

Invincible Investment Corporation

Financial Summary for the December 2022 Fiscal Period (from July 1, 2022 to December 31, 2022)

February 22, 2023

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: https://www.invincible-inv.co.jp/en/
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: March 23, 2023

This English language notice is a translation of the Japanese-language notice released on February 22, 2023 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2022	11,929	55.3	6,257	195.9	5,075	399.7	5,075	400.0
Fiscal period ended June 30, 2022	7,680	-8.6	2,114	-7.8	1,015	0.1	1,015	0.1

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2022	832	2.0	1.0	42.5
Fiscal period ended June 30, 2022	167	0.4	0.2	13.2

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
	JPY	JPY million	JPY	JPY million	%	%
Fiscal period ended December 31, 2022	832	5,072	-	-	99.9	2.0
Fiscal period ended June 30, 2022	166	1,012	-	-	99.7	0.4

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

Dividend Payout Ratio = Distribution Amount (Excluding excess profit distribution) ÷ Net Income × 100

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2022	494,237	250,321	50.6	41,058
Fiscal period ended June 30, 2022	490,118	246,211	50.2	40,383

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

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2022	6,670	(993)	(2,178)	20,521
Fiscal period ended June 30, 2022	5,728	(574)	(4,856)	17,023

2. Forecasts for the Fiscal Periods ending June 30, 2023 (from January 1, 2023 to June 30, 2023) and December 31, 2023 (from July 1, 2023 to December 31, 2023)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal period ending June 30, 2023	11,690	-2.0	5,964	-4.7	4,657	-8.2	4,656	-8.3	763	-
Fiscal period ending December 31, 2023	13,469	15.2	7,467	25.2	6,324	35.8	6,324	35.8	1,037	-

※Others

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

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

(2) Number of Investment Units Issued and Outstanding

- | | | | | |
|--|-------------------|-----------|---------------|-----------|
| (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units) | December 31, 2022 | 6,096,840 | June 30, 2022 | 6,096,840 |
| (b) Number of Treasury Units as of the End of the Fiscal Period | December 31, 2022 | 0 | June 30, 2022 | 0 |

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

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

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

1. Operating Conditions

(1) Operating Conditions

a Overview of the Fiscal Period Ended December 31, 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 December 31, 2022 (“Reporting Period”), INV additionally acquired the land adjacent to Hotel Epinard Nasu (the “Adjacent Land”) on September 9, 2022. Since the Adjacent Land is positioned as an integral portion of the existing hotel, the number of INV’s properties remained unchanged. INV’s portfolio at the end of the Reporting Period comprised of 128 properties (86 hotels (Note 3) (Note 4), 41 residential properties and one retail facility) with a total acquisition price of JPY 491,416 million (Note 5) that increased by the additional acquisition of the Adjacent Land. Furthermore, INV’s hotel portfolio has the largest asset size (Note 6) of JPY 450,631 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 executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of December 31, 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 September 9, 2022 and December 9, 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 July 1, 2022 to September 30, 2022 and from October 1, 2022 to December 31, 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. With the recovery in hotel portfolio performance, the total fixed rent for the properties operated by the MHM Group from October 1, 2022 to December 31, 2022 was the same as the total fixed rent amount stipulated in the original MLPM Agreements.

For the December 2022 fiscal period, the portfolio NOI (Note 1) increased by 150.1% or JPY 6,308 million compared to the same period in the previous year (the December 2021 fiscal period) to JPY 10,509 million.

The hotel portfolio NOI increased by JPY 6,528 million. The residential and retail portfolio NOI decreased by JPY 220 million due to asset sales. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 30.7% or JPY 4,654 million, of which the hotel portfolio NOI decreased by JPY 3,861 million and the residential and retail portfolio NOI decreased by JPY 792 million due to asset sales.

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

The NOI for the Reporting Period of the 75 domestic hotels (Note 2) owned by INV increased by 171.8% 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 75.9% (+23.5 points YoY), ADR (Note 4) of JPY 10,199 (+33.0% YoY), and RevPAR (Note 5) of JPY 7,744 (+92.6% YoY). Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 36.8%, the occupancy rate decreased by 12.4pt, ADR decreased by 3.9%, and RevPAR decreased by 17.4%.

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort recorded an average occupancy rate of 56.2% (+41.3 points YoY), ADR of USD 403 (+108.9% YoY), and RevPAR of USD 226 (+687.6% YoY) for the Reporting Period. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 16.1pt, ADR increased by 22.9%, and RevPAR decreased by 4.5%.

Regarding the hotel sector in Japan, Japan was hit by the seventh wave of COVID-19 infections from summer to early autumn. However, there were no restrictions on movement during this period. Tourism and accommodation demand were solid, partly because events such as fireworks festivals and summer festivals resumed in various places for the first time in three years. The government's travel subsidy program "National Travel Discount Campaign" which started in October 2022 helped to boost domestic accommodation demand. As a result, the total number of domestic guests in the market exceeded the 2019 levels each month from October to December 2022 according to the "Stay-over Travel Statistical Survey" released by the Japan Tourism Agency on January 31, 2023. Moreover, in response to the substantial relaxation of border measures in October 2022 and the depreciation of the yen, inbound demand also recovered significantly.

As for the Cayman Hotels, demand has been on a recovery trend, as all travel-related restrictions to the Cayman Islands have been lifted on August 24, 2022 and the total number of seats on commercial flights to and from the United States by major airlines has recovered to the 2019 levels. Visitors are more willing to pay a premium for their long-delayed vacations, and the ADR in 2022 consistently exceeded the ADR of the same month in 2019 since May 2022. Further, RevPAR in 2022 consistently exceeded the RevPAR of the same month in 2019 since October 2022. Moreover, GOP and NOI of the Cayman hotels in the 4th quarter of 2022 exceeded those of 4th quarter 2019, both in USD and in JPY.

Regarding the residential portfolio (Note 6), the occupancy rate (Note 7) of 41 residential properties increased by 0.4 points from 96.0% at the end of the previous fiscal period to 96.4% at the end of the Reporting Period. The average occupancy rate (Note 7) increased by 0.5 points YoY at 96.3%. The NOI (Note 8) for the Reporting Period increased by 0.8% YoY.

In the Reporting Period, INV realized a rent increase for 31.4% (based on the number of contracts) of the new residential lease contracts, however the new rent decreased by 1.3% compared to the previous rent across all new leases (Note 9). INV achieved a rent increase for 49.8% (based on the number of contracts) of contract renewals with an average rent increase of 1.6% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 10) of 79.7%. Combined, new lease and renewal lease rents were signed at 0.5% higher than the previous leases. The average rent per tsubo per month (Note 11) for the Reporting Period increased by 0.3% YoY at JPY 9,172.

The total appraisal value of 127 properties was JPY 532,570 million (one 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 89,278 million (Note 12) and an unrealized gain ratio of 20.1% (Note 12). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 0.4% from JPY 530,212 million at the end of the June 2022 fiscal period to JPY 532,570 million at the end of the Reporting Period.

