

# **Invincible** Investment Corporation

## **Financial Summary for the June 2022 Fiscal Period (from January 1, 2022 to June 30, 2022)**

**August 25, 2022**

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: <a href="https://www.invincible-inv.co.jp/en/">https://www.invincible-inv.co.jp/en/</a>
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: September 21, 2022

This English language notice is a translation of the Japanese-language notice released on August 25, 2022 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, 2022 (from January 1, 2022 to June 30, 2022)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended June 30, 2022	7,680	-8.6	2,114	-7.8	1,015	0.1	1,015	0.1
Fiscal period ended December 31, 2021	8,406	120.9	2,292	-	1,014	-	1,014	-

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2022	167	0.4	0.2	13.2
Fiscal period ended December 31, 2021	166	0.4	0.2	12.1

(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, 2022	JPY 166	JPY million 1,012	JPY -	JPY million -	% 99.7	% 0.4
Fiscal period ended December 31, 2021	166	1,012	-	-	99.8	0.4

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

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

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended June 30, 2022	490,118	246,211	50.2	40,383
Fiscal period ended December 31, 2021	494,819	246,130	49.7	40,370

(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, 2022	5,728	(574)	(4,856)	17,023
Fiscal period ended December 31, 2021	12,320	(1,561)	(4,873)	16,726

2. Forecasts for the Fiscal Period ending December 31, 2022 (from July 1, 2022 to December 31, 2022)

(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, 2022	TBD	(-)	TBD	(-)	TBD	(-)	TBD	(-)	TBD	TBD

(Note) The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2022 fiscal period (from July 1 to December 31, 2022) remains undetermined.

※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, 2022 6,096,840 December 31, 2021 6,096,840
- (b) Number of Treasury Units as of the End of the Fiscal Period June 30, 2022 0 December 31, 2021 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, 2022

##### (a) Main Trends of INV

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

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

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

Ever since the commencement of sponsorship from the Fortress Group (Note 2), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, CIM revised the Investment Guidelines for INV, positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward, and has expanded its portfolio.

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

In the Fiscal Period ended June 30, 2022 (“Reporting Period”), INV sold six residential properties on January 12, 2022. As a result, INV’s portfolio at the end of the Reporting Period comprised of 128 properties (86 hotels (Note 3) (Note 4), 41 residential properties and one retail facility) with a total acquisition price of JPY 491,395 million (Note 5). Furthermore, INV’s hotel portfolio has the largest asset size (Note 6) of JPY 450,609 million (86 properties, 15,597 rooms) among all J-REIT hotel portfolios including hotel-and-inn-specific type investment corporations.

(Note 1) US Eastern Standard Time.

(Note 2) As of July 2011, Calliope owned 97.35% of issued shares of CIM and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a

subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of CIM directly and indirectly.

- (Note 3) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (the “TMK”) (equivalent to 49.0% of the total issued and outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.
- (Note 4) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in the Cayman Hotels and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.
- (Note 5) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of June 30, 2022.

#### (b) Operational Environment and Performance

Given the enormous impact of COVID-19 on the economy as a whole, especially in the hotel sector, on March 11, 2022, INV entered into Memorandum of Understanding (the “MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) pertaining to the rent conditions for the periods from January 1, 2022 to June 30, 2022 for domestic hotels owned by INV and operated by INV’s main tenant, MyStays Hotel Management Co., Ltd. (“MHM”) and its affiliates (collectively the “MHM Group” along with MHM). Pursuant to the MOU, we have changed the rent payment conditions of MLPM Agreements in terms of the amount of fixed rent payment, the variable rent calculation method, payment method of rent and payment date.

For the June 2022 fiscal period, the portfolio NOI (Note 1) increased by 136.1% or JPY 2,845 million compared to the same period in the previous year (the June 2021 fiscal period) to JPY 4,936 million. The hotel portfolio NOI increased by JPY 3,241 million. The residential and retail portfolio NOI decreased by JPY 395 million due to asset sales. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 66.5% or JPY 9,798 million, of which the hotel portfolio NOI decreased by JPY 8,291 million and the residential and retail portfolio NOI decreased by JPY 1,506 million due to asset sales. The NOI of the retail portfolio (AEON TOWN Sukagawa) was significantly lower than the previous year because the repair cost for the restoration work for the damage caused by the earthquake that occurred off the coast of Fukushima

Prefecture on February 13, 2021 was recorded in June 2022.

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

The NOI for the Reporting Period of the 75 domestic hotels (Note 2) owned by INV increased by 315.7% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 3) of 61.5% (+25.9 points YoY), ADR (Note 4) of JPY 7,504 (+8.1% YoY), and RevPAR (Note 5) of JPY 4,614 (+86.7% YoY). Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 76.9%, the occupancy rate decreased by 25.3pt, ADR decreased by 25.8%, and RevPAR decreased by 47.4%.

