

Invincible Investment Corporation

Financial Summary for the December 2021 Fiscal Period (from July 1, 2021 to December 31, 2021)

February 24, 2022

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: https://www.invincible-inv.co.jp/en/
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Start date for dividend distribution	: March 22, 2022

This English language notice is a translation of the Japanese-language notice released on February 24, 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 December 31, 2021 (from July 1, 2021 to December 31, 2021)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2021	8,406	120.9	2,292	-	1,014	-	1,014	-
Fiscal period ended June 30, 2021	3,806	(54.5)	(2,341)	-	(3,599)	-	(3,599)	-

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2021	166	0.4	0.2	12.1
Fiscal period ended June 30, 2021	(590)	(1.5)	(0.7)	(94.6)

(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 December 31, 2021	JPY 166	JPY million 1,012	JPY -	JPY million -	% 99.8	% 0.4
Fiscal period ended June 30, 2021	15	91	-	-	-	0.0

(Note 1) The full amount of distribution (excluding excess profit distribution) for the fiscal period ended June 30, 2021 was made by reversing retained earnings.

(Note 2) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:
Dividend Payout Ratio = Distribution Amount (Excluding excess profit distribution) ÷ Net Income × 100

(Note 3) Distribution / Net Assets is calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2021	494,819	246,130	49.7	40,370
Fiscal period ended June 30, 2021	497,899	245,113	49.2	40,203

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

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2021	12,320	(1,561)	(4,873)	16,726
Fiscal period ended June 30, 2021	503	(1,192)	(14,647)	10,840

2. Forecasts for the Fiscal Period ending June 30, 2022 (from January 1, 2022 to June 30, 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 June 30, 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 June 2022 fiscal period (from January 1 to June 30, 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 | Yes |
| (b) Changes in Accounting Policies due to Other Reasons | None |
| (c) Changes in Accounting Estimates | None |
| (d) Restatements | None |

(Note) Please refer to “Notes on Changes in Accounting Policies” regarding the detail.

(2) Number of Investment Units Issued and Outstanding

- | | | | | |
|--|-------------------|-----------|---------------|-----------|
| (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units) | December 31, 2021 | 6,096,840 | June 30, 2021 | 6,096,840 |
| (b) Number of Treasury Units as of the End of the Fiscal Period | December 31, 2021 | 0 | June 30, 2020 | 0 |

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

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

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

1. Operating Conditions

(1) Operating Conditions

a Overview of the Fiscal Period Ended December 31, 2021

(a) Main Trends of INV

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

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

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

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

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

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

(Note 1) US Eastern Standard Time.

(Note 2) As of July 2011, Calliope owned 97.35% of issued shares of CIM and the investment ratio reached 100%

in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of CIM directly and indirectly.

- (Note 3) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (the “TMK”) (equivalent to 49.0% of the total issued and outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.
- (Note 4) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in the Cayman Hotels and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.
- (Note 5) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of December 31, 2021.

(b) Operational Environment and Performance

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

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

the portfolio NOI decreased by 72.3% or JPY 10,962 million, of which the hotel portfolio NOI decreased by JPY 10,390 million and the residential and retail portfolio NOI decreased by JPY 571 million due to asset sales.

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

The NOI for the Reporting Period of the 75 domestic hotels (Note 2) owned by INV increased by 40.0% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 3) of 52.4% (+4.1 points YoY), ADR (Note 4) of JPY 7,667 (-8.5% YoY), and RevPAR (Note 5) of JPY 4,020 (-0.7% YoY). Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 76.7%, the occupancy rate decreased by 35.9pt, ADR decreased by 27.8%, and RevPAR decreased by 57.1%.

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

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

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

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

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

The total appraisal value of 133 properties was JPY 523,699 million (1 out of the 134 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 71,895 million (Note 12) and an unrealized gain ratio of 15.9% (Note 12). The total appraisal value of 133 properties which were owned throughout the Reporting Period increased by 0.2%

from JPY 522,888 million at the end of the June 2021 fiscal period to JPY 523,699 million at the end of the Reporting Period.

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

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

Key Performance Indicators of Cayman Hotels

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

Key Performance Indicators of 54 Residential Properties (Note 7)

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

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

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

(Note 2) Of the 84 hotels held as of the end of the December 2021 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after July 2019 are calculated on the assumption INV had acquired those properties on July 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.

