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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2022 (January 1, 2022 to June 30, 2022)

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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 38th fiscal period (from January 1, 2022 to June 30, 2022) (the "Reporting Period").

In the Reporting Period, due to the surge of the Omicron variant from the beginning of 2022, quasi-state of emergency ordinances were applied in many prefectures. The quasi-state of emergency ordinances were lifted in late March and both business and leisure demand for hotels have improved. As a result, the average occupancy rate for domestic hotels owned by INV from April to June 2022 reached nearly 70%.

The average occupancy rate in the same period in 2019, before the COVID-19 pandemic, was about 90%, of which inbound visitors accounted for about 30%. In light of this, an assessment can be made that the recovery in hotel demand by domestic customers has progressed to a certain extent.

On the other hand, the number of inbound visitors to Japan continue to be significantly lower than 2019, and it is expected to take more time to resume a full-fledged border entry. According to various surveys, the desire to travel abroad, especially to Japan, is increasing. We are confident that inbound visitors will return once the restrictions on inbound travel are lifted. Moreover, the current depreciation of the yen can be a further tailwind if it continues.

In the Cayman Islands, the operating conditions of the two Cayman hotels owned by INV have improved significantly since the resumption of commercial flights to and from the U.S. by major U.S. airlines in February 2022. Both the occupancy rate and the average daily rate have risen, and the hotels bottom line turned positive for the Reporting Period. Further recovery is expected in the next high season, which comes after Thanksgiving in late November.

Although the environment surrounding hotels has been steadily improving, the performance of MyStays Hotel Management Co., Ltd., the major tenant and hotel operator of domestic hotels owned by INV, has not yet reached the level where they can pay the fixed rent stipulated in the original contract. Therefore, INV was again forced to accept substantial rent reductions for the Reporting Period.

Overall, INV announced a distribution per unit of JPY 166 by recording a gain on sale of property of JPY 1,468 million, despite severe operating conditions in the Reporting Period. Operating revenues were JPY 7,680 million, with operating income of JPY 2,114 million, and net income of JPY 1,015 million.

While distributions per unit were the same as the previous fiscal period, the gain on sale of properties decreased by ¥1.1 billion, which indicates a smaller reliance on gains on sale since the performance of INV owned hotels are recovering. While the earnings forecast for the December 2022 fiscal period is undetermined at this point (as of the end of August 2022), our immediate goal is to improve revenues to a level where we can record positive net income and pay distributions without any gain on the sale of properties.

While the effect of the COVID-19 pandemic remains and Japan has been hit by the seventh wave of infections since July, there were no restrictions on movement this summer. Additional good news was also reported as fireworks festivals and summer festivals resumed in various places for the first time in three years. Although tourism and accommodation demand has not yet returned to previous levels due to restrictions on admission and the wearing of masks, we are steadily experiencing a recovery toward the normalization of hotel operations. In order to meet unitholder expectations, we will continue to work on daily operations so that the hotels owned by INV will achieve an earnings recovery as soon as possible by attracting domestic and overseas guests.

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 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	Period from January 1, 2022 to June 30, 2022
Operating Revenues (JPY million)	9,410	8,340	3,806	8,406	7,680
Ordinary Income (JPY million)	424	624	-3,599	1,014	1,015
Net Income (JPY million)	423	623	-3,599	1,014	1,015
Net Assets (JPY million)	249,538	249,641	245,113	246,130	246,211
Total Assets (JPY million)	516,663	516,490	497,899	494,819	490,118
Net Assets per Unit (JPY)	40,929	40,946	40,203	40,370	40,383
Net Assets/Total Assets (%)	48.3	48.3	49.2	49.7	50.2
Distribution per Unit (JPY)	69	167	15	166	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 38th fiscal period
(the fiscal period ended June 2022)

JPY 166

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of August 31, 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: What is needed for further recovery of the domestic hotel performance?

A: We believe that the recovery of inbound visitors to Japan will be the key point.

Until 2019, about 30% of INV owned domestic hotels sales were from inbound customers. While inbound demand has almost disappeared due to the pandemic, hotel operators have been working hard to capture domestic demand. As a result, it has been pointed out that domestic leisure demand has already returned to the level before the COVID-19 pandemic. We believe that it is becoming difficult to expect a significant increase in hotel performance without a full-fledged recovery in inbound visitors.

However, Japan continues to limit the number of entries to Japan per day to 20,000 people (including Japanese) as of the end of August 2022. There was a media report (as of August 24, 2022) that the daily cap on arrivals would be raised to 50,000 people (as of August 24, 2022) from September but is still about the half of the level of the roughly 140,000 average entries per day in 2019. Moreover, the timing of the resumption of entry for individual travelers for tourism purposes, which accounted for the majority of inbound visitors to Japan until 2019, has not been decided. As of the end of August 2022, entry for tourism purposes is limited to group tours with tour conductors. The attractiveness of Japan's tourism resources has not been lost, and the desire to travel is increasing among foreigners once the environment becomes safer to travel. Although the timing is difficult to predict, we expect that inbound visitors to Japan will return in the future, and the hotel performance will further recover.

Q: What is the background as to why the Cayman hotels' bottom line turned to positive from negative?

A: In February 2022, quarantine measures for travelers were greatly relaxed in the Cayman Islands, and commercial flights by major U.S. based airlines resumed, bringing back U.S. travelers.

The easing of quarantine measures in the Cayman Islands is proceeding ahead of Japan. From January 20, 2022, unvaccinated children under the age of twelve years old "assumed" the vaccination status of their adult travel companions, and quarantine measures after entry were no longer required. Further, the lateral flow tests on days 2, 5, and 7 was lifted as of February 17, 2022. This was clearly a major factor to avoid travel to the Cayman Islands as this could result in a 10-day quarantine if positive.

In addition, effective on August 24, 2022, the quarantine measures after entering the country were no longer required for unvaccinated people. We received reports from our Cayman hotels that reservations have increased for the next peak season starting on Thanksgiving Day in late November.

We believe that these developments in the Cayman Islands will be helpful to see future recovery in the domestic hotel market in Japan.

Q: Are there any particular issues with the financial conditions and cash flow of INV?

A: Although business performance has been sluggish amid COVID-19, INV has never violated any financial covenants since the outbreak of the pandemic up to the date hereof. We believe that we have been able to appropriately control our interest-bearing debt ratio (LTV). The net income this period is ¥1,015

million. While the change in net income was almost flat compared to the previous period, reliance on gains on sale decreased significantly. In this trend, we aim for positive net income in the December 2022 fiscal period without any gain on the sale of properties. Under these circumstances, the relationship with banks is basically good. We believe that we will be able to proceed with future refinancing without major problems going forward.

For the past two years, the retention of cash on hand has been the most important issue as a response to the market uncertainty. As market conditions have improved slightly in the current fiscal period, small-scale value-up work has resumed. At Hotel Epinard Nasu, one of our flagship properties, we renovated the bakery in front of the lobby on the first floor. After reopening in July this year, it has been very well received by customers. We anticipate being able to introduce many such forward-looking projects in the future.

Hotel made bakery shop and café “Komorebi Table” reopened on Friday, July 1, 2022 at Hotel Epinard Nasu.

- Previously, there was no dedicated bakery oven, and bread was baked only once a day. After renovation, the supply improved to meet demand.
- It has become a bakery that "has a variety of freshly baked bread whenever you visit."
- The eat-in space also increased from 48 seats to 56 seats. Wallpaper, chairs, and tables were also renewed.
- We used F Four Star products (Please see page 7 for details) for the floor tiles, wall, and pillar cloths in the renovation work.



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. MyStays Hotel Management Co., Ltd. (MHM), the main operator of INV's domestic hotel portfolio, is also actively promoting and continuing ESG-related initiatives at its hotels.

Initiatives by INV

Initiatives for Environment

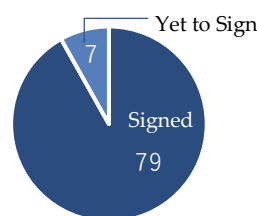


Green Leases¹

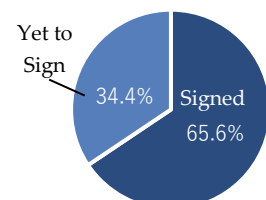
Track record of signing green leases with the agreed tenants including MHM, INV's main tenant that operates most of INV's hotels (as of the end of June 2022, includes two overseas hotels).

(Note 1) Green lease is an initiative in which owners and tenants of a real estate asset voluntarily agree in a lease contract to work together on measures related to the environmental consideration of the real estate and put them into practice

Number of hotels with Green Lease



Total floor area ratio covered in the entire portfolio



Initiatives for Society



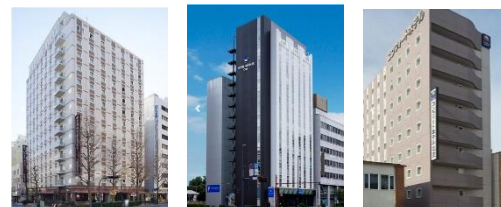
Acceptance of COVID-19 patients

Three of our hotels were utilized as accommodation and medical facilities for patients with mild symptoms.

APA Hotel Yokohama-Kannai: since August 4, 2020

Hotel MyStays Oita: since January 16, 2022

Comfort Hotel Kitami: since January 20, 2022



Information

GRESB Real Estate Assessment²

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. We will consider preparations for acquiring evaluation by other external organizations, such as green building certification, to strengthen our ESG initiatives.

(Note 2) 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".



Initiatives by MHM

Initiatives for Environment



MHM Group “Matching Project”

Committed to reusing items and reducing waste, MHM started a “matching project” in March 2022, to promote the movement of unnecessary tableware, furniture, equipment, etc. between its hotels.

(Examples)



Hotel MyStays
Fuji Onsen
Resort
↓
Art Hotel
Asahikawa



Hotel MyStays
Premier Akasaka
↓
Hotel MyStays
Premier Narita

Environmentally friendly materials

(Hotel Epinard Nasu)

In order to reduce the use of materials containing volatile organic compounds (VOCs) and harmful substances, we used F Four Star products (*) for the floor tiles, wall and pillar cloths in the cafe and bakery renovation work.

※ F Four Star Product (F ☆☆☆☆)

Classification of Building Materials under the Revised Building Standards Act

It is the highest standard in the formaldehyde grade stipulated by the Japanese Industrial Standards, and is a building material with the lowest amount of formaldehyde emission (formaldehyde is one of the volatile organic compounds)



Initiatives for Society



Contributing to society through food

(Restaurants at Hotel MyStays Premier Park Sapporo, Art Hotel Hirosaki, etc.)

In the BEST CHEF cooking contest of the MyStays chain, by devising a menu using gibier, MHM supports areas suffering from crop damage by deer and wild boar and creates opportunities for young chefs to think about food problems in Japan.



Social contribution using hotels

(Hotel MyStays Yokohama)

Held a charity event to support Ukraine at the Ukrainian restaurant on the first floor of the hotel. The city of Yokohama, where the hotel is located, and the city of Odesa in Ukraine are sister cities, and part of the sales proceeds were donated to support Ukraine.



■ 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 group hotels at special discount rates. In 2022, the Kamenoi Hotel brand were newly added, and the number of hotels where you can enjoy hot springs has increased to 55 hotels.

*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 hotels managed by MyStays ^(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 and Kamenoi Hotels Reservation via official website or phone
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



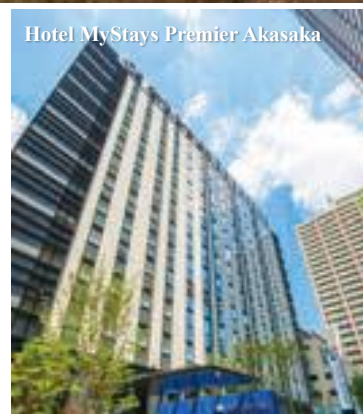
Fusaki Beach Resort Hotel & Villas



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 August 31, 2022, and the program may be changed or abolished even after it is 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->

(Note 3) [us/](#) will be applicable.
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.

