

Invincible Investment Corporation

Financial Summary for the June 2023 Fiscal Period (from January 1, 2023 to June 30, 2023)

August 24, 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/
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Start date for dividend distribution	: September 21, 2023

This English language notice is a translation of the Japanese-language notice released on August 24, 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 June 30, 2023 (from January 1, 2023 to June 30, 2023)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended June 30, 2023	15,914	33.4	10,356	65.5	8,914	75.6	8,913	75.6
Fiscal period ended December 31, 2022	11,929	55.3	6,257	195.9	5,075	399.7	5,075	400.0

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2023	1,462	3.5	1.8	56.0
Fiscal period ended December 31, 2022	832	2.0	1.0	42.5

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
Fiscal period ended June 30, 2023	1,464	8,925	-	-	100.1	3.5
Fiscal period ended December 31, 2022	832	5,072	-	-	99.9	2.0

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

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

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended June 30, 2023	496,819	254,024	51.1	41,665
Fiscal period ended December 31, 2022	494,237	250,321	50.6	41,058

(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 June 30, 2023	13,782	924	-7,188	28,041
Fiscal period ended December 31, 2022	6,670	-993	-2,178	20,521

2. Forecasts for the Fiscal Periods ending December 31, 2023 (from July 1, 2023 to December 31, 2023) and the Fiscal Periods ending June 30, 2024 (from January 1, 2024 to June 30, 2024)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal period ending December 31, 2023	17,786	11.8	11,255	8.7	9,586	7.5	9,586	7.5	1,441	-
Fiscal period ending June 30, 2024	18,000	1.2	11,348	0.8	9,855	2.8	9,854	2.8	1,466	-

(Reference) Estimated net income per unit for the fiscal periods ending December 31, 2023 and the fiscal periods ending June 30, 2024 are JPY 1,422 and JPY 1,462.

※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) June 30, 2023 6,096,840 December 31, 2022 6,096,840
- (b) Number of Treasury Units as of the End of the Fiscal Period June 30, 2023 0 December 31, 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 June 30, 2023

(a) Main Trends of INV

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

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

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

INV's portfolio at the end of the Fiscal Period ended June 30, 2023 (the “Reporting Period”) comprised of 128 properties (86 hotels (Note 2) (Note 3), 41 residential properties and one retail facility) with a total acquisition price of JPY 491,416 million (Note 4). Furthermore, INV's hotel portfolio has the largest asset size (Note 5) of JPY 450,631 million (86 properties, 15,597 rooms) among all J-REITs (real estate investment corporations which listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market, hereinafter the same shall apply) hotel portfolios including Hotel J-REITs (Note 6).

(Note 1) Calliope transferred 80.0% of issued shares of CIM to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group Corp. (“SoftBank Group”) on March 29, 2018, but the SoftBank Group transferred its issued shares of CIM to Fortress CIM Holdings L.P. on May 23, 2023. As of the date of this document, SoftBank Group indirectly owns 100% of issued shares of CIM through Fortress CIM Holdings L.P. The SoftBank Group announced that it has entered into a definitive agreement to transfer its interest in the indirect parent company of Fortress CIM Holdings L.P. to Mubadala Capital and others during the first quarter of 2024.

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

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

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

- (Note 4) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 5) Hotel J-REIT refers to four J-REITs that invest in hotels and hotel related facility defined by The Association for Real Estate Securitization (ARES) as of June 30, 2023.
- (Note 6) "The largest asset size ... among all J-REIT hotel portfolios" refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of June 30, 2023.

(b) Operational Environment and Performance

During the Reporting Period, the Japanese economy maintained a gradual recovery trend, mainly driven by domestic demand and the normalization of economic activities, as the classification of COVID-19 under the Infectious Disease Control Law was lowered from the previous Class 2 equivalent to Class 5, the same category as seasonal influenza, effective May 8, 2023.

In this environment, real GDP (second preliminary report) for the January-March period of 2023 increased 0.7% from the previous quarter, marking the second consecutive quarter of growth following the October-December period of 2022.

The number of inbound visitors in the Reporting Period showed a remarkable recovery trend. The cumulative number of inbound visitors from January to June 2023 was 10,712,000 (estimated by the Japan National Tourism Organization), far exceeding the 507,000 in the same period in 2022. Compared to 2019, prior to the COVID-19 pandemic, the inbound visitor figures in June 2023 decreased by 28.0% and the inbound visitor figures in the period from January to June decreased by 35.6%. Moreover, according to the Japan National Tourism Organization's Survey, the breakdown of travel spending of inbound visitors from April to June 2023 is estimated to be 1,205.2 billion yen (first preliminary report), or 95.1% of the same period in 2019. Regarding the employment trends, the unemployment rate for May 2023 was 2.6%, the same level of the previous month. The effective job openings ratio was 1.31 times, the same level of the previous month and 0.06 points higher than the rate in May 2022, indicating that the employment situation has not worsened.

The portfolio NOI (Note 1) increased by 194.2% or JPY 9,587 million compared to the same period in the previous year (the June 2022 fiscal period) to JPY 14,523 million. The hotel portfolio NOI increased by JPY 9,547 million. The residential and retail portfolio NOI increased by JPY 39 million. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 1.4% or JPY 211 million, of which the hotel portfolio NOI increased by JPY 1,255 million and the residential and retail portfolio NOI decreased by JPY 1,467 million due to asset sales.

Commentary on hotel and residential performance is as described below.

Each performance metric of the domestic hotel portfolio increased significantly over the same period of the previous year's results and has recovered to levels close to 2019, before the COVID-19 pandemic, due to the government's travel subsidy program "National Travel Discount Campaign" and increased inbound demand. The GOP for the Reporting Period of the 75 domestic hotels (Note 3) owned by INV increased by 228.7% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease

agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 4) of 80.7%, ADR (Note 5) of JPY 10,868, and RevPAR (Note 6) of JPY 8,772. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the GOP decreased by 9.9%, the occupancy rate decreased by 6.1pt, ADR increased by 7.5%, and RevPAR is the same level.

The Cayman Hotels recorded an average occupancy rate of 77.3%, ADR of USD 537, and RevPAR of USD 415 for the Reporting Period and the figures significantly exceeded the same period in the previous year. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 12.0pt, ADR increased by 29.2%, and RevPAR increased by 11.8%.

Regarding the residential portfolio (Note 7), the occupancy rate (Note 8) of 41 residential properties decreased by 0.5 points from 96.4% at the end of the previous fiscal period to 95.9% at the end of the Reporting Period. The average occupancy rate (Note 8) increased by 0.5 points YoY to 96.5%. The NOI (Note 9) for the Reporting Period increased by 1.2% YoY.

In the Reporting Period, INV realized a rent increase for 39.3% (based on the number of contracts) of the new residential lease contracts, however the new rent decreased by 0.4% compared to the previous rent across all new leases (Note 10). INV achieved a rent increase for 43.7% (based on the number of contracts) of contract renewals with an average rent increase of 1.8% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 11) of 74.3%. Combined, new lease and renewal lease rents were signed at 1.0% higher than the previous leases. The average rent per tsubo per month (Note 12) for the Reporting Period increased by 0.7% YoY to JPY 9,190.

The total appraisal value of 127 properties was JPY 560,963 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 120,464 million (Note 13) and an unrealized gain ratio of 27.3% (Note 13). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 5.3% from JPY 532,570 million at the end of the December 2022 fiscal period to JPY 560,963 million at the end of the Reporting Period.