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

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

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

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

(Note 6) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are

calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.

- (Note 7) Based on the 54 residential properties owned as of the beginning of the December 2021 fiscal period. Of the 54 properties, seven properties which are Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin and HERMITAGE NANBA WEST were sold on December 22, 2021. Therefore, for the seven properties sold, July 1, 2021 through December 21, 2021 is deemed as the operating period for the December 2021 fiscal period, and the leased area and the leasable area as of December 21, 2021 are deemed as them as of the end of December 2021 to calculate each number. Hereinafter the same shall apply.
- (Note 8) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. NOI of seven properties which are Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Vendir Hamaotsu Ekimae, Salvo Sala, Winntage Kobe Motomachi, Corp Higashinotoin and HERMITAGE NANBA WEST sold on December 22, 2021 is based on the data through the day before sale date. Hereinafter the same shall apply.
- (Note 9) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents. Hereinafter the same shall apply.
- (Note 10) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period
- (Note 11) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.
- (Note 12) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 13) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. GOP for each fiscal period ended June 2020 and onwards includes the amount of employment adjustment subsidies to be received by the hotel operators for the respective fiscal period, which requires a certain period of time to confirm. Therefore, the amount of GOP is subject to change retroactively upon confirmation of the amount of employment adjustment subsidies. Moreover, if variable rent is accrued due to changes in GOP arising from revision of the employment adjustment subsidies, we will discuss with the tenant separately regarding the handling of such variable rent. In addition, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same shall apply.
- (Note 14) The GOP of the Cayman Hotels was USD -3,775,766 in the same period of 2020 and USD 13,277,720 in the same period of 2019.

(c) Overview of Fund Raising

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

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

$$\text{Interest-Bearing Debt ratio} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{total assets}} \times 100$$

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

$$\text{LTV} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{appraisal value}} \times 100$$

/ total appraisal value (*) × 100

(*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) is deemed as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest). For appraisal value of the Cayman Hotels, USD is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract entered into on July 26, 2018 and executed on September 26, 2018.

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

(i) Borrowing of Funds

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

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

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

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

(d) Overview of Sale of Assets

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

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

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

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

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

(Note 4) INV does not have any capital, personnel or transactional relationship of note with the transferee. In addition, the transferee is not related parties of INV/CIM. Furthermore, related persons and affiliates of the transferee are not related parties of INV/CIM. Moreover, the transferee is not interested party, etc. of INV/CIM as provided in Investment Trust Act.

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

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

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2) (Note 3)	(Expected) Gain on Sale (JPY million) (Note 2) (Note 4)	Transferee (Note 5)
A77	Invoice Shin-Kobe Residence	1,260	1,097	6,150	1,977	Kansai Residence Tokutei Mokuteki Kaisha
A78	Cosmo Court Motomachi	973	833			
A85	Vendir Hamaotsu Ekimae	581	478			
A86	Salvo Sala	544	468			
A89	Winntage Kobe Motomachi	512	435			
A91	Corp Higashinotoin	446	390			
A95	HERMITAGE NANBA WEST	355	310			
A79	Revest Honjin	674	569	4,450	1,454	
A80	Revest Matsubara	657	559			
A82	Alba Noritake Shinmachi	608	509			

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2) (Note 3)	(Expected) Gain on Sale (JPY million) (Note 2) (Note 4)	Transferee (Note 5)
A83	Revest Meieki Minami	597	498			
A88	Luna Court Edobori	525	457			
A98	Little River Honmachibashi	310	272			
Total		8,042	6,881	10,600	3,432	-

- (Note 1) Book value shows figures as of the date of sale for the seven properties sold on December 22, 2021 and as of December 31, 2021 for the six properties sold on January 12, 2022.
- (Note 2) Sale prices of individual properties are not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, the gains on sales of individual properties are not disclosed, either.
- (Note 3) Sale prices show the total sale prices set forth in the purchase and sale agreement for the trust beneficiary interests, and do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes.
- (Note 4) Gain on sale is calculated by deducting the book value and the transfer related cost (estimated transfer related cost for the six properties sold on January 12, 2022) from the sale price.
- (Note 5) INV does not have any capital, personnel or transactional relationship of note with the transferee. In addition, the transferee is not related parties of INV/CIM. Furthermore, related persons and affiliates of the transferee are not related parties of INV/CIM. Moreover, the transferee is not interested party, etc. of INV/CIM as provided in Investment Trust Act.
- (Note 6) Amounts are rounded down to the nearest million yen.