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

Regarding the hotel sector in Japan, domestic hotel demand has significantly declined compared to pre-COVID-19 pandemic levels due to a sharp reduction in inbound visitors and self-restraint in business trips and leisure travel under the quasi-State of Emergency and other measures. However, since behavioral restrictions have been removed in late March, high occupancy rates were recorded primarily by the hotels that were able to capture group accommodation and business demand, as well as leisure demand derived from an increase in various events in the market and tourism support measures such as prefectural travel subsidy campaigns, which helped the overall occupancy rate reach the 60% level.

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

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

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

The total appraisal value of 127 properties was JPY 530,212 million (1 out of the 128 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 84,435 million (Note 12) and an unrealized gain ratio of 18.9% (Note 12). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 2.1% from JPY 519,245 million at the end of the December 2021 fiscal period to JPY 530,212 million at the end of the Reporting Period.

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

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

#### Key Performance Indicators of Cayman Hotels

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

#### Key Performance Indicators of 41 Residential Properties (Note 6)

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

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

$$\text{NOI} = \text{Rental Revenues} - \text{Property Related Expenses} + \text{Depreciation Expenses} + \text{Dividend on the preferred equity interest (TMK dividend)} + (\text{Management Contract Revenue of the Cayman Hotels} - \text{Management Contract Expense})$$
- (Note 2) Of the 84 hotels held as of the end of June 2022 (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after January 2019 are calculated on the assumption INV had acquired those properties on January 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.
- (Note 3) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:  

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms} \times \text{number of days)}}$$
 Hereinafter the same shall apply.
- (Note 4) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.
- (Note 5) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms  $\times$  number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 6) Based on the 41 residential properties owned as of the end of June 2022. Hereinafter the same shall apply.
- (Note 7) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.
- (Note 8) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. Hereinafter the same shall apply.
- (Note 9) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents. Hereinafter the same shall apply.
- (Note 10) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by



the number of contracts due up for renewal during the relevant period

(Note 11) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.

(Note 12) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period – book value as of the end of the Reporting Period.

The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.

(Note 13) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. GOP for each fiscal period ended June 2020 and onwards includes the amount of employment adjustment subsidies to be received by the hotel operators for the respective fiscal period, which requires a certain period of time to confirm. Therefore, the amount of GOP is subject to change retroactively upon confirmation of the amount of employment adjustment subsidies. Moreover, if variable rent is accrued due to changes in GOP arising from revision of the employment adjustment subsidies, we will discuss with the tenant separately regarding the handling of such variable rent. In addition, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same shall apply.

(Note 14) In accordance with the confirmation of the amount of employment adjustment subsidy received, we have revised the GOP for the fiscal period ended June 2021 from JPY655 million to JPY652 million. However, there is no change in variable rent for the fiscal period ended June 2021 as a result of this revision.

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

#### (c) Overview of Fund Raising

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

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

Interest-Bearing Debt ratio = total outstanding interest-bearing debt (excluding short-term consumption tax 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 Term Loan (001) on January 24, 2022 (total amount borrowed: JPY 1,700 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by MUFG Bank, Ltd. and Term Loan (002) on January 24, 2022 (total amount borrowed: JPY 6,800 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged



by Sumitomo Mitsui Trust Bank, Limited in order to repay Term Loan (I) in the amount of JPY 4,250 million, Term Loan in the amount of JPY 3,400 million and Term Loan (S) in the amount of JPY 850 million due on January 22, 2022.

Moreover, INV borrowed New Syndicate Loan (001) on March 14, 2022, March 29, 2022 and March 30, 2022, (total amount borrowed: JPY 12,156 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (G) in the amount of JPY 4,750 million due on March 14, 2022, one of the tranches of New Syndicate Loan (K) in the amount of JPY 7,922 million due on March 29, 2022 and New Syndicate Loan (T) in the amount of JPY 3,057 million due on March 30, 2022.

Furthermore, INV borrowed New Syndicate Loan (002) on March 30, 2022 (total amount borrowed: JPY 3,039 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (U) in the amount of JPY 3,039 million due on March 30, 2022.

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

(d) Overview of Sale of Assets

INV completed the sale of trust beneficiary interests in six residential properties as follows on January 12, 2022.

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2) (Note 3)	Gain on Sale (JPY million) (Note 2) (Note 4)	Transferee (Note 5)
A79	Revest Honjin	674	569	4,450	1,468	Kansai Residence Tokutei Mokuteki Kaisha
A80	Revest Matsubara	657	559			
A82	Alba Noritake Shinmachi	608	509			
A83	Revest Meieki Minami	597	498			
A88	Luna Court Edobori	525	457			
A98	Little River Honmachibashi	310	272			
Total		3,371	2,867	4,450	1,468	-

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

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

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

(Note 4) Gain on sale is calculated by deducting book value and transfer related cost from sale price.