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

	June 2023 fiscal period	Year-on-year change	vs 1H 2019
Occupancy Rate (Note 4)	80.7%	+19.2pt	-6.1pt
ADR (JPY) (Note 5)	10,868	+44.8%	+7.5%
RevPAR (JPY) (Note 6)	8,772	+90.1%	+0.0%
GOP (JPY million) (Note 3)	10,424	+228.7%	-9.9%

Key Performance Indicators of Cayman Hotels

	June 2023 fiscal period	Year-on-year change	vs 1H 2019
Occupancy Rate (Note 4)	77.3%	+37.6pt	-12.0pt
ADR (USD) (Note 5)	537	+45.1%	+29.2%
RevPAR (USD) (Note 6)	415	+182.2%	+11.8%
GOP (USD) (Note 3)	29,182,631	+240.9%	+9.4%

Key Performance Indicators of 41 Residential Properties (Note 7)

	June 2023 fiscal period	Year-on-year change
Occupancy Rate (Note 8)	96.5%	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 12)	9,190	+0.7%

NOI (JPY million) (Note 9)	1,126	+1.2%
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- (Note 1) "NOI" for the hotel properties is calculated in accordance with the following formula:

$$\text{NOI} = \text{Rental Revenues} - \text{Property Related Expenses} + \text{Depreciation Expenses} + \text{Dividend on the preferred equity interest (TMK dividend)} + (\text{Management Contract Revenue of the Cayman Hotels} - \text{Management Contract Expense})$$
- (Note 2) Of the 84 hotels held as of the end of June 2023 (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements etc. are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after July 2019 are calculated on the assumption INV had acquired those properties on July 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. "D48 Takamatsu Tokyu REI Hotel" changed its contract with its major tenant, Tokyu Hotels Corporation, to fixed-rent with variable rent lease from April 25, 2023. However, in view of the continuity of disclosed data, this hotel will continue to be excluded. Hereinafter the same shall apply.
- (Note 3) "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 4) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms} \times \text{number of days)}}$$
Hereinafter the same shall apply.
- (Note 5) "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 6) "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 7) Based on the 41 residential properties owned as of the end of June 2023. Hereinafter the same shall apply.
- (Note 8) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.
- (Note 9) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. Hereinafter the same shall apply.
- (Note 10) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents. Hereinafter the same shall apply.
- (Note 11) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period.
- (Note 12) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.
- (Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period – book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain / book value as of the end of the Reporting Period.

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 239,190 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 48.1% and 42.7% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.43%.

(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 (006) on January 16, 2023 (total amount borrowed: JPY 10,408 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., Term Loan (011) on January 24, 2023 (total amount borrowed: JPY 1,700 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by MUFG Bank, Ltd. and Term Loan (012) on January 24, 2023 (total amount borrowed: JPY 6,800 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Sumitomo Mitsui Trust Bank, Limited in order to repay one of the tranches of New Syndicate Loan (L) in the amount of JPY 4,943 million due on January 16, 2023, one of the tranches of New Syndicate Loan (M) in the amount of JPY 5,796 million due on January 16, 2023, Term Loan (001) in the amount of JPY 1,700 million due on January 24, 2023 and Term Loan (002) in the amount of JPY 6,800 million due on January 24, 2023.

Moreover, INV borrowed New Syndicate Loan (007) on March 14, 2023 and March 16, 2023 (total amount borrowed: JPY 13,980 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.35000% for a duration of three years) and New Syndicate Loan (008) on March 14, 2023 (total amount borrowed: JPY 3,039 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which were arranged by Mizuho Bank, Ltd., in order to repay New Syndicate Loan (001) in the amount of JPY 12,156 million due on March 14, 2023, New Syndicate Loan (002) in the amount of JPY 3,039 million and one of the tranches of New Syndicate Loan (Q) in the amount of JPY 2,273 million due on March 16, 2023.

Furthermore, INV borrowed Term Loan (013) on June 19, 2023 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.30000% for a duration of three years), which was arranged by Development Bank of Japan, Inc. in order to repay Term Loan (004) in the amount of JPY 1,000 million due on June 17, 2023.

In addition, INV borrowed Term Loan (014) on June 27, 2023 (total amount borrowed: JPY 500 million; interest rate: variable interest rate of 3-month JPY TIBOR plus 0.30000% for a duration of three years), which was arranged by MUFG Bank, Ltd. and Term Loan (015) on June 27, 2023 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by SBI Shinsei Bank, Limited in order to repay Term Loan (H) in the amount of JPY 1,500 million due on June 27, 2023.

(ii) Prepayment of Loan

INV's loans of New Syndicate Loan (005) (in the amount of JPY 639 million) and New Syndicate Loan (008) (in the amount of JPY 3,039 million) were prepaid on June 30, 2023 from cash on hand.

(iii) Issuance of Investment Corporation Bonds

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

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Abstract
Seventh Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	May 25, 2023	5,000	1.000%	May 25, 2026	Unsecured / Unguaranteed Rating: A (JCR)
Eighth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	May 25, 2023	1,200	1.200%	May 25, 2028	Unsecured / Unguaranteed Rating: A (JCR)

(d) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 3,985 million from the previous period (+33.4%) to JPY 15,914 million, resulting in a net income of JPY 8,913 million, an increase of JPY 3,838 million from the previous period (+75.6%). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,669 million) is JPY 17,583 million. INV has decided to set the distribution per unit (excluding excess profit distribution) of JPY 1,464, which is the net income per unit (JPY 1,462) plus the reversal of retained earnings (JPY 2 per unit).

b Outlook for the Fiscal Period Ending December 31, 2023

The Japanese economy is gradually recovering due to the resumption of economic activity through the “Post-Corona (COVID-19)” lifestyle 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 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. In particular, travelers from China, who accounted for about 30% of all inbound travelers in 2019, have yet to recover even after the easing of border measures in October 2022. However, there was an announcement that the Chinese government has lifted the ban on group travel to Japan in August 2023, and a gradual recovery is expected in the near future.

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. In addition to access to Fortress’ global real estate expertise, INV will actively promote efforts to acquire new demand under the environment of “Post-Corona” and flexibly respond to changes in the external environment while emphasizing customer safety and security. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- Further external growth utilizing sponsor support
- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties
- Diversification of funding sources through the issuance of investment corporation bonds including Green Bonds

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

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

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

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

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

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

- (Note 1) Of the properties acquired from affiliates of the Fortress Group, 15 residential properties have been sold.
- (Note 2) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold.
- (Note 3) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold. Sheraton Grande Tokyo Bay Hotel was acquired through a special purpose company, of which INV owns the preferred equity interest, and is counted as one property and INV's investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest.
- (Note 4) The Cayman Hotels acquired by the Cayman SPC, of which INV owns the TK interest, are counted as two properties and INV's investment amount of the TK interest is used as the acquisition price of the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 76 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 76 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

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

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

out services and the development of new menus through directly managed restaurants in the hotel.

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

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

(Residential properties and others)

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

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

(iii) Financial strategy

From now on, INV will continue to extend the average interest-bearing debt repayment periods and diversify the loan maturity dates while paying attention to fund procurement costs, as well as diversifying financing measures by issuing investment corporation bonds, including green bonds.

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

(iv) Compliance risk management

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

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

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

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

(v) Initiatives for Sustainability

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

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

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

Furthermore, INV acquired CASBEE Certification for Buildings (Existing Buildings) for two hotels, and Certification for CASBEE for Real Estate for two residential properties. CASBEE is a method that comprehensively assesses the quality of a building, and evaluates features such as interior comfort and scenic aesthetics, in consideration of environment practices including use of materials and equipment that save energy or achieve smaller environmental loads. Also, 15 hotels owned by INV acquired the certification of Building-Housing Energy-efficiency Labeling System (“BELS”). In particular, Hotel MyStays Premier Akasaka, Hotel MyStays Fukuoka Tenjin, Hotel MyStays Yokohama Kannai and Hotel MyStays Oita have been rated five stars “★★★★★”, and Hotel MyStays Premier Kanazawa, Hotel MyStays Sapporo Station 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

(a) Issuance of New Investment Units

On July 19, 2023, INV launched a global equity offering. The offering size and funds raised are described below. The proceeds from the issuance of new units were used to fund a portion of the acquisition price for the six domestic hotels stated in “(c) Acquisition of Assets (Properties)”. Payment for the issuance of new investment units was completed on July 31, 2023. As a result, total equity for INV is JPY 268,463 million, and the total number of issued investment units is 6,706,632 units. Moreover, payment for the third-party allotment in connection with overallotment will be completed on August 28, 2023. In this case, total equity for INV is going to be JPY 270,101 million, and the total number of issued investment units is going to be 6,737,121 units.