(e) Overview of Results of Operations and Distributions

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

b Outlook for the Fiscal Period Ending June 30, 2022

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

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

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

(a) Future operational policy and issues to be addressed

Since July 2011, INV has focused on improving the profitability of its portfolio and strengthening its financial base in order to enhance unitholder value with the Fortress Group as its sponsor. Fortress Group became a member of SoftBank Group in December 2017 and SoftBank Group owns 100% of issued shares of CIM directly and indirectly as of March 29, 2018. As a result, the sponsor support for a long-term growth of INV has been further strengthened. In addition to access to Fortress' global real estate expertise, INV will pursue synergies with SoftBank Group affiliates that has cutting-edge expertise in various technology fields.

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

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

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

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

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

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

Property Sales

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

accommodation demand due to the impact of COVID-19.

(ii) Strategy for internal growth

(Hotels)

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

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

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

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

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

(Residential properties and others)

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

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

(iii) Financial strategy

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

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

As it is difficult to predict when the COVID-19 pandemic will come to an end, for the time being INV will implement initiatives that restrict an increase in interest payments upon refinancing of existing borrowings and ensure refinancing. Over the medium to long term, INV will implement financial

strategies such as reduction of borrowing costs, extension of average interest-bearing debt repayment periods, diversification of loan maturity dates and financing measures.

(iv) Compliance risk management

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

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

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

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

(v) Initiatives for Sustainability

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

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

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

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

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

c Significant Subsequent Events

(a) Overview of Sale of Assets

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

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

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

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

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

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

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

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

(Reference Information)

(a) Debt Financing

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

(i) Term Loan (001)

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

(ii) Term Loan (002)

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

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

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 June 2022 fiscal period (from January 1 to June 30, 2022) remains undetermined.

	June 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 September 24, 2021).

2. Financial Statements

(1) Balance Sheet

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (as of June 30, 2021)	Fiscal period ended December 31, 2021 (as of December 31, 2021)
Total non-current assets	482,554,746	472,153,573
Deferred assets		
Investment corporation bond issuance costs	56,652	50,349
Total deferred assets	56,652	50,349
Total assets	497,899,915	494,819,805
Liabilities		
Current liabilities:		
Accounts payable	917,331	774,133
Short-term loans payable	44,228,000	71,786,000
Current portion of long-term loans payable	53,315,000	48,667,000
Accounts payable-other	26,843	6,235
Accrued expenses	249,410	291,883
Income taxes payable	605	605
Consumption taxes payable	-	540,868
Advances received	597,790	558,777
Deposits received	11,083	8,813
Total current liabilities	99,346,064	122,634,316
Non-current liabilities:		
Investment corporation bonds	8,200,000	8,200,000
Long-term loans payable	143,455,000	116,292,000
Tenant leasehold and security deposits in trust	1,657,369	1,519,983
Derivatives liabilities	94,392	9,729
Asset retirement obligations	33,197	33,422
Total non-current liabilities	153,439,959	126,055,134
Total liabilities	252,786,023	248,689,451
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of 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	8,753,480	9,676,221
Total surplus	9,487,774	10,410,516
Total unitholders' equity	245,189,287	246,112,028
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(75,395)	18,325
Total valuation and translation adjustments	(75,395)	18,325
Total net assets	*1 245,113,891	*1 246,130,354
Total liabilities and net assets	497,899,915	494,819,805

(2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

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

(3) Statement of Changes in Net Assets

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

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				Capital surplus (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 (loss)						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	—	—	—	—
Balance at the end of the period	235,701,512	6,264,432	(6,130)	(5,524,006)	(5,530,137)	734,294