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period	
Reporting period		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	Jan. 1, 2022 to Jun. 30, 2022	
Operating Results	Operating revenue	(JPY thousand)	9,410,225	8,340,593	3,806,176	8,406,334	7,680,227
	(Rental revenue – real estate)	(JPY thousand)	5,838,836	5,738,249	3,806,176	5,837,847	5,198,229
	Operating expenses	(JPY thousand)	7,913,247	6,649,749	6,147,595	6,113,994	5,565,846
	(Property-related expenses)	(JPY thousand)	6,801,584	5,044,533	4,720,815	4,777,042	4,498,723
	Operating income (loss)	(JPY thousand)	1,496,977	1,690,843	(2,341,419)	2,292,339	2,114,380
	Ordinary income (loss)	(JPY thousand)	424,522	624,333	(3,599,083)	1,014,799	1,015,760
	Net income (loss)	(JPY thousand)	423,917	623,728	(3,599,688)	1,014,194	1,015,155
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	516,663,418 (1.1)	516,490,350 (0.0)	497,899,915 (3.6)	494,819,805 (0.6)	490,118,752 (1.0)
	Interest-bearing debt	(JPY thousand)	263,468,000	262,588,000	249,198,000	244,945,000	241,372,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	249,538,194 (3.9)	249,641,218 0.0	245,113,891 (1.8)	246,130,354 0.4	246,211,129 0.0
	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)	420,681	1,018,172	91,452	1,012,075	1,012,075
	Dividend payout ratio	(Note 1) (%)	99.2	163.2	-	99.8	99.7
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)	40,929	40,946	40,203	40,370	40,383
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	69 69	167 167	15 15	166 166	166 166
	(Distributions in excess of retained earnings per unit)	(JPY)	-	-	-	-	-
Financial Measures	Return on assets (annualized)	(Note 3) (%)	0.1 0.2	0.1 0.2	(0.7) (1.4)	0.2 0.4	0.2 0.4
	Return on equity (annualized)	(Note 3) (%)	0.2 0.3	0.2 0.5	(1.5) (2.9)	0.4 0.8	0.4 0.8
	Capital ratio (change from last period)	(b) / (a) (Note 3) (%) (%)	48.3 (1.4)	48.3 0.0	49.2 0.9	49.7 0.5	50.2 0.5
	NOI (Net Operating Income)	(Note 3) (JPY thousand)	3,392,004	3,703,215	2,090,413	4,201,550	4,936,210

(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 June 2022

(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 June 30, 2022 (“Reporting Period”), INV sold six residential properties on January 12, 2022. As a result, INV’s portfolio at the end of the Reporting Period is comprised of 128 properties (86 hotels (Note 3) (Note 4), 41 residential properties and one retail facility) with a total acquisition price of JPY 491,395 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 June 30, 2022.

(b) Operational Environment and Performance

Given the enormous impact of COVID-19 on the economy as a whole, especially in the hotel sector, on March 11, 2022, INV entered into Memorandum of Understanding (the “MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) pertaining to the rent conditions for the periods from January 1, 2022 to June 30, 2022 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 June 2022 fiscal period, the portfolio NOI (Note 1) increased by 136.1% or JPY 2,845 million compared to the same period in the previous year (the June 2021 fiscal period) to JPY 4,936 million. The hotel portfolio NOI increased by JPY 3,241 million. The residential and retail portfolio NOI decreased by JPY 395 million due to asset sales. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 66.5% or JPY 9,798 million, of which the hotel portfolio NOI decreased by JPY 8,291 million and the residential and retail portfolio NOI decreased by JPY 1,506 million due to asset sales. The NOI of the retail portfolio (AEON TOWN Sukagawa) was significantly lower than the previous year because the repair cost for the restoration work for the damage caused by the earthquake that occurred off the coast of Fukushima Prefecture on February 13, 2021 was recorded in June 2022.

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 315.7% 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 61.5% (+25.9 points YoY), ADR (Note 4) of JPY 7,504 (+8.1% YoY), and RevPAR (Note 5) of JPY 4,614 (+86.7% YoY). Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 76.9%, the occupancy rate decreased by 25.3pt, ADR decreased by 25.8%, and RevPAR decreased by 47.4%.

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort recorded an average occupancy rate of 39.7% (+31.9 points YoY), ADR of USD 370 (+129.1% YoY), and RevPAR of USD 147 (+1,055.0% YoY) for the Reporting Period. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 49.6pt, ADR decreased by 11.0%, and RevPAR decreased by 60.4%.

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 quasi-State of Emergency and other measures. However, since behavioral restrictions have been removed in late March, high occupancy rates were recorded primarily by 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 tourism support measures such as prefectural travel subsidy campaigns, which helped the overall occupancy rate reach the 60% level.

As for the Cayman Hotels, the key performance indicators significantly improved YoY due to the phased relaxation of epidemic prevention measures for tourists and the resumption of flight service to the Cayman Islands by major US airlines for the first time in about two years since March 2020.

Regarding the residential portfolio (Note 6), the occupancy rate (Note 7) of 41 residential properties decreased by 0.2 points from 96.2% at the end of the previous fiscal period to 96.0% at the end of the Reporting Period. The average occupancy rate (Note 7) remained flat YoY at 96.0%. The NOI (Note 8) for the Reporting Period decreased by 0.2% YoY.

In the Reporting Period, INV realized a rent increase for 25.2% (based on the number of contracts) of the new residential lease contracts, however the new rent decreased by 3.1% compared to the previous rent across all new leases (Note 9). INV achieved a rent increase for 36.6% (based on the number of contracts) of contract renewals with an average rent increase of 1.3% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 10) of 79.6%. Combined, new lease and renewal lease rents were signed at 0.4% lower than the previous leases. The average rent per tsubo per month (Note 11) for the Reporting Period remained almost flat YoY at JPY 9,127.

The total appraisal value of 127 properties was JPY 530,212 million (1 out of the 128 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 84,435 million (Note 12) and an unrealized gain ratio of 18.9% (Note 12). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 2.1% from JPY 519,245 million at the end of the December 2021 fiscal period to JPY 530,212 million at the end of the Reporting Period.

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

	June 2022 fiscal period	Year-on-year change	vs 1H 2019
Occupancy Rate (Note 3)	61.5%	+25.9pt	-25.3pt
ADR (JPY) (Note 4)	7,504	+8.1%	-25.8%
RevPAR (JPY) (Note 5)	4,614	+86.7%	-47.4%
GOP (JPY million) (Note 13)	3,194	+389.7% (Note 14)	-72.4%

Key Performance Indicators of Cayman Hotels

	June 2022 fiscal period	Year-on-year change	vs 1H 2019
Occupancy Rate (Note 3)	39.7%	+31.9pt	-49.6pt
ADR (USD) (Note 4)	370	+129.1%	-11.0%
RevPAR (USD) (Note 5)	147	+1,055.0%	-60.4%
GOP (USD) (Note 13)	8,559,847	- (Note 15)	-67.9%

Key Performance Indicators of 41 Residential Properties (Note 6)

	June 2022 fiscal period	Year-on-year change
Occupancy Rate (Note 7)	96.0%	+0.0pt
Average Rent per Tsubo per Month (JPY) (Note 11)	9,127	-0.0%
NOI (JPY million) (Note 8)	1,113	-0.2%

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

$$\text{NOI} = \text{Rental Revenues} - \text{Property Related Expenses} + \text{Depreciation Expenses} + \text{Dividend on the preferred equity interest (TMK dividend)} + (\text{Management Contract Revenue of the Cayman Hotels} - \text{Management Contract Expense})$$
- (Note 2) Of the 84 hotels held as of the end of June 2022 (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:

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms x number of days)}}$$
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) Based on the 41 residential properties owned as of the end of June 2022. Hereinafter the same shall apply.
- (Note 7) “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 8) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. 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) In accordance with the confirmation of the amount of employment adjustment subsidy received, we have revised the GOP for the fiscal period ended June 2021 from JPY655 million to JPY652 million. However, there is no change in variable rent for the fiscal period ended June 2021 as a result of this revision.

(Note 15) The GOP of the Cayman Hotels was USD -2,850,158 in the same period of 2021.

(c) Overview of Fund Raising

As a result of the measures described below, INV’s interest-bearing debt outstanding balance was JPY 241,372 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 49.2% and 44.9% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.48%.

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

Interest-Bearing Debt ratio = total outstanding interest-bearing debt (excluding short-term consumption tax loans) / total assets x 100

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

LTV = total outstanding interest-bearing debt (excluding short-term consumption tax loans) / total appraisal value (*) x 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 Term Loan (001) on January 24, 2022 (total amount borrowed: JPY 1,700 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by MUFG Bank, Ltd. and Term Loan (002) on January 24, 2022 (total amount borrowed: JPY 6,800 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 Trust Bank, Limited in order to repay Term Loan (I) in the amount of JPY 4,250 million, Term Loan in the amount of JPY 3,400 million and Term Loan (S) in the amount of JPY 850 million due on January 22, 2022.

Moreover, INV borrowed New Syndicate Loan (001) on March 14, 2022, March 29, 2022 and March 30, 2022, (total amount borrowed: JPY 12,156 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 New Syndicate Loan (G) in the amount

of JPY 4,750 million due on March 14, 2022, one of the tranches of New Syndicate Loan (K) in the amount of JPY 7,922 million due on March 29, 2022 and New Syndicate Loan (T) in the amount of JPY 3,057 million due on March 30, 2022.

Furthermore, INV borrowed New Syndicate Loan (002) on March 30, 2022 (total amount borrowed: JPY 3,039 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 New Syndicate Loan (U) in the amount of JPY 3,039 million due on March 30, 2022.

In addition, INV borrowed Term Loan (003) on June 17, 2022 (total amount borrowed: JPY 2,349 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 and Term Loan (004) on June 17, 2022 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Development Bank of Japan, Inc. in order to repay Term Loan (U) in the amount of JPY 349 million due on June 15, 2022, and Term Loan (J) in the amount of JPY 1,000 million, Term Loan (K) in the amount of JPY 1,000 million and Term Loan (M) in the amount of JPY 1,000 million due on June 17, 2022.

(d) Overview of Sale of Assets

INV completed the sale of trust beneficiary interests in six residential properties as follows 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)	Gain on Sale (JPY million) (Note 2) (Note 4)	Transferee (Note 5)
A79	Revest Honjin	674	569	4,450	1,468	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	1,468	-

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

(Note 2) Sale prices of individual properties are not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, 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 transfer related cost, adjustments for property taxes and city planning taxes, or national or local consumption taxes.

(Note 4) Gain on sale is calculated by deducting book value and transfer related cost from 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 decreased by JPY 726 million from the previous period (-8.6%) to JPY 7,680 million, resulting in a net income of JPY 1,015 million, an increase of JPY 0.9 million from the previous period. Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,664 million) is JPY 9,679 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	
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 1)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 2)
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 3)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 4)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 5)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 6)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 7)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 8)

(Note 1) 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 2) 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 3) 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 4) 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 5) 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 6) 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 7) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified assets.

(Note 8) 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	34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period
Closing month	June 2020	December 2020	June 2021	December 2021	June 2022
Highest	62,300	39,800	47,650	45,800	45,800
Lowest	18,870	23,500	31,400	34,450	34,000

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	34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period
Calculated Period	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	Jan. 1, 2022 to Jun. 30, 2022
Unappropriated retained earnings (JPY thousand)	13,168,294	13,371,340	8,753,480	9,676,221	9,679,301
Reserved profit (JPY thousand)	12,747,612	12,353,168	8,662,027	8,664,146	8,667,226
Total cash distribution (JPY thousand)	420,681	1,018,172	91,452	1,012,075	1,012,075
(Distribution per unit) (JPY)	69	167	15	166	166
Total profit distribution (JPY thousand)	420,681	1,018,172	91,452	1,012,075	1,012,075
(Profit distribution per unit) (JPY)	69	167	15	166	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 December 31, 2022

The Japanese economy is gradually recovering from the COVID-19 shock, but for the time being, prevention of the spread of COVID-19 infections and activation of economic and social activities are required at the same time. The spread of infections by new COVID-19 variants continues to be observed. In such an environment, it is necessary to closely monitor the impacts of the pandemic in Japan and overseas, as well as fluctuations in the financial and capital markets. In particular, it is necessary to pay attention to the rise in resource prices triggered by the situation in Ukraine and the deterioration of consumer sentiment due to the rise in prices due to the yen depreciation.

In the hotel market, it is expected that inbound demand will recover as the government raises the daily cap on arrivals to 20,000 people per day (as of the date of this document). At the same time, the introduction of a nationwide travel discount system is expected to stimulate domestic tourism and business demand.

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 has owned 100% of issued shares of CIM directly and indirectly since March 29, 2018. In addition to access to Fortress' global real estate expertise, INV will collaborate 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 due to COVID-19 infections, 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 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, 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 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 from Japan Credit Rating Agency, Ltd. (JCR) is “A” (Outlook: Stable) as of the date of this document.

Still being affected by COVID-19 infections, INV has implemented initiatives that restrict an increase in interest payments upon refinancing of existing borrowings and ensure refinancing for a time. 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 external attorney and an external certified public accountant) 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, 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, and conducted the "Tenant Satisfaction Survey" for residents of INV's residential properties to collect opinions and requests of residents and utilize them for asset management. 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 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, Hotel MyStays Oita and Comfort Hotel Kitami) 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

Not applicable. Reference information is stated below.

(Reference Information)

(a) Debt Financing

INV decided to borrow New Syndicate Loan (003) and Term Loan (005) on July 14, 2022 in order to repay (i) New Syndicate Loan (V) in the amount of JPY 40,024 million due on July 16, 2022, (ii) one of the tranches of New Syndicate Loan (I) in the amount of JPY 9,660 million due on July 17, 2022 and (iii) Term Loan (N) in the amount of JPY 600 million, due on July 20, 2022.