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

	December 2022 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 3)	75.9%	+23.5pt	-12.4pt
ADR (JPY) (Note 4)	10,199	+33.0%	-3.9%
RevPAR (JPY) (Note 5)	7,744	+92.6%	-17.4%
GOP (JPY million) (Note 13)	8,855	+165.5%	-31.3%

Key Performance Indicators of Cayman Hotels

	December 2022 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 3)	56.2%	+41.3pt	-16.1pt
ADR (USD) (Note 4)	403	+108.9%	+22.9%
RevPAR (USD) (Note 5)	226	+687.6%	-4.5%
GOP (USD) (Note 13)	13,177,397	- (Note 14)	-0.8%

Key Performance Indicators of 41 Residential Properties (Note 6)

	December 2022 fiscal period	Year-on-year change
Occupancy Rate (Note 7)	96.4%	+0.8pt
Average Rent per Tsubo per Month (JPY) (Note 11)	9,172	+0.3%
NOI (JPY million) (Note 8)	1,118	+0.8%

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

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

(Note 2) Of the 84 hotels held as of the end of December 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 July 2019 are calculated on the assumption INV had acquired those properties on July 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.

(Note 3) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:

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

(Note 4) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

(Note 5) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.

(Note 6) Based on the 41 residential properties owned as of the end of December 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 received by the hotel operators for the respective fiscal periods. In addition, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same shall apply.
- (Note 14) GOP of the Cayman Hotels was USD -1,151,126 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 240,797 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 48.7% and 44.5% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.45%.

(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 loan) / 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 loan) / 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). For appraisal value of the Cayman Hotels, USD is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract entered into on July 26, 2018 and executed on September 26, 2018.

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

(i) Borrowing of Funds

INV borrowed New Syndicate Loan (003) on July 19, 2022 (total amount borrowed: JPY 49,684 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. and Term Loan (005) on July 20, 2022 (total amount borrowed: JPY 600 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.35000% for a duration of three years), which was arranged by The Tokyo Star Bank, Limited in order to repay New Syndicate Loan (V) in the amount of JPY 40,024 million due on July 16, 2022, one of the tranches of New Syndicate Loan (I) in the amount of JPY 9,660 million due on July 17, 2022, and Term Loan (N) in the amount of JPY 600 million due on July 20, 2022.

Moreover, INV borrowed Term Loan (006) on September 14, 2022 (total amount borrowed: JPY 3,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Sumitomo Mitsui Banking Corporation in order to repay Term Loan (X) in the amount of JPY 3,000 million due on September 14, 2022.

Furthermore, INV borrowed New Syndicate Loan (004) on September 26, 2022, September 27, 2022 and October 13, 2022 (total amount borrowed: JPY 28,571 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year) and New Syndicate Loan (005) on September 27, 2022 (total amount borrowed: JPY 639 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which were arranged by Mizuho Bank, Ltd., and Term Loan (007) on September 27, 2022 (total amount borrowed: JPY 1,256 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Citibank, N.A., Tokyo Branch, and Term Loan (008) on October 13, 2022 (total amount borrowed: JPY 1,190 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50000% for a duration of five years), which was arranged by The Tokyo Star Bank, Limited in order to repay one of the tranches of New Syndicate Loan (J) in the amount of JPY 13,120 million due on September 26, 2022, and New Syndicate Loan (W) in the amount of JPY 11,851 million, New Syndicate Loan (X) in the amount of JPY 639 million and Term Loan (Y) in the amount of JPY 1,256 million due on September 27, 2022, and one of the tranches of New Syndicate Loan (H) in the amount of JPY 5,365 million due on October 13, 2022.

In addition, INV borrowed Term Loan (009) on November 29, 2022 (total amount borrowed: JPY 4,321 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to repay Term Loan (Z) in the amount of JPY 4,321 million due on November 29, 2022.

As described in “c Significant Subsequent Events, (Reference Information), (a) Debt Financing” below, INV decided to borrow Term Loan (010) on December 22, 2022 and borrowed on January 6, 2023 (total amount borrowed: JPY 1,550 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 one of the tranches of New Syndicate Loan (P) in the amount of JPY 1,550 million due on January 6, 2023.

(d) Overview of Acquisition of Assets

INV completed the additional acquisition of real estate (Note 1) pertaining to one hotel on September 9, 2022 as follows.

Property Number	Property Name	Acquisition Price (JPY million) (Note 2)	Appraisal Value (JPY million) (Note 3)	Seller
D44	Hotel Epinard Nasu (Additional acquisition of adjacent land)	21	27	Nasu Estate Co., Ltd.

(Note 1) The acquired asset is actual real estate. We established an additional trust on the real estate management and disposal trust pertaining to Hotel Epinard Nasu with Sumitomo Mitsui Trust Bank, Limited as the trustee on the acquisition date.

(Note 2) Acquisition Price does not include adjustments for property taxes, city planning taxes, or national or local consumption taxes. Hereinafter the same shall apply.

(Note 3) Appraisal Value is based on appraisal value stated in the appraisal report by JLL Morii Valuation & Advisory K.K. on the valuation date of June 21, 2022.

(Note 4) Amounts are rounded down to the nearest million yen.

(e) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 4,249 million from the previous period (+55.3%) to JPY 11,929 million, resulting in a net income of JPY 5,075 million, an increase of JPY 4,060 million from the previous period (+400.0%). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,667 million) is JPY 13,742 million. INV has decided to set the distribution per unit (excluding excess profit distribution) of JPY 832 without reversing retained earnings.

b Outlook for the Fiscal Period Ending June 30, 2023

The Japanese economy is gradually recovering due to the resumption of economic activity through the spread of the "With Corona" lifestyle, which aims to coexist with COVID-19, and the recovery of inbound consumption, which is supported by the depreciation of the yen along with the pent-up demand for travel. On the other hand, there is a risk that a further slowdown in overseas economies may trigger a temporary slowdown in domestic economic growth, so it is necessary to pay close attention to the impact of fluctuations in the financial and capital markets and international affairs.

In the hotel market, the recovery trend is expected to continue for domestic and inbound demand in both leisure and business segments. However, it may take some time for the number of Chinese tourists to return to pre-2019 levels since border measures are again being implemented upon entry into Japan as of the date of this document, due to the rapid spread of COVID-19 infections in China after the change in its zero-Corona policy. Travelers from China accounted for about 30% of all inbound travelers to Japan in 2019.

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 have cutting-edge expertise in various technology fields.

INV will actively promote efforts to acquire new demand under the environment of "With Corona" and flexibly respond to changes in the external environment while emphasizing customer safety and security. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- 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.

(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 and recover revenues by reviewing its operational strategy. GOP significantly recovered in the fourth quarter of 2022 due to a thorough review of staffing and work shifts, continuous efforts to reduce fixed costs, and strategies to maximize GOPPAR (GOP per the number of rooms available for sale). In particular, both GOP and GOP ratio (Note 2) for December 2022 exceeded the levels in the same month of 2019. In order to minimize the impact of rising costs such as utility costs and foodstuffs, we set detailed rates for each hotel based on factors such as occupancy rates and costs.

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

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

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

(Note 2) An indicator of hotel profitability, calculated as GOP divided by sales.

(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.

INV has implemented initiatives that restrict an increase in interest payments upon refinancing of existing borrowings and ensure continued refinancing. From now on INV will implement financial strategies such as the extension of average interest-bearing debt repayment periods as well as diversification of loan maturity dates and financing measures in the “With Corona” environment.

(iv) Compliance risk management

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

CIM has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV's compliance with laws and regulations. No resolution will be adopted unless the outside expert agrees.

