

Invincible Investment Corporation

Financial Summary for the December 2023 Fiscal Period (from July 1, 2023 to December 31, 2023)

February 26, 2024

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: https://www.invincible-inv.co.jp/en/
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: March 22, 2024

This English language notice is a translation of the Japanese-language notice released on February 26, 2024 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2023	18,819	18.2	12,588	21.6	11,033	23.8	11,032	23.8
Fiscal period ended June 30, 2023	15,914	33.4	10,356	65.5	8,914	75.6	8,913	75.6

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2023	1,639	4.1	2.1	58.6
Fiscal period ended June 30, 2023	1,462	3.5	1.8	56.0

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
Fiscal period ended December 31, 2023	1,640	11,048	-	-	100.1	3.9
Fiscal period ended June 30, 2023	1,464	8,925	-	-	100.1	3.5

(Note 1) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:

$$\text{Dividend Payout Ratio} = \text{Distribution Amount (Excluding excess profit distribution)} \div \text{Net Income} \times 100$$

(Note 2) Distribution / Net Assets is calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2023	563,393	290,305	51.5	43,090
Fiscal period ended June 30, 2023	496,819	254,024	51.1	41,665

(Note) Net Assets per Unit is calculated based on the number of investment units issued and outstanding at the end of each fiscal period and is rounded to the nearest yen.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2023	12,773	(58,442)	52,520	34,892
Fiscal period ended June 30, 2023	13,782	924	(7,188)	28,041

2. Forecasts for the Fiscal Period ending June 30, 2024 (from January 1, 2024 to June 30, 2024) and the Fiscal Period ending December 31, 2024 (from July 1, 2024 to December 31, 2024)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal period ending June 30, 2024	20,199	7.3	13,717	9.0	11,887	7.7	11,886	7.7	1,767	-
Fiscal period ending December 31, 2024	20,255	0.3	13,509	(1.5)	11,699	(1.6)	11,698	(1.6)	1,739	-

(Reference) Estimated net income per unit for the fiscal periods ending June 30, 2024 and the fiscal periods ending December 31, 2024 are JPY 1,764 and JPY 1,736.

※Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

- | | |
|---|------|
| (a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations | None |
| (b) Changes in Accounting Policies due to Other Reasons | None |
| (c) Changes in Accounting Estimates | None |
| (d) Restatements | None |

(2) Number of Investment Units Issued and Outstanding

- | | | | | |
|--|-------------------|-----------|---------------|-----------|
| (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units) | December 31, 2023 | 6,737,121 | June 30, 2023 | 6,096,840 |
| (b) Number of Treasury Units as of the End of the Fiscal Period | December 31, 2023 | 0 | June 30, 2023 | 0 |

(Note) Please refer to “Notes Related to Per Unit Information” regarding the number of investment units which is the basis for the calculation of net income per unit.

- Financial Summary report is not subject to audit procedure by certified public accountants or audit corporations.
- Special Consideration

The forward-looking statements contained in this financial summary report are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of the date of this document, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Unless otherwise specified herein, amounts less than JPY 1 are rounded down, and ratios are rounded to the nearest one decimal place.

1. Operating Conditions

(1) Operating Conditions

a Overview of the Fiscal Period Ended December 31, 2023

(a) Main Trends of INV

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended). In May 2004, INV was listed on the Osaka Securities Exchange (application for delisting was made in August 2007), and in August 2006 was listed on the Real Estate Investment and Trust Securities Section of the Tokyo Stock Exchange (Ticker Code: 8963).

After the absorption-type merger with LCP Investment Corporation (“LCP”) was implemented on February 1, 2010, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha (“Calliope”), an affiliate of the Fortress Investment Group LLC (“FIG” and together with Calliope and other affiliates of FIG, collectively the “Fortress Group”) was the main allottee, and the sponsor changed to the Fortress Group.

Ever since the commencement of sponsorship from the Fortress Group (Note 1), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (“CIM”) revised the Investment Guidelines for INV, positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward, and has expanded its portfolio.

In the Fiscal Period ended December 31, 2023 (“Reporting Period”), INV implemented a global offering of new investment units for the first time in four years and acquired six domestic hotels including the flagship “Fusaki Beach Resort Hotel & Villas”, or the largest property in INV’s portfolio. INV’s portfolio at the end of the Reporting Period comprised of 134 properties (92 hotels (Note 2) (Note 3), 41 residential properties and one retail facility) with a total acquisition price of JPY 548,646 million (Note 4). Furthermore, INV’s hotel portfolio has the largest asset size (Note 5) of JPY 507,861 million (92 properties, 16,624 rooms) among all J-REITs (real estate investment corporations which are listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market, hereinafter the same shall apply) hotel portfolios including Hotel J-REITs (Note 6).

(Note 1) Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group Corp. (“SoftBank Group”) on March 29, 2018, but the SoftBank Group transferred its issued shares of CIM to Fortress CIM Holdings L.P. As of the date of this document, SoftBank Group indirectly owns 100% of issued shares of CIM through Fortress CIM Holdings L.P. The SoftBank Group announced that it has entered into a definitive agreement to transfer its interest in the indirect parent company of Fortress CIM Holdings L.P. to Mubadala Capital and others during the first quarter of 2024.

(Note 2) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of the outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.

(Note 3) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in Westin Grand Cayman Seven Mile

Beach Resort & Spa and Sunshine Suites Resort (collectively, the “Cayman Hotels”) and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.

- (Note 4) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 5) Hotel J-REIT is defined as the J-REIT whose majority part of portfolio consists of hotel assets.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 92 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of December 31, 2023.

(b) Operational Environment and Performance

The portfolio NOI (Note 1) increased by 63.7% or JPY 6,695 million compared to the same period in the previous year (the December 2022 fiscal period) to JPY 17,205 million. Of which, the hotel portfolio NOI increased by JPY 6,692 million and the residential and retail portfolio NOI increased by JPY 3 million. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI increased by 13.5% or JPY 2,041 million, of which the hotel portfolio NOI increased by JPY 2,830 million and the residential and retail portfolio NOI decreased by JPY 789 million due to asset sales.

Commentary on hotel and residential performance is as described below.

Domestic hotel portfolio continued to recover from the COVID-19 pandemic. Even with the gradual end of the "National Travel Discount Campaign" program, the government's travel subsidy program, there has been no decline in demand due to a reaction from the elimination of the program. Coupled with the strong inbound demand with the help of the weak yen, each performance metric of the domestic hotel portfolio increased significantly over the same period of the previous year's results. While occupancy rates (Note 2) were slightly below the 2019 levels, ADR (Note 3) and RevPAR (Note 4) were above the 2019 levels. The GOP (Note 5) for the Reporting Period of the 75 domestic hotels (Note 6) owned by INV increased by 58.6% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate of 82.7%, ADR of JPY 12,649, and RevPAR of JPY 10,462. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the GOP increased by 9.0%, the occupancy rate decreased by 5.7pt, ADR increased by 19.2%, and RevPAR increased by 11.5%.

The Cayman Hotels recorded an average occupancy rate of 64.8%, ADR of USD 421, and RevPAR of USD 273 for the Reporting Period and the figures significantly exceeded the same period in the previous year. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 7.5pt, ADR increased by 28.6%, and RevPAR increased by 15.3%. Occupancy has not returned to 2019 levels as the number of commercial flights between the Cayman Islands and the U.S. have not recovered to 2019 levels, but ADR has grown significantly due to high demand and RevPAR has remained above 2019 levels.

Regarding the residential portfolio (Note 7), the occupancy rate (Note 8) of 41 residential properties remained unchanged from 95.9% at the end of the previous fiscal period to 95.9% at the end of the Reporting Period.

The average occupancy rate (Note 8) decreased by 0.3 points YoY to 96.0%. The NOI (Note 9) for the Reporting Period increased by 0.2% YoY.

In the Reporting Period, INV realized a rent increase for 55.9% (based on the number of contracts) of the new residential lease contracts, and the new rent increased by 1.3% compared to the previous rent across all new leases (Note 10). INV achieved a rent increase for 46.8% (based on the number of contracts) of contract renewals with an average rent increase of 1.3% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 11) of 75.1%. Combined, new lease and renewal lease rents were signed at 1.3% higher than the previous leases. The average rent per tsubo per month (Note 12) for the Reporting Period increased by 0.5% YoY to JPY 9,214.

The total appraisal value of 133 properties was JPY 629,041 million (one out of the 134 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 133,259 million (Note 13) and an unrealized gain ratio of 26.9% (Note 13). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 1.8% from JPY 560,963 million at the end of the June 2023 fiscal period to JPY 570,791 million at the end of the Reporting Period.

Key Performance Indicators of 75 Domestic Hotel Properties (Note 6)

	December 2023 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 2)	82.7%	+6.8pt	-5.7pt
ADR (JPY) (Note 3)	12,649	+24.0%	+19.2%
RevPAR (JPY) (Note 4)	10,462	+35.1%	+11.5%
GOP (JPY million) (Note 5)	14,041	+58.6%	+9.0%

Key Performance Indicators of Cayman Hotels

	December 2023 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 2)	64.8%	+8.6pt	-7.5pt
ADR (USD) (Note 3)	421	+4.6%	+28.6%
RevPAR (USD) (Note 4)	273	+20.7%	+15.3%
GOP (USD) (Note 5)	14,600,431	+10.8%	+10.0%

Key Performance Indicators of 41 Residential Properties (Note 7)

	December 2023 fiscal period	Year-on-year change
Occupancy Rate (Note 8)	96.0%	-0.3pt
Average Rent per Tsubo per Month (JPY) (Note 12)	9,214	+0.5%
NOI (JPY million) (Note 9)	1,120	+0.2%

(Note 1) "NOI" for the hotel properties is calculated in accordance with the following formula:

NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividend on the preferred equity interest (TMK dividend) + (Management Contract Revenue of the Cayman Hotels - Management Contract Expense)

(Note 2) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:

Occupancy rate = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days)

Hereinafter the same shall apply.

(Note 3) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

- (Note 4) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 5) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. GOP for each fiscal period ended June 2020 and onwards includes the amount of employment adjustment subsidies received by the hotel operators for the respective fiscal periods. In addition, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same shall apply.
- (Note 6) Of the 84 hotels held as of the end of December 2023 (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements etc. are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after July 2019 are calculated on the assumption INV had acquired those properties on July 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. "D48 Takamatsu Tokyu REI Hotel" changed its contract with its major tenant, Tokyu Hotels Corporation, to fixed-rent with variable rent lease from April 25, 2023. However, in view of the continuity of disclosed data, this hotel will continue to be excluded. Hereinafter the same shall apply.
- (Note 7) Based on the 41 residential properties owned as of the end of December 2023. Hereinafter the same shall apply.
- (Note 8) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.
- (Note 9) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. Hereinafter the same shall apply.
- (Note 10) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents. Hereinafter the same shall apply.
- (Note 11) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period.
- (Note 12) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.
- (Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period – book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.

(c) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 269,100 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 47.2% and 42.2% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.63%.

(Note 1) Interest-Bearing Debt ratio uses the calculation formula below:

$$\text{Interest-Bearing Debt ratio} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{total assets}} \times 100$$

(Note 2) LTV (appraisal value basis) uses the calculation formula below:

$$\text{LTV} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{total appraisal value (*)}} \times 100$$

(*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) is deemed

as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest). For appraisal value of the Cayman Hotels, USD is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract entered into on July 26, 2018 and executed on September 26, 2018.