(i) New Syndicate Loan (003)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Citibank, N.A., Tokyo Branch Shinsei Bank, Limited Development Bank of Japan, Inc. Resona Bank, Limited The Ogaki Kyoritsu Bank, Ltd.	July 19, 2022	49,684	Floating interest rates (Note 1)	July 19, 2023	Unsecured/ non guarantee

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

(ii) Term Loan (005)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
The Tokyo Star Bank, Limited	July 20, 2022	600	Floating interest rates (Note 1)	July 20, 2025	Unsecured/ non guarantee

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.35000%)

Overview of the Investment Corporation

1 Overview of Investment

By Period	34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period
Results Dates	As of Jun. 30, 2020	As of Dec. 31, 2020	As of Jun. 30, 2021	As of Dec. 31, 2021	As of Jun. 30, 2022
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	42,439	38,074	33,747	31,238	30,005

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)	1,258,688	20.64
Custody BANK of Japan, Ltd. (trust account)	928,125	15.22
The Nomura Trust and Banking Co., Ltd. (investment trust account)	311,267	5.10
STICHTING PENSIOENFONDS ZORG EN WELZIJN	287,054	4.70
DEUTSCHE BANK AG, SINGAPORE A/C CLIENTS (TREATY)	195,675	3.20
THE BANK OF NEW YORK MELLON 140044	119,881	1.96
FJODF GP INV HOLDINGS LLC	115,931	1.90
STATE STREET BANK AND TRUST COMPANY 505223	110,892	1.81
STATE STREET BANK WEST CLIENT - TREATY 505234	93,511	1.53
JP MORGAN CHASE BANK 380072	89,103	1.46
Total	3,510,127	57.57

(Note 1) 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

(Note1) 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 December 31, 2021 (as of December 31, 2021)		Fiscal period ended June 30, 2022 (as of June 30, 2022)	
			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)	1	0.0	1	0.0
		Major regional cities	-	-	-	-
		Overseas (Note 4)	34,309	6.9	33,892	6.9
		Subtotal	34,311	6.9	33,893	6.9
Total real estate			34,311	6.9	33,893	6.9
Real estate in trust	Residences	Greater Tokyo area	28,779	5.8	28,597	5.8
		Major regional cities	8,913	1.8	5,969	1.2
		Subtotal	37,693	7.6	34,567	7.1
	Offices/Commercial Facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	1,649	0.3	1,621	0.3
		Subtotal	1,649	0.3	1,621	0.3
	Hotels	Greater Tokyo area	168,540	34.1	167,689	34.2
		Major regional cities	209,609	42.4	208,004	42.4
		Subtotal	378,149	76.4	375,693	76.7
	Total real estate in trust			417,492	84.4	411,882
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.6
Deposits and other assets			25,159	5.1	26,485	5.4
Total assets (Note 6)			494,819 (451,804)	100.0 (91.3)	490,118 (445,776)	100.0 (91.0)

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

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

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

(Note 4) The Leasehold of the Cayman Hotels falls under the category of "Real estate" for "Overseas." The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort" on May 9, 2019 (Cayman 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	28,497	21,528.23	21,528.23	100.0	-	Hotel
D43	Hotel MyStays Gotanda Station	26,194	10,137.88	10,137.88	100.0	2.3	Hotel
D60	Hotel MyStays Premier Akasaka	20,222	8,620.69	8,620.69	100.0	1.3	Hotel
D44	Hotel Epinard Nasu	18,654	37,702.33	37,702.33	100.0	8.1	Hotel
D61	Hotel MyStays Premier Sapporo Park	15,932	21,670.64	21,670.64	100.0	0.6	Hotel
D64	Hotel MyStays Sapporo Aspen	15,226	15,313.17	15,313.17	100.0	0.7	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	12,795	13,026.99	13,026.99	100.0	1.5	Hotel
D47	Hotel MyStays Premier Kanazawa	12,471	13,250.03	13,250.03	100.0	1.8	Hotel
D82	Hotel MyStays Premier Narita	10,046	36,519.70	36,519.70	100.0	3.3	Hotel
D51	Hotel MyStays Premier Omori	9,652	11,849.61	11,849.61	100.0	1.2	Hotel
	Total	169,694	189,619.27	189,619.27	100.0	20.8	

(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	1,240	1,071
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	1,070	818
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,220	935
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,400	1,308
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	3,029.16	1,170	1,040
A33	Growth Maison Shin- Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	1,858.44	1,230	915
A34	Belle Face Ueno- Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 4)	1,351.11	1,090	903
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 4)	1,562.26	1,050	772
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,015.34	812	712
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	684	632
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,167.50	691	710
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	588	654
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 4)	1,210.74	776	498
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 4)	1,047.75	512	554
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 4)	557.05	614	542
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	907.46	546	515

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	609	494
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 4)	2,040.27	535	526
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 4)	871.35	587	431
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,340	787
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	1,500	998
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	714	381
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	445	256
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya- shi, Aichi	Trust beneficiary interest	705.75	303	227
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	718	404
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,240	861
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	819	496
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	781	490
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	756	410
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	635	379
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	504	331
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe- shi, Hyogo	Trust beneficiary interest	789.12	539	325
A96	Century Park Shinkawa 1- bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	500	294
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	382	307
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	388	260
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	2,230	1,595

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)
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	2,130	1,547
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,280	2,532
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	6,430	4,571
A106	Royal Parks Seasir Minami- Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	3,160	2,497
Subtotal				86,518.75	46,074	34,567
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,380	1,621
Subtotal				18,440.58	2,380	1,621
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	4,900	2,827
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,410	2,459
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo- ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	8,610	5,547
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,200	4,414
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,810	4,534
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interest	9,445.32	6,420	3,616
D07	Hotel MyStays Nagoya- Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,520	2,511
D08	Hotel MyStays Sakaisuji- Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka- shi, Osaka	Trust beneficiary interest	4,188.83	3,400	2,260
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,910	2,147
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,510	1,740
D11	Hotel MyStays Fukuoka- Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,550	1,403
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,090	1,312
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,000	1,188
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa- ku, Tokyo	Trust beneficiary interest	1,134.52	1,980	1,170
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,120	1,177

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)
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,210	1,075
D17	Hotel MyStays Ottemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	2,410	1,117
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,460	845
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	803	548
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	387	276
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,930	7,304
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,910	2,631
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,360	2,058
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,380	7,018
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,200	5,230
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,760	3,583
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,810	3,465
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,390	2,019
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,930	1,566
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,300	1,257
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya- shi, Tochigi	Trust beneficiary interest	11,733.23	2,010	1,163
D32	Flexstay Inn Kawasaki- Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,110	869
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,160	880
D34	Flexstay Inn Kawasaki- Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	890	856
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,580	4,731
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,210	1,063
D37	Super Hotel JR Ueno- iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,180	1,051

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)
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	2,220	2,952
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,240	1,004
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,120	952
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,080	897
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	918	746
D43	Hotel MyStays Gotanda Station (Note 5)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	23,700	26,194
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	22,700	18,654
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	7,990	7,696
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	6,130	7,783
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	12,800	12,471
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,240	2,130
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	10,300	7,926
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	12,795
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	9,652
D52	Kamenoi Hotel Beppu (Note 6)	2160-1 Chuocho, Beppu-shi, Oita and 12 other lots	Trust beneficiary interest	19,422.08	8,670	7,680
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,180	7,499
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	5,084
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,690	2,572
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interest	14,826.30	2,710	2,473
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,560	1,448
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	3,930	4,038
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interest	3,844.64	3,320	3,170

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)
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interest	8,620.69	23,100	20,222
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	21,670.64	16,200	15,932
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno, Taito-ku, Tokyo	Trust beneficiary interest	4,396.02	5,110	5,139
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	3,429.43	3,330	4,807
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	15,226
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki - shi, Okinawa, and four other lots	Trust beneficiary interest	17,247.54	9,310	9,470
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interest	5,498.49	9,770	8,773
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,509.41	5,720	5,578
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interest	5,931.84	5,430	5,597
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interest	10,403.01	5,350	5,307
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	6,077.99	5,010	5,068
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,047.43	4,050	4,134
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interest	7,659.55	3,400	3,340
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interest	25,131.84	3,090	2,895
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interest	8,274.37	3,170	2,843
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	2,982
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	1,980	2,024
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	1,517
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	1,391
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interest	2,156.70	1,240	1,262
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interest	2,047.70	1,190	1,151
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interest	1,985.27	930	880

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)
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba, and 14 other lots	Trust beneficiary interest	36,519.70	10,200	10,046
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interest	16,727.08	5,400	5,341
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold	21,528.23	45,719 (USD 334,500 thousand) (Note 7)	28,497
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold	6,723.11	8,200 (USD 60,000 thousand) (Note 7)	5,394
Subtotal				572,519.79	481,758	409,587
Total				677,479.12	530,212	445,776

(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 Foros Nakamurabashi.

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I.

Group 3

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

(Note 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) The property name was changed from “Beppu Kamenoi Hotel” to “Kamenoi Hotel Beppu” on July 1, 2022 along with the change of the hotel name. Herein after the same.

(Note 7) “Appraisal value as of the end of the Reporting Period” is converted into JPY using the exchange rate of USD 1 = JPY 136.68, which is the exchange rate on the closing date of the fiscal period (June 30, 2022).

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

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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	75.1	34,792	0.6	1	90.4	33,594	0.6
A28	Growth Maison Gotanda	1	100.0	28,494	0.5	1	100.0	28,491	0.5
A29	Growth Maison Kameido	1	95.4	34,391	0.6	1	95.4	34,968	0.7
A30	Emerald House	1	97.0	41,506	0.7	1	100.0	46,349	0.9
A32	Suncrest Shakujji-Koen	1	100.0	38,543	0.7	1	97.3	39,038	0.8
A33	Growth Maison Shin-Yokohama	1	95.5	38,135	0.7	1	94.0	38,247	0.7
A34	Belle Face Ueno-Okachimachi	1	95.5	31,891	0.5	1	100.0	33,227	0.6
A35	Grand Rire Kameido	1	100.0	26,619	0.5	1	100.0	26,619	0.5
A37	Growth Maison Yoga	1	97.4	23,816	0.4	1	94.9	23,131	0.4
A38	Route Tachikawa	1	100.0	21,958	0.4	1	100.0	21,357	0.4
A39	Shibuya-Honmachi Mansion	1	98.1	20,167	0.3	1	95.4	20,812	0.4
A40	City Heights Kinuta	1	100.0	19,116	0.3	1	94.6	18,646	0.4
A41	Acseeds Tower Kawaguchi-Namiki	1	91.2	25,535	0.4	1	94.7	25,652	0.5
A43	College Square Machida	1	100.0	16,609	0.3	1	100.0	16,609	0.3
A44	Belair Meguro	1	76.0	14,625	0.3	1	96.0	14,494	0.3
A45	Wacore Tsunashima I	1	82.0	17,200	0.3	1	90.0	18,537	0.4
A46	Foros Nakamurabashi	1	91.2	18,784	0.3	1	92.2	18,979	0.4
A47	Growth Maison Kaijin	1	100.0	23,348	0.4	1	97.7	23,282	0.4
A48	College Square Machiya	1	100.0	14,924	0.3	1	100.0	14,924	0.3
A59	Towa City Coop Shinotsuka II	1	95.2	35,705	0.6	1	96.1	36,806	0.7
A61	Bichsel Musashiseki	1	97.2	22,896	0.4	1	94.4	23,810	0.5
A63	Towa City Coop Sengencho	1	89.9	58,607	1.0	1	92.4	59,968	1.2
A64	Royal Park Omachi	1	98.1	26,587	0.5	1	95.6	26,755	0.5
A65	Lexington Square Haginomachi	1	100.0	18,091	0.3	1	100.0	18,131	0.3
A66	Visconti Kakuozan	1	65.7	8,634	0.1	1	78.3	9,273	0.2

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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	100.0	18,010	0.3	1	93.9	18,717	0.4
A73	AMS TOWER Minami 6-Jo	1	92.2	43,754	0.7	1	86.8	43,592	0.8
A77	Invoice Shin-Kobe Residence (Note 4)	-	-	48,036	0.8	-	-	-	-
A78	Cosmo Court Motomachi (Note 4)	-	-	35,049	0.6	-	-	-	-
A79	Revest Honjin (Note 6)	1	80.1	28,932	0.5	-	-	1,170	0.0
A80	Revest Matsubara (Note 6)	1	83.0	25,013	0.4	-	-	1,407	0.0
A82	Alba Noritake Shinmachi (Note 6)	1	97.2	26,309	0.5	-	-	1,510	0.0
A83	Revest Meieki Minami (Note 6)	1	77.4	22,598	0.4	-	-	1,324	0.0
A84	Revest Heian	1	95.2	23,738	0.4	1	98.4	23,757	0.5
A85	Vendir Hamaotsu Ekimae (Note 4)	-	-	33,073	0.6	-	-	-	-
A86	Salvo Sala (Note 4)	-	-	22,333	0.4	-	-	-	-
A87	Excellente Kagurazaka	1	94.1	18,167	0.3	1	100.0	19,500	0.4
A88	Luna Court Edobori (Note 6)	1	86.0	20,107	0.3	-	-	961	0.0
A89	Winntage Kobe Motomachi (Note 4)	-	-	20,205	0.3	-	-	-	-
A90	Queen's Court Fukuzumi	1	89.7	16,976	0.3	1	93.1	17,138	0.3
A91	Corp Higashinotoin (Note 4)	-	-	15,688	0.3	-	-	-	-
A92	Belair Oimachi	1	92.6	15,491	0.3	1	100.0	14,770	0.3
A93	Siete Minami-Tsukaguchi	1	97.5	16,993	0.3	1	100.0	17,522	0.3
A94	Prime Life Sannomiya Isogami Koen	1	96.9	14,955	0.3	1	100.0	15,451	0.3
A95	HERMITAGE NANBA WEST (Note 4)	-	-	13,924	0.2	-	-	-	-
A96	Century Park Shinkawa 1-bankan	1	90.9	18,035	0.3	1	95.5	17,752	0.3
A97	West Avenue	1	92.5	12,763	0.2	1	87.5	13,516	0.3
A98	Little River Honmachibashi (Note 6)	1	96.9	13,990	0.2	-	-	674	0.0
A99	Prime Life Mikage	1	90.1	12,033	0.2	1	100.0	12,134	0.2
A101	Lieto Court Mukojima	1	97.5	56,293	1.0	1	95.8	57,507	1.1

