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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2023 (January 1, 2023 to June 30, 2023)

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Greetings from Naoki Fukuda, Executive Director of Invincible Investment Corporation and President & CEO of Consonant Investment Management Co., Ltd.

We would like to take this opportunity to express our sincere gratitude to all unitholders of Invincible Investment Corporation ("INV") for your continued support.

We hereby provide you with a report on INV's asset management and financial results for the 40th fiscal period (from January 1, 2023 to June 30, 2023) (the "Reporting Period").

In the Reporting Period, the recovery in domestic hotel demand became prominent as the impact of the Covid-19 pandemic has eased significantly, and the legal status of Covid-19 has been downgraded to Category 5 which is the same level as seasonal influenza after May 8, 2023. Demand from domestic tourism has increased as an alternative to overseas travel due to the continuous appreciation of the U.S. dollar and depreciation of the Japanese yen. As for inbound demand, the number of foreign arrivals has increased with each passing month since the relaxation of boarder measures last October, and many foreign tourists can now be seen in various parts of Japan. Under such circumstances, the occupancy rate for domestic hotels owned by INV generally remained at around 80%, which represents approximately 90% of 2019 levels before the Covid-19 pandemic. As such, MyStays Hotel Management Co., Ltd., the major tenant and hotel operator of domestic hotels owned by INV, did not require any rent reduction during this Reporting Period and INV received the total excess rent being paid as variable rent in addition to the total original fixed rent.

On the other hand, hotels in the Cayman Islands have experienced a recovery in RevPAR to 2019 levels due to a significant increase in ADR, despite occupancy rates below 2019 levels. The number of commercial flights to and from the U.S. has not recovered to 2019 levels due to airline staffing shortages and other factors.

On the financing side, we issued investment corporation bonds (3-year and 5-year bonds) in May 2023 for the first time in three years. In the refinancing of the existing borrowings, the focus has shifted primarily from short-term borrowings with a term of one year, which was the bulk of the refinancing until the previous reporting period, to long-term borrowings with a term of three years or more.

Overall, INV announced a distribution per unit of JPY 1,464 by recording operating revenues of JPY 15,914 million, operating income of JPY 10,356 million, and net income of JPY 8,913 million in the Reporting Period. The distribution per unit has recovered another step closer to the 2019 level before the Covid-19 pandemic.

In July, after the end of the Reporting Period, we issued new investment units through a global offering for the first time in four years, and together with borrowings, acquired six domestic hotel properties including "Fusaki Beach Resort Hotel & Villas", our flagship property, on August 1, 2023. INV's hotel portfolio, the largest hotel portfolio among J-REITs, has further expanded to exceed JPY 500 billion in assets under management, and has been further enhanced in terms of the quality of its properties and diversification of areas and hotel types.

On August 10, 2023, it was announced that the Chinese government had lifted the restriction on group travel to Japan by Chinese nationals, which had been implemented since the beginning of the Covid-19 pandemic. As a result, a further increase in inbound demand is expected in the future, and INV will strive to further improve its earnings.

Although there are issues that need to be addressed, such as rising global energy prices and overall inflation, we will continue to work diligently to further enhance the value of INV in all aspects, including internal growth, external growth, financing strategy and sustainability, in order to meet our unitholders' expectations.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

President & CEO, Consonant Investment Management Co., Ltd.

Summary of Financial Results

	Period from January 1, 2021 to June 30, 2021	Period from July 1, 2021 to December 31, 2021	Period from January 1, 2022 to June 30, 2022	Period from July 1, 2022 to December 31, 2022	Period from January 1, 2023 to June 30, 2023
Operating Revenues (JPY million)	3,806	8,406	7,680	11,929	15,914
Ordinary Income (JPY million)	-3,599	1,014	1,015	5,075	8,914
Net Income (JPY million)	-3,599	1,014	1,015	5,075	8,913
Net Assets (JPY million)	245,113	246,130	246,211	250,321	254,024
Total Assets (JPY million)	497,899	494,819	490,118	494,237	496,819
Net Assets per Unit (JPY)	40,203	40,370	40,383	41,058	41,665
Net Assets/Total Assets (%)	49.2	49.7	50.2	50.6	51.1
Distribution per Unit (JPY)	15	166	166	832	1,464
Number of Units Issued (Unit)	6,096,840	6,096,840	6,096,840	6,096,840	6,096,840

Distribution per unit for the 40th fiscal period
(the fiscal period ended June 2023)

JPY 1,464

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of August 31, 2023. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

Overview of the Asset Acquired

Fusaki Beach Resort Hotel & Villas



Location	Ishigaki-shi, Okinawa
No. of Rooms	398 rooms
GFA (m ²)	23,573.57
Acquisition price	JPY 40,293 million



Tateshina Grand Hotel Takinoyu



Location	Chino-shi, Nagano
No. of Rooms	160 rooms
GFA (m ²)	20,577.41
Acquisition price	JPY 8,365 million



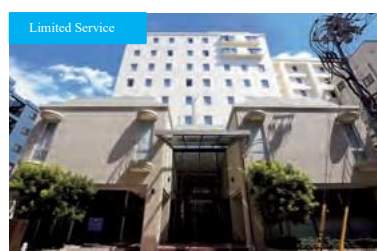
Tazawako Lake Resort & Onsen



Location	Semboku-shi, Akita
No. of Rooms	80 rooms
GFA (m ²)	7,289.75
Acquisition price	JPY 1,475 million

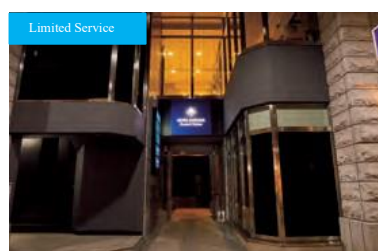


Hotel MyStays Okayama



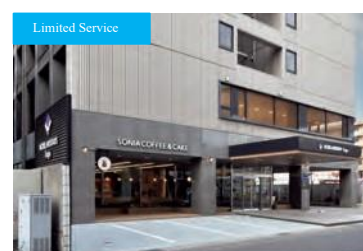
Location	Okayama-shi, Okayama
No. of Rooms	145 rooms
GFA (m ²)	3,023.27
Acquisition price	JPY 2,613 million

Hotel MyStays Aomori Station



Location	Aomori-shi, Aomori
No. of Rooms	132 rooms
GFA (m ²)	3,963.86
Acquisition price	JPY 2,445 million

Hotel MyStays Soga



Location	Chiba-shi, Chiba
No. of Rooms	112 rooms
GFA (m ²)	3,398.18
Acquisition price	JPY 2,039 million

ESG Initiatives

INV recognizes 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 and implement initiatives to contribute to make our society sustainable.

Initiatives for the Environment

Acquisition of BELS¹ Certification








Acquired BELS (Building-Housing Energy-efficiency Labeling System) Certification for seven of INV's hotels, bringing the number of hotels with BELS Certification to 15, including eight hotels that obtained the certification in the previous period.

Hotel MyStays Oita was rated five stars "★★★★★", and Hotel MyStays Sapporo Station was rated four stars "★★★★" due to high energy conservation performance.

(Note 1) BELS is a third-party certification system that evaluates and certifies the energy-saving performance of a building that the operators are required to make efforts to display under the Act on Improving Energy Consumption Performance for Architectural Structures. Houses and buildings are evaluated based on the value of BEI (Building Energy Index) derived from the primary energy consumption based on the government-designated energy consumption performance standard of architectural structures.

The evaluation result is rated on a five-star scale based on energy conservation performance (from one star "★" to five stars "★★★★★"), with five stars meaning the highest energy conservation performance. Also, two stars or more represent that the building meets the existing energy conservation standard.







★★★★★	 Hotel MyStays Oita	★★★★	 Hotel MyStays Sapporo Station
★★★	 MyStays Shin-Urayasu Conference Center	 Hotel Epinard Nasu	
★★	 Hotel MyStays Kyoto-Shijo	 Hotel MyStays Hakodate-Goryokaku	 Hotel MyStays Hamamatsucho




CASBEE Certification for Buildings and Certification for CASBEE for Real Estate²

Acquired CASBEE Certification for Buildings for two hotels, Certification for CASBEE for Real Estate for two residential properties.

< CASBEE Certification for Buildings >

 Rank A	 Hotel MyStays Premier Akasaka	 Rank B+	 Hotel MyStays Premier Kanazawa
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< Certification for CASBEE for Real Estate >

 Rank A	 Royal Parks Momozaka	 Royal Parks Shinden
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(Note 2) CASBEE is a method that comprehensively assesses the quality of a building, and evaluates features such as interior comfort and scenic aesthetics, in consideration of environment practices including use of materials and equipment that save energy or achieve smaller environmental loads. CASBEE Certification for Buildings (Existing Buildings) scores buildings based on the environmental quality and the environmental load reduction of buildings that are at least one year old after completion. Assessment results by CASBEE are indicated on a scale with the following five ranks: Rank S "★★★★★", Rank A "★★★★", Rank B+ "★★★", Rank B- "★★", and Rank C "★". Certification for CASBEE for Real Estate was developed with the aim of making use of the results of the environmental assessment of buildings by CASBEE in real estate evaluation. The assessment results are given one of four ranks: Rank S "★★★★★", Rank A "★★★★", Rank B+ "★★★", and Rank B- "★★"

Green Finance Framework Evaluation

Acquired “Green1 (F)”, the highest rating on Japan Credit Rating Agency, Ltd. (JCR)’s Green Finance Framework Evaluation in August 2023.



INV in 2022 GRESB Real Estate Assessment³

GRESB Real Estate Assessment

In the 2022 GRESB Real Estate Assessment, INV received a “2-Star” GRESB Rating, which is based on overall GRESB scores and its quintile position among participants. INV was also awarded a “Green Star” designation by achieving high performance in both the “Management Component” that evaluates policies and organizational structure for ESG (Environmental, Social, and Governance) promotion, and the “Performance Component” that assesses environmental performance and tenant engagement of properties owned. Further, INV was highly evaluated for its ESG information disclosure efforts and received an “A Level” the highest level for GRESB Public Disclosure, which assesses the breadth of ESG disclosure. We will consider preparations for acquiring evaluation by other external organizations, such as green building certification, to strengthen our ESG initiatives.

(Note 3) GRESB is an annual benchmarking program to evaluate ESG considerations of property companies and real estate funds. The GRESB Real Estate Assessment is distinguished by its comprehensive evaluation of initiatives for sustainability of property companies, REITs and real estate funds, not of individual properties. GRESB rating is a relative evaluation based on comprehensive scores and the highest being “5-stars”.



■ Unitholder Benefit Program

INV has introduced the unitholder benefit program to improve the satisfaction of its unitholders and expand the unitholder base. Eligible unitholders can stay at Sheraton Grande Tokyo Bay Hotel and all MyStays group hotels at special discount rates. INV decided to expand the available period by two months (from six months to eight months) for stay from the December 2022 Fiscal Period and onwards.

*Detailed information is sent to eligible unitholders along with this report.

Overview of the Unitholder Benefit Program^(Note 1)

Applicable Hotels	<ul style="list-style-type: none"> ■ Sheraton Grande Tokyo Bay Hotel ■ All hotels managed by MyStays ^(Note 2)
Eligible Unitholders	<p>All Unitholders whose names are recorded on Invincible's Unitholders' Registry as of the relevant record dates:</p> <p>*INV decided to remove the eligibility requirement of "holding 10 or more units" to enable all INV unitholders to utilize the Unitholder Benefit Program from the June 2020 Fiscal Period and onwards</p>
Record Date	The last day of every fiscal period (June 30 and December 31 of each year)
Program Details	Stay with unitholder special discount rates at the above applicable hotels
Hotel Reservation	<ul style="list-style-type: none"> ■ Sheraton Grande Tokyo Bay Hotel Reservation via phone or Email ■ All MyStays hotels and Kamenoi Hotels Reservation via official website or phone
Available Period ^(Note 3)	<p>From April 1 to November 30 (eligible unitholders as of December 31)</p> <p>From October 1 to May 31 (eligible unitholders as of June 30)</p>

Sheraton Grande Tokyo Bay Hotel



Hotel Epinard Nasu



Fusaki Beach Resort Hotel & Villas



Hotel MyStays Premier Kanazawa



Hotel MyStays Premier Akasaka



(Note 1) The details of the unitholder benefit program described above are as planned by Invincible as of August 31, 2023, and the program may be changed or abolished even after it has been introduced

(Note 2) Refers to all hotels under MyStays brand managed by MHM, and hotels shown on the MyStays Hotel Group's official website (<https://www.mystays.com/en-us/>) will be applicable

(Note 3) Available Period represents a period during which you can lodge by using the unitholder benefit program. To enjoy the unitholder benefit program, you actually need to lodge during the availability period

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		36th fiscal period	37th fiscal period	38th fiscal period	39th fiscal period	40th fiscal period	
Reporting period		Jan. 1, 2021 to Jun. 30, 2021	Jul. 1, 2021 to Dec. 31, 2021	Jan. 1, 2022 to Jun. 30, 2022	Jul. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Jun. 30, 2023	
Operating Results	Operating revenue	(JPY thousand)	3,806,176	8,406,334	7,680,227	11,929,599	15,914,981
	(Rental revenue – real estate)	(JPY thousand)	(3,806,176)	(5,837,847)	(5,198,229)	(10,182,751)	(12,000,955)
	Operating expenses	(JPY thousand)	6,147,595	6,113,994	5,565,846	5,672,588	5,558,241
	(Property-related expenses)	(JPY thousand)	(4,720,815)	(4,777,042)	(4,498,723)	(4,606,538)	(4,488,341)
	Operating income (loss)	(JPY thousand)	-2,341,419	2,292,339	2,114,380	6,257,011	10,356,739
	Ordinary income (loss)	(JPY thousand)	-3,599,083	1,014,799	1,015,760	5,075,941	8,914,347
	Net income (loss)	(JPY thousand)	-3,599,688	1,014,194	1,015,155	5,075,336	8,913,742
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	497,899,915 (-3.6)	494,819,805 (-0.6)	490,118,752 (-1.0)	494,237,781 (0.8)	496,819,930 (0.5)
	Interest-bearing debt	(JPY thousand)	249,198,000	244,945,000	241,372,000	240,797,000	239,190,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	245,113,891 (-1.8)	246,130,354 (0.4)	246,211,129 (0.0)	250,321,091 (1.7)	254,024,091 (1.5)
	Unitholders' capital	(JPY thousand)	235,701,512	235,701,512	235,701,512	235,701,512	235,701,512
Dividend Status	Total distributions	(c) (JPY thousand)	91,452	1,012,075	1,012,075	5,072,570	8,925,773
	Dividend payout ratio	(Note 1) (%)	-	99.8	99.7	99.9	100.1
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	6,096,840	6,096,840	6,096,840	6,096,840	6,096,840
	Net assets per unit	(b) / (d) (Note 2) (JPY)	40,203	40,370	40,383	41,058	41,665
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	15 (15)	166 (166)	166 (166)	832 (832)	1,464 (1,464)
	(Distributions in excess of retained earnings per unit)	(JPY)	(-)	(-)	(-)	(-)	(-)
Financial Measures	Return on assets (annualized)	(Note 3) (%)	-0.7 (-1.4)	0.2 (0.4)	0.2 (0.4)	1.0 (2.0)	1.8 (3.6)
	Return on equity (annualized)	(Note 3) (%)	-1.5 (-2.9)	0.4 (0.8)	0.4 (0.8)	2.0 (4.1)	3.5 (7.1)
	Capital ratio (change from last period)	(b) / (a) (Note 3) (%) (%)	49.2 (0.9)	49.7 (0.5)	50.2 (0.5)	50.6 (0.4)	51.1 (0.5)
	NOI (Net Operating Income)	(Note 3) (JPY thousand)	2,090,413	4,201,550	4,936,210	10,509,695	14,523,824

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

$$\text{Dividend payout ratio} = \text{Distribution amount (Excluding distributions in excess of retained earnings)} / \text{Net income} \times 100$$

(Note 2) Net assets per unit are rounded to the nearest unit.

(Note 3) Figures above are calculated as below, and ratios are rounded to one decimal place. Figures annualized according to the number of days are also shown.

$$\text{Return on assets} = \text{Ordinary income for relevant period} / ((\text{Total assets at start of relevant period} + \text{Total assets at end of relevant period}) / 2) \times 100.$$

Return on equity = Net income for relevant period / ((Net assets at start of relevant period + Net assets at end of relevant period) / 2) x 100.

Capital ratio = Net assets at end of relevant period / Total assets at end of relevant period x 100.

NOI = Rental revenue – Property-related expenses + Management contract revenue - Management contract expenses + Depreciation expense for relevant period

2 Overview of Asset Management for the Fiscal Period Ended June 2023

(a) Main Trends of INV

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended; 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.

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

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

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

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

(Note 3) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned

100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (collectively, the “Cayman Hotels”) and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.

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

(b) Operational Environment and Performance

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

In this environment, real GDP (second preliminary report) for the January-March period of 2023 increased 0.7% from the previous quarter, marking the second consecutive quarter of growth following the October-December period of 2022. The number of inbound visitors in the Reporting Period showed a remarkable recovery trend. The cumulative number of inbound visitors from January to June 2023 was 10,712,000 (estimated by the Japan National Tourism Organization), far exceeding the 507,000 in the same period in 2022. Compared to 2019, prior to the COVID-19 pandemic, the inbound visitor figures in June 2023 decreased by 28.0% and the inbound visitor figures in the period from January to June decreased by 35.6%. Moreover, according to the Japan National Tourism Organization's Survey, the breakdown of travel spending of inbound visitors from April to June 2023 is estimated to be 1,205.2 billion yen (first preliminary report), or 95.1% of the same period in 2019. Regarding the employment trends, the unemployment rate for May 2023 was 2.6%, the same level of the previous month. The effective job openings ratio was 1.31 times, the same level of the previous month and 0.06 points higher than the rate in May 2022, indicating that the employment situation has not worsened.

