

Invincible Investment Corporation

Financial Summary for the June 2018 Fiscal Period (from January 1, 2018 to June 30, 2018)

August 22, 2018

Name	: Invincible Investment Corporation
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: http://www.invincible-inv.co.jp/eng/
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of Invincible Investment Corporation) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: September 21, 2018

This English language notice is a translation of the Japanese-language notice released on August 22, 2018 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(values are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended June 30, 2018	13,104	3.6	8,433	2.6	7,722	5.7	7,721	5.7
Fiscal period ended December 31, 2017	12,647	36.6	8,223	53.9	7,303	55.3	7,303	55.3

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2018	1,611	4.3	2.1	58.9
Fiscal period ended December 31, 2017	1,712	4.6	2.2	57.7

(Note1) "Net Income per Unit" is calculated based on the average number of investment units during the period and is rounded to the nearest yen. Net income per unit calculated based on the number of investment units issued and outstanding at the end of fiscal period ended December 31, 2017 (4,793,181 units) and rounded down to the nearest yen is JPY 1,523.

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Distribution (Including excess profit distribution)		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total	Per Unit	Total		
Fiscal period ended June 30, 2018	1,430	6,854	-	-	1,430	6,854	88.8	3.8
Fiscal period ended December 31, 2017	1,528	7,323	36	172	1,564	7,496	100.3	4.1

(Note 1) Distribution (excluding excess profit distribution) differs from net income for the Fiscal period ended June 30, 2018, since INV distributes 90% of Distributable Income (JPY 7,610 million, which is a total of net income and JPY 111 million of retained deficits carried forward) and reserve the remaining amount as internal reserve.

(Note 2) Distribution (excluding excess profit distribution) differs from net income for the Fiscal period ended December 31, 2017, since INV distributes almost all of the profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act, which includes deferred gain on hedge of the interest rate swap.

(Note 3) The distribution in excess of profit for the fiscal period ended December 31, 2017 is JPY 172 million (JPY 36 per unit), all of which is the refund of investment for the purpose of stabilizing distributions.

(Note 4) The "Dividend Payout Ratio" is calculated in accordance with the following formula:
 $\text{Dividend Payout Ratio} = \text{Distribution Amount (Excluding excess profit distribution)} \div \text{Net Income} \times 100$
 Moreover, the "Dividend Payout Ratio" calculated in accordance with the following formula is 90.1%:
 $\text{Dividend Payout Ratio} = \text{Distribution Amount (Excluding excess profit distribution)} \div \text{Distributable Income} \times 100$
 "Dividend Payout Ratio" is rounded to the nearest one decimal place.

(Note 5) "Distribution/ Net Assets" is calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total Assets	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended June 30, 2018	374,512	181,523	48.5	37,871
Fiscal period ended December 31, 2017	371,758	181,320	48.8	37,829

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

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended June 30, 2018	20,483	(21,020)	(5,083)	15,072
Fiscal period ended December 31, 2017	13,676	(60,034)	57,453	20,693

2. Forecasts for the Fiscal Period ending December 31, 2018 (from July 1, 2018 to December 31, 2018)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit	Distribution per Unit (including excess profit distribution)
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY	JPY
Fiscal Period ending December 31, 2018	14,278	9.5	9,247	11.4	7,961	4.9	7,960	4.9	1,516	167	1,383

(Reference) Estimated net income per unit for the fiscal periods ending December 31, 2018 is JPY 1,384.

Estimated net income per unit is calculated in accordance with the following formula:

Estimated net income per unit = Estimated Net Income ÷ Estimated Number of Units Issued and Outstanding as of the End of the Fiscal Period

* Others

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

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

(2) Number of Investment Units Issued and Outstanding

- | | | | | |
|--|---------------|-----------|-------------------|-----------|
| (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units) | June 30, 2018 | 4,793,181 | December 31, 2017 | 4,793,181 |
| (b) Number of Treasury Units as of the End of the Fiscal Period | June 30, 2018 | 0 | December 31, 2017 | 0 |

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

The Implementation Status of Statutory Audit

At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration

(Explanation on the Appropriate Use of the Forecast of Results)

The forward-looking statements in this financial report are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of this date, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Further, there is no guarantee of the payment of the forecast distribution amount.

Please refer to “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2018” on page23 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

Unless otherwise specified herein, amounts less than JPY 1 are rounded down, and ratios are rounded to the nearest one decimal place.

1. Related Companies of the Investment Corporation

Disclosure is omitted because there have been no material changes in the “Structure of the Investment Corporation” section of the latest securities report (filed on March 26, 2018) and the extraordinary report (filed on March 30, 2018).

