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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended December 31, 2021 (July 1, 2021 to December 31, 2021)

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Greetings from Naoki Fukuda, Executive Director of Invincible Investment Corporation and President & CEO of Consonant Investment Management Co., Ltd.

We would like to take this opportunity to express our sincere gratitude to all unitholders of Invincible Investment Corporation ("INV") for your continued support. Our thoughts and prayers go out to all those who have contracted the COVID-19 virus as well as their families and friends.

We hereby provide you with a report on INV's asset management and financial results for the 37th fiscal period (from July 1, 2021 to December 31, 2021) (the "Reporting Period").

In the Reporting Period, due to the rapid increase in new cases from the fifth wave of COVID-19, the government has repeatedly issued and extended the state of emergency and quasi state of emergency ordinances for various areas in Japan. As a result, the occupancy rate of hotels was sluggish due to self-restraint for business trips and leisure travel. After a one-year postponement, the Tokyo Olympics and Paralympics were finally held, but without spectators at most venues. Consequently, the hotels owned by INV around the venues in the Tokyo metropolitan area and Sapporo were not able to secure the demand for accommodations as expected. After the state of emergency was lifted at the end of September, behavioral restrictions such as travel between prefectures have gradually eased. Business and leisure demand have also recovered, and hotel occupancy in some months have outperformed the same period in 2020 when the Go To Travel Campaign was implemented. However, infections from a new variant (Omicron) began to be reported toward the end of the year, and in January 2022, quasi state of emergency measures were applied in various places.

Amid this cycle of the spread and temporary containment of COVID-19, INV was again forced to accept substantial rent reductions from MyStays Hotel Management Co., Ltd., the major tenant and hotel operator. As for two hotels in the Cayman Islands, the government removed the requirement for fully vaccinated tourists to self-quarantine after border entry effective November 20, 2021 based on the decision that the local vaccination rate had increased sufficiently. However, since unvaccinated children still needed to quarantine for 14 days, it was difficult to attract families to the Cayman Islands. As a result, demand for Thanksgiving to year-end holidays, which are normally a busy season, had been stagnant.

Although the financial results for the Reporting Period were severe, INV announced a distribution per unit of JPY 166 by recording a gain on sale of property of JPY 2,568 million. Operating revenues were JPY 8,406 million, with operating income of JPY 2,292 million, and net income of JPY 1,014 million, avoiding red ink for the second consecutive fiscal period.

Our business outlook remains uncertain due to the COVID-19 pandemic. However, we will continue to take initiatives to maximize hotel revenues under the new environment classified as "With Corona". Also on the improvement of "sustainability" which has been placed a high priority as a focal point for management, INV is steadily strengthening its action and received a "2-star" rating and "Green Star" award in the 2021 GRESB Real Estate Assessment. We, INV and its asset management company, will make every effort to

manage assets with the aim of achieving a recovery in business performance while contributing to the best interests of unitholders.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

President & CEO, Consonant Investment Management Co., Ltd.

Summary of Financial Results

| | Period from July 1, 2019 to December 31, 2019 | Period from January 1, 2020 to June 30, 2020 | Period from July 1, 2020 to December 31, 2020 | Period from January 1, 2021 to June 30, 2021 | Period from July 1, 2021 to December 31, 2021 |
|-------------------------------------|---|--|---|--|---|
| Operating Revenues (JPY million) | 18,587 | 9,410 | 8,340 | 3,806 | 8,406 |
| Ordinary Income (JPY million) | 11,639 | 424 | 624 | -3,599 | 1,014 |
| Net Income (JPY million) | 11,638 | 423 | 623 | -3,599 | 1,014 |
| Net Assets (JPY million) | 259,730 | 249,538 | 249,641 | 245,113 | 246,130 |
| Total Assets (JPY million) | 522,431 | 516,663 | 516,490 | 497,899 | 494,819 |
| Net Assets per Unit (JPY) | 42,601 | 40,929 | 40,946 | 40,203 | 40,370 |
| Net Assets/Total Assets (%) | 49.7 | 48.3 | 48.3 | 49.2 | 49.7 |
| Distribution per Unit (JPY) | 1,725 | 69 | 167 | 15 | 166 |
| Number of Units Issued (Unit) | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 |

Distribution per unit for the 37th fiscal period
(the fiscal period ended December 2021)

JPY 166

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of February 28, 2022. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

■ Top Interview

Q: Recently, you have sold 13 residential properties. Please tell us what the background was to execute in two transactions for 7 properties in December 2021 and 6 properties in January 2022.

A: While ensuring positive financial results earnings for the fiscal period ended December 31, 2021, it was again necessary to prepare for the deterioration of hotel performance, so the sale of 13 properties was carried out in two transactions.

Initially, we started the sale activities with the view of selling 13 properties all at once in the fiscal period ended December 31, 2021. The fifth wave of COVID-19 rapidly subsided in the autumn, and when the state of emergency was lifted, the hotel performance headed for a recovery. However, some experts shared the view that a sixth wave would surely come, so while ensuring positive earnings for the fiscal period ended December 31, 2021, we also wanted to preserve a part of the sale proceeds in case the performance deteriorated due to the sixth wave.

Based on the above considerations, we chose to sell 7 properties in December 2021 and 6 properties in January 2022 after negotiating with the buyer. Since the spread of infections during the sixth wave in 2022 has hit the hotel performance again, we believe that the decision was prudent to carry over the sale of 6 properties to the fiscal period ending June 30, 2022.

Q: The credit rating was downgraded in February 2022. Is there any financial problem?

A: As of February 1, 2022, the long-term issuer rating granted by Japan Credit Rating Agency, Ltd. (JCR) was downgraded by one notch from "A+ (Rating outlook: negative)" to "A (Rating outlook: stable)", however, we do not think there is a major financial problem.

In response to the significant decline in rent income from hotels amid COVID-19, we regard the downgrade in rating as unavoidable. However, INV has never violated any financial covenants with financial institutions since the outbreak of COVID-19. With this background, relations with financial institutions are favorable. Although some financial institutions, mainly regional banks, have shown difficulties in refinancing due to changes in lending stances for hotel assets amid COVID-19, we have good relations with the major banks with large borrowing amounts and we have obtained support as necessary. So, we believe that we can continue to refinance without problems in the future.

We do not believe that we are free from financial challenges but understand that the LTV (interest-bearing debts ratio) is a little high. However, as answered in the question above, INV has secured liquidity on hand by selling 13 residential properties, and as of the end of January 2022, INV has 17.1 billion yen of cash on hand. In the future, we will consider lowering the LTV by making use of some of these sale proceeds.

Q: Please tell us the status of the hotels in the Cayman Islands.

A: Although there is still a level of uncertainty as of the end of February 2022, we are beginning to see

positive aspects that point to a future recovery. In the Cayman Islands, the airport was closed in March 2020 as a quick response to the COVID-19 outbreak, and two hotels owned by INV were temporarily closed. Due to the prolonged period of low infection rates on the island and relatively steady progress in vaccinations, the Cayman Islands government planned to resume accepting tourists around the summer of 2021, provided that the vaccination rate on the islands reached 80%. However, the government was forced to postpone the reopening due to an increase of infections in the islands. On November 20, 2021, the government resumed accepting tourists by removing the quarantine requirement after border entry for fully vaccinated travelers. However, since unvaccinated children (children who are not be able to be vaccinated) still needed to quarantine for 14 days, it was difficult to attract families to the Cayman Islands, and demand for the Thanksgiving to year-end holidays, which are normally a busy season, were stagnant. Since the beginning of 2022, epidemic prevention measures for tourists have been gradually relaxed and unvaccinated children assumed the vaccination status of their adult travel companions, which lowered the hurdle for family travel. On the other hand, all travelers aged 5 and over were required to take lateral flow tests on days 2, 5, and 7 after border entry, resulting in a 10-day quarantine if positive, resulting in sluggish demand due to the risk of a delayed return home. Subsequently, these tests were also eliminated in mid-February. Commercial flights from/to the U.S. by major U.S.-based airlines such as American Airlines and United Airlines resumed for the first time in almost two years. Therefore, we expect that travel demand will return to its original state from now on.

Q: INV received a “2-star” GRESB rating in 2021. Please tell us your next target in terms of sustainability.

A: As for GRESB, we aim to obtain a “3-star” rating in the 2022 ratings, which is up one rank. To achieve that, we have been working on Green Lease initiatives and to receive a satisfactory survey from our tenants. We believe that there are many other things that can be done, so we are considering various things within the company.

■ ESG Initiatives

INV recognizes 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 and implement initiatives to contribute to make our society sustainable.

Initiatives for Society



Contribution to Regional activation

Hotel MyStays Premier Sapporo Park

"Iwamizawa Fair", a collaboration project with Iwamizawa City, Hokkaido, is held at the "Farm to Table TERRA" restaurant in the hotel. Focusing on ingredients from Hokkaido and organic vegetables procured directly from farms nationwide, the natural restaurant promotes the charm of the region by offering lunch, dinner, and wine using abundant specialties of Iwamizawa City for a limited time and selling special products of the region



Left) Salad bar of vegetables from Iwamizawa and carefully selected vegetables from TERRA contract farmers
Right) TERRA original coffee roasted by Iwamizawa's social welfare corporation "Kupido Fair"

Art Hotel Ishigakijima

The third "Art T-shirt Exhibition" was held. At this exhibition, art works by artists based in Okinawa and "Art T-shirts" by illustrators and artists inside and outside the island are exhibited and sold. It provides an opportunity to see art works up close and contributes to the transmission of the island's art and culture, and has been well received every year



Cooperation in preventing COVID-19

INV owned hotels (APA Hotel Yokohama-Kannai and MyStays Oita) have been used as an accommodation and medical facility for patients with mild symptoms as well as a quarantine facility for returnees from abroad (as of February 28, 2022). Also, the conference rooms of MyStays Shin Osaka Conference Center was provided as a vaccination venue (September and October 2021). In addition, MyStays Group hotels located in Tokyo participate in "TOKYO Waction", a measure to promote the vaccination of the new coronavirus in Tokyo, and offer benefits



Disaster measures

Conduct voluntary training twice a year (17 residential properties)

Initiative at Nisshin Palace Stage Daitabashi:

We distribute leaflets to each tenant explaining how to use evacuation equipment so that residents don't panic in an emergency. An awareness poster issued by the fire department is posted in the common area during Disaster Prevention Week



GRESB Real Estate Assessment¹

In the 2021 GRESB Real Estate Assessment, INV received a “2-Star” GRESB Rating, which is based on overall GRESB scores and its quintile position among participants. INV was also awarded a “Green Star” designation by achieving high performance in both the “Management Component” that evaluates policies and organizational structure for ESG (Environmental, Social, and Governance) promotion, and the “Performance Component” that assesses environmental performance and tenant engagement of properties owned. Further, INV was highly evaluated for its ESG information disclosure efforts and received an “A Level” the highest level for GRESB Public Disclosure, which assesses the breadth of ESG disclosure

(Note 1) GRESB is an annual benchmarking program to evaluate ESG considerations of property companies and real estate funds. The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of initiatives for sustainability of property companies, REITs and real estate funds, not of individual properties. GRESB rating is a relative evaluation based on comprehensive scores and the highest being "5-stars".



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■ Unitholder Benefit Program

INV has introduced the unitholder benefit program to improve the satisfaction of its unitholders and expand the unitholder base. Eligible unitholders can stay at Sheraton Grande Tokyo Bay Hotel and all MyStays hotels at special discount rates.

*Detailed information is sent to eligible unitholders along with this report.

Overview of the Unitholder Benefit Program^(Note 1)

| | |
|------------------------------|---|
| Applicable Hotels | <ul style="list-style-type: none"> ■ Sheraton Grande Tokyo Bay Hotel ■ All MyStays hotels^(Note 2) |
| Eligible Unitholders | <p>All Unitholders whose names are recorded on Invincible's Unitholders' Registry as of the relevant record dates:</p> <p>*INV decided to remove the eligibility requirement of "holding 10 or more units" to enable all INV unitholders to utilize the Unitholder Benefit Program from the June 2020 Fiscal Period and onwards.</p> |
| Record Date | The last day of every fiscal period (June 30 and December 31 of each year) |
| Program Details | Stay with unitholder special discount rates at the above applicable hotels |
| Hotel Reservation | <ul style="list-style-type: none"> ■ Sheraton Grande Tokyo Bay Hotel Reservation via phone or Email ■ All MyStays hotels Reservation via designated website posting accommodation plans for the unitholder benefit program |
| Available Period (Note 3) | <p>From April 1 to September 30 (eligible unitholders as of December 31)</p> <p>From October 1 to March 31 (eligible unitholders as of June 30)</p> |

Sheraton Grande Tokyo Bay Hotel



Hotel Epinard Nasu



Fusaki Beach Resort Hotel & Villas



Hotel MyStays Premier Kanazawa



Hotel MyStays Premier Akasaka



(Note 1)

The details of the unitholder benefit program described above are as planned by Invincible as of February 28, 2022, and the program may be changed or abolished even after it has been introduced.

- (Note 2) Refers to all hotels under MyStays brand managed by MHM, and hotels shown on the MyStays Hotel Group's official website (<https://www.mystays.com/en-us/>) will be applicable.
- (Note 3) Available Period represents a period during which you can lodge by using the unitholder benefit program. To enjoy the unitholder benefit program, you actually need to lodge during the availability period.

Initiatives by hotels amid COVID-19

～Delivery and Takeout Services～

Delivery services and takeout menus distributed in neighborhoods are available at MHM's directly managed restaurants. 12 hotels which are owned by INV offer the service as of the end of December 2021.

Please enjoy services at the hotel near you



MHM's website for "Delivery and Takeout Services" (Japanese only)
https://www.mystays.com/delivery_and_takeout/

Art Hotel Niigata Station



A menu that uses plenty of local ingredients such as Niigata brand rice, beef, and pork

Hotel Sonia Otaru



Seafood and other Hokkaido products unique to Otaru, Hokkaido

Hotel Nord Otaru



Takeout on popular buffet menus and delivery lunches

Hotel MyStays Premier Sapporo Park



Fine eel lunch box etc.

Hotel MyStays Matsuyama



Pasta, meat and fish dishes using locally produced ingredients

Art Hotel Hiroasaki City



Use of local ingredients, supporting producers, the taste of the hotel at home

Beppu Kamenoi Hotel



Lunch box with plenty of flavors from famous restaurants

Art Hotel Morioka



Takeout lunch box etc.

Hotel MyStays Kagoshima Tenmonkan



Delicious hamburgers made with selected ingredients

Hotel MyStays Shin Osaka Conference Center



Hamburgers and steaks made with selected beef

Hotel MyStays Premier Akasaka



A variety of delicious pastas and salads by the chef of an authentic Italian restaurant

Hotel MyStays Gotanda Station



Italian Bolognese cuisine and classic pasta pizza



I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

| By Period | | 33rd fiscal period | 34th fiscal period | 35th fiscal period | 36th fiscal period | 37th fiscal period | |
|----------------------|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------|
| Reporting period | | Jul. 1, 2019 to Dec. 31, 2019 | Jan. 1, 2020 to Jun. 30, 2020 | Jul. 1, 2020 to Dec. 31, 2020 | Jan. 1, 2021 to Jun. 30, 2021 | Jul. 1, 2021 to Dec. 31, 2021 | |
| Operating Results | Operating revenue | (JPY thousand) | 18,587,253 | 9,410,225 | 8,340,593 | 3,806,176 | 8,406,334 |
| | (Rental revenue – real estate) | (JPY thousand) | 14,545,826 | 5,838,836 | 5,738,249 | 3,806,176 | 5,837,847 |
| | Operating expenses | (JPY thousand) | 5,728,269 | 7,913,247 | 6,649,749 | 6,147,595 | 6,113,994 |
| | (Property-related expenses) | (JPY thousand) | 4,673,007 | 6,801,584 | 5,044,533 | 4,720,815 | 4,777,042 |
| | Operating income (loss) | (JPY thousand) | 12,858,984 | 1,496,977 | 1,690,843 | (2,341,419) | 2,292,339 |
| | Ordinary income (loss) | (JPY thousand) | 11,639,553 | 424,522 | 624,333 | (3,599,083) | 1,014,799 |
| | Net income (loss) | (JPY thousand) | 11,638,948 | 423,917 | 623,728 | (3,599,688) | 1,014,194 |
| Assets | Total assets (change from last period) | (a) (JPY thousand) (%) | 522,431,999 11.6 | 516,663,418 (1.1) | 516,490,350 (0.0) | 497,899,915 (3.6) | 494,819,805 (0.6) |
| | Interest-bearing debt | (JPY thousand) | 259,174,000 | 263,468,000 | 262,588,000 | 249,198,000 | 244,945,000 |
| | Net assets (change from last period) | (b) (JPY thousand) (%) | 259,730,758 11.5 | 249,538,194 (3.9) | 249,641,218 0.0 | 245,113,891 (1.8) | 246,130,354 0.4 |
| | Unitholders' capital | (JPY thousand) | 235,701,512 | 235,701,512 | 235,701,512 | 235,701,512 | 235,701,512 |
| Dividend Status | Total distributions | (c) (JPY thousand) | 10,517,049 | 420,681 | 1,018,172 | 91,452 | 1,012,075 |
| | Dividend payout ratio | (Note 1) (%) | 90.4 | 99.2 | 163.2 | - | 99.8 |
| Information per Unit | Number of investment units issued and outstanding | (d) (Units) | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 |
| | Net assets per unit | (b) / (d) (Note 2) (JPY) | 42,601 | 40,929 | 40,946 | 40,203 | 40,370 |
| | Distributions per unit (Distributions of earnings per unit) | (c) / (d) (JPY) (JPY) | 1,725 1,725 | 69 69 | 167 167 | 15 15 | 166 166 |
| | (Distributions in excess of retained earnings per unit) | (JPY) | - | - | - | - | - |
| Financial Measures | Return on assets (annualized) | (Note 3) (%) | 2.4 4.7 | 0.1 0.2 | 0.1 0.2 | (0.7) (1.4) | 0.2 0.4 |
| | Return on equity (annualized) | (Note 3) (%) | 4.7 9.4 | 0.2 0.3 | 0.2 0.5 | (1.5) (2.9) | 0.4 0.8 |
| | Capital ratio (change from last period) | (b) / (a) (Note 3) (%) (%) | 49.7 (0.1) | 48.3 (1.4) | 48.3 0.0 | 49.2 0.9 | 49.7 0.5 |
| | NOI (Net Operating Income) | (Note 3) (JPY thousand) | 14,490,677 | 3,392,004 | 3,703,215 | 2,090,413 | 4,201,550 |

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

$$\text{Dividend payout ratio} = \text{Distribution amount (Excluding distributions in excess of retained earnings)} \div \text{Net income} \times 100$$

(Note 2) Net assets per unit are rounded to the nearest unit.

(Note 3) Figures above are calculated as below, and ratios are rounded to one decimal place. Figures annualized according to the number of days are also shown.

Return on assets = Ordinary income for relevant period / ((Total assets at start of relevant period + Total assets at end of relevant period) / 2) x 100.

Return on equity = Net income for relevant period / ((Net assets at start of relevant period + Net assets at end of relevant period) / 2) x 100.

Capital ratio = Net assets at end of relevant period / Total assets at end of relevant period x 100.

NOI = Rental revenue – Property-related expenses + Management contract revenue - Management contract expenses + Depreciation expense for relevant period

2 Overview of Asset Management for the Fiscal Period Ended December 2021

(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; the “Investment Trust Act”). 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.

FIG became a subsidiary of SoftBank Group Corp. (“SoftBank Group”), after SoftBank Group acquired FIG effective on December 27, 2017 (Note 1). Calliope, an affiliate of FIG, who owned 100% of the issued shares of Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (“CIM”), transferred 80.0% of issued shares of CIM to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group, and 20.0% to SoftBank Group on March 29, 2018, pursuant to the basic agreement which was entered into as of September 7, 2017. Although FIG is no longer an indirect parent company of CIM, FIG continues to support INV as the sponsor.

Ever since the commencement of sponsorship from the Fortress Group (Note 2), 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, 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.

Moreover, CIM revised the Investment Guidelines as of July 17, 2018. Such revision was intended to establish an investment policy and asset management structure regarding investments in overseas assets, and also to change the investment policy regarding domestic hotels to focus on (i) Limited service hotels, which feature relatively higher profit margins and potential for revenue growth backed by increasing demand for accommodations, and (ii) Full-service and Resort hotels, which have a variety of revenue sources, including lodging, dining and sales of goods, that are expected to achieve stable growth in overall hotel revenues. Based on such change in investment policy, in July 2018, INV decided on the acquisition of TK (Japanese anonymous association (tokumei kumiai)) interest in two overseas hotels, “Westin Grand Cayman Seven Mile Beach Resort & SPA” and “Sunshine Suites Resort” (collectively, the “Cayman Hotels”) as underlying assets for the first time ever in J-REIT history. In September 2018, INV implemented the investment in the Cayman Hotels via a global offering of new investment units and borrowing of funds. INV intends to improve both the profitability and stability of the portfolio through such investments, including investment in the Cayman Hotels, which is expected to even out the effects of seasonality in INV’s portfolio.

In the Fiscal Period ended December 31, 2021 (“Reporting Period”), INV sold one retail facility on July 2, 2021. In addition, INV decided to sell 13 residential properties on December 8, 2021, seven of which were sold on December 22, 2021. As a result, INV’s portfolio at the end of the Reporting Period comprised of 134 properties (86 hotels (Note 3) (Note 4), 47 residential properties and one retail facility) with a total acquisition price of JPY 494,766 million (Note 5). Furthermore, INV’s hotel portfolio has the largest asset size (Note 6) of JPY 450,609 million (86 properties, 15,597 rooms) among all J-REIT hotel portfolios including hotel-and-inn-specific type investment corporations.

(Note 1) US Eastern Standard Time

(Note 2) As of July 2011, Calliope owned 97.35% of issued shares of CIM and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of CIM directly and indirectly.

- (Note 3) 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 (the “TMK”) (equivalent to 49.0% of the total issued and 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 4) 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 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 5) 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 concluded on July 26, 2018 and executed on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 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, 2021.

(b) Operational Environment and Performance

Given the enormous impact of COVID-19 on the economy as a whole, especially in the hotel sector, on September 10, 2021 and December 8, 2021, INV entered into Memorandum of Understandings (collectively the “MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) pertaining to the rent conditions for the periods from July 1, 2021 to September 30, 2021 and from October 1, 2021 to December 31, 2021 for domestic hotels owned by INV and operated by INV’s main tenant, MyStays Hotel Management Co., Ltd. (“MHM”) and its affiliates (collectively the “MHM Group” along with MHM). Pursuant to the MOU, we have changed the rent payment conditions of MLPM Agreements in terms of the amount of fixed rent payment, the variable rent calculation method, payment method of rent and payment date.

For the December 2021 fiscal period, the portfolio NOI (Note 1) increased by 13.5% or JPY 498 million compared to the same period in the previous year (the December 2020 fiscal period) to JPY 4,201 million. The hotel portfolio NOI increased by JPY 872 million. The residential and retail portfolio NOI decreased by JPY 373 million due to asset sales. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 72.3% or JPY 10,962 million, of which the hotel portfolio NOI decreased by JPY 10,390 million and the residential and retail portfolio NOI decreased by JPY 571 million due to asset sales.

Commentary on hotel and residential performance in the Reporting Period is as described below.

The NOI for the Reporting Period of the 75 domestic hotels (Note 2) owned by INV increased by 40.0% 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 (Note 3) of 52.4% (+4.1 points YoY), ADR (Note 4) of JPY 7,667 (-8.5% YoY), and RevPAR (Note 5) of JPY 4,020 (-0.7% YoY). Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 76.7%, the occupancy rate decreased by 35.9pt, ADR decreased by 27.8%, and RevPAR decreased by 57.1%.

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort recorded an average occupancy rate of 14.9% (+10.4 points YoY), ADR of USD 193 (+11.3% YoY), and RevPAR of USD 29 (+270.8% YoY) for the Reporting Period. Compared to December 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 57.4pt, ADR decreased by 41.1%, and RevPAR decreased by 87.9%.

Regarding the hotel sector in Japan, domestic hotel demand has significantly declined compared to pre-COVID-19 pandemic levels due to a sharp reduction in inbound visitors and self-restraint in business trips and leisure travel under the State of Emergency and other measures. Under such circumstances, high occupancy rates were recorded, centering on the hotels that were able to capture group accommodation and business demand, as well as leisure demand derived from an increase in various events in the market and municipalities' local travel subsidy programs, which helped several hotels achieve occupancy rates over 90% in some months. Since most of the Tokyo Olympics Games were held without spectators, the knock-on effect on the accommodation demand was limited for many hotels owned by INV in the Tokyo metropolitan area and Hokkaido.

As for the Cayman Hotels, commercial flights to/from the US and UK resumed on a limited basis and the requirement for fully vaccinated tourists to self-quarantine after border entry was lifted in November 2021. However, hotel demand did not recover in earnest because of the continuation of the 14-day self-isolation requirement for children who are not fully vaccinated, and the travel health notice from the US' CDC, which listed the Cayman Islands as level 4, the highest COVID-19 risk category. After that, epidemic prevention measures for tourists have been gradually relaxed in the Cayman Islands, and the aforementioned quarantine measures for unvaccinated children have been relaxed as of the date of this document. Furthermore, the rapid lateral flow COVID-19 tests that were required multiple times after border entry were lifted, and major US airlines resumed operations to the Cayman Islands. The hotel demand is expected to start recovering in due course.

Regarding the residential portfolio, the occupancy rate (Note 6) of 54 residential properties (Note 7) decreased by 1.3 points from 95.4% at the end of the previous fiscal period to 94.1% at the end of the Reporting Period. The average occupancy rate (Note 6) increased by 0.1 points YoY to 94.7%. The NOI (Note 8) for the Reporting Period decreased by 2.4% YoY, mainly due to the sale of seven residential properties executed on December 22, 2021. The NOI (Note 8) for the 47 residential properties excluding the seven properties sold in December 2021 decreased by 0.9% year-over-year on a cumulative basis for the Reporting Period.

In the Reporting Period, INV realized a rent increase for 31.5% (based on the number of contracts) of the new residential lease contracts, however the new rent decreased by 1.5% compared to the previous rent across all new leases (Note 9). INV achieved a rent increase for 33.5% (based on the number of contracts) of contract renewals with an average rent increase of 1.4% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 10) of 79.6%, a decrease of 4.5 points YoY. Combined, new lease and renewal lease rents were signed at 0.3% higher than the previous leases. The average rent per tsubo per month (Note 11) for the Reporting Period decreased by 1.0% YoY to JPY 9,004.

The total appraisal value of 133 properties was JPY 523,699 million (1 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 71,895 million (Note 12) and an unrealized gain ratio of 15.9% (Note 12). The total appraisal value of 133 properties which were owned throughout the Reporting Period increased by 0.2% from JPY 522,888 million at the end of the June 2021 fiscal period to JPY 523,699 million at the end of the Reporting Period.

Key Performance Indicators of 75 Domestic Hotel Properties (Note 2)

| | December 2021 fiscal period | vs 2H 2020 | vs 2H 2019 |
|-----------------------------|-----------------------------|------------|------------|
| Occupancy Rate (Note 3) | 52.4% | +4.1pt | -35.9pt |
| ADR (JPY) (Note 4) | 7,667 | -8.5% | -27.8% |
| RevPAR (JPY) (Note 5) | 4,020 | -0.7% | -57.1% |
| GOP (JPY million) (Note 13) | 3,315 | -0.9% | -74.3% |

Key Performance Indicators of Cayman Hotels

| | December 2021 fiscal period | vs 2H 2020 | vs 2H 2019 |
|-------------------------|-----------------------------|-------------|-------------|
| Occupancy Rate (Note 3) | 14.9% | +10.4pt | -57.4pt |
| ADR (USD) (Note 4) | 193 | +11.3% | -41.1% |
| RevPAR (USD) (Note 5) | 29 | +270.8% | -87.9% |
| GOP (USD) (Note 13) | -1,151,126 | - (Note 14) | - (Note 14) |

Key Performance Indicators of 54 Residential Properties (Note 7)

| | December 2021 fiscal period | Year-on-year change |
|--|-----------------------------|---------------------|
| Occupancy Rate (Note 6) | 94.7% | +0.1pt |
| Average Rent per Tsubo per Month (JPY) (Note 11) | 9,004 | -1.0% |
| NOI (JPY million) (Note 8) | 1,338 | -2.4% |

(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) Of the 84 hotels held as of the end of the December 2021 Fiscal Period (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 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 January 2019 are calculated on the assumption INV had acquired those properties on January 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.