(Note 3) The average interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(i) Equity Financing

INV implemented a global public offering which closed on July 31, 2023 (the number of new investment units issued: 609,792; total issue value: JPY 32,761 million) and a third party allotment which closed on August 28, 2023 (the number of new investment units issued: 30,489; total issue value: JPY 1,638 million) in order to procure part of the funds for the acquisition of six domestic hotels described in “(d) Overview of Acquisition of Assets”.

(ii) Debt Financing

a. Borrowing of Funds

INV borrowed New Syndicate Loan (009) on July 14, 2023 and July 19, 2023 (total amount borrowed: JPY 59,343 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.50000% for a duration of five years, variable interest rate of 3-month JPY TIBOR plus 0.30000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.69100%) for a duration of three years, variable interest rate of 1-month JPY TIBOR plus 0.30000% for a duration of three years, variable interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year, variable interest rate of 3-month JPY TIBOR plus 0.50000% for a duration of five years, variable interest rate of 3-month JPY TIBOR plus 0.30000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.69600%) for a duration of three years, variable interest rate of 1-month JPY TIBOR plus 0.30000% for a duration of three years and variable interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (I) in the amount of JPY 9,659 million due on July 14, 2023 and New Syndicate Loan (003) in the amount of JPY 49,684 million due on July 19, 2023.

INV borrowed New Syndicate Loan (010) on August 1, 2023 (total amount borrowed: JPY 29,856 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.50000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 1.06900%) for a duration of five years, variable interest rate of 3-month JPY TIBOR plus 0.30000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.69100%) for a duration of three years and variable interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to pay a portion of the acquisition price and related expenses for the acquisition of the six domestic hotels described in “(d) Overview of Acquisition of Assets” with the equity financing described in the said (i).

Moreover, INV borrowed Term Loan (016) on September 14, 2023 (total amount borrowed: JPY 3,000 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.40000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.87900%) for a duration of four years), which was arranged by Sumitomo Mitsui Banking Corporation in order to repay Term Loan (006) in the amount of JPY 3,000 million due on September 14, 2023.

Furthermore, INV borrowed New Syndicate Loan (011) on September 26, 2023 and October 13, 2023 (total amount borrowed: JPY 43,165 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.50000% for a duration of five years, variable interest rate of 3-month JPY TIBOR plus 0.40000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.89400%) for a duration of four years, variable interest rate of 3-month JPY TIBOR plus 0.30000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.69100%) for a duration of three years, variable interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year, variable interest rate of 3-month JPY TIBOR plus 0.50000% for a duration of five years and variable interest rate of 3-month JPY TIBOR plus 0.40000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 0.87900%) for a duration of four years), which was arranged by Mizuho Bank, Ltd. and Term Loan (017) on September 26, 2023 (total amount borrowed: JPY 1,900 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.50000% (by the interest swap agreement on December 22, 2023, it is fixed, in effect, at 1.05400%) for a duration of five years), which was arranged by The Tokyo Star Bank,

Limited in order to repay New Syndicate Loan (J) in the amount of JPY 13,119 million, New Syndicate Loan (004) in the amount of JPY 28,571 million and Term Loan (007) in the amount of JPY 1,256 million due on September 26, 2023 and New Syndicate Loan (H) in the amount of JPY 3,565 million due on October 13, 2023.

In addition, INV borrowed Term Loan (018) on November 29, 2023 (total amount borrowed: JPY 4,321 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.60000% for a duration of six years), which was arranged by Mizuho Bank, Ltd. in order to repay Term Loan (009) in the amount of JPY 4,321 million due on November 29, 2023.

Additionally, a portion of INV's existing loans (New Syndicate Loan (007)) from Sumitomo Mitsui Trust Bank, Limited of JPY 1,746 million was transferred to The Chiba Bank, Ltd. in the amount of JPY 981 million on September 29, 2023.

b. Issuance of Investment Corporation Bonds

INV issued investment corporation bonds as follows for the purpose of raising a portion of funds for repayment of existing borrowings while at the same time lengthening the average maturity period of its debt and further diversifying repayment dates for interest-bearing debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Abstract
Ninth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds) (green bonds)	September 21, 2023	1,700	1.200%	September 21, 2028	Unsecured / Unguaranteed Rating: A (JCR)
Tenth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds) (green bonds)	December 14, 2023	1,800	1.297%	December 14, 2028	Unsecured / Unguaranteed Rating: A (JCR)

(d) Overview of Acquisition of Assets

CIM decided on the acquisition of trust beneficiary interests in six domestic hotels as follows on July 19, 2023, and acquisition of the assets was closed on August 1, 2023.

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
D84	Fusaki Beach Resort Hotel & Villas	40,293	40,700	Sheffield Asset Tokutei Mokuteki Kaisha
D85	Tateshina Grand Hotel Takinoyu	8,365	8,450	Heijo Tokutei Mokuteki Kaisha
D86	Hotel MyStays Okayama	2,613	2,640	Nippori Tokutei Mokuteki Kaisha
D87	Hotel MyStays Aomori Station	2,445	2,470	Shiretoko Tokutei Mokuteki Kaisha
D88	Hotel MyStays Soga	2,039	2,060	Nippori Tokutei Mokuteki Kaisha
D89	Tazawako Lake Resort & Onsen	1,475	1,490	Heijo Tokutei Mokuteki Kaisha

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
Total		57,230	57,810	-

(Note 1) Acquisition Price does not include adjustments for property taxes, city planning taxes, or national or local consumption taxes. Hereinafter the same shall apply.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by the Japan Real Estate Institute., The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of June 1, 2023.

(e) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 2,904 million from the previous period (+18.2%) to JPY 18,819 million, resulting in a net income of JPY 11,032 million, an increase of JPY 2,118 million from the previous period (+23.8%). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,657 million) is JPY 19,690 million. INV has decided to set the distribution per unit (excluding excess profit distribution) of JPY 1,640, which is the net income per unit (JPY 1,637) plus the reversal of retained earnings (JPY 3 per unit).

b Outlook for the Fiscal Period Ending June 30, 2024

The Japanese economy is expected to continue its gradual recovery led by domestic demand. However, there are notable downside factors to the economy. In particular, high prices may restrain the growth of personal consumption, and the rate of wage increases in the spring labor struggle (*Shunto*) will be a factor that will determine the sustainability of the economic recovery in the future. Other factors, such as the slowdown of overseas economies and supply constraints due to labor shortages, are also expected to affect the tempo of economic recovery.

In the hotel market, demand in both the domestic/inbound and leisure/business segments is expected to remain stable.

In the rental housing market, the population outflow trend from central area caused by the impact of the COVID-19 infection has recently turned into a population inflow trend again, which is expected to lead to higher occupancy rates and higher unit rents in the future.

(a) Future operational policy and issues to be addressed

Since July 2011, INV has focused on improving the profitability of its portfolio and strengthening its financial base in order to enhance unitholder value with the Fortress Group as its sponsor. In addition to access to Fortress' global real estate expertise, INV will actively promote efforts to acquire new demand under the environment of "Post-Corona" and flexibly respond to changes in the external environment while emphasizing customer safety and security. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- Further external growth utilizing sponsor support
- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties
- Response to the risk or rising interest rate

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV had moved forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues would be anticipated, and residential properties, especially where rental growth could be achieved, to build a portfolio with a good balance between growth and stability.

In regard to hotels, INV will take into consideration demands of business and leisure customers in nearby areas, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental revenue are forecasted to increase.

In regard to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties among other factors, and consider acquiring properties with strong competitiveness, in which it believes it can achieve increases in rent.

Properties Acquired from affiliates of the Fortress Group (as of the date of this document)

Year	Properties acquired	Total acquisition price
2012	24 residential properties (Note 1)	JPY 14,043 million (Note 1)
2014	20 hotels	JPY 45,373 million
2015	14 hotels and three residential properties (Note 2)	JPY 45,238 million (Note 2)
2016	11 hotels and two residential properties	JPY 92,804 million
2017	six hotels and two residential properties (Note 3)	JPY 90,006 million (Note 3)
2018	12 hotels	JPY 104,280 million
2019	18 hotels (Note 4)	JPY 82,646 million (Note 4)
2020	Two hotels	JPY 16,236 million
2023	Six hotels	JPY 57,230 million
Total	120 properties (of which 89 are hotels and 31 are residential properties)	JPY 547,858 million (of which hotels: JPY 496,220 million; residential: JPY 51,638 million)

(Note 1) Of the properties acquired from affiliates of the Fortress Group, 15 residential properties have been sold.

(Note 2) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold.

(Note 3) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold. Sheraton Grande Tokyo Bay Hotel was acquired through a special purpose company, of which INV owns the preferred equity interest, and is counted as one property and INV's investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest.

(Note 4) The Cayman Hotels acquired by the Cayman SPC, of which INV owns the TK interest, are counted as two properties and INV's investment amount of the TK interest is used as the acquisition price of the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.

Property Sales

INV considers the possibility of portfolio optimization upon consideration of the portfolio sector composition, geographic distribution, and competitiveness of each property as appropriate.

(ii) Strategy for internal growth

(Hotels)

Of the 90 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 82 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of the gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 79 hotels of the 82 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

In response to the reduction in hotel demand, the MHM Group is taking steps to reduce hotel operating expenses and recover revenues by reviewing its operational strategy. During the recovery phase of hotel demand in the future, INV will strive to minimize the impact of rising costs such as utility costs and foodstuffs by means of a thorough review of staffing and work shifts, continuous efforts to reduce fixed costs, and strategies to maximize GOPPAR (GOP per the number of rooms available for sale).

The MHM Group vigorously worked to stimulate demand from domestic customers by providing corporate customers with diverse options including a new lineup of meeting options highlighting strict measures to reduce the spread of COVID-19 and various options including educational tours and employee training while grasping changes in customer demand under the “Post-Corona” environment. In addition, the MHM Group is focusing on creating demand, including continuation of delivery and take-out services and the development of new menus through directly managed restaurants in the hotel.

For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner.

(Note 1) Including Sheraton Grande Tokyo Bay Hotel (the preferred equity interest).

(Residential properties and others)

INV will continue to strengthen its collaborative ties with property managers and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV’s residential properties, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

Further, the implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit.

(iii) Financial strategy

INV will continue to extend the average interest-bearing debt repayment periods, diversify the loan maturity dates and diversify financing measures while paying attention to fund procurement costs, as well as maintaining an appropriate fixed interest rate ratio to mitigate the risk of rising interest rates.

In addition, INV will seek to improve the credit rating (the long-term issuer rating “A” (Outlook: Positive)) obtained from Japan Credit Rating Agency, Ltd. (JCR) by proceeding with these measures.

(iv) Compliance risk management

While the executive director of INV concurrently serves as the representative director at CIM, two supervisory directors (an external attorney and an external certified public account) oversee the execution of the executive director’s duties via the Board of Directors of INV.

CIM has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV’s compliance

with laws and regulations. No resolution will be adopted unless the outside expert agrees.