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

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

(e) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period decreased by JPY 726 million from the previous period (-8.6%) to JPY 7,680 million, resulting in a net income of JPY 1,015 million, an increase of JPY 0.9 million from the previous period. Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,664 million) is JPY 9,679 million. INV has decided to set distribution per unit (excluding excess profit distribution) of JPY 166 without reversing retained earnings.

b Outlook for the Fiscal Period Ending December 31, 2022

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

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

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

(a) Future operational policy and issues to be addressed

Since July 2011, INV has focused on improving the profitability of its portfolio and strengthening its financial base in order to enhance unitholder value with the Fortress Group as its sponsor. Fortress Group became a member of SoftBank Group in December 2017 and SoftBank Group has owned 100% of issued shares of CIM directly and indirectly since March 29, 2018. In addition to access to Fortress' global real estate expertise, INV will collaborate with SoftBank Group affiliates that has cutting-edge expertise in various technology fields.

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

- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV had moved forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues would be anticipated and residential properties, especially where rental growth could be achieved, to build a portfolio with a good balance between growth and stability. However, for the time being, it is necessary to carefully consider the acquisition of hotel properties, which have been greatly affected due to COVID-19 infections, while looking for the possibility of acquiring property at an attractive price.

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

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

Property Sales

INV considers the possibility of portfolio optimization upon consideration of the portfolio sector

composition, geographic distribution, and competitiveness of each property as appropriate in the declining accommodation demand due to the impact of COVID-19.

(ii) Strategy for internal growth

(Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 75 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of the gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 73 hotels of the 75 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

In response to the reduction in hotel demand, the MHM Group is taking steps to reduce hotel operating expenses by reviewing its operational strategy. Specific measures include reduction of labor costs as well as taking government subsidies, cutting payments to service providers such as cleaning vendors, reducing marketing expenses, utilities, and other items under the COVID-19 environment.

The MHM Group is vigorously working to stimulate demand from existing domestic customers by providing corporate customers with diverse options including a new lineup of meeting options highlighting strict measures to reduce the spread of COVID-19 while grasping changes in customer demand under the "With Corona" environment. In addition, the MHM Group is focusing on creating new demand, including the provision of day-use and special successive stay for teleworking to provide individuals and corporates with a comfortable telework space and expansion of delivery and take-out services through directly managed restaurants in the hotel as well as accommodation demand associated with the voluntary quarantine period after returning to Japan.

For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner while considering the hotel profit situation, where demand has dropped as described above.

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

(Residential properties and others)

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

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

(iii) Financial strategy

The long-term issuer rating from Japan Credit Rating Agency, Ltd. (JCR) is "A" (Outlook: Stable) as of the date of this document.

Still being affected by COVID-19 infections, INV has implemented initiatives that restrict an increase in interest payments upon refinancing of existing borrowings and ensure refinancing for a time. Over the medium to long term, INV will implement financial strategies such as reduction of borrowing costs, extension of average interest-bearing debt repayment periods, diversification of loan maturity dates and financing measures.

(iv) Compliance risk management

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

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

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

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

(v) Initiatives for Sustainability

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

Thus, INV and CIM have established a "Sustainability Policy" to set basic policies for sustainability and put them into practice in our daily operations. Under this policy, CIM has formulated the "Energy Conservation Policy", the "Greenhouse Gas Emissions Reduction Policy", the "Water Saving Policy" and the "Waste Management Policy" which stipulate efforts to reduce environmental impact. In addition, CIM are actively promoting environmental and social initiatives related to INV's properties. CIM has established the "Sustainable Procurement Policy" in order to promote initiatives for ESG throughout the value chain of INV's real estate portfolio, concluded the "Green Lease" contract with tenants to collaborate with tenants on measures related to the environmental consideration of real estate, such as proactive introductions of energy-saving equipment such as LED lighting, and conducted the "Tenant Satisfaction Survey" for residents of INV's residential properties to collect opinions and requests of residents and utilize them for asset management. Furthermore, CIM conducts sustainability-focused training for all officers and employees, including temporary staff, at least once a year, to help officers and employees acquire knowledge and raise awareness of sustainability considerations in line with business practices. In addition, as an initiative for its employees, CIM conducts an employee satisfaction survey once every three years with the aim of improving its working environment. CIM also introduced paid vaccine leave so that officers and employees can receive COVID-19 vaccines and deal with any potential side-effects.

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

INV will continue to recognize its social responsibility to the environment and local communities as a J-REIT with hotels and residences as our core assets, and will proactively implement ESG-friendly

investment management and sustainability initiatives that take advantage of asset characteristics and carry out social contribution activities.

c Significant Subsequent Events

Not applicable. Reference information is stated below.

(Reference Information)

(a) Debt Financing

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

(i) New Syndicate Loan (003)

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

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

(ii) Term Loan (005)

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

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

d Operational Outlook

The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2022 fiscal period (from July 1 to December 31, 2022) remains undetermined.