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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)
A102	Lieto Court Nishi-Ojima	1	98.8	49,265	0.8	1	100.0	50,394	1.0
A103	Royal Parks Momozaka	1	95.7	161,517	2.8	1	93.1	161,720	3.1
A104	Royal Parks Shinden	1	100.0	221,351	3.8	1	100.0	220,978	4.3
A106	Royal Parks Seasir Minami-Senju	1	92.9	119,893	2.1	1	94.7	119,314	2.3
Subtotal		47	94.6	1,805,491	30.9	41	96.0	1,502,530	28.9
B17	Lexington Plaza Hachiman (Note 5)	-	-	6,288	0.1	-	-	-	-
B18	AEON TOWN Sukagawa	1	100.0	141,434	2.4	1	100.0	141,082	2.7
Subtotal		1	100.0	147,722	2.5	1	100.0	141,082	2.7
D01	Hotel MyStays Kanda	1	100.0	3,279	0.1	1	100.0	14,740	0.3
D02	Hotel MyStays Asakusa	1	100.0	1,135	0.0	1	100.0	9,041	0.2
D03	Hotel MyStays Kyoto-Shijo	1	100.0	17,667	0.3	1	100.0	2,168	0.0
D04	MyStays Shin-Urayasu Conference Center	1	100.0	27,070	0.5	1	100.0	49,817	1.0
D05	Hotel MyStays Maihama	1	100.0	41,642	0.7	1	100.0	53,952	1.0
D06	Hotel MyStays Premier Dojima	1	100.0	35,926	0.6	1	100.0	40,196	0.8
D07	Hotel MyStays Nagoya- Sakae	1	100.0	35,781	0.6	1	100.0	58,850	1.1
D08	Hotel MyStays Sakaisuji- Honmachi	1	100.0	5,502	0.1	1	100.0	15,948	0.3
D09	Hotel MyStays Yokohama	1	100.0	58,208	1.0	1	100.0	60,541	1.2
D10	Hotel MyStays Nippori	1	100.0	2,637	0.0	1	100.0	13,350	0.3
D11	Hotel MyStays Fukuoka- Tenjin-Minami	1	100.0	7,332	0.1	1	100.0	16,654	0.3
D12	Flexstay Inn Idabashi	1	100.0	5,606	0.1	1	100.0	12,638	0.2
D13	Hotel MyStays Ueno Inaricho	1	100.0	775	0.0	1	100.0	1,558	0.0
D14	Flexstay Inn Shinagawa	1	100.0	5,900	0.1	1	100.0	8,740	0.2
D15	Flexstay Inn Tokiwadai	1	100.0	2,685	0.0	1	100.0	16,894	0.3
D16	Flexstay Inn Sugamo	1	100.0	2,739	0.0	1	100.0	8,350	0.2
D17	Hotel MyStays Otemae	1	100.0	6,249	0.1	1	100.0	11,611	0.2

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
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D18	Hotel MyStays Kiyosumi Shirakawa	1	100.0	7,274	0.1	1	100.0	5,744	0.1
D19	Flexstay Inn Nakanobu P1	1	100.0	973	0.0	1	100.0	4,216	0.1
D20	Flexstay Inn Nakanobu P2	1	100.0	907	0.0	1	100.0	1,925	0.0
D21	APA Hotel Yokohama-Kannai	1	100.0	245,859	4.2	1	100.0	254,812	4.9
D22	Hotel MyStays Hakodate-Goryokaku	1	100.0	36,338	0.6	1	100.0	43,381	0.8
D23	Flexstay Inn Shirogane	1	100.0	1,755	0.0	1	100.0	8,871	0.2
D24	Hotel MyStays Haneda	1	100.0	83,899	1.4	1	100.0	60,337	1.2
D25	Hotel MyStays Kameido P1	1	100.0	20,930	0.4	1	100.0	41,299	0.8
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	3,573	0.1	1	100.0	1,589	0.0
D27	Hotel MyStays Kameido P2	1	100.0	16,376	0.3	1	100.0	27,150	0.5
D28	Hotel MyStays Shimizu	1	100.0	37,561	0.6	1	100.0	31,833	0.6
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.7	1	100.0	39,426	0.8
D30	Flexstay Inn Higashi-Jujo	1	100.0	1,287	0.0	1	100.0	1,599	0.0
D31	Hotel MyStays Utsunomiya	1	100.0	40,274	0.7	1	100.0	58,471	1.1
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	1,423	0.0	1	100.0	10,698	0.2
D33	Comfort Hotel Toyama	1	100.0	35,928	0.6	1	100.0	35,928	0.7
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	592	0.0	1	100.0	11,475	0.2
D35	Flexstay Inn Ekoda	1	100.0	16,834	0.3	1	100.0	34,314	0.7
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.5	1	100.0	31,787	0.6
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.5	1	100.0	27,275	0.5
D38	Hotel MyStays Shinsaibashi	1	100.0	1,655	0.0	1	100.0	0	0.0
D39	Comfort Hotel Kurosaki	1	100.0	35,271	0.6	1	100.0	35,271	0.7
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.8	2	100.0	44,231	0.9
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.6	2	100.0	34,949	0.7
D42	Comfort Hotel Kitami	1	100.0	26,103	0.4	1	100.0	26,103	0.5

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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)
D43	Hotel MyStays Gotanda Station	1	100.0	120,840	2.1	1	100.0	117,103	2.3
D44	Hotel Epinard Nasu	1	100.0	721,419	12.4	1	100.0	422,206	8.1
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	23,715	0.4	1	100.0	34,300	0.7
D46	Hotel MyStays Hamamatsucho	1	100.0	12,359	0.2	1	100.0	22,662	0.4
D47	Hotel MyStays Premier Kanazawa	1	100.0	108,700	1.9	1	100.0	93,875	1.8
D48	Takamatsu Tokyu REI Hotel	2	95.8	96,949	1.7	2	95.8	98,336	1.9
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	45,784	0.8	1	100.0	36,244	0.7
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	69,590	1.2	1	100.0	79,332	1.5
D51	Hotel MyStays Premier Omori	1	100.0	76,102	1.3	1	100.0	65,505	1.3
D52	Kamenoi Hotel Beppu	1	100.0	175,622	3.0	1	100.0	148,299	2.9
D53	Hotel MyStays Sapporo Station	1	100.0	27,148	0.5	1	100.0	41,159	0.8
D54	Hotel MyStays Yokohama Kannai	1	100.0	51,472	0.9	1	100.0	60,617	1.2
D55	Art Hotel Joetsu	1	100.0	44,034	0.8	1	100.0	25,633	0.5
D56	Art Hotel Hirosaki City	1	100.0	66,565	1.1	1	100.0	74,119	1.4
D57	Hotel MyStays Oita	1	100.0	62,128	1.1	1	100.0	86,434	1.7
D58	Hotel MyStays Gotanda	1	100.0	17,302	0.3	1	100.0	22,355	0.4
D59	Hotel MyStays Tachikawa	1	100.0	38,568	0.7	1	100.0	45,776	0.9
D60	Hotel MyStays Premier Akasaka	1	100.0	73,012	1.3	1	100.0	67,178	1.3
D61	Hotel MyStays Premier Sapporo Park	1	100.0	74,318	1.3	1	100.0	33,135	0.6
D62	Hotel MyStays Ueno East	1	100.0	3,502	0.1	1	100.0	2,525	0.0
D63	Hotel MyStays Midouji Honmachi	1	100.0	1,374	0.0	1	100.0	4,955	0.1
D64	Hotel MyStays Sapporo Aspen	1	100.0	50,626	0.9	1	100.0	36,559	0.7
D65	Art Hotel Ishigakijima	1	100.0	16,803	0.3	1	100.0	71,158	1.4
D66	Hotel MyStays Fuji Onsen Resort	1	100.0	86,961	1.5	1	100.0	64,519	1.2
D67	Hotel Sonia Otaru	1	100.0	58,325	1.0	1	100.0	54,463	1.0

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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)
D68	Hotel MyStays Kanazawa Castle	1	100.0	18,868	0.3	1	100.0	13,745	0.3
D69	Art Hotel Niigata Station	1	100.0	95,290	1.6	1	100.0	66,547	1.3
D70	Hotel MyStays Nagoya Nishiki	1	100.0	21,129	0.4	1	100.0	35,795	0.7
D71	Hotel Nord Otaru	1	100.0	31,881	0.5	1	100.0	26,630	0.5
D72	Hotel MyStays Kagoshima Tenmonkan	2	100.0	65,305	1.1	2	100.0	53,343	1.0
D73	Art Hotel Asahikawa	1	100.0	16,102	0.3	1	100.0	0	0.0
D74	Hotel MyStays Matsuyama	1	100.0	24,021	0.4	1	100.0	16,291	0.3
D75	Hotel MyStays Sapporo Susukino	1	100.0	5,426	0.1	1	100.0	792	0.0
D76	Hotel MyStays Sapporo Nakajima Park	1	100.0	2,728	0.0	1	100.0	0	0.0
D77	Hotel MyStays Sapporo Nakajima Park Annex	1	100.0	3,397	0.1	1	100.0	0	0.0
D78	Flexstay Inn Sakuragicho	1	100.0	12,995	0.2	1	100.0	19,610	0.4
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1	100.0	3,377	0.1	1	100.0	0	0.0
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1	100.0	16,837	0.3	1	100.0	18,998	0.4
D81	Hotel MyStays Nayoro	1	100.0	30,058	0.5	1	100.0	25,649	0.5
D82	Hotel MyStays Premier Narita	1	100.0	279,103	4.8	1	100.0	171,085	3.3
D83	Art Hotel Morioka	1	100.0	82,664	1.4	1	100.0	29,916	0.6
Subtotal		87	99.9	3,884,633	66.5	87	99.9	3,554,617	68.4
Total		135	99.2	5,837,847	100.0	129	99.4	5,198,229	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.

(Note 6) The trust beneficiary interests of Revest Honjin, Revest Matsubara, Alba Noritake Shinmachi, Revest Meicki Minami, Luna Court Edobori and Little River Honmachibashi were sold on January 12, 2022.

Name of property		37th fiscal period (July 1, 2021 to December 31, 2021)				38th fiscal period (January 1, 2022 to June 30, 2022)			
		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	826,355	81.5
D201	Sunshine Suites Resort	1	100.0	9,817	-	1	100.0	187,435	18.5
Total		2	100.0	-	-	2	100.0	1,013,790	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	-	17,521	(334)	(Note 1) (Note 2)
Total			-	17,856	-	17,521	(334)	

(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	50,476,000	36,687,000	96,020

(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	429,740	494,137	90.2	126
The Cayman Islands	33,892	53,920	9.8	2
Total	463,633	548,058	100.0	128

(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 June 30, 2022.

(Note 2) “Appraisal value as of the end of the Reporting Period” indicates the real estate appraisal value as of June 30, 2022, 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 136.68, which is the exchange rate on the closing date of the fiscal period (June 30, 2022).

