of Fukuoka, Ltd.	333,000	-	-	333,000	2,067	-	-	2,067	0.487	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	333,000	-	-	333,000	2,067	-	-	2,067	0.487	16-Mar-25		
	The Shizuoka Bank, Ltd.	200,000	-	-	200,000	1,241	-	-	1,241	0.487	16-Mar-25		
	The Yamaguchi Bank, Ltd.	411,000	-	-	411,000	2,551	-	-	2,551	0.487	16-Mar-25		
	Mizuho Bank, Ltd.	582,000	-	-	582,000	3,613	-	-	3,613	0.695	16-Mar-25		
	MUFG Bank, Ltd.	628,000	-	-	628,000	3,898	-	-	3,898	0.695	16-Mar-25		
	Sumitomo Mitsui Trust Bank, Limited	1,090,000	-	-	1,090,000	6,767	-	-	6,767	0.695	16-Mar-25		
	SBI Shinsai Bank, Limited	570,000	-	-	570,000	3,538	-	-	3,538	0.695	16-Mar-25		
	Resona Bank, Limited.	500,000	-	-	500,000	3,104	-	-	3,104	0.695	16-Mar-25		
	The Nomura Trust and Banking Co., Ltd.	270,000	-	-	270,000	1,676	-	-	1,676	0.695	16-Mar-25		
	Aozora Bank, Ltd.	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.695	16-Mar-25		
	The Shizuoka Bank, Ltd.	270,000	-	-	270,000	1,676	-	-	1,676	0.695	16-Mar-25		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Kagawa Bank, Ltd.	500,000	-	-	500,000	3,104	-	-	3,104	0.695	16-Mar-25	(2)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	550,000	-	-	550,000	3,414	-	-	3,414	0.695	16-Mar-25		
	The Chukyo Bank, Ltd.	961,000	-	-	961,000	5,966	-	-	5,966	0.695	16-Mar-25		
	The Tokyo Star Bank, Limited	1,582,000	-	-	1,582,000	9,821	-	-	9,821	0.545	20-Jul-24		
	The Tokyo Star Bank, Limited	600,000	-	-	600,000	3,725	-	-	3,725	0.545	20-Jul-25		
	The Tokyo Star Bank, Limited	1,190,000	-	-	1,190,000	7,388	-	-	7,388	0.695	13-Oct-27		
	Sumitomo Mitsui Trust Bank, Limited	1,550,000	-	1,550,000	-	9,623	-	9,623	-	0.315	24-Jan-24		
	Mizuho Bank, Ltd.	3,001,500	-	-	3,001,500	18,634	-	-	18,634	0.712	14-Mar-26		
	MUFG Bank, Ltd.	1,326,000	-	-	1,326,000	8,232	-	-	8,232	0.712	14-Mar-26		
	Sumitomo Mitsui Trust Bank, Limited	2,293,500	-	-	2,293,500	14,239	-	-	14,239	0.712	14-Mar-26		
	Development Bank of Japan Inc.	900,000	-	-	900,000	5,587	-	-	5,587	0.712	14-Mar-26		
	MUFG Bank, Ltd.	765,000	-	-	765,000	4,749	-	-	4,749	0.707	14-Mar-26		
	The Chiba Bank, Ltd.	981,000	-	-	981,000	6,090	-	-	6,090	0.707	14-Mar-26		
	Development Bank of Japan Inc.	1,000,000	-	-	1,000,000	6,208	-	-	6,208	0.597	19-Jun-26		
	MUFG Bank, Ltd.	500,000	-	-	500,000	3,104	-	-	3,104	0.597	27-Jun-26		
	SBI Shinsei Bank, Limited	1,110,000	-	-	1,110,000	6,891	-	-	6,891	0.395	16-Jul-24		
	Mizuho Bank, Ltd.	1,221,000	-	-	1,221,000	7,580	-	-	7,580	0.691	16-Jul-26		
	MUFG Bank, Ltd.	1,110,000	-	-	1,110,000	6,891	-	-	6,891	0.691	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	998,500	-	-	998,500	6,199	-	-	6,199	0.691	16-Jul-26		
Sumitomo Mitsui Trust Bank, Limited	445,000	-	-	445,000	2,762	-	-	2,762	0.691	16-Jul-26			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	5,821,500	-	-	5,821,500	36,142	-	-	36,142	0.696	16-Jul-26	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	5,783,500	-	-	5,783,500	35,906	-	-	35,906	0.696	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	4,601,500	-	-	4,601,500	28,568	-	-	28,568	0.696	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	2,225,000	-	-	2,225,000	13,813	-	-	13,813	0.696	16-Jul-26		
	Development Bank of Japan Inc.	333,000	-	-	333,000	2,067	-	-	2,067	0.696	16-Jul-26		
	The Ogaki Kyoritsu Bank, Ltd.	93,500	-	-	93,500	580	-	-	580	0.696	16-Jul-26		
	Mizuho Bank, Ltd.	1,221,000	-	-	1,221,000	7,580	-	-	7,580	1.395	14-Jul-28		
	MUFG Bank, Ltd.	1,110,000	-	-	1,110,000	6,891	-	-	6,891	1.395	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	998,500	-	-	998,500	6,199	-	-	6,199	1.395	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	445,000	-	-	445,000	2,762	-	-	2,762	1.395	14-Jul-28		
	Mizuho Bank, Ltd.	5,821,500	-	-	5,821,500	36,142	-	-	36,142	1.395	14-Jul-28		
	MUFG Bank, Ltd.	5,783,500	-	-	5,783,500	35,906	-	-	35,906	1.395	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	4,601,500	-	-	4,601,500	28,568	-	-	28,568	1.395	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	2,225,000	-	-	2,225,000	13,813	-	-	13,813	1.395	14-Jul-28		
	Development Bank of Japan Inc.	333,000	-	-	333,000	2,067	-	-	2,067	1.395	14-Jul-28		
	The Ogaki Kyoritsu Bank, Ltd.	93,500	-	-	93,500	580	-	-	580	1.395	14-Jul-28		
	Mizuho Bank, Ltd.	296,800	-	-	296,800	1,842	-	-	1,842	0.495	16-Jul-26		
	MUFG Bank, Ltd.	227,700	-	-	227,700	1,413	-	-	1,413	0.495	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	224,100	-	-	224,100	1,391	-	-	1,391	0.495	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	203,000	-	-	203,000	1,260	-	-	1,260	0.495	16-Jul-26		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	1,519,600	-	-	1,519,600	9,434	-	-	9,434	0.495	16-Jul-26	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	1,165,900	-	-	1,165,900	7,238	-	-	7,238	0.495	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	1,147,300	-	-	1,147,300	7,122	-	-	7,122	0.495	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	1,039,500	-	-	1,039,500	6,453	-	-	6,453	0.495	16-Jul-26		