2. Management Policy and Operating Conditions

(1) Management Policy

Consonant Investment Management Co., Ltd., the asset manager to which Invincible Investment Corporation (“INV”) entrusts the management of its assets (the “Asset Manager”) changed its Investment Policy due to Revision of the Investment Guidelines which are its internal rules on July 17, 2018. Due to this change, “Investment policy” has been changed. Please refer to “c Significant Subsequent Events (Reference Information) (b) Change in the Investment Guidelines” and the press release entitled “Notice concerning Partial Change in Investment Policy due to Revision of Internal Rules (the “Investment Guidelines”) of the Asset Manager” dated July 17, 2018 for this change.

Disclosure of “Investment Targets,” “Distribution Policies” and the “Investment Restriction” is omitted because there have been no material changes from the relevant sections of the latest securities report (filed on March 26, 2018)

(2) Operating Conditions

a Overview of the Fiscal Period Ended June 2018 (“Reporting Period”)

(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, as specified in Article 147 of the Investment Trust Act, with LCP as the absorbed corporation, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha (“Calliope”), an affiliate of the Fortress Investment Group LLC (“FIG” and together with Calliope and other affiliates of FIG, collectively the “Fortress Group”) was the main allottee, and the sponsor changed to the Fortress Group. FIG became a subsidiary of Softbank Group Corp. (“SoftBank Group”), effective December 27, 2017 (Note1). Calliope, an affiliate of FIG, who owned 100% of issued shares of the Asset Manager, transferred 80.0% of issued shares of the Asset Manager to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group, and 20.0% to SoftBank Group on March 29, 2018, pursuant to the basic agreement which was entered into as of September 7, 2017. Although FIG is no longer an indirect parent company of the Asset Manager, FIG continues to support INV as the sponsor.

Ever since the commencement of sponsorship from the Fortress Group, 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, the Asset Manager revised the Investment Guidelines for INV, and 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. As a result of the external growth efforts and portfolio rebalance to be described below, INV's portfolio at the end of the previous period ended December 2017 comprised of 126 properties (54 hotels (Note 3), 67 residential properties and five others) with a total acquisition price of JPY 353,695 million. The acquisition price of the portfolio has increased a significant 4.5x, compared to May 22, 2014, which is the date immediately prior to INV's initial investment in hotels.

In the Fiscal Period ended June 30, 2018 (“Reporting Period”), INV continued to pursue its portfolio rebalancing strategy with its Asset Recycling Program which began in the fiscal period ended December 2017, selling properties at low cap rates and utilizing the funds raised to buy properties at more accretive or higher cap rates. INV sold three residential properties and three office properties for the total sale price of JPY 10,624 million which is equivalent to a weighted average 4.4% NOI yield (Note 4), and used the proceeds to acquire four hotel properties in February 2018 and two hotel properties in June 2018 for the total acquisition price of JPY 19,750 million which is equivalent to a weighted average 5.7% appraisal NOI yield (Note 5). As a result, INV's portfolio at the end of Reporting Period comprised of 126 properties (60 hotels (Note

3), 64 residential properties and two others) with a total acquisition price of JPY 363,831 million. The acquisition price of the portfolio has increased a significant 5.0x, compared to May 22, 2014.

INV revised the Investment Guidelines as of July 17, 2018 and newly established an investment policy for overseas real estate related assets as well as changing its domestic investment policy. Please refer to “(1) Management Policy “and “c Significant Subsequent Events (Reference Information) (b) Change in the Investment Guidelines” for more details.

INV revised the Memorandum of Understanding (the “MOU”) on July 17, 2018 with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisition of hotels and residential properties, which will continue to provide INV with considerable opportunities for external growth. As of the date of this document, there are 19 hotels and nine residential properties in the MOU.

In addition to acquiring a long-term issuer credit rating (Note 6) of A (positive outlook) from Japan Credit Rating Agency, Ltd. (“JCR”), INV issued its first corporate bond for the purpose of raising part of funds for property acquisition, as these bonds helped to diversify the financing sources for INV, while at the same time lowering its financing costs and lengthening the average maturity period of its debt. The two Investment Corporation Bonds have five and 10 year maturities and coupon rates of 40 and 80 basis points respectively, and have an “A” credit rating from JCR.

(Note 1) US Eastern Standard Time

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

(Note 3) The preferred equity interest is counted as a hotel property, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest. Such preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. Moreover, INV’s investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest. Hereinafter the same, unless otherwise noted. The underlying asset is the real estate or the real estate related assets to be acquired or owned by a TK operator of TK interest to INV or a TMK relating to the preferred equity interest which INV owns, thus the real estate which will be the revenue source of INV. Hereafter the same.

(Note 4) Calculated by dividing the aggregated actual NOI for January 1, 2017 – December 31, 2017 of the sold properties by the total sale price and rounded to one decimal place.

(Note 5) Appraisal NOI yield is calculated by dividing the total NOI derived from the direct capitalization method stated in the appraisal reports by The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of January 1, 2018 or April 1, 2018 by the total of acquisition price and rounded to one decimal place.