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	
D73	Art Hotel Asahikawa	Asahikawa-shi, Hokkaido	Multistory parking lot renovation work	From July 2022 To December 2022	150,000	-	-
D56	Art Hotel Hirosaki City	Hirosaki-shi, Aomori	Exterior wall renovation work	From July 2022 To December 2022	139,168	23,852	-
D52	Kamenoi Hotel Beppu	Beppu-shi, Oita	Air conditioning facility and hot water system renovation work for energy saving	From July 2022 To December 2022	115,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Automatic fire alarm system renovation work	From July 2022 To December 2022	85,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Air conditioning facility renovation work (1F and 2F)	From July 2022 To December 2022	40,673	-	-

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 605,359 thousand, and together with JPY 38,469 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 643,828 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Water tank renovation work	From January 2022 To June 2022	68,420
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Bakery and coffee shop renovation work	From January 2022 To June 2022	45,811
D06	Hotel MyStays Premier Dojima	Osaka-shi, Osaka	B1 floor renovation work	From January 2022 To June 2022	33,346
D69	Art Hotel Niigata Station	Niigata-shi, Niigata	Wi-fi equipment renovation work	From January 2022 To June 2022	12,200
D201	Sunshine Suites Resort	Grand Cayman, Cayman Islands	Firefighting equipment renovation work	From January 2022 To June 2022	8,521
Other construction					437,060
Total					605,359

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	34th fiscal period	35th fiscal period	36th fiscal period	37th fiscal period	38th fiscal period
	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	From January 1, 2022 to June 30, 2022
Reserved funds at beginning of period	2,543,226	5,485,363	2,610,671	2,749,724	2,791,578
Amount reserved (Note 1)	3,908,773	565,299	546,287	645,507	737,881
Amount reversed (Note 1)	966,636	3,439,991	407,235	603,652	503,667
Amount carried over for next fiscal period	5,485,363	2,610,671	2,749,724	2,791,578	3,025,792

(Note 1) 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	37th fiscal period July 1, 2021 to December 31, 2021	38th fiscal period January 1, 2022 to June 30, 2022
(a) Asset management fees	300,000	300,000
(b) Asset custody fees	24,732	24,556
(c) Administrative services fees	54,720	42,618
(d) Directors' compensation	4,800	4,800
(e) Other	242,924	152,051
Total	627,177	524,026

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
Short-term loans	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2021	3,400,000	-	0.335	Jan. 22, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.	Jan. 22, 2021	850,000	-	0.335	Jan. 22, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 30, 2021	1,215,500	-	0.325	Mar. 30, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		199,000	-					
	Sumitomo Mitsui Trust Bank, Limited		447,500	-					
	Shinsei Bank, Limited		25,000	-					
	The Bank of Fukuoka, Ltd.		525,000	-					
	The Nomura Trust and Banking Co., Limited		270,000	-					
	The Shizuoka Bank, Ltd.		375,000	-					
	Mizuho Bank, Ltd.	Mar. 30, 2021	902,000	-	0.325	Mar. 30, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		692,000	-					
	Sumitomo Mitsui Banking Corporation		681,000	-					
	Sumitomo Mitsui Trust Bank, Limited		617,000	-					
	Development Bank of Japan, Inc.		147,000	-					
	Citibank, N.A., Tokyo Branch	Jun. 15, 2021	349,000	-	0.332	Jun. 15, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Jul. 16, 2021	5,992,000	5,992,000	0.332	Jul. 16, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		6,660,000	6,660,000					
Sumitomo Mitsui Banking Corporation	4,442,000		4,442,000						
Sumitomo Mitsui Trust Bank, Limited	2,670,000		2,670,000						
Citibank, N.A., Tokyo Branch	3,000,000		3,000,000						
Shinsei Bank, Limited	3,330,000		3,330,000						
Resona Bank, Limited	1,335,000		1,335,000						

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.	Jul. 19, 2021	2,442,000	2,442,000	0.332	Jul. 16, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,220,000	2,220,000					
	Sumitomo Mitsui Banking Corporation		1,998,000	1,998,000					
	Sumitomo Mitsui Trust Bank, Limited		890,000	890,000					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	Shinsei Bank, Limited		1,110,000	1,110,000					
	Development Bank of Japan, Inc.	Jul. 20, 2021	666,000	666,000	0.332	Jul. 16, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Aug. 2, 2021	766,000	766,000	0.332	Jul. 16, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		467,000	467,000					
	Sumitomo Mitsui Banking Corporation		766,000	766,000					
	Citibank, N.A., Tokyo Branch		120,000	120,000					
	Shinsei Bank, Limited		150,000	150,000					
	Sumitomo Mitsui Banking Corporation	Sep. 14, 2021	3,000,000	3,000,000	0.332	Sep. 14, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Sep. 27, 2021	2,521,500	2,521,500	0.332	Sep. 27, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,133,000	2,133,000					
	Sumitomo Mitsui Banking Corporation		2,521,500	2,521,500					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Shinsei Bank, Limited		684,000	684,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	The Nomura Trust and Banking Co., Limited		137,000	137,000					
	Mizuho Bank, Ltd.	Oct. 13, 2021	328,500	328,500	0.332	Sep. 27, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		328,500	328,500					
	Shinsei Bank, Limited		560,000	560,000					
	Resona Bank, Limited		667,000	667,000					
	The Nomura Trust and Banking Co., Limited		320,000	320,000					
	The Bank of Fukuoka, Ltd.		150,000	150,000					
	Mizuho Bank, Ltd.	Oct. 13, 2021	190,000	190,000	0.332	Sep. 27, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
MUFG Bank, Ltd.	146,000		146,000						
Sumitomo Mitsui Banking Corporation	143,000		143,000						
Sumitomo Mitsui Trust Bank, Limited	130,000		130,000						
Development Bank of Japan, Inc.	30,000		30,000						
Citibank, N.A., Tokyo Branch	Oct. 13, 2021	1,256,000	1,256,000	0.332	Sep. 27, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Mizuho Bank, Ltd.	Nov. 29, 2021	4,321,000	4,321,000	0.332	Nov. 29, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.	Jan. 24, 2022	-	1,700,000	0.332	Jan. 24, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Sumitomo Mitsui Trust Bank, Limited	Jan. 24, 2022	-	6,800,000	0.332	Jan. 24, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Mizuho Bank, Ltd.	Mar. 14, 2022	-	1,733,000	0.332	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
The Shizuoka Bank, Ltd.		-	200,000						
The Bank of Fukuoka, Ltd.		-	333,000						

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. 29, 2022	-	386,000	0.332	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	1,275,000					
	Sumitomo Mitsui Trust Bank, Limited		-	2,100,000					
	Shinsei Bank, Limited		-	297,000					
	Development Bank of Japan, Inc.		-	1,000,000					
	The Shizuoka Bank, Ltd.		-	1,270,000					
	Mizuho Bank, Ltd.	Mar. 30, 2022	-	1,215,500	0.332	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	199,000					
	Sumitomo Mitsui Trust Bank, Limited		-	447,500					
	The Nomura Trust and Banking Co., Limited		-	800,000					
	The Shizuoka Bank, Ltd.		-	375,000					
	The Bank of Fukuoka, Ltd.		-	525,000					
	Mizuho Bank, Ltd.	Mar. 30, 2022	-	902,000	0.332	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	692,000					
	Sumitomo Mitsui Banking Corporation		-	681,000					
Sumitomo Mitsui Trust Bank, Limited	-		617,000						
Development Bank of Japan, Inc.	-		147,000						
Citibank, N.A., Tokyo Branch	Jun. 17, 2022	-	2,349,000	0.332	Jun. 17, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Development Bank of Japan, Inc.	Jun. 17, 2022	-	1,000,000	0.332	Jun. 17, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			71,786,000	88,135,000					
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Mar. 14, 2017	1,733,000	-	0.675	Mar. 14, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		333,000	-					
	The Bank of Fukuoka, Ltd.		333,000	-					
	The Nomura Trust and Banking Co., Limited		333,000	-					
	AEON Bank, Ltd.		900,000	-					
	The Towa Bank, Ltd.		253,000	-					
	The Shizuoka Bank, Ltd.		200,000	-					
	The Daiichi Life Insurance Co., Ltd.		500,000	-					
	The Gunma Bank, Ltd.		165,000	-					
	Mizuho Bank, Ltd.	Oct. 13, 2017	500,000	500,000	0.682	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	0.782	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	0.882	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	2,443,000	2,443,000	0.482	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	0.582	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.	Sep. 26, 2018	3,287,000	3,287,000	0.482	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						

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	3,287,500	3,287,500	0.582	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	-	0.373	Jan. 22, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		3,400,000	-					
	Mizuho Bank, Ltd.	Mar. 29, 2019	386,000	-	0.361	Mar. 29, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,275,000	-					
	Sumitomo Mitsui Trust Bank, Limited		2,100,000	-					
	Shinsei Bank, Limited		500,000	-					
	Resona Bank, Limited		500,000	-					
	Development Bank of Japan, Inc.		1,000,000	-					
	The Bank of Fukuoka, Ltd.		333,000	-					
	The Shizuoka Bank, Ltd.		1,270,000	-					
	The Nomura Trust and Banking Co., Limited		270,000	-					
	The Senshu Ikeda Bank, Ltd.		288,000	-					
	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	0.882	Mar. 29, 2029	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 17, 2019	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	-	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						

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. 16, 2019	571,400	571,400	0.499	Jan. 16, 2024	(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.	Jul. 16, 2019	1,171,400	1,171,400	0.563	Jul. 16, 2024	(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					
	Mizuho Bank, Ltd.		Jul. 16, 2019	2,171,400					
	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					
	Shinsei Bank, Limited	200,000		200,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	2,170,400	2,170,400	0.782	Jul. 16, 2025	(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					
	Shinsei Bank, Limited		200,000	200,000					
	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							

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	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					
	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	1,211,000	0.782	Jul. 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					
	Tokyo Star Bank, Limited	Jul. 22, 2019	700,000	700,000	0.782	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	0.632	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	0.782	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						

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.	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	0.382	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	0.582	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	-	0.322	Jun. 17, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2020	600,000	600,000	0.332	Jul. 20, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
Tokyo Star Bank, Limited	Jul. 20, 2021	1,582,000	1,582,000	0.432	Jul. 20, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			164,959,000	145,037,000					
Total			236,745,000	233,172,000					

(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	A79	Revest Honjin	–	–	January 12, 2022	4,450	569	1,468
Trust beneficiary interest	A80	Revest Matsubara	–	–	January 12, 2022		559	
Trust beneficiary interest	A82	Alba Noritake Shinmachi	–	–	January 12, 2022		509	
Trust beneficiary interest	A83	Revest Meieki Minami	–	–	January 12, 2022		498	
Trust beneficiary interest	A88	Luna Court Edobori	–	–	January 12, 2022		457	
Trust beneficiary interest	A98	Little River Honmachibashi	–	–	January 12, 2022		272	
		Total		–	–	4,450	2,867	1,468

(Note 1) The sale prices of individual residential properties sold on January 12, 2022 are not disclosed as the transferee's 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	A79	Revest Honjin	Real estate Trust beneficiary interest	January 12, 2022	4,450	875	Japan Real Estate Institute	November 1, 2021
Sale	A80	Revest Matsubara	Real estate Trust beneficiary interest	January 12, 2022		867	Japan Real Estate Institute	November 1, 2021
Sale	A82	Alba Noritake Shinmachi	Real estate Trust beneficiary interest	January 12, 2022		792	Japan Real Estate Institute	November 1, 2021
Sale	A83	Revest Meieki Minami	Real estate Trust beneficiary interest	January 12, 2022		832	Japan Real Estate Institute	November 1, 2021
Sale	A88	Luna Court Edobori	Real estate Trust beneficiary interest	January 12, 2022		632	Japan Real Estate Institute	November 1, 2021
Sale	A98	Little River Honmachibashi	Real estate Trust beneficiary interest	January 12, 2022		432	Japan Real Estate Institute	November 1, 2021

(Note 1) The sale prices of individual residential properties sold on January 12, 2022 are not disclosed as the transferee's 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

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
March 11, 2022	Conclusion of MOU to amend the MLPM Agreements with MHM Group	On March 11, 2022, 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 December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Assets		
Current assets:		
Cash and bank deposits	12,759,582	13,794,814
Cash and bank deposits in trust	6,766,557	6,028,407
Rental receivables	2,293,736	3,396,197
Deposits paid	153,517	332,876
Prepaid expenses	642,219	411,977
Income taxes receivable	10	11
Other	259	-
Total current assets	22,615,883	23,964,286
Non-current assets:		
Property and equipment		
Buildings	19,428,985	19,429,981
Accumulated depreciation	(1,150,408)	(1,369,148)
Buildings, net	18,278,576	18,060,833
Buildings and accompanying facilities	5,294,556	5,303,078
Accumulated depreciation	(800,261)	(953,381)
Buildings and accompanying facilities, net	4,494,295	4,349,696
Structures, at cost	1,458	1,458
Accumulated depreciation	(118)	(150)
Structures, net	1,340	1,308
Tools, furniture and fixtures	1,191,356	1,195,031
Accumulated depreciation	(292,045)	(350,708)
Tools, furniture and fixtures, net	899,310	844,322
Construction in progress	690,038	701,230
Buildings in trust	160,525,440	158,812,478
Accumulated depreciation	(22,562,657)	(24,417,810)
Buildings in trust, net	137,962,783	134,394,668
Buildings and accompanying facilities in trust	32,459,003	32,062,171
Accumulated depreciation	(11,144,094)	(11,735,097)
Buildings and accompanying facilities in trust, net	21,314,908	20,327,073
Structures in trust, at cost	206,135	204,879
Accumulated depreciation	(100,953)	(104,096)
Structures in trust, net	105,182	100,783
Tools, furniture and fixtures in trust	2,876,215	2,942,196
Accumulated depreciation	(1,461,143)	(1,631,561)
Tools, furniture and fixtures in trust, net	1,415,071	1,310,634
Land in trust	242,197,743	241,290,860
Construction in progress in trust	-	26,237
Total property and equipment, net	427,359,252	421,407,648
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,497,257	14,458,659
Total intangible assets	25,135,069	25,096,471
Investment and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,372,719	1,372,719
Long-term prepaid expenses	379,422	257,854
Derivatives assets	28,054	96,567
Others	22,667	22,667
Total investments and other assets	19,659,251	19,606,196
Total non-current assets	472,153,573	466,110,317
Deferred assets		
Investment corporation bond issuance costs	50,349	44,148
Total deferred assets	50,349	44,148
Total assets	494,819,805	490,118,752

(Unit: JPY thousand)

