

Invincible Investment Corporation

Financial Summary for the June 2021 Fiscal Period (from January 1, 2021 to June 30, 2021)

August 25, 2021

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: https://www.invincible-inv.co.jp/en/
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: September 21, 2021

This English language notice is a translation of the Japanese-language notice released on August 25, 2021 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended June 30, 2021 (from January 1, 2021 to June 30, 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 June 30, 2021	3,806	(54.5)	(2,341)	-	(3,599)	-	(3,599)	-
Fiscal period ended December 31, 2020	8,340	(11.4)	1,690	13.0	624	47.1	623	47.1

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2021	(590)	(1.5)	(0.7)	(94.6)
Fiscal period ended December 31, 2020	102	0.2	0.1	7.5

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
Fiscal period ended June 30, 2021	JPY 15	JPY million 91	JPY -	JPY million -	% -	% 0.0
Fiscal period ended December 31, 2020	167	1,018	-	-	163.2	0.4

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

Distribution (excluding excess profit distribution) differs from net income for the fiscal period ended December 31, 2020, since INV made a distribution by reversing retained earnings along with a distribution of net income.

(Note 2) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:

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

The dividend payout ratio for the fiscal period ended December 31, 2020 is 163.2% because distribution (excluding excess profit distribution) differs from net income since INV made a distribution by reversing retained earnings along with a distribution of net income, as described in (Note 1).

(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 June 30, 2021	497,899	245,113	49.2	40,203
Fiscal period ended December 31, 2020	516,490	249,641	48.3	40,946

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

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended June 30, 2021	503	(1,192)	(14,647)	10,840
Fiscal period ended December 31, 2020	13,240	(1,790)	(1,591)	26,176

2. Forecasts for the Fiscal Period ending December 31, 2021 (from July 1, 2021 to December 31, 2021)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal period ending December 31, 2021	TBD	(-)	TBD	(-)	TBD	(-)	TBD	(-)	TBD	TBD

(Note) The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2021 fiscal period (from July 1 to December 31, 2021) remains undetermined.

※Others

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

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

(2) Number of Investment Units Issued and Outstanding

- (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units)

	June 30, 2021	6,096,840	December 31, 2020	6,096,840
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- (b) Number of Treasury Units as of the End of the Fiscal Period

	June 30, 2021	0	December 31, 2020	0
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(Note) Please refer to “Notes Related to Per Unit Information” regarding the number of investment units which is the basis for the calculation of net income per unit.

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

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

1. Operating Conditions

(1) Operating Conditions

a Overview of the Fiscal Period Ended June 30, 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 June 30, 2021 ("Reporting Period"), INV didn't acquire or sell any properties. As a result, INV's portfolio at the end of the Reporting Period comprised of 142 properties (86 hotels (Note 3) (Note 4), 54 residential properties and two retail properties) with a total acquisition price of JPY 502,717 million (Note 5). Furthermore, INV's hotel portfolio has the largest asset size (Note 6) of JPY 450,609 million (86 properties, 15,597 rooms) among all J-REIT hotel portfolios including hotel-and-inn-specific type investment corporations.

(Note 1) US Eastern Standard Time.

(Note 2) As of July 2011, Calliope owned 97.35% of issued shares of CIM and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this

document, SoftBank Group owns 100% of issued shares of CIM directly and indirectly.

- (Note 3) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (the “TMK”) (equivalent to 49.0% of the total issued and outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.
- (Note 4) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in the Cayman Hotels and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.
- (Note 5) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of June 30, 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 March 11, 2021, INV entered into a Memorandum of Understanding (“MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) pertaining to the rent conditions for the periods from January 1, 2021 to June 30, 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. The rent paid by the MHM Group for the six months of January through June was JPY 1 billion, which is an amount equivalent to the fixed rent, and no variable rent was accrued. Moreover, JPY 1 billion is equivalent to about 20% of fixed rent under the original MLPM Agreements. As a result, NOI for the 73 hotels operated by the MHM Group for the Reporting Period was JPY 430 million.

For the June 2021 fiscal period, the portfolio NOI (Note 1) decreased by 48.1% or JPY 1,936 million compared to the same period in the previous year (the June 2020 fiscal period) to JPY 2,090 million. The hotel portfolio NOI decreased by JPY 1,654 million. The residential portfolio NOI (Note 2) also decreased by JPY 281 million due to asset sales. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI decreased by 85.8% or JPY 12,644 million, of which the hotel portfolio NOI decreased by JPY 11,532 million

and the residential portfolio NOI decreased by JPY 1,108 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 3) owned by INV decreased by 27.1% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 4) of 35.6% (-12.5 points YoY), ADR (Note 5) of JPY 6,940 (-4.0% YoY), and RevPAR (Note 6) of JPY 2,472 (-28.9% YoY). Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the NOI decreased by 94.4%, the occupancy rate decreased by 51.2pt, ADR decreased by 31.4%, and RevPAR decreased by 71.8%.

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort recorded an average occupancy rate of 7.9% (-29.7 points YoY), ADR of USD 162 (-66.8% YoY), and RevPAR of USD 13 (-93.0% YoY) for the Reporting Period. Compared to June 2019 fiscal period prior to the COVID-19 pandemic, the occupancy rate decreased by 81.4pt, ADR decreased by 61.1%, and RevPAR decreased by 96.6%.

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. While demand from individual customers remained weak, several hotels maintained relatively high occupancy rates by procuring group accommodation demand from sports organizations, various educational institutions and other groups as well as business demand from diverse industries thanks to an extensive corporate customer base and sales efforts of the MHM Group.

The Cayman Hotels were closed due to the temporary closure of the Owen Roberts International Airport in March 2020 caused by the COVID-19 pandemic. The Airport has resumed acceptance of foreign nationals on a limited basis, and Sunshine Suites Resort has resumed operations from October 2020 after being selected as one of the hotels for isolation facilities. Westin Grand Cayman Seven Mile Beach Resort & Spa has reopened on a limited basis from June 2021 primarily to capture staycation demand from domestic customers during summer vacation. COVID-19 vaccinations have been making steady progress in the Cayman Islands, and the Cayman Islands Government has announced a restricted border reopening plan from September 9 once the fully vaccinated rate reaches 80%. The Cayman Hotels are preparing to resume accepting tourists from overseas in phases starting in June 2021 with restrictions.

Regarding the residential portfolio, CIM prioritized the recovery of the occupancy rate (Note 7). As a result, the occupancy rate of 54 residential properties (Note 8) increased by 1.2 points from 94.2% at the end of the previous fiscal period to 95.4% at the end of the Reporting Period. The average occupancy rate (Note 7) decreased by 0.7 points YoY to 95.3%. The NOI for the Reporting Period was almost flat YoY, mainly due to the decrease in restoration work costs and repair costs.