(i) Issuance of new investment units through Public Offering

Number of investment units to be offered	:	609,792 investment units
		Domestic public offering: 353,680 investment units
		Overseas offering: 256,112 investment units
Amount to be paid (issue value)	:	JPY 53,726 per unit
Total amount to be paid (total issue value)	:	JPY 32,761,684,992
Issue price (offer price)	:	JPY 55,566 per unit
Total issue price (total offer price)	:	JPY 33,883,702,272
Payment date	:	July 31, 2023

(ii) Secondary offering of investment units (overallotment secondary offering)

Number of Investment Units to be offered in the secondary offering	:	30,489 investment units
Offer price	:	JPY 55,566 per unit
Total offer price	:	JPY 1,694,151,774
Delivery date	:	August 1, 2023

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

Number of investment units to be offered	:	30,489 investment units
Amount to be paid (issue value)	:	JPY 53,726 per unit
Total amount to be paid (total issue value)	:	JPY 1,638,052,014
Payment date	:	August 28, 2023
Allottee	:	Mizuho Securities Co., Ltd.

(b) Debt Financing

Along with equity finance described in “(a) Issuance of New Investment Units”, INV has decided to execute new borrowings (New Syndicate Loan (010)) on July 19, 2023 in order to fund a portion of the acquisition price of the six domestic hotel properties stated in “(c) Acquisition of Assets (Properties)” and related expenses.

New Syndicate Loan (010)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	August 1, 2023	3,086	Floating interest rate (Note 1)	August 1, 2024	Unsecured/ non guarantee
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Tokyo Star Bank, Limited, Aozora Bank, Ltd.	August 1, 2023	9,195.7	Floating interest rate (Note 2)	July 16, 2026	
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., The Tokyo Star Bank, Limited, Aozora Bank, Ltd., The Ogaki Kyoritsu Bank, Ltd.	August 1, 2023	17,574.3	Floating interest rate (Note 3)	July 14, 2028	
Total Debt		29,856			

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

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

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

(c) Acquisition of Assets

The Asset Manager decided to acquire six hotels as follows on July 19, 2023, and acquisition of assets has been completed on August 1, 2023.

Property Number	Property Name	Acquisition Price (million yen)	Appraisal Value (million yen) (Note 1)	Seller
D84	Fusaki Beach Resort Hotel & Villas	40,293	40,700	Sheffield Asset Tokutei Mokuteki Kaisha
D85	Tateshina Grand Hotel Takinoyu	8,365	8,450	Heijo Tokutei Mokuteki Kaisha
D86	Hotel MyStays Okayama	2,613	2,640	Nippori Tokutei Mokuteki Kaisha
D87	Hotel MyStays Aomori Station	2,445	2,470	Shiretoko Tokutei Mokuteki Kaisha
D88	Hotel MyStays Soga	2,039	2,060	Nippori Tokutei Mokuteki Kaisha
D89	Tazawako Lake Resort & Onsen	1,475	1,490	Heijo Tokutei Mokuteki Kaisha
Total		57,230	57,810	

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

(Reference Information)

(a) Debt Financing

INV decided to borrow New Syndicate Loan (009) on July 12, 2023 and borrowed on July 14, 2023 and July 19, 2023 in order to repay New Syndicate Loan (I) in the amount of JPY 9,659 million due on July 14, 2023 and New Syndicate Loan (003) in the amount of JPY 49,684 million due on July 19, 2023.

(i) New Syndicate Loan (009)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
SBI Shinsei Bank, Limited	July 14, 2023	1,110	Floating interest rates (Note 1)	July 16, 2024	Unsecured/non guarantee
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited	July 14, 2023	951.6	Floating interest rates (Note 2)	July 16, 2026	Unsecured/non guarantee
	July 14, 2023	3,774.5	Floating interest rates (Note 3)	July 16, 2026	Unsecured/non guarantee
	July 14, 2023	3,774.5	Floating interest rates (Note 4)	July 14, 2028	Unsecured/non guarantee
SBI Shinsei Bank, Limited, Resona Bank, Limited	July 19, 2023	6,848	Floating interest rates (Note 1)	July 16, 2024	Unsecured/non guarantee
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan, Inc.	July 19, 2023	5,168.4	Floating interest rates (Note 2)	July 16, 2026	Unsecured/non guarantee
Mizuho Bank, Ltd., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan, Inc., The Ogaki Kyoritsu Bank, Ltd.	July 19, 2023	18,858	Floating interest rates (Note 3)	July 16, 2026	Unsecured/non guarantee
	July 19, 2023	18,858	Floating interest rates (Note 4)	July 14, 2028	Unsecured/non guarantee
Total		59,343			

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

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

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.30000%)

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

d Operational Outlook

The forecasts of financial results for the fiscal periods ending December 31, 2023 (from July 1, 2023 to December 31, 2023) and June 30, 2024 (from January 1, 2024 to June 30, 2024) are as follows.

	December 2023 Fiscal Period (Anticipated)	June 2024 Fiscal Period (Anticipated)
Operating Revenues	JPY 17,786 million	JPY 18,000 million
Operating Income	JPY 11,255 million	JPY 11,348 million
Ordinary Income	JPY 9,586 million	JPY 9,855 million
Net Income	JPY 9,586 million	JPY 9,854 million
Total Distribution Amount (Including excess profit distribution)	JPY 9,708 million	JPY 9,876 million
Net Income per Unit	JPY 1,422	JPY 1,462
Distribution per Unit (Excluding excess profit distribution)	JPY 1,441	JPY 1,466
Excess Profit Distribution per Unit	-	-
Distribution per Unit (Including excess profit distribution)	JPY 1,441	JPY 1,466

For the assumptions underlying the operational outlook for the fiscal periods ending December 31, 2023 and June 30, 2024, please see “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending December 31, 2023 and June 30, 2024” as follows.

(Cautionary Note regarding Forward Looking Statements)

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

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

Item	Assumptions
Fiscal period	<p>The December 2023 Fiscal Period: from July 1, 2023 to December 31, 2023 (184 days)</p> <p>The June 2024 Fiscal Period: from January 1, 2024 to June 30, 2024 (182 days)</p>
Assets under management	<p>Properties held as of the end of the December 2023 Fiscal Period: 133 properties and preferred equity interests in one TMK</p> <p>Properties held as of the end of the June 2024 Fiscal Period: 133 properties and preferred equity interests in one TMK</p> <p>Based on the properties held as of today (133 properties and preferred equity interests in one TMK), and INV assumes that there will be no change in the portfolio through the end of the fiscal period ending June 2024.</p>
Units outstanding	<p>As of the end of the December 2023 Fiscal Period: 6,737,121 units</p> <p>As of the end of the June 2024 Fiscal Period: 6,737,121 units</p> <p>INV assumes that in addition to the total number of investment units issued and outstanding of 6,706,632 units as of today, 30,489 new investment units will be issued through a third party allotment on August 28, 2023 and that the expected number of investment units issued and outstanding will be 6,737,121 units. INV assumes that there will be no additional issuance of units thereafter through the end of the June 2024 Fiscal Period.</p>
Interest-bearing liabilities	<p>Balance as of the end of the December 2023 Fiscal Period: JPY 269,046 million (borrowing: JPY 255,646 million, investment corporation bonds: JPY 13,400 million)</p> <p>Balance as of the end of the June 2024 Fiscal Period: JPY 269,046 million (borrowing: JPY 255,646 million, investment corporation bonds: JPY 13,400 million)</p> <p>INV intends to refinance the same amount of loans and investment corporation bonds due in December 2023 as well as June 2024 Fiscal Periods. INV assumes no other new loan or prepayment of loan through the end of the June 2024 Fiscal Period.</p>