When INV conducts certain transactions such as asset acquisition from sponsor related parties, prior approvals by the Board of Directors of INV are required to ensure an objectivity in deliberation regarding conflicts of interests. In such agenda, only two supervisory directors (a lawyer and a certified public accountant) will participate in the vote, and the executive director who concurrently serves as the representative director of CIM will not participate in the vote as he is a special interested party.

INV intends to continually take steps to strengthen its compliance structure.

(v) Initiatives for Sustainability

INV and CIM recognize the importance of environmental, social, and governance (ESG) considerations in real estate investment management from the viewpoint of sustainability such as economic and social development and contributing to global environmental conservation, and regard improvement of sustainability as an important management issue. INV and CIM believe that the incorporation of ESG considerations into the real estate investment management business, which is our primary business, is essential to maximizing unitholder value over the medium to long term and contributes to maximizing INV's investment returns.

Thus, INV and CIM have established a "Sustainability Policy" to set basic policies for sustainability and put them into practice in our daily operations.

Under this policy, CIM has formulated the "Energy Conservation Policy", the "Greenhouse Gas Emissions Reduction Policy", the "Water Saving Policy" and the "Waste Management Policy" which stipulate efforts to reduce environmental impact as initiatives for environment. In addition, CIM has established the "Sustainable Procurement Policy" in order to promote initiatives for ESG throughout the value chain of INV's real estate portfolio and concluded the "Green Lease" contract with tenants to collaborate with tenants on measures related to the environmental consideration of real estate, such as proactive introductions of energy-saving equipment such as LED lighting.

Furthermore, as of the date of this document, INV acquired CASBEE Certification for Buildings (Existing Buildings) for two hotels, and Certification for CASBEE for Real Estate for two residential properties. CASBEE is a method that comprehensively assesses the quality of a building, and evaluates features such as interior comfort and scenic aesthetics, in consideration of environment practices including use of materials and equipment that save energy or achieve smaller environmental loads. Also, as of the date of this document, 19 hotels owned by INV acquired the certification of Building-Housing Energy-efficiency Labeling System ("BELS"). In particular, Hotel MyStays Premier Akasaka, Hotel MyStays Fukuoka Tenjin, Hotel MyStays Yokohama Kannai Hotel MyStays Oita, Hotel MyStays Haneda and Hotel MyStays Matsuyama have been rated five stars "★★★★★" due to high energy conservation performance.

Following the acquisition of environmental certifications for its properties, INV issued green bonds in September 2023 and December 2023 to further promote its sustainability initiatives and to strengthen its fund-raising base by expanding the investor base interested in ESG investment.

As initiatives for society, CIM is working on various measures for tenants and CIM's officers and employees. CIM conducts the "Tenant Satisfaction Survey" for residents of INV's residential properties to collect opinions and requests of residents and utilize them for asset management, and provides sustainability-focused training for all officers and employees at least once a year to help officers and employees acquire knowledge and raise awareness of sustainability considerations in line with business practices. Moreover, as initiatives for CIM's employees, CIM conducts an employee satisfaction survey once every three years with the aim of improving its working environment, and gives full subsidy for a comprehensive medical checkup without age restrictions.

As a result of other sustainability promotion activities, INV received a "3-Star" rating in the 2023 GRESB Real Estate Assessment, an international benchmark assessment that measures ESG integration of real estate companies and funds, on a five-level rating scale, and an "A level" in the GRESB Public Disclosure assessment, the highest rating.

INV will continue to recognize its social responsibility to the environment and local communities as a J-REIT with hotels and residences as our core assets, and will proactively implement ESG-friendly investment management and sustainability initiatives that take advantage of asset characteristics and carry out social contribution activities.

c Significant Subsequent Events

Not applicable. Reference information is stated below.

(Reference Information)

(a) Debt Financing

INV has decided to execute new borrowings (New Syndicate Loan (012) and Term Loan (019)) on January 12, 2024 and borrowed on January 16, 2024 and January 24, 2024 in order to repay one of the tranches of New Syndicate Loan (M) in the amount of JPY 5,796 million, one of the tranches of New Syndicate Loan (L) in the amount of JPY 4,805 million, New Syndicate Loan (N) in the amount of JPY 3,544 million and New Syndicate Loan (006) in the amount of JPY 10,408 million due on January 16, 2024 and Term Loan (010) in the amount of JPY 1,550 million, Term Loan (011) in the amount of JPY 1,700 million and Term Loan (012) in the amount of JPY 6,800 million due on January 24, 2024.

New Syndicate Loan (012)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Resona Bank, Limited	January 16, 2024	1,200	Variable interest rate (Note 1)	March 16, 2025	Unsecured/ non guarantee
SBI Shinsei Bank, Limited	January 16, 2024	369	Variable interest rate (Note 2)	March 14, 2027	
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd. The Nomura Trust and Banking Co., Ltd.	January 16, 2024	5,308	Variable interest rate (Note 3)	March 14, 2028	
MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	January 24, 2024	5,025	Variable interest rate (Note 3)	March 14, 2028	
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan, Inc. The Nomura Trust and Banking Co., Ltd.	January 16, 2024	5,406	Variable interest rate (Note 4)	March 14, 2029	

MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	January 24, 2024	5,025	Variable interest rate (Note 4)	March 14, 2029	Unsecured/ non guarantee
(green loan) Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan, Inc. San ju San Bank, Ltd. The Nomura Trust and Banking Co., Ltd.	January 16, 2024	8,970	Variable interest rate (Note 5)	March 14, 2030	
Total Debt		31,303			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.20000%)

(Note 2) 3-month JPY TIBOR (Base Rate) + spread (0.30000%)

(Note 3) 3-month JPY TIBOR (Base Rate) + spread (0.40000%)

(Note 4) 3-month JPY TIBOR (Base Rate) + spread (0.50000%)

(Note 5) 3-month JPY TIBOR (Base Rate) + spread (0.60000%)

Term Loan (019)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
The Tokyo Star Bank, Limited	January 16, 2024	2,440	Variable interest rate (Note 1)	March 14, 2029	Unsecured/ non guarantee

(Note 1) 3-month JPY TIBOR (Base Rate) + spread (0.50000%)

(b) Issuance of Investment Corporation Bonds

INV issued investment corporation bonds to individual investors as follows for the purpose of raising a portion of funds for repayment of existing borrowings while at the same time lengthening the average maturity period of its debt and further diversifying repayment dates for interest-bearing debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Abstract
Eleventh Series Unsecured Investment Corporation Bonds (with pari passu conditions among investment corporate bonds)	February 9, 2024	6,000	1.470%	February 9, 2029	Unsecured / Unguaranteed Rating: A (JCR)

d Operational Outlook

The forecasts of financial results for the fiscal periods ending June 30, 2024 (from January 1, 2024 to June 30, 2024) and December 31, 2024 (from July 1, 2024 to December 31, 2024) are as follows.

	June 2024 Fiscal Period (Anticipated)	December 2024 Fiscal Period (Anticipated)
Operating Revenues	JPY 20,199 million	JPY 20,255 million
Operating Income	JPY 13,717 million	JPY 13,509 million
Ordinary Income	JPY 11,887 million	JPY 11,699 million
Net Income	JPY 11,886 million	JPY 11,698 million
Total Distribution Amount (Including excess profit distribution)	JPY 11,904 million	JPY 11,715 million
Net Income per Unit	JPY 1,764	JPY 1,736
Distribution per Unit (Excluding excess profit distribution)	JPY 1,767	JPY 1,739
Excess Profit Distribution per Unit	-	-
Distribution per Unit (Including excess profit distribution)	JPY 1,767	JPY 1,739

For the assumptions underlying the operational outlook for the fiscal periods ending June 30, 2024 and December 31, 2024, please see “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2024 and December 31, 2024” as follows.

(Cautionary Note regarding Forward Looking Statements)

Forward looking statements such as the forecasts set forth herein are based on information currently available and certain assumptions that are deemed reasonable. Actual operating performance may vary significantly due to factors not foreseen as of the date of this document, such as the occurrence of gains and losses associated with the sale of properties, repayment of borrowings and a decrease in rent received. Also, this forecast is not a guarantee of distribution amounts.

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods
ending December 31, 2023 and June 30, 2024 >

Item	Assumptions
Fiscal period	<p>The June 2024 Fiscal Period: from January 1, 2024 to June 30, 2024 (182 days)</p> <p>The December 2024 Fiscal Period: from July 1, 2024 to December 31, 2024 (184 days)</p>
Assets under management	<p>Properties held as of the end of the December 2024 Fiscal Period: 133 properties and preferred equity interests in one TMK</p> <p>Based on the properties held as of today (133 properties and preferred equity interests in one TMK), and INV assumes that there will be no change in the portfolio through the end of the fiscal period ending December 2024.</p>
Units outstanding	<p>As of the end of the December 2024 Fiscal Period: 6,737,121 units</p> <p>INV assumes that there will be no change to the current 6,737,121 units issued and outstanding through the end of the December 2024 Fiscal Period.</p>
Interest-bearing liabilities	<p>Balance as of the end of the June 2024 Fiscal Period: JPY 271,154 million (borrowing: JPY 250,254 million, investment corporation bonds: JPY 20,900 million)</p> <p>Balance as of the end of the December 2024 Fiscal Period: JPY 265,154 million (borrowing: JPY 245,254 million, investment corporation bonds: JPY 19,900 million)</p> <p>INV assumes that of the current total balance of JPY 274,240 million, INV intends to repay the consumption tax loan of JPY 3,086 million maturing on August 1, 2024 in the fiscal period ending June 2024. INV assumes that the proceeds (JPY 6,000 million) from the 11th series unsecured corporate bonds, issued on February 9, 2024, will be used to repay or redeem loans of JPY 5,000 million and investment corporation bonds of JPY 1,000 million maturing during the December 2024 Fiscal Period. Regarding other loans maturing during the June 2024 Fiscal Period and December 2024 Fiscal Period, INV intends to refinance the same amount during the respective fiscal periods. INV assumes no other new loan or prepayment of loan through the end of the December 2024 Fiscal Period.</p>