	Development Bank of Japan Inc.	296,100	-	-	296,100	1,838	-	-	1,838	0.495	16-Jul-26		
	Mizuho Bank, Ltd.	2,454,000	-	-	2,454,000	15,235	-	-	15,235	0.691	16-Jul-26		
	MUFG Bank, Ltd.	1,784,600	-	-	1,784,600	11,079	-	-	11,079	0.691	16-Jul-26		
	Sumitomo Mitsui Banking Corporation	1,784,600	-	-	1,784,600	11,079	-	-	11,079	0.691	16-Jul-26		
	Sumitomo Mitsui Trust Bank, Limited	1,586,300	-	-	1,586,300	9,848	-	-	9,848	0.691	16-Jul-26		
	The Tokyo Star Bank, Limited	793,100	-	-	793,100	4,923	-	-	4,923	0.691	16-Jul-26		
	Aozora Bank, Ltd.	793,100	-	-	793,100	4,923	-	-	4,923	0.691	16-Jul-26		
	Mizuho Bank, Ltd.	3,681,000	-	-	3,681,000	22,853	-	-	22,853	1.069	14-Jul-28		
	MUFG Bank, Ltd.	2,677,000	-	-	2,677,000	16,620	-	-	16,620	1.069	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	2,677,000	-	-	2,677,000	16,620	-	-	16,620	1.069	14-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	2,379,500	-	-	2,379,500	14,773	-	-	14,773	1.069	14-Jul-28		
	Development Bank of Japan Inc.	2,974,400	-	-	2,974,400	18,466	-	-	18,466	1.069	14-Jul-28		
	The Tokyo Star Bank, Limited	1,189,700	-	-	1,189,700	7,386	-	-	7,386	1.069	14-Jul-28		
	Aozora Bank, Ltd.	1,189,700	-	-	1,189,700	7,386	-	-	7,386	1.069	14-Jul-28		
	The Oryoku Kyoritsu Bank, Ltd.	806,000	-	-	806,000	5,004	-	-	5,004	1.069	14-Jul-28		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	18,625	-	-	18,625	0.879	16-Jul-27		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	6,947,000	-	-	6,947,000	43,130	-	-	43,130	0.894	16-Jul-27	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	5,133,100	-	-	5,133,100	31,868	-	-	31,868	0.894	16-Jul-27		
	Sumitomo Mitsui Banking Corporation	6,717,200	-	-	6,717,200	41,703	-	-	41,703	0.894	16-Jul-27		
	Sumitomo Mitsui Trust Bank, Limited	2,679,950	-	-	2,679,950	16,638	-	-	16,638	0.894	16-Jul-27		
	Development Bank of Japan Inc.	2,100,000	-	-	2,100,000	13,037	-	-	13,037	0.894	16-Jul-27		
	The Nomura Trust and Banking Co., Ltd.	756,000	-	-	756,000	4,693	-	-	4,693	0.894	16-Jul-27		
	Mizuho Bank, Ltd.	875,000	-	-	875,000	5,432	-	-	5,432	0.879	16-Jul-27		
	Sumitomo Mitsui Banking Corporation	875,000	-	-	875,000	5,432	-	-	5,432	0.879	16-Jul-27		
	Sumitomo Mitsui Trust Bank, Limited	745,500	-	-	745,500	4,628	-	-	4,628	0.879	16-Jul-27		
	Mizuho Bank, Ltd.	2,977,500	-	-	2,977,500	18,485	-	-	18,485	0.797	16-Jul-28		
	MUFG Bank, Ltd.	2,199,900	-	-	2,199,900	13,658	-	-	13,658	0.797	16-Jul-28		
	Sumitomo Mitsui Banking Corporation	2,878,800	-	-	2,878,800	17,872	-	-	17,872	0.797	16-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	1,148,550	-	-	1,148,550	7,130	-	-	7,130	0.797	16-Jul-28		
	Development Bank of Japan Inc.	900,000	-	-	900,000	5,587	-	-	5,587	0.797	16-Jul-28		
	Mizuho Bank, Ltd.	375,000	-	-	375,000	2,328	-	-	2,328	0.797	16-Jul-28		
	Sumitomo Mitsui Banking Corporation	375,000	-	-	375,000	2,328	-	-	2,328	0.797	16-Jul-28		
	Sumitomo Mitsui Trust Bank, Limited	319,500	-	-	319,500	1,983	-	-	1,983	0.797	16-Jul-28		
	SBI Shimsei Bank, Limited	3,197,000	-	-	3,197,000	19,848	-	-	19,848	0.691	16-Jul-26		
	The Tokyo Star Bank, Limited	1,900,000	-	-	1,900,000	11,796	-	-	11,796	1.054	14-Jul-28		
	Mizuho Bank, Ltd.	4,321,000	-	-	4,321,000	26,826	-	-	26,826	0.897	29-Nov-29		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Mizuho Bank, Ltd.	-	1,622,900	-	1,622,900	-	10,075	-	10,075	1.265	14-Mar-28	(2)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	-	1,367,300	-	1,367,300	-	8,488	-	8,488	1.265	14-Mar-28		
	Sumitomo Mitsui Banking Corporation	-	1,292,700	-	1,292,700	-	8,025	-	8,025	1.265	14-Mar-28		
	Sumitomo Mitsui Trust Bank, Limited	-	732,100	-	732,100	-	4,545	-	4,545	1.265	14-Mar-28		
	Aozora Bank, Ltd.	-	237,000	-	237,000	-	1,471	-	1,471	1.265	14-Mar-28		
	The Nomura Trust and Banking Co., Ltd.	-	56,000	-	56,000	-	347	-	347	1.265	14-Mar-28		
	MUFG Bank, Ltd.	-	850,000	-	850,000	-	5,277	-	5,277	1.265	14-Mar-28		
	Sumitomo Mitsui Trust Bank, Limited	-	4,175,000	-	4,175,000	-	25,920	-	25,920	1.265	14-Mar-28		
	Mizuho Bank, Ltd.	-	1,622,900	-	1,622,900	-	10,075	-	10,075	0.797	14-Mar-29		
	MUFG Bank, Ltd.	-	1,367,300	-	1,367,300	-	8,488	-	8,488	0.797	14-Mar-29		
	Sumitomo Mitsui Banking Corporation	-	1,292,700	-	1,292,700	-	8,025	-	8,025	0.797	14-Mar-29		
	Sumitomo Mitsui Trust Bank, Limited	-	732,100	-	732,100	-	4,545	-	4,545	0.797	14-Mar-29		
	Development Bank of Japan Inc.	-	335,000	-	335,000	-	2,079	-	2,079	0.797	14-Mar-29		
	The Nomura Trust and Banking Co., Ltd.	-	56,000	-	56,000	-	347	-	347	0.797	14-Mar-29		
	MUFG Bank, Ltd.	-	850,000	-	850,000	-	5,277	-	5,277	0.797	14-Mar-29		
	Sumitomo Mitsui Trust Bank, Limited	-	4,175,000	-	4,175,000	-	25,920	-	25,920	0.797	14-Mar-29		
	Mizuho Bank, Ltd.	-	2,576,000	-	2,576,000	-	15,993	-	15,993	0.897	14-Mar-30		
	MUFG Bank, Ltd.	-	2,168,000	-	2,168,000	-	13,459	-	13,459	0.897	14-Mar-30		
	Sumitomo Mitsui Banking Corporation	-	2,050,000	-	2,050,000	-	12,727	-	12,727	0.897	14-Mar-30		
	Sumitomo Mitsui Trust Bank, Limited	-	1,161,000	-	1,161,000	-	7,208	-	7,208	0.897	14-Mar-30		