December 2022  
Fiscal Period  
(Anticipated)

Operating Revenues	TBD
Operating Income	TBD
Ordinary Income	TBD



Net Income	TBD
Total Distribution Amount (Including excess profit distribution)	TBD
Net Income per Unit	TBD
Distribution per Unit (Excluding excess profit distribution)	TBD
Excess Profit Distribution per Unit	TBD
Distribution per Unit (Including excess profit distribution)	TBD

(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 25, 2022).

## 2. Financial Statements

### (1) Balance Sheet

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Total investments and other assets	19,659,251	19,606,196
Total non-current assets	472,153,573	466,110,317
Deferred assets		
Investment corporation bond issuance costs	50,349	44,148
Total deferred assets	50,349	44,148
Total assets	494,819,805	490,118,752
Liabilities		
Current liabilities:		
Accounts payable	774,133	349,844
Short-term loans payable	71,786,000	88,135,000
Current portion of investment corporation bonds	-	1,000,000
Current portion of long-term loans payable	48,667,000	44,807,000
Accounts payable-other	6,235	31,175
Accrued expenses	291,883	240,333
Income taxes payable	605	605
Consumption taxes payable	540,868	50,190
Advances received	558,777	317,935
Deposits received	8,813	10,397
Total current liabilities	122,634,316	134,942,482
Non-current liabilities:		
Investment corporation bonds	8,200,000	7,200,000
Long-term loans payable	116,292,000	100,230,000
Tenant leasehold and security deposits in trust	1,519,983	1,500,948
Derivatives liabilities	9,729	546
Asset retirement obligations	33,422	33,644
Total non-current liabilities	126,055,134	108,965,140
Total liabilities	248,689,451	243,907,622
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 (6,130)	*2 (6,130)
Other deduction of capital surplus	(5,524,006)	(5,524,006)
Total deduction of capital surplus	(5,530,137)	(5,530,137)
Capital surplus (net)	734,294	734,294
Retained earnings	9,676,221	9,679,301
Total surplus	10,410,516	10,413,596
Total unitholders' equity	246,112,028	246,115,108
Valuation and translation adjustments:		
Deferred gains or losses on hedges	18,325	96,020
Total valuation and translation adjustments	18,325	96,020
Total net assets	*1 246,130,354	*1 246,211,129
Total liabilities and net assets	494,819,805	490,118,752

## (2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

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

## (3) Statement of Changes in Net Assets

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

(Unit: JPY thousand)

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

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings (deficit)	Total surplus				
Balance at the beginning of the period	8,753,480	9,487,774	245,189,287	(75,395)	(75,395)	245,113,891
Changes during the period						
Distributions from surplus	(91,452)	(91,452)	(91,452)			(91,452)
Net income	1,014,194	1,014,194	1,014,194			1,014,194
Changes other than unitholders' equity (net)				93,720	93,720	93,720
Total changes during the period	922,741	922,741	922,741	93,720	93,720	1,016,462
Balance at the end of the period	9,676,221	10,410,516	246,112,028	18,325	18,325	246,130,354

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

(Unit: JPY thousand)

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



## (4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
I Unappropriated retained earnings	9,676,221,880	9,679,301,911
II Distributions (Distribution per unit)	1,012,075,440 (166)	1,012,075,440 (166)
III Retained earnings (deficit) carried forward	8,664,146,440	8,667,226,471
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 1,012,075,440 out of net income of JPY 1,014,194,343. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 1,012,075,440 out of net income of JPY 1,015,155,471. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.

## (5) Statement of Cash Flows

(Unit: JPY thousand)

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

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

(Notes Concerning Significant Accounting Policies)

1. Evaluation standards and evaluation method of assets

(a) Investment in affiliates

Cost method through moving-average method is used.

(b) Claims generated and debt incurred through derivative transactions

Market value method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

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

Buildings	16-50 years
Buildings and accompanying facilities	5-29 years
Structures	20 years
Tools, furniture and fixtures	3-18 years
Buildings in trust	5-67 years
Buildings and accompanying facilities in trust	3-33 years
Structures in trust	7-55 years
Tools, furniture and fixtures in trust	2-20 years

(b) Intangible assets

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

(c) Long-term prepaid expenses

The straight-line method is used.

3. Accounting treatment of deferred assets

Investment corporation bond issuance costs

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

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

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

## 6. Revenue and expense recognition

### (a) Accounting treatment of property taxes and other taxes

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

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

### (b) Recognition of revenue

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

Sale of real estate, etc.

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

## 7. Method of hedge accounting

### (a) Method of hedge accounting

Deferred hedge accounting is used.