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

Commentary on hotel and residential performance is as described below.

Each performance metric of the domestic hotel portfolio increased significantly over the same period of the previous year's results and has recovered to levels close to 2019, before the COVID-19 pandemic, due to the government's travel subsidy program "National Travel Discount Campaign" and increased inbound demand. The GOP for the Reporting

Period of the 75 domestic hotels (Note 3) owned by INV increased by 228.7% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 4) of 80.7%, ADR (Note 5) of JPY 10,868, and RevPAR (Note 6) of JPY 8,772. Compared to the June 2019 fiscal period prior to the COVID-19 pandemic, the GOP decreased by 9.9%, the occupancy rate decreased by 6.1pt, ADR increased by 7.5%, and RevPAR is the same level.

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

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

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

The total appraisal value of 127 properties was JPY 560,963 million (one out of the 128 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 120,464 million (Note 13) and an unrealized gain ratio of 27.3% (Note 13). The total appraisal value of 127 properties which were owned throughout the Reporting Period increased by 5.3% from JPY 532,570 million at the end of the December 2022 fiscal period to JPY 560,963 million at the end of the Reporting Period.

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

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

Key Performance Indicators of Cayman Hotels

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

Key Performance Indicators of 41 Residential Properties (Note 7)

	June 2023 fiscal period	Year-on-year change
Occupancy Rate (Note 8)	96.5%	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 12)	9,190	+0.7%
NOI (JPY million) (Note 9)	1,126	+1.2%

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

$$\text{NOI} = \text{Rental Revenues} - \text{Property Related Expenses} + \text{Depreciation Expenses} + \text{Dividend on the preferred equity interest (TMK dividend)} + (\text{Management Contract Revenue of the Cayman Hotels} - \text{Management Contract Expense})$$
- (Note 2) Of the 84 hotels held as of the end of June 2023 (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements etc. are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after July 2019 are calculated on the assumption INV had acquired those properties on July 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. “D48 Takamatsu Tokyu REI Hotel” changed its contract with its major tenant, Tokyu Hotels Corporation, to fixed-rent with variable rent lease from April 25, 2023. However, in view of the continuity of disclosed data, this hotel will continue to be excluded. Hereinafter the same shall apply.
- (Note 3) “GOP” means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel’s revenues. GOP for each fiscal period ended June 2020 and onwards includes the amount of employment adjustment subsidies received by the hotel operators for the respective fiscal periods. In addition, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV’s ownership ratio of the preferred equity interest. Hereinafter the same shall apply.
- (Note 4) “Occupancy rate” for the hotel properties is calculated in accordance with the following formula:

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

period.

(Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period – book value as of the end of the Reporting Period.

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

(c) Overview of Fund Raising

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

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

Interest-Bearing Debt ratio = total outstanding interest-bearing debt (excluding short-term consumption tax loans) / total assets x 100

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

LTV = total outstanding interest-bearing debt (excluding short-term consumption tax loans) / total appraisal value (*) x 100

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

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

(i) Borrowing of Funds

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

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

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

In addition, INV borrowed Term Loan (014) on June 27, 2023 (total amount borrowed: JPY 500 million; interest rate:

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

(ii) Prepayment of Loan

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

(iii) Issuance of Investment Corporation Bonds

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

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

(d) Overview of Results of Operations and Distributions

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

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

(Note 1) New investment units were issued in a public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 2) New investment units were issued in a third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.

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

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

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

(Note 4) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 5) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified assets.

(Note 6) INV decided at the Board of Directors' Meeting held on August 22, 2019, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.

Trends in Trading Prices of Investment Securities

The highest and lowest prices (trading prices) in the Real Estate Investment and Trust Securities Section of the Tokyo Securities Exchange on which the investment securities of INV are listed are as follows.

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	36th fiscal period	37th fiscal period	38th fiscal period	39th fiscal period	40th fiscal period
Closing month	June 2021	December 2021	June 2022	December 2022	June 2023
Highest	47,650	45,800	45,800	52,500	59,600
Lowest	31,400	34,450	34,000	36,250	48,250

4 Distribution Performance

With respect to distribution of earnings for the Reporting Period, INV decided that distribution per unit (excluding excess profit distribution) is JPY 1,464 without reversing retained earnings.

Period	36th fiscal period	37th fiscal period	38th fiscal period	39th fiscal period	40th fiscal period
Calculated Period	Jan. 1, 2021 to Jun. 30, 2021	Jul. 1, 2021 to Dec. 31, 2021	Jan. 1, 2022 to Jun. 30, 2022	Jul. 1, 2022 to Dec. 31, 2022	Jan. 1, 2023 to Jun. 30, 2023
Unappropriated retained earnings (JPY thousand)	8,753,480	9,676,221	9,679,301	13,742,562	17,583,734
Reserved profit (JPY thousand)	8,662,027	8,664,146	8,667,226	8,669,991	8,657,960
Total cash distribution (JPY thousand)	91,452	1,012,075	1,012,075	5,072,570	8,925,773
(Distribution per unit) (JPY)	(15)	(166)	(166)	(832)	(1,464)
Total profit distribution (JPY thousand)	91,452	1,012,075	1,012,075	5,072,570	8,925,773
(Profit distribution per unit) (JPY)	(15)	(166)	(166)	(832)	(1,464)
Total refund of investment (JPY thousand)	-	-	-	-	-
(Refund of investment per unit) (JPY)	-	-	-	-	-
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	-	-	-	-	-
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	-	-	-	-	-
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	-	-	-	-
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	-	-	-	-	-

5 Future operational policy and issues to be addressed

Outlook for the Fiscal Period Ending December 31, 2023

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

In the hotel market, the recovery trend is expected to continue for domestic and inbound demand in both leisure and business segments. In particular, travelers from China, who accounted for about 30% of all inbound travelers in 2019, have yet to recover even after the easing of border measures in October 2022. However, there was an announcement that the Chinese government has lifted the ban on group travel to Japan in August 2023, and a gradual recovery is expected in the near future.

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

(a) Future operational policy and issues to be addressed

Since July 2011, INV has focused on improving the profitability of its portfolio and strengthening its financial base in order to enhance unitholder value with the Fortress Group as its sponsor. In addition to access to Fortress’ global real estate expertise, INV will actively promote efforts to acquire new demand under the environment of “Post-Corona” and flexibly respond to changes in the external environment while emphasizing customer safety and security. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

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

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

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

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

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

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

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

(Note 1) Of the properties acquired from affiliates of the Fortress Group, 15 residential properties have been sold.

(Note 2) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold.

(Note 3) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold. Sheraton Grande Tokyo Bay Hotel was acquired through a special purpose company, of which INV owns the preferred equity interest, and is counted as one property and INV's investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest.

(Note 4) The Cayman Hotels acquired by the Cayman SPC, of which INV owned the TK interest, are counted as two properties and INV's investment amount of the TK interest is used as the acquisition price of the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 76 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of the gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 73 hotels of the 76 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

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

The MHM Group vigorously worked to stimulate demand from domestic customers by providing corporate customers with diverse options including a new lineup of meeting options highlighting strict measures to reduce the spread of

COVID-19 and various options including educational tours and employee training while grasping changes in customer demand under the “Post-Corona” environment. In addition, the MHM Group is focusing on creating demand, including continuation of delivery and take-out services and the development of new menus through directly managed restaurants in the hotel.

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

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

(Residential properties and others)

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

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

(iii) Financial strategy

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

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

(iv) Compliance risk management

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

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

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

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

(v) Initiatives for Sustainability

INV and CIM recognize the importance of environmental, social, and governance (ESG) considerations in real estate investment management from the viewpoint of sustainability such as economic and social development and contributing to global environmental conservation, and regard improvement of sustainability as an important management issue.

INV and CIM believe that the incorporation of ESG considerations into the real estate investment management business, which is our primary business, is essential to maximizing unitholder value over the medium to long term and contributes to maximizing INV's investment returns.

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

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

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

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

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

INV will continue to recognize its social responsibility to the environment and local communities as a J-REIT with hotels and residences as our core assets, and will proactively implement ESG-friendly investment management and sustainability initiatives that take advantage of asset characteristics and carry out social contribution activities.

6 Significant Subsequent Events

(a) Issuance of New Investment Units

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

(i) Issuance of new investment units through Public Offering

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

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

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

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

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

(b) Debt Financing

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

New Syndicate Loan (010)

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

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

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

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

(c) Acquisition of Assets

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

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

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

(Reference Information)

(a) Debt Financing

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

(i) New Syndicate Loan (009)

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

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

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.30000%)

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

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

Overview of the Investment Corporation

1 Overview of Investment

By Period	36th fiscal period	37th fiscal period	38th fiscal period	39th fiscal period	40th fiscal period
Results Dates	As of Jun. 30, 2021	As of Dec. 31, 2021	As of Jun. 30, 2022	As of Dec. 31, 2022	As of Jun. 30, 2023
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	6,096,840	6,096,840	6,096,840	6,096,840	6,096,840
Unitholders' capital (JPY million)	235,701	235,701	235,701	235,701	235,701
Number of total unitholders	33,747	31,238	30,005	27,005	25,829

2 Notes regarding Unitholders

Major unitholders at the end of the Reporting Period are as below.

Name	Number of units held	% of total number of investment units issued and outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	1,263,502	20.72
Custody BANK of Japan, Ltd. (trust account)	1,003,175	16.45
The Nomura Trust and Banking Co., Ltd. (investment trust account)	310,170	5.08
DEUTSCHE BANK AG, SINGAPORE A/C CLIENTS (TREATY) 4600601	194,859	3.19
SSBTC CLIENT OMNIBUS ACCOUNT	148,513	2.43
GOLDMAN SACHS INTERNATIONAL	130,768	2.14
FJODF GP INV HOLDINGS LLC	115,931	1.90
STATE STREET BANK WEST CLIENT - TREATY 505234	96,538	1.58
STATE STREET BANK AND TRUST COMPANY 505103	94,427	1.54
STICHTING PENSIOENFONDS ZORG EN WELZIJN	90,867	1.49
Total	3,448,750	56.56

(Note 1) Percentages are rounded down to two decimal places.

3 Notes regarding Directors

Directors at the end of the Reporting Period are listed below.

Position	Name	Concurrent responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd. (current position)	-
Supervisory Director	Yoshihiro Tamura	Attorney, Shiba-Daimon Law Office Statutory Auditor, BEQONE PARTNERS, Inc. (current position)	2,400
	Hiroyuki Fujimoto	Certified Public Accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position) Outside Director, the Audit & Supervisory Committee Member, NEO MARKETING INC. (current position)	2,400
Auditor	Ernst & Young ShinNihon LLC	-	20,900

(Note1) Executive and supervisory directors do not hold INV's units either in their names or in the names of third parties. In addition, while they may be directors of organizations not listed above, those organizations as well as those listed above have no conflicts of interest with INV.

(Note 2) The auditor's remuneration includes the remuneration for the preparation of a comfort letter in connection with the issuance of investment corporation bonds.

Determination policy for dismissal or non-reappointment of Auditor

The auditing agreement with the auditor is renewed every accounting period. Dismissals are made in accordance with the Investment Trust Act, and in addition, non-reappointments are considered by the board of directors of INV by comprehensively taking into account the auditing quality, auditor remuneration, and other various circumstances.

Notes regarding indemnification agreement between Directors and INV

Not applicable.

4 Notes regarding Directors Liability Insurance

Directors Liability Insurance concluded by INV is as below.

Insured Person	Overview of the Insurance Contract
All Executive Directors and Supervisory Directors	<p>(Outline of insured event covered by insurance) Damages and dispute costs incurred by the insured due to a claim for damages caused by the insured's actions as a director's duties will be covered.</p> <p>(Burden ratio of insurance premium) INV bears the insurance premiums except those for the special contract of unitholder derivative suits.</p> <p>(Measures to ensure that duties are executed properly) By excluding criminal acts such as bribery and damages of directors who intentionally commit illegal acts from compensation, measures are taken so that duties of directors are executed properly.</p>

5 Asset Management Company, Asset Custody Companies, and General Administrative Agents

The asset management company, asset custody companies, and general administrative agents at the end of the Reporting Period are as below.

Delegation category	Name
Asset management company	Consonant Investment Management Co., Ltd.
Asset custody company	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (administration of unitholders' registry, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (institutional operations (Note 1))	Consonant Investment Management Co., Ltd.
General administrative agent (accounting operations, etc.)	Sumitomo Mitsui Trust Bank, Limited
Special account management company	Mitsubishi UFJ Trust and Banking Corporation Limited (Note 2) / Sumitomo Mitsui Trust Bank, Limited (Note 3)
General administrative agent (Fiscal agent pertaining to investment corporation bonds, etc.)	Mizuho Bank, Ltd.

(Note 1) (i) Tasks related to the running of general unitholders' meetings for INV (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), (ii) tasks related to the running of the meetings of the Board of Directors of INV, and (iii) or tasks incidental or related to that mentioned in (i) or (ii) are delegated.

(Note 2) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the INV before the merger (former Tokyo Growth REIT Investment Inc.) as well as tasks related to other transfer savings account registers.

(Note 3) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the former LCP as well as tasks related to other transfer savings account registers.

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

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

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

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

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

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

(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 securities owned).

2 Major Properties

The overview of INV's major properties (top 10 properties by book value) (Note 1) at the end of the Reporting Period is as below.

	Name of property	Book value (JPY million)	Leasable area (m ²) (Note 2)	Leased area (m ²)	Occupancy rate (%) (Note 3)	Ratio of rental revenue (%) (Note 4)	Main use
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	27,867	21,528.23	21,528.23	100.0	-	Hotel
D43	Hotel MyStays Gotanda Station	26,127	10,137.88	10,137.88	100.0	4.0	Hotel
D60	Hotel MyStays Premier Akasaka	20,094	8,620.69	8,620.69	100.0	3.7	Hotel
D44	Hotel Epinard Nasu	18,235	37,702.33	37,702.33	100.0	5.1	Hotel
D61	Hotel MyStays Premier Sapporo Park	15,843	21,670.64	21,670.64	100.0	2.5	Hotel
D64	Hotel MyStays Sapporo Aspen	15,107	15,313.17	15,313.17	100.0	2.2	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	12,747	13,026.99	13,026.99	100.0	2.1	Hotel
D47	Hotel MyStays Premier Kanazawa	12,250	13,250.03	13,250.03	100.0	1.6	Hotel
D82	Hotel MyStays Premier Narita	9,821	36,519.70	36,519.70	100.0	2.0	Hotel
D51	Hotel MyStays Premier Omori	9,721	11,849.61	11,849.61	100.0	2.4	Hotel
	Total	167,817	189,619.27	189,619.27	100.0	25.6	

(Note 1) Securities described in “6 Asset Portfolio of Securities” later in this document are excluded.

(Note 2) Leasable area of Westin Grand Cayman Seven Mile Beach Resort & Spa indicates the area subject to management contract.

(Note 3) “Occupancy rate” is calculated by dividing the leased area by leasable area, and rounded to one decimal place.

(Note 4) “Ratio of rental revenue” are rounded to one decimal place.

3 Asset Portfolio of Real Estate, etc.

The portfolio of the properties (real estate and trust beneficiary interest in real estate) held by INV at the end of the Reporting Period is as below.