	(Reference) Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Liabilities		
Current liabilities:		
Accounts payable	774,133	349,844
Short-term loans payable	71,786,000	88,135,000
Current portion of investment corporation bonds	-	1,000,000
Current portion of long-term loans payable	48,667,000	44,807,000
Accounts payable-other	6,235	31,175
Accrued expenses	291,883	240,333
Income taxes payable	605	605
Consumption taxes payable	540,868	50,190
Advances received	558,777	317,935
Deposits received	8,813	10,397
Total current liabilities	122,634,316	134,942,482
Non-current liabilities:		
Investment corporation bonds	8,200,000	7,200,000
Long-term loans payable	116,292,000	100,230,000
Tenant leasehold and security deposits in trust	1,519,983	1,500,948
Derivatives liabilities	9,729	546
Asset retirement obligations	33,422	33,644
Total non-current liabilities	126,055,134	108,965,140
Total liabilities	248,689,451	243,907,622
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	9,676,221	9,679,301
Total surplus	10,410,516	10,413,596
Total unitholders' equity	246,112,028	246,115,108
Valuation and translation adjustments:		
Deferred gains or losses on hedges	18,325	96,020
Total valuation and translation adjustments	18,325	96,020
Total net assets *1	246,130,354	246,211,129
Total liabilities and net assets	494,819,805	490,118,752

III. Statement of Income and Retained Earnings

(Unit: JPY thousand)			
		(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Operating revenue			
Rental revenue – real estate	*1	5,837,847	5,198,229
Management contract revenue	*2	-	1,013,790
Gain on sales of properties	*3	2,568,486	1,468,206
Total operating revenue		8,406,334	7,680,227
Operating expenses			
Property-related expenses	*1	4,777,042	4,498,723
Management contract expenses	*2	709,774	543,095
Asset management fees		300,000	300,000
Directors' compensation		4,800	4,800
Asset custody fees		24,732	24,556
Administrative service fees		54,720	42,618
Other		242,924	152,051
Total operating expenses		6,113,994	5,565,846
Operating income		2,292,339	2,114,380
Non-operating income			
Interest income		70	78
Foreign exchange gains		-	1,316
Interest on tax refund		1,118	-
Miscellaneous income		5,887	2,606
Total non-operating income		7,076	4,000
Non-operating expenses			
Interest expenses		602,398	562,607
Foreign exchange losses		40,718	-
Interest expenses on investment corporation bonds		28,230	27,769
Amortization of investment corporation bond issuance costs		6,303	6,200
Loan-related costs		596,446	505,414
Loss of derivatives		10,520	-
Other		-	629
Total non-operating expenses		1,284,617	1,102,621
Ordinary income		1,014,799	1,015,760
Income before income taxes		1,014,799	1,015,760
Income taxes		605	605
Total income taxes		605	605
Net income		1,014,194	1,015,155
Retained earnings brought forward		8,662,027	8,664,146
Unappropriated retained earnings		9,676,221	9,679,301

IV. Statement of Changes in Net Assets

(Reference) 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

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

(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	9,676,221	10,410,516	246,112,028	18,325	18,325	246,130,354
Changes during the period						
Distributions from surplus	(1,012,075)	(1,012,075)	(1,012,075)			(1,012,075)
Net income	1,015,155	1,015,155	1,015,155			1,015,155
Changes other than unitholders' equity (net)				77,695	77,695	77,695
Total changes during the period	3,080	3,080	3,080	77,695	77,695	80,775
Balance at the end of the period	9,679,301	10,413,596	246,115,108	96,020	96,020	246,211,129

V. Notes to Financial Statements

[Notes Concerning Significant Accounting Policies]

By Period Item	(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
1. Evaluation standards and evaluation method of assets		
	(a) Investment in affiliates Cost method through moving-average method is used.	
	(b) Claims generated and debt incurred through derivative transactions Market value method is used.(a) Investment in affiliates Cost method through moving-average method is used.	
	(b) Claims generated and debt incurred through derivative transactions Market value method is used.	
2. Method of depreciation of non-current assets	(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Structures 20 years Tools, furniture and fixtures 3-18 years Buildings in trust 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 (b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used. (c) Long-term prepaid expenses The straight-line method is used.	(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Structures 20 years Tools, furniture and fixtures 3-18 years Buildings in trust 5-67 years Buildings and accompanying facilities in trust 3-33 years Structures in trust 7-55 years Tools, furniture and fixtures in trust 2-20 years (b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used. (c) Long-term prepaid expenses The straight-line method is used.
3. Accounting treatment of deferred assets	Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over a period up to redemption of the investment corporation bonds.	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	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.	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	<p>(a) Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the 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 capitalized as part of the acquisition cost of real estate during the fiscal period ended December 31, 2021 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>	<p>(a) Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the 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 capitalized 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</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</p>

	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.	changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.
8. 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 (b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</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 (b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust Construction in progress in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of non-deductible consumption taxes Non-deductible consumption taxes etc. regarding the acquisition of assets are capitalized at amounts of acquisition cost of each asset.</p>

[Notes on Material Accounting Estimates]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
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<p>1. Valuation of non-current assets</p> <p>(1) Amount recorded in the financial statements for the fiscal period ended December 31, 2021</p> <p style="text-align: right;">(JPY thousand)</p> <table border="1" data-bbox="264 398 815 506"> <tr> <td>Impairment loss</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets (Rental properties)</td> <td style="text-align: right;">451,804,282</td> </tr> </table> <p>Although no impairment loss was recorded in the fiscal period ended December 31, 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 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)	451,804,282	<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 thousand)</p> <table border="1" data-bbox="887 398 1437 506"> <tr> <td>Impairment loss</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets (Rental properties)</td> <td style="text-align: right;">445,776,652</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 the second half of 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)	445,776,652
Impairment loss	-								
Non-current assets (Rental properties)	451,804,282								
Impairment loss	-								
Non-current assets (Rental properties)	445,776,652								

[Notes to Changes in Accounting Policies]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
<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 fiscal period ended December 31, 2021 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 fiscal period ended December 31, 2021.</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 fiscal period ended December 31, 2021, 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 fiscal period ended December 31, 2021.</p>	<p>Not applicable</p>

[Notes to Statement of Income and Retained Earnings]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
<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>*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) 5,046,284</p> <p>(Other revenues) 151,944</p> <p style="text-align: right;">Total 5,198,229</p> <p>B. Real estate rental expenses</p> <p>Property-related expenses</p> <p>(Maintenance costs) 439,577</p> <p>(Taxes and public dues) 588,582</p> <p>(Insurance expenses) 19,867</p> <p>(Depreciation expenses) 3,335,739</p> <p>(Other expenses) 114,957</p> <p style="text-align: right;">Total 4,498,723</p> <p>C. Real estate rental income</p> <p>(A-B) 699,505</p> <p>(Note) Of which, revenue from variable hotel rents 2,038,648</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 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>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 3,180,828</p> <p>B. Hotel operating expenses 2,167,037</p> <p style="text-align: right;">C. Management contract revenue (A-B) 1,013,790</p> <p>D. Management contract expenses</p> <p>Non-life insurance expenses 112,825</p> <p>Depreciation expenses 430,270</p> <p style="text-align: right;">Total 543,095</p> <p>E. Management contract revenue and expenses (C-D) 470,695</p>

<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Lexington Plaza Hachiman</p> <p>Proceeds from sales of property 3,660,000</p> <p>Cost of sales of property 2,982,382</p> <p>Other expenses on sales of property 86,632</p> <p>Gain on sales of property <u>590,985</u></p> <p>Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin, and HERMITAGE NANBA WEST (Note)</p> <p>Proceeds from sales of properties 6,150,000</p> <p>Cost of sales of properties 4,014,374</p> <p>Other expenses on sales of properties 158,123</p> <p>Gain on sales of properties <u>1,977,501</u></p> <p>(Note) The sale prices of individual properties are not disclosed as the transferees' consent has not been obtained for disclosure.</p>	<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Revest Honjin, Revest Matsubara, Alba Noritake Shinmachi, Revest Meieki Minami, Luna Court Edobori and Little River Honmachibashi (Note)</p> <p>Proceeds from sales of properties 4,450,000</p> <p>Cost of sales of properties 2,867,202</p> <p>Other expenses on sales of properties 114,591</p> <p>Gain on sales of properties <u>1,468,206</u></p> <p>(Note) The sale prices of individual properties are not disclosed as the transferees' consent has not been obtained for disclosure.</p>
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[Notes to Statement of Changes in Net Assets]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
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 December 31, 2021 (from July 1, 2021 to December 31, 2021)						Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)					
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)	186,136					Buildings and other (merger)	187,068				
Land (merger)	116,724					Land (merger)	116,724				
Loss carried forward (Note 1)	1,810,135					Loss carried forward (Note 1)	1,799,777				
Asset retirement obligations	10,514					Asset retirement obligations	10,584				
Amortization of leasehold right	137,567					Amortization of leasehold right	149,710				
Adjustment of acquisition prices (overseas properties)	457,482					Adjustment of acquisition prices (overseas properties)	453,535				
Subtotal	2,719,176					Subtotal	2,718,017				
Valuation allowance for tax loss carried forward	(1,810,135)					Valuation allowance for tax loss carried forward	(1,799,777)				
Valuation allowance for the total of deductible temporary differences, etc.	(909,041)					Valuation allowance for the total of deductible temporary differences, etc.	(918,239)				
Subtotal (Note 2)	(2,719,176)					Subtotal	(2,718,017)				
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)	201,072	320,467	-	-		Tax loss carried forward (a)	511,182	-	-	-	
Valuation allowance	(201,072)	(320,467)	-	-		Valuation allowance	(511,182)	-	-	-	
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)	-	1,288,595	1,810,135			Tax loss carried forward (a)	-	1,288,595	1,799,777		
Valuation allowance	-	(1,288,595)	(1,810,135)			Valuation allowance	-	(1,288,595)	(1,799,777)		
Deferred tax assets	-	-	-			Deferred tax assets	-	-	-		
(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.						(a) Tax loss carried forward is multiplied by statutory tax rate.					
2. Significant difference between statutory tax rate and the effective tax rate						2. Significant difference between statutory tax rate and the effective tax rate					
Statutory tax rate	31.46%					Statutory tax rate	31.46%				
Changes in valuation allowance	(31.46)%					Deductible cash distributions	(31.35)%				
Others	0.06%					Changes in valuation allowance	(0.11)%				
Effective tax rate	0.06%					Others	0.06%				
						Effective tax rate	0.06%				

[Notes Related to Financial Instruments]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
<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>	<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>

<p>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.</p> <p style="text-align: center;">(Unit: JPY thousand)</p> <table border="1" data-bbox="240 544 839 891"> <thead> <tr> <th></th> <th>Book Value</th> <th>Fair Value</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Investment securities</td> <td>17,856,387</td> <td>17,320,018</td> <td>(536,369)</td> </tr> <tr> <td>Total assets</td> <td>17,856,387</td> <td>17,320,018</td> <td>(536,369)</td> </tr> <tr> <td>(2) Current portion of long-term loans payable</td> <td>(48,667,000)</td> <td>(48,667,000)</td> <td>-</td> </tr> <tr> <td>(3) Investment corporation bonds</td> <td>(8,200,000)</td> <td>(7,657,040)</td> <td>542,960</td> </tr> <tr> <td>(4) Long-term loans</td> <td>(116,292,000)</td> <td>(116,292,000)</td> <td>-</td> </tr> <tr> <td>Total liabilities</td> <td>(173,159,000)</td> <td>(172,616,040)</td> <td>542,960</td> </tr> <tr> <td>(5) Derivatives</td> <td>18,325</td> <td>18,325</td> <td>-</td> </tr> </tbody> </table> <p>(*1) Items recorded in the Liabilities Section are shown in parenthesis.</p> <p>(*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.</p>		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	-	<p>2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of June 30, 2022 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.</p> <p style="text-align: center;">(Unit: JPY thousand)</p> <table border="1" data-bbox="868 544 1469 994"> <thead> <tr> <th></th> <th>Book Value</th> <th>Fair Value</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Investment securities</td> <td>17,856,387</td> <td>17,521,928</td> <td>(334,458)</td> </tr> <tr> <td>Total assets</td> <td>17,856,387</td> <td>17,521,928</td> <td>(334,458)</td> </tr> <tr> <td>(2) Current portion of Investment Corporation Bonds</td> <td>(1,000,000)</td> <td>(985,500)</td> <td>14,500</td> </tr> <tr> <td>(3) Current portion of long-term loans payable</td> <td>(44,807,000)</td> <td>(44,807,000)</td> <td>-</td> </tr> <tr> <td>(4) Investment corporation bonds</td> <td>(7,200,000)</td> <td>(6,689,440)</td> <td>510,560</td> </tr> <tr> <td>(5) Long-term loans</td> <td>(100,230,000)</td> <td>(100,230,000)</td> <td>-</td> </tr> <tr> <td>Total liabilities</td> <td>(153,237,000)</td> <td>(152,711,940)</td> <td>525,060</td> </tr> <tr> <td>(6) Derivatives</td> <td>96,020</td> <td>96,020</td> <td>-</td> </tr> </tbody> </table> <p>(*1) Items recorded in the Liabilities Section are shown in parenthesis.</p> <p>(*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.</p>		Book Value	Fair Value	Difference	(1) Investment securities	17,856,387	17,521,928	(334,458)	Total assets	17,856,387	17,521,928	(334,458)	(2) Current portion of Investment Corporation Bonds	(1,000,000)	(985,500)	14,500	(3) Current portion of long-term loans payable	(44,807,000)	(44,807,000)	-	(4) Investment corporation bonds	(7,200,000)	(6,689,440)	510,560	(5) Long-term loans	(100,230,000)	(100,230,000)	-	Total liabilities	(153,237,000)	(152,711,940)	525,060	(6) Derivatives	96,020	96,020	-
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(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