Operating revenues	INV expects to record rental revenues for the fiscal periods as follows:		
	The hotel rents revenue in Japan are forecasted based on the following assumptions but may be significantly deviate from the actual results due to various factors including the situation of recovery from the pandemic.		
	INV assumes that domestic hotel demand for the fiscal period ending December 31, 2023 and thereafter will generally recover to the level of 2019 before the pandemic, though partially offset by the termination of the governmental tourism promotion measures.		
	INV assumes that inbound demand will recover to the 2019 level from the summer or fall of 2023, except for Chinese tourism to Japan in which recovery is expected to be delayed to 2024.		
	In addition to the demand forecasts above, INV has taken into account various factors including scheduled conferences, concerts and other events in the vicinity of each hotel, situations of competitors and price trends, etc., to forecast hotel rents for the period ending December 31, 2023 and thereafter. The reservations for the period from July to October 2023 already made as of the actual results and forecast are also taken into account.		
		December 2023	June 2024
		Fiscal Period	Fiscal Period
	• Rental revenues	JPY 15,579 million	JPY 13,415 million
	(of these, hotel rents)	(JPY 13,829 million)	(JPY 11,635 million)
	(Fixed hotel rents)	(JPY 7,469 million)	(JPY 5,853 million)
	(Variable hotel rents)	(JPY 6,360 million)	(JPY 5,782 million)
	• Management contract revenue	JPY 2,206 million	JPY 4,585 million
	(USD 15,325 thousand)	(USD 31,841 thousand)	
• TMK dividend amount	-	-	
Total operating revenues	JPY 17,786 million	JPY 18,000 million	
INV estimates the amount of dividends on the preferred equity interests based on the performance the underlying asset backing the cash flows and the assumed amount of expenses incurred by the special purpose company. INV has assumed conservatively that no dividends would be paid from the Kingdom TMK that owns Sheraton Grande Tokyo Bay Hotel through the end of our fiscal period ending June 30, 2024 due to the TMK recording a cumulative loss due to losses incurred in prior periods with the effect from COVID-19 we expect cumulative loss to be eliminated by then.			
INV receives revenue and recognizes management contract revenues from two overseas real estate assets “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” (“the Overseas Hotels”). The forecast of management contract revenues is based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. Management contract revenues for the December 2023 and June 2024 Fiscal Periods have been calculated based on the exchange rate of USD 1 = JPY 144.			
Foreign currency risks on the management contract revenues are partially hedged by foreign exchange forward contracts.			
While INV is examining potential expansion and renovation of Westin Grand Cayman Seven Mile Beach Resort & Spa, no specific plan has been determined yet. INV neither anticipates nor incorporates any particular impact of such expansion and renovation for the purpose of this forecast through the end of the June 2024 Fiscal Period.			
Rental revenues in the fiscal period ending December 2023 and the fiscal period ending June 2024 are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.			

Operating expenses	INV expects to incur property related expenses out of operating expenses for the fiscal periods as follows:		
		December 2023 Fiscal Period	June 2024 Fiscal Period
	• Facility management fees (of these, repair costs)	JPY 475 million (JPY 24 million)	JPY 472 million (JPY 15 million)
	• Taxes and other public charges (Note 1)	JPY 751 million	JPY 631 million
	• Insurance expenses	JPY 275 million	JPY 327 million
	• Depreciation expenses	JPY 4,342 million	JPY 4,551 million
	• Other expenses	JPY 103 million	JPY 126 million
	Total property related expenses and management contract expenses	JPY 5,948 million	JPY 6,109 million
	(Note 1) Property taxes and city planning taxes on the assets to be acquired in 2023 including anticipated acquisition of assets are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December 2023 and recorded from the fiscal period ending June 2024 as the amount equivalent to such settlement is included in the acquisition cost.		
	For the six hotels acquired on August 1, 2023, INV expects to record the property taxes and city planning taxes of JPY 59 million as part of the total acquisition cost, and an annual amount of JPY 141 million of such taxes as expenses starting from the fiscal period ending June 2024.		
	INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal periods as follows:		
		December 2023 Fiscal Period	June 2024 Fiscal Period
	• Other operating expenses (of these, asset management fees)	JPY 582 million (JPY 300 million)	JPY 541 million (JPY 300 million)
NOI	INV expects to record net operating income for the fiscal periods as follows:		
		December 2023 Fiscal Period	June 2024 Fiscal Period
	• NOI (of these, domestic hotel NOI)	JPY 16,180 million (JPY 13,071 million)	JPY 16,442 million (JPY 11,010 million)
	(of these, overseas hotel NOI)	(JPY 1,920 million)	(JPY 4,241 million)
	(of these, residential NOI)	(JPY 1,121 million)	(JPY 1,113 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)		
Non-operating expenses	INV expects to incur non-operating expenses for the fiscal periods as follows:		
		December 2023 Fiscal Period	June 2024 Fiscal Period
	• Interest expense	JPY 631 million	JPY 557 million
	• Finance related costs	JPY 650 million	JPY 548 million
	• Interest for investment corporation bonds	JPY 60 million	JPY 31 million
	• Depreciation of investment corporation bonds issuance expenses	JPY 10 million	JPY 6 million
	• Other non-operating expenses (expenses relating to the issuance of new units for the public offering)	JPY 200 million	-
	• Foreign exchange loss (Note 1)	JPY 115 million	JPY 95 million
	Total non-operating expenses	JPY 1,668 million	JPY 1,493 million
	(Note 1) Mainly due to the effect of currency exchange contracts on the revenue of overseas hotels. However, this amount is an estimate based on the current exchange rate, and it may change significantly depending on future exchange rate trends. In addition, currency gains may be recorded as a result.		

<p>Distribution per unit</p>	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending December 2023, INV expects to distribute an aggregate amount of JPY 9,708 million (distribution per unit: JPY 1,441) from the net income for the December 2023 Fiscal Period (JPY 9,586 million) including JPY 121 million reversal of retained earnings (internal reserve).</p> <p>With respect to the distribution for the fiscal period ending June 2024, INV expects to distribute an aggregate amount of JPY 9,876 million (distribution per unit: JPY 1,466) from the net income for the fiscal period ending June 2024 (JPY 9,854 million) including JPY 21 million reversal of retained earnings (internal reserve).</p> <p>For the fiscal period ending December 2023 and fiscal period ending June 2024, INV expects to record deferred gain on hedge of the interest rate swap and the currency option 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 fluctuation of the market value of the interest rate swap and the currency option does not affect the distribution per unit.</p> <p>Distribution 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.</p>						
<p>Excess profit distribution per unit</p>	<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. Therefore, INV has adopted a policy of making distributions in excess of profits, etc. in order to stabilize distributions in cases where dilution of investment units or significant expenses are to be recorded in connection with the acquisition of assets or the raising of capital, or other events leading to a temporary decrease in distribution per unit. When determining distributions in excess of profits, etc., INV takes into consideration the level of distribution per unit assuming such acquisition of assets, capital raising or other event would had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits, etc. for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal period ending December 2023, earnings per unit is expected to decrease due to (i) one-off expenses in connection with the public offering and the borrowings to raise funds for acquisition of properties in the fiscal year ending December 31, 2023 and (ii) partial income contribution from those acquisitions for the fiscal period ending December 2023. Therefore, INV plans to pay distributions through reversal of retained earnings (internal reserve) (JPY 19 per unit) in order to stabilize the DPU.</p> <p>With respect to the fiscal period ending June 2024, INV plans to distribute reversal of retained earnings (internal reserve) (JPY 4 per unit) as "distributions in excess of profit, etc. from the amount of difference arising from differences in tax and accounting processing."</p> <table border="0" data-bbox="432 1422 1481 1518"> <thead> <tr> <th></th> <th style="text-align: center;">December 2023 Fiscal Period</th> <th style="text-align: center;">June 2024 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td style="text-align: right;">Excess profit distribution per unit</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		December 2023 Fiscal Period	June 2024 Fiscal Period	Excess profit distribution per unit	-	-
	December 2023 Fiscal Period	June 2024 Fiscal Period					
Excess profit distribution per unit	-	-					
<p>Other</p>	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>						

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities report (filed on March 27, 2023).