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest (Note 4)	1,771.13	1,290	1,087
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	1,120	815
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,280	926
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,480	1,300
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	3,029.16	1,250	1,045
A33	Growth Maison Shin- Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	1,858.44	1,290	925
A34	Belle Face Ueno- Okachimachi	1-27-10 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 4)	1,351.11	1,160	899
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 4)	1,562.26	1,090	762
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,015.34	844	708
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	713	641
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,167.50	724	712
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	624	659
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 4)	1,210.74	810	490
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 4)	1,047.75	526	550
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 4)	557.05	646	545
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	907.46	562	549

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	815.77	636	492
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 4)	2,040.27	561	516
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 4)	871.35	615	423
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,390	784
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	868	574
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,570	997
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	717	377
A65	Lexington Square Haginomachi	1-15-18 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	464	254
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya- shi, Aichi	Trust beneficiary interest	705.75	310	226
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	754	401
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,270	840
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	878	484
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	865	484
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	817	404
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	685	376
A93	Siete Minami-Tsukaguchi	3-18-29 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	573	326
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe- shi, Hyogo	Trust beneficiary interest	789.12	578	320
A96	Century Park Shinkawa 1- bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	549	288
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	429	304
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	439	254
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	2,310	1,577

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	2,240	1,526
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,280	2,453
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	6,460	4,474
A106	Royal Parks Seasir Minami- Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	3,350	2,425
Subtotal				86,518.75	48,017	34,210
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,380	1,588
Subtotal				18,440.58	2,380	1,588
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	4,930	2,779
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,420	2,443
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo- ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	8,250	5,441
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,400	4,353
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,960	4,467
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interest	9,445.32	6,470	3,564
D07	Hotel MyStays Nagoya- Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,570	2,489
D08	Hotel MyStays Sakaisuji- Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka- shi, Osaka	Trust beneficiary interest	4,188.83	3,250	2,220
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	4,000	2,080
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,510	1,719
D11	Hotel MyStays Fukuoka- Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,640	1,378
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,090	1,306
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,000	1,168
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa- ku, Tokyo	Trust beneficiary interest	1,134.52	1,990	1,162
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,130	1,174

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,200	1,063
D17	Hotel MyStays Otetamae	1-3-2 Tokuiicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	2,450	1,101
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,470	827
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	817	541
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	393	276
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,870	7,158
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,920	2,563
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,420	2,048
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,390	6,908
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,550	5,188
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,940	3,554
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	5,060	3,429
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,480	1,978
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,870	1,557
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,380	1,248
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya- shi, Tochigi	Trust beneficiary interest	11,733.23	2,110	1,155
D32	Flexstay Inn Kawasaki- Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,160	854
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,170	866
D34	Flexstay Inn Kawasaki- Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	902	846
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,650	4,701
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,210	1,046
D37	Super Hotel JR Ueno- iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,180	1,039

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	2,110	2,918
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,250	984
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,140	918
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,080	879
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	911	727
D43	Hotel MyStays Gotanda Station (Note 5)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	23,900	26,127
D44	Hotel Epinard Nasu (Note 6)	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	23,000	18,235
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,200	7,610
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	6,190	7,723
D47	Hotel MyStays Premier Kanazawa	2-13-5 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	12,800	12,250
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	1,720	2,104
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	10,300	7,900
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interest	13,026.99	13,100	12,747
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	11,849.61	10,000	9,721
D52	Kamenoi Hotel Beppu	5-17 Chuochi, Beppu-shi, Oita	Trust beneficiary interest	19,422.08	9,050	7,633
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,480	7,377
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interest	4,501.18	5,500	5,026
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,760	2,543
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interest	14,826.30	2,750	2,515
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,640	1,416
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	4,110	4,034
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interest	3,844.64	3,390	3,152

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interest	8,620.69	23,100	20,094
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	21,670.64	16,300	15,843
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno, Taito-ku, Tokyo	Trust beneficiary interest	4,396.02	5,370	5,103
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	3,429.43	3,130	4,749
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interest	15,313.17	15,400	15,107
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki - shi, Okinawa, and four other lots	Trust beneficiary interest	17,247.54	9,510	9,374
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interest	5,498.49	9,960	8,566
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,509.41	6,010	5,481
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interest	5,931.84	5,620	5,584
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interest	10,403.01	5,550	5,184
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	6,077.99	5,110	5,026
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,047.43	4,240	4,096
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interest	7,659.55	3,490	3,305
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interest	25,131.84	3,180	2,841
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interest	8,274.37	3,190	2,787
D75	Hotel MyStays Sapporo Susukino	1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot	Trust beneficiary interest	2,853.26	2,920	2,954
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,473.41	1,980	2,002
D77	Hotel MyStays Sapporo Nakajima Park Annex	4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	1,775.21	1,560	1,504
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lots	Trust beneficiary interest	1,308.61	1,440	1,380
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interest	2,156.70	1,250	1,255
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interest	2,047.70	1,210	1,140
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interest	1,985.27	958	852

Name of property		Location (Note 1)	Type of asset	Leasable area (m ²) (Note 2)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba, and 14 other lots	Trust beneficiary interest	36,519.70	10,400	9,821
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interest	16,727.08	5,420	5,214
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold	21,528.23	66,086 (USD 455,800 thousand) (Note 7)	27,867
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold	6,723.11	10,598 (USD 73,100 thousand) (Note 7)	5,300
Subtotal				572,519.79	510,566	404,698
Total				677,479.12	560,963	440,498

(Note 1) “Location” is, in principle, based on the indicated address (jyukyohyoji), except that if the jyukyohyoji system has not been implemented for such property, the location is based on the land number (chiban).

(Note 2) Leasable areas of Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort indicate the areas subject to management contract.

(Note 3) “Appraisal value as of the end of the Reporting Period” is the value appraised or researched by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. or CBRE, Inc., in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trusts Association, Japan.

(Note 4) Individual 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. As a result of disposition of assets and detachment of trust beneficiary interest from an integrated trust account thereafter, 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 5) “Appraisal value as of the end of the Reporting Period” indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 6) “Appraisal value as of the end of the Reporting Period” indicates appraisal value calculated deeming the owned portion and the adjacent land portion as one.

(Note 7) “Appraisal value as of the end of the Reporting Period” is converted into JPY using the exchange rate of USD 1 = JPY 144.99, which is the exchange rate on the closing date of the fiscal period (June 30, 2023).

Trends for the leasing operations of the properties owned by INV are as below.

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)
A26	Nisshin Palacestage Daitabashi	1	89.2	35,413	0.3	1	89.9	36,719	0.3
A28	Growth Maison Gotanda	1	100.0	28,486	0.3	1	100.0	28,459	0.2
A29	Growth Maison Kameido	1	98.4	34,559	0.3	1	97.0	35,661	0.3
A30	Emerald House	1	96.9	40,383	0.4	1	100.0	47,291	0.4
A32	Suncrest Shakujji-Koen	1	100.0	39,384	0.4	1	100.0	40,518	0.3
A33	Growth Maison Shin-Yokohama	1	92.7	37,798	0.4	1	95.5	38,110	0.3
A34	Belle Face Ueno-Okachimachi	1	98.3	32,062	0.3	1	98.5	34,099	0.3
A35	Grand Rire Kameido	1	100.0	26,619	0.3	1	100.0	26,619	0.2
A37	Growth Maison Yoga	1	100.0	22,781	0.2	1	100.0	23,340	0.2
A38	Route Tachikawa	1	96.6	21,574	0.2	1	100.0	22,781	0.2
A39	Shibuya-Honmachi Mansion	1	100.0	21,331	0.2	1	100.0	21,179	0.2
A40	City Heights Kinuta	1	100.0	19,339	0.2	1	100.0	19,837	0.2
A41	Acseeds Tower Kawaguchi-Namiki	1	91.2	25,376	0.2	1	94.8	26,947	0.2
A43	College Square Machida	1	100.0	16,609	0.2	1	100.0	16,609	0.1
A44	Belair Meguro	1	87.9	14,844	0.1	1	88.1	15,366	0.1
A45	Wacore Tsunashima I	1	86.1	16,993	0.2	1	81.9	18,298	0.2
A46	Foros Nakamurabashi	1	97.2	18,873	0.2	1	100.0	19,490	0.2
A47	Growth Maison Kaijin	1	96.7	24,338	0.2	1	97.4	23,797	0.2
A48	College Square Machiya	1	100.0	14,924	0.1	1	100.0	14,924	0.1
A59	Towa City Coop Shinotsuka II	1	100.0	36,301	0.4	1	97.5	37,403	0.3
A61	Bichsel Musashiseki	1	87.1	22,014	0.2	1	94.3	23,096	0.2
A63	Towa City Coop Sengencho	1	92.4	59,514	0.6	1	89.5	59,240	0.5
A64	Royal Park Omachi	1	97.3	26,034	0.3	1	93.7	26,642	0.2
A65	Lexington Square Haginomachi	1	100.0	18,319	0.2	1	89.8	18,005	0.2
A66	Visconti Kakuozan	1	78.3	9,680	0.1	1	100.0	10,303	0.1

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)
A72	Lexington Square Honjo Azumabashi	1	91.1	18,641	0.2	1	100.0	19,166	0.2
A73	AMS TOWER Minami 6-Jo	1	95.4	44,093	0.4	1	92.9	45,417	0.4
A84	Revest Heian	1	95.2	23,794	0.2	1	100.0	16,953	0.1
A87	Excellente Kagurazaka	1	97.1	18,771	0.2	1	78.1	14,624	0.1
A90	Queen's Court Fukuzumi	1	100.0	17,747	0.2	1	95.0	13,641	0.1
A92	Belair Oimachi	1	96.1	15,467	0.2	1	90.1	12,935	0.1
A93	Siete Minami-Tsukaguchi	1	92.5	17,234	0.2	1	100.0	58,080	0.5
A94	Prime Life Sannomiya Isogami Koen	1	100.0	15,176	0.1	1	96.8	50,396	0.4
A96	Century Park Shinkawa 1-bankan	1	86.4	18,177	0.2	1	88.1	157,346	1.3
A97	West Avenue	1	100.0	13,413	0.1	1	100.0	224,161	1.9
A99	Prime Life Mikage	1	93.4	12,579	0.1	1	89.9	36,719	0.3
A101	Lieto Court Mukojima	1	98.5	57,357	0.6	1	100.0	28,459	0.2
A102	Lieto Court Nishi-Ojima	1	97.8	50,538	0.5	1	97.0	35,661	0.3
A103	Royal Parks Momozaka	1	92.7	158,579	1.6	1	100.0	47,291	0.4
A104	Royal Parks Shinden	1	100.0	223,656	2.2	1	100.0	40,518	0.3
A106	Royal Parks Seasir Minami-Senju	1	96.8	123,069	1.2	1	95.5	38,110	0.3
Subtotal		41	96.4	1,491,858	14.7	41	95.9	1,516,269	12.6
B18	AEON TOWN Sukagawa	1	100.0	141,330	1.4	1	100.0	141,287	1.2
Subtotal		1	100.0	141,330	1.4	1	100.0	141,287	1.2
D01	Hotel MyStays Kanda	1	100.0	49,416	0.5	1	100.0	105,033	0.9
D02	Hotel MyStays Asakusa	1	100.0	34,566	0.3	1	100.0	73,153	0.6
D03	Hotel MyStays Kyoto-Shijo	1	100.0	69,428	0.7	1	100.0	145,361	1.2
D04	MyStays Shin-Urayasu Conference Center	1	100.0	158,751	1.6	1	100.0	192,551	1.6
D05	Hotel MyStays Maihama	1	100.0	155,282	1.5	1	100.0	185,369	1.5
D06	Hotel MyStays Premier Dojima	1	100.0	127,230	1.2	1	100.0	191,628	1.6
D07	Hotel MyStays Nagoya-Sakae	1	100.0	105,283	1.0	1	100.0	123,881	1.0
D08	Hotel MyStays Sakaisuji-Honmachi	1	100.0	64,123	0.6	1	100.0	85,256	0.7
D09	Hotel MyStays Yokohama	1	100.0	132,187	1.3	1	100.0	138,735	1.2

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
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D10	Hotel MyStays Nippori	1	100.0	25,511	0.3	1	100.0	60,274	0.5
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	82,035	0.8	1	100.0	120,847	1.0
D12	Flexstay Inn Iidabashi	1	100.0	27,532	0.3	1	100.0	42,417	0.4
D13	Hotel MyStays Ueno Inaricho	1	100.0	10,711	0.1	1	100.0	37,005	0.3
D14	Flexstay Inn Shinagawa	1	100.0	22,367	0.2	1	100.0	42,681	0.4
D15	Flexstay Inn Tokiwadai	1	100.0	23,986	0.2	1	100.0	43,771	0.4
D16	Flexstay Inn Sugamo	1	100.0	13,103	0.1	1	100.0	31,501	0.3
D17	Hotel MyStays Otemae	1	100.0	49,389	0.5	1	100.0	65,947	0.5
D18	Hotel MyStays Kiyosumi Shirakawa	1	100.0	18,256	0.2	1	100.0	52,553	0.4
D19	Flexstay Inn Nakanobu P1	1	100.0	7,312	0.1	1	100.0	15,601	0.1
D20	Flexstay Inn Nakanobu P2	1	100.0	2,699	0.0	1	100.0	7,606	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	256,241	2.5	1	100.0	252,122	2.1
D22	Hotel MyStays Hakodate-Goryokaku	1	100.0	95,875	0.9	1	100.0	86,416	0.7
D23	Flexstay Inn Shirogane	1	100.0	19,136	0.2	1	100.0	39,530	0.3
D24	Hotel MyStays Haneda	1	100.0	106,316	1.0	1	100.0	177,272	1.5
D25	Hotel MyStays Kameido P1	1	100.0	84,079	0.8	1	100.0	145,968	1.2
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	23,823	0.2	1	100.0	72,101	0.6
D27	Hotel MyStays Kameido P2	1	100.0	53,451	0.5	1	100.0	95,077	0.8
D28	Hotel MyStays Shimizu	1	100.0	58,062	0.6	1	100.0	68,431	0.6
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.4	1	100.0	39,426	0.3
D30	Flexstay Inn Higashi-Jujo	1	100.0	10,386	0.1	1	100.0	25,770	0.2
D31	Hotel MyStays Utsunomiya	1	100.0	85,424	0.8	1	100.0	74,916	0.6
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	14,659	0.1	1	100.0	22,539	0.2
D33	Comfort Hotel Toyama	1	100.0	35,928	0.4	1	100.0	35,928	0.3
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	11,326	0.1	1	100.0	22,538	0.2
D35	Flexstay Inn Ekoda	1	100.0	55,446	0.5	1	100.0	94,884	0.8
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.3	1	100.0	31,787	0.3

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.3	1	100.0	27,275	0.2
D38	Hotel MyStays Shinsaibashi	1	100.0	22,642	0.2	1	100.0	53,182	0.4
D39	Comfort Hotel Kurosaki	1	100.0	35,271	0.3	1	100.0	35,271	0.3
D40	Comfort Hotel Maebashi	2	100.0	44,171	0.4	2	100.0	44,171	0.4
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.3	2	100.0	34,949	0.3
D42	Comfort Hotel Kitami	1	100.0	26,323	0.3	1	100.0	26,103	0.2
D43	Hotel MyStays Gotanda Station	1	100.0	310,452	3.0	1	100.0	476,400	4.0
D44	Hotel Epinard Nasu	1	100.0	1,152,194	11.3	1	100.0	613,049	5.1
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	132,560	1.3	1	100.0	203,299	1.7
D46	Hotel MyStays Hamamatsucho	1	100.0	76,368	0.7	1	100.0	128,644	1.1
D47	Hotel MyStays Premier Kanazawa	1	100.0	198,640	2.0	1	100.0	195,631	1.6
D48	Takamatsu Tokyu REI Hotel	2	95.8	109,273	1.1	2	95.8	101,089	0.8
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	148,767	1.5	1	100.0	267,483	2.2
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	173,130	1.7	1	100.0	256,594	2.1
D51	Hotel MyStays Premier Omori	1	100.0	133,688	1.3	1	100.0	282,439	2.4
D52	Kamenoi Hotel Beppu	1	100.0	312,823	3.1	1	100.0	396,271	3.3
D53	Hotel MyStays Sapporo Station	1	100.0	147,968	1.5	1	100.0	175,489	1.5
D54	Hotel MyStays Yokohama Kannai	1	100.0	135,673	1.3	1	100.0	141,550	1.2
D55	Art Hotel Joetsu	1	100.0	52,101	0.5	1	100.0	66,070	0.6
D56	Art Hotel Hirosaki City	1	100.0	116,776	1.1	1	100.0	132,281	1.1
D57	Hotel MyStays Oita	1	100.0	100,900	1.0	1	100.0	100,911	0.8
D58	Hotel MyStays Gotanda	1	100.0	65,093	0.6	1	100.0	106,029	0.9
D59	Hotel MyStays Tachikawa	1	100.0	90,214	0.9	1	100.0	103,627	0.9
D60	Hotel MyStays Premier Akasaka	1	100.0	201,521	2.0	1	100.0	449,831	3.7
D61	Hotel MyStays Premier Sapporo Park	1	100.0	229,699	2.3	1	100.0	295,736	2.5
D62	Hotel MyStays Ueno East	1	100.0	36,932	0.4	1	100.0	115,499	1.0
D63	Hotel MyStays Midosuji Honmachi	1	100.0	33,286	0.3	1	100.0	70,672	0.6

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Rental revenue (during period) (JPY thousand) (Note 3)	Ratio of rental revenue (%) (Note 2)
D64	Hotel MyStays Sapporo Aspen	1	100.0	217,658	2.1	1	100.0	263,767	2.2
D65	Art Hotel Ishigakijima	1	100.0	324,249	3.2	1	100.0	243,155	2.0
D66	Hotel MyStays Fuji Onsen Resort	1	100.0	255,162	2.5	1	100.0	310,461	2.6
D67	Hotel Sonia Otaru	1	100.0	191,787	1.9	1	100.0	177,448	1.5
D68	Hotel MyStays Kanazawa Castle	1	100.0	87,429	0.9	1	100.0	89,987	0.7
D69	Art Hotel Niigata Station	1	100.0	150,178	1.5	1	100.0	174,400	1.5
D70	Hotel MyStays Nagoya Nishiki	1	100.0	74,668	0.7	1	100.0	92,665	0.8
D71	Hotel Nord Otaru	1	100.0	127,461	1.3	1	100.0	118,006	1.0
D72	Hotel MyStays Kagoshima Tenmonkan	2	100.0	145,757	1.4	2	100.0	165,150	1.4
D73	Art Hotel Asahikawa	1	100.0	129,289	1.3	1	100.0	88,990	0.7
D74	Hotel MyStays Matsuyama	1	100.0	72,427	0.7	1	100.0	90,529	0.8
D75	Hotel MyStays Sapporo Susukino	1	100.0	26,347	0.3	1	100.0	40,821	0.3
D76	Hotel MyStays Sapporo Nakajima Park	1	100.0	15,191	0.1	1	100.0	26,415	0.2
D77	Hotel MyStays Sapporo Nakajima Park Annex	1	100.0	6,336	0.1	1	100.0	19,080	0.2
D78	Flexstay Inn Sakuragicho	1	100.0	33,084	0.3	1	100.0	38,510	0.3
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1	100.0	2,504	0.0	1	100.0	23,906	0.2
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1	100.0	49,331	0.5	1	100.0	55,222	0.5
D81	Hotel MyStays Nayoro	1	100.0	35,963	0.4	1	100.0	27,256	0.2
D82	Hotel MyStays Premier Narita	1	100.0	215,985	2.1	1	100.0	237,341	2.0
D83	Art Hotel Morioka	1	100.0	79,493	0.8	1	100.0	114,824	1.0
Subtotal		87	99.9	8,549,562	84.0	87	99.9	10,343,397	86.2
Total		129	99.5	10,182,751	100.0	129	99.4	12,000,955	100.0

(Note 1) "Occupancy rate" is calculated by dividing the leased area by leasable area.