When INV conducts certain transactions such as asset acquisition 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 as initiatives for environment. In addition, CIM has established the "Sustainable Procurement Policy" in order to promote initiatives for ESG throughout the value chain of INV's real estate portfolio and concluded the "Green Lease" contract with tenants to collaborate with tenants on measures related to the environmental consideration of real estate, such as proactive introductions of energy-saving equipment such as LED lighting. Furthermore, Eight hotels owned by INV acquired the certification of Building-Housing Energy-efficiency Labeling System ("BELS"). In particular, Hotel MyStays Premier Akasaka, Hotel MyStays Yokohama Kannai, and Hotel MyStays Fukuoka Tenjin have been rated five stars "★★★★★", and Hotel MyStays Premier Kanazawa and Hotel MyStays Fuji Onsen Resort have been rated four stars "★★★★" due to high energy conservation performance.

As initiatives for society, CIM is working on various measures for tenants and CIM's officers and employees. CIM conducts the "Tenant Satisfaction Survey" for residents of INV's residential properties to collect opinions and requests of residents and utilize them for asset management, and provides sustainability-focused training for all officers and employees at least once a year to help officers and employees acquire knowledge and raise awareness of sustainability considerations in line with business practices. Moreover, as initiatives for CIM's employees, CIM conducts an employee satisfaction survey once every three years with the aim of improving its working environment, provides paid vaccine leave so that officers and employees can receive COVID-19 vaccines and deal with any potential side-effects, and gives full subsidy for a comprehensive medical checkup without age restrictions.

As the spread of COVID-19 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.

c Significant Subsequent Events

Not applicable. Reference information is stated below.

(Reference Information)

(a) Debt Financing

INV decided to borrow Term Loan (010) on December 22, 2022 and borrowed on January 6, 2023 in order to repay one of the tranches of New Syndicate Loan (P) in the amount of JPY 1,550 million due on January 6, 2023.

Moreover, INV decided to borrow New Syndicate Loan (006), Term Loan (011), and Term Loan (012) on January 12, 2023 and borrowed on January 16 and January 24, 2023 in order to repay (i) one of the tranches of New Syndicate Loan (L) in the amount of JPY 4,943 million due on January 16, 2023, (ii) one of the tranches of New Syndicate Loan (M) in the amount of JPY 5,796 million due on January 16, 2023, (iii) Term Loan (001) in the amount of JPY 1,700 million due on January 24, 2023, and (iv) Term Loan (002) in the amount of JPY 6,800 million due on January 24, 2023.

(i) Term Loan (010)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Sumitomo Mitsui Trust Bank, Limited	January 6, 2023	1,550	Floating interest rates (Note 1)	January 24, 2024	Unsecured/non guarantee

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

(ii) New Syndicate Loan (006)

Lender	Borrowing Date	Borrowing Amount (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 SBI Shinsei Bank, Limited Development Bank of Japan, Inc. Resona Bank, Limited The Nomura Trust and Banking Co., Ltd.	January 16, 2023	10,408	Floating interest rates (Note 1)	January 16, 2024	Unsecured/non guarantee

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

(iii) Term Loan (011)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
MUFG Bank, Ltd.	January 24, 2023	1,700	Floating interest rates (Note 1)	January 24, 2024	Unsecured/non guarantee

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

(iv) Term Loan (012)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Sumitomo Mitsui Trust Bank, Limited	January 24, 2023	6,800	Floating interest rates (Note 1)	January 24, 2024	Unsecured/non guarantee

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

d Operational Outlook

The forecasts of financial results for the fiscal periods ending June 30, 2023 (from January 1, 2023 to June 30, 2023) and December 31, 2023 (from July 1, 2023 to December 31, 2023) are as follows. For reference purposes, full-year forecasts (aggregate of the fiscal periods ending June 30, 2023 and December 31, 2023) are provided as well, since hotel revenues are influenced by seasonal effects.

	June 2023 Fiscal Period (Anticipated)	December 2023 Fiscal Period (Anticipated)	(Reference) Full-year 2023
Operating Revenues	JPY 11,690 million	JPY 13,469 million	JPY 25,159 million
Operating Income	JPY 5,964 million	JPY 7,467 million	JPY 13,432 million
Ordinary Income	JPY 4,657 million	JPY 6,324 million	JPY 10,981 million
Net Income	JPY 4,656 million	JPY 6,324 million	JPY 10,980 million
Total Distribution Amount (Including excess profit distribution)	JPY 4,651 million	JPY 6,322 million	JPY 10,974 million
Net Income per Unit	JPY 763	JPY 1,037	JPY 1,800
Distribution per Unit (Excluding excess profit distribution)	JPY 763	JPY 1,037	JPY 1,800
Excess Profit Distribution per Unit	-	-	-
Distribution per Unit (Including excess profit distribution)	JPY 763	JPY 1,037	JPY 1,800

For the assumptions underlying the operational outlook for the fiscal periods ending June 30, 2023 and December 31, 2023, please see "Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2023 and December 31, 2023" as follows.

(Cautionary Note regarding Forward Looking Statements)

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

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

Item	Assumptions
Fiscal period	The June 2023 Fiscal Period: from January 1, 2023 to June 30, 2023 (181 days) The December 2023 Fiscal Period: from July 1, 2023 to December 31, 2023 (184 days)
Assets under management	Properties held as of the end of the June 2023 Fiscal Period: 127 properties and preferred equity interests in one TMK Properties held as of the end of the December 2023 Fiscal Period: 127 properties and preferred equity interests in one TMK Based on the properties held as of today (127 properties and preferred equity interests in one TMK), and INV assumes that there will be no change in the portfolio through the end of the fiscal period ending December 2023.
Units outstanding	As of the end of the June 2023 Fiscal Period: 6,096,840 units As of the end of the December 2023 Fiscal Period: 6,096,840 units INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the December 2023 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the June 2023 Fiscal Period: JPY 240,466 million (borrowing: JPY 232,266 million, investment corporation bonds: JPY 8,200 million) Balance as of the end of the December 2023 Fiscal Period: JPY 240,466 million (borrowing: JPY 232,266 million, investment corporation bonds: JPY 8,200 million) INV implemented a total of JPY 20,458 million of borrowing (refinance) in January 2023, and the total balance as of today is JPY 240,466 million. Regarding the loans maturing February onwards during the June 2023 Fiscal Period (a total of JPY 22,317 million), INV intends to refinance at similar conditions. Regarding the investment corporation bonds (JPY 1,000 million) maturing in May 2023, INV intends to redeem them by issuing investment corporation bonds of the same amount or by borrowing the same amount. Regarding loans maturing during the December 2023 Fiscal Period (a total of JPY 113,814 million), INV intends to refinance at similar conditions. Regarding the investment corporation bonds (JPY 2,000 million) maturing October 2023, INV intends to redeem by issuing investment corporation bonds of the same amount or by borrowing the same amount. INV assumes no other new loan or prepayment of loan through the end of the December 2023 Fiscal Period.