2. Financial Statements

(1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Assets		
Current assets:		
Cash and bank deposits	15,553,174	18,377,030
Cash and bank deposits in trust	7,768,621	10,464,171
Rental receivables	4,845,162	5,750,301
Deposits paid	1,703,315	542,947
Prepaid expenses	651,469	821,117
Income taxes receivable	13	15
Other	5,060	397
Total current assets	30,526,816	35,955,980
Non-current assets:		
Property and equipment		
Buildings	19,479,753	19,479,753
Accumulated depreciation	-1,588,329	-1,807,607
Buildings, net	17,891,423	17,672,145
Buildings and accompanying facilities	5,308,557	5,311,502
Accumulated depreciation	-1,106,696	-1,260,171
Buildings and accompanying facilities, net	4,201,860	4,051,330
Structures, at cost	1,458	1,458
Accumulated depreciation	-183	-216
Structures, net	1,275	1,242
Tools, furniture and fixtures, at cost	1,228,513	1,282,552
Accumulated depreciation	-411,059	-474,151
Tools, furniture and fixtures, net	817,453	808,401
Construction in progress	714,997	720,331
Buildings in trust, at cost	159,079,641	159,247,341
Accumulated depreciation	-26,638,315	-28,861,119
Buildings in trust, net	132,441,325	130,386,221
Buildings and accompanying facilities in trust, at cost	32,688,012	33,186,709
Accumulated depreciation	-12,614,111	-13,472,710
Buildings and accompanying facilities in trust, net	20,073,900	19,713,998
Structures in trust, at cost	212,818	266,849
Accumulated depreciation	-109,514	-115,188
Structures in trust, net	103,304	151,661
Tools, furniture and fixtures in trust, at cost	3,195,160	3,370,722
Accumulated depreciation	-1,810,584	-1,995,319
Tools, furniture and fixtures in trust, net	1,384,575	1,375,402
Land in trust	241,319,447	241,319,447
Construction in progress in trust	-	25,767
Total property and equipment, net	418,949,564	416,225,951
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,419,422	14,380,825
Total intangible assets	25,057,234	25,018,637
Investments and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,372,719	1,372,719
Long-term prepaid expenses	271,704	290,589
Derivatives assets	142,841	9,306
Other	22,667	22,667
Total investments and other assets	19,666,320	19,551,670

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Total non-current assets	463,673,119	460,796,259
Deferred assets		
Investment corporation bond issuance costs	37,844	67,690
Total deferred assets	37,844	67,690
Total assets	494,237,781	496,819,930
Liabilities		
Current liabilities:		
Accounts payable	629,231	599,562
Short-term loans payable	114,515,000	111,453,000
Current portion of investment corporation bonds	3,000,000	2,000,000
Current portion of long-term loans payable	42,405,000	46,139,000
Accounts payable-other	3,366	3,514
Accrued expenses	264,276	247,903
Income taxes payable	605	605
Consumption taxes payable	371,675	422,723
Advances received	317,350	305,914
Deposits received	13,490	11,663
Total current liabilities	161,519,996	161,183,886
Non-current liabilities:		
Investment corporation bonds	5,200,000	11,400,000
Long-term loans payable	75,677,000	68,198,000
Tenant leasehold and security deposits in trust	1,485,701	1,484,328
Derivatives liabilities	119	495,525
Asset retirement obligations	33,872	34,097
Total non-current liabilities	82,396,693	81,611,951
Total liabilities	243,916,689	242,795,838
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	13,742,562	17,583,734
Total surplus	14,476,857	18,318,029
Total unitholders' equity	250,178,369	254,019,541
Valuation and translation adjustments:		
Deferred gains or losses on hedges	142,721	4,550
Total valuation and translation adjustments	142,721	4,550
Total net assets	*1 250,321,091	*1 254,024,091
Total liabilities and net assets	494,237,781	496,819,930

(2) Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Operating revenue		
Rental revenue—real estate	*1 10,182,751	*1 12,000,955
Management contract revenue	*2 1,746,848	*2 3,914,026
Total operating revenue	11,929,599	15,914,981
Operating expenses		
Property related expenses	*1 4,606,538	*1 4,488,341
Management contract expenses	*2 569,669	*2 649,329
Asset management fees	300,000	300,000
Directors' compensation	4,800	4,800
Asset custody fees	24,475	24,736
Administrative service fees	50,047	39,162
Other	117,057	51,871
Total operating expenses	5,672,588	5,558,241
Operating income	6,257,011	10,356,739
Non-operating income		
Interest income	90	100
Foreign exchange gains	-	178,185
Interest on tax refund	92	-
Miscellaneous income	17,657	3,821
Total non-operating income	17,840	182,107
Non-operating expenses		
Interest expenses	542,104	507,601
Foreign exchange losses	68,859	-
Interest expenses on investment corporation bonds	28,230	33,881
Amortization of investment corporation bond issuance costs	6,303	7,053
Loan-related costs	553,412	538,693
Derivative losses	-	537,269
Total non-operating expenses	1,198,910	1,624,499
Ordinary income	5,075,941	8,914,347
Income before income taxes	5,075,941	8,914,347
Income taxes	605	605
Total income taxes	605	605
Net income	5,075,336	8,913,742
Retained earnings carried forward	8,667,226	8,669,991
Unappropriated retained earnings	13,742,562	17,583,734

(3) Statement of Changes in Net Assets

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

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

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Capital surplus (net)
		Capital surplus	Deduction of capital surplus			
	Allowance for temporary differences adjustment		Other deduction of capital surplus	Total deduction of capital surplus		
Balance at the beginning of the period	235,701,512	6,264,432	-6,130	-5,524,006	-5,530,137	734,294
Changes during the period						
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	—	—	—	—
Balance at the end of the period	235,701,512	6,264,432	-6,130	-5,524,006	-5,530,137	734,294

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings (deficit)	Total surplus				
Balance at the beginning of the period	13,742,562	14,476,857	250,178,369	142,721	142,721	250,321,091
Changes during the period						
Distributions from surplus	-5,072,570	-5,072,570	-5,072,570			-5,072,570
Net income	8,913,742	8,913,742	8,913,742			8,913,742
Changes other than unitholders' equity (net)				-138,171	-138,171	-138,171
Total changes during the period	3,841,171	3,841,171	3,841,171	-138,171	-138,171	3,703,000
Balance at the end of the period	17,583,734	18,318,029	254,019,541	4,550	4,550	254,024,091

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
I Unappropriated retained earnings	13,742,562,778	17,583,734,499
II Distributions (Distribution per unit)	5,072,570,880 (832)	8,925,773,760 (1,464)
III Retained earnings (deficit) carried forward	8,669,991,898	8,657,960,739
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 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.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 8,925,773,760 out of net income of JPY 8,913,742,601 and retained earnings carried forward of JPY 12,031,159.