Regarding the rent market conditions for small-type properties, the rents in the 23 wards of Tokyo for the first quarter of 2021 (January to March) decreased YoY due to the impact of tenant relocation to the suburbs with the spread of remote work. The rents in other regions are generally on a gradual uptrend or flat.

In the Reporting Period, INV realized a rent increase for 27.6% (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 23.1% (based on the number of contracts) of contract renewals with an average rent increase of 0.7% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 10) of 79.7, 10.4 points decrease YoY. Combined, new lease and renewal lease rents were signed at 0.2% lower than the previous leases. The average rent per tsubo per month (Note 11) for the Reporting Period decreased by 0.2% YoY to JPY 9,037.

The total appraisal value of 141 properties was JPY 532,550 million (1 out of the 142 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 70,385 million (Note 12) and an unrealized gain ratio of 15.2% (Note 12). The total appraisal value of 141 properties which were owned throughout the Reporting Period increased by 0.3% from JPY 530,860 million at the end of the December 2020 fiscal period to JPY 532,550 million at the end of the

Reporting Period.

Key Performance Indicators of 75 Domestic Hotel Properties (Note 3)

	June 2021 fiscal period	vs 1H 2020	vs 1H 2019
Occupancy Rate (Note 4)	35.6%	-12.5pt	-51.2pt
ADR (JPY) (Note 5)	6,940	-4.0%	-31.4%
RevPAR (JPY) (Note 6)	2,472	-28.9%	-71.8%
GOP (JPY million) (Note 13)	655	+58.1%	-94.3%

Key Performance Indicators of Cayman Hotels

	June 2021 fiscal period	vs 1H 2020	vs 1H 2019
Occupancy Rate (Note 4)	7.9%	-29.7pt	-81.4pt
ADR (USD) (Note 5)	162	-66.8%	-61.1%
RevPAR (USD) (Note 6)	13	-93.0%	-96.6%
GOP (USD) (Note 13)	-2,850,157	- (Note 14)	- (Note 14)

Key Performance Indicators of 54 Residential Properties (Note 8)

	June 2021 fiscal period	Year-on-year change
Occupancy Rate (Note 7)	95.3%	-0.7pt
Average Rent per Tsubo per Month (JPY) (Note 11)	9,037	-0.2%
NOI (JPY million) (Note 2)	1,376	-0.1%

(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) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses. Hereinafter the same shall apply.

(Note 3) Of the 84 hotels held as of the end of the June 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 January 2019 are calculated on the assumption INV had acquired those properties on January 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.

(Note 4) "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 5) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

(Note 6) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.

- (Note 7) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.
- (Note 8) Based on the 54 residential properties owned as of the end of June 2021. 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 8,502,469 in the same period of 2020 and USD 26,681,479 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 249,198 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 50.0% and 45.3% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.51%.

(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:

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

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

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

(i) Borrowing of Funds

INV borrowed Term Loan (R) on January 22, 2021 (total amount borrowed: JPY 3,400 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of one year), which was arranged by Sumitomo Mitsui Trust Bank, Limited and Term Loan (S) (total amount borrowed: JPY 850 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of one year), which was arranged by MUFG Bank, Ltd. in order to repay Term Loan (B) in the amount of JPY 4,250 million due on January 22, 2021.

On March 30, 2021, INV borrowed New Syndicate Loan (T) (total amount borrowed: JPY 3,057 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of one year), which was arranged by Mizuho Bank, Ltd., New Syndicate Loan (U) (total amount borrowed: JPY 3,039 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of one year), which was arranged by Mizuho Bank, Ltd. and Term Loan (T) (total amount borrowed: JPY 570 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of three months), which was arranged by Resona Bank, Limited in order to repay one of the tranches of New Syndicate Loan (G) in the amount of JPY 927 million due on March 14, 2021 and New Syndicate Loan (F) in the amount of JPY 6,396 million due on March 30, 2021.

Furthermore, INV borrowed Term Loan (U) on June 15, 2021 (total amount borrowed: JPY 349 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of one year), which was arranged by Citibank, N.A., Tokyo Branch in order to repay Term Loan (C) in the amount of JPY 349 million due on June 15, 2021.

In addition, INV borrowed Term Loan (V) on June 30, 2021 (total amount borrowed: JPY 570 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of six months), which was arranged by Resona Bank, Limited in order to repay Term Loan (T) in the amount of JPY 570 million due on June 30, 2021.

(ii) Prepayment of Loan

INV's following Loans Subject to Prepayment were prepaid on January 29, 2021 to each lender on a pro-rata basis by using JPY 10,000 million, a majority of the sales proceeds of the six residential properties sold on December 18, 2020.

Status of Loans Subject to Prepayment after the Prepayment (Note 1)

(As of January 29, 2021)

Loan	Borrowing Date	Balance before Repayment (JPY million)	Repayment Amount (JPY million)	Balance after Repayment (JPY million)	Interest Rate (annual)	Maturity Date	Borrowing Method
New Syndicate Loan (F) <5-Year Loan>	March 31, 2016	10,433	4,037	6,396	0.68818% (Note 2)	Mar. 30, 2021 (Note 3)	Unsecured/ non-guaranteed
New Syndicate Loan (G) <4-Year Loan>	March 14, 2017	3,250	2,323	927	0.58818% (Note 2)	Mar. 14, 2021 (Note 3)	
New Syndicate Loan (K) <3-Year Loan>	March 29, 2019	7,934	12	7,922	0.36100% (Note 4)	Mar. 29, 2022	
New Syndicate Loan (K) <5-Year Loan>	March 29, 2019	2,500	99	2,401	0.59400% (Note 4)	Mar. 29, 2024	
New Syndicate Loan (K) <10-Year Loan>	March 29, 2019	1,000	39	961	0.88818% (Note 2)	Mar. 29, 2029	
New Syndicate Loan (L) <4.5-Year Loan>	July 19, 2019	4,943	138	4,805	0.52473% (Note 4)	Jan. 16, 2024	
New Syndicate Loan (N) <4.4-Year Loan>	August 28, 2019	3,682	138	3,544	0.46219% (Note 4)	Jan. 16, 2024	

New Syndicate Loan (P) <5-Year Loan>	January 6, 2020	4,550	59	4,491	0.64291% (Note 4)	Jan. 6, 2025
New Syndicate Loan (Q) <5-Year Loan>	March 16, 2020	3,250	39	3,211	0.48700% (Note 4)	Mar. 16, 2025
New Syndicate Loan (Q) <5-Year Loan>	March 30, 2020	6,960	39	6,921	0.58818% (Note 2)	Mar. 16, 2025
New Syndicate Loan (R) <1-Year Loan>	July 16, 2020	28,979	1,550	27,429	0.33818% (Note 2)	Jul. 16, 2021 (Note 3)
Term Loan (C) <5-Year Loan>	June 15, 2016	1,000	651	349	0.68818% (Note 2)	Jun. 15, 2021 (Note 3)
Term Loan (D) <5-Year Loan>	June 30, 2016	3,000	267	2,733	0.68818% (Note 2)	Jun. 30, 2021 (Note 3)
Term Loan (E) <5-Year Loan>	July 20, 2016	1,700	118	1,582	0.68818% (Note 2)	Jul. 20, 2021 (Note 3)
Term Loan (G) <4.5-Year Loan>	May 29, 2017	7,321	157	7,164	0.63818% (Note 2)	Nov. 29, 2021
Term Loan (O) <1-Year Loan>	July 20, 2020	1,000	334	666	0.33818% (Note 2)	Jul. 20, 2021 (Note 3)
Total		91,502	10,000	81,502		

(Note 1) Of the loans that are subject to prepayment, only the tranches that are eligible for prepayment are listed.