(Note 3) “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 4) “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 5) “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 6) “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 7) Based on the 54 residential properties owned as of the beginning of the December 2021 fiscal period. Of the 54 properties, seven properties which are Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin and HERMITAGE NANBA WEST were sold on December 22, 2021. Therefore, for the seven properties sold, July 1, 2021 through December 21, 2021 is deemed as the operating period for the December 2021 fiscal period, and the leased area and the leasable area as of December 21, 2021 are deemed as them as of the end of December 2021 to calculate each number. Hereinafter the same shall apply.
- (Note 8) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. NOI of seven properties which are Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin and HERMITAGE NANBA WEST sold on December 22, 2021 is based on the data through the day before sale date. Hereinafter the same shall apply.
- (Note 9) 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 10) 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 11) "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 12) 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.
- (Note 13) "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 to be received by the hotel operators for the respective fiscal period, which requires a certain period of time to confirm. Therefore, the amount of GOP is subject to change retroactively upon confirmation of the amount of employment adjustment subsidies. Moreover, if variable rent is accrued due to changes in GOP arising from revision of the employment adjustment subsidies, we will discuss with the tenant separately regarding the handling of such variable rent. 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 14) The GOP of the Cayman Hotels was USD -3,775,766 in the same period of 2020 and USD 13,277,720 in the same period of 2019.

(c) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 244,945 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 49.5% and 45.4% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.49%.

- (Note 1) Interest-Bearing Debt ratio uses the calculation formula below:
$$\text{Interest-Bearing Debt ratio} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loans)}}{\text{total assets}} \times 100$$
- (Note 2) LTV (appraisal value basis) uses the calculation formula below:
$$\text{LTV} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loans)}}{\text{total appraisal value (*)}} \times 100$$
- (*) 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). The appraisal value of the Cayman Hotels is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts concluded 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) Borrowing of Funds

INV borrowed New Syndicate Loan (V) on July 16, 2021, July 19, 2021, July 20, 2021 and August 2, 2021 (total amount borrowed: JPY 40,024 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. and Term Loan (W) on July 20, 2021 (total amount borrowed: JPY 1,582 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.35000% for a duration of three years), which was arranged by The Tokyo Star Bank, Limited in order to repay (i) New Syndicate Loan (R) in the amount of JPY 27,429 million due on July 16, 2021, (ii) one of the tranches of New Syndicate Loan (I) in the amount of JPY 9,660 million due on July 17, 2021, (iii) Term Loan (E) in the amount of JPY 1,582 million due on July 20, 2021, (iv) Term Loan (O) in the amount of JPY 666 million due on July 20, 2021 and (v) one of the tranches of New Syndicate Loan (J) in the amount of JPY 2,359 million due on August 2, 2021.

Moreover, INV borrowed Term Loan (X) on September 14, 2021 (total amount borrowed: JPY 3,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Sumitomo Mitsui Banking Corporation in order to repay Term Loan (P) in the amount of JPY 3,000 million due on September 14, 2021.

Furthermore, INV borrowed New Syndicate Loan (W) on September 27, 2021 and October 13, 2021 (total amount borrowed: JPY 11,851 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd., New Syndicate Loan (X) on October 13, 2021 (total amount borrowed: JPY 639 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. and Term Loan (Y) on October 13, 2021 (total amount borrowed: JPY 1,256 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Citibank, N.A., Tokyo Branch in order to repay (i) one of the tranches of New Syndicate Loan (J) in the amount of JPY 10,761 million due on September 26, 2021, (ii) one of the tranches of New Syndicate Loan (H) in the amount of JPY 1,867 million due on October 13, 2021, (iii) New Syndicate Loan (S) in the amount of JPY 1,539.5 million due on October 13, 2021 and (iv) Term Loan (Q) in the amount of JPY 328.5 million due on October 13, 2021.

In addition, INV borrowed Term Loan (Z) on November 29, 2021 (total amount borrowed: JPY 4,321 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to repay Term Loan (G) in the amount of JPY 7,164 million due on November 29, 2021.

(d) Overview of Sale of Assets

INV completed the sale of trust beneficiary interests in one retail facility as follows on July 2, 2021.

| Property Number | Property Name | Acquisition Price (JPY million) | Book Value (JPY million) (Note 1) | Sale Price (JPY million) (Note 2) | Gain on Sale (JPY million) (Note 3) | Transferee (Note 4) |
|-----------------|--------------------------|---------------------------------|-----------------------------------|-----------------------------------|-------------------------------------|---------------------|
| B17 | Lexington Plaza Hachiman | 3280 | 2,982 | 3,660 | 590 | Kubota Holdings |

(Note 1) Book value shows a figure as of the date of sale.

(Note 2) Sale price shows a figure set forth in the purchase and sale agreement for the trust beneficiary interests, and do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes.

(Note 3) Gain on sale is calculated by deducting the book value and the transfer related cost from the sale price.

(Note 4) INV does not have any capital, personnel or transactional relationship of note with the transferee. In addition, the transferee is not related parties of INV/CIM. Furthermore, related persons and affiliates of the transferee

are not related parties of INV/CIM. Moreover, the transferee is not interested party, etc. of INV/CIM as provided in Investment Trust Act.

(Note 5) Amounts are rounded down to the nearest million yen.

In addition, INV decided to sell trust beneficiary interests in 13 residential properties as follows on December 8, 2021, and completed the sale of seven properties (Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin, HERMITAGE NANBA WEST) on December 22, 2021 and the sale of six properties (Revest Honjin, Revest Matsubara, Alba Noritake Shinmachi, Revest Meieki Minami, Luna Court Edobori, Little River Honmachibashi) on January 12, 2022.

| Property Number | Property Name | Acquisition Price (JPY million) | Book Value (JPY million) (Note 1) | Sale Price (JPY million) (Note 2) (Note 3) | (Expected) Gain on Sale (JPY million) (Note 2) (Note 4) | Transferee (Note 5) |
|-----------------|-----------------------------|---------------------------------|-----------------------------------|--|---|--|
| A77 | Invoice Shin-Kobe Residence | 1,260 | 1,097 | 6,150 | 1,977 | Kansai Residence Tokutei Mokuteki Kaisha |
| A78 | Cosmo Court Motomachi | 973 | 833 | | | |
| A85 | Vendir Hamaotsu Ekimae | 581 | 478 | | | |
| A86 | Salvo Sala | 544 | 468 | | | |
| A89 | Winntage Kobe Motomachi | 512 | 435 | | | |
| A91 | Corp Higashinotoin | 446 | 390 | | | |
| A95 | HERMITAGE NANBA WEST | 355 | 310 | | | |
| A79 | Revest Honjin | 674 | 569 | 4,450 | 1,454 | |
| A80 | Revest Matsubara | 657 | 559 | | | |
| A82 | Alba Noritake Shinmachi | 608 | 509 | | | |
| A83 | Revest Meieki Minami | 597 | 498 | | | |
| A88 | Luna Court Edobori | 525 | 457 | | | |
| A98 | Little River Honmachibashi | 310 | 272 | | | |
| Total | | 8,042 | 6,881 | 10,600 | 3,432 | - |

(Note 1) Book value shows figures as of the date of sale for the seven properties sold on December 22, 2021 and as of December 31, 2021 for the six properties sold on January 12, 2022.

(Note 2) Sale prices of individual properties are not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, the gains on sales of individual properties are not disclosed, either.

(Note 3) Sale prices show the total sale prices set forth in the purchase and sale agreement for the trust beneficiary

interests, and do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes.

(Note 4) Gain on sale is calculated by deducting the book value and the transfer related cost (estimated transfer related cost for the six properties sold on January 12, 2022) from the sale price.

(Note 5) INV does not have any capital, personnel or transactional relationship of note with the transferee. In addition, the transferee is not related parties of INV/CIM. Furthermore, related persons and affiliates of the transferee are not related parties of INV/CIM. Moreover, the transferee is not interested party, etc. of INV/CIM as provided in Investment Trust Act.

(Note 6) Amounts are rounded down to the nearest million yen.

(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 4,600 million from the previous period (+120.9%) to JPY 8,406 million, resulting in a net income of JPY 1,014 million, an increase of JPY 4,613 million from the previous period. Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,662 million) is JPY 9,676 million. INV has decided to set distribution per unit (excluding excess profit distribution) of JPY 166 without reversing retained earnings.

3 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 | | Unitholders' capital (JPY) | | Reference |
|-------------------|--|---|-----------|----------------------------|-----------------|-----------|
| | | Increase | Total | Increase | Total | |
| February 22, 2017 | Reversal of allowance for temporary differences adjustment | - | 3,675,824 | 224,225,264 | 120,591,496,700 | (Note 1) |
| March 13, 2017 | Public offering | 185,000 | 3,860,824 | 8,393,450,000 | 128,984,946,700 | (Note 2) |
| October 12, 2017 | Public offering | 887,959 | 4,748,783 | 37,917,625,218 | 166,902,571,918 | (Note 3) |
| November 1, 2017 | Third-party allotment | 44,398 | 4,793,181 | 1,895,883,396 | 168,798,455,314 | (Note 4) |
| August 1, 2018 | Public offering | 909,524 | 5,702,705 | 40,280,089,388 | 209,078,544,702 | (Note 5) |
| August 21, 2018 | Third-party allotment | 45,476 | 5,748,181 | 2,013,995,612 | 211,092,540,314 | (Note 6) |
| December 28, 2018 | Retirement | (81,341) | 5,666,840 | - | 211,092,540,314 | (Note 7) |
| July 18, 2019 | Public offering | 409,524 | 6,076,364 | 23,317,887,036 | 234,410,427,350 | (Note 8) |
| August 15, 2019 | Third-party allotment | 20,476 | 6,096,840 | 1,165,882,964 | 235,576,310,314 | (Note 9) |
| August 22, 2019 | Reversal of allowance for temporary differences adjustment | - | 6,096,840 | 125,201,855 | 235,701,512,169 | (Note 10) |

(Note 1) INV decided at the Board of Directors' Meeting held on February 22, 2017, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.

(Note 2) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 3) New investment units were issued in a public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 4) New investment units were issued in a third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.

(Note 5) New investment units were issued in a public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 6) New investment units were issued in a third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.

(Note 7) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a securities company.

INV resolved the retirement of all the acquired own investment units at the Board of Directors' Meeting held on December 25, 2018 and the acquired own investment units were retired on December 28, 2018.

The acquisition of own investment units was conducted using capital surplus, and thus there is no change to unitholders' capital.

(Note 8) 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 9) 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 properties.

(Note 10) INV decided at the Board of Directors' Meeting held on August 22, 2019, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.

Trends in Trading Prices of Investment Securities

The highest and lowest prices (trading prices) in the Real Estate Investment and Trust Securities Section of the Tokyo Securities Exchange on which the investment securities of INV are listed are as follows.

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

| Period | 33rd fiscal period | 34th fiscal period | 35th fiscal period | 36th fiscal period | 37th fiscal period |
|---------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Closing month | December 2019 | June 2020 | December 2020 | June 2021 | December 2021 |
| Highest | 70,600 | 62,300 | 39,800 | 47,650 | 45,800 |
| Lowest | 55,700 | 18,870 | 23,500 | 31,400 | 34,450 |

4 Distribution Performance

With respect to distributions of earnings for the Reporting Period, INV decided that distribution per unit (excluding excess profit distribution) is JPY 166 without reversing retained earnings.

| Period | 33rd fiscal period | 34th fiscal period | 35th fiscal period | 36th fiscal period | 37th fiscal period |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Calculated Period | Jul. 1, 2019 to Dec. 31, 2019 | Jan. 1, 2020 to Jun. 30, 2020 | Jul. 1, 2020 to Dec. 31, 2020 | Jan. 1, 2021 to Jun. 30, 2021 | Jul. 1, 2021 to Dec. 31, 2021 |
| Unappropriated retained earnings (JPY thousand) | 23,261,426 | 13,168,294 | 13,371,340 | 8,753,480 | 9,676,221 |
| Reserved profit (JPY thousand) | 12,744,377 | 12,747,612 | 12,353,168 | 8,662,027 | 8,664,146 |
| Total cash distribution (JPY thousand) | 10,517,049 | 420,681 | 1,018,172 | 91,452 | 1,012,075 |
| (Distribution per unit) (JPY) | 1,725 | 69 | 167 | 15 | 166 |
| Total profit distribution (JPY thousand) | 10,517,049 | 420,681 | 1,018,172 | 91,452 | 1,012,075 |
| (Profit distribution per unit) (JPY) | 1,725 | 69 | 167 | 15 | 166 |
| Total refund of investment (JPY thousand) | - | - | - | - | - |
| (Refund of investment per unit) (JPY) | - | - | - | - | - |
| Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand) | - | - | - | - | - |
| (Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY) | - | - | - | - | - |
| Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand) | - | - | - | - | - |
| Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY) | - | - | - | - | - |

5 Future operational policy and issues to be addressed

Outlook for the Fiscal Periods Ending June 30, 2022

The Japanese economy is expected to remain in a severe situation caused by a new COVID-19 variant (Omicron variant), and it is necessary to closely monitor impacts of the pandemic in Japan and overseas, variables in the financial and capital markets, and other factors. However, the progress in vaccine booster shots and popularization of a newly approved oral drug will hopefully reduce the number of patients with severe symptoms and death toll, and lead to an improvement in the Japanese economy toward the second half of 2022.

In the hotel market, it is expected that inbound demand will not recover for the time being, but domestic tourism and business demand are expected to gradually recover as infectious disease prevention is strengthened along with the enhancement of the medical system and the level of socio-economic activity rises.

In the rental housing market, lifestyle changes due to the impact of COVID-19 infections are expected to affect tenant trends, and INV will keep an eye on such trends.

(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. Fortress Group became a member of SoftBank Group in December 2017 and SoftBank Group owns 100% of issued shares of CIM directly and indirectly as of March 29, 2018. As a result, the sponsor support for a long-term growth of INV has been further strengthened. In addition to access to Fortress' global real estate expertise, INV will pursue synergies with SoftBank Group affiliates that has cutting-edge expertise in various technology fields.

INV will pay attention to an asset management with an emphasis on customer safety and security in situations where accommodation demand has declined drastically due to the impact of COVID-19, and focus on reviewing the operational strategy to restore revenues from hotels. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- 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

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. However, for the time being, it is necessary to carefully consider the acquisition of hotel properties, which have been greatly affected by the sluggish demand for accommodation due to COVID-19, while looking for the possibility of acquiring property at an attractive price.

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.

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 in the sluggish accommodation demand due to the impact of COVID-19.

(ii) Strategy for internal growth

(Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 75 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 73 hotels of the 75 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 significant reduction in hotel demand, the MHM Group is taking steps to reduce hotel operating expenses by reviewing its operational strategy. Specific measures include reduction of labor costs as well as taking government subsidies, cutting payments to service providers such as cleaning vendors, significantly reducing marketing expenses, utilities, and other items under the COVID-19 environment.

The MHM Group is vigorously working to stimulate demand from existing 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 while grasping changes in customer demand under the “With Corona” environment. In addition, the MHM Group is focusing on creating new demand, including the provision of day-use and special successive stay for teleworking to provide individuals and corporates with a comfortable telework space and expansion of delivery and take-out services through directly managed restaurants in the hotel as well as accommodation demand associated with the voluntary quarantine period after returning to Japan.

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 while considering the hotel profit situation, where demand has dropped significantly as described above.

(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

The long-term issuer rating and bond rating from Japan Credit Rating Agency, Ltd. (JCR) have been changed as follows as of February 1, 2022.

| Credit Rating Object | Before Change | After Change |
|--------------------------------------|------------------|---------------|
| Long-term Issuer Rating (Outlook) | A+ (Negative) | A (Stable) |
| Bond Rating | A+ | A |

As it is difficult to predict when the COVID-19 pandemic will come to an end, for the time being INV will implement

initiatives that restrict an increase in interest payments upon refinancing of existing borrowings and ensure refinancing. Over the medium to long term, INV will implement financial strategies such as reduction of borrowing costs, extension of average interest-bearing debt repayment periods, diversification of loan maturity dates and financing measures.

(iv) Compliance risk management

While the executive director of INV concurrently serves as the representative director at CIM, two supervisory directors (an attorney and a 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 with 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. In addition, CIM are actively promoting environmental and social initiatives related to INV's properties. 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, CIM conducts sustainability-focused training for all officers and employees, including temporary staff, at least once a year, to help officers and employees acquire knowledge and raise awareness of sustainability considerations in line with business practices. In addition, as an initiative for its employees, CIM conducts an employee satisfaction survey once every three years with the aim of improving its working environment. CIM also introduced a paid vaccine leave so that officers and employees can receive COVID-19 vaccines and deal with any potential side-effects.

As the COVID-19 pandemic continues, some hotels owned by INV (APA Hotel Yokohama-Kannai and Hotel MyStays Oita) have been used as accommodation and medical facilities for patients with mild symptoms or quarantine facilities for returnees from overseas in terms of social contributions. Also, meeting rooms at Hotel MyStays Shin Osaka Conference Center were provided as a vaccination venue.

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.

6 Significant Subsequent Events

(a) Overview of Sale of Assets

CIM decided to sell trust beneficiary interests in six residential properties as below on December 8, 2021 and INV completed the sales on January 12, 2022.

| Property Number | Property Name | Acquisition Price (JPY million) | Book Value (JPY million) (Note 1) | Sale Price (JPY million) (Note 2) (Note 3) | Expected Gain on Sale (JPY million) (Note 2) (Note 4) | Transferee (Note 5) |
|-----------------|----------------------------|---------------------------------|-----------------------------------|--|---|--|
| A79 | Revest Honjin | 674 | 569 | 4,450 | 1,454 | Kansai Residence Tokutei Mokuteki Kaisha |
| A80 | Revest Matsubara | 657 | 559 | | | |
| A82 | Alba Noritake Shinmachi | 608 | 509 | | | |
| A83 | Revest Meieki Minami | 597 | 498 | | | |
| A88 | Luna Court Edobori | 525 | 457 | | | |
| A98 | Little River Honmachibashi | 310 | 272 | | | |
| Total | | 3,371 | 2,867 | 4,450 | 1,454 | - |

(Note 1) Book value shows figures as of December 31, 2021.

(Note 2) Sale prices of individual properties are not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, the expected gains on sales of individual properties are not disclosed, either.

(Note 3) Sale price shows a figure set forth in the purchase and sale agreement for the trust beneficiary interests, and do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes.

(Note 4) Expected gain on sale is calculated by deducting the book value and estimated transfer related costs from the sale price. An estimated amount as of today is shown and may change when the financial results for the fiscal period ending June 2022 are finalized.

(Note 5) INV does not have any capital, personnel or transactional relationship of note with the transferee. In addition, the transferee is not a related party of INV/CIM. Furthermore, related persons and affiliates of the transferee are not related parties of INV/CIM. Moreover, the transferee is not an interested party, etc. of INV/CIM as provided in Investment Trust Act.

(Note 6) Amounts are rounded down to the nearest million yen.

(Reference Information)

(a) Debt Financing

INV decided to borrow Term Loan (001) and Term Loan (002) on January 20, 2022 in order to repay (i) the Term Loan (I) in the amount of JPY 4,250 million, (ii) the Term Loan (R) in the amount of JPY 3,400 million and (iii) the Term Loan (S) in the amount of JPY 850 million, due on January 22, 2022.

(i) Term Loan (001)

| Lender | Borrowing Date | Outstanding Balance (JPY million) | Interest Rate (annual rate) | Maturity Date | Borrowing Method |
|-----------------|------------------|-----------------------------------|----------------------------------|------------------|--------------------------|
| MUFG Bank, Ltd. | January 24, 2022 | 1,700 | Floating interest rates (Note 1) | January 24, 2023 | Unsecured/ non guarantee |

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.25000%)

(ii) Term Loan (002)

| Lender | Borrowing Date | Outstanding Balance (JPY million) | Interest Rate (annual rate) | Maturity Date | Borrowing Method |
|-------------------------------------|------------------|-----------------------------------|----------------------------------|------------------|--------------------------|
| Sumitomo Mitsui Trust Bank, Limited | January 24, 2022 | 6,800 | Floating interest rates (Note 1) | January 24, 2023 | Unsecured/ non guarantee |

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.25000%)

Overview of the Investment Corporation

1 Overview of Investment

| By Period | 33rd fiscal period | 34th fiscal period | 35th fiscal period | 36th fiscal period | 37th fiscal period |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Results Dates | As of Dec. 31, 2019 | As of Jun. 30, 2020 | As of Dec. 31, 2020 | As of Jun. 30, 2021 | As of Dec. 31, 2021 |
| Number of issuable investment units (Unit) | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Number of investment units issued and outstanding (Unit) | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 | 6,096,840 |
| Unitholders' capital (JPY million) | 235,701 | 235,701 | 235,701 | 235,701 | 235,701 |
| Number of total unitholders | 34,626 | 42,439 | 38,074 | 33,747 | 31,238 |

2 Notes regarding Unitholders

Major unitholders at the end of the Reporting Period are as below.

| Name | Number of units held | % of total number of investment units issued and outstanding |
|---|----------------------|--|
| The Master Trust Bank of Japan, Ltd. (trust account) | 1,141,747 | 18.72 |
| Custody BANK of Japan, Ltd. (trust account) | 653,254 | 10.71 |
| The Nomura Trust and Banking Co., Ltd. (investment trust account) | 284,686 | 4.66 |
| STICHTING PENSIOENFONDS ZORG EN WELZIJN | 278,484 | 4.56 |
| Custody BANK of Japan, Ltd. (security investment trust account) | 224,473 | 3.68 |
| DEUTSCHE BANK AG, SINGAPORE A/C CLIENTS (TREATY) | 194,900 | 3.19 |
| THE BANK OF NEW YORK MELLON 140044 | 157,489 | 2.58 |
| SSBTC CLIENT OMNIBUS ACCOUNT | 149,580 | 2.45 |
| FJODF GP INV HOLDINGS LLC | 115,931 | 1.90 |
| STATE STREET BANK WEST CLIENT - TREATY 505234 | 94,225 | 1.54 |
| Total | 3,294,769 | 54.04 |

(Note) Percentages are rounded down to two decimal places.

3 Notes regarding Directors

Directors at the end of the Reporting Period are listed below.

| Position | Name | Concurrent responsibilities | Directors' remuneration for operating period (JPY thousand) |
|----------------------|--------------------------------|--|---|
| Executive Director | Naoki Fukuda | President and CEO, Consonant Investment Management Co., Ltd. (current position) | - |
| Supervisory Director | Yoshihiro Tamura | Attorney, Shiba-Daimon Law Office Statutory Auditor, BEQONE PARTNERS, Inc. (current position) | 2,400 |
| | Hiroyuki Fujimoto | Certified Public Accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position) Outside Director, the Audit & Supervisory Committee Member, NEO MARKETING INC. (current position) | 2,400 |
| Auditor | Ernst & Young ShinNihon LLC | - | 17,700 |

(Note) Executive and supervisory directors do not hold INV's units either in their names or in the names of third parties. In addition, while they may be directors of organizations not listed above, those organizations as well as those listed above have no conflicts of interest with INV.

Determination policy for dismissal or non-reappointment of Auditor

The auditing agreement with the auditor is renewed every accounting period. Dismissals are made in accordance with the Investment Trust Act, and in addition, non-reappointments are considered by the board of directors of INV by comprehensively taking into account the auditing quality, auditor remuneration, and other various circumstances.

Notes regarding indemnification agreement between Directors and INV

Not applicable.

4 Notes regarding Directors Liability Insurance

Directors Liability Insurance concluded by INV is as below.

| Insured Person | Overview of the Insurance Contract |
|---|--|
| All Executive Directors and Supervisory Directors | <p>(Outline of insured event covered by insurance) Damages and dispute costs incurred by the insured due to a claim for damages caused by the insured's actions as a director's duties will be covered.</p> <p>(Burden ratio of insurance premium) INV bears the insurance premiums except those for the special contract of unitholder derivative suits.</p> <p>(Measures to ensure that duties are executed properly) By excluding criminal acts such as bribery and damages of directors who intentionally commit illegal acts from compensation, measures are taken so that duties of directors are executed properly.</p> |

5 Asset Management Company, Asset Custody Companies, and General Administrative Agents

The asset management company, asset custody companies, and general administrative agents at the end of the Reporting Period are as below.

| Delegation category | Name |
|--|--|
| Asset management company | Consonant Investment Management Co., Ltd. |
| Asset custody company | Sumitomo Mitsui Trust Bank, Limited |
| General administrative agent administration of unitholders' registry, etc.) | Sumitomo Mitsui Trust Bank, Limited |
| General administrative agent (institutional operations (Note 1)) | Consonant Investment Management Co., Ltd. |
| General administrative agent (accounting operations, etc.) | Sumitomo Mitsui Trust Bank, Limited |
| Special account management company | Mitsubishi UFJ Trust and Banking Corporation Limited (Note 2) / Sumitomo Mitsui Trust Bank, Limited (Note 3) |
| General administrative agent (Fiscal agent pertaining to investment corporation bonds, etc.) | Mizuho Bank, Ltd. / Sumitomo Mitsui Banking Corporation |

(Note 1) (i) Tasks related to the running of general unitholders' meetings for INV (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), (ii) tasks related to the running of the meetings of the Board of Directors of INV, and (iii) or tasks incidental or related to that mentioned in (i) or (ii) are delegated.

(Note 2) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the INV before the merger (former Tokyo Growth REIT Investment Inc.) as well as tasks related to other transfer savings account registers.

(Note 3) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the former LCP as well as tasks related to other transfer savings account registers.

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

| Type of asset | Purpose | Geographic area (Note 1) | Fiscal period ended June 30, 2021 (as of June 30, 2021) | | Fiscal period ended December 31, 2021 (as of December 31, 2021) | |
|------------------------------------|-------------------------------|-----------------------------|--|--------------------------------------|--|--------------------------------------|
| | | | 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 | 1 | 0.0 |
| | | Major regional cities | - | - | - | - |
| | | Overseas (Note 4) | 34,712 | 7.0 | 34,309 | 6.9 |
| | | Subtotal | 34,714 | 7.0 | 34,311 | 6.9 |
| Total real estate | | | 34,714 | 7.0 | 34,311 | 6.9 |
| Real estate in trust | Residences | Greater Tokyo area | 28,937 | 5.8 | 28,779 | 5.8 |
| | | Major regional cities | 13,060 | 2.6 | 8,913 | 1.8 |
| | | Subtotal | 41,998 | 8.4 | 37,693 | 7.6 |
| | Offices/Commercial Facilities | Greater Tokyo area | - | - | - | - |
| | | Major regional cities | 4,661 | 0.9 | 1,649 | 0.3 |
| | | Subtotal | 4,661 | 0.9 | 1,649 | 0.3 |
| | Hotels | Greater Tokyo area | 169,417 | 34.0 | 168,540 | 34.1 |
| | | Major regional cities | 211,373 | 42.5 | 209,609 | 42.4 |
| | | Subtotal | 380,790 | 76.5 | 378,149 | 76.4 |
| | Total real estate in trust | | | 427,450 | 85.9 | 417,492 |
| Preferred equity interest (Note 5) | | | 17,856 | 3.6 | 17,856 | 3.6 |
| Deposits and other assets | | | 17,878 | 3.6 | 25,159 | 5.1 |
| Total assets (Note 6) | | | 497,899 (462,164) | 100.0 (92.8) | 494,819 (451,804) | 100.0 (91.3) |

(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 Island local time), a change from making investments based on the TK agreement to directly owning the Leasehold of the Cayman Hotels, which are the underlying assets of the TK interest.

(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 securities owned).

2 Major Properties

The overview of INV's major properties (top 10 properties by book value) (Note 1) at the end of the Reporting Period is as below.

| Name of property | Book value (JPY million) | Leasable area (m ²) (Note 2) | Leased area (m ²) | Occupancy rate (%) (Note 3) | Ratio of rental revenue (%) (Note 4) | Main use | |
|------------------|---|--|----------------------------------|-----------------------------------|--|----------|-------|
| D200 | Westin Grand Cayman Seven Mile Beach Resort & Spa | 28,832 | 21,528.23 | 21,528.23 | 100.0 | - | Hotel |
| D43 | Hotel MyStays Gotanda Station | 26,231 | 10,137.88 | 10,137.88 | 100.0 | 2.1 | Hotel |
| D60 | Hotel MyStays Premier Akasaka | 20,286 | 8,620.69 | 8,620.69 | 100.0 | 1.3 | Hotel |
| D44 | Hotel Epinard Nasu | 18,847 | 37,702.33 | 37,702.33 | 100.0 | 12.4 | Hotel |
| D61 | Hotel MyStays Premier Sapporo Park | 16,044 | 21,670.64 | 21,670.64 | 100.0 | 1.3 | Hotel |
| D64 | Hotel MyStays Sapporo Aspen | 15,289 | 15,313.17 | 15,313.17 | 100.0 | 0.9 | Hotel |
| D50 | Hotel MyStays Shin Osaka Conference Center | 12,828 | 13,026.99 | 13,026.99 | 100.0 | 1.2 | Hotel |
| D47 | Hotel MyStays Premier Kanazawa | 12,582 | 13,250.03 | 13,250.03 | 100.0 | 1.9 | Hotel |
| D82 | Hotel MyStays Premier Narita | 10,167 | 36,519.70 | 36,519.70 | 100.0 | 4.8 | Hotel |
| D51 | Hotel MyStays Premier Omori | 9,687 | 11,849.61 | 11,849.61 | 100.0 | 1.3 | Hotel |
| Total | | 170,797 | 189,619.27 | 189,619.27 | 100.0 | 27.0 | |

(Note 1) Securities described in “6 Asset Portfolio of Securities” later in this document are excluded.