### (b) Hedging instrument and hedged item

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

### (c) Hedge policy

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

### (d) Method of evaluating hedge effectiveness

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

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

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

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

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

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

(i) Cash and bank deposits in trust

(ii) Buildings in trust

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

(iii) Leasehold rights in trust

(iv) Tenant leasehold and security deposits in trust

(b) Accounting treatment of non-deductible consumption taxes

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

(8) Notes on Material Accounting Estimates

1. Valuation of non-current assets

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

(Unit: JPY thousand)		
	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Impairment loss	-	
Non-current assets (Rental Properties)	451,804,282	445,776,652

Although no impairment loss was recorded in the Reporting Period, we recognize it as a disclosure item in view of the risk of having a significant impact on the financial statements for the next fiscal period.

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

We determine whether or not there are any signs of possible impairment pertaining to rental properties owned by INV. If there are any signs, we determine whether or not INV should recognize the impairment loss. No impairment loss was recognized for INV's rental properties, since future cash flows before discounting exceed the book value of rental properties.

In estimating future cash flows, it is assumed that the adverse effect by the spread of the COVID-19 infection will continue in the second half of 2022, but the pandemic will be gradually contained and the business environment will recover in 2023 onwards. However, it is difficult to accurately predict when the spread of the COVID-19 infection will be contained and how much the impacts will be. Changes in the infection status may affect the above estimates and INV may incur impairment loss.

(9) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)

Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
50,000	50,000

\*2. Allowance for temporary differences adjustment

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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



(Notes to Statement of Income and Retained Earnings)

\*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	5,636,467	5,046,284
Other revenues	201,380	151,944
Total	5,837,847	5,198,229
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	465,075	439,577
Taxes and public dues	753,548	588,582
Non-life insurance premium	20,256	19,867
Depreciation expenses	3,420,925	3,335,739
Other expenses	117,236	114,957
Total	4,777,042	4,498,723
C. Real estate rental income (A-B)	1,060,805	699,505
(Note) Of which, revenue from variable hotel rents	1,280,015	2,038,648

\*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
A. Hotel operating revenue	819,087	3,180,828
B. Hotel operating expenses	995,357	2,167,037
C. Management contract revenue (A-B)	-	1,013,790
D. Management contract expenses		
Management contract losses (A-B) (Note)	176,269	-
Non-life insurance premium	103,910	112,825
Depreciation expenses	429,594	430,270
Total	709,774	543,095
E. Management contract income (C-D)	(709,774)	470,695

(Note) If hotel operating expenses exceed hotel operating revenues, excess amount is recorded as management contract losses.

\*3. Gain on sales of properties

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

(Unit: JPY thousand)	
Lexington Plaza Hachiman	
Proceeds from sales of properties	3,660,000
Cost of sales of properties	2,982,382
Other expenses on sales of properties	86,632
Gain on sales of properties	590,985

(Unit: JPY thousand)	
Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin, and HERMITAGE NANBA WEST (Note)	
Proceeds from sales of properties	6,150,000
Cost of sales of properties	4,014,374
Other expenses on sales of properties	158,123
Gain on sales of properties	1,977,501

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

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

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

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

(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, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	6,096,840 units	6,096,840 units

(Notes to Statement of Cash Flows)

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

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Cash and bank deposits	12,759,582	13,794,814
Cash and bank deposits in trust	6,766,557	6,028,407
Time deposits with a deposit period of more than three months	(2,800,000)	(2,800,000)
Cash and cash equivalents	16,726,139	17,023,221

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)  
Unexpired lease fees

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Due within one year	319,859	320,447
Due after one year	8,526,526	8,390,198
Total	8,846,385	8,710,645

Operating lease transactions (as lessor)  
Unexpired lease fees

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Due within one year	12,867,086	13,061,273
Due after one year	56,997,263	52,172,023
Total	69,864,350	65,233,297

(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, 2021 (as of December 31, 2021)

(Unit: JPY thousand)

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

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

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	17,521,928	(334,458)
Total assets	17,856,387	17,521,928	(334,458)
(2) Current portion of Investment Corporation Bonds	(1,000,000)	(985,500)	14,500
(3) Current portion of long-term loans payable	(44,807,000)	(44,807,000)	-
(4) Investment corporation bonds	(7,200,000)	(6,689,440)	510,560
(5) Long-term loans payable	(100,230,000)	(100,230,000)	-
Total liabilities	(153,237,000)	(152,711,940)	525,060
(6) Derivatives	96,020	96,020	-

(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, 2021 (as of December 31, 2021)

(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 long-term loans payable	48,667,000	-	-	-	-	-
Investment corporation bonds	-	3,000,000	1,000,000	-	-	4,200,000
Long-term loans payable	-	42,405,000	34,127,000	38,799,000	-	961,000
Total	48,667,000	45,405,000	35,127,000	38,799,000	-	5,161,000

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

(Unit: JPY thousand)

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

(Notes Related to Investment Securities)

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

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	17,320,018	(536,369)
Total	17,856,387	17,320,018	(536,369)