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings (deficit)	Total surplus				
Balance at the beginning of the period	13,371,340	14,105,635	249,807,147	(165,929)	(165,929)	249,641,218
Changes during the period						
Distributions from surplus	(1,018,172)	(1,018,172)	(1,018,172)			(1,018,172)
Net income (loss)	(3,599,688)	(3,599,688)	(3,599,688)			(3,599,688)
Changes other than unitholders' equity (net)				90,533	90,533	90,533
Total changes during the period	(4,617,860)	(4,617,860)	(4,617,860)	90,533	90,533	(4,527,327)
Balance at the end of the period	8,753,480	9,487,774	245,189,287	(75,395)	(75,395)	245,113,891

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

(Unit: JPY thousand)

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

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings (deficit)	Total surplus				
Balance at the beginning of the period	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 (loss)	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

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
I Unappropriated retained earnings	8,753,480,137	9,676,221,880
II Distributions (Distribution per unit)	91,452,600 (15)	1,012,075,440 (166)
III Retained earnings (deficit) carried forward	8,662,027,537	8,664,146,440
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable 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. Although INV recorded a net loss for the previous fiscal period, INV determined the distribution amount to be JPY 15 per unit by reversing retained earnings.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable 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.

(5) Statement of Cash Flows

(Unit: JPY thousand)

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

(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	7-67 years
Buildings and accompanying facilities in trust	3-33 years
Structures in trust	10-55 years
Tools, furniture and fixtures in trust	2-20 years

(b) Intangible assets

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

(c) Long-term prepaid expenses

The straight-line method is used.

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 included 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

(iii) Leasehold rights in trust

(iv) Tenant leasehold and security deposits in trust

(b) Accounting treatment of consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(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 million)

Impairment loss	-
Non-current assets (Rental Properties)	451,804

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 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 Changes in Accounting Policies

Application of Accounting Standard for Revenue Recognition, etc.

INV has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations effective from the beginning of the Reporting Period, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. This change has no impact on the financial statements of the Reporting Period.

In accordance with the transitional treatment provided for in paragraph 89-3 of the Accounting Standard for Revenue Recognition, Notes on Revenue Recognition for the previous fiscal period have not been presented.

Application of Accounting Standard for Fair Value Measurement, etc.

INV has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the Reporting Period, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This change has no impact on the financial statements of the Reporting Period. Matters stated in Article 8-6-2, paragraph 1, item 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements after revision are omitted in accordance with the provisions of Article 2, paragraph 5 of the supplementary provisions of the "Cabinet Office Order Partially Amending the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements" (Cabinet Office Order No. 61, September 24, 2021).

(10) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)

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

*2. Allowance for temporary differences adjustment

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

Fiscal period ended December 31, 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.

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	3,599,611	5,636,467
Other revenues	206,564	201,380
Total	3,806,176	5,837,847
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	497,596	465,075
Taxes and public dues	603,133	753,548
Non-life insurance premium	19,012	20,256
Depreciation expenses	3,460,619	3,420,925
Other expenses	140,454	117,236
Total	4,720,815	4,777,042
C. Real estate rental income (A-B)	(914,639)	1,060,805
(Note) Of which, revenue from variable hotel rents	37,496	1,280,015

*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
A. Hotel operating revenue	388,076	819,087
B. Hotel operating expenses	740,915	995,357
C. Management contract revenue (A-B)	-	-
D. Management contract expenses		
Management contract losses (A-B) (Note)	352,838	176,269
Non-life insurance premium	101,793	103,910
Depreciation expenses	429,164	429,594
Other expenses	934	-
Total	884,731	709,774
E. Management contract income (C-D)	(884,731)	(709,774)

(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 June 30, 2021 (from January 1, 2021 to June 30, 2021)

Not applicable

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

(Notes to Statement of Cash Flows)

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

(Unit: JPY thousand)		
	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
Cash and bank deposits	6,311,545	12,759,582
Cash and bank deposits in trust	6,528,498	6,766,557
Time deposits with a deposit period of more than three months	(2,000,000)	(2,800,000)
Cash and cash equivalents	10,840,044	16,726,139

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (as of June 30, 2021)	Fiscal period ended December 31, 2021 (as of December 31, 2021)
Due within one year	319,859	319,859
Due after one year	8,686,455	8,526,526
Total	9,006,315	8,846,385

Operating lease transactions (as lessor)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (as of June 30, 2021)	Fiscal period ended December 31, 2021 (as of December 31, 2021)
Due within one year	13,055,492	12,867,086
Due after one year	64,085,583	56,997,263
Total	77,141,076	69,864,350