(Note 2) Leasable area of Westin Grand Cayman Seven Mile Beach Resort & Spa indicates the area subject to management contract.

(Note 3) “Occupancy rate” is calculated by dividing the leased area by leasable area, and rounded to one decimal place.

(Note 4) “Ratio of rental revenue” are rounded to one decimal place.

3 Asset Portfolio of Real Estate, etc.

The portfolio of the properties (real estate and trust beneficiary interest in real estate) held by INV at the end of the Reporting Period is as below.

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|------------------------------------|--|--|---|---|--------------------------------|
| A26 | Nisshin Palacestage Daitabashi | 1-31-2 Izumi, Suginami-ku, Tokyo | Trust beneficiary interest (Note 4) | 1,771.13 | 1,250 | 1,076 |
| A28 | Growth Maison Gotanda | 2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo | Trust beneficiary interest | 1,051.50 | 1,060 | 821 |
| A29 | Growth Maison Kameido | 6-58-16 Kameido, Koto-ku, Tokyo | Trust beneficiary interest | 1,367.96 | 1,210 | 941 |
| A30 | Emerald House | 3-27-18 Itabashi, Itabashi-ku, Tokyo | Trust beneficiary interest | 2,152.31 | 1,410 | 1,313 |
| A32 | Suncrest Shakujii-Koen | 3-15-35 Takanodai, Nerima-ku, Tokyo | Trust beneficiary interest (Note 4) | 3,029.16 | 1,160 | 1,044 |
| A33 | Growth Maison Shin- Yokohama | 3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa | Trust beneficiary interest (Note 4) | 1,858.44 | 1,210 | 918 |
| A34 | Belle Face Ueno- Okachimachi | 1-27-5 Higashi-Ueno, Taito-ku, Tokyo | Trust beneficiary interest (Note 4) | 1,351.11 | 1,090 | 908 |
| A35 | Grand Rire Kameido | 3-39-12 Kameido, Koto-ku, Tokyo | Trust beneficiary interest (Note 4) | 1,562.26 | 1,030 | 776 |
| A37 | Growth Maison Yoga | 1-15-15 Okamoto, Setagaya-ku, Tokyo | Trust beneficiary interest (Note 4) | 1,015.34 | 803 | 716 |
| A38 | Route Tachikawa | 3-7-6 Nishikicho, Tachikawa-shi, Tokyo | Trust beneficiary interest | 1,368.57 | 675 | 634 |
| A39 | Shibuya-Honmachi Mansion | 2-35-2 Honmachi, Shibuya-ku, Tokyo | Trust beneficiary interest (Note 4) | 1,167.50 | 685 | 706 |
| A40 | City Heights Kinuta | 4-13-15 Kinuta, Setagaya-ku, Tokyo | Trust beneficiary interest | 1,235.93 | 577 | 651 |
| A41 | Acseeds Tower Kawaguchi- Namiki | 2-5-13 Namiki, Kawaguchi-shi, Saitama | Trust beneficiary interest (Note 4) | 1,210.74 | 766 | 502 |
| A43 | College Square Machida | 3-4-4 Nakamachi, Machida-shi, Tokyo | Trust beneficiary interest (Note 4) | 1,047.75 | 507 | 556 |
| A44 | Belair Meguro | 1-2-15 Meguro, Meguro-ku, Tokyo | Trust beneficiary interest (Note 4) | 557.05 | 640 | 545 |
| A45 | Wacore Tsunashima I | 2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa | Trust beneficiary interest (Note 4) | 907.46 | 543 | 518 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|--------------------------------------|--|--|---|---|--------------------------------|
| A46 | Foros Nakamurabashi | 1-6-6 Kouyama, Nerima-ku, Tokyo | Trust beneficiary interest (Note 4) | 815.77 | 604 | 493 |
| A47 | Growth Maison Kaijin | 5-29-51 Kaijin, Funabashi-shi, Chiba | Trust beneficiary interest (Note 4) | 2,040.27 | 527 | 529 |
| A48 | College Square Machiya | 7-3-1 Arakawa, Arakawa-ku, Tokyo | Trust beneficiary interest (Note 4) | 871.35 | 580 | 434 |
| A59 | Towa City Coop Shinotsuka II | 5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo | Trust beneficiary interest | 1,627.13 | 1,340 | 790 |
| A61 | Bichsel Musashiseki | 1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo | Trust beneficiary interest | 1,220.24 | 856 | 567 |
| A63 | Towa City Coop Sengencho | 4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa | Trust beneficiary interest | 3,426.36 | 1,470 | 1,001 |
| A64 | Royal Park Omachi | 2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi | Trust beneficiary interest | 1,929.59 | 701 | 383 |
| A65 | Lexington Square Haginomachi | 1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi | Trust beneficiary interest | 1,528.58 | 441 | 260 |
| A66 | Visconti Kakuozan | 2-44 Otanacho, Chikusa-ku, Nagoya- shi, Aichi | Trust beneficiary interest | 705.75 | 303 | 229 |
| A72 | Lexington Square Honjo Azumabashi | 4-20-6 Higashi-Komagata, Sumida-ku, Tokyo | Trust beneficiary interest | 784.74 | 703 | 407 |
| A73 | AMS TOWER Minami 6-Jo | 2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido | Trust beneficiary interest | 4,460.56 | 1,230 | 875 |
| A79 | Revest Honjin | 2-13 Toriitori, Nakamura-ku, Nagoya- shi, Aichi | Trust beneficiary interest | 1,933.80 | 878 | 569 |
| A80 | Revest Matsubara | 3-13-12 Matsubara, Naka-ku, Nagoya- shi, Aichi | Trust beneficiary interest | 1,955.40 | 867 | 559 |
| A82 | Alba Noritake Shinmachi | 3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi | Trust beneficiary interest | 1,731.68 | 797 | 509 |
| A83 | Revest Meieki Minami | 2-13-33 Meieki-Minami, Nakamura- ku, Nagoya-shi, Aichi | Trust beneficiary interest | 1,634.60 | 834 | 498 |
| A84 | Revest Heian | 2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi | Trust beneficiary interest | 1,554.03 | 809 | 502 |
| A87 | Excellente Kagurazaka | 128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel | Trust beneficiary interest | 701.92 | 761 | 491 |
| A88 | Luna Court Edobori | 3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka | Trust beneficiary interest | 1,185.50 | 641 | 457 |
| A90 | Queen's Court Fukuzumi | 1-3-10 Fukuzumi, Koto-ku, Tokyo | Trust beneficiary interest | 765.18 | 737 | 411 |
| A92 | Belair Oimachi | 5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo | Trust beneficiary interest | 530.60 | 619 | 379 |
| A93 | Siete Minami-Tsukaguchi | 3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo | Trust beneficiary interest | 1,020.86 | 496 | 334 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|---|---|----------------------------------|---|---|--------------------------------|
| A94 | Prime Life Sannomiya Isogami Koen | 4-3-23 Isogamidori, Chuo-ku, Kobe- shi, Hyogo | Trust beneficiary interest | 789.12 | 522 | 328 |
| A96 | Century Park Shinkawa 1- bankan | 4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi | Trust beneficiary interest | 1,477.62 | 490 | 297 |
| A97 | West Avenue | 1-5-17 Nishi, Kunitachi-shi, Tokyo | Trust beneficiary interest | 794.80 | 369 | 308 |
| A98 | Little River Honmachibashi | 1-34 Honmachibashi, Chuo-ku, Osaka- shi, Osaka | Trust beneficiary interest | 974.81 | 437 | 272 |
| A99 | Prime Life Mikage | 2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo | Trust beneficiary interest | 761.18 | 379 | 262 |
| A101 | Lieto Court Mukojima | 5-45-10 Mukojima, Sumida-ku, Tokyo | Trust beneficiary interest | 2,940.20 | 2,180 | 1,609 |
| A102 | Lieto Court Nishi-Ojima | 2-41-14 Ojima, Koto-ku, Tokyo | Trust beneficiary interest | 2,048.28 | 2,130 | 1,558 |
| A103 | Royal Parks Momozaka | 5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka | Trust beneficiary interest | 8,776.26 | 3,330 | 2,573 |
| A104 | Royal Parks Shinden | 3-35-20 Shinden, Adachi-ku, Tokyo | Trust beneficiary interest | 15,797.29 | 6,010 | 4,630 |
| A106 | Royal Parks Seasir Minami- Senju | 3-41-7 Minami-Senju, Arakawa-ku, Tokyo | Trust beneficiary interest | 6,496.86 | 3,150 | 2,530 |
| Subtotal | | | | 95,934.54 | 49,807 | 37,693 |
| B18 | AEON TOWN Sukagawa | 105 Furukawa, Sukagawa-shi, Fukushima | Trust beneficiary interest | 18,440.58 | 2,380 | 1,649 |
| Subtotal | | | | 18,440.58 | 2,380 | 1,649 |
| D01 | Hotel MyStays Kanda | 1-2-2 Iwamotocho, Chiyoda-ku, Tokyo | Trust beneficiary interest | 2,585.72 | 4,900 | 2,849 |
| D02 | Hotel MyStays Asakusa | 1-21-11 Honjo, Sumida-ku, Tokyo | Trust beneficiary interest | 3,327.38 | 4,400 | 2,474 |
| D03 | Hotel MyStays Kyoto-Shijo | 52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo- ku, Kyoto-shi, Kyoto | Trust beneficiary interest | 7,241.51 | 9,080 | 5,606 |
| D04 | MyStays Shin-Urayasu Conference Center | 2-1-4 Akemi, Urayasu-shi, Chiba | Trust beneficiary interest | 6,232.30 | 7,200 | 4,452 |
| D05 | Hotel MyStays Maihama | 3-5-1 Tekkadori, Urayasu-shi, Chiba | Trust beneficiary interest | 2,456.36 | 6,800 | 4,576 |
| D06 | Hotel MyStays Premier Dojima | 2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka | Trust beneficiary interest | 9,445.32 | 6,410 | 3,607 |
| D07 | Hotel MyStays Nagoya- Sakae | 2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi | Trust beneficiary interest | 9,064.71 | 5,520 | 2,531 |
| D08 | Hotel MyStays Sakaisuji- Honmachi | 1-4-8 Awaji-machi, Chuo-ku, Osaka- shi, Osaka | Trust beneficiary interest | 4,188.83 | 3,590 | 2,278 |
| D09 | Hotel MyStays Yokohama | 4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa | Trust beneficiary interest | 7,379.43 | 3,890 | 2,184 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|---------------------------------------|--|----------------------------|---|---|--------------------------------|
| D10 | Hotel MyStays Nippori | 5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo | Trust beneficiary interest | 1,719.29 | 2,510 | 1,752 |
| D11 | Hotel MyStays Fukuoka-Tenjin-Minami | 3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka | Trust beneficiary interest | 3,412.71 | 5,550 | 1,415 |
| D12 | Flexstay Inn Iidabashi | 3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo | Trust beneficiary interest | 2,953.38 | 2,090 | 1,320 |
| D13 | Hotel MyStays Ueno Inaricho | 1-5-7 Matsugaya, Taito-ku, Tokyo | Trust beneficiary interest | 1,150.76 | 2,000 | 1,198 |
| D14 | Flexstay Inn Shinagawa | 1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo | Trust beneficiary interest | 1,134.52 | 1,980 | 1,176 |
| D15 | Flexstay Inn Tokiwadai | 1-52-5 Tokiwadai, Itabashi-ku, Tokyo | Trust beneficiary interest | 2,539.75 | 2,120 | 1,178 |
| D16 | Flexstay Inn Sugamo | 3-6-16 Sugamo, Toshima-ku, Tokyo | Trust beneficiary interest | 2,089.86 | 2,200 | 1,083 |
| D17 | Hotel MyStays Otemae | 1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka | Trust beneficiary interest | 4,956.66 | 2,410 | 1,125 |
| D18 | Hotel MyStays Kiyosumi Shirakawa | 1-12-16 Tokiwa, Koto-ku, Tokyo | Trust beneficiary interest | 2,673.64 | 1,460 | 858 |
| D19 | Flexstay Inn Nakanobu P1 | 4-27-12 Futaba, Shinagawa-ku, Tokyo | Trust beneficiary interest | 770.56 | 803 | 550 |
| D20 | Flexstay Inn Nakanobu P2 | 4-27-8 Futaba, Shinagawa-ku, Tokyo | Trust beneficiary interest | 391.49 | 387 | 277 |
| D21 | APA Hotel Yokohama-Kannai | 3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa | Trust beneficiary interest | 6,568.51 | 9,930 | 7,380 |
| D22 | Hotel MyStays Hakodate-Goryokaku | 26-17 Honcho, Hakodate-shi, Hokkaido | Trust beneficiary interest | 7,961.26 | 3,910 | 2,665 |
| D23 | Flexstay Inn Shirogane | 5-10-15 Shirokane, Minato-ku, Tokyo | Trust beneficiary interest | 1,754.06 | 2,360 | 2,063 |
| D24 | Hotel MyStays Haneda | 5-1-13 Haneda, Ota-ku, Tokyo | Trust beneficiary interest | 5,400.16 | 8,380 | 7,070 |
| D25 | Hotel MyStays Kameido P1 | 6-32-1 Kameido, Koto-ku, Tokyo | Trust beneficiary interest | 4,349.67 | 7,200 | 5,258 |
| D26 | Hotel MyStays Ueno Iriyaguchi | 5-5-13 Higashi-Ueno, Taito-ku, Tokyo | Trust beneficiary interest | 2,247.92 | 3,760 | 3,602 |
| D27 | Hotel MyStays Kameido P2 | 6-7-8 Kameido, Koto-ku, Tokyo | Trust beneficiary interest | 2,793.99 | 4,810 | 3,488 |
| D28 | Hotel MyStays Shimizu | 1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka | Trust beneficiary interest | 3,559.81 | 2,390 | 2,043 |
| D29 | Super Hotel Shinbashi/Karasumoriguchi | 5-16-4 Shinbashi, Minato-ku, Tokyo | Trust beneficiary interest | 1,403.89 | 1,930 | 1,571 |
| D30 | Flexstay Inn Higashi-Jujo | 2-10-2 Nakajujo, Kita-ku, Tokyo | Trust beneficiary interest | 1,714.53 | 1,300 | 1,258 |
| D31 | Hotel MyStays Utsunomiya | 2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi | Trust beneficiary interest | 11,733.23 | 2,010 | 1,179 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|--|---|----------------------------|---|---|--------------------------------|
| D32 | Flexstay Inn Kawasaki-Kaizuka | 1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa | Trust beneficiary interest | 1,190.57 | 1,110 | 874 |
| D33 | Comfort Hotel Toyama | 1-3-2 Takara-machi, Toyama-shi, Toyama | Trust beneficiary interest | 3,305.64 | 1,160 | 889 |
| D34 | Flexstay Inn Kawasaki-Ogawacho | 15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa | Trust beneficiary interest | 725.60 | 889 | 862 |
| D35 | Flexstay Inn Ekoda | 8-6 Sakaecho, Nerima-ku, Tokyo | Trust beneficiary interest | 3,932.93 | 4,580 | 4,754 |
| D36 | Super Hotel Tokyo-JR Tachikawa Kitaguchi | 2-21-9 Akebonocho, Tachikawa-shi, Tokyo | Trust beneficiary interest | 1,832.97 | 1,240 | 1,071 |
| D37 | Super Hotel JR Ueno-iriyaguchi | 7-9-14 Ueno, Taito-ku, Tokyo | Trust beneficiary interest | 1,279.16 | 1,180 | 1,058 |
| D38 | Hotel MyStays Shinsaibashi | 1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka | Trust beneficiary interest | 1,942.01 | 2,340 | 2,969 |
| D39 | Comfort Hotel Kurosaki | 3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka | Trust beneficiary interest | 3,207.60 | 1,240 | 1,016 |
| D40 | Comfort Hotel Maebashi | 2-18-14 Omotecho, Maebashi-shi, Gunma | Trust beneficiary interest | 3,660.96 | 1,120 | 969 |
| D41 | Comfort Hotel Tsubame-Sanjo | 2-115 Sugoro, Sanjo-shi, Niigata | Trust beneficiary interest | 3,099.90 | 1,080 | 906 |
| D42 | Comfort Hotel Kitami | 3-4 Ohdori-Nishi, Kitami-shi, Hokkaido | Trust beneficiary interest | 3,009.50 | 915 | 758 |
| D43 | Hotel MyStays Gotanda Station (Note 5) | 2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo | Trust beneficiary interest | 10,137.88 | 23,700 | 26,231 |
| D44 | Hotel Epinard Nasu | 1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi | Trust beneficiary interest | 37,702.33 | 22,600 | 18,847 |
| D45 | Hotel MyStays Fukuoka Tenjin | 3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka | Trust beneficiary interest | 5,083.06 | 7,990 | 7,741 |
| D46 | Hotel MyStays Hamamatsucho | 1-18-14 Hamamatsucho, Minato-ku, Tokyo | Trust beneficiary interest | 1,951.90 | 6,120 | 7,814 |
| D47 | Hotel MyStays Premier Kanazawa | 2-13-1 Hirooka, Kanazawa-shi, Ishikawa | Trust beneficiary interest | 13,250.03 | 12,700 | 12,582 |
| D48 | Takamatsu Tokyu REI Hotel | 9-9 Hyogomachi, Takamatsu-shi, Kagawa | Trust beneficiary interest | 7,148.17 | 2,240 | 2,078 |
| D49 | Hotel MyStays Premier Hamamatsucho | 1-8-5 Hamamatsucho, Minato-ku, Tokyo | Trust beneficiary interest | 6,151.93 | 10,300 | 7,946 |
| D50 | Hotel MyStays Shin Osaka Conference Center | 6-2-4 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka and two other lots | Trust beneficiary interest | 13,026.99 | 12,800 | 12,828 |
| D51 | Hotel MyStays Premier Omori | 6-11-2 Minami Oi, Shinagawa-ku, Tokyo and 13 other lots | Trust beneficiary interest | 11,849.61 | 9,640 | 9,687 |
| D52 | Beppu Kamenoi Hotel | 2160-1 Chuocho, Beppu-shi, Oita and 12 other lots | Trust beneficiary interest | 19,422.08 | 8,670 | 7,785 |
| D53 | Hotel MyStays Sapporo Station | 4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido | Trust beneficiary interest | 7,267.88 | 8,180 | 7,562 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|------------------------------------|--|----------------------------|---|---|--------------------------------|
| D54 | Hotel MyStays Yokohama Kannai | 5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots | Trust beneficiary interest | 4,501.18 | 5,250 | 5,114 |
| D55 | Art Hotel Joetsu | 5-1-11, Hon-cho Joetsu-shi, Niigata | Trust beneficiary interest | 7,563.60 | 2,690 | 2,601 |
| D56 | Art Hotel Hirosaki City | 1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori | Trust beneficiary interest | 14,826.30 | 2,740 | 2,504 |
| D57 | Hotel MyStays Oita | 1-32, Niagemachi Oita-shi, Oita | Trust beneficiary interest | 3,254.69 | 1,560 | 1,467 |
| D58 | Hotel MyStays Gotanda | 2-5-4, Higashigotanda Shinagawa-ku, Tokyo | Trust beneficiary interest | 1,839.77 | 3,930 | 4,043 |
| D59 | Hotel MyStays Tachikawa | 1-8-14, Nishiki-cho Tachikawa-shi, Tokyo | Trust beneficiary interest | 3,844.64 | 3,320 | 3,180 |
| D60 | Hotel MyStays Premier Akasaka | 2-17-54, Akasaka Minato-ku, Tokyo | Trust beneficiary interest | 8,620.69 | 23,100 | 20,286 |
| D61 | Hotel MyStays Premier Sapporo Park | 2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido | Trust beneficiary interest | 21,670.64 | 16,200 | 16,044 |
| D62 | Hotel MyStays Ueno East | 5-5-6, Higashi Ueno, Taito-ku, Tokyo | Trust beneficiary interest | 4,396.02 | 5,110 | 5,151 |
| D63 | Hotel MyStays Midosuji Honmachi | 3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka | Trust beneficiary interest | 3,429.43 | 3,520 | 4,839 |
| D64 | Hotel MyStays Sapporo Aspen | 5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots | Trust beneficiary interest | 15,313.17 | 15,000 | 15,289 |
| D65 | Art Hotel Ishigakijima | 554-2 Nishimaji Okawa, Ishigaki - shi, Okinawa, and four other lots | Trust beneficiary interest | 17,247.54 | 9,310 | 9,515 |
| D66 | Hotel MyStays Fuji Onsen Resort | 2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots | Trust beneficiary interest | 5,498.49 | 9,760 | 8,883 |
| D67 | Hotel Sonia Otaru | 1-4-20 Ironai, Otaru-shi, Hokkaido | Trust beneficiary interest | 6,509.41 | 5,700 | 5,637 |
| D68 | Hotel MyStays Kanazawa Castle | 10-17 Konohana-machi, Kanazawa-shi, Ishikawa | Trust beneficiary interest | 5,931.84 | 5,410 | 5,613 |
| D69 | Art Hotel Niigata Station | 1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata | Trust beneficiary interest | 10,403.01 | 5,350 | 5,352 |
| D70 | Hotel MyStays Nagoya Nishiki | 3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi | Trust beneficiary interest | 6,077.99 | 5,000 | 5,091 |
| D71 | Hotel Nord Otaru | 1-4-16 Ironai, Otaru-shi, Hokkaido | Trust beneficiary interest | 6,047.43 | 4,050 | 4,167 |
| D72 | Hotel MyStays Kagoshima Tenmonkan | 2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima | Trust beneficiary interest | 7,659.55 | 3,400 | 3,358 |
| D73 | Art Hotel Asahikawa | 6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido | Trust beneficiary interest | 25,131.84 | 3,090 | 2,948 |
| D74 | Hotel MyStays Matsuyama | 1-10-10 Otemachi, Matsuyama-shi, Ehime | Trust beneficiary interest | 8,274.37 | 3,160 | 2,887 |
| D75 | Hotel MyStays Sapporo Susukino | 1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot | Trust beneficiary interest | 2,853.26 | 2,920 | 2,996 |

| Name of property | | Location (Note 1) | Type of asset | Leasable area (m ²) (Note 2) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 3) | Book value (JPY million) |
|------------------|---|---|----------------------------|---|---|--------------------------------|
| D76 | Hotel MyStays Sapporo Nakajima Park | 1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido | Trust beneficiary interest | 5,473.41 | 1,970 | 2,037 |
| D77 | Hotel MyStays Sapporo Nakajima Park Annex | 4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido | Trust beneficiary interest | 1,775.21 | 1,520 | 1,526 |
| D78 | Flexstay Inn Sakuragicho | 2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lots | Trust beneficiary interest | 1,308.61 | 1,420 | 1,399 |
| D79 | MyCUBE by MYSTAYS Asakusa Kuramae | 2-6-7 Kuramae, Taito-ku, Tokyo | Trust beneficiary interest | 2,156.70 | 1,240 | 1,267 |
| D80 | Hotel MyStays Kagoshima Tenmonkan Annex | 1-20 Gofuku-machi, Kagoshima-shi, Kagoshima | Trust beneficiary interest | 2,047.70 | 1,190 | 1,153 |
| D81 | Hotel MyStays Nayoro | 11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot | Trust beneficiary interest | 1,985.27 | 926 | 894 |
| D82 | Hotel MyStays Premier Narita | 40 Yokomine Oyama, Narita-shi, Chiba, and 14 other lots | Trust beneficiary interest | 36,519.70 | 10,100 | 10,167 |
| D83 | Art Hotel Morioka | 3-3-18 Odori, Morioka-shi, Iwate | Trust beneficiary interest | 16,727.08 | 5,370 | 5,407 |
| D200 | Westin Grand Cayman Seven Mile Beach Resort & Spa | 30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands | The Leasehold | 21,528.23 | 36,461 (USD 317,000 thousand) (Note 6) | 28,832 |
| D201 | Sunshine Suites Resort | 1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands | The Leasehold | 6,723.11 | 6,671 (USD 58,000 thousand) (Note 6) | 5,476 |
| Subtotal | | | | 572,519.79 | 471,512 | 412,461 |
| Total | | | | 686,894.91 | 523,699 | 451,804 |

(Note 1) "Location" is, in principle, based on the indicated address (*jyukyohyoji*), except that if the *jyukyohyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).

(Note 2) Leasable areas of Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort indicate the areas subject to management contract.

(Note 3) "Appraisal value as of the end of the Reporting Period" is the value appraised or researched by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or CBRE, Inc., in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trusts Association, Japan.

(Note 4) Individual 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. As a result of disposition of assets and detachment of trust beneficiary interest from an integrated trust account thereafter, 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 Fors 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 5) "Appraisal value as of the end of the Reporting Period" indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 6) "Appraisal value as of the end of the Reporting Period" is converted into JPY using the exchange rate of USD 1 = JPY 115.02, which is the exchange rate on the closing date of the fiscal period (December 31, 2021).

Trends for the leasing operations of the properties owned by INV are as below.