(5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Cash flows from operating activities		
Income before income taxes	5,075,941	8,914,347
Depreciation and amortization	3,756,303	3,746,513
Amortization of investment corporation bond issuance costs	6,303	7,053
Loan-related costs	553,412	538,693
Interest income	-90	-100
Interest expenses	570,334	541,482
Foreign exchange losses (gains)	-29	-90
Loss (gain) of derivatives	-	537,269
Decrease (increase) in rental receivables	-1,448,964	-905,138
Decrease (Increase) in deposits paid	-1,370,438	1,160,368
Decrease (increase) in receivable income taxes	-1	-1
Increase (decrease) in accounts payable	-3,505	13,731
Increase (decrease) in consumption taxes payable	321,485	51,048
Increase (decrease) in accounts payable-other	-26,469	-
Increase (decrease) in accrued expenses	20,843	-19,097
Increase (decrease) in advances received	-585	-11,435
Increase (decrease) in deposits received	3,093	-1,827
Others, net	-219,196	-250,984
Subtotal	7,238,437	14,321,833
Interest income received	90	100
Interest expenses paid	-567,445	-538,660
Income taxes paid	-605	-605
Net cash provided by operating activities	6,670,476	13,782,668
Cash flows from investing activities		
Payment into time deposits	-800,000	-
Proceeds from time deposits	800,000	2,000,000
Purchases of property and equipment	-102,499	-62,318
Purchases of property and equipment in trust	-875,748	-965,159
Repayments of tenant leasehold and security deposits in trust	-27,487	-30,246
Proceeds from tenant leasehold and security deposits in trust	12,239	28,873
Others	-	-46,500
Net cash used in investing activities	-993,494	924,648
Cash flows from financing activities		
Increase in short-term loans payable	87,471,000	27,660,000
Repayments of short-term loans payable	-61,091,000	-30,722,000
Proceeds from long-term loans payable	1,790,000	12,317,000
Repayments of long-term loans payable	-28,745,000	-16,062,000
Proceeds from issuance of investment corporation bonds	-	6,163,101
Redemption of investment corporation bonds	-	-1,000,000
Borrowing related expenses redemption	-591,633	-473,134
Payment of distributions of earnings	-1,011,803	-5,070,967
Net cash provided by (used in) financing activities	-2,178,436	-7,188,001
Effect of exchange rate change on cash and cash equivalents	29	90
Net increase (decrease) in cash and cash equivalents	3,498,574	7,519,406
Cash and cash equivalents at beginning of period	17,023,221	20,521,796
Cash and cash equivalents at end of period	*1 20,521,796	*1 28,041,202

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

(Notes Concerning Significant Accounting Policies)

1. Evaluation standards and evaluation method of assets

(a) Investment in affiliates

Cost method through moving-average method is used.

(b) Claims generated and debt incurred through derivative transactions

Market value method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

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

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

(b) Intangible assets

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

(c) Long-term prepaid expenses

The straight-line method is used.

3. Accounting treatment of deferred assets

Investment corporation bond issuance costs

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

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

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

6. Revenue and expense recognition

(a) Accounting treatment of property taxes and other taxes

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

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

Not applicable

(9) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)	
Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
50,000	50,000

*2. Allowance for temporary differences adjustment

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 beginning of the period	Allowance set aside during period	Reversal during period	Balance at the end of the period
Leasehold rights in trust	Amortization of leasehold rights in trust	-131,332	-6,130	-	-	-6,130
Total		-131,332	-6,130	-	-	-6,130

2. Method of reversal

(1) Leasehold rights in trust

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	10,037,349	11,729,696
Other revenues	145,401	271,259
Total	10,182,751	12,000,955
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	426,784	445,723
Taxes and public dues	739,194	596,132
Non-life insurance premium	20,233	20,475
Depreciation expenses	3,323,690	3,311,017
Other expenses	96,634	114,992
Total	4,606,538	4,488,341
C. Real estate rental income (A-B)	5,576,212	7,512,613
(Note) Of which, revenue from variable hotel rents	3,118,811	4,615,327

*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
A. Hotel operating revenue	5,096,139	8,388,052
B. Hotel operating expenses	3,349,290	4,474,026
C. Management contract revenue (A-B)	1,746,848	3,914,026
D. Management contract expenses		
Non-life insurance premium	136,505	152,464
Depreciation expenses	432,613	435,496
Others	550	61,368
Total	569,669	649,329
E. Management contract income (C-D)	1,177,179	3,264,696

(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 December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	6,096,840 units	6,096,840 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 December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Cash and bank deposits	15,553,174	18,377,030
Cash and bank deposits in trust	7,768,621	10,464,171
Time deposits with a deposit period of more than three months	-2,800,000	-800,000
Cash and cash equivalents	20,521,796	28,041,202

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Due within one year	320,447	320,951
Due after one year	8,229,974	8,089,958
Total	8,550,422	8,410,909

Operating lease transactions (as lessor)
Unexpired lease fees

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Due within one year	13,068,093	13,119,003
Due after one year	44,885,587	39,197,781
Total	57,953,680	52,316,785

(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 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	-

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

(Unit: JPY thousand)

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

(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 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

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

(Unit: JPY thousand)

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

(Notes Related to Investment Securities)

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

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

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

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

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

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

Not applicable

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

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

(Unit: JPY thousand)

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

(Note 1) Estimation method for fair value

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

2. Derivative transactions to which hedge accounting is applied

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

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

(Unit: JPY thousand)

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

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

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

(Unit: JPY thousand)

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

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

(Note 2) Estimation method for fair value

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

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

- 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.
- 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%.
- Increase/decrease in the total amount of asset retirement obligations

(Unit: JPY thousand)

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Balance at the beginning of the period	33,644	33,872
Increase due to the acquisition of property and equipment	-	-
Accretion expense	227	225
Balance at the end of the period	33,872	34,097

(Notes Related to Revenue Recognition)

1. Breakdown of revenue from contracts with customers

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.

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

(Unit: JPY thousand)

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

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

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 December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Claims generated from contracts with customers (balance at the beginning of the period)	2,250	4,231
Claims generated from contracts with customers (balance at the end of the period)	4,231	3,093
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 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

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

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

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

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

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

(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 December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Residences	Book value	Balance at the beginning of the period	34,567,566	34,383,500
		Change during the period	-184,066	-172,720
		Balance at the end of the period	34,383,500	34,210,779
	Fair value at the end of the period		47,357,000	48,017,000
Commercial facilities	Book value	Balance at the beginning of the period	1,621,984	1,605,322
		Change during the period	-16,661	-16,598
		Balance at the end of the period	1,605,322	1,588,724
	Fair value at the end of the period		2,380,000	2,380,000
Hotels	Book value	Balance at the beginning of the period	409,587,102	407,302,979
		Change during the period	-2,284,122	-2,603,993
		Balance at the end of the period	407,302,979	404,698,985
	Fair value at the end of the period		482,833,730	510,566,211
Total	Book value	Balance at the beginning of the period	445,776,652	443,291,801
		Change during the period	-2,484,850	-2,793,312
		Balance at the end of the period	443,291,801	440,498,489
	Fair value at the end of the period		532,570,730	560,963,211

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

(Note 2) The major factors of increase in change during the previous fiscal period were construction work related to capital expenditures, and the major factors of decrease were depreciation. The major factors of increase in change during the Reporting Period were 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 December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
(Deferred tax assets)		
Enterprise tax payable	615	615
Buildings and other (merger)	186,398	185,229
Land (merger)	116,724	116,724
Loss carried forward (Note 1)	1,609,063	1,288,595
Asset retirement obligations	10,656	10,727
Amortization of fixed-term leasehold rights	162,054	174,196
Adjustment of acquisition prices (overseas properties)	449,589	445,643
Subtotal	2,535,101	2,221,732
Valuation allowance for tax loss carried forward	-1,609,063	-1,288,595
Valuation allowance for the total of deductible temporary differences, etc.	-926,038	-933,137
Subtotal (Note 2)	-2,535,101	-2,221,732
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 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.

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

(Unit: JPY thousand)

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

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

(Note 2) Valuation allowance decreased by JPY 313,369 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 December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Statutory tax rate	31.46	31.46
Deductible cash distributions	-31.44	-31.50
Changes in valuation allowance	-3.60	-3.52
Expiration of loss carried forward	3.58	3.55
Others	0.01	0.01
Effective tax rate	0.01	0.01

(Notes Related to Equity-Method Income)

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

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

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

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

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.