(Note 2) The interest rate applicable as of January 20, 2021 is shown.

(Note 3) All repayments are completed as of the date of this document.

(Note 4) Figures are shown as virtually fixed interest rate because interest rate is fixed by interest rate swap agreement while it is a borrowing with floating interest rate.

(d) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period decreased by JPY 4,534 million from the previous period (-54.4%) to JPY 3,806 million, resulting in a net loss of JPY 3,599 million (net income of JPY 623 million for the previous period). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 12,353 million) is JPY 8,753 million. INV has decided to set distribution per unit (excluding excess profit distribution) of JPY 15 by reversing retained earnings in order to avoid non-dividend.

b Outlook for the Fiscal Period Ending December 31, 2021

The Japanese economy is expected to remain in a severe situation caused by COVID-19 infections, 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 increase in nationwide vaccinations will hopefully reduce the number of patients with severe symptoms and death toll, and lead to an improvement in the Japanese economy toward the end of the year.

In the hotel market, accommodation demand related to the Tokyo Olympic Games were limited, as most of the competitions were held without spectators. It is expected that inbound demand will not recover for the time being. However, domestic tourism and business demand are expected to gradually recover as vaccinations progress 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 lessors are required to pay close attention to 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. In addition to continued access to Fortress' global real estate expertise, INV will seek to leverage the resources that are expected to become available through SoftBank Group. SoftBank Group has market-leading expertise in technology fields such as digital marketing for both mobile and desktop, online payment systems, search engine optimization, AI and robotics. INV believes that deployment of technology into INV's real estate assets, especially its hotels, will enhance the ongoing initiatives to improve its digital marketing, minimize labor costs and increase customer engagement. For example, INV plans to pursue opportunities to better manage online research, bookings and payments, improve the process in setting hotel rates and manage overbooking through the use of sophisticated AI algorithms, and reduce labor costs.

In addition to pursuing synergies with SoftBank Group, 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 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 the 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 telework environments 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 14-day 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.

(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 of 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.

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

(iii) Financial strategy

INV has been granted a long-term issuer rating of "A+" (Outlook: Negative) from Japan Credit Rating Agency, Ltd. (JCR) as of the date of this document.

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 officer 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 officer's duties via the Board of Directors of INV. In addition, the compliance officer of CIM attends each meeting of the Board of Directors in the capacity of an observer.

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.

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", which stipulates efforts to improve energy consumption management and energy efficiency in the real estate investment management business, and the "Greenhouse Gas Emissions Reduction Policy", which stipulates an operation policy to reduce carbon emissions. In addition, in order to promote initiatives for ESG throughout the value chain of INV's real estate portfolio, CIM has established the Sustainable Procurement Policy to set guidelines in the real estate investment management business, pertaining to the content of construction ordered, the criteria for selecting goods to be procured in connection with construction, and the criteria for selecting and evaluating business partners (suppliers). 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, APA Hotel Yokohama-Kannai has been used as an accommodation and medical facility for patients with mild symptoms since August 2020 in terms of social contributions.

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 one retail facility, Lexington Plaza Hachiman as below on June 28, 2021 and INV completed the sale on July 2, 2021.

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2)	Expected Gain on Sale (JPY million) (Note 3)	Transferee (Note 4)
B17	Lexington Plaza Hachiman	3,280	2,982	3,660	590	Kubota Holdings

(Note 1) Book value shows figures as of June 30, 2021.

(Note 2) Sale price does not include transfer related cost, adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes.

(Note 3) Expected gain on sale is calculated by deducting the Book Value and estimated transfer related costs 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 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 5) Amounts are rounded down to the nearest million yen.

(Reference Information)

(a) Debt Financing

INV decided to borrow New Syndicate Loan (V) and Term Loan (W) on July 14, 2021 in order to repay (i) the New Syndicate Loan (R) in the amount of JPY 27,429 million due on July 16, 2021, (ii) the borrowing in the amount of JPY 9,660 million due on July 17, 2021, which is one of the tranches of the New Syndicate Loan (I) with a total outstanding amount of JPY 28,979 million, (iii) the Term Loan (E) in the amount of JPY 1,582 million due on July 20, 2021, (iv) the Term Loan (O) in the amount of JPY 666 million due on July 20, 2021 and (v) the borrowing in the amount of JPY 2,359 million due on August 2, 2021, which is one of the tranches of the New Syndicate Loan (J) with a total outstanding amount of JPY 39,359 million.

(i) New Syndicate Loan (V)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Citibank, N.A., Tokyo Branch Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited	July 16, 2021	27,429	Floating interest rates (Note 1)	July 16, 2022	Unsecured/ non guarantee
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Citibank, N.A., Tokyo Branch	July 19, 2021	9,660	Floating interest rates (Note 1)	July 16, 2022	
Development Bank of Japan, Inc.	July 20, 2021	666	Floating interest rates (Note 1)	July 16, 2022	
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Shinsei Bank, Limited Citibank, N.A., Tokyo Branch	August 2, 2021	2,269	Floating interest rates (Note 1)	July 16, 2022	

Total	40,024	
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(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.25000%)

(ii) Term Loan (W)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
The Tokyo Star Bank, Limited	July 20, 2021	1,582	Floating interest rates (Note 1)	July 20, 2024	Unsecured/non guarantee

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

d Operational Outlook

The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2021 fiscal period (from July 1 to December 31, 2021) remains undetermined.

	December 2021 Fiscal Period (Anticipated)
Operating Revenues	TBD
Operating Income	TBD
Ordinary Income	TBD
Net Income	TBD
Total Distribution Amount (Including excess profit distribution)	TBD
Net Income per Unit	TBD
Distribution per Unit (Excluding excess profit distribution)	TBD
Excess Profit Distribution per Unit	TBD
Distribution per Unit (Including excess profit distribution)	TBD

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities report (filed on March 26, 2021).