Operating revenues	INV expects to record rental revenues for the fiscal periods as follows:		
		June 2024	December 2024
		Fiscal Period	Fiscal Period
	• Rental revenues	JPY 14,603 million	JPY 17,617 million
	(of these, hotel rents)	(JPY 12,836 million)	(JPY 15,865 million)
	(Fixed hotel rents)	(JPY 5,853 million)	(JPY 7,623 million)
	(Variable hotel rents)	(JPY 6,982 million)	(JPY 8,241 million)
	• Management contract revenue	JPY 4,363 million	JPY 1,958 million
	• TMK dividend amount	(USD 32,325 thousand)	(USD 14,506 thousand)
		JPY 1,231 million	JPY 679 million
	Total operating revenues	JPY 20,199 million	
		JPY 20,255 million	
In the 2024 forecasts, INV has conservatively factored in a marginal rebound in domestic demand following the end of the "National Travel Discount Campaign" program.			
With regard to inbound demand, we assume that the number of Chinese tourists will recover to 2019 levels in the spring of 2024.			
In addition to the demand forecasts above, INV has taken into account various factors including scheduled conferences, concerts and other events in the vicinity of each hotel, trends at competing hotels, and price trends, to forecast hotel rents for the period ending June 2024 and thereafter. The reservations already made for January 2024 as of the forecast are also taken into account.			
INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the TMK.			
INV recognizes management contract revenue from the overseas hotels as real estate investment income from management contracts of the Cayman Hotels. The forecasts of management contract revenue are based on estimated performance of the overseas hotels and the assumed amount of expenses incurred by the hotel management company. Management contract revenues for January to December 2024 have been conservatively calculated based on exchange rate of USD 1 = JPY 135, and the foreign currency risk on the management contract revenues are partially hedged by foreign exchange forward contracts. INV plans to implement a renovation work at Sunshine Suites Resort beginning in the autumn of 2024, and we expect a decline in revenue in the fiscal period ending December 2024, due to partial sales stoppage during such renovation. While INV is considering the expansion and renovation of Westin Grand Cayman Seven Miles Beach & Resort, details are yet to be determined. Therefore, INV does not anticipate or incorporate any particular impact of the expansion and renovation for the purpose of this forecast through the end of the fiscal period ending December 2024.			
In addition, INV assumes there will be no delinquencies or non-payment of rent by other tenants.			
Operating expenses	INV expects to incur property related expenses out of operating expenses for the fiscal periods as follows:		
		June 2024	December 2024
		Fiscal Period	Fiscal Period
	• Facility management fees	JPY 458 million	JPY 468 million
	(of these, repair costs)	(JPY 22 million)	(JPY 25 million)
	• Taxes and other public charges	JPY 649 million	JPY 841 million
	• Insurance expenses	JPY 266 million	JPY 297 million
	• Depreciation expenses	JPY 4,316 million	JPY 4,373 million
	• Other expenses	JPY 123 million	JPY 100 million
		Total property related expenses and management contract expenses	JPY 5,814 million
		JPY 6,080 million	
INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal periods as follows:			
	June 2024	December 2024	
	Fiscal Period	Fiscal Period	
• Other operating expenses	JPY 667 million	JPY 664 million	
(of these, asset management fees)	(JPY 450 million)	(JPY 450 million)	

<p style="text-align: center;">NOI</p>	<p>INV expects to record net operating income for the fiscal periods as follows:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; width: 20%;">June 2024 Fiscal Period</th> <th style="text-align: center; width: 20%;">December 2024 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• NOI</td> <td style="text-align: right;">JPY 18,701 million</td> <td style="text-align: right;">JPY 18,547 million</td> </tr> <tr> <td>(of these, domestic hotel NOI)</td> <td style="text-align: right;">(JPY 13,404 million)</td> <td style="text-align: right;">(JPY 15,694 million)</td> </tr> <tr> <td>(of these, overseas hotel NOI)</td> <td style="text-align: right;">(JPY 4,092 million)</td> <td style="text-align: right;">(JPY 1,651 million)</td> </tr> <tr> <td>(of these, residential NOI)</td> <td style="text-align: right;">(JPY 1,127 million)</td> <td style="text-align: right;">(JPY 1,124 million)</td> </tr> </tbody> </table> <p>NOI calculation method in the above table is as follows • NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)</p>		June 2024 Fiscal Period	December 2024 Fiscal Period	• NOI	JPY 18,701 million	JPY 18,547 million	(of these, domestic hotel NOI)	(JPY 13,404 million)	(JPY 15,694 million)	(of these, overseas hotel NOI)	(JPY 4,092 million)	(JPY 1,651 million)	(of these, residential NOI)	(JPY 1,127 million)	(JPY 1,124 million)						
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Total non-operating expenses	JPY 1,830 million	JPY 1,810 million																				
<p style="text-align: center;">Distribution per unit</p>	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending June 2024, INV expects to distribute an aggregate amount of JPY 11,904 million (distribution per unit: JPY 1,767) from the net income for the fiscal period ending June 2024 (JPY 11,886 million) including the JPY 17 million reversal of retained earnings (internal reserve).</p> <p>With respect to the distribution for the fiscal period ending December 2024, INV expects to distribute an aggregate amount of JPY 11,715 million (distribution per unit: JPY 1,739) from the net income for the fiscal period ending December 2024 (JPY 11,698 million) including the JPY 17 million reversal of retained earnings (internal reserve).</p> <p>For the fiscal periods ending June 2024 and December 2024, INV expects to record a deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 4 million, which is equal to the amount for the fiscal period ended June 2023. The distribution per unit is calculated based on the assumption that the fluctuation of the market value of the interest rate swap does not affect the distribution per unit and earnings per unit.</p> <p>Distribution per unit may vary due to various factors, including changes in the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</p>																					

<p>Excess profit distribution per unit</p>	<p>INV believes maintaining the stability of cash distributions over the medium term is an important factor in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits or reversal of retained earnings (“distributions in excess of profits, etc.” together with distributions in excess of profits hereinafter) in order to stabilize distributions, in cases where a dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of reducing the impact from a corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal period ending June 2024, INV plans to distribute the reversal of retained earnings (internal reserve) (JPY 3 per unit) as “distributions in excess of profit for the difference arising from the difference between tax and accounting treatment.”</p> <p>With respect to the fiscal period ending December 2024, INV plans to distribute reversal of retained earnings (internal reserve) (JPY 3 per unit) as “distributions in excess of profit for the difference arising from the difference between tax and accounting treatment.”</p> <table data-bbox="432 763 1481 864"> <thead> <tr> <th></th> <th style="text-align: center;">June 2024 Fiscal Period</th> <th style="text-align: center;">December 2024 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Excess profit distribution per unit</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		June 2024 Fiscal Period	December 2024 Fiscal Period	Excess profit distribution per unit	-	-
	June 2024 Fiscal Period	December 2024 Fiscal Period					
Excess profit distribution per unit	-	-					
<p>Other</p>	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>						

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the “Investment Risk” section of the latest securities report (filed on September 26, 2023).

2. Financial Statements

(1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
Assets		
Current assets:		
Cash and bank deposits	18,377,030	21,956,120
Cash and bank deposits in trust	10,464,171	12,936,394
Rental receivables	5,750,301	4,834,083
Deposits paid	542,947	1,976,184
Prepaid expenses	821,117	1,143,417
Income taxes receivable	15	21
Consumption tax receivable	-	2,615,543
Other	397	12,636
Total current assets	35,955,980	45,474,401
Non-current assets:		
Property and equipment		
Buildings at cost	19,479,753	19,484,168
Accumulated depreciation	-1,807,607	-2,026,919
Buildings, net	17,672,145	17,457,249
Buildings and accompanying facilities, at cost	5,311,502	5,311,876
Accumulated depreciation	-1,260,171	-1,413,713
Buildings and accompanying facilities, net	4,051,330	3,898,162
Structures, at cost	1,458	1,458
Accumulated depreciation	-216	-249
Structures, net	1,242	1,209
Tools, furniture and fixtures, at cost	1,282,552	1,365,816
Accumulated depreciation	-474,151	-543,189
Tools, furniture and fixtures, net	808,401	822,627
Construction in progress	720,331	754,330
Buildings in trust, at cost	159,247,341	184,088,728
Accumulated depreciation	-28,861,119	-31,362,709
Buildings in trust, net	130,386,221	152,726,019
Buildings and accompanying facilities in trust, at cost	33,186,709	40,943,104
Accumulated depreciation	-13,472,710	-14,493,714
Buildings and accompanying facilities in trust, net	19,713,998	26,449,389
Structures in trust, at cost	266,849	281,528
Accumulated depreciation	-115,188	-121,916
Structures in trust, net	151,661	159,611
Tools, furniture and fixtures in trust, at cost	3,370,722	3,767,991
Accumulated depreciation	-1,995,319	-2,200,871
Tools, furniture and fixtures in trust, net	1,375,402	1,567,120
Land in trust	241,319,447	264,666,397
Construction in progress in trust	25,767	198,056
Total property and equipment, net	416,225,951	468,700,175
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,380,825	17,396,611
Total intangible assets	25,018,637	28,034,422
Investments and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,372,719	1,382,359
Long-term prepaid expenses	290,589	1,825,986
Derivatives assets	9,306	7,877
Other	22,667	22,667
Total investments and other assets	19,551,670	21,095,278

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
Total non-current assets	460,796,259	517,829,876
Deferred assets		
Investment corporation bond issuance costs	67,690	88,783
Total deferred assets	67,690	88,783
Total assets	496,819,930	563,393,061
Liabilities		
Current liabilities:		
Accounts payable	599,562	800,491
Short-term loans payable	111,453,000	36,520,000
Current portion of investment corporation bonds	2,000,000	1,000,000
Current portion of long-term loans payable	46,139,000	36,787,000
Accounts payable-other	3,514	6,321
Accrued expenses	247,903	281,210
Income taxes payable	605	605
Consumption taxes payable	422,723	-
Advances received	305,914	305,676
Deposits received	11,663	55,107
Total current liabilities	161,183,886	75,756,412
Non-current liabilities:		
Investment corporation bonds	11,400,000	13,900,000
Long-term loans payable	68,198,000	180,893,000
Tenant leasehold and security deposits in trust	1,484,328	1,491,055
Derivatives liabilities	495,525	654,369
Asset retirement obligations	34,097	393,202
Total non-current liabilities	81,611,951	197,331,627
Total liabilities	242,795,838	273,088,040
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	270,101,249
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 -6,130	*2 -6,130
Other deduction of capital surplus	-5,524,006	-5,524,006
Total deduction of capital surplus	-5,530,137	-5,530,137
Capital surplus (net)	734,294	734,294
Retained earnings	17,583,734	19,690,532
Total surplus	18,318,029	20,424,826
Total unitholders' equity	254,019,541	290,526,075
Valuation and translation adjustments:		
Deferred gains or losses on hedges	4,550	-221,054
Total valuation and translation adjustments	4,550	-221,054
Total net assets	*1 254,024,091	*1 290,305,021
Total liabilities and net assets	496,819,930	563,393,061

(2) Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Operating revenue		
Rental revenue—real estate	*1 12,000,955	*1 16,696,076
Management contract revenue	*2 3,914,026	*2 2,123,042
Total operating revenue	15,914,981	18,819,119
Operating expenses		
Property related expenses	*1 4,488,341	*1 5,096,717
Management contract expenses	*2 649,329	*2 734,722
Asset management fees	300,000	300,000
Directors' compensation	4,800	5,200
Asset custody fees	24,736	27,267
Administrative service fees	39,162	48,537
Other	51,871	17,761
Total operating expenses	5,558,241	6,230,207
Operating income	10,356,739	12,588,912
Non-operating income		
Interest income	100	138
Foreign exchange gains	178,185	-
Miscellaneous income	3,821	314
Total non-operating income	182,107	452
Non-operating expenses		
Interest expenses	507,601	603,172
Foreign exchange losses	-	76,288
Interest expenses on investment corporation bonds	33,881	63,059
Amortization of investment corporation bond issuance costs	7,053	10,839
Loan-related costs	538,693	620,370
Derivative losses	537,269	30,078
Investment unit issuance costs	-	152,379
Total non-operating expenses	1,624,499	1,556,188
Ordinary income	8,914,347	11,033,176
Income before income taxes	8,914,347	11,033,176
Income taxes	605	605
Total income taxes	605	605
Net income	8,913,742	11,032,571
Retained earnings carried forward	8,669,991	8,657,960
Unappropriated retained earnings	17,583,734	19,690,532