(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	50,476,000	36,687,000	96,020

(*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 Investment Corporation Bonds	1,000,000	-	-
Current portion of long-term loans payable	44,807,000	-	-
Investment corporation bonds	-	2,000,000	1,000,000
Long-term loans payable	-	44,589,000	42,243,000
Total	45,807,000	46,589,000	43,243,000

	Due after three to four years	Due after four to five years	Due after five years
Current portion of Investment Corporation Bonds	-	-	-
Current portion of long-term loans payable	-	-	-
Investment corporation bonds	-	-	4,200,000
Long-term loans payable	12,437,000	-	961,000
Total	12,437,000	-	5,161,000

[Notes Related to Asset Retirement Obligations]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)																
<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 end of 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	<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 end of 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;">33,422</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;">222</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">33,644</td> </tr> </table>	Balance at the beginning of the period	33,422	Increase due to the acquisition of properties	-	Accretion expense	222	Balance at the end of the period	33,644
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[Notes Related to Rental Properties]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)					Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)				
<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	41,998,033	(4,304,561)	37,693,472	49,803,000	Residences	37,693,472	(3,125,906)	34,567,566	46,074,000
Commercial facilities	4,661,429	(3,011,821)	1,649,608	2,380,000	Commercial facilities	1,649,608	(27,624)	1,621,984	2,380,000
Hotels	415,505,072	(3,043,871)	412,461,201	471,512,500	Hotels	412,461,201	(2,874,099)	409,587,102	481,758,260
Total	462,164,535	(10,360,253)	451,804,282	523,695,500	Total	451,804,282	(6,027,630)	445,776,652	530,212,260
<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 fiscal period ended December 31, 2021 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 fiscal period ended December 31, 2021 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 fiscal period ended December 31, 2021, 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 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.</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 December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

(Reference) 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.

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

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	422,206	Rental receivables	464,466
	MyStays Hotel Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	2,190,756	Rental receivables	2,407,825

(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	9,964,500	Short-term loans payable	14,983,000
				Repayment of short-term loan	4,464,500		
				Repayment of long-term loan	5,500,000	Long-term loans payable	19,748,000
				Finance-related fees (Note 2)	29,893	Prepaid expenses	61,173
						Long-term prepaid expenses	43,131
Interest expenses (Note 2)	80,984	Accrued expenses	449				

(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 December 31, 2021 (from July 1, 2021 to December 31, 2021)		Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	
Net assets per unit	JPY 40,370	Net assets per unit	JPY 40,383
Net income per unit	JPY 166	Net income per unit	JPY 167
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.		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 per unit is as follows.

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)		Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	
Net income for the period (JPY thousand)	1,014,194	Net income for the period (JPY thousand)	1,015,155
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-
Net income attributable to common units (JPY thousand)	1,014,194	Net income attributable to common units (JPY thousand)	1,015,155
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 December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)																																																				
<p>1. Breakdown of revenue from contracts with customers (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 35%;">Revenue from contracts with customers (Note 1)</th> <th style="width: 35%;">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 fiscal period ended December 31, 2021</p> <p>(1) Balance of contract assets and contract liabilities, etc. (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 70%;"></th> <th style="width: 30%;">Fiscal period ended December 31, 2021</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: right;">-</td> </tr> <tr> <td>Contract assets (balance at the end of the period)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Contract liabilities (balance at the beginning of the period)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Contract liabilities (balance at the end of the period)</td> <td style="text-align: right;">-</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		Fiscal period ended December 31, 2021	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)	-	<p>1. 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[Notes Related to Significant Subsequent Events]

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
<p>INV completed the sale of the following properties 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>	Not applicable

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

(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Not Applicable	Not Applicable

VI. Statement of Cash Distribution

	(Reference) Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
I. Unappropriated retained earnings	JPY 9,676,221,880	JPY 9,679,301,911
II. Distributions (Distribution per unit)	JPY 1,012,075,440 JPY 166	JPY 1,012,075,440 JPY 166
III. Retained earnings (deficit) carried forward	JPY 8,664,146,440	JPY 8,667,226,471
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. 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.	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 1,015,155,471. 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 June 30, 2022 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 December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Cash flows from operating activities		
Net income before taxes	1,014,799	1,015,760
Depreciation and amortization	3,850,520	3,766,009
Amortization of investment corporation bond issuance costs	6,303	6,200
Loan-related costs	596,446	505,414
Interest income	(70)	(78)
Interest expenses	630,628	590,377
Foreign exchange losses (gains)	9,934	158
Loss (gain) of derivatives	10,520	-
Decrease (increase) in rental receivables	(1,053,965)	(1,102,461)
Decrease (Increase) in deposits paid	288,475	(179,359)
Decrease (increase) in receivable income taxes	3	(1)
Decrease (increase) in consumption taxes receivable	365,052	-
Increase (decrease) in accounts payable	(91,712)	(511,128)
Increase (decrease) in consumption taxes payable	444,366	(490,678)
Increase (decrease) in accounts payable-other	(17,672)	26,469
Increase (decrease) in accrued expenses	39,458	(48,167)
Increase (decrease) in advances received	(39,012)	(240,841)
Increase (decrease) in deposits received	(2,270)	1,583
Decrease in property and equipment in trust due to sale	6,996,756	2,867,202
Others, net	(100,064)	116,612
Subtotal	12,948,498	6,323,071
Interest income received	70	78
Interest expenses paid	(627,312)	(593,962)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	12,320,651	5,728,582
Cash flows from investing activities		
Payment into time deposits	(1,430,000)	(2,000,000)
Proceeds from time deposits	630,000	2,000,000
Purchases of property and equipment	(79,337)	(24,384)
Purchases of property and equipment in trust	(511,405)	(531,563)
Repayments of tenant leasehold and security deposits in trust	(183,308)	(35,672)
Proceeds from tenant leasehold and security deposits in trust	46,056	16,777
Payment of tenant leasehold and security deposits	(9,998)	-
Other, net	(23,203)	-
Net cash used in investing activities	(1,561,196)	(574,843)
Cash flows from financing activities		
Proceeds from short-term loans payable	61,091,000	27,044,000
Repayments of short-term loans payable	(33,533,000)	(10,695,000)
Proceeds from long-term loans payable	1,582,000	-
Repayments of long-term loans payable	(33,393,000)	(19,922,000)
Borrowing related expenses	(527,105)	(271,524)
Payment of distributions of earnings	(93,221)	(1,011,974)
Net cash provided by (used in) financing activities	(4,873,327)	(4,856,498)
Effect of exchange rate change on cash and cash equivalents	(32)	(158)
Net increase (decrease) in cash and cash equivalents	5,886,095	297,081
Cash and cash equivalents at beginning of period	10,840,044	16,726,139
Cash and cash equivalents at end of period	*1 16,726,139	17,023,221

(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)

By Period Item	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
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)

By Period Item	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)		
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of December 31, 2021) (Unit: JPY thousand)	(As of June 30, 2022) (Unit: JPY thousand)		
	Cash and bank deposits	12,759,582	Cash and bank deposits	13,794,814
	Cash and bank deposits in trust	6,766,557	Cash and bank deposits in trust	6,028,407
	Time deposits with over three months deposit period	(2,800,000)	Time deposits with over three months deposit period	(2,800,000)
	Cash and cash equivalents	16,726,139	Cash and cash equivalents	17,023,221

“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

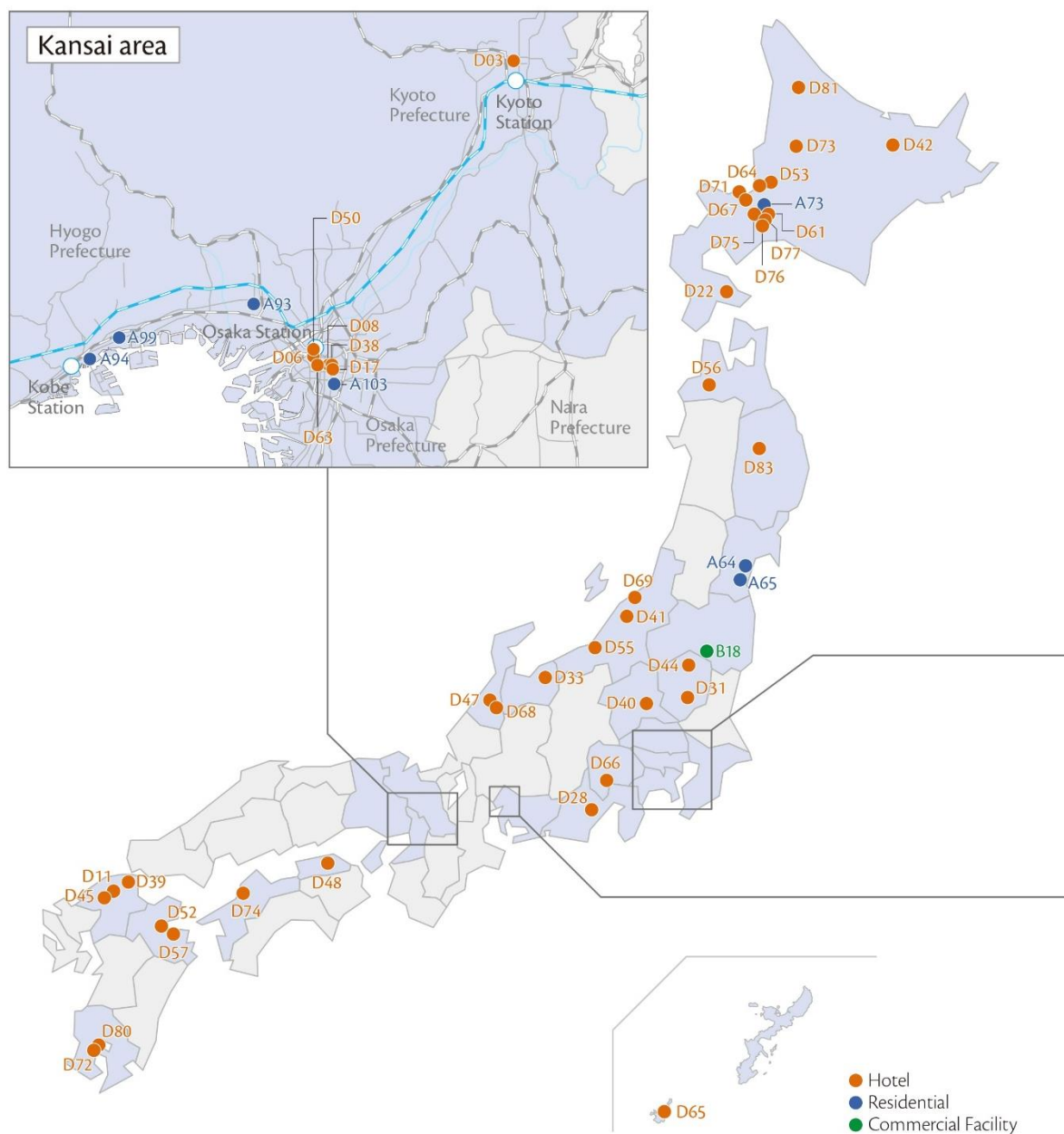
Usage of “My Number” also includes taxation-related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