(Note 2) "Occupancy rate" and "Ratio of rental revenue" are rounded to one decimal place.

(Note 3) "Rental revenue (during period)" indicates leasing operation revenues during the fiscal period for each property and has been rounded down to the nearest thousand yen.

Name of property		39th fiscal period (July 1, 2022 to December 31, 2022)				40th fiscal period (January 1, 2023 to June 30, 2023)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Management contract revenue (during period) (JPY thousand) (Note 3)	Ratio of management contract revenue (%) (Note 2)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 2)	Management contract revenue (during period) (JPY thousand) (Note 3)	Ratio of management contract revenue (%) (Note 2)
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	1	100.0	1,584,958	90.7	1	100.0	3,481,480	88.9
D201	Sunshine Suites Resort	1	100.0	161,889	9.3	1	100.0	432,545	11.1
Total		2	100.0	1,746,848	100.0	2	100.0	3,914,026	100.0

(Note 1) "Occupancy rate" is calculated using the area subject to management contract.

(Note 2) "Occupancy rate" and "Ratio of management contract revenue" are rounded to one decimal place.

(Note 3) "Management contract revenue" is converted to JPY using the exchange rate at the time of the transaction.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

5 Asset Portfolio Including Rights to Operate Public Facilities, etc.

Not applicable

6 Asset Portfolio of Securities

The portfolio of the securities held by INV at the end of the Reporting Period is as below.

Name	Type	Quantity (units)	Book value (JPY million)		Fair value (JPY million)		Valuation gain or loss (JPY million)	Notes
			Unit price	Amount	Unit price	Amount		
Preferred equity securities in Kingdom Special Purpose Company	Preferred equity securities	178,458	-	17,856	-	18,935	1,079	(Note 1) (Note 2)
Total			-	17,856	-	18,935	1,079	

(Note 1) Book value of the preferred equity securities that is classified as investment in affiliates indicates the acquisition cost.

(Note 2) INV owns 178,458 units of preferred equity securities issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity securities issued and outstanding after the issuance of the said preferred equity securities), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset.

7 Status of Contract Amount and Fair Value of Specified Transaction

As of the end of the Reporting Period, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

Category	Transaction type, etc.	Contract amount (Note 1)		Fair value (Note 2)
			Amounts due after one year	
Non-market transaction	Foreign Exchange Forward, Short USD	5,158,490	1,872,600	-490,769
	Interest rate swap Receive floating rate/pay fixed rate	36,687,000	18,441,000	4,550

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

(Note 2) Estimation method for fair value

Foreign Exchange Forward: Indicates fair values of option fees, etc. presented by the correspondent financial institutions.

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

8 Status of Other Assets

Real estate and trust beneficiary interests in real estate are listed together in “3 Asset Portfolio of Real Estate, etc.” above.

As of the end of the Reporting Period, there are no investments in specified assets that are significant investment targets for INV outside of 3 and 6 above.

9 Assets Owned Outside of Japan or the Region

Assets owned outside of Japan or the region held by INV at the end of the Reporting Period are as below.

Country name	Amount held (JPY million) (Note 1)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 2)		No. of properties (properties)
			Percentage of total assets (%)	
Japan	425,186	502,123	86.8	126
The Cayman Islands	33,168	76,685	13.2	2
Total	458,354	578,809	100.0	128

(Note 1) “Amount held” is from the balance sheet (book value after depreciation for real estate and trust beneficiary interest in real estate; and book value for preferred equity securities with real estate as underlying assets) as of the end of the Reporting Period.

(Note 2) “Appraisal value as of the end of the Reporting Period” indicates the real estate appraisal value as of the end of the Reporting Period, or the research value stated in the real estate research report and the appraisal value of investment securities. “Appraisal value as of the end of the Reporting Period” for preferred equity securities which INV holds in Japan indicates acquisition cost since their fair value is deemed extremely difficult to value. “Appraisal value as of the end of the Reporting Period” for assets which INV holds in the Cayman Islands indicates the amount converted to JPY using the exchange rate of USD 1 = JPY 144.99, which is the exchange rate on the closing date of the fiscal period (June 30, 2023).

Capital Expenditures for Properties Held by INV

1 Schedule for Capital Expenditures

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

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

2 Capital Expenditures for the Reporting Period

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

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

3 Reserved Funds for Long-Term Maintenance Plan (repair reserves)

INV has reserved funds from the cash flow of the fiscal period, as shown below, towards large-scale maintenance repairs in the medium- to long-term in accordance with the long-term maintenance plan for each property.

(Unit: JPY thousand)

Fiscal period	36th fiscal period	37th fiscal period	38th fiscal period	39th fiscal period	40th fiscal period
	From January 1, 2021 to June 30, 2021	From July 1, 2021 to December 31, 2021	From January 1, 2022 to June 30, 2022	From July 1, 2022 to December 31, 2022	From January 1, 2023 to June 30, 2023
Reserved funds at beginning of period	2,610,671	2,749,724	2,791,578	3,025,792	3,096,949
Amount reserved (Note 1)	546,287	645,507	737,881	968,000	1,027,418
Amount reversed (Note 1)	407,235	603,652	503,667	896,843	667,056
Amount carried over for next fiscal period	2,749,724	2,791,578	3,025,792	3,096,949	3,457,311

(Note 1) The amount reserved for the relevant fiscal period includes the reserves for acquired properties, and the amount reversed includes the reserves for sold properties.

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

Item	39th fiscal period July 1, 2022 to December 31, 2022	40th fiscal period January 1, 2023 to June 30, 2023
(a) Asset management fees	300,000	300,000
(b) Asset custody fees	24,475	24,736
(c) Administrative services fees	50,047	39,162
(d) Directors' compensation	4,800	4,800
(e) Other	117,057	51,871
Total	496,380	420,570

2 Borrowing Conditions

Borrowing conditions by financial institution at the end of the Reporting Period are as below.

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Short-term loans	MUFG Bank, Ltd.	Jan. 24, 2022	1,700,000	-	0.318	Jan. 24, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 24, 2022	6,800,000	-	0.318	Jan. 24, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2022	1,733,000	-	0.302	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Shizuoka Bank, Ltd.		200,000	-					
	The Bank of Fukuoka, Ltd.		333,000	-					
	Mizuho Bank, Ltd.	Mar. 29, 2022	386,000	-	0.302	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,275,000	-					
	Sumitomo Mitsui Trust Bank, Limited		2,100,000	-					
	SBI Shinsei Bank, Limited		297,000	-					
	Development Bank of Japan, Inc.		1,000,000	-					
	The Shizuoka Bank, Ltd.	1,270,000	-	0.302	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
	Mizuho Bank, Ltd.	1,215,500	-						
	MUFG Bank, Ltd.	199,000	-						
	Sumitomo Mitsui Trust Bank, Limited	447,500	-						
	The Nomura Trust and Banking Co., Limited	800,000	-						
	The Shizuoka Bank, Ltd.	375,000	-						
	The Bank of Fukuoka, Ltd.	525,000	-	0.302	Mar. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
	Mizuho Bank, Ltd.	902,000	-						
	MUFG Bank, Ltd.	692,000	-						
	Sumitomo Mitsui Banking Corporation	681,000	-						
Sumitomo Mitsui Trust Bank, Limited	617,000	-							
Development Bank of Japan, Inc.	147,000	-	0.295	Jun. 17, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee		
Citibank, N.A., Tokyo Branch	2,349,000	-							
Development Bank of Japan, Inc.	Jun. 17, 2022	1,000,000	-	0.295	Jun. 17, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Short-term loans	Mizuho Bank, Ltd.	Jul. 19, 2022	11,643,000	11,643,000	0.295	Jul. 19, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		11,567,000	11,567,000					
	Sumitomo Mitsui Banking Corporation		9,203,000	9,203,000					
	Sumitomo Mitsui Trust Bank, Limited		4,450,000	4,450,000					
	Citibank, N.A., Tokyo Branch		5,120,000	5,120,000					
	SBI Shinsei Bank, Limited		5,513,000	5,513,000					
	Development Bank of Japan, Inc.		666,000	666,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	The Ogaki Kyoritsu Bank, Ltd.		187,000	187,000					
	Sumitomo Mitsui Banking Corporation	Sep. 14, 2022	3,000,000	3,000,000	0.295	Sep. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Sep. 26, 2022	3,287,000	3,287,000	0.295	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,600,000	2,600,000					
	Sumitomo Mitsui Banking Corporation		3,287,000	3,287,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Citibank, N.A., Tokyo Branch		667,000	667,000					
	SBI Shinsei Bank, Limited		833,000	833,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	Resona Bank, Limited		445,000	445,000					
	The Nomura Trust and Banking Co., Limited		590,000	590,000					
	Mizuho Bank, Ltd.	Sep. 27, 2022	2,850,000	2,850,000	0.295	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,133,000	2,133,000					
	Sumitomo Mitsui Banking Corporation		2,521,500	2,521,500					
	Sumitomo Mitsui Trust Bank, Limited		1,328,500	1,328,500					
	SBI Shinsei Bank, Limited		1,244,000	1,244,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	Resona Bank, Limited		442,000	442,000					
	Mizuho Bank, Ltd.	Oct. 13, 2022	500,000	500,000	0.295	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		500,000	500,000					
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	SBI Shinsei Bank, Limited		355,000	355,000					
	Development Bank of Japan, Inc.		1,500,000	1,500,000					
	Resona Bank, Limited		333,000	333,000					
The Bank of Fukuoka, Ltd.	300,000		300,000						
Mizuho Bank, Ltd.	Sep. 27, 2022	190,000	-	0.295	Sep. 26, 2023 (Note 4)	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.		146,000	-						
Sumitomo Mitsui Banking Corporation		143,000	-						
Sumitomo Mitsui Trust Bank, Limited		130,000	-						
Development Bank of Japan, Inc.		30,000	-						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Short-term loans	Citibank, N.A., Tokyo Branch	Sep. 27, 2022	1,256,000	1,256,000	0.295	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Nov. 29, 2022	4,321,000	4,321,000	0.295	Nov. 29, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Jan. 16, 2023	-	1,656,400	0.295	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	2,451,800					
	Sumitomo Mitsui Banking Corporation		-	2,318,200					
	Sumitomo Mitsui Trust Bank, Limited		-	1,312,600					
	Citibank, N.A., Tokyo Branch		-	1,500,000					
	SBI Shinsei Bank, Limited		-	169,000					
	Development Bank of Japan, Inc.		-	300,000					
	Resona Bank, Limited		-	600,000					
	The Nomura Trust and Banking Co., Limited		-	100,000					
	MUFG Bank, Ltd.		Jan. 24, 2023	-					
	Sumitomo Mitsui Trust Bank, Limited	Jan. 24, 2023	-	6,800,000	0.295	Jan. 24, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2023	-	333,000	0.295	Mar. 14, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	148,000					
	Sumitomo Mitsui Trust Bank, Limited		-	254,000					
	SBI Shinsei Bank, Limited		-	281,000					
	Development Bank of Japan, Inc.		-	100,000					
	The Nomura Trust and Banking Co., Limited		-	700,000					
	The Shizuoka Bank, Ltd.		-	1,845,000					
	The Bank of Fukuoka, Ltd.		-	858,000					
MUFG Bank, Ltd.	Mar. 16, 2023	-	85,000	0.295	Mar. 14, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Sumitomo Mitsui Trust Bank, Limited		-	109,000						
Mizuho Bank, Ltd.	Mar. 14, 2023	-	-	0.295	Mar. 14, 2024 (Note 5)	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.		-	-						
Sumitomo Mitsui Banking Corporation		-	-						
Sumitomo Mitsui Trust Bank, Limited		-	-						
Development Bank of Japan, Inc.		-	-						
SBI Shinsei Bank, Limited	Jun. 27, 2023	-	1,000,000	0.295	Jun. 27, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			114,515,000	111,453,000					

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 6)	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.745	Oct. 13, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,065,000	1,065,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.845	Oct. 11, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,060,000	1,060,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	SBI Shinsei Bank, Limited	Jun. 27, 2018	1,000,000	-	0.750	Jun. 27, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		500,000	-					
	Mizuho Bank, Ltd.	Jul. 17, 2018	2,442,000	2,442,000	0.545	Jul. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,220,000	2,220,000					
	Sumitomo Mitsui Banking Corporation		1,997,000	1,997,000					
	SBI Shinsei Bank, Limited		1,110,000	1,110,000					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		890,000	890,000					
	Mizuho Bank, Ltd.	Sep. 26, 2018	3,287,500	3,287,500	0.545	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		3,287,500	3,287,500					
	MUFG Bank, Ltd.		2,600,000	2,600,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	SBI Shinsei Bank, Limited		833,000	833,000					
	Citibank, N.A., Tokyo Branch		667,000	667,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	Resona Bank, Limited		445,000	445,000					
	The Nomura Trust and Banking Co., Limited		166,000	166,000					
	AEON Bank, Ltd.		333,000	333,000					
	Aozora Bank, Ltd	Mar. 29, 2019	1,000,000	1,000,000	0.594	Mar. 29, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Nishi-Nippon City Bank, Ltd.		921,000	921,000					
	The Tochigi Bank, Ltd.		480,000	480,000					
Kiraboshi Bank, Ltd.	Mar. 29, 2019	961,000	961,000	0.845	Mar. 29, 2029	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Mizuho Bank, Ltd.	Jul. 16, 2019	571,400	-	0.400	Jan. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.		1,464,800	-						
Sumitomo Mitsui Banking Corporation		1,331,200	-						
Sumitomo Mitsui Trust Bank, Limited		628,600	-						
Citibank, N.A., Tokyo Branch		1,000,000	-						
SBI Shinsei Bank, Limited		200,000	-						
Resona Bank, Limited		600,000	-						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 6)	Mizuho Bank, Ltd.	Jul. 16, 2019	571,400	571,400	0.499	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,464,800	1,464,800					
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	SBI Shinsei Bank, Limited		200,000	200,000					
	Resona Bank, Limited		600,000	600,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	1,171,400	1,171,400	0.563	Jul. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,464,800	1,464,800					
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	SBI Shinsei Bank, Limited		200,000	200,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	2,171,400	2,171,400	0.595	Jan. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,464,800	1,464,800					
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600					
	SBI Shinsei Bank, Limited		200,000	200,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	2,170,400	2,170,400	0.745	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,464,800	1,464,800					
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600					
	SBI Shinsei Bank, Limited		200,000	200,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	1,085,000	-	0.413	Jan. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		987,000	-					
	Sumitomo Mitsui Banking Corporation		987,000	-					
	Sumitomo Mitsui Trust Bank, Limited		684,000	-					
	Citibank, N.A., Tokyo Branch		500,000	-					
Development Bank of Japan, Inc.	300,000		-						
AEON Bank, Ltd.	300,000		-						
The Nomura Trust and Banking Co., Limited	100,000		-						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes				
Long-term loans (Note 6)	Mizuho Bank, Ltd.	Jul. 19, 2019	712,000	712,000	0.525	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee				
	MUFG Bank, Ltd.		986,000	986,000									
	Sumitomo Mitsui Banking Corporation		986,000	986,000									
	Sumitomo Mitsui Trust Bank, Limited		684,000	684,000									
	Citibank, N.A., Tokyo Branch		500,000	500,000									
	Development Bank of Japan, Inc.		300,000	300,000									
	AEON Bank, Ltd.		300,000	300,000									
	The Nomura Trust and Banking Co., Limited		100,000	100,000									
	Aozora Bank, Ltd.		237,000	237,000									
	Mizuho Bank, Ltd.		712,000	712,000									
	MUFG Bank, Ltd.	986,000	986,000	0.580	Jul. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee					
	Sumitomo Mitsui Banking Corporation	986,000	986,000										
	Sumitomo Mitsui Trust Bank, Limited	684,000	684,000										
	Citibank, N.A., Tokyo Branch	500,000	500,000										
	Development Bank of Japan, Inc.	300,000	300,000										
	AEON Bank, Ltd.	300,000	300,000										
	The Nomura Trust and Banking Co., Limited	100,000	100,000										
	Aozora Bank, Ltd.,	375,000	375,000										
	Mizuho Bank, Ltd.	1,212,000	1,212,000						0.595	Jan. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.	986,000	986,000										
	Sumitomo Mitsui Banking Corporation	986,000	986,000										
	Sumitomo Mitsui Trust Bank, Limited	684,000	684,000										
	Development Bank of Japan, Inc.	300,000	300,000										
	AEON Bank, Ltd.	300,000	300,000										
	The Nomura Trust and Banking Co., Limited	100,000	100,000										
	Aozora Bank, Ltd.	375,000	375,000										
	Mizuho Bank, Ltd.	1,211,000	1,211,000	0.745	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee					
	MUFG Bank, Ltd.	986,000	986,000										
	Sumitomo Mitsui Banking Corporation	986,000	986,000										
	Sumitomo Mitsui Trust Bank, Limited	684,000	684,000										
Development Bank of Japan, Inc.	300,000	300,000											
AEON Bank, Ltd.	300,000	300,000											
The Nomura Trust and Banking Co., Limited	100,000	100,000											
Aozora Bank, Ltd.	375,000	375,000											
Tokyo Star Bank, Limited	Jul. 22, 2019	700,000	700,000	0.745	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee					
Mizuho Bank, Ltd.	Aug. 28, 2019	2,882,000	2,882,000	0.462	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee					
San ju San Bank, Ltd.		662,000	662,000										
San ju San Bank, Ltd.	Oct. 15, 2019	1,700,000	1,700,000	0.486	Apr. 15, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee					
San ju San Bank, Ltd.	Oct. 15, 2019	1,000,000	1,000,000	0.595	Apr. 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee					
The Nishi-Nippon City Bank, Ltd.	Oct. 15, 2019	1,000,000	1,000,000	0.745	Oct. 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee					