Operating revenues	INV expects to record rental revenues for the fiscal periods as follows:		
		June 2023	December 2023
		Fiscal Period	Fiscal Period
	• Rental revenues	JPY 9,080 million	JPY 11,765 million
	(of these, hotel rents)	(JPY 7,321 million)	(JPY 10,019 million)
	• Management contract revenue	JPY 2,609 million	JPY 1,704 million
		(USD 21,745 thousand)	(USD 14,200 thousand)
	• TMK dividend amount	-	-
	Total operating revenues	JPY 11,690 million	JPY 13,469 million
	<p>INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the TMK.</p> <p>INV recognizes management contract revenue from the overseas hotels as real estate investment income from management contracts of the Cayman Hotels. The forecasts of management contract revenue are based on estimated performance of the overseas hotels and the assumed amount of expenses incurred by the hotel management company. Management contract revenues for January to December 2023 have been calculated based on the exchange rate of USD 1 = JPY 120, and the foreign currency risk on the management contract revenues are partially hedged by foreign exchange forward contracts. Previously, INV had assumed that the expansion and renovation of the Cayman Hotels would begin in the summer of 2020 with the goal of completion in the summer of 2023. However, considering the situation of the Cayman Hotels under the impact of COVID-19, INV was forced to refrain from discussions on the expansion and renovation project. While INV resumed consideration of expansion and renovation based on the changes in the market environment, etc., INV does not anticipate and incorporate any particular impact of the expansion and renovation for the purpose of this forecast through the end of the fiscal period ending December 2023.</p> <p>Rental revenues are calculated assuming certain changes in rent conditions with the MHM Group in 2023, and are based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by other tenants.</p>		
Operating expenses	INV expects to incur property related expenses and management contract expenses out of operating expenses for the fiscal periods as follows:		
		June 2023	December 2023
		Fiscal Period	Fiscal Period
	• Facility management fees	JPY 442 million	JPY 435 million
	(of these, repair costs)	(JPY 18 million)	(JPY 16 million)
	• Taxes and other public charges	JPY 589 million	JPY 739 million
	• Insurance expenses	JPY 158 million	JPY 172 million
	• Depreciation expenses	JPY 3,839 million	JPY 3,997 million
	• Other expenses	JPY 115 million	JPY 94 million
	Total property related expenses and management contract expenses	JPY 5,146 million	JPY 5,439 million
	<p>INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal periods as follows:</p>		
		June 2023	December 2023
		Fiscal Period	Fiscal Period
	• Other operating expenses	JPY 579 million	JPY 562 million
	(of these, asset management fees)	(JPY 300 million)	(JPY 300 million)

NOI	INV expects to record net operating income for the fiscal periods as follows:		
		June 2023 Fiscal Period	December 2023 Fiscal Period
• NOI	JPY 10,383 million	JPY 12,027 million	
(of these, domestic hotel NOI)	(JPY 6,754 million)	(JPY 9,309 million)	
(of these, overseas hotel NOI)	(JPY 2,436 million)	(JPY 1,518 million)	
(of these, residential NOI)	(JPY 1,115 million)	(JPY 1,121 million)	
	NOI calculation method in the above table is as follows		
	• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)		
	NOI for the June 2023 fiscal period and the December 2023 fiscal period are calculated assuming changes in rent conditions for the period from January to December 2023 with the MHM Group.		
Non-operating expenses	INV expects to incur non-operating expenses for the fiscal periods as follows:		
		June 2023 Fiscal Period	December 2023 Fiscal Period
• Interest expense	JPY 560 million	JPY 557 million	
• Finance related costs	JPY 537 million	JPY 548 million	
• Interest for investment corporation bonds	JPY 28 million	JPY 31 million	
• Depreciation of investment corporation bonds issuance expenses	JPY 6 million	JPY 6 million	
Total non-operating expenses	JPY 1,132 million	JPY 1,143 million	
Distribution per unit	The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.		
	With respect to the distribution for the fiscal period ending June 2023, INV expects to distribute an aggregate amount of JPY 4,651 million (distribution per unit: JPY 763) from the net income for the fiscal period ending June 2023 (JPY 4,656 million).		
	With respect to the distribution for the fiscal period ending December 2023, INV expects to distribute an aggregate amount of JPY 6,322 million (distribution per unit: JPY 1,037) from the net income for the fiscal period ending December 2023 (JPY 6,324 million).		
	For the fiscal periods ending June 2023 and December 2023, INV expects to record a deferred gain on the hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 142 million, which is equal to the amount for the fiscal period ended December 2022. The distribution per unit is calculated based on the assumption that a fluctuation of the market value of the interest rate swap does not affect the distribution per unit and earnings per unit.		
	Distribution per unit and earnings per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.		

Excess profit distribution per unit	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from a corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal periods ending June 2023 and December 2023, INV will not have to make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.</p> <table><tr><td></td><td>June 2023 Fiscal Period</td><td>December 2023 Fiscal Period</td></tr><tr><td>Excess profit distribution per unit</td><td>-</td><td>-</td></tr></table>		June 2023 Fiscal Period	December 2023 Fiscal Period	Excess profit distribution per unit	-	-
	June 2023 Fiscal Period	December 2023 Fiscal Period					
Excess profit distribution per unit	-	-					
Other	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>						

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities report (filed on September 26, 2022).

2. Financial Statements

(1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
Assets		
Current assets:		
Cash and bank deposits	13,794,814	15,553,174
Cash and bank deposits in trust	6,028,407	7,768,621
Rental receivables	3,396,197	4,845,162
Deposits paid	332,876	1,703,315
Prepaid expenses	411,977	651,469
Income taxes receivable	11	13
Other	-	5,060
Total current assets	23,964,286	30,526,816
Non-current assets:		
Property and equipment		
Buildings	19,429,981	19,479,753
Accumulated depreciation	(1,369,148)	(1,588,329)
Buildings, net	18,060,833	17,891,423
Buildings and accompanying facilities	5,303,078	5,308,557
Accumulated depreciation	(953,381)	(1,106,696)
Buildings and accompanying facilities, net	4,349,696	4,201,860
Structures, at cost	1,458	1,458
Accumulated depreciation	(150)	(183)
Structures, net	1,308	1,275
Tools, furniture and fixtures, at cost	1,195,031	1,228,513
Accumulated depreciation	(350,708)	(411,059)
Tools, furniture and fixtures, net	844,322	817,453
Construction in progress	701,230	714,997
Buildings in trust, at cost	158,812,478	159,079,641
Accumulated depreciation	(24,417,810)	(26,638,315)
Buildings in trust, net	134,394,668	132,441,325
Buildings and accompanying facilities in trust, at cost	32,062,171	32,688,012
Accumulated depreciation	(11,735,097)	(12,614,111)
Buildings and accompanying facilities in trust, net	20,327,073	20,073,900
Structures in trust, at cost	204,879	212,818
Accumulated depreciation	(104,096)	(109,514)
Structures in trust, net	100,783	103,304
Tools, furniture and fixtures in trust, at cost	2,942,196	3,195,160
Accumulated depreciation	(1,631,561)	(1,810,584)
Tools, furniture and fixtures in trust, net	1,310,634	1,384,575
Land in trust	241,290,860	241,319,447
Construction in progress in trust	26,237	-
Total property and equipment, net	421,407,648	418,949,564
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,458,659	14,419,422
Total intangible assets	25,096,471	25,057,234
Investments and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,372,719	1,372,719
Long-term prepaid expenses	257,854	271,704
Derivatives assets	96,567	142,841
Other	22,667	22,667
Total investments and other assets	19,606,196	19,666,320