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|--------------------------------|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| A26 | Nisshin Palacestage Daitabashi | 1 | 90.8 | 38,886 | 1.0 | 1 | 75.1 | 34,792 | 0.6 |
| A28 | Growth Maison Gotanda | 1 | 100.0 | 27,696 | 0.7 | 1 | 100.0 | 28,494 | 0.5 |
| A29 | Growth Maison Kameido | 1 | 92.5 | 35,191 | 0.9 | 1 | 95.4 | 34,391 | 0.6 |
| A30 | Emerald House | 1 | 100.0 | 47,212 | 1.2 | 1 | 97.0 | 41,506 | 0.7 |
| A32 | Suncrest Shakujji-Koen | 1 | 100.0 | 39,472 | 1.0 | 1 | 100.0 | 38,543 | 0.7 |
| A33 | Growth Maison Shin-Yokohama | 1 | 94.0 | 38,130 | 1.0 | 1 | 95.5 | 38,135 | 0.7 |
| A34 | Belle Face Ueno-Okachimachi | 1 | 100.0 | 33,266 | 0.9 | 1 | 95.5 | 31,891 | 0.5 |
| A35 | Grand Rire Kameido | 1 | 100.0 | 26,619 | 0.7 | 1 | 100.0 | 26,619 | 0.5 |
| A37 | Growth Maison Yoga | 1 | 92.4 | 22,403 | 0.6 | 1 | 97.4 | 23,816 | 0.4 |
| A38 | Route Tachikawa | 1 | 100.0 | 22,167 | 0.6 | 1 | 100.0 | 21,958 | 0.4 |
| A39 | Shibuya-Honmachi Mansion | 1 | 92.4 | 20,495 | 0.5 | 1 | 98.1 | 20,167 | 0.3 |
| A40 | City Heights Kinuta | 1 | 100.0 | 18,918 | 0.5 | 1 | 100.0 | 19,116 | 0.3 |
| A41 | Acseeds Tower Kawaguchi-Namiki | 1 | 94.7 | 26,363 | 0.7 | 1 | 91.2 | 25,535 | 0.4 |
| A43 | College Square Machida | 1 | 100.0 | 16,609 | 0.4 | 1 | 100.0 | 16,609 | 0.3 |
| A44 | Belair Meguro | 1 | 96.0 | 16,116 | 0.4 | 1 | 76.0 | 14,625 | 0.3 |
| A45 | Wacore Tsunashima I | 1 | 89.9 | 18,315 | 0.5 | 1 | 82.0 | 17,200 | 0.3 |
| A46 | Foros Nakamurabashi | 1 | 100.0 | 19,366 | 0.5 | 1 | 91.2 | 18,784 | 0.3 |
| A47 | Growth Maison Kaijin | 1 | 100.0 | 23,284 | 0.6 | 1 | 100.0 | 23,348 | 0.4 |
| A48 | College Square Machiya | 1 | 100.0 | 14,924 | 0.4 | 1 | 100.0 | 14,924 | 0.3 |
| A59 | Towa City Coop Shinotsuka II | 1 | 98.8 | 35,962 | 0.9 | 1 | 95.2 | 35,705 | 0.6 |
| A61 | Bichsel Musashiseki | 1 | 88.7 | 23,199 | 0.6 | 1 | 97.2 | 22,896 | 0.4 |
| A63 | Towa City Coop Sengencho | 1 | 95.6 | 58,174 | 1.5 | 1 | 89.9 | 58,607 | 1.0 |
| A64 | Royal Park Omachi | 1 | 96.7 | 26,517 | 0.7 | 1 | 98.1 | 26,587 | 0.5 |
| A65 | Lexington Square Haginomachi | 1 | 100.0 | 17,234 | 0.5 | 1 | 100.0 | 18,091 | 0.3 |
| A66 | Visconti Kakuozan | 1 | 76.0 | 10,868 | 0.3 | 1 | 65.7 | 8,634 | 0.1 |

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|--------------------------------------|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| A72 | Lexington Square Honjo Azumabashi | 1 | 93.9 | 18,515 | 0.5 | 1 | 100.0 | 18,010 | 0.3 |
| A73 | AMS TOWER Minami 6-Jo | 1 | 90.0 | 43,675 | 1.1 | 1 | 92.2 | 43,754 | 0.7 |
| A77 | Invoice Shin-Kobe Residence (Note 4) | 1 | 97.2 | 50,571 | 1.3 | - | - | 48,036 | 0.8 |
| A78 | Cosmo Court Motomachi (Note 4) | 1 | 93.8 | 38,310 | 1.0 | - | - | 35,049 | 0.6 |
| A79 | Revest Honjin | 1 | 93.8 | 31,746 | 0.8 | 1 | 80.1 | 28,932 | 0.5 |
| A80 | Revest Matsubara | 1 | 71.8 | 24,719 | 0.6 | 1 | 83.0 | 25,013 | 0.4 |
| A82 | Alba Noritake Shinmachi | 1 | 93.7 | 26,586 | 0.7 | 1 | 97.2 | 26,309 | 0.5 |
| A83 | Revest Meieki Minami | 1 | 83.8 | 23,695 | 0.6 | 1 | 77.4 | 22,598 | 0.4 |
| A84 | Revest Heian | 1 | 98.4 | 23,970 | 0.6 | 1 | 95.2 | 23,738 | 0.4 |
| A85 | Vendir Hamaotsu Ekimae (Note 4) | 1 | 94.7 | 35,075 | 0.9 | - | - | 33,073 | 0.6 |
| A86 | Salvo Sala (Note 4) | 1 | 88.7 | 23,732 | 0.6 | - | - | 22,333 | 0.4 |
| A87 | Excellente Kagurazaka | 1 | 85.1 | 18,385 | 0.5 | 1 | 94.1 | 18,167 | 0.3 |
| A88 | Luna Court Edobori | 1 | 96.0 | 20,406 | 0.5 | 1 | 86.0 | 20,107 | 0.3 |
| A89 | Winntage Kobe Motomachi (Note 4) | 1 | 94.6 | 22,778 | 0.6 | - | - | 20,205 | 0.3 |
| A90 | Queen's Court Fukuzumi | 1 | 93.1 | 17,407 | 0.5 | 1 | 89.7 | 16,976 | 0.3 |
| A91 | Corp Higashinotoin (Note 4) | 1 | 95.5 | 18,525 | 0.5 | - | - | 15,688 | 0.3 |
| A92 | Belair Oimachi | 1 | 92.9 | 14,975 | 0.4 | 1 | 92.6 | 15,491 | 0.3 |
| A93 | Siete Minami-Tsukaguchi | 1 | 95.0 | 17,374 | 0.5 | 1 | 97.5 | 16,993 | 0.3 |
| A94 | Prime Life Sannomiya Isogami Koen | 1 | 100.0 | 15,333 | 0.4 | 1 | 96.9 | 14,955 | 0.3 |
| A95 | HERMITAGE NANBA WEST (Note 4) | 1 | 100.0 | 16,451 | 0.4 | - | - | 13,924 | 0.2 |
| A96 | Century Park Shinkawa 1-bankan | 1 | 93.2 | 18,334 | 0.5 | 1 | 90.9 | 18,035 | 0.3 |
| A97 | West Avenue | 1 | 95.0 | 13,262 | 0.3 | 1 | 92.5 | 12,763 | 0.2 |
| A98 | Little River Honmachibashi | 1 | 100.0 | 13,118 | 0.3 | 1 | 96.9 | 13,990 | 0.2 |
| A99 | Prime Life Mikage | 1 | 100.0 | 12,579 | 0.3 | 1 | 90.1 | 12,033 | 0.2 |
| A101 | Lieto Court Mukojima | 1 | 98.0 | 56,927 | 1.5 | 1 | 97.5 | 56,293 | 1.0 |
| A102 | Lieto Court Nishi-Ojima | 1 | 94.5 | 49,957 | 1.3 | 1 | 98.8 | 49,265 | 0.8 |

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|---|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| A103 | Royal Parks Momozaka | 1 | 94.6 | 158,764 | 4.2 | 1 | 95.7 | 161,517 | 2.8 |
| A104 | Royal Parks Shinden | 1 | 100.0 | 219,479 | 5.8 | 1 | 100.0 | 221,351 | 3.8 |
| A106 | Royal Parks Seasir Minami-Senju | 1 | 93.3 | 118,454 | 3.1 | 1 | 92.9 | 119,893 | 2.1 |
| Subtotal | | 54 | 95.4 | 1,840,513 | 48.4 | 47 | 94.6 | 1,805,491 | 30.9 |
| B17 | Lexington Plaza Hachiman (Note 5) | 1 | 95.8 | 158,023 | 4.2 | - | - | 6,288 | 0.1 |
| B18 | AEON TOWN Sukagawa | 1 | 100.0 | 141,243 | 3.7 | 1 | 100.0 | 141,434 | 2.4 |
| Subtotal | | 2 | 98.7 | 299,267 | 7.9 | 1 | 100.0 | 147,722 | 2.5 |
| D01 | Hotel MyStays Kanda | 1 | 100.0 | 7,242 | 0.2 | 1 | 100.0 | 3,279 | 0.1 |
| D02 | Hotel MyStays Asakusa | 1 | 100.0 | 7,544 | 0.2 | 1 | 100.0 | 1,135 | 0.0 |
| D03 | Hotel MyStays Kyoto-Shijo | 1 | 100.0 | 17,973 | 0.5 | 1 | 100.0 | 17,667 | 0.3 |
| D04 | MyStays Shin-Urayasu Conference Center | 1 | 100.0 | 13,471 | 0.4 | 1 | 100.0 | 27,070 | 0.5 |
| D05 | Hotel MyStays Maihama | 1 | 100.0 | 13,302 | 0.3 | 1 | 100.0 | 41,642 | 0.7 |
| D06 | Hotel MyStays Premier Dojima | 1 | 100.0 | 33,310 | 0.9 | 1 | 100.0 | 35,926 | 0.6 |
| D07 | Hotel MyStays Nagoya- Sakae | 1 | 100.0 | 13,217 | 0.3 | 1 | 100.0 | 35,781 | 0.6 |
| D08 | Hotel MyStays Sakaisuji- Honmachi | 1 | 100.0 | 8,860 | 0.2 | 1 | 100.0 | 5,502 | 0.1 |
| D09 | Hotel MyStays Yokohama | 1 | 100.0 | 8,292 | 0.2 | 1 | 100.0 | 58,208 | 1.0 |
| D10 | Hotel MyStays Nippori | 1 | 100.0 | 6,095 | 0.2 | 1 | 100.0 | 2,637 | 0.0 |
| D11 | Hotel MyStays Fukuoka- Tenjin-Minami | 1 | 100.0 | 5,745 | 0.2 | 1 | 100.0 | 7,332 | 0.1 |
| D12 | Flexstay Inn Iidabashi | 1 | 100.0 | 5,371 | 0.1 | 1 | 100.0 | 5,606 | 0.1 |
| D13 | Hotel MyStays Ueno Inaricho | 1 | 100.0 | 4,345 | 0.1 | 1 | 100.0 | 775 | 0.0 |
| D14 | Flexstay Inn Shinagawa | 1 | 100.0 | 3,995 | 0.1 | 1 | 100.0 | 5,900 | 0.1 |
| D15 | Flexstay Inn Tokiwadai | 1 | 100.0 | 4,937 | 0.1 | 1 | 100.0 | 2,685 | 0.0 |
| D16 | Flexstay Inn Sugamo | 1 | 100.0 | 4,623 | 0.1 | 1 | 100.0 | 2,739 | 0.0 |
| D17 | Hotel MyStays Ottemae | 1 | 100.0 | 3,995 | 0.1 | 1 | 100.0 | 6,249 | 0.1 |
| D18 | Hotel MyStays Kiyosumi Shirakawa | 1 | 100.0 | 3,283 | 0.1 | 1 | 100.0 | 7,274 | 0.1 |

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|--|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| D19 | Flexstay Inn Nakanobu P1 | 1 | 100.0 | 1,774 | 0.0 | 1 | 100.0 | 973 | 0.0 |
| D20 | Flexstay Inn Nakanobu P2 | 1 | 100.0 | 989 | 0.0 | 1 | 100.0 | 907 | 0.0 |
| D21 | APA Hotel Yokohama-Kannai | 1 | 100.0 | 249,996 | 6.6 | 1 | 100.0 | 245,859 | 4.2 |
| D22 | Hotel MyStays Hakodate-Goryokaku | 1 | 100.0 | 7,242 | 0.2 | 1 | 100.0 | 36,338 | 0.6 |
| D23 | Flexstay Inn Shirogane | 1 | 100.0 | 5,431 | 0.1 | 1 | 100.0 | 1,755 | 0.0 |
| D24 | Hotel MyStays Haneda | 1 | 100.0 | 18,468 | 0.5 | 1 | 100.0 | 83,899 | 1.4 |
| D25 | Hotel MyStays Kameido P1 | 1 | 100.0 | 17,985 | 0.5 | 1 | 100.0 | 20,930 | 0.4 |
| D26 | Hotel MyStays Ueno Iriyaguchi | 1 | 100.0 | 11,467 | 0.3 | 1 | 100.0 | 3,573 | 0.1 |
| D27 | Hotel MyStays Kameido P2 | 1 | 100.0 | 11,467 | 0.3 | 1 | 100.0 | 16,376 | 0.3 |
| D28 | Hotel MyStays Shimizu | 1 | 100.0 | 7,363 | 0.2 | 1 | 100.0 | 37,561 | 0.6 |
| D29 | Super Hotel Shinbashi/Karasumoriguchi | 1 | 100.0 | 39,426 | 1.0 | 1 | 100.0 | 39,426 | 0.7 |
| D30 | Flexstay Inn Higashi-Jujo | 1 | 100.0 | 4,466 | 0.1 | 1 | 100.0 | 1,287 | 0.0 |
| D31 | Hotel MyStays Utsunomiya | 1 | 100.0 | 7,604 | 0.2 | 1 | 100.0 | 40,274 | 0.7 |
| D32 | Flexstay Inn Kawasaki-Kaizuka | 1 | 100.0 | 3,742 | 0.1 | 1 | 100.0 | 1,423 | 0.0 |
| D33 | Comfort Hotel Toyama | 1 | 100.0 | 35,928 | 0.9 | 1 | 100.0 | 35,928 | 0.6 |
| D34 | Flexstay Inn Kawasaki-Ogawacho | 1 | 100.0 | 3,017 | 0.1 | 1 | 100.0 | 592 | 0.0 |
| D35 | Flexstay Inn Ekoda | 1 | 100.0 | 12,227 | 0.3 | 1 | 100.0 | 16,834 | 0.3 |
| D36 | Super Hotel Tokyo-JR Tachikawa Kitaguchi | 1 | 100.0 | 31,787 | 0.8 | 1 | 100.0 | 31,787 | 0.5 |
| D37 | Super Hotel JR Ueno-iriyaguchi | 1 | 100.0 | 27,275 | 0.7 | 1 | 100.0 | 27,275 | 0.5 |
| D38 | Hotel MyStays Shinsaibashi | 1 | 100.0 | 7,484 | 0.2 | 1 | 100.0 | 1,655 | 0.0 |
| D39 | Comfort Hotel Kurosaki | 1 | 100.0 | 37,894 | 1.0 | 1 | 100.0 | 35,271 | 0.6 |
| D40 | Comfort Hotel Maebashi | 2 | 100.0 | 43,811 | 1.2 | 2 | 100.0 | 43,811 | 0.8 |
| D41 | Comfort Hotel Tsubame-Sanjo | 2 | 100.0 | 34,949 | 0.9 | 2 | 100.0 | 34,949 | 0.6 |
| D42 | Comfort Hotel Kitami | 1 | 100.0 | 30,300 | 0.8 | 1 | 100.0 | 26,103 | 0.4 |
| D43 | Hotel MyStays Gotanda Station | 1 | 100.0 | 55,840 | 1.5 | 1 | 100.0 | 120,840 | 2.1 |

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|--|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| D44 | Hotel Epinard Nasu | 1 | 100.0 | 38,627 | 1.0 | 1 | 100.0 | 721,419 | 12.4 |
| D45 | Hotel MyStays Fukuoka Tenjin | 1 | 100.0 | 17,744 | 0.5 | 1 | 100.0 | 23,715 | 0.4 |
| D46 | Hotel MyStays Hamamatsucho | 1 | 100.0 | 16,537 | 0.4 | 1 | 100.0 | 12,359 | 0.2 |
| D47 | Hotel MyStays Premier Kanazawa | 1 | 100.0 | 29,272 | 0.8 | 1 | 100.0 | 108,700 | 1.9 |
| D48 | Takamatsu Tokyu REI Hotel | 2 | 95.8 | 92,699 | 2.4 | 2 | 95.8 | 96,949 | 1.7 |
| D49 | Hotel MyStays Premier Hamamatsucho | 1 | 100.0 | 21,607 | 0.6 | 1 | 100.0 | 45,784 | 0.8 |
| D50 | Hotel MyStays Shin Osaka Conference Center | 1 | 100.0 | 38,868 | 1.0 | 1 | 100.0 | 69,590 | 1.2 |
| D51 | Hotel MyStays Premier Omori | 1 | 100.0 | 27,763 | 0.7 | 1 | 100.0 | 76,102 | 1.3 |
| D52 | Beppu Kamenoi Hotel | 1 | 100.0 | 36,031 | 0.9 | 1 | 100.0 | 175,622 | 3.0 |
| D53 | Hotel MyStays Sapporo Station | 1 | 100.0 | 26,760 | 0.7 | 1 | 100.0 | 27,148 | 0.5 |
| D54 | Hotel MyStays Yokohama Kannai | 1 | 100.0 | 14,183 | 0.4 | 1 | 100.0 | 51,472 | 0.9 |
| D55 | Art Hotel Joetsu | 1 | 100.0 | 9,737 | 0.3 | 1 | 100.0 | 44,034 | 0.8 |
| D56 | Art Hotel Hirosaki City | 1 | 100.0 | 10,562 | 0.3 | 1 | 100.0 | 66,565 | 1.1 |
| D57 | Hotel MyStays Oita | 1 | 100.0 | 5,552 | 0.1 | 1 | 100.0 | 62,128 | 1.1 |
| D58 | Hotel MyStays Gotanda | 1 | 100.0 | 11,316 | 0.3 | 1 | 100.0 | 17,302 | 0.3 |
| D59 | Hotel MyStays Tachikawa | 1 | 100.0 | 9,445 | 0.2 | 1 | 100.0 | 38,568 | 0.7 |
| D60 | Hotel MyStays Premier Akasaka | 1 | 100.0 | 43,696 | 1.1 | 1 | 100.0 | 73,012 | 1.3 |
| D61 | Hotel MyStays Premier Sapporo Park | 1 | 100.0 | 34,623 | 0.9 | 1 | 100.0 | 74,318 | 1.3 |
| D62 | Hotel MyStays Ueno East | 1 | 100.0 | 14,022 | 0.4 | 1 | 100.0 | 3,502 | 0.1 |
| D63 | Hotel MyStays Midosuji Honmachi | 1 | 100.0 | 10,541 | 0.3 | 1 | 100.0 | 1,374 | 0.0 |
| D64 | Hotel MyStays Sapporo Aspen | 1 | 100.0 | 41,061 | 1.1 | 1 | 100.0 | 50,626 | 0.9 |
| D65 | Art Hotel Ishigakijima | 1 | 100.0 | 22,110 | 0.6 | 1 | 100.0 | 16,803 | 0.3 |
| D66 | Hotel MyStays Fuji Onsen Resort | 1 | 100.0 | 25,932 | 0.7 | 1 | 100.0 | 86,961 | 1.5 |
| D67 | Hotel Sonia Otaru | 1 | 100.0 | 11,547 | 0.3 | 1 | 100.0 | 58,325 | 1.0 |
| D68 | Hotel MyStays Kanazawa Castle | 1 | 100.0 | 15,390 | 0.4 | 1 | 100.0 | 18,868 | 0.3 |
| D69 | Art Hotel Niigata Station | 1 | 100.0 | 24,350 | 0.6 | 1 | 100.0 | 95,290 | 1.6 |

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|---|--|---|---|--|---|---|---|--|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Rental revenue (during period) (JPY thousand) (Note 3) | Ratio of rental revenue (%) (Note 2) |
| D70 | Hotel MyStays Nagoya Nishiki | 1 | 100.0 | 13,056 | 0.3 | 1 | 100.0 | 21,129 | 0.4 |
| D71 | Hotel Nord Otaru | 1 | 100.0 | 10,220 | 0.3 | 1 | 100.0 | 31,881 | 0.5 |
| D72 | Hotel MyStays Kagoshima Tenmonkan | 2 | 100.0 | 16,299 | 0.4 | 2 | 100.0 | 65,305 | 1.1 |
| D73 | Art Hotel Asahikawa | 1 | 100.0 | 9,860 | 0.3 | 1 | 100.0 | 16,102 | 0.3 |
| D74 | Hotel MyStays Matsuyama | 1 | 100.0 | 11,386 | 0.3 | 1 | 100.0 | 24,021 | 0.4 |
| D75 | Hotel MyStays Sapporo Susukino | 1 | 100.0 | 6,464 | 0.2 | 1 | 100.0 | 5,426 | 0.1 |
| D76 | Hotel MyStays Sapporo Nakajima Park | 1 | 100.0 | 5,524 | 0.1 | 1 | 100.0 | 2,728 | 0.0 |
| D77 | Hotel MyStays Sapporo Nakajima Park Annex | 1 | 100.0 | 3,868 | 0.1 | 1 | 100.0 | 3,397 | 0.1 |
| D78 | Flexstay Inn Sakuragicho | 1 | 100.0 | 4,124 | 0.1 | 1 | 100.0 | 12,995 | 0.2 |
| D79 | MyCUBE by MYSTAYS Asakusa Kuramae | 1 | 100.0 | 3,822 | 0.1 | 1 | 100.0 | 3,377 | 0.1 |
| D80 | Hotel MyStays Kagoshima Tenmonkan Annex | 1 | 100.0 | 3,742 | 0.1 | 1 | 100.0 | 16,837 | 0.3 |
| D81 | Hotel MyStays Nayoro | 1 | 100.0 | 3,259 | 0.1 | 1 | 100.0 | 30,058 | 0.5 |
| D82 | Hotel MyStays Premier Narita | 1 | 100.0 | 30,459 | 0.8 | 1 | 100.0 | 279,103 | 4.8 |
| D83 | Art Hotel Morioka | 1 | 100.0 | 20,767 | 0.5 | 1 | 100.0 | 82,664 | 1.4 |
| Subtotal | | 87 | 99.9 | 1,666,395 | 43.8 | 87 | 99.9 | 3,884,633 | 66.5 |
| Total | | 143 | 99.2 | 3,806,176 | 100.0 | 135 | 99.2 | 5,837,847 | 100.0 |

(Note 1) "Occupancy rate" is calculated by dividing the leased area by leasable area.

(Note 2) "Occupancy rate" and "Ratio of rental revenue" are rounded to one decimal place.

(Note 3) "Rental revenue (during period)" indicates leasing operation revenues during the fiscal period for each property and has been rounded down to the nearest thousand yen.

(Note 4) The trust beneficiary interests of Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin, and HERMITAGE NANBA WEST were sold on December 22, 2021.

(Note 5) The trust beneficiary interests of Lexington Plaza Hachiman was sold on July 2, 2021.

| Name of property | | 36th fiscal period (January 1, 2021 to June 30, 2021) | | | | 37th fiscal period (July 1, 2021 to December 31, 2021) | | | |
|------------------|---|--|---|--|---|---|---|--|---|
| | | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Management contract revenue (during period) (JPY thousand) (Note 3) (Note 4) | Ratio of management contract revenue (%) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) (Note 2) | Management contract revenue (during period) (JPY thousand) (Note 3) (Note 4) | Ratio of management contract revenue (%) (Note 2) |
| D200 | Westin Grand Cayman Seven Mile Beach Resort & Spa | 1 | 100.0 | - | - | 1 | 100.0 | - | - |
| D201 | Sunshine Suites Resort | 1 | 100.0 | 5,558 | - | 1 | 100.0 | 9,817 | - |
| Total | | 2 | 100.0 | - | - | 2 | 100.0 | - | - |

(Note 1) “Occupancy rate” is calculated using the area subject to management contract.

(Note 2) “Occupancy rate” and “Ratio of management contract revenue” are rounded to one decimal place.

(Note 3) “Management contract revenue” is converted to JPY using the exchange rate at the time of the transaction.

(Note 4) If hotel operating expenses exceed hotel operating revenues, the management contract revenue is set to JPY 0 and the excess amount is recorded as the management contract loss.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

5 Asset Portfolio Including Rights to Operate Public Facilities, etc.

Not applicable

6 Asset Portfolio of Securities

The portfolio of the securities held by INV at the end of the Reporting Period is as below.

| Name | Type | Quantity (units) | Book value (JPY million) | | Fair value (JPY million) | | Valuation gain or loss (JPY million) | Notes |
|--|-----------------------------|---------------------|--------------------------|--------|--------------------------|--------|--|----------------------|
| | | | Unit price | Amount | Unit price | Amount | | |
| Preferred equity securities in Kingdom Special Purpose Company | Preferred equity securities | 178,458 | - | 17,856 | - | 17,320 | (536) | (Note 1) (Note 2) |
| Total | | | - | 17,856 | - | 17,320 | (536) | |

(Note 1) Book value of the preferred equity securities that is classified as investment in affiliates indicates the acquisition cost.

(Note 2) INV owns 178,458 units of preferred equity securities issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity securities issued and outstanding after the issuance of the said preferred equity securities), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset.

7 Status of Contract Amount and Fair Value of Specified Transaction

As of the end of the Reporting Period, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

| Category | Transaction type, etc. | Contract amount (Note 1) | | Fair value (Note 2) |
|---------------------------|--|-----------------------------|-------------------------------|------------------------|
| | | | Amounts due after one year | |
| Non-market transaction | Interest rate swap Receive floating rate/pay fixed rate | 64,648,000 | 50,476,000 | 18,325 |

(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.

8 Status of Other Assets

Real estate and trust beneficiary interests in real estate are listed together in “3 Asset Portfolio of Real Estate, etc.” above. As of the end of the Reporting Period, there are no investments in specified assets that are significant investment targets for INV outside of 3 and 6 above.

9 Assets Owned Outside of Japan or the Region

Assets owned outside of Japan or the region held by INV at the end of the Reporting Period are as below.

| Country name | Amount held (JPY million) (Note 1) | Appraisal value as of the end of the Reporting Period (JPY million) (Note 2) | | No. of properties (properties) |
|--------------------|--|---|-----------------------------------|--------------------------------------|
| | | | Percentage of total assets (%) | |
| Japan | 435,351 | 498,412 | 92.0 | 132 |
| The Cayman Islands | 34,309 | 43,132 | 8.0 | 2 |
| Total | 469,660 | 541,545 | 100.0 | 134 |

(Note 1) “Amount held” is from the balance sheet (book value after depreciation for real estate and trust beneficiary interest in real estate; and book value for preferred equity securities with real estate as underlying assets) as of December 31, 2021.

(Note 2) “Appraisal value as of the end of the Reporting Period” indicates the real estate appraisal value as of December 31, 2021, or the research value stated in the real estate research report and the appraisal value of investment securities. “Appraisal value as of the end of the Reporting Period” for preferred equity securities which INV holds in Japan indicates acquisition cost since their fair value is deemed extremely difficult to value. “Appraisal value as of the end of the Reporting Period” for assets which INV holds in the Cayman Islands indicates the amount converted to JPY using the exchange rate of USD 1 = JPY 115.02, which is the exchange rate on the closing date of the fiscal period (December 31, 2021).

Capital Expenditures for Properties Held by INV

1 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-related assets owned by INV 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 | Air-conditioner's outdoor units work | From January 2022 To June 2022 | 125,000 | - | - |
| D48 | Takamatsu Tokyu REI Hotel | Takamatsu-shi, Kagawa | Water tank renovation work | From January 2022 To June 2022 | 69,950 | - | - |
| D44 | Hotel Epinard Nasu | Nasu-gun, Tochigi | Restaurant renovation work | From January 2022 To June 2022 | 50,000 | - | - |
| D73 | Art Hotel Asahikawa | Asahikawa-shi, Hokkaido | Groundwater purification facility renovation work | From January 2022 To June 2022 | 36,500 | - | - |
| A45 | Wacore Tsunashima I | Yokohama-shi, Kanagawa | Exterior wall renovation work | From January 2022 To June 2022 | 32,630 | - | - |

2 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 486,798 thousand, and together with JPY 22,561 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 509,360 thousand was implemented.

| Name of property | Location | Purpose | Time of implementation | Payment (JPY thousand) | |
|--------------------|---|------------------------------|---|---------------------------------|---------|
| D200 | Westin Grand Cayman Seven Mile Beach Resort & SPA | Grand Cayman, Cayman Islands | Renovation work | From July 2021 To December 2021 | 19,893 |
| A30 | Emerald House | Itabashi-ku, Tokyo | Intercom renovation work | From July 2021 To December 2021 | 10,120 |
| D73 | Art Hotel Asahikawa | Asahikawa-shi, Hokkaido | Emergency announcement facility renovation work | From July 2021 To December 2021 | 9,727 |
| D06 | Hotel MyStays Premier Dojima | Osaka-shi, Osaka | Air conditioning facility renovation work | From July 2021 To December 2021 | 8,500 |
| D44 | Hotel Epinard Nasu | Nasu-gun, Tochigi | Firefighting facility renovation work | From July 2021 To December 2021 | 7,800 |
| Other construction | | | | | 430,758 |
| Total | | | | | 486,798 |

3 Reserved Funds for Long-Term Maintenance Plan (repair reserves)

INV has reserved funds from the cash flow of the fiscal period, as shown below, towards large-scale maintenance repairs in the medium- to long-term in accordance with the long-term maintenance plan for each property.

(Unit: JPY thousand)

| Fiscal period | 33rd fiscal period | 34th fiscal period | 35th fiscal period | 36th fiscal period | 37th fiscal period |
|---|--|---|--|---|--|
| | From July 1, 2019 to December 31, 2019 | From January 1, 2020 to June 30, 2020 | From July 1, 2020 to December 31, 2020 | From January 1, 2021 to June 30, 2021 | From July 1, 2021 to December 31, 2021 |
| Reserved funds at beginning of period | 2,039,622 | 2,543,226 | 5,485,363 | 2,610,671 | 2,749,724 |
| Amount reserved (Note) | 1,621,422 | 3,908,773 | 565,299 | 546,287 | 645,507 |
| Amount reversed (Note) | 1,117,818 | 966,636 | 3,439,991 | 407,235 | 603,652 |
| Amount carried over for next fiscal period | 2,543,226 | 5,485,363 | 2,610,671 | 2,749,724 | 2,791,578 |

(Note) The amount reserved for the relevant fiscal period includes the reserves for acquired properties, and the amount reversed includes the reserves for sold properties.

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

| Item | 36th fiscal period January 1, 2021 to June 30, 2021 | | 37th fiscal period July 1, 2021 to December 31, 2021 | |
|----------------------------------|--|---------|---|---------|
| | (a) Asset management fees | 300,000 | | 300,000 |
| (b) Asset custody fees | 25,203 | | 24,732 | |
| (c) Administrative services fees | 49,087 | | 54,720 | |
| (d) Directors' compensation | 4,800 | | 4,800 | |
| (e) Other | 162,956 | | 242,924 | |
| Total | 542,048 | | 627,177 | |

2 Borrowing Conditions

Borrowing conditions by financial institution at the end of the Reporting Period are as below.