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 6)	Sumitomo Mitsui Trust Bank, Limited	Jan. 6, 2020	1,550,000	-	0.417	Jan. 6, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 6, 2020	3,050,000	3,050,000	0.643	Jan. 6, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Momiji Bank, Ltd.		961,000	961,000					
	The Kiyo Bank		480,000	480,000					
	Mizuho Bank, Ltd.	Mar. 16, 2020	634,000	634,000	0.487	Mar. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		300,000	300,000					
	Development Bank of Japan, Inc.		1,000,000	1,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Nomura Trust and Banking Co., Limited		333,000	333,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Yamaguchi Bank, Ltd.		411,000	411,000					
	MUFG Bank, Ltd.	Mar. 30, 2020	850,000		0.352	Mar. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,090,000						
	The Bank of Fukuoka, Ltd.		333,000						
	Mizuho Bank, Ltd.	Mar. 30, 2020	582,000	582,000	0.545	Mar. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		628,000	628,000					
	Sumitomo Mitsui Trust Bank, Limited		1,090,000	1,090,000					
	SBI Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		500,000	500,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Aozora Bank, Ltd.		1,000,000	1,000,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Yamaguchi Bank, Ltd.		550,000	550,000					
	The Chukyo Bank, Ltd.	961,000	961,000						
	Tokyo Star Bank, Limited	Jul. 20, 2021	1,582,000	1,582,000	0.395	Jul. 20, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2022	600,000	600,000	0.395	Jul. 20, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Oct. 13, 2022	1,190,000	1,190,000	0.545	Oct. 13, 2027	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 6, 2023	-	1,550,000	0.295	Jan. 24, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2023	-	3,001,500	0.425	Mar. 14, 2026	(Note 3)	(Note 2)	Unsecured / with no guarantee
MUFG Bank, Ltd.	-		1,326,000						
Sumitomo Mitsui Trust Bank, Limited	-		2,293,500						
Development Bank of Japan, Inc.	-		900,000						
MUFG Bank, Ltd.	Mar. 16, 2023	-	765,000	0.425	Mar. 14, 2026	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Sumitomo Mitsui Trust Bank, Limited		-	981,000						
Development Bank of Japan, Inc.	Jun 19, 2023	-	1,000,000	0.375	Jun 19, 2026	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.	Jun 27, 2023	-	500,000	0.375	Jun 27, 2026	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			118,082,000	114,337,000					
Total			232,597,000	225,790,000					

(Note 1) Average interest rate shows the interest rate for each loan agreement as of the end of the fiscal period, rounded to three decimal places. In regards to borrowings which interest rate swap transactions are entered into for the purpose of avoiding risk from interest rate fluctuation, interest rates reflecting the interest rate swap are

shown. In regards to borrowings repaid during the Reporting Period, the interest rate for each loan agreement as of the repayment date rounded to three decimal places is shown.

(Note 2) The funds raised through borrowings are mainly used to acquire trust beneficiary interests in real estate and to repay the borrowings.

(Note 3) The balance at the end of the period will be repaid in full on the repayment date.

(Note 4) The loans were prepaid on June 30, 2023.

(Note 5) The borrowing amount of JPY 3,039 thousand were prepaid on June 30, 2023.

(Note 6) Long-term loans includes current portion of long-term loans payable

3 Investment Corporation Bonds

Status of investment corporation bonds as of the end of the Reporting Period is as follows.

Bond Series	Issue Date	Balance at the beginning of the period (JPY thousand)	Balance at the end of the period (JPY thousand)	Interest Rate (%)	Redemption Date	Redemption method	Use of funds	Security/ Guaranty
First Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	-	0.400	May 25, 2023	(Note 2)	(Note 3)	Unsecured / Unguaranteed
Second Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	1,000,000	0.800	May 25, 2028	(Note 2)	(Note 3)	
Third Series Unsecured Investment Corporation Bonds (Note 1)	October 12, 2018	2,000,000	2,000,000	0.550	October 12, 2023	(Note 2)	(Note 4)	
Forth Series Unsecured Investment Corporation Bonds (Note 1)	October 28, 2019	1,000,000	1,000,000	0.480	October 28, 2024	(Note 2)	(Note 5)	
Fifth Series Unsecured Investment Corporation Bonds (Note 1)	October 28, 2019	2,000,000	2,000,000	0.900	October 26, 2029	(Note 2)	(Note 5)	
Sixth Series Unsecured Investment Corporation Bonds (Note 1)	March 13, 2020	1,200,000	1,200,000	0.850	March 13, 2030	(Note 2)	(Note 4)	
Seventh Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2023	-	5,000,000	1.000	May 25, 2026	(Note 2)	(Note 6)	
Eighth Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2023	-	1,200,000	1.200	May 25, 2028	(Note 2)	(Note 6)	
Total		8,200,000	13,400,000	-	-	-	-	

(Note 1) This is with pari passu conditions among specified corporate bonds.

(Note 2) The Investment Corporation Bonds may be purchased and cancelled at any time after the payment date, except for the case where the laws and regulations or the depository otherwise stipulates.

(Note 3) The funds will be used to acquire trust beneficiary interest in real estate.

(Note 4) The funds will be used to repay borrowings.

(Note 5) The funds will be used in strategic capital expenditure.

(Note 6) The funds will be used to redeem investment corporation bonds and repay borrowings.

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

Acquisitions and Sales for the Reporting Period

1 Acquisitions and Sales of Real Estate, Asset-Backed Securities, Infrastructure Assets and Infrastructure Related-Assets

Not applicable

2 Acquisitions and Sales of Other Assets

Assets other than those described above were mostly bank deposits or bank deposits in trust.

3 Transaction Price Verification of Specified Assets

Not applicable

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between CIM and Its Other Businesses

As CIM does not engage in any other business, such as the type I financial instruments business and the type II financial instruments business, the building lots and buildings transaction business, or the real estate specified joint enterprise, there are no applicable transactions.

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

Please refer to “II. Balance Sheet,” “III. Statement of Income and Retained Earnings,” “IV. Statement of Changes in Net Assets,” “V. Notes to Financial Statements” and “VI. Statement of Cash Distribution” later in this document.

The information of previous fiscal period in Balance Sheet, Statement of Income and Retained Earnings, Statement of Changes in Net Assets, Notes to Financial Statements, and Statement of Cash Distribution is for reference only. It is not subject to audit by an auditor pursuant to the Article 130 of the Investment Trust Act for the Reporting Period.

2 Changes in the Calculation Method of Depreciation

Not applicable

3 Changes in the Evaluation Method of Real Estate and Infrastructure Assets, etc.

Not applicable

4 Beneficiary Certificates of Investment Trusts, etc. Set Up by the Company

Not applicable

Other

1 Notice

(1) Board of Directors of Investment Corporation

Of the execution and amendment of the agreement approved by INV's Board of Directors in the Reporting Period, principal summary is as follows.

Approval date	Item	Summary
May 11, 2023	Comprehensive resolution on issuance of investment corporation bonds	Board of Directors passed a comprehensive resolution on issuance of investment corporation bonds with a maximum total issue amount of JPY 8.0 billion and an issuance period from May 12, 2023 to June 30, 2023; and entrustment of administrative duties concerning offering of investment corporation bonds and general administrative duties as an issuing agent, fiscal agent, paying agent, etc. to a prescribed general administrative agent.

2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

3 Disclosure of Real Estate Owned by Companies Owning Real Estate Overseas

Not applicable

4 Other

Unless there are specific statements to the contrary, monetary figures are rounded down to the nearest unit and percentages are rounded off for unspecified values.

II. Balance Sheet

(Unit: JPY thousand)

	(Reference) Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Assets		
Current assets:		
Cash and bank deposits	15,553,174	18,377,030
Cash and bank deposits in trust	7,768,621	10,464,171
Rental receivables	4,845,162	5,750,301
Deposits paid	1,703,315	542,947
Prepaid expenses	651,469	821,117
Income taxes receivable	13	15
Other	5,060	397
Total current assets	30,526,816	35,955,980
Non-current assets:		
Property and equipment		
Buildings	19,479,753	19,479,753
Accumulated depreciation	-1,588,329	-1,807,607
Buildings, net	17,891,423	17,672,145
Buildings and accompanying facilities	5,308,557	5,311,502
Accumulated depreciation	-1,106,696	-1,260,171
Buildings and accompanying facilities, net	4,201,860	4,051,330
Structures, at cost	1,458	1,458
Accumulated depreciation	-183	-216
Structures, net	1,275	1,242
Tools, furniture and fixtures	1,228,513	1,282,552
Accumulated depreciation	-411,059	-474,151
Tools, furniture and fixtures, net	817,453	808,401
Construction in progress	714,997	720,331
Buildings in trust	159,079,641	159,247,341
Accumulated depreciation	-26,638,315	-28,861,119
Buildings in trust, net	132,441,325	130,386,221
Buildings and accompanying facilities in trust	32,688,012	33,186,709
Accumulated depreciation	-12,614,111	-13,472,710
Buildings and accompanying facilities in trust, net	20,073,900	19,713,998
Structures in trust, at cost	212,818	266,849
Accumulated depreciation	-109,514	-115,188
Structures in trust, net	103,304	151,661
Tools, furniture and fixtures in trust	3,195,160	3,370,722
Accumulated depreciation	-1,810,584	-1,995,319
Tools, furniture and fixtures in trust, net	1,384,575	1,375,402
Land in trust	241,319,447	241,319,447
Construction in progress in trust	-	25,767
Total property and equipment, net	418,949,564	416,225,951
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	14,419,422	14,380,825
Total intangible assets	25,057,234	25,018,637
Investment and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	1,372,719	1,372,719
Long-term prepaid expenses	271,704	290,589
Derivatives assets	142,841	9,306
Others	22,667	22,667
Total investments and other assets	19,666,320	19,551,670
Total non-current assets	463,673,119	460,796,259
Deferred assets		
Investment corporation bond issuance costs	37,844	67,690
Total deferred assets	37,844	67,690
Total assets	494,237,781	496,819,930

(Unit: JPY thousand)

	(Reference) Fiscal period ended December 31, 2022 (as of December 31, 2022)	Fiscal period ended June 30, 2023 (as of June 30, 2023)
Liabilities		
Current liabilities:		
Accounts payable	629,231	599,562
Short-term loans payable	114,515,000	111,453,000
Current portion of investment corporation bonds	3,000,000	2,000,000
Current portion of long-term loans payable	42,405,000	46,139,000
Accounts payable-other	3,366	3,514
Accrued expenses	264,276	247,903
Income taxes payable	605	605
Consumption taxes payable	371,675	422,723
Advances received	317,350	305,914
Deposits received	13,490	11,663
Total current liabilities	161,519,996	161,183,886
Non-current liabilities:		
Investment corporation bonds	5,200,000	11,400,000
Long-term loans payable	75,677,000	68,198,000
Tenant leasehold and security deposits in trust	1,485,701	1,484,328
Derivatives liabilities	119	495,525
Asset retirement obligations	33,872	34,097
Total non-current liabilities	82,396,693	81,611,951
Total liabilities	243,916,689	242,795,838
Net assets		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment *2	-6,130	-6,130
Other deduction of capital surplus	-5,524,006	-5,524,006
Total deduction of unitholders' capital surplus	-5,530,137	-5,530,137
Capital surplus, net	734,294	734,294
Retained earnings	13,742,562	17,583,734
Total surplus	14,476,857	18,318,029
Total unitholders' equity	250,178,369	254,019,541
Valuation and translation adjustments:		
Deferred gains or losses on hedges	142,721	4,550
Total valuation and translation adjustments	142,721	4,550
Total net assets *1	250,321,091	254,024,091
Total liabilities and net assets	494,237,781	496,819,930

III. Statement of Income and Retained Earnings

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

IV. Statement of Changes in Net Assets

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

(Unit: JPY thousand)

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

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings (deficit)	Total surplus				
Balance at the beginning of the period	9,679,301	10,413,596	246,115,108	96,020	96,020	246,211,129
Changes during the period						
Distributions from surplus	-1,012,075	-1,012,075	-1,012,075			-1,012,075
Net income	5,075,336	5,075,336	5,075,336			5,075,336
Changes other than unitholders' equity (net)				46,701	46,701	46,701
Total changes during the period	4,063,260	4,063,260	4,063,260	46,701	46,701	4,109,962
Balance at the end of the period	13,742,562	14,476,857	250,178,369	142,721	142,721	250,321,091

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

(Unit: JPY thousand)

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

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

V. Notes to Financial Statements

[Notes Concerning Significant Accounting Policies]

By Period Item	(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
1. Evaluation standards and evaluation method of assets	(a) Investment in affiliates Cost method through moving-average method is used. (b) Claims generated and debt incurred through derivative transactions Market value method is used.	(a) Investment in affiliates Cost method through moving-average method is used. (b) Claims generated and debt incurred through derivative transactions Market value method is used.
2. Method of depreciation of non-current assets	(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Structures 20 years Tools, furniture and fixtures 3-18 years Buildings in trust 5-67 years Buildings and accompanying facilities in trust 3-33 years Structures in trust 7-55 years Tools, furniture and fixtures in trust 2-20 years (b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used. (c) Long-term prepaid expenses The straight-line method is used.	(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Structures 20 years Tools, furniture and fixtures 3-18 years Buildings in trust 5-67 years Buildings and accompanying facilities in trust 3-33 years Structures in trust 7-55 years Tools, furniture and fixtures in trust 3-20 years (b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used. (c) Long-term prepaid expenses The straight-line method is used.
3. Accounting treatment of deferred assets	Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over a period up to redemption of the investment corporation bonds.	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.	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.	Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.
6. Revenue and expense recognition	(a) Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to	(a) Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to

By Period Item	(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
	<p>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 capitalized as part of the acquisition cost of real estate during the previous fiscal period is zero.</p> <p>(b) Recognition of revenue The following is the content of principal performance obligations related to revenue from contracts with INV's customers and the normal timing for the satisfaction of such obligations (normal timing for revenue recognition). Sale of real estate, etc. For the sale of real estate, etc., revenue will be recognized at the time the control of such real estate, etc. is obtained by the purchaser, who is the customer, as the transfer obligation will be fulfilled pursuant to the contract pertaining to the sale of real estate.</p>	<p>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 capitalized as part of the acquisition cost of real estate during the Reporting Period is zero.</p> <p>(b) Recognition of revenue The following is the content of principal performance obligations related to revenue from contracts with INV's customers and the normal timing for the satisfaction of such obligations (normal timing for revenue recognition). Sale of real estate, etc. For the sale of real estate, etc., revenue will be recognized at the time the control of such real estate, etc. is obtained by the purchaser, who is the customer, as the transfer obligation will be fulfilled pursuant to the contract pertaining to the sale of real estate.</p>
7. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(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.</p>	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(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.</p>
8. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment policy 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.</p> <p>(a) Cash and bank deposits in trust (b) Buildings in trust</p>	<p>(1) Accounting treatment policy 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.</p> <p>(a) Cash and bank deposits in trust (b) Buildings in trust</p>

By Period Item	(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
	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 (2) Accounting treatment of non-deductible consumption taxes Non-deductible consumption taxes etc. regarding the acquisition of assets are capitalized at amounts of acquisition cost of each asset.	Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust Construction in progress in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of non-deductible consumption taxes Non-deductible consumption taxes etc. regarding the acquisition of assets are capitalized at amounts of acquisition cost of each asset.