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

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

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

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended December 31, 2021 (as of December 31, 2021)

Not applicable

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

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended December 31, 2021 (as of December 31, 2021)

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

(Unit: JPY thousand)

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

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

(Note 2) Estimation method for fair value

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

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

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	50,476,000	36,687,000	96,020

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

(Note 2) Estimation method for fair value

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

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

1. Summary of the asset retirement obligations for the period  
INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.
2. Calculation method for asset retirement obligations for the period  
The amount of the asset retirement obligations has been calculated by estimating the period of use at 43 years, based on the remaining period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.
3. Increase/decrease in the total amount of asset retirement obligations

(Unit: JPY thousand)

	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Balance at the beginning of the period	33,197	33,422
Increase due to the acquisition of property and equipment	-	-
Accretion expense	224	222
Balance at the end of the period	33,422	33,644

(Notes Related to Revenue Recognition)

1. Breakdown of revenue from contracts with customers

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

(Unit: JPY thousand)

	Revenue from contracts with customers (Note 1)	Net sales to external customers
Sale of real estate, etc.	3,660,000	(Note 2) 590,985
Other	27,870	7,815,349
Total	3,687,870	8,406,334

(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.

(Note 2) The sale of real estate, etc. is the amount of proceeds from sale of real estate properties, less cost of real estate properties and other sale expenses, as the gain (loss) on sale of real estate properties is recorded in the statement of income pursuant to Article 48, paragraph 2 of the Regulation on Accounting for Investment Corporations (Cabinet Office Order No. 47 of 2006).



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

(Unit: JPY thousand)

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

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

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, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Claims generated from contracts with customers (balance at the beginning of the period)	1,534	2,114
Claims generated from contracts with customers (balance at the end of the period)	2,114	2,250
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, 2021 (from July 1, 2021 to December 31, 2021)

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

Disclosure is omitted because net sales to external customers in Japan accounted for over 90% of the operating revenue on the statement of income.

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	2,182,504	Real Estate Investment
Kansai Residence Tokutei Mokuteki Kaisha	1,977,501	Real Estate Investment

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

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

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

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

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

## (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, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Residences	Book value	Balance at the beginning of the period	41,998,033	37,693,472
		Change during the period	(4,304,561)	(3,125,906)
		Balance at the end of the period	37,693,472	34,567,566
	Fair value at the end of the period		49,803,000	46,074,000
Commercial facilities	Book value	Balance at the beginning of the period	4,661,429	1,649,608
		Change during the period	(3,011,821)	(27,624)
		Balance at the end of the period	1,649,608	1,621,984
	Fair value at the end of the period		2,380,000	2,380,000
Hotels	Book value	Balance at the beginning of the period	415,505,072	412,461,201
		Change during the period	(3,043,871)	(2,874,099)
		Balance at the end of the period	412,461,201	409,587,102
	Fair value at the end of the period		471,512,500	481,758,260
Total	Book value	Balance at the beginning of the period	462,164,535	451,804,282
		Change during the period	(10,360,253)	(6,027,630)
		Balance at the end of the period	451,804,282	445,776,652
	Fair value at the end of the period		523,695,500	530,212,260

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

(Note 2) The major factors of increase in change during the previous fiscal period were construction work related to capital expenditures, and the major factors of decrease were sale of residential properties and a retail facility and depreciation. The major factors of increase in change during the Reporting Period were construction work related to capital expenditures, and the major factors of decrease were sale of residential properties and 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. However, in the previous fiscal period, the sale price is deemed the fair value of six residential properties, for which the purchase and sale agreement was entered into on December 8, 2021.

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, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
(Deferred tax assets)		
Enterprise tax payable	615	615
Buildings and other (merger)	186,136	187,068
Land (merger)	116,724	116,724
Loss carried forward (Note 1)	1,810,135	1,799,777
Asset retirement obligations	10,514	10,584
Amortization of fixed-term leasehold rights	137,567	149,710
Adjustment of acquisition prices (overseas properties)	457,482	453,535
Subtotal	2,719,176	2,718,017
Valuation allowance for tax loss carried forward	(1,810,135)	(1,799,777)
Valuation allowance for the total of deductible temporary differences, etc.	(909,041)	(918,239)
Subtotal	(2,719,176)	(2,718,017)
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, 2021 (as of December 31, 2021)

(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)	201,072	320,467	-	-	-	1,288,595	1,810,135
Valuation allowance	(201,072)	(320,467)	-	-	-	(1,288,595)	(1,810,135)
Deferred tax assets	-	-	-	-	-	-	-

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

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

(Unit: JPY thousand)

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

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

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

(Unit: %)

	Fiscal period ended December 31, 2021 (as of December 31, 2021)	Fiscal period ended June 30, 2022 (as of June 30, 2022)
Statutory tax rate	31.46	31.46
Deductible cash distributions	-	(31.35)
Changes in valuation allowance	(31.46)	(0.11)
Others	0.06	0.06
Effective tax rate	0.06	0.06

(Notes Related to Equity-Method Income)

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

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,487,459 thousand
Amount of investment profit when accounted for by the equity method	JPY -67,763 thousand

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

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

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

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

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	721,419	Accounts receivable	422,909
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	2,182,504	Accounts receivable	1,436,837

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

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

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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	422,206	Accounts receivable	464,466
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	2,190,756	Accounts receivable	2,407,825

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

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

2. Transactions with Affiliates

None for both the fiscal period ended December 31, 2021 and the fiscal period ended June 30, 2022.