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|---------------|----------------|---|---|------------------------------------|----------------|------------------|-------------------------------|-----------|
| | | | | | | | | | |
| MUFG Bank, Ltd. | 6,660,000 | - | | | | | | | |
| Sumitomo Mitsui Banking Corporation | 4,442,000 | - | | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 2,670,000 | - | | | | | | | |
| Citibank, N.A., Tokyo Branch | 3,000,000 | - | | | | | | | |
| Shinsei Bank, Limited | 3,330,000 | - | | | | | | | |
| Resona Bank, Limited. | 1,335,000 | - | | | | | | | |
| Development Bank of Japan, Inc. | Jul. 20, 2020 | 666,000 | - | 0.335 | Jul. 20, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Sumitomo Mitsui Banking Corporation | Sep. 14, 2020 | 3,000,000 | - | 0.335 | Sep. 14, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Mizuho Bank, Ltd. | Oct. 13, 2020 | 328,500 | - | 0.335 | Oct. 13, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Citibank, N.A., Tokyo Branch | | 355,000 | - | | | | | | |
| Shinsei Bank, Limited | | 355,000 | - | | | | | | |
| Resona Bank, Limited. | | 334,000 | - | | | | | | |
| The Nomura Trust and Banking Co., Limited | | 167,000 | - | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | | 328,500 | - | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | | Jan. 22, 2021 | 3,400,000 | | | | | | 3,400,000 |
| MUFG Bank, Ltd. | Jan. 22, 2021 | 850,000 | 850,000 | 0.335 | Jan. 22, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Mizuho Bank, Ltd. | Mar. 30, 2021 | 1,215,500 | 1,215,500 | 0.335 | Mar. 30, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| MUFG Bank, Ltd. | | 199,000 | 199,000 | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | | 447,500 | 447,500 | | | | | | |
| Shinsei Bank, Limited | | 25,000 | 25,000 | | | | | | |
| The Bank of Fukuoka, Ltd. | | 525,000 | 525,000 | | | | | | |
| The Nomura Trust and Banking Co., Limited | | 270,000 | 270,000 | | | | | | |
| The Shizuoka Bank, Ltd. | | 375,000 | 375,000 | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|-------------------------------------|----------------|---|---|------------------------------------|----------------|------------------|-------------------------------|-------------------------------|
| | | | | | | | | | |
| Short-term loans | Mizuho Bank, Ltd. | Mar. 30, 2021 | 902,000 | 902,000 | 0.335 | Mar. 30, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 692,000 | 692,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 681,000 | 681,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 617,000 | 617,000 | | | | | |
| | Development Bank of Japan, Inc. | | 147,000 | 147,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | Jun. 15, 2021 | 349,000 | 349,000 | 0.335 | Jun. 15, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Resona Bank, Limited | Jun. 30, 2021 | 570,000 | - | 0.325 | Dec. 30, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Jul. 16, 2021 | - | 5,992,000 | 0.335 | Jul. 16, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | - | 6,660,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | - | 4,442,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | - | 2,670,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | - | 3,000,000 | | | | | |
| | Shinsei Bank, Limited | | - | 3,330,000 | | | | | |
| | Resona Bank, Limited | | - | 1,335,000 | | | | | |
| | Mizuho Bank, Ltd. | Jul. 19, 2021 | - | 2,442,000 | 0.335 | Jul. 16, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | - | 2,220,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | - | 1,998,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | - | 890,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | - | 1,000,000 | | | | | |
| | Shinsei Bank, Limited | | - | 1,110,000 | | | | | |
| | Development Bank of Japan, Inc. | Jul. 20, 2021 | - | 666,000 | 0.335 | Jul. 16, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Aug. 2, 2021 | - | 766,000 | 0.335 | Jul. 16, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | - | 467,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | - | 766,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | - | 120,000 | | | | | |
| | Shinsei Bank, Limited | | - | 150,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | Sep. 14, 2021 | - | 3,000,000 | 0.335 | Sep. 14, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| Mizuho Bank, Ltd. | Sep. 27, 2021 | - | 2,521,500 | 0.335 | Sep. 27, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| MUFG Bank, Ltd. | | - | 2,133,000 | | | | | | |
| Sumitomo Mitsui Banking Corporation | | - | 2,521,500 | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | | - | 1,000,000 | | | | | | |
| Shinsei Bank, Limited | | - | 684,000 | | | | | | |
| Development Bank of Japan, Inc. | | - | 500,000 | | | | | | |
| The Nomura Trust and Banking Co., Limited | | - | 137,000 | | | | | | |
| Mizuho Bank, Ltd. | Oct. 13, 2021 | - | 328,500 | 0.335 | Sep. 27, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Sumitomo Mitsui Trust Bank, Limited | | - | 328,500 | | | | | | |
| Shinsei Bank, Limited | | - | 560,000 | | | | | | |
| Resona Bank, Limited | | - | 667,000 | | | | | | |
| The Nomura Trust and Banking Co., Limited | | - | 320,000 | | | | | | |
| The Bank of Fukuoka, Ltd. | | - | 150,000 | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|---|----------------|---|---|------------------------------------|----------------|------------------|----------|-------------------------------|
| | | | | | | | | | |
| Short-term loans | Mizuho Bank, Ltd. | Oct. 13, 2021 | - | 190,000 | 0.335 | Sep. 27, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | - | 146,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | - | 143,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | - | 130,000 | | | | | |
| | Development Bank of Japan, Inc. | | - | 30,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | Oct. 13, 2021 | - | 1,256,000 | 0.335 | Sep. 27, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Nov. 29, 2021 | - | 4,321,000 | 0.335 | Nov. 29, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| Subtotal | | | 44,228,000 | 71,786,000 | | | | | |
| Long-term loans (Note 4) | Tokyo Star Bank, Limited | Jul. 20, 2016 | 1,582,000 | - | 0.685 | Jul. 20, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Mar. 14, 2017 | 1,733,000 | 1,733,000 | 0.685 | Mar. 14, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Resona Bank, Limited | | 333,000 | 333,000 | | | | | |
| | The Bank of Fukuoka, Ltd. | | 333,000 | 333,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 333,000 | 333,000 | | | | | |
| | AEON Bank, Ltd. | | 900,000 | 900,000 | | | | | |
| | The Towa Bank, Ltd. | | 253,000 | 253,000 | | | | | |
| | The Shizuoka Bank, Ltd. | | 200,000 | 200,000 | | | | | |
| | The Daiichi Life Insurance Co., Ltd. | | 500,000 | 500,000 | | | | | |
| | The Gunma Bank, Ltd. | | 165,000 | 165,000 | | | | | |
| | Mizuho Bank, Ltd. | May 29, 2017 | 4,321,000 | - | 0.625 | Nov. 29, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | The Daiichi Life Insurance Co., Ltd. | | 2,843,000 | - | | | | | |
| | Shinsei Bank, Limited | Oct. 13, 2017 | 355,000 | - | 0.485 | Oct. 13, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Citibank, N.A., Tokyo Branch | | 355,000 | - | | | | | |
| | Resona Bank, Limited | | 333,000 | - | | | | | |
| | The Bank of Fukuoka, Ltd. | | 300,000 | - | | | | | |
| | AEON Bank, Ltd. | | 190,000 | - | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 167,000 | - | | | | | |
| | The Hiroshima Bank, Ltd. | | 167,000 | - | | | | | |
| | Mizuho Bank, Ltd. | Oct. 13, 2017 | 500,000 | 500,000 | 0.685 | Oct. 13, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | | 500,000 | 500,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 500,000 | 500,000 | | | | | |
| | Shinsei Bank, Limited | | 355,000 | 355,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 355,000 | 355,000 | | | | | |
| | Resona Bank, Limited | | 333,000 | 333,000 | | | | | |
| | Development Bank of Japan, Inc. | | 1,500,000 | 1,500,000 | | | | | |
| | The Bank of Fukuoka, Ltd. | | 300,000 | 300,000 | | | | | |
| AEON Bank, Ltd. | 190,000 | | 190,000 | | | | | | |
| The Nomura Trust and Banking Co., Limited | 166,000 | | 166,000 | | | | | | |
| The Hiroshima Bank, Ltd. | 166,000 | | 166,000 | | | | | | |
| The Daiichi Life Insurance Co., Ltd. | 500,000 | | 500,000 | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|-------------------------------------|----------------|---|---|------------------------------------|----------------|------------------|----------|-------------------------------|
| Long-term loans (Note 4) | Mizuho Bank, Ltd. | Oct. 13, 2017 | 1,250,000 | 1,250,000 | 0.785 | Oct. 13, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,065,000 | 1,065,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,250,000 | 1,250,000 | | | | | |
| | Mizuho Bank, Ltd. | Oct. 13, 2017 | 1,250,000 | 1,250,000 | 0.885 | Oct. 11, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,060,000 | 1,060,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,250,000 | 1,250,000 | | | | | |
| | Shinsei Bank, Limited | Jun. 27, 2018 | 1,000,000 | 1,000,000 | 0.750 | Jun. 27, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 500,000 | 500,000 | | | | | |
| | Mizuho Bank, Ltd. | Jul. 17, 2018 | 2,442,000 | - | 0.385 | Jul. 17, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 2,220,000 | - | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,998,000 | - | | | | | |
| | Shinsei Bank, Limited | | 1,110,000 | - | | | | | |
| | Citibank, N.A., Tokyo Branch | | 1,000,000 | - | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 890,000 | - | | | | | |
| | Mizuho Bank, Ltd. | Jul. 17, 2018 | 2,443,000 | 2,443,000 | 0.485 | Jul. 17, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 2,220,000 | 2,220,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,997,000 | 1,997,000 | | | | | |
| | Shinsei Bank, Limited | | 1,110,000 | 1,110,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 1,000,000 | 1,000,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 890,000 | 890,000 | | | | | |
| | Mizuho Bank, Ltd. | Jul. 17, 2018 | 2,442,000 | 2,442,000 | 0.585 | Jul. 14, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 2,220,000 | 2,220,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,997,000 | 1,997,000 | | | | | |
| | Shinsei Bank, Limited | | 1,110,000 | 1,110,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 1,000,000 | 1,000,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 890,000 | 890,000 | | | | | |
| | Mizuho Bank, Ltd. | Aug. 2, 2018 | 766,000 | - | 0.385 | Aug. 2, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Banking Corporation | | 766,000 | - | | | | | |
| MUFG Bank, Ltd. | 467,000 | | - | | | | | | |
| Shinsei Bank, Limited | 150,000 | | - | | | | | | |
| Citibank, N.A., Tokyo Branch | 120,000 | | - | | | | | | |
| The Nomura Trust and Banking Co., Limited | 30,000 | | - | | | | | | |
| AEON Bank, Ltd. | 60,000 | | - | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|---|----------------|---|---|------------------------------------|----------------|------------------|----------|-------------------------------|
| | | | | | | | | | |
| Long-term loans (Note 4) | Mizuho Bank, Ltd. | Sep. 26, 2018 | 2,521,500 | - | 0.385 | Sep. 26, 2021 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Banking Corporation | | 2,521,500 | - | | | | | |
| | MUFG Bank, Ltd. | | 2,133,000 | - | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,000,000 | - | | | | | |
| | Shinsei Bank, Limited | | 684,000 | - | | | | | |
| | Citibank, N.A., Tokyo Branch | | 546,000 | - | | | | | |
| | Development Bank of Japan, Inc. | | 500,000 | - | | | | | |
| | Resona Bank, Limited | | 445,000 | - | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 137,000 | - | | | | | |
| | AEON Bank, Ltd. | | 273,000 | - | | | | | |
| | Mizuho Bank, Ltd. | Sep. 26, 2018 | 3,287,000 | 3,287,000 | 0.485 | Sep. 26, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Banking Corporation | | 3,287,000 | 3,287,000 | | | | | |
| | MUFG Bank, Ltd. | | 2,600,000 | 2,600,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,000,000 | 1,000,000 | | | | | |
| | Shinsei Bank, Limited | | 833,000 | 833,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 667,000 | 667,000 | | | | | |
| | Development Bank of Japan, Inc. | | 500,000 | 500,000 | | | | | |
| | Resona Bank, Limited | | 445,000 | 445,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 167,000 | 167,000 | | | | | |
| | AEON Bank, Ltd. | | 334,000 | 334,000 | | | | | |
| | Mizuho Bank, Ltd. | Sep. 26, 2018 | 3,287,500 | 3,287,500 | 0.585 | Sep. 26, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Banking Corporation | | 3,287,500 | 3,287,500 | | | | | |
| | MUFG Bank, Ltd. | | 2,600,000 | 2,600,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,000,000 | 1,000,000 | | | | | |
| | Shinsei Bank, Limited | | 833,000 | 833,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 667,000 | 667,000 | | | | | |
| | Development Bank of Japan, Inc. | | 500,000 | 500,000 | | | | | |
| | Resona Bank, Limited | | 445,000 | 445,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 166,000 | 166,000 | | | | | |
| | AEON Bank, Ltd. | | 333,000 | 333,000 | | | | | |
| | MUFG Bank, Ltd. | Jan. 22, 2019 | 850,000 | 850,000 | 0.373 | Jan. 22, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | | 3,400,000 | 3,400,000 | | | | | |
| | Mizuho Bank, Ltd. | Mar. 29, 2019 | 386,000 | 386,000 | 0.361 | Mar. 29, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| MUFG Bank, Ltd. | 1,275,000 | | 1,275,000 | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 2,100,000 | | 2,100,000 | | | | | | |
| Shinsei Bank, Limited | 500,000 | | 500,000 | | | | | | |
| Resona Bank, Limited | 500,000 | | 500,000 | | | | | | |
| Development Bank of Japan, Inc. | 1,000,000 | | 1,000,000 | | | | | | |
| The Bank of Fukuoka, Ltd. | 333,000 | | 333,000 | | | | | | |
| The Shizuoka Bank, Ltd. | 1,270,000 | | 1,270,000 | | | | | | |
| The Nomura Trust and Banking Co., Limited | 270,000 | | 270,000 | | | | | | |
| The Senshu Ikeda Bank, Ltd. | 288,000 | | 288,000 | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|-------------------------------------|-------------------------------------|----------------|---|---|------------------------------------|----------------|------------------|-------------------------------|-------------------------------|
| | | | | | | | | | |
| Long-term loans (Note 4) | Aozora Bank, Ltd | Mar. 29, 2019 | 1,000,000 | 1,000,000 | 0.594 | Mar. 29, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | The Nishi-Nippon City Bank, Ltd. | | 921,000 | 921,000 | | | | | |
| | The Tochigi Bank, Ltd. | | 480,000 | 480,000 | | | | | |
| | Kiraboshi Bank, Ltd. | Mar. 29, 2019 | 961,000 | 961,000 | 0.885 | Mar. 29, 2029 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Citibank, N.A., Tokyo Branch | Jun. 17, 2019 | 1,000,000 | 1,000,000 | 0.340 | Jun. 17, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Development Bank of Japan, Inc. | Jun. 28, 2019 | 1,000,000 | 1,000,000 | 0.334 | Jun. 17, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Jul. 16, 2019 | 571,400 | 571,400 | 0.400 | Jan. 16, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 1,464,800 | 1,464,800 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 1,331,200 | 1,331,200 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 628,600 | 628,600 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 1,000,000 | 1,000,000 | | | | | |
| | Shinsei Bank, Limited | | 200,000 | 200,000 | | | | | |
| | Resona Bank, Limited | | 600,000 | 600,000 | | | | | |
| | Mizuho Bank, Ltd. | | 571,400 | 571,400 | | | | | |
| | MUFG Bank, Ltd. | Jul. 16, 2019 | 1,464,800 | 1,464,800 | 0.499 | Jan. 16, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Banking Corporation | | 1,331,200 | 1,331,200 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 628,600 | 628,600 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 1,000,000 | 1,000,000 | | | | | |
| | Shinsei Bank, Limited | | 200,000 | 200,000 | | | | | |
| | Resona Bank, Limited | | 600,000 | 600,000 | | | | | |
| Mizuho Bank, Ltd. | 1,171,400 | | 1,171,400 | | | | | | |
| MUFG Bank, Ltd. | 1,464,800 | | 1,464,800 | | | | | | |
| Sumitomo Mitsui Banking Corporation | Jul. 16, 2019 | 1,331,200 | 1,331,200 | 0.563 | Jul. 16, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Sumitomo Mitsui Trust Bank, Limited | | 628,600 | 628,600 | | | | | | |
| Citibank, N.A., Tokyo Branch | | 1,000,000 | 1,000,000 | | | | | | |
| Shinsei Bank, Limited | | 200,000 | 200,000 | | | | | | |
| Mizuho Bank, Ltd. | | 2,171,400 | 2,171,400 | | | | | | |
| MUFG Bank, Ltd. | | 1,464,800 | 1,464,800 | | | | | | |
| Sumitomo Mitsui Banking Corporation | Jul. 16, 2019 | 1,331,200 | 1,331,200 | 0.635 | Jan. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Sumitomo Mitsui Trust Bank, Limited | | 628,600 | 628,600 | | | | | | |
| Shinsei Bank, Limited | | 200,000 | 200,000 | | | | | | |
| Mizuho Bank, Ltd. | | 2,170,400 | 2,170,400 | | | | | | |
| MUFG Bank, Ltd. | | 1,464,800 | 1,464,800 | | | | | | |
| Sumitomo Mitsui Banking Corporation | Jul. 16, 2019 | 1,331,200 | 1,331,200 | 0.785 | Jul. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Sumitomo Mitsui Trust Bank, Limited | | 628,600 | 628,600 | | | | | | |
| Shinsei Bank, Limited | | 200,000 | 200,000 | | | | | | |
| Mizuho Bank, Ltd. | | 2,170,400 | 2,170,400 | | | | | | |
| MUFG Bank, Ltd. | | 1,464,800 | 1,464,800 | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|---|---|----------------|---|---|------------------------------------|----------------|------------------|----------|-------------------------------|
| | | | | | | | | | |
| Long-term loans (Note 4) | Mizuho Bank, Ltd. | Jul. 19, 2019 | 1,085,000 | 1,085,000 | 0.413 | Jan. 16, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 987,000 | 987,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 987,000 | 987,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 684,000 | 684,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 500,000 | 500,000 | | | | | |
| | Development Bank of Japan, Inc. | | 300,000 | 300,000 | | | | | |
| | AEON Bank, Ltd. | | 300,000 | 300,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 100,000 | 100,000 | | | | | |
| | Mizuho Bank, Ltd. | | Jul. 19, 2019 | 712,000 | | | | | |
| | MUFG Bank, Ltd. | 986,000 | | 986,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | 986,000 | | 986,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | 684,000 | | 684,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | 500,000 | | 500,000 | | | | | |
| | Development Bank of Japan, Inc. | 300,000 | | 300,000 | | | | | |
| | AEON Bank, Ltd. | 300,000 | | 300,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | 100,000 | | 100,000 | | | | | |
| | Aozora Bank, Ltd. | 237,000 | | 237,000 | | | | | |
| | Mizuho Bank, Ltd. | Jul. 19, 2019 | 712,000 | 712,000 | 0.580 | Jul. 16, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 986,000 | 986,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 986,000 | 986,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 684,000 | 684,000 | | | | | |
| | Citibank, N.A., Tokyo Branch | | 500,000 | 500,000 | | | | | |
| | Development Bank of Japan, Inc. | | 300,000 | 300,000 | | | | | |
| | AEON Bank, Ltd. | | 300,000 | 300,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 100,000 | 100,000 | | | | | |
| | Aozora Bank, Ltd., | | 375,000 | 375,000 | | | | | |
| | Mizuho Bank, Ltd. | Jul. 19, 2019 | 1,212,000 | 1,212,000 | 0.635 | Jan. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 986,000 | 986,000 | | | | | |
| | Sumitomo Mitsui Banking Corporation | | 986,000 | 986,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 684,000 | 684,000 | | | | | |
| | Development Bank of Japan, Inc. | | 300,000 | 300,000 | | | | | |
| | AEON Bank, Ltd. | | 300,000 | 300,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 100,000 | 100,000 | | | | | |
| | Aozora Bank, Ltd. | | 375,000 | 375,000 | | | | | |
| | Mizuho Bank, Ltd. | | Jul. 19, 2019 | 1,211,000 | | | | | |
| | MUFG Bank, Ltd. | 986,000 | | 986,000 | | | | | |
| Sumitomo Mitsui Banking Corporation | 986,000 | 986,000 | | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | 684,000 | 684,000 | | | | | | | |
| Development Bank of Japan, Inc. | 300,000 | 300,000 | | | | | | | |
| AEON Bank, Ltd. | 300,000 | 300,000 | | | | | | | |
| The Nomura Trust and Banking Co., Limited | 100,000 | 100,000 | | | | | | | |
| Aozora Bank, Ltd. | 375,000 | 375,000 | | | | | | | |

| Type | Lender | Borrowing date | Balance at beginning of Reporting Period (JPY thousand) | Balance at end of Reporting Period (JPY thousand) | Average interest rate (%) (Note 1) | Repayment date | Repayment method | Purpose | Notes |
|------------------------------|---|----------------|---|---|------------------------------------|----------------|------------------|-------------------------------|-------------------------------|
| | | | | | | | | | |
| Long-term loans (Note 4) | Tokyo Star Bank, Limited | Jul. 22, 2019 | 700,000 | 700,000 | 0.785 | Jul. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Mizuho Bank, Ltd. | Aug. 28, 2019 | 2,882,000 | 2,882,000 | 0.462 | Jan. 16, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | San ju San Bank, Ltd. | | 662,000 | 662,000 | | | | | |
| | San ju San Bank, Ltd. | Oct. 15, 2019 | 1,700,000 | 1,700,000 | 0.486 | Apr. 15, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | San ju San Bank, Ltd. | Oct. 15, 2019 | 1,000,000 | 1,000,000 | 0.635 | Apr. 15, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | The Nishi-Nippon City Bank, Ltd. | Oct. 15, 2019 | 1,000,000 | 1,000,000 | 0.785 | Oct. 15, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | Jan. 6, 2020 | 1,550,000 | 1,550,000 | 0.417 | Jan. 6, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | Jan. 6, 2020 | 3,050,000 | 3,050,000 | 0.643 | Jan. 6, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Momiji Bank, Ltd. | | 961,000 | 961,000 | | | | | |
| | The Kiyo Bank | | 480,000 | 480,000 | | | | | |
| | Mizuho Bank, Ltd. | Mar. 16, 2020 | 634,000 | 634,000 | 0.487 | Mar. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Resona Bank, Limited | | 300,000 | 300,000 | | | | | |
| | Development Bank of Japan, Inc. | | 1,000,000 | 1,000,000 | | | | | |
| | The Bank of Fukuoka, Ltd. | | 333,000 | 333,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 333,000 | 333,000 | | | | | |
| | The Shizuoka Bank, Ltd. | | 200,000 | 200,000 | | | | | |
| | The Yamaguchi Bank, Ltd. | | 411,000 | 411,000 | | | | | |
| | MUFG Bank, Ltd. | Mar. 30, 2020 | 850,000 | 850,000 | 0.385 | Mar. 16, 2023 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,090,000 | 1,090,000 | | | | | |
| | The Bank of Fukuoka, Ltd. | | 333,000 | 333,000 | | | | | |
| | Mizuho Bank, Ltd. | Mar. 30, 2020 | 582,000 | 582,000 | 0.585 | Mar. 16, 2025 | (Note 3) | (Note 2) | Unsecured / with no guarantee |
| | MUFG Bank, Ltd. | | 628,000 | 628,000 | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,090,000 | 1,090,000 | | | | | |
| | Shinsei Bank, Limited | | 570,000 | 570,000 | | | | | |
| | Resona Bank, Limited | | 500,000 | 500,000 | | | | | |
| | The Nomura Trust and Banking Co., Limited | | 270,000 | 270,000 | | | | | |
| | Aozora Bank, Ltd. | | 1,000,000 | 1,000,000 | | | | | |
| | The Shizuoka Bank, Ltd. | | 270,000 | 270,000 | | | | | |
| | The Kagawa Bank, Ltd. | | 500,000 | 500,000 | | | | | |
| | The Yamaguchi Bank, Ltd. | | 550,000 | 550,000 | | | | | |
| The Chukyo Bank, Ltd. | 961,000 | 961,000 | | | | | | | |
| Citibank, N.A., Tokyo Branch | Jun. 15, 2020 | 1,000,000 | 1,000,000 | 0.335 | Jun. 17, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Tokyo Star Bank, Limited | Jul. 20, 2020 | 600,000 | 600,000 | 0.335 | Jul. 20, 2022 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Tokyo Star Bank, Limited | Jul. 20, 2021 | - | 1,582,000 | 0.435 | Jul. 20, 2024 | (Note 3) | (Note 2) | Unsecured / with no guarantee | |
| Subtotal | | | 196,770,000 | 164,959,000 | | | | | |
| Total | | | 240,998,000 | 236,745,000 | | | | | |

(Note 1) Average interest rate shows the interest rate for each loan agreement as of the end of the fiscal period, rounded to three decimal places. In regards to borrowings which interest rate swap transactions are entered into for the purpose of avoiding risk from interest rate fluctuation, interest rates reflecting the interest rate swap are shown. In regards to borrowings repaid during the Reporting Period, the interest rate for each loan agreement as of the repayment date rounded to three decimal places is shown.

(Note 2) The funds raised through borrowings are mainly used to acquire trust beneficiary interests in real estate and to repay the borrowings.

(Note 3) The balance at the end of the period will be repaid in full on the repayment date.

(Note 4) Long-term loans includes current portion of long-term loans payable.

3 Investment Corporation Bonds

Status of investment corporation bonds as of the end of the Reporting Period is as follows.

| Bond Series | Issue Date | Balance at the beginning of the period (JPY thousand) | Balance at the end of the period (JPY thousand) | Interest Rate (%) | Redemption Date | Redemption method | Use of funds | Security/ Guaranty |
|---|------------------|---|---|-------------------|------------------|-------------------|--------------|--------------------------|
| First Series Unsecured Investment Corporation Bonds (Note 1) | May 25, 2018 | 1,000,000 | 1,000,000 | 0.400 | May 25, 2023 | (Note 2) | (Note 3) | Unsecured / Unguaranteed |
| Second Series Unsecured Investment Corporation Bonds (Note 1) | May 25, 2018 | 1,000,000 | 1,000,000 | 0.800 | May 25, 2028 | (Note 2) | (Note 3) | |
| Third Series Unsecured Investment Corporation Bonds (Note 1) | October 12, 2018 | 2,000,000 | 2,000,000 | 0.550 | October 12, 2023 | (Note 2) | (Note 4) | |
| Forth Series Unsecured Investment Corporation Bonds (Note 1) | October 28, 2019 | 1,000,000 | 1,000,000 | 0.480 | October 28, 2024 | (Note 2) | (Note 5) | |
| Fifth Series Unsecured Investment Corporation Bonds (Note 1) | October 28, 2019 | 2,000,000 | 2,000,000 | 0.900 | October 26, 2029 | (Note 2) | (Note 5) | |
| Sixth Series Unsecured Investment Corporation Bonds (Note 1) | March 13, 2020 | 1,200,000 | 1,200,000 | 0.850 | March 13, 2030 | (Note 2) | (Note 4) | |
| Total | | 8,200,000 | 8,200,000 | — | — | — | — | — |

(Note 1) This is with pari passu conditions among specified corporate bonds.

(Note 2) The Investment Corporation Bonds may be purchased and cancelled at any time after the payment date, except for the case where the laws and regulations or the depository otherwise stipulates.

(Note 3) The funds will be used to acquire trust beneficiary interest in real estate.

(Note 4) The funds will be used to repay borrowings.

(Note 5) The funds will be used in strategic capital expenditure.

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

Acquisitions and Sales for the Reporting Period

1 Acquisitions and Sales of Real Estate, Asset-Backed Securities, Infrastructure Assets and Infrastructure Related-Assets

| Type of asset | Name of property | | Acquisition | | Sale | | | |
|----------------------------|------------------|-----------------------------|------------------|---------------------------------|-------------------|---|-----------------------------------|--|
| | | | Acquisition date | Acquisition price (JPY million) | Sales date | Sales price (JPY million) (Note 1) (Note 2) | Book value (JPY million) (Note 3) | Gain/loss on sales (JPY million) (Note 1) (Note 4) |
| Trust beneficiary interest | A77 | Invoice Shin-Kobe Residence | – | – | December 22, 2021 | 6,150 | 1,097 | 1,977 |
| Trust beneficiary interest | A78 | Cosmo Court Motomachi | – | – | December 22, 2021 | | 833 | |
| Trust beneficiary interest | A85 | Vendir Hamaotsu Ekimae | – | – | December 22, 2021 | | 478 | |
| Trust beneficiary interest | A86 | Salvo Sala | – | – | December 22, 2021 | | 468 | |
| Trust beneficiary interest | A89 | Winntage Kobe Motomachi | – | – | December 22, 2021 | | 435 | |
| Trust beneficiary interest | A91 | Corp Higashinotoin | – | – | December 22, 2021 | | 390 | |
| Trust beneficiary interest | A95 | HERMITAGE NANBA WEST | – | – | December 22, 2021 | | 310 | |
| Trust beneficiary interest | B17 | Lexington Plaza Hachiman | – | – | July 2, 2021 | 3,660 | 2,982 | 590 |
| Total | | | | – | – | 9,810 | 6,996 | 2,568 |

(Note 1) The sale prices of individual residential properties sold on December 22, 2021 are not disclosed as the transferees' consent has not been obtained for disclosure. Accordingly, the gain on sales of individual properties are not disclosed, either.