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	Development Bank of Japan Inc.	-	265,000	-	265,000	-	1,645	-	1,645	0.897	14-Mar-30	(2)	Unsecured and unguaranteed
	Saiju Sai Bank, Ltd.	-	662,000	-	662,000	-	4,110	-	4,110	0.897	14-Mar-30		
	The Nomura Trust and Banking Co., Ltd.	-	88,000	-	88,000	-	546	-	546	0.897	14-Mar-30		
	Resona Bank, Limited.	-	1,200,000	-	1,200,000	-	7,450	-	7,450	0.395	16-Mar-25		
	SBI Shinsei Bank, Limited	-	369,000	-	369,000	-	2,290	-	2,290	0.597	14-Mar-27		
	The Tokyo Star Bank, Limited	-	2,440,000	-	2,440,000	-	15,148	-	15,148	0.797	14-Mar-29		
	Mizuho Bank, Ltd.	-	333,000	-	333,000	-	2,067	-	2,067	0.897	14-Mar-30		
	MUFG Bank, Ltd.	-	233,000	-	233,000	-	1,446	-	1,446	0.897	14-Mar-30		
	Sumitomo Mitsui Trust Bank, Limited	-	363,000	-	363,000	-	2,253	-	2,253	0.897	14-Mar-30		
	Development Bank of Japan Inc.	-	100,000	-	100,000	-	620	-	620	0.897	14-Mar-30		
	The Nomura Trust and Banking Co., Ltd.	-	350,000	-	350,000	-	2,172	-	2,172	0.797	14-Mar-29		
	Aozora Bank, Ltd.	-	500,000	-	500,000	-	3,104	-	3,104	0.797	14-Mar-29		
	The Tochigi Bank, Ltd.	-	901,000	-	901,000	-	5,593	-	5,593	0.797	14-Mar-29		
	The Nomura Trust and Banking Co., Ltd.	-	350,000	-	350,000	-	2,172	-	2,172	0.697	14-Mar-28		
	SBI Shinsei Bank, Limited	-	281,000	-	281,000	-	1,744	-	1,744	0.597	14-Mar-27		
	The Shizuoka Bank, Ltd.	-	1,000,000	-	1,000,000	-	6,208	-	6,208	0.597	14-Mar-27		
	The Bank of Fukuoka, Ltd.	-	465,000	-	465,000	-	2,886	-	2,886	0.597	14-Mar-27		
	Aozora Bank, Ltd.	-	500,000	-	500,000	-	3,104	-	3,104	0.597	14-Mar-27		
THE NISHI-NIPPON CITY BANK, LTD.	-	500,000	-	500,000	-	3,104	-	3,104	0.597	14-Mar-27			
The Shizuoka Bank, Ltd.	-	845,000	-	845,000	-	5,246	-	5,246	0.497	14-Mar-26			