(3) Statement of Changes in Net Assets

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Capital surplus (net)
		Capital surplus	Deduction of capital surplus			
	Allowance for temporary differences adjustment		Other deduction of capital surplus	Total deduction of capital surplus		
Balance at the beginning of the period	235,701,512	6,264,432	-6,130	-5,524,006	-5,530,137	734,294
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	—	—	—	—
Balance at the end of the period	235,701,512	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 (deficit)	Total surplus				
Balance at the beginning of the period	13,742,562	14,476,857	250,178,369	142,721	142,721	250,321,091
Changes during the period						
Distributions from surplus	-5,072,570	-5,072,570	-5,072,570			-5,072,570
Net income	8,913,742	8,913,742	8,913,742			8,913,742
Changes other than unitholders' equity (net)				-138,171	-138,171	-138,171
Total changes during the period	3,841,171	3,841,171	3,841,171	-138,171	-138,171	3,703,000
Balance at the end of the period	17,583,734	18,318,029	254,019,541	4,550	4,550	254,024,091

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Deduction of capital surplus			Capital surplus (net)
Allowance for temporary differences adjustment	Other deduction of capital surplus		Total deduction of capital surplus			
Balance at the beginning of the period	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 at the end of the period	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 (deficit)	Total surplus				
Balance at the beginning of the period	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 at the end of the period	19,690,532	20,424,826	290,526,075	-221,054	-221,054	290,305,021

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
I Unappropriated retained earnings	17,583,734,499	19,690,532,049
II Distributions (Distribution per unit)	8,925,773,760 (1,464)	11,048,878,440 (1,640)
III Retained earnings (deficit) carried forward	8,657,960,739	8,641,653,609
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 8,925,773,760 out of net income of JPY 8,913,742,601 and retained earnings carried forward of JPY 12,031,159.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 11,032,571,310 out of net income of JPY 11,048,878,440 and retained earnings carried forward of JPY 16,307,130.

(5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Cash flows from operating activities		
Income before income taxes	8,914,347	11,033,176
Depreciation and amortization	3,746,513	4,217,991
Investment unit issuance costs	-	152,379
Amortization of investment corporation bond issuance costs	7,053	10,839
Loan-related costs	538,693	620,370
Interest income	-100	-138
Interest expenses	541,482	666,231
Foreign exchange losses (gains)	-90	23
Loss (gain) of derivatives	537,269	30,078
Decrease (increase) in rental receivables	-905,138	916,217
Decrease (increase) in deposits paid	1,160,368	-1,433,237
Decrease (increase) in receivable income taxes	-1	-5
Decrease (increase) in consumption taxes receivable	-	-3,038,267
Increase (decrease) in accounts payable	13,731	-3,446
Increase (decrease) in consumption taxes payable	51,048	-
Increase (decrease) in accrued expenses	-19,097	8,353
Increase (decrease) in advances received	-11,435	-238
Increase (decrease) in deposits received	-1,827	43,443
Others, net	-250,984	193,803
Subtotal	14,321,833	13,417,575
Interest income received	100	138
Interest expenses paid	-538,660	-643,780
Income taxes paid	-605	-605
Net cash provided by operating activities	13,782,668	12,773,327
Cash flows from investing activities		
Proceeds from time deposits	2,000,000	800,000
Purchases of property and equipment	-62,318	-122,052
Purchases of property and equipment in trust	-965,159	-55,967,444
Purchases of leasehold rights in trust	-	-3,055,022
Repayments of tenant leasehold and security deposits in trust	-30,246	-33,591
Proceeds from tenant leasehold and security deposits in trust	28,873	40,318
Payment of tenant leasehold and security deposits	-	-9,640
Others	-46,500	-95,410
Net cash used in investing activities	924,648	-58,442,843
Cash flows from financing activities		
Increase in short-term loans payable	27,660,000	11,899,000
Repayments of short-term loans payable	-30,722,000	-86,832,000
Proceeds from long-term loans payable	12,317,000	129,686,000
Repayments of long-term loans payable	-16,062,000	-26,343,000
Proceeds from issuance of investment corporation bonds	6,163,101	3,470,368
Redemption of investment corporation bonds	-1,000,000	-2,000,000
Borrowing related expenses redemption	-473,134	-2,684,150
Payment of distributions of earnings	-5,070,967	-8,922,722
Proceeds from issuance of investment units	-	34,247,357
Net cash provided by (used in) financing activities	-7,188,001	52,520,852
Effect of exchange rate change on cash and cash equivalents	90	-23
Net increase (decrease) in cash and cash equivalents	7,519,406	6,851,312
Cash and cash equivalents at beginning of period	20,521,796	28,041,202
Cash and cash equivalents at end of period	*1 28,041,202	*1 34,892,514

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

(Notes Concerning Significant Accounting Policies)

1. Evaluation standards and evaluation method of assets

(a) Investment in affiliates

Cost method through moving-average method is used.

(b) Claims generated and debt incurred through derivative transactions

Market value method is used.

2. Method of depreciation of non-current assets

(a) Property and equipment (including assets in trust)

The straight-line method is used.

The useful lives of major property and equipment are as follows.

Buildings	16-50 years
Buildings and accompanying facilities	5-29 years
Structures	20 years
Tools, furniture and fixtures	3-18 years
Buildings in trust	5-67 years
Buildings and accompanying facilities in trust	3-33 years
Structures in trust	7-55 years
Tools, furniture and fixtures in trust	3-20 years

(b) Intangible assets

For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.

(c) Long-term prepaid expenses

The straight-line method is used.

3. Accounting treatment of deferred assets

Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized using the straight-line method over a period up to redemption of the investment corporation bonds.

4. Method of calculating allowances

Allowance for doubtful accounts

To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.

5. Conversion of assets and liabilities in foreign currency into Japanese yen

Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.

6. Revenue and expense recognition

(a) Accounting treatment of property taxes and other taxes

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the Reporting Period is accounted for as property related expenses.

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was capitalized as part of the acquisition cost of real estate during the Reporting Period is JPY 59,935 thousand.

(b) Recognition of revenue

The following is the content of principal performance obligations related to revenue from contracts with INV's customers and the normal timing for the satisfaction of such obligations (normal timing for revenue recognition).

Sale of real estate, etc.

For the sale of real estate, etc., revenue will be recognized at the time the control of such real estate, etc. is obtained by the purchaser, who is the customer, as the transfer obligation will be fulfilled pursuant to the contract pertaining to the sale of real estate.

7. Method of hedge accounting

(a) Method of hedge accounting

Deferred hedge accounting is used.

(b) Hedging instrument and hedged item

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(c) Hedge policy

INV enters into derivative transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.

(d) Method of evaluating hedge effectiveness

Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.

8. Cash and cash equivalents as stated in Statement of Cash Flows

Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are not subject to significant risks of changes in value.

9. Other matters which constitute the basis for preparation of financial statements

(a) Accounting treatment of trust beneficiary interests in real estate

As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.

(i) Cash and bank deposits in trust

(ii) Buildings in trust

Buildings and accompanying facilities in trust

Structures in trust

Tools, furniture and fixtures in trust

Land in trust

Construction in progress in trust

(iii) Leasehold rights in trust

(iv) Tenant leasehold and security deposits in trust

(b) Accounting treatment of non-deductible consumption taxes

Non-deductible consumption taxes etc. regarding the acquisition of assets are capitalized as part of acquisition cost of each asset.

(8) Notes on Material Accounting Estimates

Not applicable

(9) Notes to the Financial Statements

(Notes to the Balance Sheet)

*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: JPY thousand)	
Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
50,000	50,000

*2. Allowance for temporary differences adjustment

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the beginning of the period	Allowance set aside during period	Reversal during period	Balance at the end of the period
Leasehold rights in trust	Amortization of leasehold rights in trust	-131,332	-6,130	-	-	-6,130
Total		-131,332	-6,130	-	-	-6,130

2. Method of reversal

(1) Leasehold rights in trust

The corresponding amount is scheduled to be reversed upon sale, etc. of the relevant property.

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the beginning of the period	Allowance set aside during period	Reversal during period	Balance at the end of the period
Leasehold rights in trust	Amortization of leasehold rights in trust	-131,332	-6,130	-	-	-6,130
Total		-131,332	-6,130	-	-	-6,130

2. Method of reversal

(1) Leasehold rights in trust

The corresponding amount is scheduled to be reversed upon sale, etc. of the relevant property.

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	11,729,696	16,536,797
Other revenues	271,259	159,279
Total	12,000,955	16,696,076
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	445,723	438,212
Taxes and public dues	596,132	754,133
Non-life insurance premium	20,475	23,534
Depreciation expenses	3,311,017	3,776,448
Other expenses	114,992	104,388
Total	4,488,341	5,096,717
C. Real estate rental income (A-B)	7,512,613	11,599,359
(Note) Of which, revenue from variable hotel rents	4,615,327	7,441,452

*2. Management contract income

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
A. Hotel operating revenue	8,388,052	6,309,635
B. Hotel operating expenses	4,474,026	4,186,593
C. Management contract revenue (A-B)	3,914,026	2,123,042
D. Management contract expenses		
Non-life insurance premium	152,464	218,735
Depreciation expenses	435,496	441,542
Others	61,368	74,443
Total	649,329	734,722
E. Management contract income (C-D)	3,264,696	1,388,320

(Notes to Statement of Changes in Net Assets)

Number of issuable investment units authorized and number of investment units issued and outstanding

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	6,096,840 units	6,737,121 units

(Notes to Statement of Cash Flows)

*1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet is as follows:

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Cash and bank deposits	18,377,030	21,956,120
Cash and bank deposits in trust	10,464,171	12,936,394
Time deposits with a deposit period of more than three months	-800,000	-
Cash and cash equivalents	28,041,202	34,892,514

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
Due within one year	320,951	345,226
Due after one year	8,089,958	8,107,626
Total	8,410,909	8,452,852

Operating lease transactions (as lessor)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
Due within one year	13,119,003	13,424,361
Due after one year	39,197,781	41,147,705
Total	52,316,785	54,572,066

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.

The policy for raising funds is principally through issuing new investment units, investment corporation bonds, etc. or borrowing loans.

Derivative transactions are to be entered into for the purpose of hedging against the risks of future interest rate fluctuations, exchange rate fluctuations, etc. and not for speculation.

Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.

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

The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loans are managed by the finance department of CIM by preparing and updating plans for funds, and monitoring the financial covenants set forth in loan agreements.

(3) Supplemental information regarding fair value of financial instruments

Since certain assumptions, etc. are used in estimating the fair value of financial instruments, different assumptions, etc. may result in the variance of such value.

2. Estimated fair value of financial instruments

Book value, fair value and the difference between values are as follows. “Cash and bank deposits”, “Cash and bank deposits in trust” and “Short-term loans payable” are omitted because their fair values are close to their book values since they are settled in cash and in a short period of time. Moreover, “Tenant leasehold and security deposits in trust” is omitted because it is not material.