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

(3) Supplemental information regarding fair value of financial instruments

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

2. Estimated fair value of financial instruments

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

Fiscal period ended June 30, 2021 (as of June 30, 2021)

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	-	-
Total assets	17,856,387	-	-
(2) Current portion of long-term loans payable	(53,315,000)	(53,315,000)	-
(3) Investment corporation bonds	(8,200,000)	(7,556,240)	643,760
(4) Long-term loans payable	(143,455,000)	(143,455,000)	-
Total liabilities	(204,970,000)	(204,326,240)	643,760
(5) Derivatives	(78,176)	(78,176)	-

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	-

(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 long-term loans payable (4) 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.

(3) Investment corporation bonds

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

(5) Derivatives

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

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

Fiscal period ended June 30, 2021 (as of June 30, 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	53,315,000	-	-	-	-	-
Investment corporation bonds	-	1,000,000	2,000,000	1,000,000	-	4,200,000
Long-term loans payable	-	44,807,000	44,589,000	40,661,000	12,437,000	961,000
Total	53,315,000	45,807,000	46,589,000	41,661,000	12,437,000	5,161,000

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

(Notes Related to Investment Securities)

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

Investment in subsidiaries and affiliates

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
Investment in affiliates	17,856,387	-	-
Total	17,856,387	-	-

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)

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended June 30, 2021 (as of June 30, 2021)

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

(Unit: JPY thousand)

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

(Note 1) Estimation method for fair value

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

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

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended June 30, 2021 (as of June 30, 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	(75,395)

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

(Note 2) Estimation method for fair value

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

Fiscal period ended December 31, 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.

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
Balance at the beginning of the period	32,977	33,197
Increase due to the acquisition of property and equipment	-	-
Accretion expense	219	224
Balance at the end of the period	33,197	33,422

(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).

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

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

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)
Claims generated from contracts with customers (balance at the beginning of the period)	1,534
Claims generated from contracts with customers (balance at the end of the period)	2,114
Contract assets (balance at the beginning of the period)	-
Contract assets (balance at the end of the period)	-
Contract liabilities (balance at the beginning of the period)	-
Contract liabilities (balance at the end of the period)	-

- (2) Transaction value allocated to remaining performance obligations
Not applicable

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 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.	867,619	Real Estate Investment

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

(Notes Related to Rental Properties)

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

(Unit: JPY thousand)

			Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
Residences	Book value	Balance at the beginning of the period	42,293,729	41,998,033
		Change during the period	(295,696)	(4,304,561)
		Balance at the end of the period	41,998,033	37,693,472
	Fair value at the end of the period		55,024,000	49,803,000
Commercial facilities	Book value	Balance at the beginning of the period	4,689,226	4,661,429
		Change during the period	(27,797)	(3,011,821)
		Balance at the end of the period	4,661,429	1,649,608
	Fair value at the end of the period		6,040,000	2,380,000
Hotels	Book value	Balance at the beginning of the period	418,570,646	415,505,072
		Change during the period	(3,065,573)	(3,043,871)
		Balance at the end of the period	415,505,072	412,461,201
	Fair value at the end of the period		471,486,268	471,512,500
Total	Book value	Balance at the beginning of the period	465,553,602	462,164,535
		Change during the period	(3,389,066)	(10,360,253)
		Balance at the end of the period	462,164,535	451,804,282
	Fair value at the end of the period		532,550,268	523,695,500

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

(Note 2) The major factors of increase in change during the previous fiscal period were construction work related to capital expenditures, and the major factors of decrease were depreciation. The major factors of increase in change during the Reporting Period were construction work related to capital expenditures, and the major factors of decrease were sale of residential properties and a retail facility 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, 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 June 30, 2021 (as of June 30, 2021)	Fiscal period ended December 31, 2021 (as of December 31, 2021)
(Deferred tax assets)		
Enterprise tax payable	615	615
Buildings and other (merger)	307,217	186,136
Land (merger)	472,381	116,724
Loss carried forward (Note 1)	1,662,026	1,810,135
Asset retirement obligations	10,443	10,514
Amortization of fixed-term leasehold rights	125,223	137,567
Adjustment of acquisition prices (overseas properties)	461,428	457,482
Subtotal	3,039,336	2,719,176
Valuation allowance for tax loss carried forward	(1,662,026)	(1,810,135)
Valuation allowance for the total of deductible temporary differences, etc.	(1,377,309)	(909,041)
Subtotal (Note 2)	(3,039,336)	(2,719,176)
Total	-	-