Classification	Name of lender	Beginning balance	Increase	Decrease	Ending Balance	Beginning balance	Increase	Decrease	Ending balance	Average interest rate (%) (1)	Maturity date	Use of proceeds	Remarks
		(in thousands of yen)				(in thousands of U.S. dollars)							
Long-term loans payable	The Bank of Fukuoka, Ltd.	-	393,000	-	393,000	-	2,439	-	2,439	0.497	14-Mar-26	(2)	Unsecured and unguaranteed
	Saiju San Bank, Ltd.	-	1,700,000	-	1,700,000	-	10,554	-	10,554	0.897	14-Mar-30		
	SBI Shinsei Bank, Limited	-	1,000,000	-	1,000,000	-	6,208	-	6,208	0.797	16-Jul-29		
	Total long-term loans payable	217,680,000	43,557,000	19,796,000	241,441,000	1,351,462	270,422	122,903	1,498,981				
Total loans payable	254,200,000	43,557,000	47,503,000	250,254,000	1,578,195	270,422	294,921	1,553,697					

Notes:

- (1) The average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to three decimal places.
- (2) The funds are mainly used to acquire properties in trust and for repayment of loans payable.
- (3) Due to the receipt of consumption taxes refunds The principal was repaid on April 30, 2024
- (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, 2024	June 30, 2024
	(in thousands of yen)	(in thousands of U.S. dollars)
Within 1 year	¥ 44,553,000	\$ 276,606
1-2 years	25,042,000	155,472
2-3 years	44,260,200	274,788
3-4 years	41,701,750	258,904
4-5 years	68,864,050	427,541

11. Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50,000 thousand (US\$310 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, 2023 and June 30, 2024.

The number of investment units issued and outstanding were 6,737,121 units as of December 31, 2023 and June 30, 2024, respectively.

12. Appropriation of Retained Earnings

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

The following table shows the appropriation of retained earnings For the six months ended December 31, 2023 and June 30, 2024.

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Unappropriated retained earnings	¥ 19,690,532	¥ 21,542,214	\$ 133,744

Distributions	(11,048,878)	(12,915,060)	(80,182)
Retained earnings / losses carried forward	¥ 8,641,653	¥ 8,627,153	\$ 53,561

The distribution in respect of the six months ended June 30, 2024 of ¥1,917 (US\$11.9) per investment unit, amounting to a total distribution of ¥12,915,060 thousand (US\$80,182 thousand) was proposed and approved at the Board of Directors meeting on August 26, 2024. These financial statements do not reflect these distributions payable.

Cash distributions per investment unit were ¥1,640 and ¥1,917 (US\$11.9) For the six months ended December 31, 2023 and June 30, 2024, respectively.

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

For the six months ended December 31, 2023

Not Applicable

For the six months ended June 30, 2024

Not Applicable

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

Rent revenue – real estate and expenses related to property rental business For the s six months ended December 31, 2023 and June 30, 2024. consist of the following:

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Rental revenue – real estate:			
Rental revenue and common area charges (*)	¥ 16,536,797	¥ 14,560,812	\$ 90,400
Other	159,279	372,220	2,310
Total rental revenue – real estate	¥ 16,696,076	¥ 14,933,032	\$ 92,711
Expenses related to property rental business:			
Facility management fees	¥ 438,212	¥ 435,871	\$ 2,706
Property related taxes	754,133	623,898	3,873
Insurance expense	23,534	24,541	152
Depreciation	3,776,448	3,889,859	24,150
Other	104,388	132,870	824
Total expenses related to property rental business	¥ 5,096,717	¥ 5,107,042	\$ 31,706
Operating income from property leasing activities	¥ 11,599,359	¥ 9,825,990	\$ 61,004
(*)Variable rental revenue of hotels	¥ 7,441,452	¥ 7,074,645	\$ 43,922

14. Management Contract Revenue

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Management contract revenue:			
Hotel management revenue	¥ 6,309,635	¥ 10,383,590	\$ 64,466
Hotel management expenses	4,186,593	5,609,317	34,825
Management contract revenue	¥ 2,123,042	¥ 4,774,272	\$ 29,640
Insurance expense	218,735	213,122	1,323
Depreciation	441,542	451,610	2,803
Other	74,443	71,600	444
Total management contract expenses	¥ 734,722	¥ 736,333	\$ 4,571
Operating income (loss) from management contract	¥ 1,388,320	¥ 4,037,939	\$ 25,069