Fiscal period ended June 30, 2023 (as of June 30, 2023)

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	18,935,791	1,079,404
Total assets	17,856,387	18,935,791	1,079,404
(2) Current portion of Investment Corporation Bonds	(2,000,000)	(1,996,000)	4,000
(3) Current portion of long-term loans payable	(46,139,000)	(46,139,000)	-
(4) Investment corporation bonds	(11,400,000)	(11,166,860)	233,140
(5) Long-term loans payable	(68,198,000)	(68,198,000)	-
Total liabilities	(127,737,000)	(127,499,860)	237,140
(6) Derivatives	(486,218)	(486,218)	-

Fiscal period ended December 31, 2023 (as of December 31, 2023)

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	21,102,242	3,245,855
Total assets	17,856,387	21,102,242	3,245,855
(2) Current portion of Investment Corporation Bonds	(1,000,000)	(994,700)	5,300
(3) Current portion of long-term loans payable	(36,787,000)	(36,787,000)	-
(4) Investment corporation bonds	(13,900,000)	(13,650,170)	249,830
(5) Long-term loans payable	(180,893,000)	(180,893,000)	-
Total liabilities	(232,580,000)	(232,324,870)	255,130
(6) Derivatives	(646,492)	(646,492)	-

(Note 1) Items recorded in the Liabilities Section are shown in parenthesis.

(Note 2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.

(Note 1) Methods to calculate fair values of financial instruments

(1) Investment securities

For preferred equity interest, the assets and liabilities of the investee are valued at fair value, and the equity equivalent in the obtained net asset value is deemed as the fair value of the preferred equity interest.

(2) Current portion of Investment Corporation Bonds (4) Investment corporation bonds

Fair value is calculated using a method based on market price.

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

Long-term loan with floating interest rates reflecting changes in market rates within a short-term period are stated at their book value as their book value approximate their fair value.

(6) Derivatives

Please refer to the "Notes Related to Derivative Transactions" below.

(Note 2) Repayment schedule of investment corporation bonds, long-term loans payable and other interest-bearing debts after the closing date of the fiscal period

Fiscal period ended June 30, 2023 (as of June 30, 2023)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Current portion of investment corporation bonds	2,000,000	-	-	-	-	-
Current portion of long-term loans payable	46,139,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	5,000,000	-	2,200,000	3,200,000
Long-term loans payable	-	42,243,000	23,804,000	-	1,190,000	961,000
Total	48,139,000	43,243,000	28,804,000	-	3,390,000	4,161,000

Fiscal period ended December 31, 2023 (as of December 31, 2023)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
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

(Notes Related to Investment Securities)

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	18,935,791	1,079,404
Total	17,856,387	18,935,791	1,079,404

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	21,102,242	3,245,855
Total	17,856,387	21,102,242	3,245,855

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended June 30, 2023 (as of June 30, 2023)

About derivative transactions for which hedge accounting is not applied, the contract amount or the amount equivalent to the notional principal prescribed in the contracts as of the settlement of accounts are as follows.

(Unit: JPY thousand)

Classification	Derivative transaction type, etc.	Contract amount, etc.		Fair value (Note 1)	Valuation gains/losses
			Amount due after one year		
OTC transaction	Foreign Exchange Forward, short USD	5,158,490	1,872,600	-490,769	-490,769

(Note 1) Estimation method for fair value

Foreign Exchange Forward Estimated based on the price, etc. presented by the correspondent financial institutions.

Fiscal period ended December 31, 2023 (as of December 31, 2023)

About derivative transactions for which hedge accounting is not applied, the contract amount or the amount equivalent to the notional principal prescribed in the contracts as of the settlement of accounts are as follows.

(Unit: JPY thousand)

Classification	Derivative transaction type, etc.	Contract amount, etc.		Fair value (Note 1)	Valuation gains/losses
			Amount due after one year		
OTC transaction	Foreign Exchange Forward, short USD	4,397,800	989,200	-425,438	-425,438

(Note 1) Estimation method for fair value

Foreign Exchange Forward Estimated based on the price, etc. presented by the correspondent financial institutions.

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended June 30, 2023 (as of June 30, 2023)

The contract amount or the amount equivalent to the notional principal prescribed in the contracts as of the closing date under each hedge-accounting method are as shown below.

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	36,687,000	18,441,000	4,550

(Note 1) The contract amount, etc. for interest rate swap are stated based on a notional principal.

(Note 2) Estimation method for fair value

Interest rate swap Estimated based on the price, etc. presented by the correspondent financial institutions.

Fiscal period ended December 31, 2023 (as of December 31, 2023)

The contract amount or the amount equivalent to the notional principal prescribed in the contracts as of the closing date under each hedge-accounting method are as shown below.

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	130,282,250	101,297,250	-221,054

(Note 1) The contract amount, etc. for interest rate swap are stated based on a notional principal.

(Note 2) Estimation method for fair value

Interest rate swap Estimated based on the price, etc. presented by the correspondent financial institutions.

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

- Summary of the asset retirement obligations for the period
Part of INV's assets has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement and contractual and legal obligation to remove the asbestos.
- Calculation method for asset retirement obligations for the period
The amount of the asset retirement obligations has been calculated by estimating the period of use, based on the remaining period until the expiration of the fixed-term land lease agreement (43 years), the useful life of the buildings containing asbestos (15 to 31 years) and by using each discount rate of 1.342% and 0.963 to 1.505%.
- Increase/decrease in the total amount of asset retirement obligations

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Balance at the beginning of the period	33,872	34,097
Increase due to the acquisition of property and equipment	-	357,149
Accretion expense	225	1,955
Balance at the end of the period	34,097	393,202

(Notes Related to Revenue Recognition)

1. Breakdown of revenue from contracts with customers

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

(Unit: JPY thousand)

	Revenue from contracts with customers (Note 1)	Net sales to external customers
Sale of real estate, etc.	-	-
Other	27,645	15,914,981
Total	27,645	15,914,981

(Note 1) Revenue from the leasing business subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), dividend income subject to the "Accounting Standard 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 "Revenue from contracts with customers" as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

(Unit: JPY thousand)

	Revenue from contracts with customers (Note 1)	Net sales to external customers
Sale of real estate, etc.	-	-
Other	28,370	18,819,119
Total	28,370	18,819,119

(Note 1) Revenue from the leasing business subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), dividend income subject to the "Accounting Standard 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 "Revenue from contracts with customers" as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.

2. Information utilized as the basis for understanding revenue from contracts with customers
The information is as described in "Notes Concerning Significant Accounting Policies" above.

3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts as well as amount of revenue and period expected to be recognized in the next calculation period or thereafter from contracts with customers existing at the end of the Reporting Period

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Claims generated from contracts with customers (balance at the beginning of the period)	4,231	3,093
Claims generated from contracts with customers (balance at the end of the period)	3,093	2,876
Contract assets (balance at the beginning of the period)	-	-
Contract assets (balance at the end of the period)	-	-
Contract liabilities (balance at the beginning of the period)	-	-
Contract liabilities (balance at the end of the period)	-	-

- (2) Transaction value allocated to remaining performance obligations

Not applicable

(Notes Related to Segment and Related Information)

I. Segment Information

Disclosure is omitted because the real estate investment business is INV's sole business and it has no reportable segments.

II. Related Information

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category accounted for over 90% of the operating revenue on the statement of income.

2. Information about each geographic area

- (1) Net sales

(Unit: JPY thousand)

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

(Note) Net sales are based on the location of the customer and categorized by country or territory.

- (2) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounted for over 90% of the amount of property and equipment on the balance sheet.

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	8,022,489	Real Estate Investment

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category accounted for over 90% of the operating revenue on the statement of income.

2. Information about each geographic area

- (1) Net sales

(Unit: JPY thousand)

Japan	The Cayman Islands	Total
16,696,076	2,123,042	18,819,119

(Note) Net sales are based on the location of the customer and categorized by country or territory.

- (2) Property and equipment

Disclosure is omitted because the amount of property and equipment located in Japan accounted for over 90% of the amount of property and equipment on the balance sheet.

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	10,473,047	Real Estate Investment

(Notes Related to Rental Properties)

INV owns residential properties and hotels as core assets principally in the Tokyo area and major regional cities with an aim to establish a portfolio focusing on both stability and growth potential. The book value changed during the period, balance at the end of the period and the fair value are as follows.

(Unit: JPY thousand)

			Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Residences	Book value	Balance at the beginning of the period	34,383,500	34,210,779
		Change during the period	-172,720	-124,698
		Balance at the end of the period	34,210,779	34,086,080
	Fair value at the end of the period		48,017,000	48,229,000
Commercial facilities	Book value	Balance at the beginning of the period	1,605,322	1,588,724
		Change during the period	-16,598	3,999
		Balance at the end of the period	1,588,724	1,592,723
	Fair value at the end of the period		2,380,000	2,380,000
Hotels	Book value	Balance at the beginning of the period	407,302,979	404,698,985
		Change during the period	-2,603,993	55,404,420
		Balance at the end of the period	404,698,985	460,103,406
	Fair value at the end of the period		510,566,211	578,432,474
Total	Book value	Balance at the beginning of the period	443,291,801	440,498,489
		Change during the period	-2,793,312	55,283,722
		Balance at the end of the period	440,498,489	495,782,211
	Fair value at the end of the period		560,963,211	629,041,474

(Note 1) Book value is the figure calculated by subtracting accumulated depreciation from acquisition price (including acquisition-related costs).

(Note 2) The major factors of increase in change during the previous fiscal period were construction work related to capital expenditures, and the major factors of decrease were depreciation. The major factors of increase in change during the Reporting Period were acquisition of hotels and construction work related to capital expenditures, and the major factor of decrease was depreciation.

(Note 3) The fair value as of the end of the period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc.

For information related to profits and losses from rental properties, please refer to "Notes to Statement of Income and Retained Earnings."

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: JPY thousand)

	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
(Deferred tax assets)		
Enterprise tax payable	615	615
Buildings and other (merger)	185,229	181,991
Land (merger)	116,724	116,724
Loss carried forward (Note 1)	1,288,595	1,277,967
Asset retirement obligations	10,727	123,701
Amortization of fixed-term leasehold rights	174,196	186,540
Adjustment of acquisition prices (overseas properties)	445,643	441,696
Deposits received		9,789
Subtotal	2,221,732	2,339,028
Valuation allowance for tax loss carried forward	-1,288,595	-1,277,967
Valuation allowance for the total of deductible temporary differences, etc.	-933,137	-1,061,060
Subtotal (Note 2)	-2,221,732	-2,339,028
Total	-	-

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

Fiscal period ended June 30, 2023 (as of June 30, 2023)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	-	-	-	-	-	1,288,595	1,288,595
Valuation allowance	-	-	-	-	-	-1,288,595	-1,288,595
Deferred tax assets	-	-	-	-	-	-	-

(a) Tax loss carried forward is multiplied by statutory tax rate.

Fiscal period ended December 31, 2023 (as of December 31, 2023)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
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 is multiplied by statutory tax rate.

(Note 2) Valuation allowance increased by JPY 117,295 thousand mainly due to an increase in the valuation allowance for asset retirement obligations.