2. Financial Statements

(1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Assets		
Current assets:		
Cash and bank deposits	21,210,252	6,311,545
Cash and bank deposits in trust	6,295,192	6,528,498
Rental receivables	1,717,908	1,239,770
Deposits paid	356,534	441,992
Prepaid expenses	708,338	498,144
Income taxes receivable	16	14
Consumption taxes receivable	-	268,549
Other	6,536	-
Total current assets	30,294,779	15,288,515
Non-current assets:		
Property and equipment		
Buildings	19,406,379	19,406,379
Accumulated depreciation	(713,241)	(931,763)
Buildings, net	18,693,138	18,474,616
Buildings and accompanying facilities	5,293,194	5,294,556
Accumulated depreciation	(494,825)	(647,543)
Buildings and accompanying facilities, net	4,798,368	4,647,013
Structures, at cost	1,458	1,458
Accumulated depreciation	(52)	(85)
Structures, net	1,406	1,373
Tools, furniture and fixtures, at cost	1,183,738	1,187,082
Accumulated depreciation	(175,331)	(233,535)
Tools, furniture and fixtures, net	1,008,406	953,547
Construction in progress	588,930	637,580
Buildings in trust, at cost	164,029,805	164,167,367
Accumulated depreciation	(18,754,443)	(21,027,435)
Buildings in trust, net	145,275,361	143,139,931
Buildings and accompanying facilities in trust, at cost	33,102,139	33,384,159
Accumulated depreciation	(9,866,713)	(10,817,809)
Buildings and accompanying facilities in trust, net	23,235,425	22,566,350
Structures in trust, at cost	233,505	235,988
Accumulated depreciation	(98,339)	(104,094)
Structures in trust, net	135,165	131,893
Tools, furniture and fixtures in trust, at cost	2,727,329	2,800,865
Accumulated depreciation	(1,094,873)	(1,286,332)
Tools, furniture and fixtures in trust, net	1,632,456	1,514,532
Land in trust	245,560,970	245,560,970
Total property and equipment, net	440,929,629	437,627,809
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,575,091	14,536,494
Total intangible assets	25,212,903	25,174,306
Investments and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,362,721	1,362,721
Long-term prepaid expenses	681,990	494,637
Derivatives assets	66,417	16,216
Other	22,667	22,667
Total investments and other assets	19,990,184	19,752,630

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Total non-current assets	486,132,717	482,554,746
Deferred assets		
Investment corporation bond issuance costs	62,853	56,652
Total deferred assets	62,853	56,652
Total assets	516,490,350	497,899,915
Liabilities		
Current liabilities:		
Accounts payable	846,058	917,331
Short-term loans payable	34,847,000	44,228,000
Current portion of long-term loans payable	55,601,000	53,315,000
Accounts payable-other	24,701	26,843
Accrued expenses	344,243	249,410
Income taxes payable	605	605
Consumption taxes payable	578,858	-
Advances received	580,016	597,790
Deposits received	11,143	11,083
Total current liabilities	92,833,627	99,346,064
Non-current liabilities:		
Investment corporation bonds	8,200,000	8,200,000
Long-term loans payable	163,940,000	143,455,000
Tenant leasehold and security deposits in trust	1,672,037	1,657,369
Derivatives liabilities	170,488	94,392
Asset retirement obligations	32,977	33,197
Total non-current liabilities	174,015,504	153,439,959
Total liabilities	266,849,131	252,786,023
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 (6,130)	*2 (6,130)
Other deduction of capital surplus	(5,524,006)	(5,524,006)
Total deduction of capital surplus	(5,530,137)	(5,530,137)
Capital surplus (net)	734,294	734,294
Retained earnings	13,371,340	8,753,480
Total surplus	14,105,635	9,487,774
Total unitholders' equity	249,807,147	245,189,287
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(165,929)	(75,395)
Total valuation and translation adjustments	(165,929)	(75,395)
Total net assets	*1 249,641,218	*1 245,113,891
Total liabilities and net assets	516,490,350	497,899,915

(2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Operating revenue		
Rental revenue—real estate	*1 5,738,249	*1 3,806,176
Gain on sale of real estate properties	*3 2,602,343	-
Total operating revenue	8,340,593	3,806,176
Operating expenses		
Property related expenses	*1 5,044,533	*1 4,720,815
Management contract expenses	*2 983,288	*2 884,731
Asset management fees	300,000	300,000
Directors' compensation	4,800	4,800
Asset custody fees	25,684	25,203
Administrative service fees	67,749	49,087
Other	223,692	162,956
Total operating expenses	6,649,749	6,147,595
Operating income (loss)	1,690,843	(2,341,419)
Non-operating income		
Interest income	107	96
Foreign exchange gains	12,878	-
Interest on tax refund	1,498	-
Gain of derivatives	81,626	-
Miscellaneous income	3,272	8,327
Total non-operating income	99,382	8,423
Non-operating expenses		
Interest expenses	654,685	624,616
Foreign exchange losses	-	34,513
Interest expenses on investment corporation bonds	28,230	27,769
Amortization of investment corporation bond issuance costs	6,303	6,200
Loan-related costs	472,665	508,348
Derivative losses	-	64,638
Other	4,007	-
Total non-operating expenses	1,165,892	1,266,088
Ordinary income (loss)	624,333	(3,599,083)
Income (loss) before income taxes	624,333	(3,599,083)
Income taxes	605	605
Total income taxes	605	605
Net income (loss)	623,728	(3,599,688)
Retained earnings (deficit) brought forward	12,747,612	12,353,168
Unappropriated retained earnings (deficit)	13,371,340	8,753,480

(3) Statement of Changes in Net Assets

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

(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	13,168,294	13,902,588	249,604,100	(65,906)	(65,906)	249,538,194
Changes during the period						
Distributions from surplus	(420,681)	(420,681)	(420,681)			(420,681)
Net income (loss)	623,728	623,728	623,728			623,728
Changes other than unitholders' equity (net)				(100,022)	(100,022)	(100,022)
Total changes during the period	203,046	203,046	203,046	(100,022)	(100,022)	103,024
Balance at the end of the period	13,371,340	14,105,635	249,807,147	(165,929)	(165,929)	249,641,218

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

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
I Unappropriated retained earnings	13,371,340,907	8,753,480,137
II Distributions (Distribution per unit)	1,018,172,280 (167)	91,452,600 (15)
III Retained earnings (deficit) carried forward	12,353,168,627	8,662,027,537
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 1,018,172,280 out of net income of JPY 623,728,763 and a part of retained earnings of JPY 394,443,517. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Although INV recorded a net loss for the Reporting Period, INV determined the distribution amount to be JPY 15 per unit by reversing retained earnings.