15. 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,	June 30,
	2023	2024
	(Rate)	
Statutory tax rates	31.46 %	31.46 %
Deductible cash distributions	(31.50)	(31.44)
Increase (decrease) in valuation allowance	1.06	(0.02)
Other	(1.01)	0.00
Effective tax rates	0.01 %	0.00 %

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

	As of		
	December 31,	June 30,	June 30,
	2023	2024	2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Deferred tax assets:			
Enterprise tax payable	¥ 615	¥ 615	\$ 3
Buildings and other (merger)	181,991	178,783	1,109
Land (merger)	116,724	116,724	724
Net loss carried forward(*1)	1,277,967	1,277,967	7,934
Asset retirement obligations	123,701	124,420	772
Fixed-term leasehold	186,540	198,750	1,233
Adjustment of acquisition price (Overseas properties)	441,696	437,750	2,717
Excess depreciation	-	3,496	21
Deposits received	9,789	1,753	10
Subtotal - deferred tax assets	2,339,028	2,340,262	14,529
Valuation allowance for tax loss carried forward	(1,277,967)	(1,277,967)	(7,934)
Valuation allowance for the sum of deductible temporary differences	(1,061,060)	(1,062,295)	(6,595)
Subtotal - valuation allowance	(2,339,028)	(2,340,262)	(14,529)
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, 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)	-	-	-	-	-	1,277,967	1,277,967
Valuation allowance	-	-	-	-	-	(1,277,967)	(1,277,967)
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, 2024

	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)	-	-	-	-	-	1,277,967	1,277,967
Valuation allowance	-	-	-	-	-	(1,277,967)	(1,277,967)
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)	-	-	-	-	-	7,934	7,934
Valuation allowance	-	-	-	-	-	(7,934)	(7,934)
Deferred tax assets	-	-	-	-	-	-	-

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

16. Leases

(a) Lease rental revenues

The future minimum rental revenues pursuant to existing rental contracts as of December 31, 2023 and June 30, 2024 scheduled to be received are summarized as follows:

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 13,424,361	¥ 12,817,922	\$ 79,579
Due over one year	41,147,705	37,036,319	229,939
Total	¥ 54,572,066	¥ 49,854,242	\$ 309,519

(b) Lease rental expenses

The future minimum rental expenses pursuant to existing rental contracts as of December 31, 2023 and June 30, 2024 scheduled to be paid are summarized as follows:

	As of		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Due within one year	¥ 345,226	¥ 353,638	\$ 2,195
Due over one year	8,107,626	8,239,457	51,154
Total	¥ 8,452,852	¥ 8,593,095	\$ 53,350

17. 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, 2023 and June 30, 2024. 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, 2023			June 30, 2024			June 30, 2024		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
	(in thousands of yen)						(in thousands of U.S. dollars)		
Assets:									
Current:									
(1) Investment securities	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	¥ 17,856,387	¥ 24,420,215	¥ 6,563,828	\$ 110,861	\$ 151,612	\$ 40,751
Total assets	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	¥ 17,856,387	¥ 24,420,215	¥ 6,563,828	\$ 110,861	\$ 151,612	\$ 40,751
Liabilities:									
(2) Current portion of investment corporation bonds	1,000,000	994,700	(5,300)	1,000,000	997,500	(2,500)	6,208	6,192	(15)
(3) Current portion of long-term loans payable	36,787,000	36,787,000	-	44,553,000	44,553,000	-	276,606	276,606	-
(4) Investment corporation bonds	13,900,000	13,650,170	(249,830)	19,900,000	19,415,660	(484,340)	123,548	120,541	(3,007)
(5) Long-term loans payable	180,893,000	180,893,000	-	196,888,000	196,888,000	-	1,222,375	1,222,375	-
Total liabilities	¥ 232,580,000	¥ 232,324,870	¥ (255,130)	¥ 262,341,000	¥ 261,854,160	¥ (486,840)	\$ 1,628,739	\$ 1,625,716	\$ (3,022)
(6) Derivatives	¥ (646,492)	¥ (646,492)	¥ -	¥ (107,184)	¥ (107,184)	¥ -	\$ (665)	\$ (665)	\$ -

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 “19. 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, 2023:						
Current portion of investment corporation bonds	1,000,000	-	-	-	-	-
Current portion of long-term loans payable	36,787,000	-	-	-	-	-
Investment corporation bonds	-	-	5,000,000	-	5,700,000	3,200,000
Long-term loans payable	-	39,399,000	51,912,200	31,018,750	53,281,050	5,282,000

Total	¥ 37,787,000	¥ 39,399,000	¥ 56,912,200	¥ 31,018,750	¥ 58,981,050	¥ 8,482,000
As of June 30, 2024:						
Current portion of investment corporation bonds	1,000,000	-	-	-	-	-
Current portion of long-term loans payable	44,553,000	-	-	-	-	-
Investment corporation bonds	-	5,000,000	-	2,200,000	9,500,000	3,200,000
Long-term loans payable	-	25,042,000	44,260,200	41,701,750	68,864,050	17,020,000
Total	¥ 45,553,000	¥ 30,042,000	¥ 44,260,200	¥ 43,901,750	¥ 78,364,050	¥ 20,220,000

	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, 2024:						
Current portion of investment corporation bonds	6,208	-	-	-	-	-
Current portion of long-term loans payable	276,606	-	-	-	-	-
Investment corporation bonds	-	31,042	-	13,658	58,980	19,867
Long-term loans payable	-	155,472	274,788	258,904	427,541	105,668
Total	\$ 282,814	\$ 186,515	\$ 274,788	\$ 272,563	\$ 486,521	\$ 125,535

18. Investment securities

	As of								
	December 31, 2023			June 30, 2024			June 30, 2024		
	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	¥ 21,102,242	¥ 3,245,855	¥ 17,856,387	¥ 24,420,215	¥ 6,563,828	\$ 110,861	\$ 151,612	\$ 40,751
Total	¥ 17,856,387	¥ 21,102,242	¥ 3,245,855	¥ 17,856,387	¥ 24,420,215	¥ 6,563,828	\$ 110,861	\$ 151,612	\$ 40,751

19. Derivatives

Information on derivative transactions undertaken by the Company as of December 31, 2023 and June 30, 2024 is as follows.