[Notes on Material Accounting Estimates]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)				
1. Valuation of non-current assets (1) Amount recorded in the financial statements for the previous fiscal period <div style="text-align: right;">(JPY thousand)</div> <table border="1" style="width: 100%;"> <tr> <td style="width: 60%;">Impairment loss</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Non-current assets (Rental properties)</td> <td style="text-align: right;">443,291,801</td> </tr> </table> <p>Although no impairment loss was recorded in the fiscal period ended December 31, 2022, 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.</p> (2) Information about the content of material accounting estimates for the identified item <p>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.</p> <p>In estimating future cash flows, we assume that the business environment will recover in earnest from 2023 onwards, since the adverse effect by the COVID-19 infection is gradually showing signs of abating. However, it is difficult to accurately predict when the business environment will recover and how much the impacts will be. Changes in the infection status may affect the above estimates and INV may incur impairment loss.</p>	Impairment loss	-	Non-current assets (Rental properties)	443,291,801	Not applicable
Impairment loss	-				
Non-current assets (Rental properties)	443,291,801				

[Notes to the Balance Sheet]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)																																										
<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">JPY 50,000 thousand</p>	<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">JPY 50,000 thousand</p>																																										
<p>*2. Allowance for temporary differences adjustment</p> <p>(Reference) Fiscal period December 31, 2022 (from July 1, 2022 to December 31, 2022)</p> <p>1. Reasons, related assets and amounts</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th>Related assets, etc.</th> <th>Reason</th> <th>Initial amount</th> <th>Balance at the beginning of period</th> <th>Allowance set aside during period</th> <th>Reversal during period</th> <th>Balance at the end of period</th> </tr> </thead> <tbody> <tr> <td>Leasehold rights in trust</td> <td>Amortization of leasehold rights</td> <td style="text-align: right;">-131,332</td> <td style="text-align: right;">-6,130</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">-6,130</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">-131,332</td> <td style="text-align: right;">-6,130</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">-6,130</td> </tr> </tbody> </table> <p>2. Method of reversal</p> <p>(1) Leasehold rights in trust</p> <p>The corresponding amount is scheduled to be reversed upon sale of the relevant properties, etc.</p> <p>Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)</p> <p>1. Reasons, related assets and amounts</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th>Related assets, etc.</th> <th>Reason</th> <th>Initial amount</th> <th>Balance at the beginning of period</th> <th>Allowance set aside during period</th> <th>Reversal during period</th> <th>Balance at the end of period</th> </tr> </thead> <tbody> <tr> <td>Leasehold rights in trust</td> <td>Amortization of leasehold rights</td> <td style="text-align: right;">-131,332</td> <td style="text-align: right;">-6,130</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">-6,130</td> </tr> <tr> <td>Total</td> <td></td> <td style="text-align: right;">-131,332</td> <td style="text-align: right;">-6,130</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">-6,130</td> </tr> </tbody> </table> <p>2. Method of reversal</p> <p>(1) Leasehold rights in trust</p> <p>The corresponding amount is scheduled to be reversed upon sale of the relevant properties, etc.</p>		Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period	Leasehold rights in trust	Amortization of leasehold rights	-131,332	-6,130	-	-	-6,130	Total		-131,332	-6,130	-	-	-6,130	Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period	Leasehold rights in trust	Amortization of leasehold rights	-131,332	-6,130	-	-	-6,130	Total		-131,332	-6,130	-	-	-6,130
Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period																																					
Leasehold rights in trust	Amortization of leasehold rights	-131,332	-6,130	-	-	-6,130																																					
Total		-131,332	-6,130	-	-	-6,130																																					
Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period																																					
Leasehold rights in trust	Amortization of leasehold rights	-131,332	-6,130	-	-	-6,130																																					
Total		-131,332	-6,130	-	-	-6,130																																					

[Notes to Statement of Income and Retained Earnings]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues Rental revenue – real estate</p> <p style="padding-left: 20px;">(Rent/common area charges) (Note) 10,037,349</p> <p style="padding-left: 20px;">(Other revenues) 145,401</p> <p style="padding-left: 40px;">Total 10,182,751</p> <p>B. Real estate rental expenses Property-related expenses</p> <p style="padding-left: 20px;">(Maintenance costs) 426,784</p> <p style="padding-left: 20px;">(Taxes and public dues) 739,194</p> <p style="padding-left: 20px;">(Insurance expenses) 20,233</p> <p style="padding-left: 20px;">(Depreciation expenses) 3,323,690</p> <p style="padding-left: 20px;">(Other expenses) 96,634</p> <p style="padding-left: 40px;">Total 4,606,538</p> <p>C. Real estate rental income (A-B) 5,576,212</p> <p>(Note) Of which, revenue from variable hotel rents 3,118,811</p>	<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues Rental revenue – real estate</p> <p style="padding-left: 20px;">(Rent/common area charges) (Note) 11,729,696</p> <p style="padding-left: 20px;">(Other revenues) 271,259</p> <p style="padding-left: 40px;">Total 12,000,955</p> <p>B. Real estate rental expenses Property-related expenses</p> <p style="padding-left: 20px;">(Maintenance costs) 445,723</p> <p style="padding-left: 20px;">(Taxes and public dues) 596,132</p> <p style="padding-left: 20px;">(Insurance expenses) 20,475</p> <p style="padding-left: 20px;">(Depreciation expenses) 3,311,017</p> <p style="padding-left: 20px;">(Other expenses) 114,992</p> <p style="padding-left: 40px;">Total 4,488,341</p> <p>C. Real estate rental income (A-B) 7,512,613</p> <p>(Note) Of which, revenue from variable hotel rents 4,615,327</p>
<p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 5,096,139</p> <p>B. Hotel operating expenses 3,349,290</p> <p>C. Management contract revenue (A-B) 1,746,848</p> <p>D. Management contract expenses</p> <p style="padding-left: 20px;">Non-life insurance expenses 136,505</p> <p style="padding-left: 20px;">Depreciation expenses 432,613</p> <p style="padding-left: 20px;">Other 550</p> <p style="padding-left: 40px;">Total 569,669</p> <p>E. Management contract revenue and expenses (C-D) 1,177,179</p>	<p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 8,388,052</p> <p>B. Hotel operating expenses 4,474,026</p> <p>C. Management contract revenue (A-B) 3,914,026</p> <p>D. Management contract expenses</p> <p style="padding-left: 20px;">Non-life insurance expenses 152,464</p> <p style="padding-left: 20px;">Depreciation expenses 435,496</p> <p style="padding-left: 20px;">Other 61,368</p> <p style="padding-left: 40px;">Total 649,329</p> <p>E. Management contract revenue and expenses (C-D) 3,264,696</p>

[Notes to Statement of Changes in Net Assets]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
<p>Total number of issuable investment units and number of investment units issued and outstanding</p> <p>Total number of investment units authorized 10,000,000 units</p> <p>Total number of investment units issued and outstanding 6,096,840 units</p>	<p>Total number of issuable investment units and number of investment units issued and outstanding</p> <p>Total number of investment units authorized 10,000,000 units</p> <p>Total number of investment units issued and outstanding 6,096,840 units</p>

[Notes Related to Tax Accounting]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)						Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)					
1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)						1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)					
(Deferred tax assets)						(Deferred tax assets)					
Enterprise tax payable	615					Enterprise tax payable	615				
Buildings and other (merger)	186,398					Buildings and other (merger)	185,229				
Land (merger)	116,724					Land (merger)	116,724				
Loss carried forward (Note 1)	1,609,063					Loss carried forward (Note 1)	1,288,595				
Asset retirement obligations	10,656					Asset retirement obligations	10,727				
Amortization of leasehold right	162,054					Amortization of leasehold right	174,196				
Adjustment of acquisition prices (overseas properties)	449,589					Adjustment of acquisition prices (overseas properties)	445,643				
Subtotal	2,535,101					Subtotal	2,221,732				
Valuation allowance for tax loss carried forward	-1,609,063					Valuation allowance for tax loss carried forward	-1,288,595				
Valuation allowance for the total of deductible temporary differences, etc.	-926,038					Valuation allowance for the total of deductible temporary differences, etc.	-933,137				
Subtotal (Note 2)	-2,535,101					Subtotal (Note 2)	-2,221,732				
Total	-					Total	-				
(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.						(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.					
(Unit: JPY thousand)						(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 within one year	Due after one to two years	Due after two to three years	Due after three to four years	
Tax loss carried forward (a)	330,700	-	-	-		Tax loss carried forward (a)	-	-	-	-	
Valuation allowance	-330,700	-	-	-		Valuation allowance	-	-	-	-	
Deferred tax assets	-	-	-	-		Deferred tax assets	-	-	-	-	
	Due after four to five years	Due after five years	Total				Due after four to five years	Due after five years	Total		
Tax loss carried forward (a)	-	1,278,362	1,609,063			Tax loss carried forward (a)	-	1,288,595	1,288,595		
Valuation allowance	-	-1,278,362	-1,609,063			Valuation allowance	-	-1,288,595	-1,288,595		
Deferred tax assets	-	-	-			Deferred tax assets	-	-	-		
(a) Tax loss carried forward is multiplied by statutory tax rate. (Note 2) Valuation allowance decreased by JPY 182,915 thousand mainly due to a decrease in tax loss carried forward.						(a) Tax loss carried forward is multiplied by statutory tax rate. (Note 2) Valuation allowance decreased by JPY 313,369 thousand mainly due to a decrease in tax loss carried forward.					
2. Significant difference between statutory tax rate and the effective tax rate						2. Significant difference between statutory tax rate and the effective tax rate					
Statutory tax rate	31.46%					Statutory tax rate	31.46%				
Deductible cash distributions	-31.44%					Deductible cash distributions	-31.50%				
Changes in valuation allowance	-3.60%					Changes in valuation allowance	-3.52%				
Expiration of loss carried forward	3.58%					Expiration of loss carried forward	3.55%				
Others	0.01%					Others	0.01%				
Effective tax rate	0.01%					Effective tax rate	0.01%				

[Notes Related to Financial Instruments]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>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, 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.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>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 loan are managed by the finance department of CIM by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding fair value, etc. for financial instruments.</p> <p>Since certain assumptions, etc. are used in estimating the fair value of financial instruments, different assumptions, etc. may result in the variance of such value.</p>	<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>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, 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.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>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 loan are managed by the finance department of CIM by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding fair value, etc. for financial instruments.</p> <p>Since certain assumptions, etc. are used in estimating the fair value of financial instruments, different assumptions, etc. may result in the variance of such value.</p>

2. Estimated fair value of financial instruments.
Book value, fair value and the difference between value as of December 31, 2022 are as follows. “Cash and bank deposits”, “Cash and bank deposits in trust” and “Short-term loans payable” are omitted because their fair values are close to their book values since they are settled in cash and in a short period of time. Moreover, “Tenant leasehold and security deposits in trust” is omitted because they are not material.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Investment securities	17,856,387	17,553,373	-303,014
Total assets	17,856,387	17,553,373	-303,014
(2) Current portion of Investment Corporation Bonds	(3,000,000)	(2,970,200)	29,800
(3) Current portion of long-term loans payable	(42,405,000)	(42,405,000)	-
(4) Investment corporation bonds	(5,200,000)	(4,734,340)	465,660
(5) Long-term loans	(75,677,000)	(75,677,000)	-
Total liabilities	(126,282,000)	(125,786,540)	495,460
(6) Derivatives	142,721	142,721	-

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

(*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 value of financial instruments.

(1) Investment securities

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

(2) Current portion of Investment Corporation Bonds (4) Investment corporation bonds
Fair value is calculated using a method based on market price.

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

2. Estimated fair value of financial instruments.

Book value, fair value and the difference between value as of June 30, 2023 are as follows. “Cash and bank deposits”, “Cash and bank deposits in trust” and “Short-term loans payable” are omitted because their fair values are close to their book values since they are settled in cash and in a short period of time. Moreover, “Tenant leasehold and security deposits in trust” is omitted because they are not material.

(Unit: JPY thousand)

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

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

(*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 value of financial instruments.

(1) Investment securities

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

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

(3) Current portion of long-term loans payable (5) Long-term loans payable
Long-term loans with floating interest rates reflecting changes in market rates within a short-term period are stated at their book value as their book value approximate their fair value.

(6) Derivatives
 (a) Derivatives transactions to which hedge accounting is not applied
 Not applicable

(b) Derivatives transactions to which hedge accounting is applied
 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. (*1)		Fair value (*2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	50,476,000	36,687,000	142,721

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

(*2) Estimation method for fair value
 Interest rate swap:
 Estimated based on the price, etc. presented by the correspondent financial institutions.

(6) Derivatives
 (a) Derivatives transactions to which hedge accounting is not applied
 As for derivative transactions for which hedge accounting is not applied, the contract amount as of the closing date and the amount equivalent to the notional principal prescribed in the contract are as follows.

(Unit: JPY thousand)

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

(*1) Estimation method for fair value

Currency option:

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

(b) Derivatives transactions to which hedge accounting is applied

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. (*1)		Fair value (*2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	36,687,000	18,441,000	4,550

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

(*2) Estimation method for fair value
 Interest rate swap:
 Estimated based on the price, etc. presented by the correspondent financial institutions.

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

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years
Current portion of Investment Corporation Bonds	3,000,000	-	-
Current portion of long-term loans payable	42,405,000	-	-
Investment corporation bonds	-	1,000,000	-
Long-term loans payable	-	34,127,000	39,399,000
Total	45,405,000	35,127,000	39,399,000

	Due after three to four years	Due after four to five years	Due after five years
Current portion of Investment Corporation Bonds	-	-	-
Current portion of long-term loans payable	-	-	-
Investment corporation bonds	-	-	4,200,000
Long-term loans payable	-	1,190,000	961,000
Total	-	1,190,000	5,161,000

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

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years
Current portion of Investment Corporation Bonds	2,000,000	-	-
Current portion of long-term loans payable	46,139,000	-	-
Investment corporation bonds	-	1,000,000	5,000,000
Long-term loans payable	-	42,243,000	23,804,000
Total	48,139,000	43,243,000	28,804,000

	Due after three to four years	Due after four to five years	Due after five years
Current portion of Investment Corporation Bonds	-	-	-
Current portion of long-term loans payable	-	-	-
Investment corporation bonds	-	2,200,000	3,200,000
Long-term loans payable	-	1,190,000	961,000
Total	-	3,390,000	4,161,000

[Notes Related to Asset Retirement Obligations]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)																
<p>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.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the end of the period (Unit: JPY thousand)</p> <table border="1"> <tbody> <tr> <td>Balance at the beginning of the period</td> <td>33,644</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td>-</td> </tr> <tr> <td>Accretion expense</td> <td>227</td> </tr> <tr> <td>Balance at the end of the period</td> <td>33,872</td> </tr> </tbody> </table>	Balance at the beginning of the period	33,644	Increase due to the acquisition of properties	-	Accretion expense	227	Balance at the end of the period	33,872	<p>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.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the end of the period (Unit: JPY thousand)</p> <table border="1"> <tbody> <tr> <td>Balance at the beginning of the period</td> <td>33,872</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td>-</td> </tr> <tr> <td>Accretion expense</td> <td>225</td> </tr> <tr> <td>Balance at the end of the period</td> <td>34,097</td> </tr> </tbody> </table>	Balance at the beginning of the period	33,872	Increase due to the acquisition of properties	-	Accretion expense	225	Balance at the end of the period	34,097
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[Notes Related to Rental Properties]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)					Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)				
<p>INV owns residential properties and hotels as core assets principally in the Greater 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 and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>					<p>INV owns residential properties and hotels as core assets principally in the Greater 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 and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>				
Use	Book value			Fair value at the end of the period	Use	Book value			Fair value at the end of the period
	Balance at the beginning of the period	Change during the period	Balance at the end of the period			Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Residences	34,567,566	-184,066	34,383,500	47,357,000	Residences	34,383,500	-172,720	34,210,779	48,017,000
Commercial facilities	1,621,984	-16,661	1,605,322	2,380,000	Commercial facilities	1,605,322	-16,598	1,588,724	2,380,000
Hotels	409,587,102	-2,284,122	407,302,979	482,833,730	Hotels	407,302,979	-2,603,993	404,698,985	510,566,211
Total	445,776,652	-2,484,850	443,291,801	532,570,730	Total	443,291,801	-2,793,312	440,498,489	560,963,211
<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the previous fiscal period were construction work related to capital expenditures.</p> <p>(Note 3) The major factors of the decrease were sale of residences and depreciation.</p> <p>(Note 4) The fair value at the end of the previous fiscal 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., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc.</p> <p>For information related to profits and losses from rental properties in the previous fiscal period, please refer to "Notes to Statement of Income and Retained Earnings."</p>					<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the Reporting Period were construction work related to capital expenditures.</p> <p>(Note 3) The major factor of the decrease was depreciation.</p> <p>(Note 4) The fair value at the end of the Reporting 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., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc.</p> <p>For information related to profits and losses from rental properties in the Reporting Period, please refer to "Notes to Statement of Income and Retained Earnings."</p>				

[Notes Related to Restriction on Asset Management]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

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

1 Interested parties of CIM

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	1,152,194	Accounts receivable	404,531
	MyStays Hotel Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	5,771,441	Accounts receivable	3,864,932

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

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

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of investment units owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing of short-term loan	7,408,500	Short-term loans payable	17,373,000
				Repayment of short-term loan	5,018,500		
				Repayment of long-term loan	2,390,000	Long-term loans payable	17,358,000
				Finance-related fees (Note 2)	22,264	Prepaid expenses	51,418
						Long-term prepaid expenses	27,152
Interest expenses (Note 2)	79,062	Accrued expenses	847				

(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) The terms and conditions have been determined based on actual market conditions.

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

1 Interested parties of CIM

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Interested party of CIM	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	612,959	Rental receivables	261,128
	MyStays Hotel Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	8,022,489	Rental receivables	3,227,566

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

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

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of investment units owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing of short-term loan	9,092,600	Short-term loans payable	15,754,100
				Repayment of short-term loan	10,711,500		
				Borrowing of long-term loan	4,824,500	Long-term loans payable	18,229,900
				Repayment of long-term loan	3,952,600		
				Finance-related fees (Note 2)	95,780	Prepaid expenses	69,162
				Interest expenses (Note 2)	74,705	Long-term prepaid expenses	49,559
						Accrued expenses	400

(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) The terms and conditions have been determined based on actual market conditions.

[Notes Related to Per Unit Information]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)		Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)	
Net assets per unit	JPY 41,058	Net assets per unit	JPY 41,665
Net income per unit	JPY 832	Net income per unit	JPY 1,462
Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.	