(5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Cash flows from operating activities		
Income (loss) before income taxes	624,333	(3,599,083)
Depreciation and amortization	3,992,787	3,889,784
Amortization of investment corporation bond issuance costs	6,303	6,200
Loan-related costs	472,665	508,348
Interest income	(107)	(96)
Interest expenses	682,915	652,386
Foreign exchange losses (gains)	(30)	51
Loss (gain) of derivatives	(81,626)	64,638
Decrease (increase) in rental receivables	(1,413,044)	478,137
Decrease (Increase) in deposits paid	(94,026)	(85,458)
Decrease (increase) in receivable income taxes	129,597	1
Decrease (increase) in consumption taxes receivable	831,675	(268,549)
Increase (decrease) in accounts payable	640,046	17,621
Increase (decrease) in consumption taxes payable	578,858	(578,858)
Increase (decrease) in accounts payable-other	(256,749)	16,542
Increase (decrease) in accrued expenses	68,632	(89,059)
Increase (decrease) in advances received	(420,200)	17,773
Increase (decrease) in deposits received	(20,746)	(59)
Decrease in property and equipment in trust due to sale	8,284,271	0
Others, net	(104,384)	129,029
Subtotal	13,921,171	1,159,352
Interest income received	107	96
Interest expenses paid	(680,307)	(655,468)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	13,240,366	503,374
Cash flows from investing activities		
Payment into time deposits	(1,328,500)	(2,000,000)
Proceeds from time deposits	-	1,328,500
Purchases of property and equipment	(139,812)	(53,356)
Purchases of property and equipment in trust	(358,986)	(453,398)
Repayments of tenant leasehold and security deposits in trust	(99,182)	(53,590)
Proceeds from tenant leasehold and security deposits in trust	26,461	38,922
Other, net	109,484	-
Net cash used in investing activities	(1,790,534)	(1,192,923)
Cash flows from financing activities		
Increase in short-term loans payable	34,847,000	11,835,000
Repayments of short-term loans payable	(880,000)	(2,454,000)
Proceeds from long-term loans payable	600,000	-
Repayments of long-term loans payable	(35,447,000)	(22,771,000)
Borrowing related expenses	(287,367)	(237,904)
Payment of distributions of earnings	(424,124)	(1,019,396)
Net cash provided by (used in) financing activities	(1,591,491)	(14,647,300)
Effect of exchange rate change on cash and cash equivalents	30	(51)
Net increase (decrease) in cash and cash equivalents	9,858,370	(15,336,901)
Cash and cash equivalents at beginning of period	16,318,574	26,176,945
Cash and cash equivalents at end of period	*1 26,176,945	*1 10,840,044

(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) Other securities

Those with no fair value

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	2-33 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

Accounting treatment of property taxes and other taxes

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

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition cost of real estate during the fiscal period ended December 31, 2020 is zero.

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 significant matters which constitute the basis for preparation of financial statements

(i) 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.

(a) Cash and bank deposits in trust

(b) Buildings in trust

Buildings and accompanying facilities in trust

Structures in trust

Tools, furniture and fixtures in trust

Land in trust

(c) Leasehold rights in trust

(d) Tenant leasehold and security deposits in trust

(ii) 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)	462,164

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 during the fiscal period ending December 2021, but the pandemic will be gradually contained and the business environment will recover in 2022 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 on Changes in Presentation Methods

Changes due to the application of "Accounting Standard for Disclosure of Accounting Estimates"

"Accounting Standard for Disclosure of Accounting Estimates" (Corporate Accounting Standards No. 31, March 31, 2020) has been applied from the Reporting Period, and Notes on Material Accounting Estimates are described as above. However, in the notes, the contents related to the previous fiscal period are not described in accordance with the transitional treatment stipulated in the proviso of paragraph 11 of the accounting standard.

(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 December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
50,000	50,000

*2. Allowance for temporary differences adjustment

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

Fiscal period ended June 30, 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.

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	5,530,201	3,599,611
Other revenues	208,047	206,564
Total	5,738,249	3,806,176
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	548,085	497,596
Taxes and public dues	779,062	603,133
Non-life insurance premium	19,719	19,012
Depreciation expenses	3,564,224	3,460,619
Other expenses	133,441	140,454
Total	5,044,533	4,720,815
C. Real estate rental income (A-B)	693,715	(914,639)
(Note) Of which, revenue from variable hotel rents	1,105,021	37,496

*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
A. Hotel operating revenue	323,764	388,076
B. Hotel operating expenses	774,406	740,915

C. Management contract revenue (A-B)	-	-
D. Management contract expenses		
Management contract losses (A-B) (Note)	450,641	352,838
Non-life insurance premium	101,221	101,793
Depreciation expenses	428,563	429,164
Other expenses	2,862	934
Total	983,288	884,731
E. Management contract income (C-D)	(983,288)	(884,731)

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

*3. Gain on sales of properties

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

(Unit: JPY thousand)

	Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence and City Court Kitaichijo	Lexington Square Akebonobashi and Lexington Square Daitabashi
Proceeds from sales of properties	7,870,163	3,270,294
Cost of sales of properties	6,183,306	2,100,964
Other expenses on sales of properties	176,967	76,876
Gain on sales of properties	1,509,889	1,092,453

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

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

Not applicable

(Notes to Statement of Changes in Net Assets)

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

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 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 December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Cash and bank deposits	21,210,252	6,311,545
Cash and bank deposits in trust	6,295,192	6,528,498
Time deposits with a deposit period of more than three months	(1,328,500)	(2,000,000)
Cash and cash equivalents	26,176,945	10,840,044

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Due within one year	317,915	319,859
Due after one year	8,769,532	8,686,455
Total	9,087,447	9,006,315

(Unit: JPY thousand)

Operating lease transactions (as lessor)
Unexpired lease fees

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Due within one year	12,885,947	13,055,492
Due after one year	69,716,320	64,085,583
Total	82,602,268	77,141,076

(Unit: JPY thousand)

(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 market value, etc. for financial instruments

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, 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.

Fiscal period ended December 31, 2020 (as of December 31, 2020)

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	21,210,252	21,210,252	-
(2) Cash and bank deposits in trust	6,295,192	6,295,192	-
Total assets	27,505,445	27,505,445	-
(3) Short-term loans payable	(34,847,000)	(34,847,000)	-
(4) Current portion of long-term loans payable	(55,601,000)	(55,601,000)	-
(5) Investment corporation bonds	(8,200,000)	(7,467,240)	732,760
(6) Long-term loans payable	(163,940,000)	(163,940,000)	-
Total liabilities	(262,588,000)	(261,855,240)	732,760
(7) Derivatives	(104,071)	(104,071)	-

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

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	6,311,545	6,311,545	-
(2) Cash and bank deposits in trust	6,528,498	6,528,498	-
Total assets	12,840,044	12,840,044	-
(3) Short-term loans payable	(44,228,000)	(44,228,000)	-
(4) Current portion of long-term loans payable	(53,315,000)	(53,315,000)	-
(5) Investment corporation bonds	(8,200,000)	(7,556,240)	643,760
(6) Long-term loans payable	(143,455,000)	(143,455,000)	-
Total liabilities	(249,198,000)	(248,554,240)	643,760
(7) Derivatives	(78,176)	(78,176)	-

(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) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans payable

Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.

- (4) Current portion of long-term loans payable (6) 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.