(a) Transactions for which hedge accounting is not applied

As of December 31, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount		
			Total	Over 1 year	Fair Value (*1)
(in thousands of yen)					
Principle accounting method	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 4,397,800	¥ 989,200	¥ (425,438)

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

As of June 30, 2024:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount					
			Total	Over 1 year	Fair Value (*1)	Total	Over 1 year	Fair Value (*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 758,400	¥ -	¥ (204,039)	\$ 4,708	\$ -	\$ (1,266)

(*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, 2023:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount ^(*1)		
			Total	Over 1 year	Fair Value ^(*2)
			(in thousands of yen)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 130,282,250	¥ 101,297,250	¥ (221,054)

(*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, 2024:

Method of hedge accounting	Type of derivative transaction	Main hedged item	Contract amount ^(*1)			Contract amount ^(*1)		
			Total	Over 1 year	Fair Value ^(*2)	Total	Over 1 year	Fair Value ^(*2)
			(in thousands of yen)			(in thousands of U.S. dollars)		
Principle accounting method	Interest rate swap transaction floating rate receivable and Fixed rate payable	Long-term borrowings	¥ 145,001,750	¥ 126,560,750	¥ 526,904	\$ 900,240	\$ 785,749	\$ 3,271
	currency exchange forward contract USD Sell	Future transactions denominated in a foreign currency	¥ 5,243,108 ^(*3)	¥ 2,336,588	¥ (430,048) ^(*3)	\$ 32,551 ^(*3)	\$ 14,506	\$ (2,669) ^(*3)

(*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.

(*3) Of the total contract amount of ¥1,114,200 thousand (US\$6,917 thousand), hedge accounting has been partially applied, and a portion of the fair value loss of ¥292,119 thousand (US\$1,813 thousand) has been deferred.

20. Asset Retirement Obligations

The Company recognizes asset retirement obligations associated with restoration obligations upon expiration of the fixed term land lease agreements with some landowners and those associated with contractual and legal obligations for asbestos removal. The Company estimates the useful life of applicable assets as the remaining period of the fixed-term land lease agreements 43 years, and uses 1.342% discount rates for the calculation of asset retirement obligations. For buildings containing asbestos, The Company estimates the useful life to be 15-31 years, and uses a 0.963 – 1.505% discount rate.

Movements of asset retirement obligations For the six months December 31, 2023 and June 30, 2024 are as follows.

	For the six months ended		
	December 31, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Balance at the beginning of the period	¥ 34,097	¥ 393,202	\$ 2,441
Liabilities incurred due to the acquisition of properties	357,149	-	-
Accretion expense	1,955	2,285	14
Balance at the end of the period	¥ 393,202	¥ 395,487	\$ 2,455

21. Revenue Recognition

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

For the six months ended December 31, 2023

	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	28,370	18,819,119
Total	28,370	18,819,119

(*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, 2024

	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	26,509	164	21,136,007	131,222
Total	26,509	164	21,136,007	131,222

(*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, 2023	June 30, 2024	June 30, 2024
	(in thousands of yen)		(in thousands of U.S. dollars)
Claims generated from contracts with customers (balance at beginning of fiscal year)	¥ 3,093	¥ 2,876	\$ 17
Claims generated from contracts with customers (balance at end of fiscal year)	2,876	3,113	19
Contract assets (balance at beginning of fiscal year)	-	-	-
Contract assets (balance at end of fiscal year)	-	-	-
Contract liabilities (balance at beginning of fiscal year)	-	-	-
Contract liabilities (balance at end of fiscal year)	-	-	-

(i i) Transaction value allocated to remaining performance obligations

Not Applicable

22. Segment Information

Segment information For the six months ended December 31, 2023 and June 30, 2024. 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, 2023

(in thousands of yen)

<i>Japan</i>	<i>Grand Cayman</i>	<i>Total</i>
16,696,076	2,123,042	18,819,119

For the six months ended June 30, 2024

(in thousands of yen)

<i>Japan</i>	<i>Grand Cayman</i>	<i>Total</i>
16,361,734	4,774,272	21,136,007

(in thousands of U.S. dollars)

<i>Japan</i>	<i>Grand Cayman</i>	<i>Total</i>
101,581	29,640	131,222

(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, 2023 and June 30, 2024 were as follows:

For the six months ended December 31, 2023

<i>Name of client</i>	<i>Operating Revenues (in thousands of yen)</i>	<i>Related segment</i>
<i>Mystays Hotel Management Co., Ltd.</i>	10,473,047	<i>Real estate investing business</i>

For the six months ended June 30, 2024

<i>Name of client</i>	<i>Operating Revenues (in thousands of yen)</i>	<i>Operating Revenues (in thousands of U.S. dollars)</i>	<i>Related segment</i>
<i>Mystays Hotel Management Co., Ltd.</i>	10,584,789	65,715	<i>Real estate investing business</i>