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

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

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

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

2. Transactions with Affiliates

None for both the fiscal period ended December 31, 2022 and the fiscal period ended June 30, 2023.

3. Transactions with Companies under Common Control

None for both the fiscal period ended December 31, 2022 and the fiscal period ended June 30, 2023.

4. Transactions with Directors and Major Individual Unitholders

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.

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

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

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

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

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

(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 April 1, 2022 to September 30, 2022	From October 1, 2022 to March 31, 2023
Total specified assets	100,114,466	99,527,689
Total other assets	1,550,642	1,974,338
Total current liabilities	73,592	161,817
Total non-current liabilities	66,184,166	65,970,166
Total net assets	35,407,351	35,370,044
Operating revenue	565,320	652,802
Income before income taxes	-120,512	-36,702
Net income	-121,117	-37,307

(Notes Related to Per Unit Information)

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Net assets per unit	JPY 41,058	JPY 41,665
Net income per unit	JPY 832	JPY 1,462

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

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

	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Net income (JPY thousand)	5,075,336	8,913,742
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	5,075,336	8,913,742
Average number of investment units during the period (units)	6,096,840	6,096,840

(Notes Related to Significant Subsequent Events)

1. Issuance of new investment units

INV resolved at its meetings of the Board of Directors held on July 19, 2023 and July 25, 2023 respectively to conduct the issuance of new investment units and secondary offering of investment units. Payment for the new investment units issued through the public offering was completed on July 31, 2023, in accordance with the following terms and conditions. As a result, the unitholders' capital of INV is JPY 268,463 million and the number of investment units issued and outstanding of INV increased to 6,706,632.

(1) Issuance of new investment units through public offering

Number of investment units to be offered	:	609,792 investment units
Of which domestic public offering	:	353,680 investment units
overseas offering	:	256,112 investment units
Issue price (offer price)	:	JPY 55,566 per unit
Total issue price (total offer price)		JPY 33,883,702,272
Amount to be paid (issue value)	:	JPY 53,726 per unit
Total amount to be paid (total issue value)	:	JPY 32,761,684,992
Payment date	:	July 31, 2023

(2) Secondary offering of investment units (overallotment secondary offering)

Number of investment units to be offered	:	30,489 investment units
Offer price	:	JPY 55,566 per unit
Total offer value	:	JPY 1,694,151,774
Delivery date	:	August 1, 2023

(3) Issuance of new investment units through third-party allotment (Note 1)

Number of investment units to be offered	:	30,489 investment units
Amount to be paid (issue value)	:	JPY 53,726 per unit
Total amount to be paid (total issue value)	:	JPY 1,638,052,014
Payment date	:	August 28, 2023
Allottee		Mizuho Securities Co., Ltd.

(Note 1) In relation to the overallotment secondary offering, the investment units will be issued for the purpose of allowing Mizuho Securities Co., Ltd. to acquire investment units required for returning the borrowed investment units. Consequently, there may be cases where there will be no application for whole or part of the investment units to be issued through the third-party allotment, resulting in a commensurate shortfall in the ultimate number of investment units to be issued through the third-party allotment, due to forfeiture, or there may be cases where such issuance itself will not take place at all.

2. Debt Financing

In order to fund a portion of the acquisition price for six hotel properties (domestic real estate trust beneficiary interests) acquired on August 1, 2023, INV resolved the following debt financing at a meeting of the Board of Directors held on July 19, 2023, and entered into a loan agreement on the same day.

New Syndicate Loan (010)

Lender	:	Syndicate of lenders arranged by Mizuho Bank, Ltd.
Outstanding balance	:	JPY 29,856 million
Interest rate, etc.	:	Base Rate (3-month JPY TIBOR) + 0.500%, 0.300% Base Rate (1-month JPY TIBOR) + 0.200%
Interest payment date	:	The last Japanese business day of March, June, September, and December before the principal maturity date, beginning with September 30, 2023, and the principal maturity date The last Japanese business day of each month before the principal maturity date, beginning with August 31, 2023, and the principal maturity date
Principal repayment method	:	Lump-sum repayment
Borrowing method	:	Unsecured/ non-guarantee
Borrowing date	:	August 1, 2023
Maturity date	:	July 14, 2028, July 16, 2026, August 1, 2024

3. Acquisition of assets (properties)

INV resolved acquisition of the following six hotel properties (total acquisition price: JPY 57,230 million) on July 19, 2023 and completed the acquisition on August 1, 2023.

Property Number: D84 Fusaki Beach Resort Hotel & Villas

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 40,293 million
Location	Ishigaki-shi, Okinawa
Completion Date	June 1982 June 2019 March 2020
Legal Form of Asset	Trust beneficiary interest
Seller	Sheffield Asset Tokutei Mokuteki Kaisha
Total Floor Area	23,573.57 m ²
Total Leasable Area	23,573.57 m ²

Property Number: D85 Tateshina Grand Hotel Takinoyu

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 8,365 million
Location	Chino-shi, Nagano
Completion Date	August 1966 July 1967 July 1988
Legal Form of Asset	Trust beneficiary interest
Seller	Heijo Tokutei Mokuteki Kaisha
Total Floor Area	20,577.41 m ²
Total Leasable Area	20,577.41 m ²

Property Number: D86 Hotel MyStays Okayama

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 2,613 million
Location	Okayama-shi, Okayama
Completion Date	March 1986
Legal Form of Asset	Trust beneficiary interest
Seller	Nippori Tokutei Mokuteki Kaisha
Total Floor Area	3,023.27 m ²
Total Leasable Area	3,023.27 m ²

Property Number: D87 Hotel MyStays Aomori Station

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 2,445 million
Location	Aomori-shi, Aomori
Completion Date	June 2007
Legal Form of Asset	Trust beneficiary interest
Seller	Shiretoko Tokutei Mokuteki Kaisha
Total Floor Area	3,963.86 m ²
Total Leasable Area	3,963.86 m ²

Property Number: D88 Hotel MyStays Soga

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 2,039 million
Location	Chiba-shi, Chiba
Completion Date	February 1994
Legal Form of Asset	Trust beneficiary interest
Seller	Nippori Tokutei Mokuteki Kaisha
Total Floor Area	3,398.18 m ²
Total Leasable Area	3,398.18 m ²

Property Number: D89 Tazawako Lake Resort & Onsen

Acquisition Date	August 1, 2023
Acquisition Price (Note 1)	JPY 1,475 million
Location	Senboku-shi, Akita
Completion Date	December 1981 November 1988
Legal Form of Asset	Trust beneficiary interest
Seller	Heijo Tokutei Mokuteki Kaisha
Total Floor Area	7,289.75 m ²
Total Leasable Area	7,289.75 m ²

(Note 1) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition-related expenses, property taxes, city planning taxes or consumption taxes.