- (5) Investment corporation bonds

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

- (7) Derivatives

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

(Note 2) Financial instruments for which fair value is extremely difficult to value

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Tenant leasehold and security deposits in trust	1,672,037	1,657,369
Investment securities	17,856,387	17,856,387

Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to reasonably estimate their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.

Investment securities (preferred equity interest) have no observable market price, and it is impracticable to assess its fair value. Thus, its fair value is not disclosed.

(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period

Fiscal period ended December 31, 2020 (as of December 31, 2020)

(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
Cash and bank deposits	21,210,252	-	-	-	-	-
Cash and bank deposits in trust	6,295,192	-	-	-	-	-
Total	27,505,445	-	-	-	-	-

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
Cash and bank deposits	6,311,545	-	-	-	-	-
Cash and bank deposits in trust	6,528,498	-	-	-	-	-
Total	12,840,044	-	-	-	-	-

(Note 4) Repayment schedule of investment corporation bonds, long-term loans payable and other interest-bearing debts after the closing date of the fiscal period

Fiscal period ended December 31, 2020 (as of December 31, 2020)

(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
Short-term loans payable	34,847,000	-	-	-	-	-
Current portion of long-term loans payable	55,601,000	-	-	-	-	-
Investment corporation bonds	-	-	3,000,000	1,000,000	-	4,200,000
Long-term loans payable	-	48,679,000	42,405,000	32,920,000	38,936,000	1,000,000
Total	90,448,000	48,679,000	45,405,000	33,920,000	38,936,000	5,200,000

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
Short-term loans payable	44,228,000	-	-	-	-	-
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	97,543,000	45,807,000	46,589,000	41,661,000	12,437,000	5,161,000

(Notes Related to Investment Securities)

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

Other securities

Preferred equity interest (JPY 17,856,387 thousand in the balance sheet) has no observable market price, and it is impracticable to assess its fair value. Thus, their fair values are not disclosed.

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

Other securities

Preferred equity interest (JPY 17,856,387 thousand in the balance sheet) has no observable market price, and it is impracticable to assess its fair value. Thus, its fair value is not disclosed.

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended December 31, 2020 (as of December 31, 2020)

About derivative transactions for which hedge accounting is not applied, the contract amount, amount equivalent to the principal provided in the contract, etc. 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 (Option fees)	952,820 (-23,788)	596,860 (-14,921)	(-4,323)	(19,464)
	Currency option transaction, long USD/Put (Option fees)	952,820 (39,407)	596,860 (25,719)	(66,180)	(26,773)

(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 June 30, 2021 (as of June 30, 2021)

About derivative transactions for which hedge accounting is not applied, the contract amount, amount equivalent to the principal provided in the contract, etc. 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 (Option fees)	952,820 (-23,788)	- (-)	(-15,962)	(7,825)
	Currency option transaction, long USD/Put (Option fees)	952,820 (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.

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended December 31, 2020 (as of December 31, 2020)

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	69,383,000	65,133,000	(165,929)

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

(Note 2) Estimation method for fair value

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

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

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (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.

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Balance at the beginning of the period	32,756	32,977
Increase due to the acquisition of property and equipment	-	-
Accretion expense	221	219
Balance at the end of the period	32,977	33,197

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

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
Undisclosed (Note)	2,602,343	Real Estate Investment
MyStays Hotel Management Co., Ltd.	1,389,730	Real Estate Investment
Naqua Hotel & Resorts Management Co., Ltd.	851,447	Real Estate Investment

(Note) The customer is a domestic TMK. However, the name is not disclosed since consent for the disclosure has not been obtained. The customer is not a group company of INV/CIM.

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

(Notes Related to Rental Properties)

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

(Unit: JPY thousand)

			Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Residences	Book value	Balance at the beginning of the period	50,904,075	42,293,729
		Change during the period	(8,610,346)	(295,696)
		Balance at the end of the period	42,293,729	41,998,033
	Fair value at the end of the period		54,237,000	55,024,000
Commercial facilities	Book value	Balance at the beginning of the period	4,738,684	4,689,226
		Change during the period	(49,457)	(27,797)
		Balance at the end of the period	4,689,226	4,661,429
	Fair value at the end of the period		6,040,000	6,040,000
Hotels	Book value	Balance at the beginning of the period	421,613,565	418,570,646
		Change during the period	(3,042,918)	(3,065,573)
		Balance at the end of the period	418,570,646	415,505,072
	Fair value at the end of the period		470,583,650	471,486,268
Total	Book value	Balance at the beginning of the period	477,256,324	465,553,602
		Change during the period	(11,702,721)	(3,389,066)
		Balance at the end of the period	465,553,602	462,164,535
	Fair value at the end of the period		530,860,650	532,550,268

(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 for the fiscal period ended December 31, 2020 were construction work related to capital expenditures, and the major factors of the decrease were sale of residential properties and depreciation. The major factors of increase for the Reporting Period were construction work related to capital expenditures, and the major factors of decrease were depreciation.

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

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

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: JPY thousand)

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
(Deferred tax assets)		
Enterprise tax payable	731	615
Buildings and other (merger)	312,445	307,217
Land (merger)	472,381	472,381
Loss carried forward (Note 1)	532,677	1,662,026
Asset retirement obligations	10,374	10,443
Amortization of fixed-term leasehold rights	113,080	125,223
Adjustment of acquisition prices (overseas properties)	465,374	461,428
Subtotal	1,907,065	3,039,336
Valuation allowance for tax loss carried forward	(532,677)	(1,662,026)
Valuation allowance for the total of deductible temporary differences, etc.	(1,374,387)	(1,377,309)
Subtotal (Note 2)	(1,907,065)	(3,039,336)
Total	-	-

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

Fiscal period ended December 31, 2020 (as of December 31, 2020)

(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)	-	201,976	320,467	-	-	10,232	532,677
Valuation allowance	-	(201,976)	(320,467)	-	-	(10,232)	(532,677)
Deferred tax assets	-	-	-	-	-	-	-

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

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.

(Note 2) Valuation allowance increased by JPY 1,132,271 thousand mainly due to an increase in tax loss carried forward.

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

(Unit: %)

	Fiscal period ended December 31, 2020 (as of December 31, 2020)	Fiscal period ended June 30, 2021 (as of June 30, 2021)
Statutory tax rate	31.46	-
Changes in valuation allowance	(31.46)	-
Others	0.10	-
Effective tax rate	0.10	-

(Note) Disclosure is omitted because INV recorded the loss before income taxes for the Reporting Period.

(Notes Related to Equity-Method Income)

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

Amount of investment in affiliates JPY 17,856,387 thousand
 Amount of investment when accounted for by the equity method JPY 17,620,960 thousand
 Amount of investment profit when accounted for by the equity method JPY -235,426 thousand

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

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

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	851,447	Accounts receivable	402,013
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	760	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,389,730	Accounts receivable	966,790

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

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

Fiscal period ended June 30, 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	760	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.

2. Transactions with Affiliates

None for both the fiscal periods ended December 31, 2020 and the fiscal period ended June 30, 2021.