23. Profit or Loss from Equity Method, etc

For the six months ended December 31, 2023

(in thousands of yen)

Investments in affiliates	17,856,387
Investments, if equity method was adopted	18,231,267
Investment gains (losses), if equity method was adopted	889,407

For the six months ended June 30, 2024

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

Investments in affiliates	17,856,387	110,861
Investments, if equity method was adopted	17,856,387	110,861
Investment gains (losses), if equity method was adopted	1,053,822	6,542

24. Related-Party Transactions

(a) Parent Company and Major Corporate Unitholders

For the six months ended December 31, 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)			Type of transactions	Amounts (1) (in thousands of yen)	Balance sheet account	Amounts(1) (in thousands of yen)
Interested party of the Asset Manager	Sheffield Asset TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.0	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥40,293,000	-	-
	Heijo TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥9,840,000	-	-
	Nippori TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥4,652,000	-	-
	Shiretoko TMK(3)	Minato-ku, Tokyo	Investment management business	¥0.1	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥2,445,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥10	-	Leaseholder and operator of hotel	Rental revenues	¥1,064,067	Rental receivables	¥174,796
	Mystays Hotel Management Co., Ltd.(3)	Minato-ku, Tokyo	Hotel management business	¥100	-	Leaseholder and operator of hotel	Rental revenues	¥10,473,047	Rental receivables	¥3,915,256

Notes:

- Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- Terms and conditions are decided pursuant to the Asset Manager's Regulations on Transactions with Sponsor-related Persons and the Management Manual regarding Transactions with Sponsor-related Persons.
- The seller, Sheffield Asset TMK, Heijo TMK, Nippori TMK, Shiretoko TMK, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management, Co. Ltd has no relationship to be stated, they receive investment through funds that are managed by FIG, a subsidiary of Softbank Group; a parent company of the asset manager directly and indirectly owning 100% of issued shares. Accordingly, we treat, Sheffield Asset TMK, Heijo TMK, Nippori TMK, Shiretoko TMK, Naqua Hotel & Management Resorts Management Co. Ltd, and Mystays Hotel Management, Co. Ltd as a related party.
- The transaction amount is stated based on the transaction price under the purchase and sale agreement of trust beneficiary interests, and does not include the expenses in the transaction, property tax, city planning tax, and consumption taxes.

Acquisition of real estate trust beneficiary interests are relating to below

Property No.	Property name	Seller	Acquisition cost (in thousands of yen)
D84	Fusaki Beach Resort	Sheffield Asset TMK	40,293,000

Property No.	Property name	Seller	Acquisition cost (in thousands of yen)
	Hotel & Villas		
D85	Tateshina Grand Hotel Takinoyu	Heijo TMK	8,365,000
D86	Hotel MyStays Okayama	Nippori TMK	2,613,000
D87	Hotel MyStays Aomori Station	Shiretoko TMK	2,445,000
D88	Hotel MyStays Soga	Nippori TMK	2,039,000
D89	Tazawako Lake Resort & Onsen	Heijo TMK	1,475,000
		Total	57,230,000

For the six months ended June 30, 2024

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)
	Naqua Hotel & Resorts Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥10	\$62	-	Seller of real estate trust beneficiary rights	Acquisition of real estate trust beneficiary rights(2)(4)	¥614,990	\$3,818	Rental receivables	¥265,387	\$1,647
	Island Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥50	\$311	-	Leaseholder and operator of hotel	Rental revenues	¥627,322	\$3,894	Rental receivables	¥265,933	\$1,651
	Mystays Hotel Management Co., Ltd.(2)	Minato-ku, Tokyo	Hotel management business	¥100	\$620	-	Leaseholder and operator of hotel	Rental revenues	¥10,584,789	\$65,715	Rental receivables	¥3,952,343	\$24,538

Notes:

- Consumption taxes are not included in the transaction amount, but are included in the balance at the end of periods.
- Naqua Hotel & Management Resorts Management Co. Ltd, Island Co. Ltd and Mystays Hotel Management, Co. Ltd has no relationship to be stated, they receive investment through funds that are managed by FIG, until May 15, 2024, (Eastern Standard Time) a subsidiary of Softbank Group; a parent company of the asset manager directly and indirectly owning 100% of issued shares, after May 15, 2024, (Eastern Standard Time) a subsidiary of 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, Island Co. Ltd and Mystays Hotel Management, Co. Ltd as a related party.

(b) Affiliates

For the six months ended December 31, 2023

Not Applicable

For the six months ended June 30, 2024

Not Applicable

(c) Board of Directors and Major Individual Unitholders

For the six months ended December 31, 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 yen)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥305,723	Accrued expenses	¥165,000
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥1,100	Accrued expenses	¥880

Notes:

- 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.
- 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.
- 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, 2024

Type of related-party	Name	Business / Occupation	Voting interest in the Company	Transactions for the period			Balance at the end of period		
				Type of transactions	Amounts(3)		Balance sheet account	Amounts(3)	
					(in thousands of yen)	(in thousands of U.S. dollars)		(in thousands of yen)	(in thousands of U.S. dollars)
Directors and close relatives	Naoki Fukuda	Executive officer of the Company and management director of Consonant Investment Management Co., Ltd.	-	Payment of the assets management fee to Consonant Investment Management Co., Ltd.(1)	¥450,000	\$2,793	Accrued expenses	¥247,500	\$1,536
				Payment of institution management fee to Consonant Investment Management Co., Ltd.(2)	¥600	\$3	Accrued expenses	¥330	\$2

Notes:

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

25. Parent company and/or significant affiliates

(a) Information on the parent company

Not Applicable.