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

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

[Notes Related to Revenue Recognition]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)																																																				
<p>1. Breakdown of revenue from contracts with customers (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Revenue from contracts with customers (Note 1)</th> <th style="text-align: center;">Net sales to external customers</th> </tr> </thead> <tbody> <tr> <td>Sale of real estate, etc.</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other</td> <td style="text-align: center;">31,966</td> <td style="text-align: center;">11,929,599</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">31,966</td> <td style="text-align: center;">11,929,599</td> </tr> </tbody> </table> <p>(Note 1) Revenue from the leasing business subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), dividend income subject to the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in “Revenue from contracts with customers” as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.</p> <p>2. Information utilized as the basis for understanding revenue from contracts with customers The information is as described in “Notes Concerning Significant Accounting Policies” above.</p> <p>3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts as well as amount of revenue and period expected to be recognized in the next calculation period or thereafter from contracts with customers existing at the end of the previous fiscal period</p> <p>(1) Balance of contract assets and contract liabilities, etc. (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal period ended December 31, 2022</th> </tr> </thead> <tbody> <tr> <td>Claims generated from contracts with customers (balance at the beginning of the period)</td> <td style="text-align: center;">2,250</td> </tr> <tr> <td>Claims generated from contracts with customers (balance at the end of the period)</td> <td style="text-align: center;">4,231</td> </tr> <tr> <td>Contract assets (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract assets (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>(2) Transaction value allocated to remaining performance obligations Not applicable</p>		Revenue from contracts with customers (Note 1)	Net sales to external customers	Sale of real estate, etc.	-	-	Other	31,966	11,929,599	Total	31,966	11,929,599		Fiscal period ended December 31, 2022	Claims generated from contracts with customers (balance at the beginning of the period)	2,250	Claims generated from contracts with customers (balance at the end of the period)	4,231	Contract assets (balance at the beginning of the period)	-	Contract assets (balance at the end of the period)	-	Contract liabilities (balance at the beginning of the period)	-	Contract liabilities (balance at the end of the period)	-	<p>1. Breakdown of revenue from contracts with customers (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Revenue from contracts with customers (Note 1)</th> <th style="text-align: center;">Net sales to external customers</th> </tr> </thead> <tbody> <tr> <td>Sale of real estate, etc.</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Other</td> <td style="text-align: center;">27,645</td> <td style="text-align: center;">15,914,981</td> </tr> <tr> <td>Total</td> <td style="text-align: center;">27,645</td> <td style="text-align: center;">15,914,981</td> </tr> </tbody> </table> <p>(Note 1) Revenue from the leasing business subject to the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), dividend income subject to the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10) and the sale of real estate, etc. subject to the “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies” (Accounting System Committee Report No. 15 of the Japanese Institute of Certified Public Accountants) are not included in “Revenue from contracts with customers” as they are not covered by the Accounting Standard for Revenue Recognition. Major revenue from contracts with customers is proceeds from sale of real estate properties.</p> <p>2. Information utilized as the basis for understanding revenue from contracts with customers The information is as described in “Notes Concerning Significant Accounting Policies” above.</p> <p>3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts as well as amount of revenue and period expected to be recognized in the next calculation period or thereafter from contracts with customers existing at the end of the Reporting Period</p> <p>(1) Balance of contract assets and contract liabilities, etc. (Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Fiscal period ended June 30, 2023</th> </tr> </thead> <tbody> <tr> <td>Claims generated from contracts with customers (balance at the beginning of the period)</td> <td style="text-align: center;">4,231</td> </tr> <tr> <td>Claims generated from contracts with customers (balance at the end of the period)</td> <td style="text-align: center;">3,093</td> </tr> <tr> <td>Contract assets (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract assets (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the beginning of the period)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Contract liabilities (balance at the end of the period)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>(2) Transaction value allocated to remaining performance obligations Not applicable</p>		Revenue from contracts with customers (Note 1)	Net sales to external customers	Sale of real estate, etc.	-	-	Other	27,645	15,914,981	Total	27,645	15,914,981		Fiscal period ended June 30, 2023	Claims generated from contracts with customers (balance at the beginning of the period)	4,231	Claims generated from contracts with customers (balance at the end of the period)	3,093	Contract assets (balance at the beginning of the period)	-	Contract assets (balance at the end of the period)	-	Contract liabilities (balance at the beginning of the period)	-	Contract liabilities (balance at the end of the period)	-
	Revenue from contracts with customers (Note 1)	Net sales to external customers																																																			
Sale of real estate, etc.	-	-																																																			
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Total	31,966	11,929,599																																																			
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[Notes Related to Significant Subsequent Events]

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Not applicable	<p>1. Issuance of new investment units INV resolved at its meetings of the Board of Directors held on July 19, 2023 and July 25, 2023 respectively to conduct the issuance of new investment units and secondary offering of investment units. Payment for the new investment units issued through the public offering was completed on July 31, 2023, in accordance with the following terms and conditions. As a result, the unitholders' capital of INV is JPY 268,463 million and the number of investment units issued and outstanding of INV increased to 6,706,632.</p> <p>(1) Issuance of new investment units through public offering</p> <p>Number of investment units offered : 609,792 investment units</p> <p>Of which</p> <p>domestic public offering : 353,680 investment units</p> <p>overseas offering : 256,112 investment units</p> <p>Issue price (offer price) : JPY 55,566 per unit</p> <p>Total issue price (total offer price) : JPY 33,883,702,272</p> <p>Paid amount (issue value) : JPY 53,726 per unit</p> <p>Total paid amount : JPY 32,761,684,992 (total issue value)</p> <p>Payment date : July 31, 2023</p> <p>(2) Secondary offering of investment units (over-allotment secondary offering)</p> <p>Number of Investment Units offered in the secondary offering : 30,489 investment units</p> <p>Offer price : JPY 55,566 per unit</p> <p>Total offer price : JPY 1,694,151,774</p> <p>Delivery date : August 1, 2023</p> <p>(3) Issuance of new investment units through third-party allotment (Note 1)</p> <p>Number of investment units offered : 30,489 investment units</p> <p>Amount to be paid (issue value) : JPY 53,726 per unit</p> <p>Total paid amount : JPY 1,638,052,014 (total issue value)</p> <p>Payment date : August 28, 2023</p> <p>Allottee : Mizuho Securities Co., Ltd.</p> <p>(Note 1) In relation to the over-allotment secondary offering, the investment units will be issued for the purpose of allowing Mizuho Securities Co., Ltd. to acquire investment units required for returning the borrowed investment units. Consequently, there may be cases where there will be no application for whole or part of the investment units to be issued through the third-party allotment, resulting in a</p>

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
	<p>commensurate shortfall in the ultimate number of investment units to be issued through the third-party allotment, due to forfeiture, or there may be cases where such issuance itself will not take place at all.</p> <p>2. Debt Financing In order to fund a portion of the acquisition price for six hotel properties (domestic real estate trust beneficiary interests) acquired on August 1, 2023, INV resolved the following debt financing at a meeting of the Board of Directors held on July 19, 2023, and entered into a loan agreement on the same day.</p> <p>New Syndicate Loan (010)</p> <p>Lender : Syndicate of lenders arranged by Mizuho Bank, Ltd.</p> <p>Outstanding balance : JPY 29,856 million</p> <p>Interest rate, etc. : Base Rate (3-month JPY TIBOR) + 0.500%, 0.300% Base Rate (1-month JPY TIBOR) + 0.200%</p> <p>Interest payment date : The last Japanese business day of March, June, September, and December before the principal maturity date, beginning with September 30, 2023, and the principal maturity date The last Japanese business day of each month before the principal maturity date, beginning with August 31, 2023, and the principal maturity date</p> <p>Principal repayment method : Lump-sum repayment</p> <p>Borrowing method : Unsecured/ non-guarantee</p> <p>Borrowing date : August 1, 2023</p> <p>Maturity date : July 14, 2028, July 16, 2026, August 1, 2024</p> <p>3. Acquisition of assets (properties) INV resolved acquisition of the following six hotel properties (total acquisition price: JPY 57,230 million) on July 19, 2023 and completed the acquisition on August 1, 2023.</p> <p>Property Number: D84 Fusaki Beach Resort Hotel & Villas</p> <p>Acquisition Date : August 1, 2023</p> <p>Acquisition Price (Note 1) : JPY 40,293 million</p> <p>Location : Ishigaki-shi, Okinawa</p> <p>Completion Date : June 1982 June 2019 March 2020</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Sheffield Asset Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 23,573.57 m²</p>

(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
	<p>Total Leasable Area : 23,573.57 m²</p> <p>Property Number: D85 Tateshina Grand Hotel Takinoyu Acquisition Date : August 1, 2023 Acquisition Price (Note 1) : JPY 8,365 million Location : Chino-shi, Nagano Completion Date : August 1966 July 1967 July 1988 Legal Form of Asset : Trust beneficiary interest Seller : Heijyo Tokutei Mokuteki Kaisha Total Floor Area : 20,577.41 m² Total Leasable Area : 20,577.41 m²</p> <p>Property Number: D86 Hotel MyStays Okayama Acquisition Date : August 1, 2023 Acquisition Price (Note 1) : JPY 2,613 million Location : Okayama-shi, Okayama Completion Date : March 1986 Legal Form of Asset : Trust beneficiary interest Seller : Nippori Tokutei Mokuteki Kaisha Total Floor Area : 3,023.27 m² Total Leasable Area : 3,023.27 m²</p> <p>Property Number: D87 Hotel MyStays Aomori Station Acquisition Date : August 1, 2023 Acquisition Price (Note 1) : JPY 2,445 million Location : Aomori-shi, Aomori Completion Date : June 2007 Legal Form of Asset : Trust beneficiary interest Seller : Shiretoko Tokutei Mokuteki Kaisha Total Floor Area : 3,963.86 m² Total Leasable Area : 3,963.86 m²</p> <p>Property Number: D88 Hotel MyStays Soga Acquisition Date : August 1, 2023 Acquisition Price (Note 1) : JPY 2,039 million Location : Chiba-shi, Chiba Completion Date : February 1994 Legal Form of Asset : Trust beneficiary interest Seller : Nippori Tokutei Mokuteki Kaisha Total Floor Area : 3,398.18 m² Total Leasable Area : 3,398.18 m²</p>

VI. Statement of Cash Distribution

	(Reference) Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
I. Unappropriated retained earnings	JPY 13,742,562,778	JPY 17,583,734,499
II. Distributions (Distribution per unit)	JPY 5,072,570,880 (JPY 832)	JPY 8,925,773,760 (JPY 1,464)
III. Retained earnings (deficit) carried forward	JPY 8,669,991,898	JPY 8,669,991,898657,960,739
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 5,072,570,880 out of net income of JPY 5,075,336,307. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 8,925,773,760 which is a total of net income of JPY 8,913,742,601 and retained earnings carried forward of JPY 12,031,159.

Note

Accompanying English financial information, comprising Balance Sheet, Statement of Income and Retained Earnings, Statement of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution, have been translated from the Japanese financial statements of INV prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2023 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution is unaudited.

Regarding the English audited financial statements, please refer to the “Audited Financial Statements” on the website of Invincible Investment Corporation: <https://www.invincible-inv.co.jp/en/ir/library.html>

VII. Statement of Cash Flows (Reference Information)

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

(Note) Statement of cash flows is prepared based on the Regulation on the Terminology, Forms, and Preparation Methods of Financial Statements (Ministry of Finance Order No. 59 of 1963, as amended) and attached as reference. This statement of cash flows is not subject to audit by an auditor pursuant to the Article 130 of the Investment Trust Act, and thus has not been audited by an auditor.

[Notes Concerning Significant Accounting Policies] (Reference Information)

Item \ By Period	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)
Cash and 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 subject to insignificant risks of changes in value.	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 subject to insignificant risks of changes in value.

[Notes to Statement of Cash Flows] (Reference Information)

Item \ By Period	Fiscal period ended December 31, 2022 (from July 1, 2022 to December 31, 2022)	Fiscal period ended June 30, 2023 (from January 1, 2023 to June 30, 2023)		
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of December 31, 2022) (Unit: JPY thousand)	(As of June 30, 2023) (Unit: JPY thousand)		
	Cash and bank deposits	15,553,174	Cash and bank deposits	18,377,030
	Cash and bank deposits in trust	7,768,621	Cash and bank deposits in trust	10,464,171
	Time deposits with over three months deposit period	(2,800,000)	Time deposits with over three months deposit period	(800,000)
	Cash and cash equivalents	20,521,796	Cash and cash equivalents	28,041,202

“My Number” is issued to all citizens and residents of Japan and is necessary for taxation purposes on investment units. Thus, it is necessary for unitholders to notify their brokerage with their “My Number.”

Usage of “My Number” in investment units-related affairs

“My Number” is recorded on the payment record and the payment record is filed with the relevant tax authority pursuant to laws and regulations.

Major payment record *Payment record regarding cash distribution

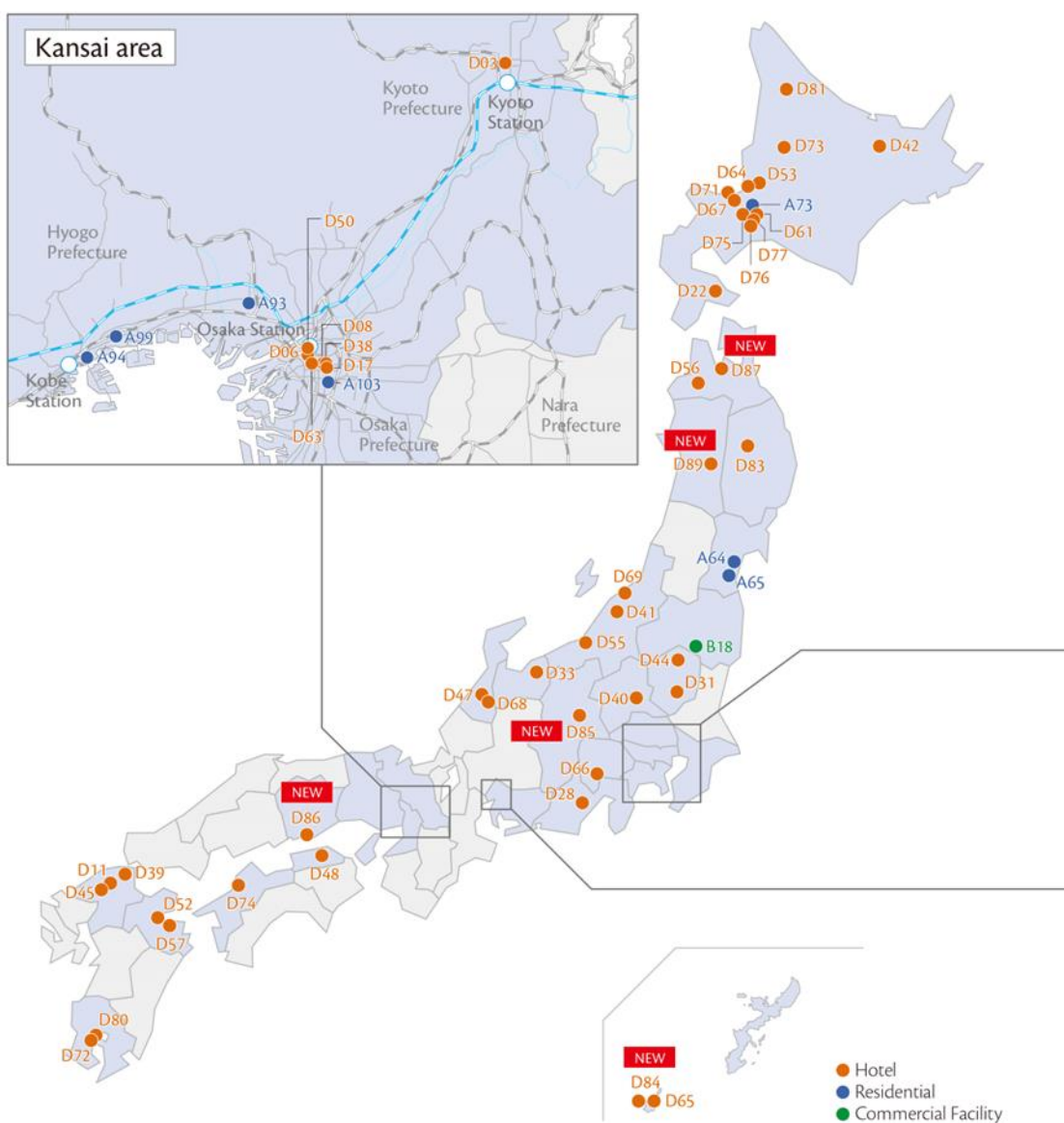
Usage of “My Number” also includes taxation-related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

- Unitholders whose investment units are managed in brokerage accounts
Each brokerage
- Unitholders who have no brokerage account
Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited
Toll-free Telephone Number 0120-782-031