2. Significant difference between statutory tax rate and the effective tax rate

	Fiscal period ended June 30, 2023 (as of June 30, 2023)	Fiscal period ended December 31, 2023 (as of December 31, 2023)
Statutory tax rate	31.46	31.46
Deductible cash distributions	-31.50	-31.50
Changes in valuation allowance	-3.52	1.06
Expiration of loss carried forward	3.55	-
Others	0.01	-1.01
Effective tax rate	0.01	0.01

(Unit: %)

(Notes Related to Equity-Method Income)

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,341,860 thousand
Amount of investment profit when accounted for by the equity method	JPY -18,280 thousand

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 18,231,267 thousand
Amount of investment profit when accounted for by the equity method	JPY 889,407 thousand

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	612,959	Accounts receivable	261,128
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	8,022,489	Accounts receivable	3,227,566

(Note 1) Consumption taxes, etc., are not included in transaction amounts, but are included in the balance at the end of the period.

(Note 2) Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with CIM. However, these tenants and operators have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (a subsidiary of SoftBank Group Corp., which is a parent company of CIM indirectly owning 100% of its issued shares). Accordingly, INV treats Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of CIM	Sheffield Asset Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.0	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	40,293,000	-	-
	Heijo Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,840,000	-	-
	Nippori Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	4,652,000	-	-
	Shiretoko Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	2,445,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,064,067	Accounts receivable	174,796
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	10,473,047	Accounts receivable	3,915,256

(Note 1) Consumption taxes, etc., are not included in transaction amounts, but are included in the balance at the end of the period.

(Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with sponsor related parties.

(Note 3) Sheffield Asset Tokutei Mokuteki Kaisha , Heijo Tokutei Mokuteki Kaisha, Nippori Tokutei Mokuteki Kaisha, Shiretoko Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with CIM. However, these tenants and operators have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (a subsidiary of SoftBank Group Corp., which is a parent company of CIM directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Sheffield Asset Tokutei Mokuteki Kaisha , Heijo Tokutei Mokuteki Kaisha, Nippori Tokutei Mokuteki Kaisha, Shiretoko Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 4) The purchase of trust beneficiary interests pertains to the following properties. The transaction amount is the purchase price stated in the trust beneficiary purchase agreement, to which other expenses for acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
D84	Fusaki Beach Resort Hotel & Villas	Sheffield Asset Tokutei Mokuteki Kaisha	40,293,000
D85	Tateshina Grand Hotel Takinoyu	Heijo Tokutei Mokuteki Kaisha	8,365,000
D86	Hotel MyStays Okayama	Nippori Tokutei Mokuteki Kaisha	2,613,000
D87	Hotel MyStays Aomori Station	Shiretoko Tokutei Mokuteki Kaisha	2,445,000
D88	Hotel MyStays Soga	Nippori Tokutei Mokuteki Kaisha	2,039,000
D89	Tazawako Lake Resort & Onsen	Heijo Tokutei Mokuteki Kaisha	1,475,000
Total			57,230,000

2. Transactions with Affiliates

None for both the fiscal period ended June 30, 2023 and the fiscal period ended December 31, 2023.

3. Transactions with Companies under Common Control

None for both the fiscal period ended June 30, 2023 and the fiscal period ended December 31, 2023.

4. Transactions with Directors and Major Individual Unitholders

Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of CIM	-	Payment of asset management fees to CIM (Note 1)	300,000	Accrued expenses	165,000
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	600	Accrued expenses	330

(Note 1) Naoki Fukuda served as a representative of the third party (CIM), and the fee is as set forth in the Articles of Incorporation of INV.

(Note 2) Naoki Fukuda served as a representative of the third party (CIM), and the fee is as set forth in "Administrative Agency Agreement for Organizational Management," entered into by and between INV and CIM.

(Note 3) Consumption taxes, etc. are not included in the transaction amounts, but are included in the balance at the end of the period.

Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of CIM	-	Payment of asset management fees to CIM (Note 1)	305,723	Accrued expenses	165,000
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	1,100	Accrued expenses	880

(Note 1) Naoki Fukuda served as a representative of the third party (CIM), and the fee is as set forth in the Articles of Incorporation of INV.

(Note 2) Naoki Fukuda served as a representative of the third party (CIM), and the fee is as set forth in "Administrative Agency Agreement for Organizational Management," entered into by and between INV and CIM.

(Note 3) Consumption taxes, etc. are not included in the transaction amounts, but are included in the balance at the end of the period.

(Notes Related to Parent Company or Any Material Affiliated Company)

1. Information of parent company

Not applicable

2. Summarized financial information of material affiliated company

Kingdom Special Purpose Company was the material affiliated company during the Reporting Period, and the summary of financial statements are as below:

(Unit: JPY thousand)

	Kingdom Special Purpose Company	
	From October 1, 2022 to March 31, 2023	From April 1, 2023 to September 30, 2023
Total specified assets	99,527,689	99,346,106
Total other assets	1,974,338	4,083,121
Total current liabilities	161,817	273,900
Total non-current liabilities	65,970,166	65,970,166
Total net assets	35,370,044	37,185,160
Operating revenue	652,802	2,518,282
Income before income taxes	-36,702	1,815,721
Net income	-37,307	1,815,116

(Notes Related to Per Unit Information)

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Net assets per unit	JPY 41,665	JPY 43,090
Net income per unit	JPY 1,462	JPY 1,639

Net income per unit is calculated by dividing net income for the period by the average number of investment units during the period. Diluted net income per unit is not stated as there are no diluted units.

(Note 1) The basis for calculating net income per unit is as follows.

	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	Fiscal period ended December 31, 2023 (from July 1, 2023 to December 31, 2023)
Net income (JPY thousand)	8,913,742	11,032,571
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	8,913,742	11,032,571
Average number of investment units during the period (units)	6,096,840	6,732,039

(Notes Related to Significant Subsequent Events)

Not applicable

(10) Changes in Total Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital for the past five years up to the end of the Reporting Period are as follows.

Date	Type of Issue	Total Number of Investment Units Issued and Outstanding (units)		Unitholders' Capital (JPY)		Reference
		Increase	Total	Increase	Total	
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 1)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 2)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 3)
July 31, 2023	Public offering	609,792	6,706,632	32,761,684,992	268,463,197,161	(Note 4)
August 28, 2023	Third-party allotment	30,489	6,737,121	1,638,052,014	270,101,249,175	(Note 5)

(Note 1) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 2) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified assets.

(Note 3) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on August 22, 2019 and the amount was incorporated into unitholders' capital.

(Note 4) New investment units were issued in a public offering at a price of JPY 55,566 per unit (JPY 53,726 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 5) New investment units were issued in a third-party allotment at a price of JPY 53,726 per unit for the purpose of raising a part of the funds for the acquisition of specified assets.

3. Reference Information

(1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended June 30, 2023 (as of June 30, 2023)		Fiscal period ended December 31, 2023 (as of December 31, 2023)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	2	0.0	2	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	33,168	6.7	32,814	5.8
		Subtotal	33,170	6.7	32,817	5.8
Total real estate			33,170	6.7	32,817	5.8
Real estate in trust	Residences	Greater Tokyo area	28,383	5.7	28,301	5.0
		Major regional cities	5,827	1.2	5,784	1.0
		Subtotal	34,210	6.9	34,086	6.1
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	1,588	0.3	1,592	0.3
		Subtotal	1,588	0.3	1,592	0.3
	Hotels	Greater Tokyo area	166,285	33.5	167,674	29.8
		Major regional cities	205,243	41.3	259,612	46.1
		Subtotal	371,528	74.8	427,286	75.8
	Total real estate in trust			407,327	82.0	462,965
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.2
Deposits and other assets			38,465	7.7	49,754	8.8
Total assets (Note 6)			496,819 (440,498)	100.0 (88.7)	563,393 (495,782)	100.0 (88.0)

(Note 1) "Greater Tokyo area" refers to Tokyo, Kanagawa, Chiba and Saitama.

(Note 2) "Amount held" is from the balance sheet as of the end of the Reporting Period (book value after depreciation for real estate, leasehold and real estate in trust). The amounts held for hotels are calculated by including book value of accompanying FF&E, in principle.

(Note 3) While Hotel MyStays Haneda is held as trust beneficiary interests, part of accompanying FF&E is held in kind, which falls under this category.

(Note 4) The Leasehold of the Cayman Hotels falls under the category of "Real estate" for "Overseas." The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort" on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the Leasehold of the Cayman Hotels, which were the underlying assets of the TK.

(Note 5) Preferred equity interest issued by Kingdom Special Purpose Company, with the Sheraton Grande Tokyo Bay Hotel as an underlying asset (asset in trust of trust beneficiary interest acquired by Kingdom Special Purpose Company, which is the real estate that serves as the main source of revenue for Kingdom Special Purpose Company).

(Note 6) The figures indicated in parenthesis under "Total assets" show the amounts related to owned real estate (excluding the amount of preferred equity interest).

	Fiscal period ended June 30, 2023 (as of June 30, 2023)		Fiscal period ended December 31, 2023 (as of December 31, 2023)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	242,795	48.9	273,088	48.5
Total Net Assets	254,024	51.1	290,305	51.5
Total Liabilities and Net Assets	496,819	100.0	563,393	100.0

(2) Real Estate Properties, Etc.

The following summarizes the real estate assets (real estate or trust beneficiary interest comprised mainly of real estate) as well as preferred equity interest held by INV as of the end of the Reporting Period.

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 8)	1,251	1,082	0.2	1,320	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	810	0.2	1,150	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	921	0.2	1,310	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,299	0.3	1,510	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,045	0.2	1,290	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	919	0.2	1,330	A
A34	Belle Face Ueno-Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	893	0.2	1,190	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	757	0.2	1,120	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	707	0.1	869	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	692	0.1	733	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	713	0.1	743	A
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	657	0.1	639	A

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	485	0.1	832	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	549	0.1	537	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	544	0.1	667	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	553	0.1	575	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	488	0.1	652	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	512	0.1	580	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	443	0.1	630	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	779	0.2	1,390	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	577	0.1	865	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	995	0.2	1,560	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	374	0.1	715	B
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	252	0.1	464	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	225	0.0	305	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	399	0.1	786	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	854	0.2	1,310	D
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	477	0.1	878	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	482	0.1	878	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	400	0.1	820	B

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(from July 1, 2023 to December 31, 2023)

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	376	0.1	681	B
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	324	0.1	581	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	320	0.1	579	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	284	0.1	551	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	302	0.1	430	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	253	0.1	439	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,569	0.3	2,310	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,514	0.3	2,240	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,417	0.5	3,290	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,432	0.9	6,200	C
A106	Royal Parks Seair Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,392	0.5	3,280	B
Subtotal (41 properties)				38,465	34,086	7.0	48,229	-
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,592	0.4	2,380	C
Subtotal (1 property)				2,320	1,592	0.4	2,380	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,758	0.5	5,060	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,436	0.5	4,480	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijiyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,387	1.1	8,300	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,310	0.9	7,610	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,433	0.9	7,540	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,609	0.7	6,610	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,473	0.5	5,620	B

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(from July 1, 2023 to December 31, 2023)

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,200	0.5	3,340	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,060	0.4	4,190	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,719	0.3	2,570	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,367	0.3	5,820	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,299	0.3	2,110	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,159	0.2	2,050	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,159	0.2	2,060	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,171	0.2	2,190	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,060	0.2	2,220	B
D17	Hotel MyStays Otemae	1-3-2 Tokuiicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,093	0.2	2,570	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	819	0.1	1,540	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	543	0.1	844	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	275	0.1	406	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,107	1.5	10,000	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,612	0.5	4,000	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,046	0.4	2,430	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	6,853	1.4	8,470	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,171	1.0	7,730	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,538	0.7	3,980	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,412	0.7	5,180	B
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	1,959	0.4	2,510	B