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

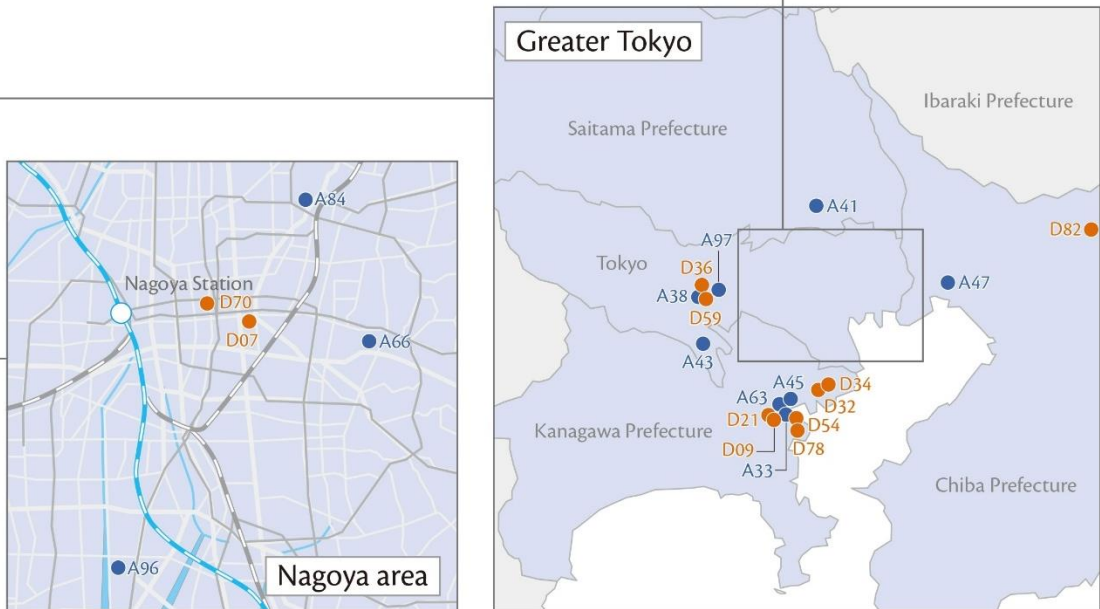
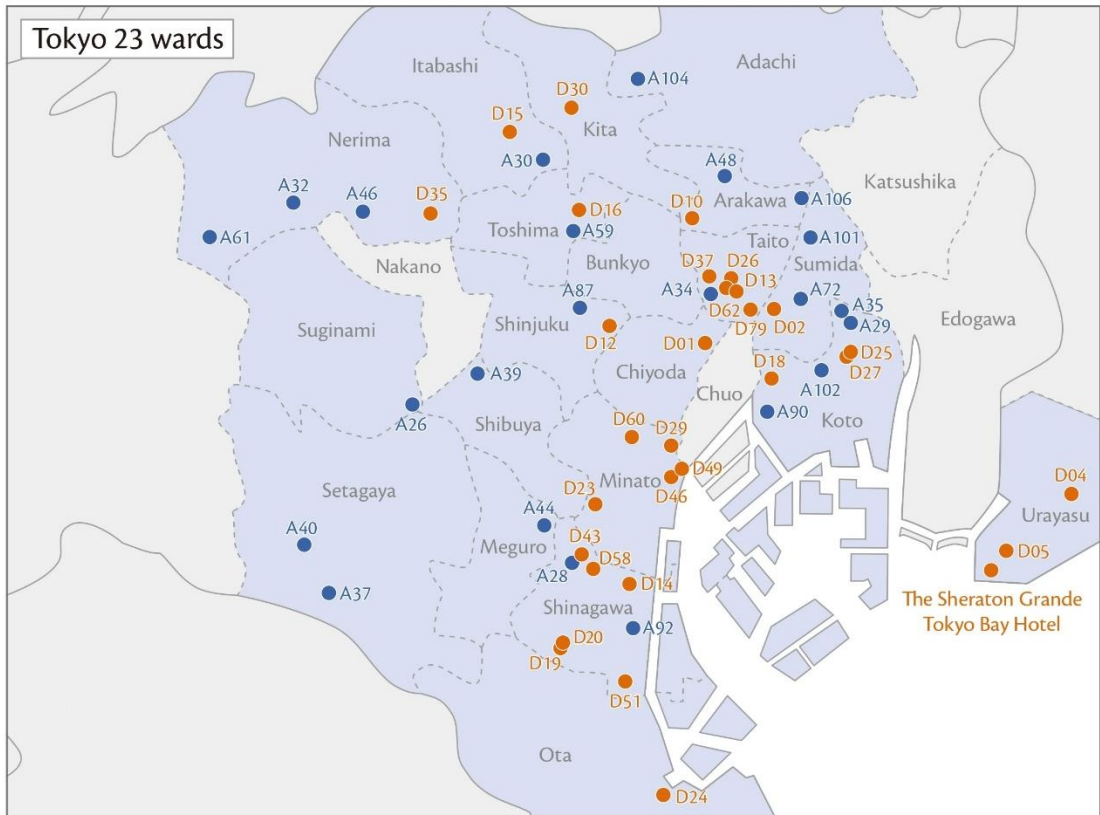
Domestic Portfolio Map (As of August 31, 2022)

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 31-37.



Financial Conditions

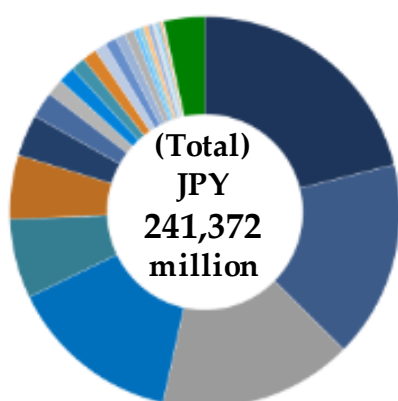
INV refinanced bank loans of ¥27.0 billion in total during the June 2022 fiscal period, and refinanced ¥50.2 billion of bank loans in July 2022.

INV has ¥12.6 billion in cash on hand at the end of July 2022, which is more than enough to pay interest expenses and other payments.

Investment Corporation Bonds

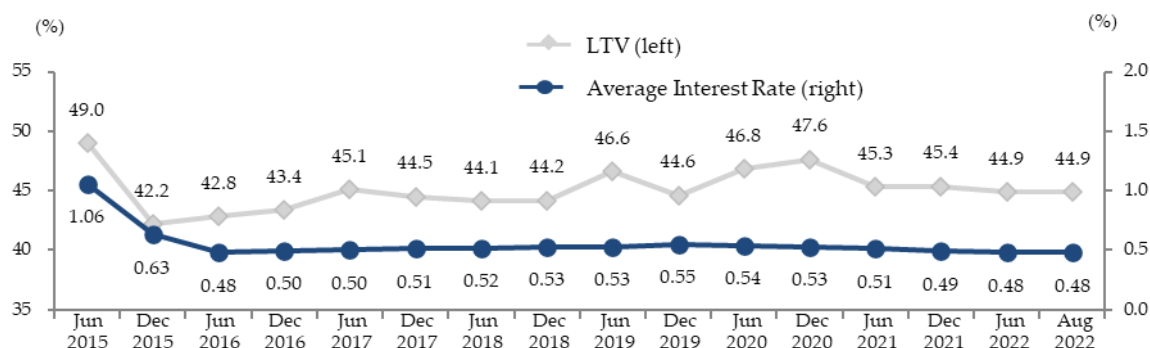
Bonds name	Issued Date	Term (years)	Balance (JPY mn)	Annual Interest Rate	Rating
1st Series Investment Corporation Bonds	May 25, 2018	5.0	1,000	0.40%	A (JCR)
2nd Series Investment Corporation Bonds	May 25, 2018	10.0	1,000	0.80%	A (JCR)
3rd Series Investment Corporation Bonds	Oct. 12, 2018	5.0	2,000	0.55%	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 August 31, 2022)

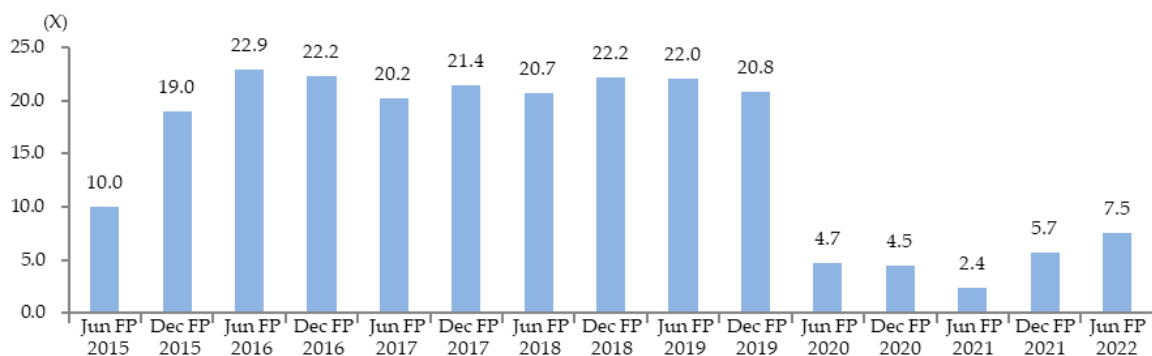


Mizuho Bank	21.1%	Fukuoka Bank	0.8%
MUFG	16.3%	Nishi-Nippon City Bank	0.8%
SMBC	16.0%	Kiraboshi Bank	0.4%
SMTB	14.4%	Momiji Bank	0.4%
Citibank	6.6%	Yamaguchi Bank	0.4%
Shinsei Bank	5.3%	The Chukyo Bank	0.4%
DBJ	3.5%	Dai-ichi Life Insurance	0.2%
Resona Bank	2.2%	Kagawa Bank	0.2%
San ju San Bank	1.4%	Tochigi Bank	0.2%
Aozora Bank	1.4%	Kiyo Bank	0.2%
Tokyo Star Bank	1.2%	Ogaki Kyoritsu Bank	0.1%
Nomura TB	1.2%	Hiroshima Bank	0.1%
Aeon Bank	1.0%	REIT Bond	3.4%
Shizuoka Bank	1.0%		

■ 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

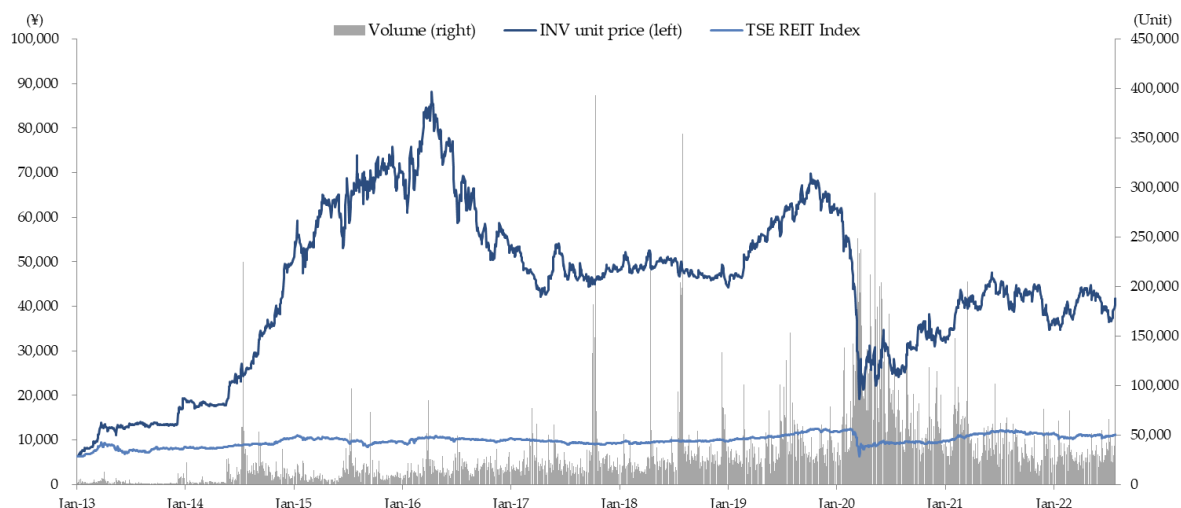
(Note 1) Calculated by the following formula: (Interest-bearing debts at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). For the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel 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.

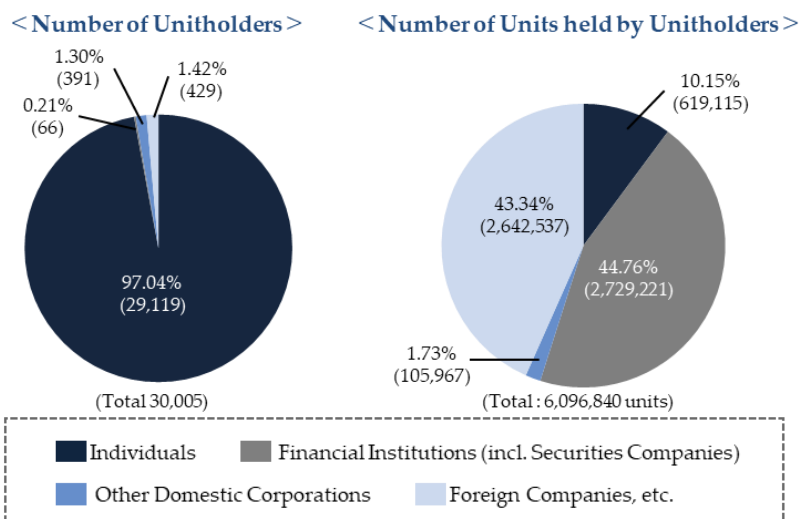
Overview of Unitholders/Investment Units

Historical Unit Price



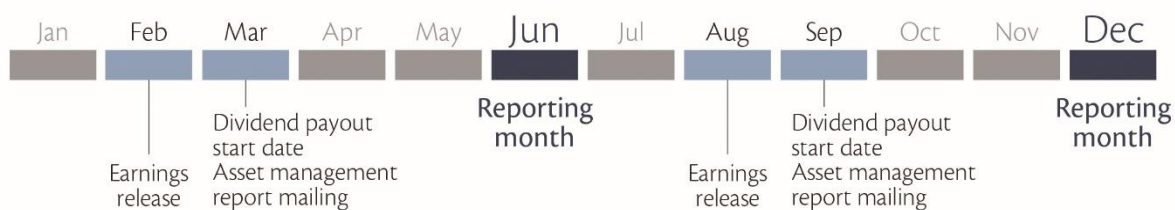
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013, as the same as the closing price of INV's unit on the same day.

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