(Unit: JPY thousand)		
	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
Total non-current assets	466,110,317	463,673,119
Deferred assets		
Investment corporation bond issuance costs	44,148	37,844
Total deferred assets	44,148	37,844
Total assets	490,118,752	494,237,781
Liabilities		
Current liabilities:		
Accounts payable	349,844	629,231
Short-term loans payable	88,135,000	114,515,000
Current portion of investment corporation bonds	1,000,000	3,000,000
Current portion of long-term loans payable	44,807,000	42,405,000
Accounts payable-other	31,175	3,366
Accrued expenses	240,333	264,276
Income taxes payable	605	605
Consumption taxes payable	50,190	371,675
Advances received	317,935	317,350
Deposits received	10,397	13,490
Total current liabilities	134,942,482	161,519,996
Non-current liabilities:		
Investment corporation bonds	7,200,000	5,200,000
Long-term loans payable	100,230,000	75,677,000
Tenant leasehold and security deposits in trust	1,500,948	1,485,701
Derivatives liabilities	546	119
Asset retirement obligations	33,644	33,872
Total non-current liabilities	108,965,140	82,396,693
Total liabilities	243,907,622	243,916,689
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 (6,130)	*2 (6,130)
Other deduction of capital surplus	(5,524,006)	(5,524,006)
Total deduction of capital surplus	(5,530,137)	(5,530,137)
Capital surplus (net)	734,294	734,294
Retained earnings	9,679,301	13,742,562
Total surplus	10,413,596	14,476,857
Total unitholders' equity	246,115,108	250,178,369
Valuation and translation adjustments:		
Deferred gains or losses on hedges	96,020	142,721
Total valuation and translation adjustments	96,020	142,721
Total net assets	*1 246,211,129	*1 250,321,091
Total liabilities and net assets	490,118,752	494,237,781

(2) Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Operating revenue		
Rental revenue—real estate	*1 5,198,229	*1 10,182,751
Management contract revenue	*2 1,013,790	*2 1,746,848
Gain on sale of real estate properties	*3 1,468,206	-
Total operating revenue	7,680,227	11,929,599
Operating expenses		
Property related expenses	*1 4,498,723	*1 4,606,538
Management contract expenses	*2 543,095	*2 569,669
Asset management fees	300,000	300,000
Directors' compensation	4,800	4,800
Asset custody fees	24,556	24,475
Administrative service fees	42,618	50,047
Other	152,051	117,057
Total operating expenses	5,565,846	5,672,588
Operating income	2,114,380	6,257,011
Non-operating income		
Interest income	78	90
Foreign exchange gains	1,316	-
Interest on tax refund	-	92
Miscellaneous income	2,606	17,657
Total non-operating income	4,000	17,840
Non-operating expenses		
Interest expenses	562,607	542,104
Foreign exchange losses	-	68,859
Interest expenses on investment corporation bonds	27,769	28,230
Amortization of investment corporation bond issuance costs	6,200	6,303
Loan-related costs	505,414	553,412
Other	629	-
Total non-operating expenses	1,102,621	1,198,910
Ordinary income	1,015,760	5,075,941
Income before income taxes	1,015,760	5,075,941
Income taxes	605	605
Total income taxes	605	605
Net income	1,015,155	5,075,336
Retained earnings brought forward	8,664,146	8,667,226
Unappropriated retained earnings	9,679,301	13,742,562

(3) Statement of Changes in Net Assets

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

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 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	9,679,301	10,413,596	246,115,108	96,020	96,020	246,211,129
Changes during the period						
Distributions from surplus	(1,012,075)	(1,012,075)	(1,012,075)			(1,012,075)
Net income	5,075,336	5,075,336	5,075,336			5,075,336
Changes other than unitholders' equity (net)				46,701	46,701	46,701
Total changes during the period	4,063,260	4,063,260	4,063,260	46,701	46,701	4,109,962
Balance at the end of the period	13,742,562	14,476,857	250,178,369	142,721	142,721	250,321,091

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
I Unappropriated retained earnings	9,679,301,911	13,742,562,778
II Distributions (Distribution per unit)	1,012,075,440 (166)	5,072,570,880 (832)
III Retained earnings (deficit) carried forward	8,667,226,471	8,669,991,898
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 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.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 5,072,570,880 out of net income of JPY 5,075,336,307. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.

(5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Cash flows from operating activities		
Income before income taxes	1,015,760	5,075,941
Depreciation and amortization	3,766,009	3,756,303
Amortization of investment corporation bond issuance costs	6,200	6,303
Loan-related costs	505,414	553,412
Interest income	(78)	(90)
Interest expenses	590,377	570,334
Foreign exchange losses (gains)	158	(29)
Decrease (increase) in rental receivables	(1,102,461)	(1,448,964)
Decrease (Increase) in deposits paid	(179,359)	(1,370,438)
Decrease (increase) in receivable income taxes	(1)	(1)
Increase (decrease) in accounts payable	(511,128)	(3,505)
Increase (decrease) in consumption taxes payable	(490,678)	321,485
Increase (decrease) in accounts payable-other	26,469	(26,469)
Increase (decrease) in accrued expenses	(48,167)	20,843
Increase (decrease) in advances received	(240,841)	(585)
Increase (decrease) in deposits received	1,583	3,093
Decrease in property and equipment in trust due to sale	2,867,202	-
Others, net	116,612	(219,196)
Subtotal	6,323,071	7,238,437
Interest income received	78	90
Interest expenses paid	(593,962)	(567,445)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	5,728,582	6,670,476
Cash flows from investing activities		
Payment into time deposits	(2,000,000)	(800,000)
Proceeds from time deposits	2,000,000	800,000
Purchases of property and equipment	(24,384)	(102,499)
Purchases of property and equipment in trust	(531,563)	(875,748)
Repayments of tenant leasehold and security deposits in trust	(35,672)	(27,487)
Proceeds from tenant leasehold and security deposits in trust	16,777	12,239
Net cash used in investing activities	(574,843)	(993,494)
Cash flows from financing activities		
Increase in short-term loans payable	27,044,000	87,471,000
Repayments of short-term loans payable	(10,695,000)	(61,091,000)
Proceeds from long-term loans payable	-	1,790,000
Repayments of long-term loans payable	(19,922,000)	(28,745,000)
Borrowing related expenses	(271,524)	(591,633)
Payment of distributions of earnings	(1,011,974)	(1,011,803)
Net cash provided by (used in) financing activities	(4,856,498)	(2,178,436)
Effect of exchange rate change on cash and cash equivalents	(158)	29
Net increase (decrease) in cash and cash equivalents	297,081	3,498,574
Cash and cash equivalents at beginning of period	16,726,139	17,023,221
Cash and cash equivalents at end of period	17,023,221	20,521,796

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

(Notes Concerning Significant Accounting Policies)

1. Evaluation standards and evaluation method of assets

(a) Investment in affiliates

Cost method through moving-average method is used.

(b) Claims generated and debt incurred through derivative transactions

Market value method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

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

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

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

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

6. Revenue and expense recognition

(a) Accounting treatment of property taxes and other taxes

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

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

(b) Recognition of revenue

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

Sale of real estate, etc.

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

7. Method of hedge accounting

(a) Method of hedge accounting

Deferred hedge accounting is used.

(b) Hedging instrument and hedged item

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(c) Hedge policy

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

(d) Method of evaluating hedge effectiveness

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

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

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

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

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

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

(i) Cash and bank deposits in trust

(ii) Buildings in trust

Buildings and accompanying facilities in trust
Structures in trust
Tools, furniture and fixtures in trust
Land in trust
Construction in progress in trust

(iii) Leasehold rights in trust

(iv) Tenant leasehold and security deposits in trust

(b) Accounting treatment of non-deductible consumption taxes

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

(8) Notes on Material Accounting Estimates

1. Valuation of non-current assets

(a) Amount recorded in the financial statements for the Reporting Period

(Unit: JPY thousand)		
	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Impairment loss	-	-
Non-current assets (Rental Properties)	445,776,652	443,291,801

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.

(b) Information about the content of material accounting estimates for the identified item

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.