(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 December 31, 2022 (as of December 31, 2022)		Fiscal period ended June 30, 2023 (as of June 30, 2023)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	2	0.0	2	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	33,546	6.8	33,168	6.7
		Subtotal	33,549	6.8	33,170	6.7
Total real estate			33,549	6.8	33,170	6.7
Real estate in trust	Residences	Greater Tokyo area	28,483	5.8	28,383	5.7
		Major regional cities	5,900	1.2	5,827	1.2
		Subtotal	34,383	7.0	34,210	6.9
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	1,605	0.3	1,588	0.3
		Subtotal	1,605	0.3	1,588	0.3
	Hotels	Greater Tokyo area	167,035	33.8	166,285	33.5
		Major regional cities	206,718	41.8	205,243	41.3
		Subtotal	373,753	75.6	371,528	74.8
	Total real estate in trust			409,741	82.9	407,327
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.6
Deposits and other assets			33,089	6.7	38,465	7.7
Total assets (Note 6)			494,237 (443,291)	100.0 (89.7)	496,819 (440,498)	100.0 (88.7)

(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 December 31, 2022 (as of December 31, 2022)		Fiscal period ended June 30, 2023 (as of June 30, 2023)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	243,916	49.4	242,795	48.9
Total Net Assets	250,321	50.6	254,024	51.1
Total Liabilities and Net Assets	494,237	100.0	496,819	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	1,087	0.3	1,290	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	815	0.2	1,120	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	926	0.2	1,280	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,300	0.3	1,480	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,045	0.2	1,250	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	925	0.2	1,290	A
A34	Belle Face Ueno-Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	899	0.2	1,160	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	762	0.2	1,090	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	708	0.2	844	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	641	0.1	713	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	712	0.1	724	A

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	659	0.1	624	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	490	0.1	810	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	550	0.1	526	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	545	0.1	646	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	549	0.1	562	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	492	0.1	636	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	516	0.1	561	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	423	0.1	615	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	784	0.2	1,390	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	574	0.1	868	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	997	0.2	1,570	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	377	0.1	717	B
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	254	0.1	464	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	226	0.1	310	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	401	0.1	754	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	840	0.2	1,270	D
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	484	0.1	878	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	484	0.1	865	B

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	404	0.1	817	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	376	0.1	685	B
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	326	0.1	573	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	320	0.1	578	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	288	0.1	549	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	304	0.1	429	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	254	0.1	439	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,577	0.3	2,310	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,526	0.3	2,240	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,453	0.6	3,280	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,474	1.0	6,460	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,425	0.5	3,350	B
Subtotal (41 properties)				38,465	34,210	7.8	48,017	-
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,588	0.5	2,380	C
Subtotal (1 property)				2,320	1,588	0.5	2,380	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,779	0.6	4,930	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,443	0.5	4,420	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,441	1.2	8,250	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,353	1.0	7,400	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,467	1.0	6,960	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,564	0.8	6,470	B

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,489	0.6	5,570	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,220	0.5	3,250	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,080	0.4	4,000	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,719	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	1,378	0.3	5,640	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,306	0.3	2,090	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,168	0.3	2,000	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,162	0.3	1,990	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,174	0.3	2,130	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,063	0.2	2,200	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,101	0.2	2,450	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	827	0.2	1,470	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	541	0.1	817	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	276	0.1	393	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,158	1.7	9,870	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,563	0.6	3,920	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,048	0.4	2,420	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	6,908	1.6	8,390	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,188	1.1	7,550	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,554	0.8	3,940	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,429	0.8	5,060	B

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	1,978	0.4	2,480	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,557	0.3	1,870	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,248	0.3	1,380	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,155	0.3	2,110	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	854	0.2	1,160	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	866	0.2	1,170	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	846	0.2	902	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,701	1.0	4,650	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,046	0.2	1,210	E
D37	Super Hotel JR Ueno-iriyauchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,039	0.2	1,180	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,918	0.6	2,110	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	984	0.2	1,250	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	918	0.2	1,140	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	879	0.2	1,080	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	727	0.2	911	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,127	5.4	23,900	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	18,235	4.3	23,000	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,610	1.6	8,200	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,723	1.6	6,190	C
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,250	2.8	12,800	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,104	0.4	1,720	E

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,900	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	12,747	2.7	13,100	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,721	2.0	10,000	D
D52	Kamenoi Hotel Beppu	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,633	1.8	9,050	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,377	1.6	8,480	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,026	1.1	5,500	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,543	0.6	2,760	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	2,515	0.6	2,750	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,416	0.3	1,640	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,034	0.8	4,110	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,152	0.7	3,390	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,094	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	15,843	3.4	16,300	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,103	1.1	5,370	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,749	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	15,107	3.2	15,400	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,374	2.0	9,510	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	8,566	1.9	9,960	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,481	1.2	6,010	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,584	1.2	5,620	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,184	1.1	5,550	D

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Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,026	1.1	5,110	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,096	0.9	4,240	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,305	0.7	3,490	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,841	0.7	3,180	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,787	0.6	3,190	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	2,954	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	2,002	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	1,504	0.3	1,560	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interests	1,425	1,380	0.3	1,440	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,255	0.3	1,250	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,140	0.2	1,210	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	852	0.2	958	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	9,821	2.2	10,400	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,214	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)	27,867	6.1	66,086 (USD 455,800 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)	5,300	1.2	10,598 (USD 73,100 thousand) (Note 12)	F
Subtotal (85 properties)				432,785	404,698	88.1	510,566	-
Total (127 properties)				473,570	440,498	96.4	560,963	-
-	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)	

Financial Summary for the June 2023 Fiscal Period
(from January 1, 2023 to June 30, 2023)

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.6	-	-
Total (128 properties)				491,416	458,354	100.0	-	-

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

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

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

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

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

Name of property	Appraisal value	Appraiser (Note 7)
Sheraton Grande Tokyo Bay Hotel	JPY 101,000 million	D

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

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

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

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

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

Group 1

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

Group 2
College Square Machida, Belair Meguro, and Wacore Tsunashima I

Group 3
Suncrest Shakujii-Koen, Grand Rire Kameido, Acseeds Tower Kawaguchi-Namiki, Growth Maison Kaijin, and College Square Machiya

- (Note 9) Acquisition price includes the floor expansion portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.
- (Note 10) Acquisition price includes the adjacent land portion. Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the adjacent land portion as one.
- (Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the movable assets such as leasehold and FF&E of the Cayman Hotels (the Leasehold, etc.), which were the underlying assets of the TK.
- (Note 12) Appraisal value at the end of the period is converted into JPY using the exchange rate of USD 1 = JPY 144.99, which is the exchange rate on the closing date of the Reporting Period (June 30, 2023).
- (Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

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

Name of Property	Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)		
				Total	Payment for the Reporting Period	Advance Payments
D22 Hotel MyStays Hakodate- Goryokaku	Hakodate-shi, Hokkaido	Exterior wall renovation work	From July 2023 To December 2023	85,000	-	-
D64 Hotel MyStays Sapporo Aspen	Sapporo-shi, Hokkaido	Air conditioning facility and hot water system renovation work for energy saving	From July 2023 To December 2023	65,000	-	-
D83 Art Hotel Morioka	Morioka-shi, Iwate	Multistory parking lot parts replacement	From July 2023 To December 2023	56,500	-	-
A38 Route Tachikawa	Tachikawa- shi, Tokyo	Exterior wall renovation work	From July 2023 To December 2023	49,900	-	-
D22 Hotel MyStays Hakodate- Goryokaku	Hakodate-shi, Hokkaido	Multistory parking lot pallet renovation work	From July 2023 To December 2023	45,000	-	-

(b) Capital expenditures for the Reporting Period

The principal construction work constituting capital expenditures for the real estate assets for the Reporting Period is as follows. Capital expenditures for the Reporting Period totaled JPY 952,975 thousand, and together with JPY 17,029 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 970,005 thousand was implemented.

Name of property		Location	Purpose	Time of implementation	Payment (JPY thousand)
D61	Hotel MyStays Premier Sapporo Park	Sapporo-shi, Hokkaido	Air conditioning facility renovation work	From January 2023 To June 2023	82,640
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Development work for "Forest Area"	From January 2023 To June 2023	40,800
D52	Beppu Kamenoi Hotel	Beppu-shi, Oita	Disaster prevention facility renovation work	From January 2023 To June 2023	38,920
A26	Nisshin Palacestage Daitabashi	Suginami-ku, Tokyo	Elevator renovation work	From January 2023 To June 2023	17,590
A33	Growth Maison Shin-Yokohama	Yokohama-shi Kanagawa	Intercom facility renovation work	From January 2023 To June 2023	12,430
Other construction					760,594
Total					952,975

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material, "June 2023 Fiscal Period Results (January 1, 2023 to June 30, 2023)" separately announced on August 24, 2023.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material, "June 2023 Fiscal Period Results (January 1, 2023 to June 30, 2023)" separately announced on August 24, 2023.