(b) Summary of financial statements of the significant affiliates

The significant affiliates in the year ended June 30, 2024 is Kingdom TMK. Summary of financial information is as follows:

	Kingdom TMK		
	As of / For the six months ended		
	September 30, 2023	March 31, 2024	March 31, 2024
	(in thousands of yen)		(in thousands of US dollars)
Total specified assets	99,346,106	99,778,965	619,475
Total other assets	4,083,121	6,099,989	37,871
Total current liabilities	273,900	65,567,969	407,077
Total non-current liabilities	65,970,166	975,166	6,054
Total net assets	37,185,160	39,335,818	244,215
Operating revenue	2,518,282	2,868,509	17,809
Income before income taxes	1,815,721	2,153,976	13,372
Net income	1,815,116	2,150,657	13,352

26. Per Unit Information

The following table shows net asset value per unit as of December 31, 2023 and June 30, 2024 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, 2023	June 30, 2024	June 30, 2024
(Yen)		(U.S. dollars)

Net asset value per unit	¥	43,090	¥	43,455	\$	269
Net income per unit	¥	1,639	¥	1,914	\$	11
Weighted average number of units		6,732,039		6,737,121		-

27. Subsequent Events

(a) Issuance of New Investment Units

The board of directors held on July 18, 2024 and July 24, 2024 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 30, 2024. 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 27, 2024. As a result, holders' capital becomes JPY326,079 million and the number of investment units issued and outstanding become 7,646,453 units.

(i) Issuance of new investment units through public offering

Number of investment units	Domestic public offering	: 472,113 units
	International	: 422,887 units
	Total	: 895,000 units
Issue price (offer price)		: ¥61,560 per unit
Total issue price (total offer price)		: ¥55,096,200,000
Amount paid in (issue value)		: ¥63,602 per unit
Total amount paid in (total issue value)		: ¥56,923,790,000
Payment date		: July 30, 2024

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

Number of investment units	: 14,332 units
Amount paid in (issue value)	: ¥61,560 per unit
Total amount paid in (total issue value)	: ¥882,277,920
Delivery date	: August 27, 2024
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 12 hotel properties acquired on July 31, 2024, 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 18, 2024.

New Syndicate Loan (015)

Lender	Syndicate formed by Mizuho Bank, Ltd.
--------	---------------------------------------

Borrowing amount	¥56,725 million
Interest rate, etc.	Base rate (3-month JPY TIBOR) +0.700%, +0.600%, +0.500%, 1.5975% 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, 2024, and (ii) the principal maturity date, (i) The last Japanese business day of each month before the principal maturity date, beginning with August 31, 2024, and (ii) the principal maturity date,
Principal repayment method	Lump-sum repayment
Borrowing method	Unsecured / with no guarantee
Borrowing date	July 31, 2024,
Maturity date	July 16, 2031, July 16, 2030, July 16, 2029, July 31, 2025

(c) Acquisition of assets (properties)

The Company decided to acquire 12 hotel properties as shown in the following table, of which the total acquisition price is JPY 104,420million, on July 18, 2024 and the acquisitions have been closed on July 31, 2024.

Use	Property number	Property name	Location	Construction completion date	Acquisition price (JPY million) (Note)	Total rentable area (㎡)	Seller	Category of specified asset
Hotel	D90	Art Hotel Osaka Bay Tower & Solaniwa Onsen	Osaka-shi, Osaka	June 1990	31,185	44,759.49	Ganges Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D91	Hakodate Kokusai Hotel	Hakodate-shi, Hokkaido	March 1972 March 1994 November 2018	16,830	34,511.60	Hakodate Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D92	Art Hotel Nippori Lungwood	Arakawa-ku, Tokyo	November 1988	16,335	10,984.28	Nippori Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D93	Hotel MyStays Kumamoto Riverside	Kumamoto-shi, Kumamoto	November 1984 February 1995	6,831	6,347.65	Rishiri Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D94	Art Hotel Aomori	Aomori-shi, Aomori	June 1996	5,672	9,176.79	Shiretoko Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D95	Kamenoi Hotel	Ito-shi, Shizuoka	June 1988	5,563	8,891.36	Yakushima Tokutei Mokuteki	Trust beneficial

Use	Property number	Property name	Location	Construction completion date	Acquisition price (JPY million) (Note)	Total rentable area (㎡)	Seller	Category of specified asset
		Izukogen					Kaisha	interest
Hotel	D96	Art Hotel Oita	Oita-shi, Oita	November 1987	5,484	8,782.34	Shiretoko Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D97	Art Hotel Kokura New Tagawa	Kitakyushu-shi, Fukuoka	April 1973 November 1997	4,672	14,055.23	Kawaguchiko Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D98	Art Hotel Miyazaki Sky Tower	Miyazaki-shi, Miyazaki	September 1991	3,821	8,766.25	Rishiri Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D99	Art Hotel Kagoshima	Kagoshima-shi, Kagoshima	September 1981	3,395	14,854.67	Shiretoko Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D100	Kameno Hotel Hikone	Hikone-shi, Shiga	December 1969	2,603	6,060.87	Yakushima Tokutei Mokuteki Kaisha	Trust beneficial interest
Hotel	D101	Kameno Hotel Nara	Nara-shi, Nara	September 1966	2,029	5,041.02	Yakushima 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.