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

Fiscal period ended June 30, 2021 (as of June 30, 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)	-	522,444	-	-	-	1,139,582	1,662,026
Valuation allowance	-	(522,444)	-	-	-	(1,139,582)	(1,662,026)
Deferred tax assets	-	-	-	-	-	-	-

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

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.

(Note 2) Valuation allowance decreased by JPY 320,159 thousand mainly due to a decrease in valuation allowance for sale of land and buildings.

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

(Unit: %)

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

(Note) Disclosure is omitted because INV recorded the loss before income taxes for the previous fiscal period.

(Notes Related to Equity-Method Income)

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

Amount of investment in affiliates JPY 17,856,387 thousand
 Amount of investment when accounted for by the equity method JPY 17,555,222 thousand
 Amount of investment profit when accounted for by the equity method JPY -65,738 thousand

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

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 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	38,627	Accounts receivable	42,489
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	867,619	Accounts receivable	945,735

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

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

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.

2. Transactions with Affiliates

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

3. Transactions with Companies under Common Control

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

4. Transactions with Directors and Major Individual Unitholders

Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 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)	300,000	Accrued expenses	165,000
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	600	Accrued expenses	330

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

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

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

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.

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

1. Information of parent company

Not applicable

2. Summarized financial information of material affiliated company

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

(Unit: JPY thousand)

	Kingdom Special Purpose Company	
	From October 1, 2020 to March 31, 2021	From April 1, 2021 to September 30, 2021
Total specified assets	100,129,595	100,199,285
Total other assets	2,191,726	1,713,274
Total current liabilities	356,926	86,508
Total non-current liabilities	66,158,918	66,158,866
Total net assets	35,805,477	35,667,184
Operating revenue	547,658	525,288
Income before income taxes	(133,555)	(137,687)
Net income	(134,160)	(138,292)

(Notes Related to Per Unit Information)

	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)	Fiscal period ended December 31, 2021 (from July 1, 2021 to December 31, 2021)
Net assets per unit	JPY 40,203	JPY 40,370
Net income or loss per unit	JPY -590	JPY 166

Net income or loss per unit is calculated by dividing net income or loss for the period by the average number of investment units during the period. Diluted net income per unit for the previous fiscal period is not stated as net loss per unit was recorded and there are no diluted units. Diluted net income per unit for the Reporting Period is not stated as there are no diluted units.

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

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

(Notes Related to Significant Subsequent Events)

1. Sale of Asset

INV completed the sale of the following six properties on January 12, 2022.

Property Number: A79 Revest Honjin

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 569 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number: A80 Revest Matsubara

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 559 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number: A82 Alba Noritake Shinmachi

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 509 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number: A83 Revest Meieki Minami

Sale Date	January 12, 2022
Location	Nagoya-shi, Aichi
Book Value (Note 1)	JPY 498 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number: A88 Luna Court Edobori

Sale Date	January 12, 2022
Location	Osaka-shi, Osaka
Book Value (Note 1)	JPY 457 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

Property Number: A98 Little River Honmachibashi

Sale Date	January 12, 2022
Location	Osaka-shi, Osaka
Book Value (Note 1)	JPY 272 million
Sale Price (Note 2)	Undisclosed
Expected Gain on Sale (Note 3)	Undisclosed
Transferee	Kansai Residence Tokutei Mokuteki Kaisha
Legal Form of Asset	Trust beneficiary interest

(Note 1) As of December 31, 2021.

(Note 2) Sale price does not include adjustments for property taxes or city planning taxes, or national or local consumption taxes. The sale price of individual properties is not disclosed as the transferee's consent has not been obtained for disclosure. Accordingly, the expected gain on sale of individual properties is not disclosed either. The total sale price is JPY 4,450 million and the total expected gain on sale is 1,454 million for six properties above.

(Note 3) Expected gain on sale is calculated by deducting the book value and estimated transfer related costs from the sale price.