(Note 2) Sales price does not include various costs (brokerage commissions, taxes and other public dues) required for sale of the property, and is the sales price indicated in the trust beneficiary interest purchase agreement.

(Note 3) As of the date of each transaction.

(Note 4) Gain on sale is calculated by deducting the book value and the transfer related cost from the sales price for each of the properties.

(Note 5) Amounts are rounded down to the nearest million yen.

2 Acquisitions and Sales of Other Assets

Assets other than those described above were mostly bank deposits or bank deposits in trust.

3 Transaction Price Verification of Specified Assets

| Acquisition or sale | Name of property | | Category of specified asset | Transaction date | Sales price (JPY million) (Note 1) | Appraisal value (JPY million) | Appraiser | Appraisal date |
|---------------------|------------------|-----------------------------|--|-------------------|------------------------------------|-------------------------------|-------------------------------------|------------------|
| Sale | A77 | Invoice Shin-Kobe Residence | Real estate Trust beneficiary interest | December 22, 2021 | 6,150 | 1,550 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A78 | Cosmo Court Motomachi | Real estate Trust beneficiary interest | December 22, 2021 | | 1,200 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A85 | Vendir Hamaotsu Ekimae | Real estate Trust beneficiary interest | December 22, 2021 | | 841 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A86 | Salvo Sala | Real estate Trust beneficiary interest | December 22, 2021 | | 697 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A89 | Winntage Kobe Motomachi | Real estate Trust beneficiary interest | December 22, 2021 | | 666 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A91 | Corp Higashinotoin | Real estate Trust beneficiary interest | December 22, 2021 | | 559 | Japan Real Estate Institute | November 1, 2021 |
| Sale | A95 | HERMITAGE NANBA WEST | Real estate Trust beneficiary interest | December 22, 2021 | | 489 | Japan Real Estate Institute | November 1, 2021 |
| Sale | B17 | Lexington Plaza Hachiman | Real estate Trust beneficiary interest | July 2, 2021 | 3,660 | 3,660 | JLL Morii Valuation & Advisory K.K. | June 30, 2021 |

(Note 1) The sale prices of individual residential properties sold on December 22, 2021 are not disclosed as the transferees' consent has not been obtained for disclosure.

(Note 2) Sales price does not include various costs (brokerage commissions, taxes and other public dues) required for sale of the property, and is the sales price indicated in the trust beneficiary interest purchase agreement.

(Note 3) The real estate appraisal described above is conducted by applying "Section 3: appraisals concerning prices of real estate subject to securitization" of "Real Estate Appraisal Standard."

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between CIM and Its Other Businesses

As CIM does not engage in any other business, such as the type I financial instruments business and the type II financial instruments business, the building lots and buildings transaction business, or the real estate specified joint enterprise, there are no applicable transactions.

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

Please refer to “II. Balance Sheet,” “III. Statement of Income and Retained Earnings,” “IV. Statement of Changes in Net Assets,” “V. Notes to Financial Statements” and “VI. Statement of Cash Distribution.”

2 Changes in the Calculation Method of Depreciation

Not applicable

3 Changes in the Evaluation Method of Real Estate and Infrastructure Assets, etc.

Not applicable

4 Beneficiary Certificates of Investment Trusts, etc. Set Up by the Company

Not applicable

Other

1 Notice

(1) General Meeting of Unitholders

INV's General Meeting of Unitholders was held on December 17, 2021.

The summary of the matters approved at the General Meeting of Unitholders are as follows.

| Agenda | | Summary |
|----------------|--|--|
| Proposal No. 1 | Partial Amendment to Articles of Incorporation | <ol style="list-style-type: none">1. Reflecting the amendments made to the methods of evaluating market values of securities and interests in financial derivative transactions pursuant to the publication of the Accounting Standard for Fair Value Measurement.2. Aiming to reflect our unitholders' intentions more directly into certain resolution matters of the general unitholders meeting (a) which resolution matters may have significant effect on the management structure of INV and the interests of our unitholders, and (b) the submission of conflicting proposals for which resolution matters will be difficult to be made due to the nature of such resolution matters, INV added a new provision where the "Deemed Affirmative Vote" stipulated in Article 93, Paragraph 1 of the Act on Investment Trusts and Investment Corporations and in Article 25, Paragraphs 1 and 2 of the existing Articles of Incorporation are not applicable to such resolution matters.3. With the consent of the asset management company, the asset management fees for the period from January 2013 to December 2021 had been reduced. INV has further obtained the consent of the Asset Management Company to reduce the amount of asset management fees for the period from January 2022 to December 2022 to an amount which is lower than the amount that would be applicable if such reduction were not made, and which is at the same level as the amount applied for the period from January 2021 to December 2021. Accordingly, INV amended the standards concerning the amount and payment of the asset management fees for the period from January 2022 to December 2022., effective January 1, 2022. |
| Proposal No. 2 | Appointment of One (1) Executive Director | Naoki Fukuda was appointed. |
| Proposal No. 3 | Appointment of One (1) Substitute Executive Director | Naoto Ichiki was appointed. |
| Proposal No. 4 | Appointment of Two (2) Supervisory Directors | Yoshihiro Tamura and Hiroyuki Fujimoto were appointed. |

(2) Board of Directors of Investment Corporation

Of the execution and amendment of the agreement approved by INV's Board of Directors in the Reporting Period, principal summary is as follows.

| Approval date | Item | Summary |
|--------------------|---|--|
| September 10, 2021 | Conclusion of MOU to amend the MLPM Agreements with MHM Group | On September 10, 2021, INV entered into a MOU to amend respective MLPM Agreements for domestic hotels owned by INV and operated by INV's main tenant, MHM Group. Pursuant to the MOU, we have partially changed the rent payment conditions and changed the fixed rent payment amount, the variable rent calculation method, rent payment method and payment date. |
| December 8, 2021 | Conclusion of MOU to amend the MLPM Agreements with MHM Group | On December 8, 2021, INV entered into a MOU to amend respective MLPM Agreements for domestic hotels owned by INV and operated by INV's main tenant, MHM Group. Pursuant to the MOU, we have partially changed the rent payment conditions and changed the fixed rent payment amount, the variable rent calculation method, rent payment method and payment date. |

2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

3 Disclosure of Real Estate Owned by Companies Owning Real Estate Overseas

Not applicable

4 Other

Unless there are specific statements to the contrary, monetary figures are rounded down to the nearest unit and percentages are rounded off for unspecified values.

II. Balance Sheet

(Unit: JPY thousand)

| | (Reference) Fiscal period ended June 30, 2021 (as of June 30, 2021) | Fiscal period ended December 31, 2021 (as of December 31, 2021) |
|---|--|---|
| Assets | | |
| Current assets: | | |
| Cash and bank deposits | 6,311,545 | 12,759,582 |
| Cash and bank deposits in trust | 6,528,498 | 6,766,557 |
| Rental receivables | 1,239,770 | 2,293,736 |
| Deposits paid | 441,992 | 153,517 |
| Prepaid expenses | 498,144 | 642,219 |
| Income taxes receivable | 14 | 10 |
| Consumption taxes receivable | 268,549 | - |
| Other | - | 259 |
| Total current assets | 15,288,515 | 22,615,883 |
| Non-current assets: | | |
| Property and equipment | | |
| Buildings | 19,406,379 | 19,428,985 |
| Accumulated depreciation | (931,763) | (1,150,408) |
| Buildings, net | 18,474,616 | 18,278,576 |
| Buildings and accompanying facilities | 5,294,556 | 5,294,556 |
| Accumulated depreciation | (647,543) | (800,261) |
| Buildings and accompanying facilities, net | 4,647,013 | 4,494,295 |
| Structures, at cost | 1,458 | 1,458 |
| Accumulated depreciation | (85) | (118) |
| Structures, net | 1,373 | 1,340 |
| Tools, furniture and fixtures | 1,187,082 | 1,191,356 |
| Accumulated depreciation | (233,535) | (292,045) |
| Tools, furniture and fixtures, net | 953,547 | 899,310 |
| Construction in progress | 637,580 | 690,038 |
| Buildings in trust | 164,167,367 | 160,525,440 |
| Accumulated depreciation | (21,027,435) | (22,562,657) |
| Buildings in trust, net | 143,139,931 | 137,962,783 |
| Buildings and accompanying facilities in trust | 33,384,159 | 32,459,003 |
| Accumulated depreciation | (10,817,809) | (11,144,094) |
| Buildings and accompanying facilities in trust, net | 22,566,350 | 21,314,908 |
| Structures in trust, at cost | 235,988 | 206,135 |
| Accumulated depreciation | (104,094) | (100,953) |
| Structures in trust, net | 131,893 | 105,182 |
| Tools, furniture and fixtures in trust | 2,800,865 | 2,876,215 |
| Accumulated depreciation | (1,286,332) | (1,461,143) |
| Tools, furniture and fixtures in trust, net | 1,514,532 | 1,415,071 |
| Land in trust | 245,560,970 | 242,197,743 |
| Total property and equipment, net | 437,627,809 | 427,359,252 |
| Intangible assets | | |
| Leasehold rights | 10,637,811 | 10,637,811 |
| Leasehold rights in trust | 14,536,494 | 14,497,257 |
| Total intangible assets | 25,174,306 | 25,135,069 |
| Investment and other assets | | |
| Investment securities | 17,856,387 | 17,856,387 |
| Guarantee deposits | 1,362,721 | 1,372,719 |
| Long-term prepaid expenses | 494,637 | 379,422 |
| Derivatives assets | 16,216 | 28,054 |
| Others | 22,667 | 22,667 |
| Total investments and other assets | 19,752,630 | 19,659,251 |
| Total non-current assets | 482,554,746 | 472,153,573 |
| Deferred assets | | |
| Investment corporation bond issuance costs | 56,652 | 50,349 |
| Total deferred assets | 56,652 | 50,349 |
| Total assets | 497,899,915 | 494,819,805 |

(Unit: JPY thousand)

| | (Reference) Fiscal period ended June 30, 2021 (as of June 30, 2021) | Fiscal period ended December 31, 2021 (as of December 31, 2021) |
|--|--|---|
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | 917,331 | 774,133 |
| Short-term loans payable | 44,228,000 | 71,786,000 |
| Current portion of long-term loans payable | 53,315,000 | 48,667,000 |
| Accounts payable-other | 26,843 | 6,235 |
| Accrued expenses | 249,410 | 291,883 |
| Income taxes payable | 605 | 605 |
| Consumption taxes payable | - | 540,868 |
| Advances received | 597,790 | 558,777 |
| Deposits received | 11,083 | 8,813 |
| Total current liabilities | 99,346,064 | 122,634,316 |
| Non-current liabilities: | | |
| Investment corporation bonds | 8,200,000 | 8,200,000 |
| Long-term loans payable | 143,455,000 | 116,292,000 |
| Tenant leasehold and security deposits in trust | 1,657,369 | 1,519,983 |
| Derivatives liabilities | 94,392 | 9,729 |
| Asset retirement obligations | 33,197 | 33,422 |
| Total non-current liabilities | 153,439,959 | 126,055,134 |
| Total liabilities | 252,786,023 | 248,689,451 |
| Net assets | | |
| Unitholders' equity: | | |
| Unitholders' capital | 235,701,512 | 235,701,512 |
| Surplus: | | |
| Capital surplus | 6,264,432 | 6,264,432 |
| Deduction of unitholders' capital surplus | | |
| Allowance for temporary differences adjustment *2 | (6,130) | (6,130) |
| Other deduction of capital surplus | (5,524,006) | (5,524,006) |
| Total deduction of unitholders' capital surplus | (5,530,137) | (5,530,137) |
| Capital surplus, net | 734,294 | 734,294 |
| Retained earnings | 8,753,480 | 9,676,221 |
| Total surplus | 9,487,774 | 10,410,516 |
| Total unitholders' equity | 245,189,287 | 246,112,028 |
| Valuation and translation adjustments: | | |
| Deferred gains or losses on hedges | (75,395) | 18,325 |
| Total valuation and translation adjustments | (75,395) | 18,325 |
| Total net assets *1 | 245,113,891 | 246,130,354 |
| Total liabilities and net assets | 497,899,915 | 494,819,805 |

III. Statement of Income and Retained Earnings

| (Unit: JPY thousand) | | | |
|--|----|---|---|
| | | (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
| Operating revenue | | | |
| Rental revenue – real estate | *1 | 3,806,176 | 5,837,847 |
| Gain on sales of properties | *3 | - | 2,568,486 |
| Total operating revenue | | 3,806,176 | 8,406,334 |
| Operating expenses | | | |
| Property-related expenses | *1 | 4,720,815 | 4,777,042 |
| Management contract expenses | *2 | 884,731 | 709,774 |
| Asset management fees | | 300,000 | 300,000 |
| Directors' compensation | | 4,800 | 4,800 |
| Asset custody fees | | 25,203 | 24,732 |
| Administrative service fees | | 49,087 | 54,720 |
| Other | | 162,956 | 242,924 |
| Total operating expenses | | 6,147,595 | 6,113,994 |
| Operating income (loss) | | (2,341,419) | 2,292,339 |
| Non-operating income | | | |
| Interest income | | 96 | 70 |
| Interest on tax refund | | - | 1,118 |
| Miscellaneous income | | 8,327 | 5,887 |
| Total non-operating income | | 8,423 | 7,076 |
| Non-operating expenses | | | |
| Interest expenses | | 624,616 | 602,398 |
| Foreign exchange losses | | 34,513 | 40,718 |
| Interest expenses on investment corporation bonds | | 27,769 | 28,230 |
| Amortization of investment corporation bond issuance costs | | 6,200 | 6,303 |
| Loan-related costs | | 508,348 | 596,446 |
| Loss of derivatives | | 64,638 | 10,520 |
| Total non-operating expenses | | 1,266,088 | 1,284,617 |
| Ordinary income (loss) | | (3,599,083) | 1,014,799 |
| Income (loss) before income taxes | | (3,599,083) | 1,014,799 |
| Income taxes | | 605 | 605 |
| Total income taxes | | 605 | 605 |
| Net income (loss) | | (3,599,688) | 1,014,194 |
| Retained earnings (deficit) brought forward | | 12,353,168 | 8,662,027 |
| Unappropriated retained earnings (deficit) | | 8,753,480 | 9,676,221 |

IV. Statement of Changes in Net Assets

(Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

(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 | | | | | | |
| Distributions from surplus | | | | | | |
| Net income (loss) | | | | | | |
| 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 | 13,371,340 | 14,105,635 | 249,807,147 | (165,929) | (165,929) | 249,641,218 |
| Changes during the period | | | | | | |
| Distributions from surplus | (1,018,172) | (1,018,172) | (1,018,172) | | | (1,018,172) |
| Net income (loss) | (3,599,688) | (3,599,688) | (3,599,688) | | | (3,599,688) |
| Changes other than unitholders' equity (net) | | | | 90,533 | 90,533 | 90,533 |
| Total changes during the period | (4,617,860) | (4,617,860) | (4,617,860) | 90,533 | 90,533 | (4,527,327) |
| Balance at the end of the period | 8,753,480 | 9,487,774 | 245,189,287 | (75,395) | (75,395) | 245,113,891 |

Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

(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 | | | | | | |
| 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 | 8,753,480 | 9,487,774 | 245,189,287 | (75,395) | (75,395) | 245,113,891 |
| Changes during the period | | | | | | |
| Distributions from surplus | (91,452) | (91,452) | (91,452) | | | (91,452) |
| Net income | 1,014,194 | 1,014,194 | 1,014,194 | | | 1,014,194 |
| Changes other than unitholders' equity (net) | | | | 93,720 | 93,720 | 93,720 |
| Total changes during the period | 922,741 | 922,741 | 922,741 | 93,720 | 93,720 | 1,016,462 |
| Balance at the end of the period | 9,676,221 | 10,410,516 | 246,112,028 | 18,325 | 18,325 | 246,130,354 |

V. Notes to Financial Statements

[Notes Concerning Significant Accounting Policies]

| Item \ By Period | (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|-------------|---------------------------------------|------------|------------|----------|-------------------------------|------------|--------------------|------------|--|------------|---------------------|-------------|--|------------|--|-----------|-------------|---------------------------------------|------------|------------|----------|-------------------------------|------------|--------------------|------------|--|------------|---------------------|-------------|--|------------|
| 1. Evaluation standards and evaluation method of assets | <p>(a) Other securities Those with no fair value Cost method through moving-average method is used.</p> <p>(b) Claims generated and debt incurred through derivative transactions Market value method is used.</p> | <p>(a) Investment in affiliates Those with no fair value Cost method through moving-average method is used.</p> <p>(b) Claims generated and debt incurred through derivative transactions Market value method is used.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Method of depreciation of non-current assets | <p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td>16-50 years</td> </tr> <tr> <td>Buildings and accompanying facilities</td> <td>5-29 years</td> </tr> <tr> <td>Structures</td> <td>20 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>3-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td>7-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td>2-33 years</td> </tr> <tr> <td>Structures in trust</td> <td>10-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td>2-20 years</td> </tr> </table> <p>(b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p> | Buildings | 16-50 years | Buildings and accompanying facilities | 5-29 years | Structures | 20 years | Tools, furniture and fixtures | 3-18 years | Buildings in trust | 7-67 years | Buildings and accompanying facilities in trust | 2-33 years | Structures in trust | 10-55 years | Tools, furniture and fixtures in trust | 2-20 years | <p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="margin-left: 20px;"> <tr> <td>Buildings</td> <td>16-50 years</td> </tr> <tr> <td>Buildings and accompanying facilities</td> <td>5-29 years</td> </tr> <tr> <td>Structures</td> <td>20 years</td> </tr> <tr> <td>Tools, furniture and fixtures</td> <td>3-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td>7-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td>3-33 years</td> </tr> <tr> <td>Structures in trust</td> <td>10-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td>2-20 years</td> </tr> </table> <p>(b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p> | Buildings | 16-50 years | Buildings and accompanying facilities | 5-29 years | Structures | 20 years | Tools, furniture and fixtures | 3-18 years | Buildings in trust | 7-67 years | Buildings and accompanying facilities in trust | 3-33 years | Structures in trust | 10-55 years | Tools, furniture and fixtures in trust | 2-20 years |
| Buildings | 16-50 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings and accompanying facilities | 5-29 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Structures | 20 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures | 3-18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 7-67 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings and accompanying facilities in trust | 2-33 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Structures in trust | 10-55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 2-20 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 16-50 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings and accompanying facilities | 5-29 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Structures | 20 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures | 3-18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 7-67 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings and accompanying facilities in trust | 3-33 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Structures in trust | 10-55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 2-20 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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. | 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. | 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. | 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 | Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax | (a) Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| By Period Item | (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|---|--|---|
| | <p>amount assessed and determined, the amount corresponding to the relevant fiscal 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 included as part of the acquisition cost of real estate during the fiscal period ended June 30, 2021 is zero.</p> | <p>amount assessed and determined, the amount corresponding to the relevant fiscal 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 included as part of the acquisition cost of real estate during the Reporting Period is zero.</p> <p>(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.</p> |
| 7. Method of hedge accounting | <p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(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.</p> | <p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(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.</p> |
| 8. Other significant matters which constitute the basis for preparation of financial statements | <p>(1) Accounting treatment policy 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.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust</p> | <p>(1) Accounting treatment policy 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.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust</p> |

| By Period Item | (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|-------------------|--|--|
| | Structures in trust Tools, furniture and fixtures in trust Land in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. | Structures in trust Tools, furniture and fixtures in trust Land in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. |

[Notes on Changes in Presentation Methods]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| Changes due to the application of “Accounting Standard for Disclosure of Accounting Estimates” “Accounting Standard for Disclosure of Accounting Estimates” (Corporate Accounting Standards No. 31, March 31, 2020) has been applied from the fiscal period ended June 30, 2021, and [Notes on Material Accounting Estimates] are described in the Notes to Financial Statements. | Not applicable |

[Notes on Material Accounting Estimates]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | | | | |
|--|---|---|---|---------|---|-----------------|---|---|---------|
| <p>1. Valuation of non-current assets</p> <p>(1) Amount recorded in the financial statements for the fiscal period ended June 30, 2021</p> <p style="text-align: right;">(JPY million)</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">Impairment loss</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets (Rental properties)</td> <td style="text-align: right;">462,164</td> </tr> </table> <p>Although no impairment loss was recorded in the fiscal period ended June 30, 2021, we recognize it as a disclosure item in view of the risk of having a significant impact on the financial statements for the next fiscal period.</p> <p>(2) Information about the content of material accounting estimates for the identified item</p> <p>We determine whether or not there are any signs of possible impairment pertaining to rental properties owned by INV. If there are any signs, we determine whether or not INV should recognize the impairment loss. No impairment loss was recognized for INV’s rental properties, since future cash flows before discounting exceed the book value of rental properties.</p> <p>In estimating future cash flows, it is assumed that the adverse effect by the spread of COVID-19 infections will continue during the fiscal period ended December 2021, but the pandemic will be gradually contained and the business environment will recover in 2022 onwards. However, it is difficult to accurately predict when the spread of COVID-19 infections will be contained and how much the impact will be. Changes in the infection status may affect the above estimates and INV may incur impairment losses.</p> | Impairment loss | - | Non-current assets (Rental properties) | 462,164 | <p>1. Valuation of non-current assets</p> <p>(1) Amount recorded in the financial statements for the Reporting Period</p> <p style="text-align: right;">(JPY million)</p> <table border="1" style="width: 100%;"> <tr> <td style="width: 80%;">Impairment loss</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets (Rental properties)</td> <td style="text-align: right;">451,804</td> </tr> </table> <p>Although no impairment loss was recorded in the Reporting Period, we recognize it as a disclosure item in view of the risk of having a significant impact on the financial statements for the next fiscal period.</p> <p>(2) Information about the content of material accounting estimates for the identified item</p> <p>We determine whether or not there are any signs of possible impairment pertaining to rental properties owned by INV. If there are any signs, we determine whether or not INV should recognize the impairment loss. No impairment loss was recognized for INV’s rental properties, since future cash flows before discounting exceed the book value of rental properties.</p> <p>In estimating future cash flows, it is assumed that the adverse effect by the spread of COVID-19 infections will continue in 2022, but the pandemic will be gradually contained and the business environment will recover in 2023 onwards. However, it is difficult to accurately predict when the spread of COVID-19 infections will be contained and how much the impact will be. Changes in the infection status may affect the above estimates and INV may incur impairment losses.</p> | Impairment loss | - | Non-current assets (Rental properties) | 451,804 |
| Impairment loss | - | | | | | | | | |
| Non-current assets (Rental properties) | 462,164 | | | | | | | | |
| Impairment loss | - | | | | | | | | |
| Non-current assets (Rental properties) | 451,804 | | | | | | | | |

[Notes to Changes in Accounting Policies]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| Not applicable | <p>Application of Accounting Standard for Revenue Recognition, etc. INV has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the Reporting Period, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. This change has no impact on the financial statements of the Reporting Period.</p> <p>Application of Accounting Standard for Fair Value Measurement, etc. INV has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the Reporting Period, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the financial statements of the Reporting Period.</p> |

[Notes to the Balance Sheet]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | |
|--|--|----------------|------------------------------------|-----------------------------------|------------------------|------------------------------|
| *1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand | *1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand | | | | | |
| *2. Allowance for temporary differences adjustment (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | | | | | | |
| 1. Reasons, related assets and amounts | | | | | | |
| (Unit: JPY thousand) | | | | | | |
| Related assets, etc. | Reason | Initial amount | Balance at the beginning of period | Allowance set aside during period | Reversal during period | Balance at the end of period |
| Leasehold rights in trust | Amortization of leasehold rights | (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 of the relevant properties, etc. | | | | | | |
| Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | | |
| 1. Reasons, related assets and amounts | | | | | | |
| (Unit: JPY thousand) | | | | | | |
| Related assets, etc. | Reason | Initial amount | Balance at the beginning of period | Allowance set aside during period | Reversal during period | Balance at the end of period |
| Leasehold rights in trust | Amortization of leasehold rights | (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 of the relevant properties, etc. | | | | | | |

[Notes to Statement of Income and Retained Earnings]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| <p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues</p> <p>Rental revenue – real estate</p> <p>(Rent/common area charges) (Note) 3,599,611</p> <p>(Other revenues) 206,564</p> <p style="text-align: right;">Total 3,806,176</p> <p>B. Real estate rental expenses</p> <p>Property-related expenses</p> <p>(Maintenance costs) 497,596</p> <p>(Taxes and public dues) 603,133</p> <p>(Insurance expenses) 19,012</p> <p>(Depreciation expenses) 3,460,619</p> <p>(Other expenses) 140,454</p> <p style="text-align: right;">Total 4,720,815</p> <p>C. Real estate rental income</p> <p>(A-B) (914,639)</p> <p>(Note) Of which, revenue from variable hotel rents 37,496</p> | <p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues</p> <p>Rental revenue – real estate</p> <p>(Rent/common area charges) (Note) 5,636,467</p> <p>(Other revenues) 201,380</p> <p style="text-align: right;">Total 5,837,847</p> <p>B. Real estate rental expenses</p> <p>Property-related expenses</p> <p>(Maintenance costs) 465,075</p> <p>(Taxes and public dues) 753,548</p> <p>(Insurance expenses) 20,256</p> <p>(Depreciation expenses) 3,420,925</p> <p>(Other expenses) 117,236</p> <p style="text-align: right;">Total 4,777,042</p> <p>C. Real estate rental income</p> <p>(A-B) 1,060,805</p> <p>(Note) Of which, revenue from variable hotel rents 1,280,015</p> |
| <p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 388,076</p> <p>B. Hotel operating expenses 740,915</p> <p style="text-align: right;">C. Management contract revenue (A-B) -</p> <p>D. Management contract expenses</p> <p>Management contract losses (A-B) 352,838</p> <p>(Note)</p> <p>Non-life insurance expenses 101,793</p> <p>Depreciation expenses 429,164</p> <p>Other expenses 934</p> <p style="text-align: right;">Total 884,731</p> <p>E. Management contract revenue and expenses (C-D) (884,731)</p> <p>(Note) If hotel operating expenses exceed hotel operating revenue, the excess amount is recorded as management contract losses.</p> | <p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 819,087</p> <p>B. Hotel operating expenses 995,357</p> <p style="text-align: right;">C. Management contract revenue (A-B) -</p> <p>D. Management contract expenses</p> <p>Management contract losses (A-B) 176,269</p> <p>(Note)</p> <p>Non-life insurance expenses 103,910</p> <p>Depreciation expenses 429,594</p> <p>Other expenses -</p> <p style="text-align: right;">Total 709,774</p> <p>E. Management contract revenue and expenses (C-D) (709,774)</p> <p>(Note) If hotel operating expenses exceed hotel operating revenue, the excess amount is recorded as management contract losses.</p> |

| | | | | | | | | | | | | | | | | | |
|---|---|---------------------------------|-----------|---------------------------|-----------|-------------------------------------|--------|---------------------------|---------|-----------------------------------|-----------|-----------------------------|-----------|---------------------------------------|---------|-----------------------------|-----------|
| <p>*3. Gain on sales of properties Not applicable</p> | <p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Lexington Plaza Hachiman</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Proceeds from sales of property</td> <td style="text-align: right;">3,660,000</td> </tr> <tr> <td>Cost of sales of property</td> <td style="text-align: right;">2,982,382</td> </tr> <tr> <td>Other expenses on sales of property</td> <td style="text-align: right;">86,632</td> </tr> <tr> <td>Gain on sales of property</td> <td style="text-align: right; border-top: 1px solid black;">590,985</td> </tr> </table> <p>Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin, and HERMITAGE NANBA WEST (Note)</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Proceeds from sales of properties</td> <td style="text-align: right;">6,150,000</td> </tr> <tr> <td>Cost of sales of properties</td> <td style="text-align: right;">4,014,374</td> </tr> <tr> <td>Other expenses on sales of properties</td> <td style="text-align: right;">158,123</td> </tr> <tr> <td>Gain on sales of properties</td> <td style="text-align: right; border-top: 1px solid black;">1,977,501</td> </tr> </table> <p>(Note) The sale prices of individual properties are not disclosed as the transferees' consent has not been obtained for disclosure.</p> | Proceeds from sales of property | 3,660,000 | Cost of sales of property | 2,982,382 | Other expenses on sales of property | 86,632 | Gain on sales of property | 590,985 | Proceeds from sales of properties | 6,150,000 | Cost of sales of properties | 4,014,374 | Other expenses on sales of properties | 158,123 | Gain on sales of properties | 1,977,501 |
| Proceeds from sales of property | 3,660,000 | | | | | | | | | | | | | | | | |
| Cost of sales of property | 2,982,382 | | | | | | | | | | | | | | | | |
| Other expenses on sales of property | 86,632 | | | | | | | | | | | | | | | | |
| Gain on sales of property | 590,985 | | | | | | | | | | | | | | | | |
| Proceeds from sales of properties | 6,150,000 | | | | | | | | | | | | | | | | |
| Cost of sales of properties | 4,014,374 | | | | | | | | | | | | | | | | |
| Other expenses on sales of properties | 158,123 | | | | | | | | | | | | | | | | |
| Gain on sales of properties | 1,977,501 | | | | | | | | | | | | | | | | |