3. Transactions with Companies under Common Control

None for both the fiscal period ended December 31, 2021 and the fiscal period ended June 30, 2022.

#### 4. Transactions with Directors and Major Individual Unitholders

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

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)	329,430	Accrued expenses	185,295
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, 2022 (from January 1, 2022 to June 30, 2022)

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

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

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

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

(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, 2021 to September 30, 2021	From October 1, 2021 to March 31, 2022
Total specified assets	100,199,285	100,317,015
Total other assets	1,713,274	1,393,697
Total current liabilities	86,508	7,377
Total non-current liabilities	66,158,866	66,174,866
Total net assets	35,667,184	35,528,468
Operating revenue	525,288	546,895
Income before income taxes	(137,687)	(138,111)
Net income	(138,292)	(138,716)

(Notes Related to Per Unit Information)

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

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

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

	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)	Fiscal period ended June 30, 2022 (from January 1, 2022 to June 30, 2022)
Net income (JPY thousand)	1,014,194	1,015,155
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	1,014,194	1,015,155
Average number of investment units during the period (units)	6,096,840	6,096,840

(Notes Related to Significant Subsequent Events)

Not applicable



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

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

Date	Type of Issue	Total Number of Investment Units Issued and Outstanding (units)		Unitholders' Capital (JPY)		Reference
		Increase	Total	Increase	Total	
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 1)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 2)
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 3)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 4)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 5)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 6)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 7)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 8)

(Note 1) New investment units were issued through public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 2) New investment units were issued through third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.

(Note 3) New investment units were issued 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 4) 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 5) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a securities company.

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

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

(Note 6) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

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

(Note 8) 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, 2021 (as of December 31, 2021)		Fiscal period ended June 30, 2022 (as of June 30, 2022)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	1	0.0	1	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	34,309	6.9	33,892	6.9
		Subtotal	34,311	6.9	33,893	6.9
Total real estate			34,311	6.9	33,893	6.9
Real estate in trust	Residences	Greater Tokyo area	28,779	5.8	28,597	5.8
		Major regional cities	8,913	1.8	5,969	1.2
		Subtotal	37,693	7.6	34,567	7.1
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	1,649	0.3	1,621	0.3
		Subtotal	1,649	0.3	1,621	0.3
	Hotels	Greater Tokyo area	168,540	34.1	167,689	34.2
		Major regional cities	209,609	42.4	208,004	42.4
		Subtotal	378,149	76.4	375,693	76.7
	Total real estate in trust			417,492	84.4	411,882
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.6
Deposits and other assets			25,159	5.1	26,485	5.4
Total assets (Note 6)			494,819 (451,804)	100.0 (91.3)	490,118 (445,776)	100.0 (91.0)

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

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

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

(Note 4) The Leasehold of the Cayman Hotels falls under the category of "Real estate" for "Overseas." The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort" on May 9, 2019 (Cayman 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, 2021 (as of December 31, 2021)		Fiscal period ended June 30, 2022 (as of June 30, 2022)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	248,689	50.3	243,907	49.8
Total Net Assets	246,130	49.7	246,211	50.2
Total Liabilities and Net Assets	494,819	100.0	490,118	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	1,071	0.3	1,240	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	818	0.2	1,070	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	935	0.2	1,220	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,308	0.3	1,400	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,040	0.2	1,170	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	915	0.2	1,230	A
A34	Belle Face Ueno-Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	903	0.2	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	772	0.2	1,050	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	712	0.2	812	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	632	0.1	684	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	710	0.1	691	A