(Note 4) For details of the sold properties, please refer to "(2) Real Estate Properties, Etc." of "3. Reference Information" as described below.

(11) 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	
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 1)
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 2)
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 3)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 4)
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 5)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 6)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 7)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 8)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 9)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 10)

(Note 1) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on February 22, 2017 and the amount was incorporated into unitholders' capital.

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

(Note 3) New investment units were issued 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 4) 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 5) 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 6) 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 7) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a security company.

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

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

(Note 8) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 9) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified properties.

(Note 10) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on August 22, 2019 and the amount was incorporated into unitholders' capital.

3. Reference Information

(1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended June 30, 2021 (as of June 30, 2021)		Fiscal period ended December 31, 2021 (as of December 31, 2021)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	2	0.0	1	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	34,712	7.0	34,309	6.9
		Subtotal	34,714	7.0	34,311	6.9
Total real estate			34,714	7.0	34,311	6.9
Real estate in trust	Residences	Greater Tokyo area	28,937	5.8	28,779	5.8
		Major regional cities	13,060	2.6	8,913	1.8
		Subtotal	41,998	8.4	37,693	7.6
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,661	0.9	1,649	0.3
		Subtotal	4,661	0.9	1,649	0.3
	Hotels	Greater Tokyo area	169,417	34.0	168,540	34.1
		Major regional cities	211,373	42.5	209,609	42.4
		Subtotal	380,790	76.5	378,149	76.4
	Total real estate in trust			427,450	85.9	417,492
Preferred equity interest (Note 5)			17,856	3.6	17,856	3.6
Deposits and other assets			17,878	3.6	25,159	5.1
Total assets (Note 6)			497,899 (462,164)	100.0 (92.8)	494,819 (451,804)	100.0 (91.3)

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

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

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

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

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

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

	Fiscal period ended June 30, 2021 (as of June 30, 2021)		Fiscal period ended December 31, 2021 (as of December 31, 2021)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	252,786	50.8	248,689	50.3
Total Net Assets	245,113	49.2	246,130	49.7
Total Liabilities and Net Assets	497,899	100.0	494,819	100.0

(2) Real Estate Properties, Etc.

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

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 8)	1,251	1,076	0.3	1,250	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	821	0.2	1,060	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	941	0.2	1,210	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,313	0.3	1,410	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,044	0.2	1,160	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	918	0.2	1,210	A
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	908	0.2	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	776	0.2	1,030	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	716	0.2	803	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	634	0.1	675	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	706	0.1	685	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	651	0.1	577	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	502	0.1	766	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	556	0.1	507	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	545	0.1	640	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	518	0.1	543	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	493	0.1	604	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	529	0.1	527	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	434	0.1	580	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	790	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	1,001	0.2	1,470	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	383	0.1	701	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	260	0.1	441	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	229	0.1	303	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	407	0.1	703	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	875	0.2	1,230	D
A79	Revest Honjin (Note 9)	2-13 Toriidoru Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	569	0.1	878	B
A80	Revest Matsubara (Note 9)	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	559	0.1	867	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)
A82	Alba Noritake Shinmachi (Note 9)	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	509	0.1	797	B
A83	Revest Meieki Minami (Note 9)	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	498	0.1	834	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	502	0.1	809	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	491	0.1	761	B
A88	Luna Court Edobori (Note 9)	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	457	0.1	641	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	411	0.1	737	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	379	0.1	619	B
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	334	0.1	496	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	328	0.1	522	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	297	0.1	490	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	308	0.1	369	B
A98	Little River Honmachibashi (Note 9)	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	272	0.1	437	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	262	0.1	379	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,609	0.3	2,180	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,558	0.3	2,130	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,573	0.6	3,330	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,630	1.0	6,010	C
A106	Royal Parks Seair Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,530	0.5	3,150	B
Subtotal (47 properties)				41,836	37,693	8.5	49,807	-
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,649	0.5	2,380	C
Subtotal (1 property)				2,320	1,649	0.5	2,380	-