3. Transactions with Companies under Common Control

None for both the fiscal periods ended December 31, 2020 and the fiscal period ended June 30, 2021.

4. Transactions with Directors and Major Individual Unitholders

Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)

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)	333,417	Accrued expenses	201,758
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to CIM (Note 2)	1,100	Accrued expenses	880

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

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

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

Fiscal period ended June 30, 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.

(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	
	Fiscal period ended December 31, 2020	Fiscal period ended June 30, 2021
Total specified assets	100,174,273	100,129,595
Total other assets	2,043,010	2,191,726
Total current liabilities	18,728	356,926
Total non-current liabilities	66,258,918	66,158,918
Total net assets	35,939,637	35,805,477
Operating revenue	201,274	547,658
Income before income taxes	(479,858)	(133,555)
Net income	(480,463)	(134,160)

(Notes Related to Per Unit Information)

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Net assets per unit	JPY 40,946	JPY 40,203
Net income or loss per unit	JPY 102	JPY -590

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 preceding period is not stated as there are no diluted units. Diluted net income per unit for the Reporting Period is not stated as net loss per unit was recorded and there are no diluted units.

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

	Fiscal period ended December 31, 2020 (from July 1, 2020 to December 31, 2020)	Fiscal period ended June 30, 2021 (from January 1, 2021 to June 30, 2021)
Net income or loss (JPY thousand)	623,728	(3,599,688)
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income or loss attributable to common units (JPY thousand)	623,728	(3,599,688)
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 property on July 2, 2021.

Property Number: B17 Lexington Plaza Hachiman

Sale Date	July 2, 2021
Location	Sendai-shi, Miyagi
Book Value (Note 1)	JPY 2,982 million
Sale Price (Note 2)	JPY 3,660 million
Expected Gain on Sale (Note 3)	JPY 590 million
Transferee	Kubota Holdings
Legal Form of Asset	Trust beneficiary interest

(Note 1) As of June 30, 2021.

(Note 2) Sale price does not include adjustments for property taxes or city planning taxes, or national or local consumption taxes.

(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 property, please refer to “(2) Real Estate Properties, Etc.” of “3. Reference Information” as described below.

(Notes Related to other matters)

(Accounting standards not yet applied)

- “Accounting Standard for Revenue Recognition” (Corporate Accounting Standards No. 29 issued by the Accounting Standards Board of Japan (ASBJ) on March 31, 2020)
- “Implementation Guidance on Accounting Standard for Revenue Recognition” (Implementation Guidance of Corporate Accounting Standards No. 30 issued by ASBJ on March 26, 2021)

1. Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) have jointly developed the comprehensive accounting standard for revenue recognition and have published “Revenue from Contracts with Customers” (International Financial Reporting Standards (IFRS) 15 by IASB and Topic 606 by FASB) in May 2014. As IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and Topic 606 is effective for annual periods beginning after December 15, 2017, ASBJ has developed and published the comprehensive accounting standard and implementation guidance for revenue recognition accordingly.

As the basic policy of ASBJ for the development of accounting standard for revenue recognition, the accounting standard in Japan have been established while adopting the basic principle of IFRS 15 from the point of view of the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP as a benefit for the consistency with IFRS 15. In addition, in the case that there is an item that the actual practice conducted in Japan is considered, the alternate treatments are added within the scope not to fail the comparability.

2. Scheduled date of application

They will be applied at the beginning of the fiscal period ending December 31, 2021.

3. Effects of application of the accounting standard, etc.

The impact of application of the “Accounting Standard for Revenue Recognition”, etc. is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (Corporate Accounting Standards No. 30 issued by ASBJ on July 4, 2019)
- “Accounting Standard for Financial Instruments” (Corporate Accounting Standards No. 10 issued by ASBJ on July 4, 2019)

- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Implementation Guidance of Corporate Accounting Standards No. 31 issued by ASBJ on July 4, 2019)
- “Implementation Guidance on Disclosure about Fair Value of Financial Instruments” (Implementation Guidance of Corporate Accounting Standards No. 19 issued by ASBJ on March 31, 2020)

1. Overview

IASB and FASB have established detailed guidance for fair value measurement (IFRS 13 “Fair Value Measurement” by IFRS and Topic 820 “Fair Value Measurement” by FASB). In order to improve the comparability between the international accounting standard and Japanese accounting standard, ASBJ has mainly considered guidance and disclosure on fair value of financial instruments and published the accounting standard and implementation guidance for fair value measurement accordingly.

As the basic policy of ASBJ for the development of accounting standard for fair value measurement, ASBJ basically adopted all provisions of IFRS 13 by using a unified calculation method, from the point of view of improving the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP. Moreover, in consideration of the actual practice conducted in Japan, other treatments for individual items are established within the scope not to fail the comparability.

2. Scheduled date of application

They will be applied at the beginning of the fiscal period ending December 31, 2021.

3. Effects of application of the accounting standard, etc.

The impact of application of the “Accounting Standard for Fair Value Measurement”, etc. is currently under evaluation.

(9) 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 December 31, 2020 (as of December 31, 2020)		Fiscal period ended June 30, 2021 (as of June 30, 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	2	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	35,136	6.8	34,712	7.0
		Subtotal	35,139	6.8	34,714	7.0
Total real estate			35,139	6.8	34,714	7.0
Real estate in trust	Residences	Greater Tokyo area	29,098	5.6	28,937	5.8
		Major regional cities	13,194	2.6	13,060	2.6
		Subtotal	42,293	8.2	41,998	8.4
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,689	0.9	4,661	0.9
		Subtotal	4,689	0.9	4,661	0.9
	Hotels	Greater Tokyo area	170,270	33.0	169,417	34.0
		Major regional cities	213,161	41.3	211,373	42.5
		Subtotal	383,431	74.2	380,790	76.5
	Total real estate in trust			430,414	83.3	427,450
Preferred equity interest (Note 5)			17,856	3.5	17,856	3.6
Deposits and other assets			33,080	6.4	17,878	3.6
Total assets (Note 6)			516,490 (465,553)	100.0 (90.1)	497,899 (462,164)	100.0 (92.8)

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

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

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

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

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

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

	Fiscal period ended December 31, 2020 (as of December 31, 2020)		Fiscal period ended June 30, 2021 (as of June 30, 2021)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	266,849	51.7	252,786	50.8
Total Net Assets	249,641	48.3	245,113	49.2
Total Liabilities and Net Assets	516,490	100.0	497,899	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 June 30, 2021.