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	654	0.1	588	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	498	0.1	776	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	554	0.1	512	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	542	0.1	614	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	515	0.1	546	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	494	0.1	609	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	526	0.1	535	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	431	0.1	587	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	787	0.2	1,340	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	567	0.1	856	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	998	0.2	1,500	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	381	0.1	714	B
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	256	0.1	445	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	227	0.1	303	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	404	0.1	718	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	861	0.2	1,240	D
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	496	0.1	819	B
A87	Excellent Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	490	0.1	781	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	410	0.1	756	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	379	0.1	635	B
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	331	0.1	504	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	325	0.1	539	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	294	0.1	500	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	307	0.1	382	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	260	0.1	388	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,595	0.3	2,230	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,547	0.3	2,130	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,532	0.6	3,280	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,571	1.0	6,430	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,497	0.5	3,160	B
Subtotal (41 properties)				38,465	34,567	7.8	46,074	-
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,621	0.5	2,380	C
Subtotal (1 property)				2,320	1,621	0.5	2,380	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,827	0.6	4,900	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,459	0.5	4,410	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,547	1.2	8,610	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,414	1.0	7,200	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,534	1.0	6,810	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,616	0.8	6,420	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,511	0.6	5,520	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,260	0.5	3,400	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,147	0.4	3,910	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,740	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	1,403	0.3	5,550	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,312	0.3	2,090	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,188	0.3	2,000	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,170	0.3	1,980	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,177	0.3	2,120	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,075	0.2	2,210	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,117	0.2	2,410	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	845	0.2	1,460	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	548	0.1	803	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	276	0.1	387	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,304	1.7	9,930	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,631	0.6	3,910	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,058	0.4	2,360	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,018	1.6	8,380	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,230	1.1	7,200	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,583	0.8	3,760	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,465	0.8	4,810	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,019	0.4	2,390	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,566	0.3	1,930	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,257	0.3	1,300	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,163	0.3	2,010	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	869	0.2	1,110	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	880	0.2	1,160	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	856	0.2	890	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,731	1.0	4,580	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,063	0.2	1,210	E
D37	Super Hotel JR Ueno-iriya-guchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,051	0.2	1,180	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,952	0.6	2,220	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,004	0.2	1,240	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	952	0.2	1,120	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	897	0.2	1,080	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	746	0.2	918	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,194	5.4	23,700	C
D44	Hotel Epinard Nasu	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	20,981	18,654	4.3	22,700	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,696	1.6	7,990	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,783	1.6	6,130	C
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,471	2.8	12,800	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,130	0.4	2,240	E

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,926	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	12,795	2.7	12,800	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,652	2.0	9,640	D
D52	Kamenoi Hotel Beppu (Note 10)	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,680	1.8	8,670	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,499	1.6	8,180	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,084	1.1	5,250	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,572	0.6	2,690	D
D56	Art Hotel Hirosaki City	1-1-2, 1-1-6, 1-1-7, 1-2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,473	0.6	2,710	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,448	0.3	1,560	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,038	0.8	3,930	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,170	0.7	3,320	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,222	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	15,932	3.4	16,200	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,139	1.1	5,110	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,807	1.0	3,330	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	15,226	3.2	15,000	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,470	2.0	9,310	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	8,773	1.9	9,770	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,578	1.2	5,720	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,597	1.2	5,430	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,307	1.1	5,350	D



Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,068	1.1	5,010	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,134	0.9	4,050	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,340	0.7	3,400	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,895	0.7	3,090	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,843	0.6	3,170	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	2,982	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	2,024	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	1,517	0.3	1,520	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interests	1,425	1,391	0.3	1,420	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,262	0.3	1,240	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,151	0.2	1,190	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	880	0.2	930	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	10,046	2.2	10,200	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,341	1.1	5,400	C
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	30,061 (USD 272,171 thousand)	28,497	6.1	45,719 (USD 334,500 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)	5,394	1.2	8,200 (USD 60,000 thousand) (Note 12)	F
Subtotal (85 properties)				432,763	409,587	88.1	481,758	-
Total (127 properties)				473,549	445,776	96.4	530,212	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 13)	17,845	17,856	3.6	-(Note 5)	

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.6	-	-
Total (128 properties)				491,395	463,633	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 98,300 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 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) 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) The property name was changed from "Beppu Kamenoi Hotel" to "Kemenoi Hotel Beppu" on July 1, 2022 along with the change of the hotel name. Herein after the same.
- (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 136.68, which is the exchange rate on the closing date of the Reporting Period (June 30, 2022).
- (Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

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

Name of Property	Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)			
				Total	Payment for the Reporting Period	Advance Payments	
D73	Art Hotel Asahikawa	Asahikawa-shi, Hokkaido	Multistory parking lot renovation work	From July 2022 To December 2022	150,000	-	-
D56	Art Hotel Hirosaki City	Hirosaki-shi, Aomori	Exterior wall renovation work	From July 2022 To December 2022	139,168	23,852	-
D52	Kamenoi Hotel Beppu	Beppu-shi, Oita	Air conditioning facility and hot water system renovation work for energy saving	From July 2022 To December 2022	115,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Automatic fire alarm system renovation work	From July 2022 To December 2022	85,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Air conditioning facility renovation work (1F and 2F)	From July 2022 To December 2022	40,673	-	-

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

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

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material, "June 2022 Fiscal Period Results (January 1, 2022 to June 30, 2022)" separately announced on August 25, 2022.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material, "June 2022 Fiscal Period Results (January 1, 2022 to June 30, 2022)" separately announced on August 25, 2022.