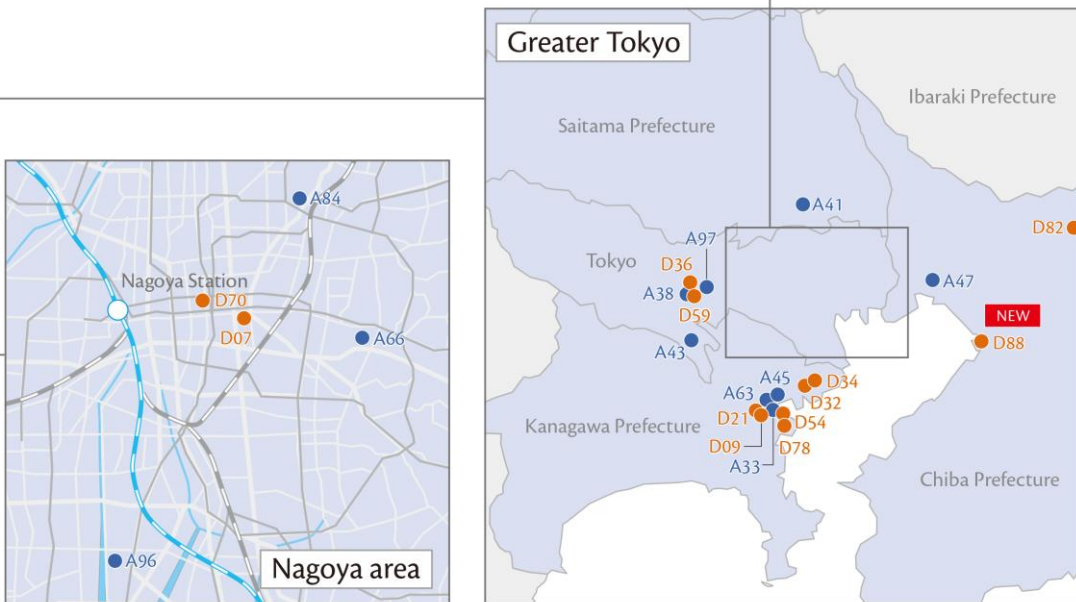
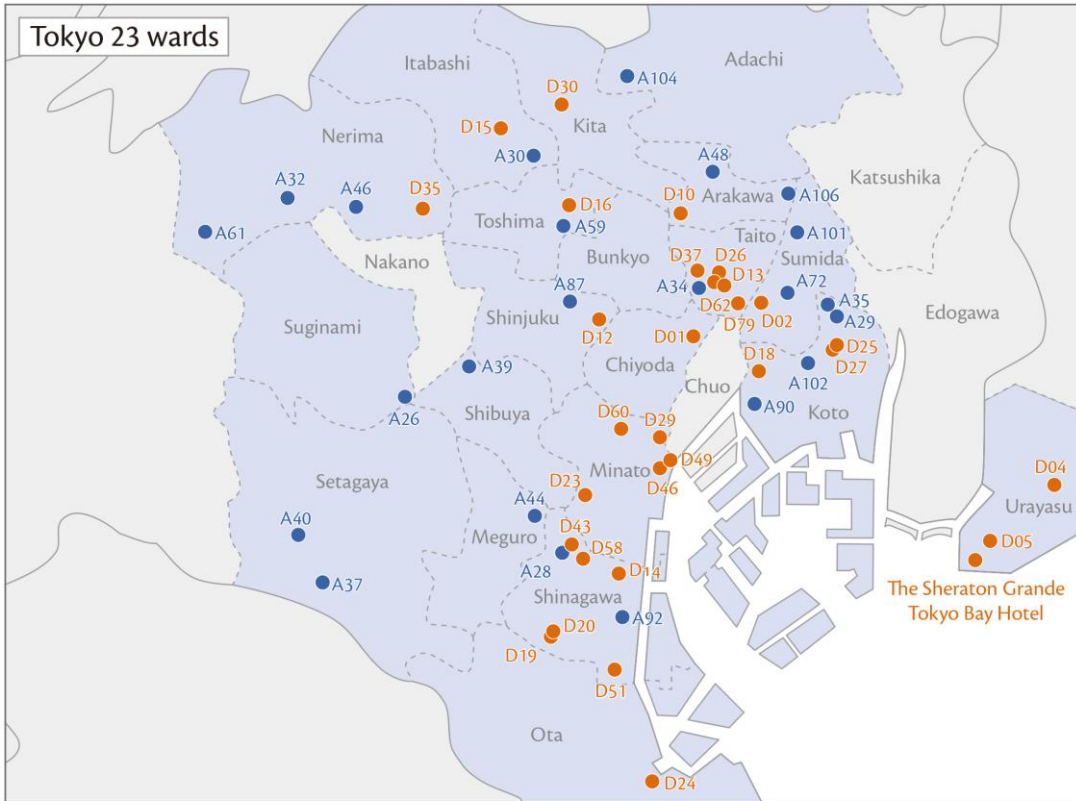
Domestic Portfolio Map (As of August 31, 2023)

No. of Properties (Note 1)	No. of Hotels (Note 1)	No. of Residential Properties	Others
134	92	41	1



(Note 1) Including Sheraton Grande Tokyo Bay Hotel, underlying assets of TMK investment

(Note 2) For properties corresponding to the number and their overview, please refer to pages 31-37.



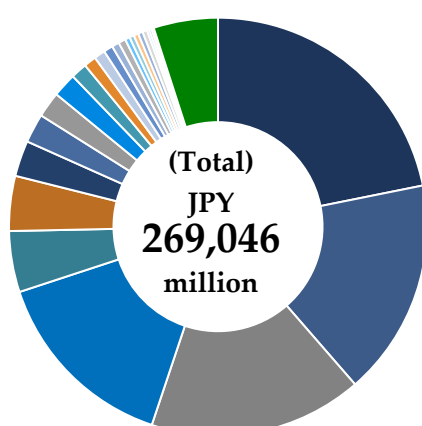
Financial Conditions

INV issued JPY 6.2 billion of bonds for the first time in three years during the June 2023 fiscal period, and refinanced JPY 59.3 billion of bank loans in total in July 2023. Furthermore, INV executed JPY 29.8 billion of bank loans for the August 2023 asset acquisitions and promoted extension of borrowing periods and diversification of maturity dates.

Investment Corporation Bonds

Bonds name	Issued Date	Term (years)	Balance (JPY mn)	Annual Interest Rate	Rating
2nd Series Investment Corporation Bonds	May 25, 2018	10.0	1,000	0.80%	A (JCR)
3rd Series Investment Corporation Bonds	Oct. 12, 2018	5.0	2,000	0.55%	A (JCR)
4th Series Investment Corporation Bonds	Oct. 28, 2019	5.0	1,000	0.48%	A (JCR)
5th Series Investment Corporation Bonds	Oct. 28, 2019	10.0	2,000	0.90%	A (JCR)
6th Series Investment Corporation Bonds	Mar. 13, 2020	10.0	1,200	0.85%	A (JCR)
7th Series Investment Corporation Bonds	May 25, 2023	3.0	5,000	1.00%	A (JCR)
8th Series Investment Corporation Bonds	May 25, 2023	5.0	1,200	1.20%	A (JCR)
Total			13,400		

Lender Formation (as of August 31, 2023)

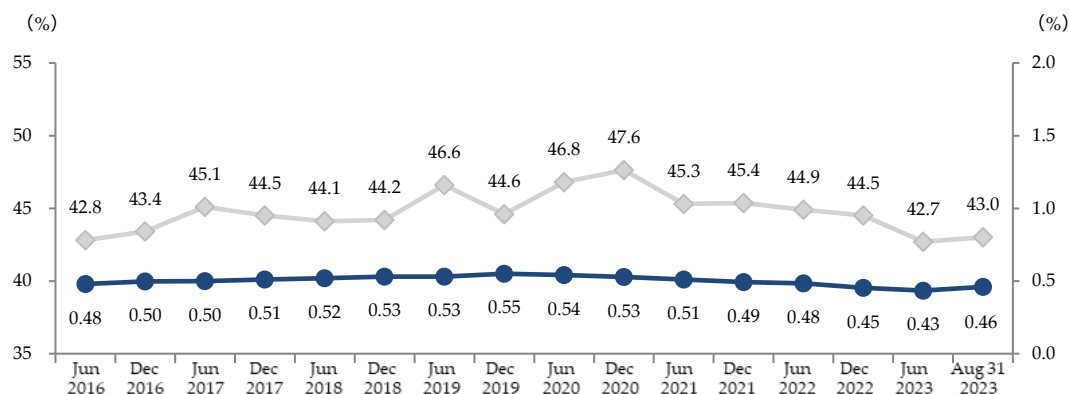


Mizuho Bank	21.8%	Nishi-Nippon City Bank	0.7%
MUFG	16.8%	Aeon Bank	0.6%
SMBC	16.5%	Fukuoka Bank	0.6%
SMTB	14.8%	Ogaki Kyoritsu Bank	0.4%
SBI Shinsei Bank	4.7%	Kiraboshi Bank	0.4%
DBJ	4.3%	Momiji Bank	0.4%
Citibank	2.8%	Yamaguchi Bank	0.4%
Tokyo Star Bank	2.3%	The Chukyo Bank	0.4%
Aozora Bank	2.0%	Kagawa Bank	0.2%
Resona Bank	1.9%	Tochigi Bank	0.2%
San ju San Bank	1.2%	Kiyo Bank	0.2%
Nomura TB	1.0%	REIT Bond	5.0%
Shizuoka Bank	0.9%		

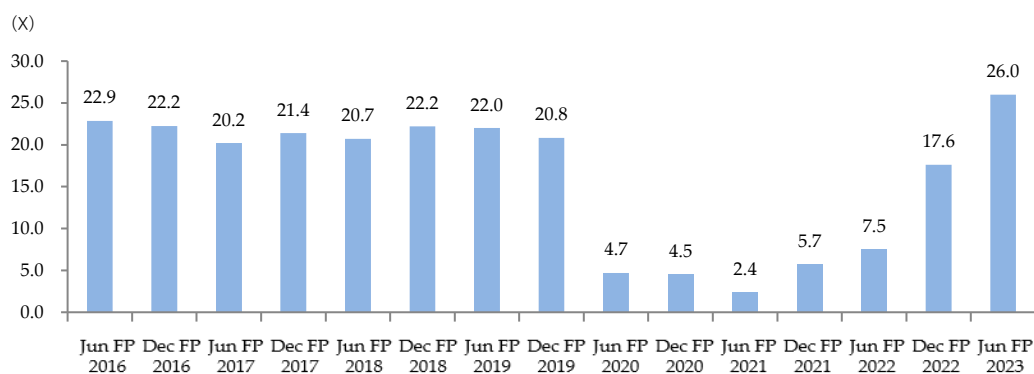
Rating

Rating Agency	Rating Object	Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term Issuer Rating	A	Stable

■ **LTV (based on appraisal value)^(Note 1) and Weighted Average Interest Rate^(Note 2)**



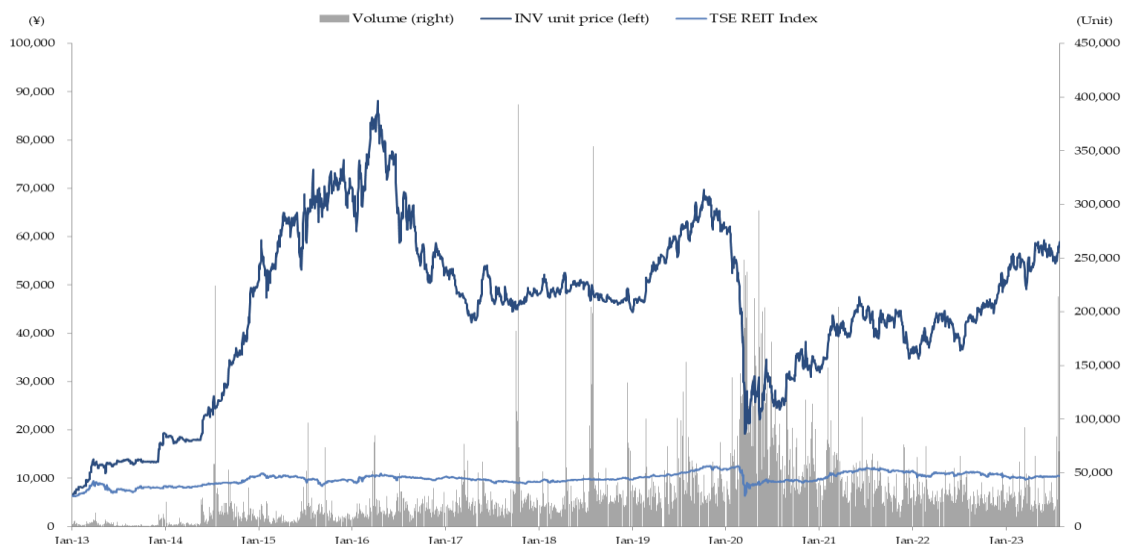
■ **DSCR^(Note 3)**



- (Note 1) Calculated by the following formula: (Interest-bearing debts at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). For the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset, the acquisition price (INV's investment amount) of such preferred equity interest is deemed as the appraisal value and included. For the Overseas Real Estate TK Interest the underlying assets of which are "The Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort", the acquisition price (INV's TK investment amount) of such TK interest is deemed as the appraisal value and included regarding the calculation for "Dec. 2018". Regarding "Jun. 2019" onward, calculation is based on the appraisal value as of the end of each fiscal period. 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.
- (Note 2) Calculated by the following formula: (Total loan amount outstanding at the relevant time multiplied by applicable interest rate at the relevant time for each loans) / (The loan amount outstanding at the end of each fiscal period).
- (Note 3) DSCR is calculated by dividing (i) by (ii) for the relevant period; (i) operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property (ii) scheduled prepayments of loans payable, interest expenses,. Excluded the temporal increase of income due to the change of investment structure regarding overseas assets for the calculation of June 2019 fiscal period.

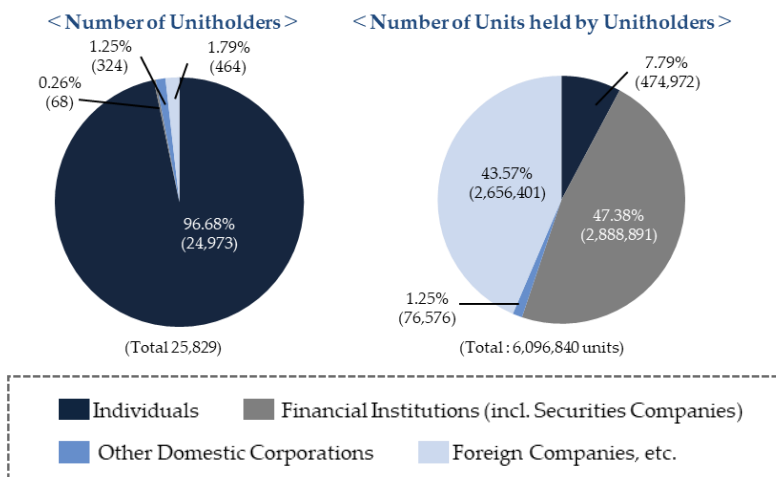
Overview of Unitholders/Investment Units

Historical Unit Price



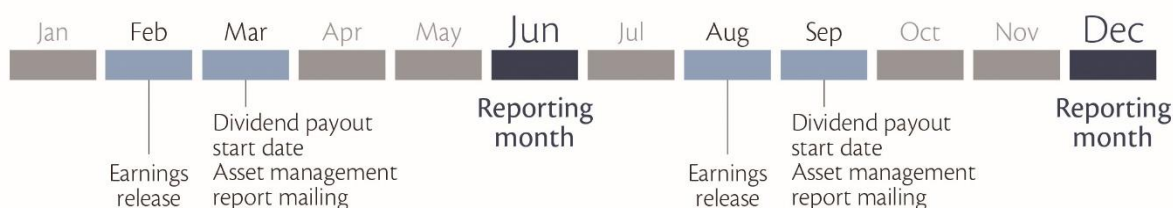
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013, as the same as the closing price of INV's unit on the same day.

Distribution of Unitholders



(Note) Percentage figures are rounded to one decimal place.

Annual Schedule



Information for Unitholders

For Unitholders

Investors' Registry Administrator	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Special Account Management Institution	<Unitholders of the former Tokyo Growth REIT Investment Inc.> Mitsubishi UFJ Trust and Banking Corporation 1-4-5, Marunouchi, Chiyoda-ku, Tokyo <Unitholders of the former LCP Investment Corporation> Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Correspondence	Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063
(Telephone Assistance)	Toll-free Telephone Number 0120-782-031 Administrative services are available at the main and branch offices throughout Japan of Sumitomo Mitsui Trust Bank, Limited

Notification Process for Address Changes

Please notify your brokerage (financial instruments business operator) regarding changes to addresses, names, registered seals, and the like. Unitholders who have special accounts instead of brokerage accounts should contact the transfer account management institution (financial instruments business operator) below. Unitholders of the pre-merger Investment Corporation (former Tokyo Growth REIT Investment Inc.)
Mitsubishi UFJ Trust and Banking Corporation Toll-free Number: 0120-255-100
Unitholders of the former LCP Investment Corporation
Sumitomo Mitsui Trust Bank, Limited Toll-free Number: 0120-782-031

Dividends

Unitholders may collect "dividends" by submitting the "Dividends Receipt" at your local Japan Post Bank or at the deposit teller of a post office. In the case that the collection period has past, designate a collection method on the back of the "Dividends Receipt," and either mail the receipt to the Transfer Agent Department of the Sumitomo Mitsui Trust Bank, Limited or collect from a branch teller.

(Bank Transfers)

Should you desire to specify bank transfers for future dividends, please notify your brokerage (financial instruments business operator).

(Note) Please collect dividends within 3 years of distribution. Please note that payments cannot be made after 3 years due to the rules and regulations of the Articles of Incorporation of the Investment Corporation.

■ Notification

(Notice of Dividend Payment)

The 2008 amendment of the Special Taxation Measures Law (Act No. 23 of April 30, 2008) mandated the sending to unitholders a “Notice of Dividend Payment” stating the dividend amount, amount of taxes withheld, and the like for dividends payable in and after January 2009. If you collect dividends via a “Dividends Receipt,” please view the “Notice of Dividend Payment” sent alongside it. If you have specified a wire transfer, the “Dividend Statement” delivered with the dividend payment is the “Notice of Dividend Payment.”

(Characters for Addresses and Names of Unitholders)

With the digitization of investment securities, if there are Chinese characters in your address or names that the Japan Securities Depository Center (JASDEC) has not included in the transfer system, JASDEC registers them in the Investors’ Registry by converting part or all of the characters to those that JASDEC has included in the transfer system or to katakana. Please be aware that correspondence may be addressed using characters that JASDEC has included in the transfer system. Please inquire with your brokerage regarding characters registered for your address and name.

■ Inquiries

For inquiries regarding INV: Consonant Investment Management Co., Ltd.

TEL: 03-5411-2731 (Main)

Weekdays 9:00-17:00