In estimating future cash flows, we assume that the business environment will recover in earnest from 2023 onwards, since the adverse effect by the COVID-19 infection is gradually showing signs of abating. However, it is difficult to accurately predict when the business environment will recover and how much the impacts will be. Changes in the infection status may affect the above estimates and INV may incur impairment loss.

(9) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)	
Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
50,000	50,000

*2. Allowance for temporary differences adjustment

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	5,046,284	10,037,349
Other revenues	151,944	145,401
Total	5,198,229	10,182,751
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	439,577	426,784
Taxes and public dues	588,582	739,194
Non-life insurance premium	19,867	20,233
Depreciation expenses	3,335,739	3,323,690
Other expenses	114,957	96,634
Total	4,498,723	4,606,538
C. Real estate rental income (A-B)	699,505	5,576,212
(Note) Of which, revenue from variable hotel rents	2,038,648	3,118,811

*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
A. Hotel operating revenue	3,180,828	5,096,139
B. Hotel operating expenses	2,167,037	3,349,290
C. Management contract revenue (A-B)	1,013,790	1,746,848
D. Management contract expenses		
Non-life insurance premium	112,825	136,505
Depreciation expenses	430,270	432,613
Others	-	550
Total	543,095	569,669
E. Management contract income (C-D)	470,695	1,177,179

*3. Gain on sales of properties

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

(Unit: JPY thousand)

	Revest Honjin, Revest Matsubara, Alba Noritake Shinmachi, Revest Meieki Minami, Luna Court Edobori and Little River Honmachibashi (Note)
Proceeds from sales of properties	4,450,000
Cost of sales of properties	2,867,202
Other expenses on sales of properties	114,591
Gain on sales of properties	1,468,206

(Note) The sale price of individual properties is not disclosed as the transferee's consent has not been obtained for disclosure.

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

Not applicable

(Notes to Statement of Changes in Net Assets)

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

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	6,096,840 units	6,096,840 units

(Notes to Statement of Cash Flows)

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Cash and bank deposits	13,794,814	15,553,174
Cash and bank deposits in trust	6,028,407	7,768,621
Time deposits with a deposit period of more than three months	(2,800,000)	(2,800,000)
Cash and cash equivalents	17,023,221	20,521,796

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
Due within one year	320,447	320,447
Due after one year	8,390,198	8,229,974
Total	8,710,645	8,550,422

Operating lease transactions (as lessor)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
Due within one year	13,061,273	13,068,093
Due after one year	52,172,023	44,885,587
Total	65,233,297	57,953,680

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

(3) Supplemental information regarding fair value of financial instruments

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

2. Estimated fair value of financial instruments

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

Fiscal period ended June 30, 2022 (as of June 30, 2022)

(Unit: JPY thousand)

	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 payable	(100,230,000)	(100,230,000)	-
Total liabilities	(153,237,000)	(152,711,940)	525,060
(6) Derivatives	96,020	96,020	-

Fiscal period ended December 31, 2022 (as of December 31, 2022)

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	17,553,373	(303,014)
Total assets	17,856,387	17,553,373	(303,014)
(2) Current portion of Investment Corporation Bonds	(3,000,000)	(2,970,200)	29,800
(3) Current portion of long-term loans payable	(42,405,000)	(42,405,000)	-
(4) Investment corporation bonds	(5,200,000)	(4,734,340)	465,660
(5) Long-term loans payable	(75,677,000)	(75,677,000)	-
Total liabilities	(126,282,000)	(126,786,540)	495,460
(6) Derivatives	142,721	142,721	-

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

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

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

(1) Investment securities

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

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

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

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

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

(6) Derivatives

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

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

Fiscal period ended June 30, 2022 (as of June 30, 2022)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Current portion of investment corporation bonds	1,000,000	-	-	-	-	-
Current portion of long-term loans payable	44,807,000	-	-	-	-	-
Investment corporation bonds	-	2,000,000	1,000,000	-	-	4,200,000
Long-term loans payable	-	44,589,000	42,243,000	12,437,000	-	961,000
Total	45,807,000	46,589,000	43,243,000	12,437,000	-	5,161,000

Fiscal period ended December 31, 2022 (as of December 31, 2022)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Current portion of investment corporation bonds	3,000,000	-	-	-	-	-
Current portion of long-term loans payable	42,405,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	-	-	-	4,200,000
Long-term loans payable	-	34,127,000	39,399,000	-	1,190,000	961,000
Total	45,405,000	35,127,000	39,399,000	-	1,190,000	5,161,000

(Notes Related to Investment Securities)

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

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	17,521,928	(334,458)
Total	17,856,387	17,521,928	(334,458)

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	17,553,373	(303,014)
Total	17,856,387	17,553,373	(303,014)

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended June 30, 2022 (as of June 30, 2022)

Not applicable

Fiscal period ended December 31, 2022 (as of December 31, 2022)

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended June 30, 2022 (as of June 30, 2022)

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

(Unit: JPY thousand)

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

Fiscal period ended December 31, 2022 (as of December 31, 2022)

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	50,476,000	36,687,000	142,721

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

(Note 2) Estimation method for fair value

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

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

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.
2. Calculation method for asset retirement obligations for the period
The amount of the asset retirement obligations has been calculated by estimating the period of use at 43 years, based on the remaining period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.
3. Increase/decrease in the total amount of asset retirement obligations

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Balance at the beginning of the period	33,422	33,644
Increase due to the acquisition of property and equipment	-	-
Accretion expense	222	227
Balance at the end of the period	33,644	33,872

(Notes Related to Revenue Recognition)

1. Breakdown of revenue from contracts with customers

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

(Unit: JPY thousand)

	Revenue from contracts with customers (Note 1)	Net sales to external customers
Sale of real estate, etc.	-	-
Other	21,281	7,680,227
Total	21,281	7,680,227

(Note 1) Revenue from the leasing business subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), dividend income subject to the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) and the sale of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in "Revenue from contracts with customers" as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

(Unit: JPY thousand)

	Revenue from contracts with customers (Note 1)	Net sales to external customers
Sale of real estate, etc.	-	-
Other	31,966	11,929,599
Total	31,966	11,929,599

(Note 1) Revenue from the leasing business subject to the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13), dividend income subject to the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10) and the sale of real estate, etc. subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in "Revenue from contracts with customers" as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.

2. Information utilized as the basis for understanding revenue from contracts with customers

The information is as described in "Notes Concerning Significant Accounting Policies" above.

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

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Claims generated from contracts with customers (balance at the beginning of the period)	2,114	2,250
Claims generated from contracts with customers (balance at the end of the period)	2,250	4,231
Contract assets (balance at the beginning of the period)	-	-
Contract assets (balance at the end of the period)	-	-
Contract liabilities (balance at the beginning of the period)	-	-
Contract liabilities (balance at the end of the period)	-	-

(2) Transaction value allocated to remaining performance obligations

Not applicable

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

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

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

Japan	The Cayman Islands	Total
6,666,436	1,013,790	7,680,227

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	2,190,756	Real Estate Investment
Kansai Residence Tokutei Mokuteki Kaisha	1,468,206	Real Estate Investment

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

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

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	5,771,441	Real Estate Investment

(Notes Related to Rental Properties)

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

(Unit: JPY thousand)

			Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Residences	Book value	Balance at the beginning of the period	37,693,472	34,567,566
		Change during the period	(3,125,906)	(184,066)
		Balance at the end of the period	34,567,566	34,383,500
	Fair value at the end of the period		46,074,000	47,357,000
Commercial facilities	Book value	Balance at the beginning of the period	1,649,608	1,621,984
		Change during the period	(27,624)	(16,661)
		Balance at the end of the period	1,621,984	1,605,322
	Fair value at the end of the period		2,380,000	2,380,000
Hotels	Book value	Balance at the beginning of the period	412,461,201	409,587,102
		Change during the period	(2,874,099)	(2,284,122)
		Balance at the end of the period	409,587,102	407,302,979
	Fair value at the end of the period		481,758,260	482,833,730
Total	Book value	Balance at the beginning of the period	451,804,282	445,776,652
		Change during the period	(6,027,630)	(2,484,850)
		Balance at the end of the period	445,776,652	443,291,801
	Fair value at the end of the period		530,212,260	532,570,730

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

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

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

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

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: JPY thousand)

	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
(Deferred tax assets)		
Enterprise tax payable	615	615
Buildings and other (merger)	187,068	186,398
Land (merger)	116,724	116,724
Loss carried forward (Note 1)	1,799,777	1,609,063
Asset retirement obligations	10,584	10,656
Amortization of fixed-term leasehold rights	149,710	162,054
Adjustment of acquisition prices (overseas properties)	453,535	449,589
Subtotal	2,718,017	2,535,101
Valuation allowance for tax loss carried forward	(1,799,777)	(1,609,063)
Valuation allowance for the total of deductible temporary differences, etc.	(918,239)	(926,038)
Subtotal (Note 2)	(2,718,017)	(2,535,101)
Total	-	-

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

Fiscal period ended June 30, 2022 (as of June 30, 2022)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	511,182	-	-	-	-	1,288,595	1,799,777
Valuation allowance	(511,182)	-	-	-	-	(1,288,595)	(1,799,777)
Deferred tax assets	-	-	-	-	-	-	-

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

Fiscal period ended December 31, 2022 (as of December 31, 2022)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	330,700	-	-	-	-	1,278,362	1,609,063
Valuation allowance	(330,700)	-	-	-	-	(1,278,362)	(1,609,063)
Deferred tax assets	-	-	-	-	-	-	-

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

(Note 2) Valuation allowance decreased by JPY 182,915 thousand mainly due to a decrease in tax loss carried forward.

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

(Unit: %)

	Fiscal period ended June 30, 2022 (as of June 30, 2022)	Fiscal period ended December 31, 2022 (as of December 31, 2022)
Statutory tax rate	31.46	31.46
Deductible cash distributions	(31.35)	(31.44)
Changes in valuation allowance	(0.11)	(3.60)
Expiration of loss carried forward	-	3.58
Others	0.06	0.01
Effective tax rate	0.06	0.01

(Notes Related to Equity-Method Income)

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

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,419,488 thousand
Amount of investment profit when accounted for by the equity method	JPY -67,970 thousand

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,360,140 thousand
Amount of investment profit when accounted for by the equity method	JPY -59,347 thousand

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	422,206	Accounts receivable	464,466
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	2,190,756	Accounts receivable	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.

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,152,194	Accounts receivable	404,531
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	5,771,441	Accounts receivable	3,864,932

(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. Transactions with Affiliates

None for both the fiscal period ended June 30, 2022 and the fiscal period ended December 31, 2022.

3. Transactions with Companies under Common Control

None for both the fiscal period ended June 30, 2022 and the fiscal period ended December 31, 2022.

4. Transactions with Directors and Major Individual Unitholders

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

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of CIM	-	Payment of asset management fees to CIM (Note 1)	313,350	Accrued expenses	165,000
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	600	Accrued expenses	330

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

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

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

Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of CIM	-	Payment of asset management fees to CIM (Note 1)	300,064	Accrued expenses	165,000
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	1,100	Accrued expenses	880

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

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

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

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

1. Information of parent company

Not applicable

2. Summarized financial information of material affiliated company

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

(Unit: JPY thousand)

	Kingdom Special Purpose Company	
	From October 1, 2021 to March 31, 2022	From April 1, 2022 to September 30, 2022
Total specified assets	100,317,015	100,114,466
Total other assets	1,393,697	1,550,642
Total current liabilities	7,377	73,592
Total non-current liabilities	66,174,866	66,184,166
Total net assets	35,528,468	35,407,351
Operating revenue	546,895	565,320
Income before income taxes	(138,111)	(120,512)
Net income	(138,716)	(121,117)

(Notes Related to Per Unit Information)

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Net assets per unit	JPY 40,383	JPY 41,058
Net income per unit	JPY 167	JPY 832

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

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

	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)
Net income (JPY thousand)	1,015,155	5,075,336
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	1,015,155	5,075,336
Average number of investment units during the period (units)	6,096,840	6,096,840

(Notes Related to Significant Subsequent Events)

Not applicable

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

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

Date	Type of Issue	Total Number of Investment Units Issued and Outstanding (units)		Unitholders' Capital (JPY)		Reference
		Increase	Total	Increase	Total	
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 1)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 2)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 3)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 4)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 5)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 6)

(Note 1) New investment units were issued through 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 2) New investment units were issued through 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 3) 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 4) 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 5) 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 6) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on August 22, 2019 and the amount was incorporated into unitholders' capital.

3. Reference Information

(1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended June 30, 2022 (as of June 30, 2022)		Fiscal period ended December 31, 2022 (as of December 31, 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	2	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	33,892	6.9	33,546	6.8
		Subtotal	33,893	6.9	33,549	6.8
Total real estate			33,893	6.9	33,549	6.8
Real estate in trust	Residences	Greater Tokyo area	28,597	5.8	28,483	5.8
		Major regional cities	5,969	1.2	5,900	1.2
		Subtotal	34,567	7.1	34,383	7.0
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	1,621	0.3	1,605	0.3
		Subtotal	1,621	0.3	1,605	0.3
	Hotels	Greater Tokyo area	167,689	34.2	167,035	33.8
		Major regional cities	208,004	42.4	206,718	41.8
		Subtotal	375,693	76.7	373,753	75.6
	Total real estate in trust			411,882	84.0	409,741
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.6
Deposits and other assets			26,485	5.4	33,089	6.7
Total assets (Note 6)			490,118 (445,776)	100.0 (91.0)	494,237 (443,291)	100.0 (89.7)

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

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

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

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

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

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

	Fiscal period ended June 30, 2022 (as of June 30, 2022)		Fiscal period ended December 31, 2022 (as of December 31, 2022)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	243,907	49.8	243,916	49.4
Total Net Assets	246,211	50.2	250,321	50.6
Total Liabilities and Net Assets	490,118	100.0	494,237	100.0

(2) Real Estate Properties, Etc.