[Notes to Statement of Changes in Net Assets]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|---|---|
| Total number of issuable investment units and number of investment units issued and outstanding | Total number of issuable investment units and number of investment units issued and outstanding |
| Total number of investment units authorized 10,000,000 units | Total number of investment units authorized 10,000,000 units |
| Total number of investment units issued and outstanding 6,096,840 units | Total number of investment units issued and outstanding 6,096,840 units |

[Notes Related to Tax Accounting]

| (Reference) Fiscal period ended June 30, 2021 (as of June 30, 2021) | | | | | | Fiscal period ended December 31, 2021 (as of December 31, 2021) | | | | | |
|--|------------------------------------|----------------------------------|------------------------------------|-------------------------------------|--|---|------------------------------------|----------------------------------|------------------------------------|-------------------------------------|--|
| 1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand) | | | | | | 1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand) | | | | | |
| (Deferred tax assets) | | | | | | (Deferred tax assets) | | | | | |
| Enterprise tax payable | 615 | | | | | Enterprise tax payable | 615 | | | | |
| Buildings and other (merger) | 307,217 | | | | | Buildings and other (merger) | 186,136 | | | | |
| Land (merger) | 472,381 | | | | | Land (merger) | 116,724 | | | | |
| Loss carried forward (Note 1) | 1,662,026 | | | | | Loss carried forward (Note 1) | 1,810,135 | | | | |
| Asset retirement obligations | 10,443 | | | | | Asset retirement obligations | 10,514 | | | | |
| Amortization of leasehold right | 125,223 | | | | | Amortization of leasehold right | 137,567 | | | | |
| Adjustment of acquisition prices (overseas properties) | 461,428 | | | | | Adjustment of acquisition prices (overseas properties) | 457,482 | | | | |
| Subtotal | 3,039,336 | | | | | Subtotal | 2,719,176 | | | | |
| Valuation allowance for tax loss carried forward | (1,662,026) | | | | | Valuation allowance for tax loss carried forward | (1,810,135) | | | | |
| Valuation allowance for the total of deductible temporary differences, etc. | (1,377,309) | | | | | Valuation allowance for the total of deductible temporary differences, etc. | (909,041) | | | | |
| Subtotal (Note 2) | (3,039,336) | | | | | Subtotal (Note 2) | (2,719,176) | | | | |
| Total | - | | | | | Total | - | | | | |
| (Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows. | | | | | | (Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows. | | | | | |
| (Unit: JPY thousand) | | | | | | (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 within one year | Due after one to two years | Due after two to three years | Due after three to four years | |
| Tax loss carried forward (a) | - | 522,444 | - | - | | Tax loss carried forward (a) | 201,072 | 320,467 | - | - | |
| Valuation allowance | - | (522,444) | - | - | | Valuation allowance | (201,072) | (320,467) | - | - | |
| Deferred tax assets | - | - | - | - | | Deferred tax assets | - | - | - | - | |
| | Due after four to five years | Due after five years | Total | | | | Due after four to five years | Due after five years | Total | | |
| Tax loss carried forward (a) | - | 1,139,582 | 1,662,026 | | | Tax loss carried forward (a) | - | 1,288,595 | 1,810,135 | | |
| Valuation allowance | - | (1,139,582) | (1,662,026) | | | Valuation allowance | - | (1,288,595) | (1,810,135) | | |
| Deferred tax assets | - | - | - | | | Deferred tax assets | - | - | - | | |
| (a) Tax loss carried forward is multiplied by statutory tax rate. (Note 2) Valuation allowance increased by JPY 1,132,271 thousand mainly due to an increase in tax loss carried forward. | | | | | | (a) Tax loss carried forward is multiplied by statutory tax rate. (Note 2) Valuation allowance decreased by JPY 320,159 thousand mainly due to sales of land and buildings. | | | | | |
| 2. Significant difference between statutory tax rate and the effective tax rate Disclosure is omitted because INV recorded the loss before income taxes for the fiscal period ended June 30, 2021. | | | | | | 2. Significant difference between statutory tax rate and the effective tax rate | | | | | |
| | | | | | | Statutory tax rate | 31.46% | | | | |
| | | | | | | Changes in valuation allowance | (31.46)% | | | | |
| | | | | | | Others | 0.06% | | | | |
| | | | | | | Effective tax rate | 0.06% | | | | |

[Notes Related to Financial Instruments]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| <p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>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, 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.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>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 loan are managed by the finance department of CIM by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding fair value, etc. for financial instruments.</p> <p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p> | <p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>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, 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.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>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 loan are managed by the finance department of CIM by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding fair value, etc. for financial instruments.</p> <p>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.</p> |

2. Estimated fair value of financial instruments.
Book value, fair value and the difference between value as of June 30, 2021 are as follows.

(Unit: JPY thousand)

| | Book Value | Fair Value | Difference |
|--|---------------|---------------|------------|
| (1) Cash and bank deposits | 6,311,545 | 6,311,545 | - |
| (2) Cash and bank deposits in trust | 6,528,498 | 6,528,498 | - |
| Total assets | 12,840,044 | 12,840,044 | - |
| (3) Short-term loans | (44,228,000) | (44,228,000) | - |
| (4) Current portion of long-term loans payable | (53,315,000) | (53,315,000) | - |
| (5) Investment corporation bonds | (8,200,000) | (7,556,240) | 643,760 |
| (6) Long-term loans | (143,455,000) | (143,455,000) | - |
| Total liabilities | (249,198,000) | (248,554,240) | 643,760 |
| (7) Derivatives | (78,176) | (78,176) | - |

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

(*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.

2. Estimated fair value of financial instruments.

Book value, fair value and the difference between value as of December 31, 2021 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 they are not material.

(Unit: JPY thousand)

| | Book Value | Fair Value | Difference |
|--|---------------|---------------|------------|
| (1) Investment securities | 17,856,387 | 17,320,018 | (536,369) |
| Total assets | 17,856,387 | 17,320,018 | (536,369) |
| (2) Current portion of long-term loans payable | (48,667,000) | (48,667,000) | - |
| (3) Investment corporation bonds | (8,200,000) | (7,657,040) | 542,960 |
| (4) Long-term loans | (116,292,000) | (116,292,000) | - |
| Total liabilities | (173,159,000) | (172,616,040) | 542,960 |
| (5) Derivatives | 18,325 | 18,325 | - |

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

(*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 value of financial instruments.

(1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans
Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

(4) Current portion of long-term loans payable (6) Long-term loans
Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.

(5) Investment corporation bonds
Fair value is calculated using a method based on market price.

(7) Derivatives
(a) Derivatives transactions to which hedge accounting is not applied
As for derivative transactions for which hedge accounting is not applied, the contract amount as of the closing date and the amount equivalent to the notional principal prescribed in the contract are as follows.

(Unit: JPY thousand)

| Classification | Derivative transaction type, etc. | Contract amount, etc. | | Fair value (*1) | Valuation gains/losses |
|-----------------|--|-----------------------|---------------------------|-----------------|------------------------|
| | | | Amount due after one year | | |
| OTC transaction | Currency option transaction short USD/Call (Option fees) | 952,820 (23,788) | - - | (15,962) | 7,825 |
| | Currency option transaction long USD/Put (Option fees) | 952,820 39,407 | - - | 13,181 | (26,226) |

(*1) Estimation method for fair value

Currency option:
Indicates fair values of option fees, etc. presented by the correspondent financial institutions.

(Note 1) Methods to calculate fair value 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 long-term loans payable (4) Long-term loans
Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.

(3) Investment corporation bonds
Fair value is calculated using a method based on market price.

(5) Derivatives
(a) Derivatives transactions to which hedge accounting is not applied
Not applicable

(b) Derivatives transactions to which hedge accounting is applied

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

(Unit: JPY thousand)

| Method of hedge accounting | Derivative transaction type, etc. | Primary hedged item | Contract amount, etc. (*1) | | Fair value (*2) |
|-----------------------------|--|---------------------|-------------------------------|---------------------------|--------------------|
| | | | | Amount due after one year | |
| Principle accounting method | Interest rate swap Receive floating rate/pay fixed rate | Borrowings | 64,648,000 | 50,476,000 | (75,395) |

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

(*2) Estimation method for fair value

Interest rate swap:

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

(Note 2) Financial instruments for which fair value is extremely difficult to value.

(Unit: JPY thousand)

| Category | Book value |
|---|------------|
| Tenant leasehold and security deposits in trust | 1,657,369 |
| Investment securities | 17,856,387 |

Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.

Since quoted market prices are not available for investment securities (preferred equity interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.

(b) Derivatives transactions to which hedge accounting is applied

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

(Unit: JPY thousand)

| Method of hedge accounting | Derivative transaction type, etc. | Primary hedged item | Contract amount, etc. (*1) | | Fair value (*2) |
|-----------------------------|--|---------------------|-------------------------------|---------------------------|--------------------|
| | | | | Amount due after one year | |
| Principle accounting method | Interest rate swap Receive floating rate/pay fixed rate | Borrowings | 64,648,000 | 50,476,000 | 18,325 |

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

(*2) Estimation method for fair value

Interest rate swap:

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

(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

(Unit: JPY thousand)

| | Due within one year | Due after one to two years | Due after two to three years |
|--|---------------------|----------------------------|------------------------------|
| Current portion of long-term loans payable | 48,667,000 | - | - |
| Investment corporation bonds | - | 3,000,000 | 1,000,000 |
| Long-term loans payable | - | 42,405,000 | 34,127,000 |
| Total | 48,667,000 | 45,405,000 | 35,127,000 |

| | Due after three to four years | Due after four to five years | Due after five years |
|--|-------------------------------|------------------------------|----------------------|
| Current portion of long-term loans payable | - | - | - |
| Investment corporation bonds | - | - | 4,200,000 |
| Long-term loans payable | 38,799,000 | - | 961,000 |
| Total | 38,799,000 | - | 5,161,000 |

(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period

(Unit: JPY thousand)

| | Due within one year | Due after one to two years | Due after two to three years |
|---------------------------------|---------------------|----------------------------|------------------------------|
| Cash and bank deposits | 6,311,545 | - | - |
| Cash and bank deposits in trust | 6,528,498 | - | - |
| Total | 12,840,044 | - | - |

| | Due after three to four years | Due after four to five years | Due after five years |
|---------------------------------|-------------------------------|------------------------------|----------------------|
| Cash and bank deposits | - | - | - |
| Cash and bank deposits in trust | - | - | - |
| Total | - | - | - |

(Note 4) Repayment schedule of investment corporation bonds, long-term loans payable and other interest-bearing debts after the closing date of the fiscal period

(Unit: JPY thousand)

| | Due within one year | Due after one to two years | Due after two to three years |
|--|---------------------|----------------------------|------------------------------|
| Short-term loans | 44,228,000 | - | - |
| Current portion of long-term loans payable | 53,315,000 | - | - |
| Investment corporation bonds | - | 1,000,000 | 2,000,000 |
| Long-term loans payable | - | 44,807,000 | 44,589,000 |
| Total | 97,543,000 | 45,807,000 | 46,589,000 |

| | Due after three to four years | Due after four to five years | Due after five years |
|--|-------------------------------|------------------------------|----------------------|
| Short-term loans | - | - | - |
| Current portion of long-term loans payable | - | - | - |
| Investment corporation bonds | 1,000,000 | - | 4,200,000 |
| Long-term loans payable | 40,661,000 | 12,437,000 | 961,000 |
| Total | 41,661,000 | 12,437,000 | 5,161,000 |

[Notes Related to Asset Retirement Obligations]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | | | | | | | | | | | | |
|--|---|--------|---|---|-------------------|-----|----------------------------------|--------|--|--|--------|---|---|-------------------|-----|----------------------------------|--------|
| <p>1. Summary of the asset retirement obligations for the period INV 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 of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">32,977</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">219</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">33,197</td> </tr> </table> | Balance at the beginning of the period | 32,977 | Increase due to the acquisition of properties | - | Accretion expense | 219 | Balance at the end of the period | 33,197 | <p>1. Summary of the asset retirement obligations for the period INV 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 of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">33,197</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">224</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">33,422</td> </tr> </table> | Balance at the beginning of the period | 33,197 | Increase due to the acquisition of properties | - | Accretion expense | 224 | Balance at the end of the period | 33,422 |
| Balance at the beginning of the period | 32,977 | | | | | | | | | | | | | | | | |
| Increase due to the acquisition of properties | - | | | | | | | | | | | | | | | | |
| Accretion expense | 219 | | | | | | | | | | | | | | | | |
| Balance at the end of the period | 33,197 | | | | | | | | | | | | | | | | |
| Balance at the beginning of the period | 33,197 | | | | | | | | | | | | | | | | |
| Increase due to the acquisition of properties | - | | | | | | | | | | | | | | | | |
| Accretion expense | 224 | | | | | | | | | | | | | | | | |
| Balance at the end of the period | 33,422 | | | | | | | | | | | | | | | | |

[Notes Related to Rental Properties]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | | | | | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | |
|--|--|--------------------------|----------------------------------|-------------------------------------|--|--|--------------------------|----------------------------------|-------------------------------------|
| <p>INV owns residential properties and hotels as core assets principally in the Greater 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 and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> | | | | | <p>INV owns residential properties and hotels as core assets principally in the Greater 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 and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> | | | | |
| Use | Book value | | | Fair value at the end of the period | Use | Book value | | | Fair value at the end of the period |
| | Balance at the beginning of the period | Change during the period | Balance at the end of the period | | | Balance at the beginning of the period | Change during the period | Balance at the end of the period | |
| Residences | 42,293,729 | (295,696) | 41,998,033 | 55,024,000 | Residences | 41,998,033 | (4,304,561) | 37,693,472 | 49,803,000 |
| Commercial facilities | 4,689,226 | (27,797) | 4,661,429 | 6,040,000 | Commercial facilities | 4,661,429 | (3,011,821) | 1,649,608 | 2,380,000 |
| Hotels | 418,570,646 | (3,065,573) | 415,505,072 | 471,486,268 | Hotels | 415,505,072 | (3,043,871) | 412,461,201 | 471,512,500 |
| Total | 465,553,602 | (3,389,066) | 462,164,535 | 532,550,268 | Total | 462,164,535 | (10,360,253) | 451,804,282 | 523,695,500 |
| <p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the previous fiscal period were construction work related to capital expenditures.</p> <p>(Note 3) The major factors of the decrease was recording of depreciation.</p> <p>(Note 4) The fair value as of the end of the previous fiscal 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., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc.</p> <p>For information related to profits and losses from rental properties in the previous fiscal period, please refer to "Notes to Statement of Income and Retained Earnings."</p> | | | | | <p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the Reporting Period were construction work related to capital expenditures.</p> <p>(Note 3) The major factor of the decrease was sale of residential properties and a retail facility and recording of depreciation.</p> <p>(Note 4) The fair value as of the end of the Reporting 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., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc. However, the sale price is deemed the fair value of six residential properties, for which the purchase and sale agreement was entered into on December 8, 2021.</p> <p>For information related to profits and losses from rental properties in the Reporting Period, please refer to "Notes to Statement of Income and Retained Earnings."</p> | | | | |

[Notes Related to Restriction on Asset Management]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| Not applicable. | Not applicable. |

[Notes Related to Transactions with Related Parties]

(Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)

1 Interested parties of CIM

| Classification | Name | Business or occupation | Percentage of voting rights owned (%) | Type of transaction | Transaction amount (JPY thousand) (Note 1) | Account | Balance at the end of the period (JPY thousand) (Note 1) |
|-------------------------|---|------------------------|---------------------------------------|---------------------|--|--------------------|--|
| Interested party of CIM | Naqua Hotel & Resorts Management Co., Ltd. (Note 2) | Hotel business | - | Rental revenues | 38,627 | Rental receivables | 42,489 |
| | MyStays Hotel Management Co., Ltd. (Note 2) | Hotel business | - | Rental revenues | 867,619 | Rental receivables | 945,735 |

(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 directly/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.

2 Asset Custody Company

| Classification | Name | Business or occupation | Percentage of investment units owned (%) | Type of transaction | Transaction amount (JPY thousand) (Note 1) | Account | Balance at the end of the period (JPY thousand) (Note 1) |
|----------------------------|-------------------------------------|----------------------------|--|-------------------------------|--|----------------------------|--|
| Asset Custody Company | Sumitomo Mitsui Trust Bank, Limited | Banking and trust business | - | Borrowing of short-term loan | 4,464,500 | Short-term loans payable | 7,463,000 |
| | | | | Repayment of long-term loan | 5,580,000 | Long-term loans payable | 27,138,000 |
| | | | | Finance-related fees (Note 2) | 13,393 | Prepaid expenses | 65,412 |
| | | | | | | Long-term prepaid expenses | 83,376 |
| Interest expenses (Note 2) | 84,908 | Accrued expenses | 461 | | | | |

(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 actual market conditions.

Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)

1 Interested parties of CIM

| Classification | Name | Business or occupation | Percentage of voting rights owned (%) | Type of transaction | Transaction amount (JPY thousand) (Note 1) | Account | Balance at the end of the period (JPY thousand) (Note 1) |
|-------------------------|---|------------------------|---------------------------------------|---------------------|--|---------------------|--|
| Interested party of CIM | Naqua Hotel & Resorts Management Co., Ltd. (Note 2) | Hotel business | - | Rental revenues | 721,419 | Accounts receivable | 422,909 |
| | MyStays Hotel Management Co., Ltd. (Note 2) | Hotel business | - | Rental revenues | 2,182,504 | Accounts receivable | 1,436,837 |

(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 directly/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.

2 Asset Custody Company

| Classification | Name | Business or occupation | Percentage of investment units owned (%) | Type of transaction | Transaction amount (JPY thousand) (Note 1) | Account | Balance at the end of the period (JPY thousand) (Note 1) |
|----------------------------|-------------------------------------|----------------------------|--|-------------------------------|--|----------------------------|--|
| Asset Custody Company | Sumitomo Mitsui Trust Bank, Limited | Banking and trust business | - | Borrowing of short-term loan | 5,018,500 | Short-term loans payable | 9,483,000 |
| | | | | Repayment of short-term loan | 2,998,500 | | |
| | | | | Repayment of long-term loan | 1,890,000 | Long-term loans payable | 25,248,000 |
| | | | | Finance-related fees (Note 2) | 15,055 | Prepaid expenses | 58,580 |
| | | | | | | Long-term prepaid expenses | 61,056 |
| Interest expenses (Note 2) | 84,076 | Accrued expenses | 920 | | | | |

(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 actual market conditions.

[Notes Related to Per Unit Information]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | |
|--|------------|--|------------|
| Net assets per unit | JPY 40,203 | Net assets per unit | JPY 40,370 |
| Net loss per unit | JPY -590 | Net income per unit | JPY 166 |
| Net loss per unit is calculated by dividing net loss for the period by the daily weighted average number of investment units issued and outstanding. Diluted net loss per unit is not stated, as net loss per unit was reported for the period and there are no diluted units. | | Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units. | |

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

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | |
|--|-------------|---|-----------|
| Net loss for the period (JPY thousand) | (3,599,688) | Net income for the period (JPY thousand) | 1,014,194 |
| Amounts not attributable to common unitholders (JPY thousand) | - | Amounts not attributable to common unitholders (JPY thousand) | - |
| Net loss attributable to common units (JPY thousand) | (3,599,688) | Net income attributable to common units (JPY thousand) | 1,014,194 |
| Average number of investment units during the period (units) | 6,096,840 | Average number of investment units during the period (units) | 6,096,840 |

[Notes Related to Revenue Recognition]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---------------------------------|--|---------------------------------|---------------------------|-----------|------------------|-------|--------|-----------|-------|-----------|-----------|--|----------------------|---|-------|---|-------|--|---|--|---|---|---|---|---|
| Not Applicable | <p>1. Breakdown of revenue from contracts with customers (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Revenue from contracts with customers (Note 1)</th> <th style="text-align: center;">Net sales to external customers</th> </tr> </thead> <tbody> <tr> <td>Sale of real estate, etc.</td> <td style="text-align: right;">3,660,000</td> <td style="text-align: right;">(Note 2) 590,985</td> </tr> <tr> <td>Other</td> <td style="text-align: right;">27,870</td> <td style="text-align: right;">7,815,349</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">3,687,870</td> <td style="text-align: right;">8,406,334</td> </tr> </tbody> </table> <p>(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.</p> <p>(Note 2) The sale of real estate, etc. is the amount of proceeds from sale of real estate properties, less cost of real estate properties and other sales expenses, as the gain (loss) on sale of real estate properties is recorded in the statement of income pursuant to Article 48, paragraph 2 of the Regulation on Accounting for Investment Corporations (Cabinet Office Order No. 47 of 2006).</p> <p>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.</p> <p>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</p> <p>(1) Balance of contract assets and contract liabilities, etc. (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">the Reporting Period</th> </tr> </thead> <tbody> <tr> <td>Claims generated from contracts with customers (balance at the beginning of the period)</td> <td style="text-align: right;">1,534</td> </tr> <tr> <td>Claims generated from contracts with customers (balance at the end of the period)</td> <td style="text-align: right;">2,114</td> </tr> <tr> <td>Contract assets (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract assets (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>(2) Transaction value allocated to remaining performance obligations Not applicable</p> | | Revenue from contracts with customers (Note 1) | Net sales to external customers | Sale of real estate, etc. | 3,660,000 | (Note 2) 590,985 | Other | 27,870 | 7,815,349 | Total | 3,687,870 | 8,406,334 | | the Reporting Period | Claims generated from contracts with customers (balance at the beginning of the period) | 1,534 | Claims generated from contracts with customers (balance at the end of the period) | 2,114 | 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) | - |
| | Revenue from contracts with customers (Note 1) | Net sales to external customers | | | | | | | | | | | | | | | | | | | | | | | | | |
| Sale of real estate, etc. | 3,660,000 | (Note 2) 590,985 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other | 27,870 | 7,815,349 | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 3,687,870 | 8,406,334 | | | | | | | | | | | | | | | | | | | | | | | | | |
| | the Reporting Period | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Claims generated from contracts with customers (balance at the beginning of the period) | 1,534 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Claims generated from contracts with customers (balance at the end of the period) | 2,114 | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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) | - | | | | | | | | | | | | | | | | | | | | | | | | | | |

[Notes Related to Significant Subsequent Events]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|---|--|
| <p>INV completed the sale of the following property on July 2, 2021.</p> <p>Property Number: B17 Lexington Plaza Hachiman</p> <p>Sale Date : July 2, 2021</p> <p>Location : Sendai-shi, Miyagi</p> <p>Book Value (Note 1) : JPY 2,982 million</p> <p>Sales Price (Note 2) : JPY 3,660 million</p> <p>Expected Gain on Sale (Note 3) : JPY 590 million</p> <p>Transferee : Kubota Holdings</p> <p>Type of Asset : Trust beneficiary interest</p> <p>(Note 1) As of June 30, 2021.</p> <p>(Note 2) Sales price does not include transfer related cost, adjustment for property taxes or city planning taxes, or national or local consumption taxes.</p> <p>(Note 3) Expected gain on sale is calculated by deducting the book value and estimated transfer related costs from the sale price.</p> <p>(Note 4) For an overview of the sold property, please refer to “Status of Investment Corporation’s Assets under Management 3. Asset Portfolio of Real Estate, etc.” of “I. Asset Management Report” as described above.</p> | <p>INV completed the sale of the following property on January 12, 2022.</p> <p>Property Number: A79 Revest Honjin</p> <p>Sale Date : January 12, 2022</p> <p>Location : Nagoya-shi, Aichi</p> <p>Book Value (Note 1) : JPY 569 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> <p>Property Number: A80 Revest Matsubara</p> <p>Sale Date : January 12, 2022</p> <p>Location : Nagoya-shi, Aichi</p> <p>Book Value (Note 1) : JPY 559 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> <p>Property Number: A82 Alba Noritake Shinmachi</p> <p>Sale Date : January 12, 2022</p> <p>Location : Nagoya-shi, Aichi</p> <p>Book Value (Note 1) : JPY 509 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> <p>Property Number: A83 Revest Meieki Minami</p> <p>Sale Date : January 12, 2022</p> <p>Location : Nagoya-shi, Aichi</p> <p>Book Value (Note 1) : JPY 498 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> |

| | |
|--|--|
| | <p>Property Number: A88 Luna Court Edobori</p> <p>Sale Date : January 12, 2022</p> <p>Location : Osaka-shi, Osaka</p> <p>Book Value (Note 1) : JPY 457 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> <p>Property Number: A98 Little River Honmachibashi</p> <p>Sale Date : January 12, 2022</p> <p>Location : Osaka-shi, Osaka</p> <p>Book Value (Note 1) : JPY 272 million</p> <p>Sales Price (Note 2) : Undisclosed</p> <p>Expected Gain on Sale (Note 3) : Undisclosed</p> <p>Transferee : Kansai Residence Tokutei Mokuteki Kaisha</p> <p>Type of Asset : Trust beneficiary interest</p> <p>(Note 1) As of December 31, 2021.</p> <p>(Note 2) Sale price does not include transfer related cost, adjustments for property taxes or city planning taxes, or national or local consumption taxes. The sale price of individual properties is not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, the expected gain on sale of individual properties is not disclosed either. The total sale price is JPY 4,450 million and the total expected gain on sale is 1,454 million for six properties above.</p> <p>(Note 3) Expected gain on sale is calculated by deducting the book value and estimated transfer related costs from the sale price.</p> <p>(Note 4) For an overview of the sold properties, please refer to "Status of Investment Corporation's Assets under Management 3. Asset Portfolio of Real Estate, etc." of "I. Asset Management Report" as described above.</p> |
|--|--|

[Notes Related to Provision and Reversal of Allowance for Temporary Differences Adjustment]

| (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|
| Not Applicable | Not Applicable |

VI. Statement of Cash Distribution

| | (Reference) Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|--|---|
| I. Unappropriated retained earnings | JPY 8,753,480,137 | JPY 9,676,221,880 |
| II. Distributions (Distribution per unit) | JPY 91,452,600 JPY 15 | JPY 1,012,075,440 JPY 166 |
| III. Retained earnings (deficit) carried forward | JPY 8,662,027,537 | JPY 8,664,146,440 |
| 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 income 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. Although INV recorded a net loss for the fiscal Period ended June 30, 2021, INV determined the distribution amount to be JPY 15 per unit by reversing retained earnings. | 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 income 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 1,012,075,440 out of net income of JPY 1,014,194,343. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation. |

Note

Accompanying English financial information, comprising Balance Sheet, Statement of Income and Retained Earnings, Statement of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution, have been translated from the Japanese financial statements of INV prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended December 31, 2021 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution is unaudited.