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)
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,849	0.6	4,900	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,474	0.5	4,400	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,606	1.2	9,080	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,452	1.0	7,200	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,576	1.0	6,800	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,607	0.8	6,410	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,531	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	2,278	0.5	3,590	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,184	0.4	3,890	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,752	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	1,415	0.3	5,550	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,320	0.3	2,090	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,198	0.3	2,000	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,176	0.3	1,980	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,178	0.3	2,120	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,083	0.2	2,200	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,125	0.2	2,410	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	858	0.2	1,460	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	550	0.1	803	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	277	0.1	387	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,380	1.7	9,930	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)
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,665	0.6	3,910	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,063	0.4	2,360	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,070	1.6	8,380	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,258	1.1	7,200	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,602	0.8	3,760	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,488	0.8	4,810	B
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,043	0.4	2,390	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,571	0.3	1,930	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,258	0.3	1,300	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,179	0.3	2,010	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	874	0.2	1,110	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	889	0.2	1,160	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	862	0.2	889	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,754	1.0	4,580	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,071	0.2	1,240	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,058	0.2	1,180	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,969	0.6	2,340	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,016	0.2	1,240	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	969	0.2	1,120	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	906	0.2	1,080	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	758	0.2	915	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)
D43	Hotel MyStays Gotanda Station (Note 10)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,231	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	18,847	4.2	22,600	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,741	1.6	7,990	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,814	1.6	6,120	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,582	2.8	12,700	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,078	0.4	2,240	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,946	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	12,828	2.6	12,800	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,687	2.0	9,640	D
D52	Beppu Kamenoi Hotel	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,785	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	7,562	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	5,114	1.1	5,250	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,601	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	2,504	0.6	2,740	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,467	0.3	1,560	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,043	0.8	3,930	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,180	0.7	3,320	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,286	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	16,044	3.4	16,200	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,151	1.1	5,110	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,839	1.0	3,520	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)
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	15,289	3.1	15,000	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,515	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	8,883	1.9	9,760	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,637	1.2	5,700	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,613	1.1	5,410	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,352	1.1	5,350	D
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,091	1.1	5,000	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,167	0.9	4,050	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,358	0.7	3,400	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,948	0.6	3,090	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,887	0.6	3,160	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	2,996	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	2,037	0.4	1,970	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	1,526	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	1,399	0.3	1,420	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,267	0.3	1,240	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,153	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	894	0.2	926	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	10,167	2.1	10,100	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,407	1.1	5,370	C

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)
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)	28,832	6.1	36,461 (USD 317,000 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)	5,476	1.2	6,671 (USD 58,000 thousand) (Note 12)	F
Subtotal (85 properties)				432,763	412,461	87.5	471,512	-
Total (133 properties)				476,920	451,804	96.4	523,699	-
-	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)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.6	-	-
Total (134 properties)				494,766	469,660	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 (*kyuukyohyoji*), except that if the *kyuukyohyoji* 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 98,100 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) The trust beneficiary interests of Revest Honjin, Revest Matsubara, Alba Noritake Shinmachi, Revest Meieki Minami, Luna Court Edobori, and Little River Honmachibashi were sold on January 12, 2022.

(Note 10) Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the movable assets such as leasehold and FF&E of the Cayman Hotels (the Leasehold, etc.), which were the underlying assets of the TK.

(Note 12) Appraisal value at the end of the period is converted into JPY using the exchange rate of USD 1 = JPY 115.02, which is the exchange rate on the closing date of the Reporting Period (December 31, 2021).

(Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

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

Name of Property	Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)			
				Total	Payment for the Reporting Period	Advance Payments	
D21	APA Hotel Yokohama-Kannai	Yokohama-shi, Kanagawa	Air-conditioner's outdoor units work	From January 2022 To June 2022	125,000	-	-
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Water tank renovation work	From January 2022 To June 2022	69,950	-	-
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Restaurant renovation work	From January 2022 To June 2022	50,000	-	-
D73	Art Hotel Asahikawa	Asahikawa-shi, Hokkaido	Groundwater purification facility renovation work	From January 2022 To June 2022	36,500	-	-
A45	Wacore Tsunashima I	Yokohama-shi, Kanagawa	Exterior wall renovation work	From January 2022 To June 2022	32,630	-	-

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

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

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material, "December 2021 Fiscal Period Results (July 1, 2021 to December 31, 2021)" separately announced on February 24, 2022.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material, "December 2021 Fiscal Period Results (July 1, 2021 to December 31, 2021)" separately announced on February 24, 2022.