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

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 8)	1,251	1,065	0.3	1,260	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	813	0.2	1,100	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	932	0.2	1,240	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,302	0.3	1,430	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,044	0.2	1,210	A
A33	Growth Maison Shin- Yokohama	3-16-2 Shin-Yokohama, Kohoku- ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	914	0.2	1,250	A
A34	Belle Face Ueno- Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	901	0.2	1,120	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	767	0.2	1,070	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	708	0.2	823	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	637	0.1	696	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	713	0.1	706	A

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	658	0.1	605	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	496	0.1	789	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	552	0.1	517	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	543	0.1	630	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	549	0.1	550	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	494	0.1	620	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	521	0.1	546	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	427	0.1	600	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	788	0.2	1,390	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	568	0.1	856	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	994	0.2	1,570	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	381	0.1	715	B
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	256	0.1	464	B
A66	Visconti Kakuoan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	227	0.1	310	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	401	0.1	736	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	850	0.2	1,270	D
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	490	0.1	877	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	487	0.1	859	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	407	0.1	814	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	376	0.1	686	B
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	329	0.1	571	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	323	0.1	578	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	290	0.1	549	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	306	0.1	426	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	257	0.1	434	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,586	0.3	2,310	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,536	0.3	2,240	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,492	0.6	3,280	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,520	1.0	6,360	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,463	0.5	3,300	B
Subtotal (41 properties)				38,465	34,383	7.8	47,357	-
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,605	0.5	2,380	C
Subtotal (1 property)				2,320	1,605	0.5	2,380	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,803	0.6	4,900	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,454	0.5	4,410	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,496	1.2	8,160	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,382	1.0	7,200	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,499	1.0	6,820	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,588	0.8	6,420	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,498	0.6	5,520	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,240	0.5	3,210	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,118	0.4	3,940	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,732	0.4	2,510	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,388	0.3	5,560	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,313	0.3	2,090	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,179	0.3	2,010	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,166	0.3	1,980	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,174	0.3	2,120	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,068	0.2	2,200	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,107	0.2	2,410	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	835	0.2	1,460	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	544	0.1	803	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	277	0.1	387	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,228	1.7	9,930	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,594	0.6	3,910	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,054	0.4	2,430	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	6,964	1.6	8,320	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,206	1.1	7,540	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,568	0.8	3,940	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,447	0.8	5,060	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,001	0.4	2,460	B
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,561	0.3	1,880	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,253	0.3	1,380	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,164	0.3	2,090	B
D32	Flexstay Inn Kawasaki- Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	861	0.2	1,160	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	875	0.2	1,170	B
D34	Flexstay Inn Kawasaki- Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	851	0.2	902	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,715	1.0	4,650	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa- shi, Tokyo	Trust beneficiary interests	1,170	1,054	0.2	1,190	E
D37	Super Hotel JR Ueno- iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,045	0.2	1,180	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,933	0.6	2,110	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	992	0.2	1,250	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	934	0.2	1,110	E
D41	Comfort Hotel Tsubame- Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	888	0.2	1,080	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	736	0.2	907	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,157	5.4	23,800	C
D44	Hotel Epinard Nasu (Note 10)	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	21,002	18,421	4.3	22,900	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka- shi, Fukuoka	Trust beneficiary interests	8,059	7,649	1.6	8,020	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato- ku, Tokyo	Trust beneficiary interests	7,959	7,755	1.6	6,140	C
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,360	2.8	12,800	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,115	0.4	2,240	E

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,911	1.6	10,300	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,770	2.7	12,800	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,745	2.0	9,660	D
D52	Kamenoi Hotel Beppu	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,701	1.8	8,720	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,438	1.6	8,220	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,056	1.1	5,280	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,566	0.6	2,690	D
D56	Art Hotel Hirosaki City	1-1-2, 1-1-6, 1-1-7, 1-2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,550	0.6	2,740	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,431	0.3	1,600	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,033	0.8	3,960	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,160	0.7	3,330	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,159	4.2	23,100	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujonishi Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	15,857	3.4	15,800	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,120	1.1	5,120	D
D63	Hotel MyStays Midotsuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,779	1.0	3,130	B
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interests	15,543	15,167	3.2	15,000	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,424	2.0	9,330	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	8,663	1.9	9,770	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,533	1.2	5,780	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,600	1.2	5,440	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,250	1.1	5,350	D

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,046	1.1	5,020	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,118	0.9	4,080	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,324	0.7	3,420	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,883	0.7	3,110	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,820	0.6	3,180	E
D75	Hotel MyStays Sapporo Susukino	1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot	Trust beneficiary interests	3,059	2,969	0.6	2,920	C
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	2,118	2,019	0.4	1,980	C
D77	Hotel MyStays Sapporo Nakajima Park Annex	4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,584	1,516	0.3	1,520	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interests	1,425	1,386	0.3	1,420	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,257	0.3	1,250	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,144	0.2	1,190	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	866	0.2	951	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	9,929	2.2	10,200	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,285	1.1	5,420	C
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	30,061 (USD 272,171 thousand)	28,170	6.1	46,166 (USD 347,900 thousand) (Note 12)	F
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	5,842 (USD 52,898 thousand)	5,376	1.2	8,227 (USD 62,000 thousand) (Note 12)	F
Subtotal (85 properties)				432,785	407,302	88.1	482,833	-
Total (127 properties)				473,570	443,291	96.4	532,570	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 13)	17,845	17,856	3.6	- (Note 5)	

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.6	-	-
Total (128 properties)				491,416	461,148	100.0	-	-

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

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

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

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

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

Name of property	Appraisal value	Appraiser (Note 7)
Sheraton Grande Tokyo Bay Hotel	JPY 98,400 million	D

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

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

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

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

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

Group 1

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

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I

Group 3

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

- (Note 9) Acquisition price includes the floor expansion portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.
- (Note 10) Acquisition price includes the adjacent land portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the adjacent land portion as one.
- (Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the movable assets such as leasehold and FF&E of the Cayman Hotels (the Leasehold, etc.), which were the underlying assets of the TK.
- (Note 12) Appraisal value at the end of the period is converted into JPY using the exchange rate of USD 1 = JPY 132.70, which is the exchange rate on the closing date of the Reporting Period (December 31, 2022).
- (Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

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

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)		
					Total	Payment for the Reporting Period	Advance Payments
D21	APA Hotel Yokohama-Kannai	Yokohama-shi, Kanagawa	All air conditioning facility renovation work	From January 2023 To June 2023	355,000	-	-
D61	Hotel MyStays Premier Sapporo Park	Sapporo-shi, Hokkaido	Air conditioning facility renovation work	From January 2023 To June 2023	82,700	-	-
D50	Hotel MyStays Shin Osaka Conference Center	Osaka-shi, Osaka	Automatic fire alarm system renovation work	From January 2023 To June 2023	65,000	-	-
D201	Sunshine Suites Resort	Grand Cayman, Cayman Islands	Stair construction	From January 2023 To June 2023	52,076	-	-
D201	Sunshine Suites Resort	Grand Cayman, Cayman Islands	Power generator renovation work	From January 2023 To June 2023	41,661	-	-

(Note) The estimated cost for overseas real estate is converted at USD 1 = JPY 110

(b) Capital expenditures for the Reporting Period

The principal construction work constituting capital expenditures for the real estate assets for the Reporting Period is as follows. Capital expenditures for the Reporting Period totaled JPY 1,244,738 thousand, and together with JPY 16,747 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,261,486 thousand was implemented.

Name of property		Location	Purpose	Time of implementation	Payment (JPY thousand)
D52	Kamenoi Hotel Beppu	Beppu-shi, Oita	Renovation work for energy saving	From July 2022 To December 2022	114,251
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Automatic fire alarm system renovation work	From July 2022 To December 2022	85,000
D56	Art Hotel Hirosaki City	Hirosaki-shi, Aomori	Exterior wall renovation work	From July 2022 To December 2022	79,507
D201	Sunshine Suites Resort	Grand Cayman, Cayman Islands	Roof renovation work	From July 2022 To December 2022	47,652
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Air conditioning facility renovation work	From July 2022 To December 2022	40,673
Other construction					877,654
Total					1,244,738

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material, "December 2022 Fiscal Period Results (July 1, 2022 to December 31, 2022)" separately announced on February 22, 2023.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material, "December 2022 Fiscal Period Results (July 1, 2022 to December 31, 2022)" separately announced on February 22, 2023.