Regarding the English audited financial statements, please refer to the “Audited Financial Statements” on the website of Invincible Investment Corporation: <https://www.invincible-inv.co.jp/en/ir/library.html>

VII. Statement of Cash Flows (Reference Information)

| | (Unit: JPY thousand) | |
|---|--|---|
| | Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
| Cash flows from operating activities | | |
| Net income (loss) before taxes | (3,599,083) | 1,014,799 |
| Depreciation and amortization | 3,889,784 | 3,850,520 |
| Amortization of investment corporation bond issuance costs | 6,200 | 6,303 |
| Loan-related costs | 508,348 | 596,446 |
| Interest income | (96) | (70) |
| Interest expenses | 652,386 | 630,628 |
| Foreign exchange losses (gains) | 51 | 9,934 |
| Loss (gain) of derivatives | 64,638 | 10,520 |
| Decrease (increase) in rental receivables | 478,137 | (1,053,965) |
| Decrease (Increase) in deposits paid | (85,458) | 288,475 |
| Decrease (increase) in receivable income taxes | 1 | 3 |
| Decrease (increase) in consumption taxes receivable | (268,549) | 365,052 |
| Increase (decrease) in accounts payable | 17,621 | (91,712) |
| Increase (decrease) in consumption taxes payable | (578,858) | 444,366 |
| Increase (decrease) in accounts payable-other | 16,542 | (17,672) |
| Increase (decrease) in accrued expenses | (89,059) | 39,458 |
| Increase (decrease) in advances received | 17,773 | (39,012) |
| Increase (decrease) in deposits received | (59) | (2,270) |
| Decrease in property and equipment in trust due to sale | 0 | 6,996,756 |
| Others, net | 129,029 | (100,064) |
| Subtotal | 1,159,352 | 12,948,498 |
| Interest income received | 96 | 70 |
| Interest expenses paid | (655,468) | (627,312) |
| Income taxes paid | (605) | (605) |
| Net cash provided by operating activities | 503,374 | 12,320,651 |
| Cash flows from investing activities | | |
| Payment into time deposits | (2,000,000) | (1,430,000) |
| Proceeds from time deposits | 1,328,500 | 630,000 |
| Purchases of property and equipment | (53,356) | (79,337) |
| Purchases of property and equipment in trust | (453,398) | (511,405) |
| Repayments of tenant leasehold and security deposits in trust | (53,590) | (183,308) |
| Proceeds from tenant leasehold and security deposits in trust | 38,922 | 46,056 |
| Payment of tenant leasehold and security deposits | - | (9,998) |
| Other, net | - | (23,203) |
| Net cash used in investing activities | (1,192,923) | (1,561,196) |
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | 11,835,000 | 61,091,000 |
| Repayments of short-term loans payable | (2,454,000) | (33,533,000) |
| Proceeds from long-term loans payable | - | 1,582,000 |
| Repayments of long-term loans payable | (22,771,000) | (33,393,000) |
| Borrowing related expenses | (237,904) | (527,105) |
| Payment of distributions of earnings | (1,019,396) | (93,221) |
| Net cash provided by (used in) financing activities | (14,647,300) | (4,873,327) |
| Effect of exchange rate change on cash and cash equivalents | (51) | (32) |
| Net increase (decrease) in cash and cash equivalents | (15,336,901) | 5,886,095 |
| Cash and cash equivalents at beginning of period | 26,176,945 | 10,840,044 |
| Cash and cash equivalents at end of period | *1 10,840,044 | 16,726,139 |

(Note) Statement of cash flows is prepared based on the Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, as amended) and attached as reference. This statement of cash flows is not subject to audit by an auditor pursuant to the Article 130 of the Investment Trust Act, and

thus has not been audited by an auditor.

[Notes Concerning Significant Accounting Policies] (Reference Information)

| Item \ By Period | Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|--|---|---|
| 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 subject to insignificant risks of changes in value. | 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 subject to insignificant risks of changes in value. |

[Notes to Statement of Cash Flows] (Reference Information)

| Item \ By Period | Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021) | Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021) |
|---|--|---|
| *1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet | (As of June 30, 2021) (Unit: JPY thousand) | (As of December 31, 2021) (Unit: JPY thousand) |
| | Cash and bank deposits 6,311,545 | Cash and bank deposits 12,759,582 |
| | Cash and bank deposits in trust 6,528,498 | Cash and bank deposits in trust 6,766,557 |
| | Time deposits with over three months deposit period (2,000,000) | Time deposits with over three months deposit period (2,800,000) |
| | Cash and cash equivalents 10,840,044 | Cash and cash equivalents 16,726,139 |

“My Number” is issued to all citizens and residents of Japan and is necessary for taxation purposes on investment units. Thus, it is necessary for unitholders to notify their brokerage with their “My Number.”

Usage of “My Number” in investment units-related affairs

“My Number” is recorded on the payment record and the payment record is filed with the relevant tax authority pursuant to laws and regulations.

Major payment record *Payment record regarding cash distribution

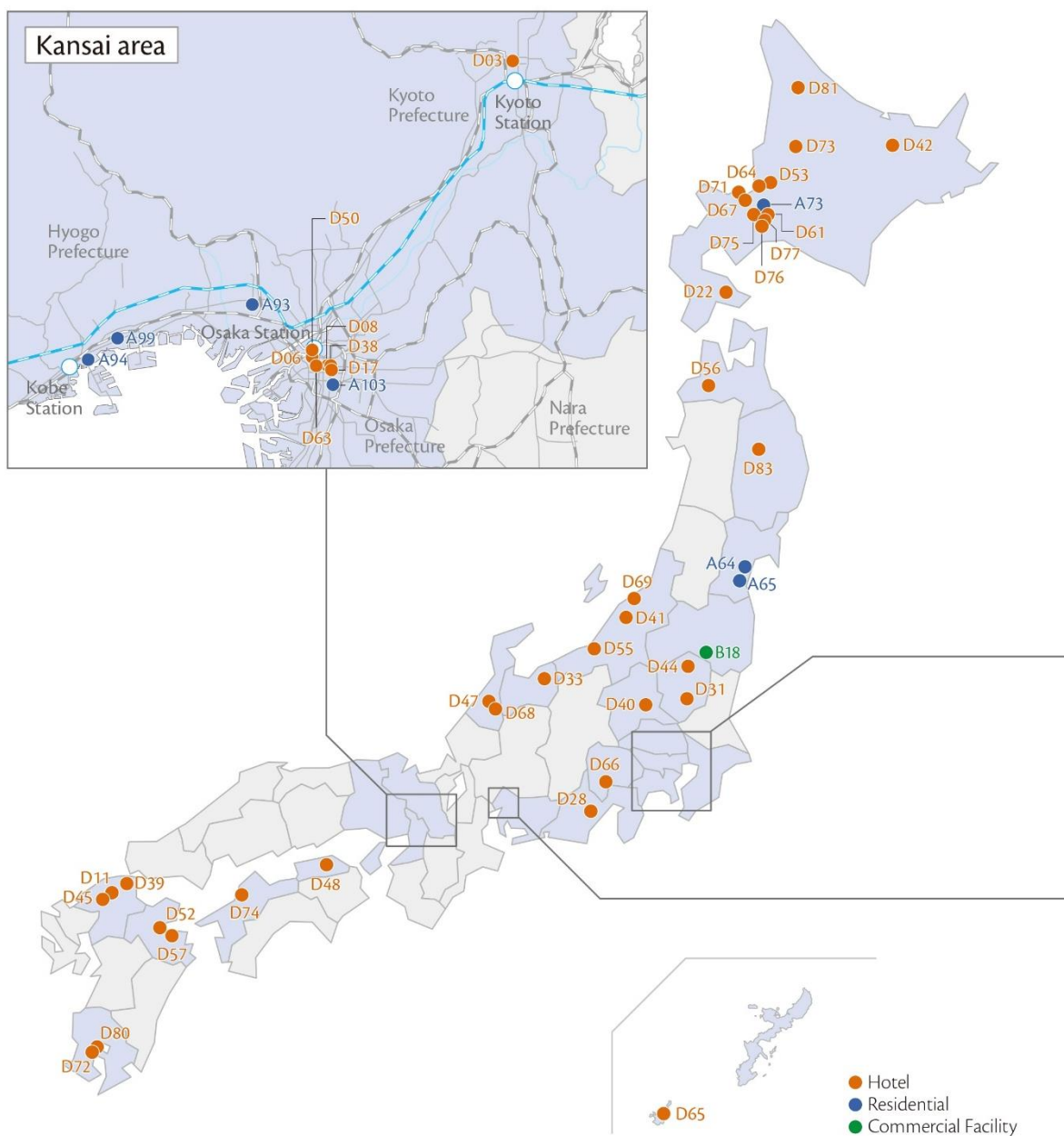
Usage of “My Number” also includes taxation-related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

- Unitholders whose investment units are managed in brokerage accounts
Each brokerage
- Unitholders who have no brokerage account
Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited
Toll-free Telephone Number 0120-782-031

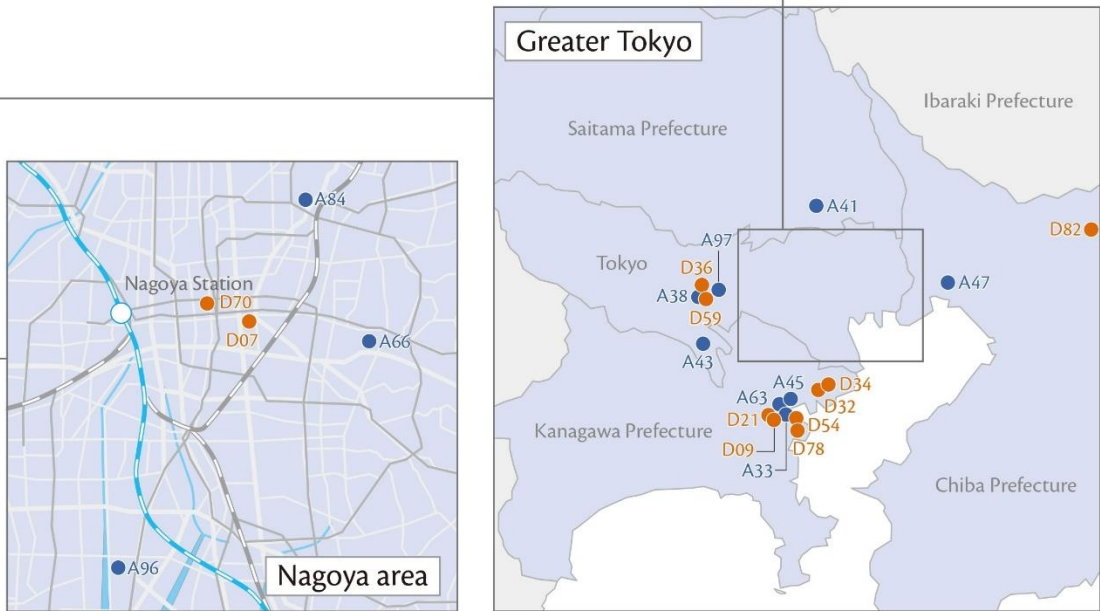
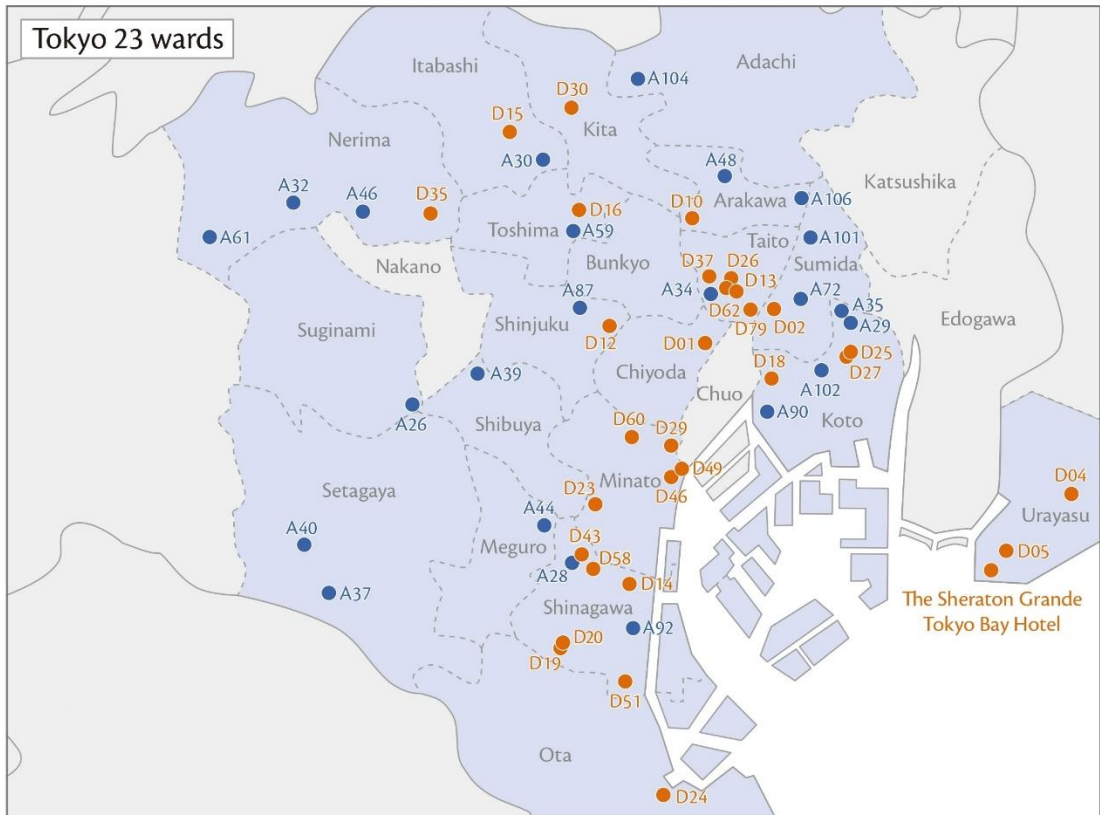
Domestic Portfolio Map (As of February 28, 2022)

| No. of Properties (Note 1) | No. of Hotels (Note 1) | No. of Residential Properties | Others |
|-------------------------------|---------------------------|----------------------------------|----------|
| 126 | 84 | 41 | 1 |



(Note 1) Including Sheraton Grande Tokyo Bay Hotel, underlying assets of TMK investment

(Note 2) For properties corresponding to the number and their overview, please refer to pages 34-40.



Financial Conditions

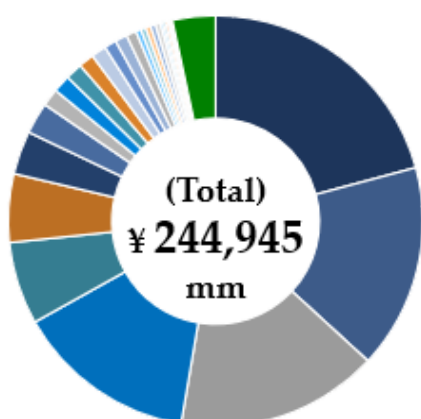
INV refinanced bank loans of ¥62.6 billion in total during the December 2021 fiscal period, and refinanced ¥8.5 billion of bank loans in January 2022.

INV's cash on hand, which has increased due to the sale of 13 residential properties in December 2021 and January 2022, will be utilized to repay part of existing loans that will come due. INV endeavors to enhance the financial soundness by lowering the LTV.

Investment Corporation Bonds

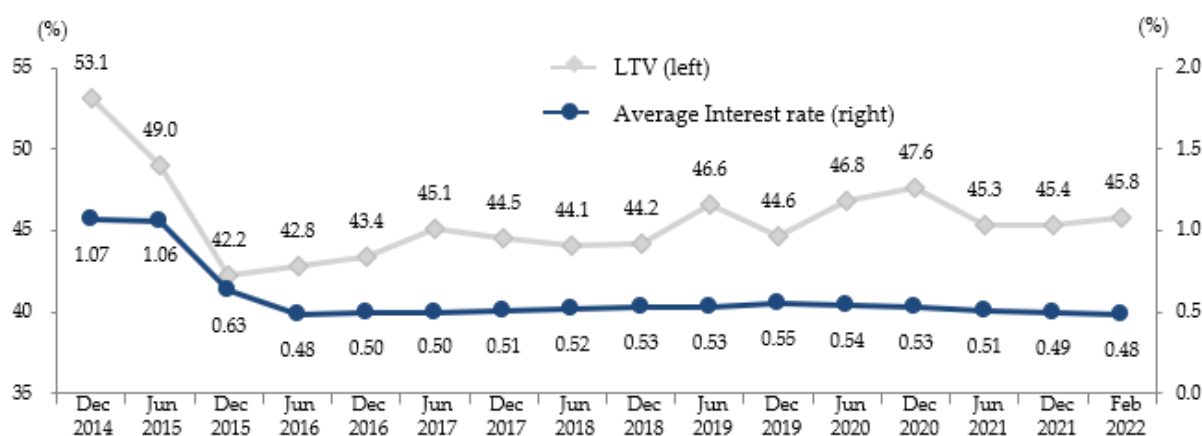
| Bonds name | Issued Date | Term (years) | Balance (JPY mn) | Annual Interest Rate | Rating |
|---|---------------|--------------|------------------|----------------------|---------|
| 1st Series Investment Corporation Bonds | May 25, 2018 | 5.0 | 1,000 | 0.40% | A (JCR) |
| 2nd Series Investment Corporation Bonds | May 25, 2018 | 10.0 | 1,000 | 0.80% | A (JCR) |
| 3rd Series Investment Corporation Bonds | Oct. 12, 2018 | 5.0 | 2,000 | 0.55% | A (JCR) |
| 4th Series Investment Corporation Bonds | Oct. 28, 2019 | 5.0 | 1,000 | 0.48% | A (JCR) |
| 5th Series Investment Corporation Bonds | Oct. 28, 2019 | 10.0 | 2,000 | 0.90% | A (JCR) |
| 6th Series Investment Corporation Bonds | Mar. 13, 2020 | 10.0 | 1,200 | 0.85% | A (JCR) |
| Total | | | 8,200 | | |

Lender Formation (as of February 28, 2022)

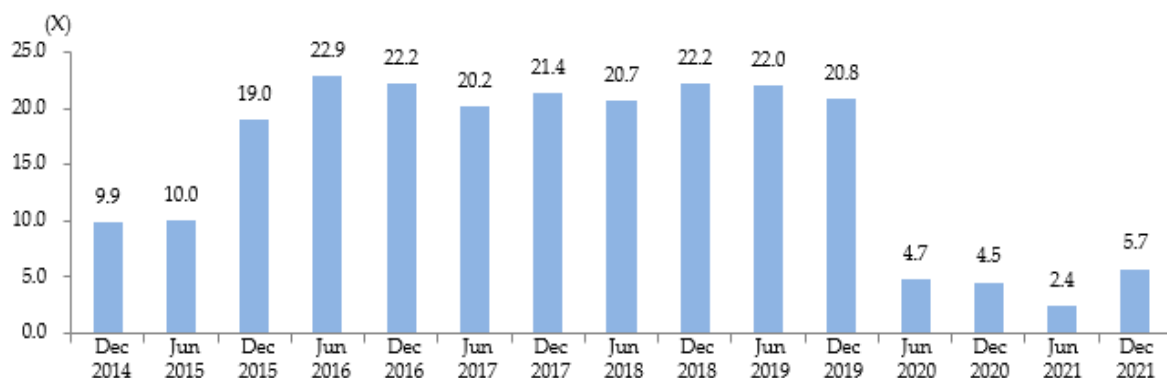


| | | | |
|-----------------|-------|-------------------------|------|
| Mizuho Bank | 20.8% | Nishi-Nippon City Bank | 0.8% |
| MUFG | 16.1% | Dai-ichi Life Insurance | 0.4% |
| SMBC | 15.8% | Kiraboshi Bank | 0.4% |
| SMTB | 14.2% | Momiji Bank | 0.4% |
| Citibank | 6.5% | Yamaguchi Bank | 0.4% |
| Shinsei Bank | 5.4% | The Chukyo Bank | 0.4% |
| DBJ | 3.4% | Kagawa Bank | 0.2% |
| Resona Bank | 2.5% | Tochigi Bank | 0.2% |
| San ju San Bank | 1.4% | Kiyo Bank | 0.2% |
| Aozora Bank | 1.4% | The Sensyu Ikeda Bank | 0.1% |
| Aeon Bank | 1.3% | Towa Bank | 0.1% |
| Nomura TB | 1.2% | Hiroshima Bank | 0.1% |
| Tokyo Star Bank | 1.2% | Guruma Bank | 0.1% |
| Shizuoka Bank | 0.9% | REIT Bond | 3.3% |
| Fukuoka Bank | 0.9% | | |

■ LTV (based on appraisal value)^(Note 1) and Weighted Average Interest Rate^(Note 2)



■ DSCR^(Note 3)



■ Rating

| Rating Agency | Rating Object | Rating | Outlook |
|----------------------------------|-------------------------|--------|---------|
| Japan Credit Rating Agency, Ltd. | Long-term Issuer Rating | A | Stable |

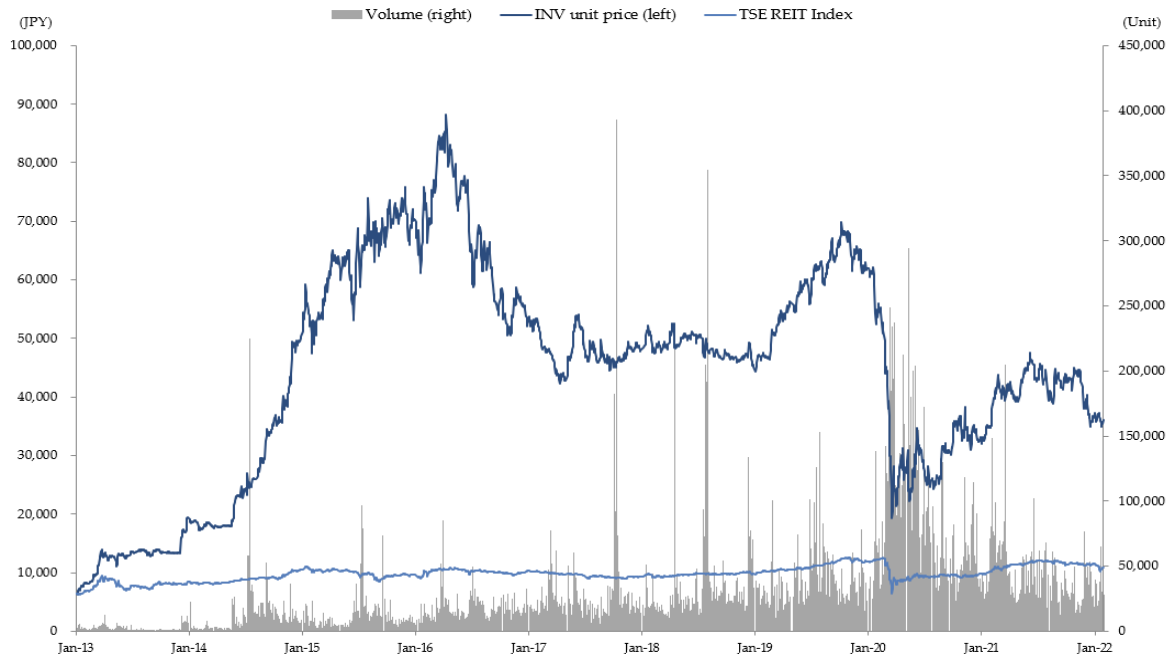
(Note 1) Calculated by the following formula: (Interest-bearing debts at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). For the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset, the acquisition price (INV's investment amount) of such preferred equity interest is deemed as the appraisal value and included. For the Overseas Real Estate TK Interest the underlying assets of which are "The Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort", the acquisition price (INV's TK investment amount) of such TK interest is deemed as the appraisal value and included regarding the calculation for "Dec. 2018". Regarding "Jun. 2019" onward, calculation is based on the appraisal value as of the end of each fiscal period. 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.

(Note 2) Calculated by the following formula: (Total loan amount outstanding at the relevant time multiplied by applicable interest rate at the relevant time for each loans) / (The loan amount outstanding at the end of each fiscal period)

(Note 3) DSCR is calculated by dividing (i) by (ii) for the relevant period; (i) operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property (ii) scheduled prepayments of loans payable, interest expenses,. Excluded the temporal increase of income due to the change of investment structure regarding overseas assets for the calculation of June 2019 fiscal period.

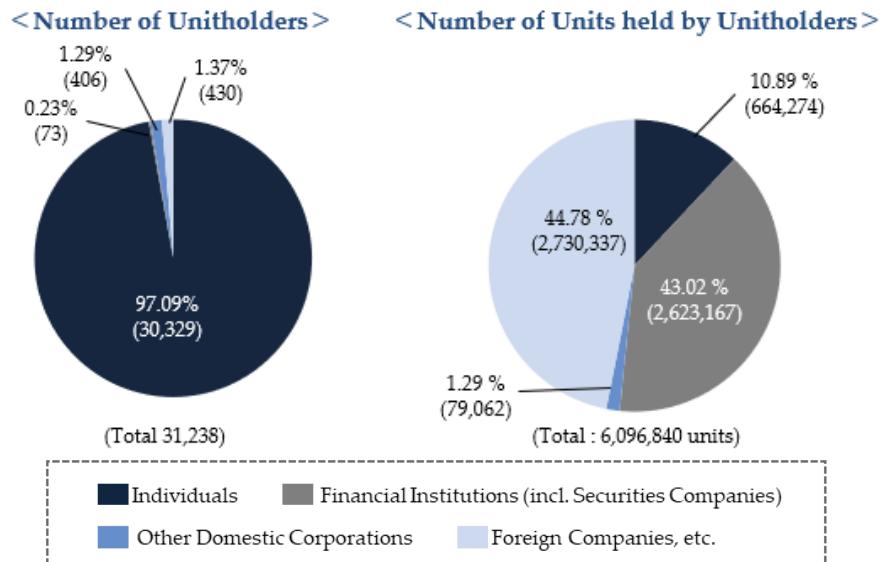
Overview of Unitholders/Investment Units

Historical Unit Price



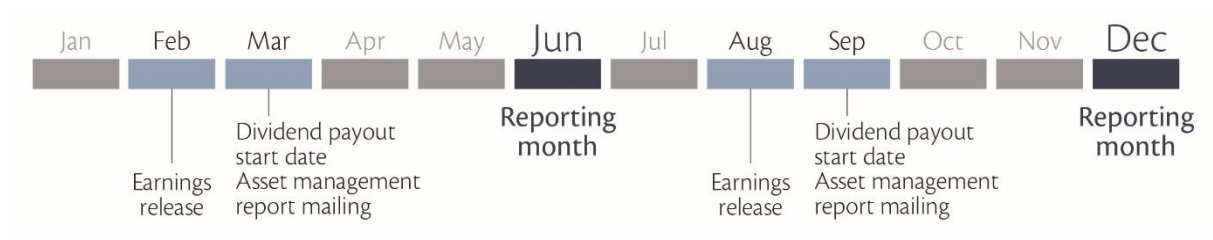
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013, as the same as the closing price of INV's unit on the same day.

Distribution of Unitholders



(Note) Percentage figures are rounded to one decimal place.

Annual Schedule



Information for Unitholders

For Unitholders

| | |
|--|--|
| Investors' Registry Administrator | Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo |
| Special Account Management Institution | <Unitholders of the former Tokyo Growth REIT Investment Inc.> Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo <Unitholders of the former LCP Investment Corporation> Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo |
| Correspondence | Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063 |
| (Telephone Assistance) | Toll-free Telephone Number 0120-782-031 Administrative services are available at the main and branch offices throughout Japan of Sumitomo Mitsui Trust Bank, Limited |

Notification Process for Address Changes

Please notify your brokerage (financial instruments business operator) regarding changes to addresses, names, registered seals, and the like. Unitholders who have special accounts instead of brokerage accounts should contact the transfer account management institution (financial instruments business operator) below.

Unitholders of the pre-merger Investment Corporation (former Tokyo Growth REIT Investment Inc.)
Mitsubishi UFJ Trust and Banking Corporation Toll-free Number: 0120-255-100

Unitholders of the former LCP Investment Corporation
Sumitomo Mitsui Trust Bank, Limited Toll-free Number: 0120-782-031

Dividends

Unitholders may collect "dividends" by submitting the "Dividends Receipt" at your local Japan Post Bank or at the deposit teller of a post office. In the case that the collection period has past, designate a collection method on the back of the "Dividends Receipt," and either mail the receipt to the Transfer Agent Department of the Sumitomo Mitsui Trust Bank, Limited or collect from a branch teller.

(Bank Transfers)

Should you desire to specify bank transfers for future dividends, please notify your brokerage (financial instruments business operator).

(Note) Please collect dividends within 3 years of distribution. Please note that payments cannot be made after 3 years due to the rules and regulations of the Articles of Incorporation of the Investment Corporation.

■ Notification

(Notice of Dividend Payment)

The 2008 amendment of the Special Taxation Measures Law (Act No. 23 of April 30, 2008) mandated the sending to unitholders a “Notice of Dividend Payment” stating the dividend amount, amount of taxes withheld, and the like for dividends payable in and after January 2009. If you collect dividends via a “Dividends Receipt,” please view the “Notice of Dividend Payment” sent alongside it. If you have specified a wire transfer, the “Dividend Statement” delivered with the dividend payment is the “Notice of Dividend Payment.”

(Characters for Addresses and Names of Unitholders)

With the digitization of investment securities, if there are Chinese characters in your address or names that the Japan Securities Depository Center (JASDEC) has not included in the transfer system, JASDEC registers them in the Investors’ Registry by converting part or all of the characters to those that JASDEC has included in the transfer system or to katakana. Please be aware that correspondence may be addressed using characters that JASDEC has included in the transfer system. Please inquire with your brokerage regarding characters registered for your address and name.

■ Inquiries

For inquiries regarding INV: Consonant Investment Management Co., Ltd.

TEL: 03-5411-2731 (Main)

Weekdays 9:00-17:00