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,552	0.3	1,880	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,245	0.2	1,390	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,180	0.2	2,100	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	849	0.2	1,160	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	856	0.2	1,180	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	843	0.2	913	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,679	0.9	4,690	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,038	0.2	1,240	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,032	0.2	1,200	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,903	0.6	2,080	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	971	0.2	1,200	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	901	0.2	1,100	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	870	0.2	1,060	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	715	0.2	883	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,095	4.8	24,500	C
D44	Hotel Epinard Nasu (Note 10)	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	21,002	18,057	3.8	23,400	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,565	1.5	8,360	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,690	1.5	6,300	C
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,146	2.5	12,700	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,083	0.4	1,720	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,882	1.5	10,100	B

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,756	2.4	13,400	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,697	1.8	10,300	D
D52	Kamenoi Hotel Beppu	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,527	1.6	9,810	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,336	1.4	8,820	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	4,996	1.0	5,710	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,544	0.5	2,660	D
D56	Art Hotel Hirosaki City	1-1-2, 1-1-6, 1-1-7, 1-2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,561	0.5	2,500	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,402	0.3	1,680	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,028	0.7	4,310	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,158	0.6	3,420	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,031	3.8	23,400	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujonishi Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	15,760	3.0	16,300	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,096	1.0	5,460	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,718	0.9	3,130	B
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interests	15,543	15,128	2.8	15,400	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,374	1.8	9,670	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	8,456	1.7	10,700	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,440	1.1	6,420	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,568	1.0	5,750	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,137	1.0	5,780	D
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,006	0.9	5,240	C

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,145	0.8	4,380	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,290	0.6	3,550	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,817	0.6	3,340	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,792	0.6	3,210	E
D75	Hotel MyStays Sapporo Susukino	1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot	Trust beneficiary interests	3,059	2,944	0.6	2,980	C
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	2,118	1,999	0.4	2,010	C
D77	Hotel MyStays Sapporo Nakajima Park Annex	4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,584	1,560	0.3	1,580	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interests	1,425	1,378	0.3	1,490	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,253	0.2	1,270	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,135	0.2	1,240	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	840	0.2	972	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	9,727	1.9	10,500	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,204	1.0	5,520	C
D84	Fusaki Beach Resort Hotel & Villas	1625-6 Arakawa Fusaki, Ishigaki-shi, Okinawa, and sixty other lots	Trust beneficiary interests	40,293	40,122	7.3	40,900	B
D85	Tateshina Grand Hotel Takinoyu	4035-187 Minamiyama Kuridaira yori Mimuro Oogaya made, Kitayama, Chino-shi, Nagano, and sixteen other lots	Trust beneficiary interests	8,365	8,472	1.5	8,600	D
D86	Hotel MyStays Okayama	9-16, Honmachi, Kita-ku, Okayama-shi, Okayama	Trust beneficiary interests	2,613	2,674	0.5	2,680	B
D87	Hotel MyStays Aomori Station	1-8-6 Shinmachi, Aomori-shi, Aomori	Trust beneficiary interests	2,445	2,420	0.4	2,470	C
D88	Hotel MyStays Soga	2-7-13 Minamicho, Chuo Ward, Chiba-shi, Chiba	Trust beneficiary interests	2,039	2,060	0.4	2,110	D
D89	Tazawako Lake Resort & Onsen	82-117 Shimotakano, Tazawako Obonai, Senboku-shi, Akita, and forty-one other lots	Trust beneficiary interests	1,475	1,511	0.3	1,490	E
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	30,061 (USD 272,171 thousand)	27,593	5.5	67,199 (USD 473,800 thousand) (Note 12)	F

Financial Summary for the December 2023 Fiscal Period
(from July 1, 2023 to December 31, 2023)

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	5,842 (USD 52,898 thousand)	5,221	1.1	10,495 (USD 74,000 thousand) (Note 12)	F
Subtotal (91 properties)				490,015	460,103	89.3	578,432	-
Total (133 properties)				530,800	495,782	96.7	629,041	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 13)	17,845	17,856	3.3	- (Note 5)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.3	-	-
Total (134 properties)				548,646	513,638	100.0	-	-

(Note 1) "Property number" indicates the use categorization of properties owned by INV, with "A" standing for residence, "B" standing for office and commercial facility, "C" standing for parking lots and "D" standing for hotel, and the number assigned for each property. The number following "A", "B", "C" and "D" is assigned based on how early the acquisition was made, except for acquisitions made at the same time a lower number is assigned to the property with a greater acquisition price.

(Note 2) "Location" is, in principle, based on the indicated address (*kyukyohyoji*), except that if the *kyukyohyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).

(Note 3) "Acquisition price" is the purchase price indicated in the real estate or trust beneficiary purchase agreement except for Sheraton Grande Tokyo Bay Hotel (preferred equity interest), Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort. For Sheraton Grande Tokyo Bay Hotel (preferred equity interest), "Acquisition price" indicates the amount invested by INV for the preferred equity interest, excluding investment in the specified equity interests in the Kingdom Tokutei Mokuteki Kaisha and the acquisition price of the equity interest held by the employees in a G.K., which is a master lease company. For Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort, the book value of the Leasehold of each of the Cayman Hotels is stated by the Cayman SPC as of May 9, 2019 (Cayman Islands local time; May 10, 2019 in Japan local time), which is the date when INV succeeded the Leasehold from the Cayman SPC as dividend in kind in line with the agreed termination of the TK agreement. The amounts in USD are converted into JPY as shown. Such price excludes consumption tax and other taxes, and has been rounded down to the nearest million yen.

(Note 4) "Investment percentage" is the ratio of the acquisition price to the aggregate acquisition price of INV's portfolio, and has been rounded to the first decimal place.

(Note 5) "Appraisal value at the end of the period" is the value appraised or determined based on research by the real estate appraiser as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trust Association, Japan. As to appraisal of Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort, the local appraiser verification method (Note 6) is adopted. The appraisal value for Sunshine Suites Resort includes the unused land adjacent to the hotel. Appraisal is entrusted to those described in (Note 7) below. For Sheraton Grande Tokyo Bay Hotel (preferred equity interest), there is no appraisal value at the end of the period due to it being preferred equity interest. An appraisal value for the underlying asset as of the closing date of the Reporting Period is as follows.

Name of property	Appraisal value	Appraiser (Note 7)
Sheraton Grande Tokyo Bay Hotel	JPY 102,000 million	D

(Note 6) Under the "local appraiser verification method," a real estate appraiser licensed in Japan determines appraisal value based on the understanding and analyses of basic data and information necessary for real estate appraisal, including appraisal methods employed by local appraisers, and transaction examples and trends in local markets that are used for real estate appraisal, and by verifying the validity of decisions made in appraisal reports and appropriateness of appraisal value prepared by local appraisers. INV appoints CBRE, Inc., a professional appraiser licensed and certified in the Cayman Islands, as a local appraiser to engage in appraisal of the Underlying Asset and prepare a local appraisal report. INV then engages CBRE K.K., a company appointed as a real estate appraiser in Japan, to verify the local appraisal report and then obtains a report on verification of appraisal performed by local appraiser.

(Note 7) “Appraiser” is shown in code in the table above. The code used to represent the appraisers is as follows:

Appraiser
A: Assets Research and Development Inc.
B: Japan Real Estate Institute
C: JLL Morii Valuation & Advisory K.K.
D: The Tanizawa Sogo Appraisal Co., Ltd.
E: Daiwa Real Estate Appraisal Co., Ltd.
F: CBRE K.K.

As to the appraisal of Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort, the local appraiser verification method is adopted and CBRE K.K. has entrusted such appraisal to CBRE, Inc. The appraisal value for Sunshine Suites Resort includes the acquisition price of the unused land adjacent to the hotel.

(Note 8) These trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. The grouping of trust beneficiary interests at the end of the Reporting Period is as follows:

Group 1

Nisshin Palacestage Daitabashi, Growth Maison Shin-Yokohama, Belle Face Ueno-Okachimachi, Growth Maison Yoga, Shibuya-Honmachi Mansion, and Foros Nakamurabashi

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I

Group 3

Suncrest Shakujii-Koen, Grand Rire Kameido, Acseeds Tower Kawaguchi-Namiki, Growth Maison Kaijin, and College Square Machiya

(Note 9) Acquisition price includes the floor expansion portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 10) Acquisition price includes the adjacent land portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the adjacent land portion as one.

(Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the movable assets such as leasehold and FF&E of the Cayman Hotels (the Leasehold, etc.), which were the underlying assets of the TK.

(Note 12) Appraisal value at the end of the period is converted into JPY using the exchange rate of USD 1 = JPY 141.83, which is the exchange rate on the closing date of the Reporting Period (December 31, 2023).

(Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction, etc., as of the end of the Reporting Period for the real estate assets is as follows.

Name of Property	Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)			
				Total	Payment for the Reporting Period	Advance Payments	
D21	APA Hotel Yokohama-Kannai	Yokohama-shi, Kanagawa	Renewal of air conditioning facility of entire building	From January 2024 To June 2024	355,000	-	-
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	Grand Cayman, Cayman Islands	Renewal of guest room furniture	From January 2024 To June 2024	70,593	-	-
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	Grand Cayman, Cayman Islands	Renewal of air conditioning facility of guest rooms	From January 2024 To June 2024	66,328	-	-
D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	Renewal of gas heat pump facility (1F and 2F) and total heat exchangers	From January 2024 To June 2024	64,000	-	-
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	Renewal of gas heat pump facility (two floors)	From January 2024 To June 2024	60,000	-	-

(b) Capital expenditures for the Reporting Period

The principal construction work constituting capital expenditures for the real estate assets for the Reporting Period is as follows. Capital expenditures for the Reporting Period totaled JPY 1,796,357 thousand, and together with JPY 29,932 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,826,290 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D22	Hotel MyStays Hakodate-Goryokaku	Hakodate-shi, Hokkaido	Renovation of exterior wall	From July 2023 To December 2023	85,000
D56	Art Hotel Hirosaki City	Hirosaki-shi, Aomori	Renovation of exterior wall	From July 2023 To December 2023	59,660
D83	Art Hotel Morioka	Morioka-shi, Iwate	Renovation of multi-story car parking	From July 2023 To December 2023	56,500
A38	Route Tachikawa	Tachikawa-shi, Tokyo	Renovation of exterior wall	From July 2023 To December 2023	53,642
D64	Hotel MyStays Sapporo Aspen	Sapporo-shi, Hokkaido	Renewal of air conditioning /water heating facility and energy saving facility	From July 2023 To December 2023	53,320
Other construction				1,488,234	
Total				1,796,357	

(3) Tenant Summary

- a Summary of lease conditions by property
Disclosure is omitted because the information is described in the presentation material, “December 2023 Fiscal Period Results (July 1, 2023 to December 31, 2023)” separately announced on February 26, 2024.
- b Occupancy trend
Disclosure is omitted because the information is described in the presentation material, “December 2023 Fiscal Period Results (July 1, 2023 to December 31, 2023)” separately announced on February 26, 2024.