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	1,080	0.2	1,230	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	826	0.2	1,050	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	939	0.2	1,190	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,311	0.3	1,400	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,050	0.2	1,150	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	923	0.2	1,180	A
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	913	0.2	1,080	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	782	0.2	1,020	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	717	0.2	794	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	635	0.1	660	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	704	0.1	678	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	653	0.1	571	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	507	0.1	766	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	558	0.1	507	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	546	0.1	633	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	510	0.1	532	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	497	0.1	596	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	525	0.1	525	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	436	0.1	574	A
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	795	0.2	1,310	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	565	0.1	865	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	1,005	0.2	1,460	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	385	0.1	683	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	263	0.1	433	B
A66	Visconti Kakuoan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	230	0.1	298	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	412	0.1	684	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	878	0.2	1,240	D
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	1,260	1,106	0.3	1,550	B
A78	Cosmo Court Motomachi	3-12-20 Motomachidori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	973	840	0.2	1,200	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)
A79	Revest Honjin	2-13 Toriiodori Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	575	0.1	875	B
A80	Revest Matsubara	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	565	0.1	867	B
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	516	0.1	792	B
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	506	0.1	832	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	509	0.1	782	B
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interests	581	484	0.1	841	B
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	544	471	0.1	697	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	494	0.1	735	B
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	461	0.1	632	B
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	512	438	0.1	666	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	415	0.1	717	B
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudaru, Nakagyo-ku, Kyoto-shi, Kyoto, and two other parcels	Trust beneficiary interests	446	393	0.1	559	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	379	0.1	599	B
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	336	0.1	470	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	331	0.1	495	B
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interests	355	312	0.1	489	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	301	0.1	477	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	309	0.1	358	B
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	274	0.1	432	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	263	0.1	360	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)
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,620	0.3	2,100	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,569	0.3	2,060	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,614	0.6	3,280	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,688	1.0	5,980	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,559	0.5	3,070	B
Subtotal (54 properties)				46,507	41,998	9.3	55,024	-
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	3,280	2,982	0.7	3,660	C
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,679	0.5	2,380	C
Subtotal (2 properties)				5,600	4,661	1.1	6,040	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,873	0.6	4,920	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,485	0.5	4,410	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijiyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,655	1.2	9,460	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,498	1.0	7,200	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,617	1.0	6,810	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,632	0.8	6,680	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,550	0.6	5,530	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,299	0.5	3,780	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,223	0.4	3,890	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,763	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	1,428	0.3	5,560	B
D12	Flexstay Inn Idabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,329	0.3	2,100	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)
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,209	0.3	2,010	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,181	0.2	1,980	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,184	0.2	2,140	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,091	0.2	2,260	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,136	0.2	2,410	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	868	0.1	1,490	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	554	0.1	810	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	280	0.1	390	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,454	1.7	9,930	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,699	0.6	3,910	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,068	0.4	2,360	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,128	1.6	8,390	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,282	1.1	7,210	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,623	0.8	3,760	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,509	0.7	4,820	B
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,067	0.4	2,390	B
D29	Super Hotel Shinbashi/Karakumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,575	0.3	1,940	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,265	0.3	1,300	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,192	0.2	2,010	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	882	0.2	1,110	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	897	0.2	1,160	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)
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	866	0.2	891	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,780	1.0	4,580	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,080	0.2	1,240	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,064	0.2	1,180	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	2,987	0.6	2,460	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,026	0.2	1,240	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	986	0.2	1,120	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	916	0.2	1,100	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	767	0.2	912	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,269	5.3	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	19,114	4.2	22,700	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,784	1.6	7,990	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,847	1.6	6,120	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,688	2.7	12,800	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,094	0.4	2,240	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,967	1.6	10,400	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,855	2.6	12,800	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,723	1.9	9,640	D
D52	Beppu Kamenoi Hotel	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	7,899	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	7,624	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	5,144	1.1	5,250	D

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,631	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	2,530	0.5	2,740	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,488	0.3	1,560	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,049	0.8	3,920	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,193	0.6	3,320	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,348	4.1	23,200	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujonishi Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	16,156	3.3	16,100	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,171	1.1	5,110	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,871	1.0	3,710	B
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interests	15,543	15,342	3.1	14,900	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,560	1.9	9,310	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	8,994	1.9	9,760	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,700	1.2	5,700	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,627	1.1	5,410	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,410	1.1	5,340	D
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,114	1.0	5,000	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,200	0.9	4,050	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,376	0.7	3,400	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	2,995	0.6	3,080	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	2,928	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	3,010	0.6	2,930	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)
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	2,118	2,053	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	1,539	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	1,406	0.3	1,450	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,273	0.3	1,270	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,158	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	907	0.2	930	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	10,279	2.1	10,100	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,469	1.1	5,400	C
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 10)	30,061 (USD 272,171 thousand)	29,144	6.0	35,031 (USD 316,800 thousand) (Note 11)	F
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 10)	5,842 (USD 52,898 thousand)	5,567	1.2	6,391 (USD 57,800 thousand) (Note 11)	F
Subtotal (85 properties)				432,763	415,505	86.1	471,486	-
Total (141 properties)				484,871	462,164	96.5	532,550	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 12)	17,845	17,856	3.5	- (Note 5)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.5	-	-
Total (142 properties)				502,717	480,020	100.0	-	-

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

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

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

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

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

Name of property	Appraisal value	Appraiser (Note 7)
Sheraton Grande Tokyo Bay Hotel	JPY 97,400 million	D

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

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

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

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

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

Group 1

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

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I

Group 3

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

(Note 9) Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 10) The 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 11) Appraisal value at the end of the period is converted into JPY using the exchange rate of USD 1 = JPY 110.58, which is the exchange rate on the closing date of the fiscal period (June 30, 2021).

(Note 12) 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 fiscal period ended June 30, 2021 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	
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Water tank renovation work	From July 2021 To December 2021	70,000	-	-
D73	Art Hotel Asahikawa	Asahikawa-shi, Hokkaido	Water purifier facility renovation work	From July 2021 To December 2021	28,000	-	-
D201	Sunshine Suites Resort	Grand Cayman, Cayman Islands	Roof waterproofing work	From July 2021 To December 2021	24,146	-	-
D42	Comfort Hotel Kitami	Kitami-shi, Hokkaido	Air-conditioner's outdoor units work	From July 2021 To December 2021	22,000	-	-
D06	Hotel MyStays Premier Dojima	Osaka-shi, Osaka	Tenant space work	From July 2021 To December 2021	20,000	-	-

(b) Capital expenditures for the fiscal period ended June 30, 2021

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2021 is as follows. Capital expenditures for the fiscal period totaled JPY 500,498 thousand, and together with JPY 20,011 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 520,509 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Firefighting facility renovation work	From January 2021 To June 2021	25,600
D17	Hotel MyStays Otomae	Osaka-shi, Osaka	Renovation work	From January 2021 To June 2021	21,933
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	Water boilers renovation work	From January 2021 To June 2021	11,000
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	Firefighting facility renovation work	From January 2021 To June 2021	10,500
B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	Air conditioning facility renovation work	From January 2021 To June 2021	9,970
Other construction					421,494
Total					500,498

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material for the 36th Fiscal Period Ended June 2021 separately announced today.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material for the 36th Fiscal Period Ended June 2021 separately announced today.