(Note 6) The above rating is the issuer rating granted to INV, and not a rating granted to its investment units. Furthermore, INV’s investment units have no credit rating that have been or will be granted or submitted for inspection by any rating agency at the request of INV.

(b) Operational Environment and Performance

For the June 2018 period, the portfolio NOI increased by 21.6% or JPY 1,734 million to JPY 9,758 million compared to the same period in the previous year (the June 2017 period). Of the 21.6% increase in NOI, the hotel portfolio accounted for an increase of 21.2% or JPY 1,701 million, the residential portfolio accounted for an increase of 2.3% or JPY 186 million, and other portfolio assets accounted for a decrease of 1.9% or JPY 153 million due to sale of assets. In addition, the portfolio maintained a high average occupancy rate (Note 1) of 98.5%.

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

The NOI of the 45 hotels owned by INV (Note 2) decreased by 0.8% for the period compared to the same period in the previous year partially due to the renovation and associated partial downtime of five hotels. If these five hotels were not included, NOI would have increased by 2.6%. The 45 hotels recorded an occupancy rate (Note 3) of 88.4% (-0.2 points

YoY), ADR (Note 4) of JPY 10,279 (-0.7% YoY), and RevPAR (Note 5) of JPY 9,087 (-0.9% YoY). As described above, five hotels (Hotel MyStays Kyoto-Shijo, Hotel MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel MyStays Premier Dojima (Note 6) and Hotel MyStays Hakodate Goryokaku (Note 7)) were renovated during the Reporting Period at a total cost of approximately JPY 1.1 billion. Based on the portfolio of 40 hotels excluding such five hotels under renovation, the NOI, occupancy rate, ADR and RevPAR were +2.6% YoY, +0.9 points YoY, +0.4% YoY, and +1.4% YoY, respectively. Of the total hotel revenue from the 59 hotels INV owns (Note 8), fixed rents accounted for 48.6% (JPY 3,587 million) and variable rents accounted for 51.4% (JPY 3,790 million) at the 59 hotels.

Inbound visitors reached a record high of 28.6 million (+19.3% YoY) in 2017 while government targets are 40 million in 2020 and 60 million in 2030. For year to date through July 2018, inbound visitors to Japan reached 18.7 million, or 13.9% higher than the same period of the previous year. Under such circumstances, MyStays Hotel Management Co., Ltd (“MHM”), a hotel operator in the sponsor group which operates 87 hotels nationwide, including 52 hotels in INV’s portfolio as of the date of this document, is continually enhancing its operations and recently launched its new website and booking engine to increase direct bookings and reduce commissions. MHM has also recently launched a new revenue management system based on machine learning to improve the overbooking algorithms to help offset cancellations and improve revenue at the hotels overall. MHM is continuing to court the increasing foreign tourism business which accounted for 33.7% (Note 9) of hotel revenue at INV owned MyStays Hotel (Note 10) in the Reporting Period. In addition to having multi-lingual chat and staff, MHM has sought to increase its Chinese guest count by being the first Japanese hotel company to list its rooms on Fliggy, Alibaba’s online marketplace in China, selling hotels, tours and other travel-related services from online travel agencies and direct travel service providers, commencing from September 2017. MHM was the top international chain by revenue on Fliggy and won an award for Single’s Day in China. Aside from the topline, MHM has also been focused on expense management and cut the building management costs on 38 of INV’s hotels by 13.9% and cut the elevator maintenance costs on 34 of INV’s hotels by 50.4%.

The NOI (Note 11) of the 64 residential properties (Note 12) for the Reporting Period increased 3.2% compared to the same period in the previous year, and the average occupancy rate achieved a stable 95.6%, an increase of 0.5 points compared to the same period in the previous year.

Trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Due to the positive circumstances in the macro environment, INV continues to focus on its rent increase program for new leases and renewals as well as initiatives to reduce residential leasing costs based on a detailed market analysis of each property and unit. In the Reporting Period, INV realized a rent increase for 50.1% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 2.6% compared to the previous rent across all new leases (Note 13). Specifically, at Royal Parks Tower Minami-Senju, INV’s flagship residential property, INV achieved strong results with rent increases for 84.9% (based on the number of contracts) of the new lease contracts with an average rent increase of 10.1% compared to the previous rent across all new leases (Note 13). INV achieved a rent increase for 54.4% (based on the number of contracts) of contract renewals for an average rent increase of 2.3% compared to the previous rent across all renewal leases (Note 14), while maintaining a high contract renewal rate of 84.9% (Note 13). Combined, new leases and renewal leases were signed at 2.4% higher than the previous leases.

The total appraisal value of 125 properties (Note 8) at the end of the Reporting Period was JPY 411,542 million. The portfolio has an unrealized gain of JPY 74,607 million (Note 15) and an unrealized gain ratio of 22.1% (Note 15). The total appraisal value of 119 properties which were owned throughout the Reporting Period, increased by 0.2% from JPY 390,955 million at the end of December 2017 period to JPY 391,542 million at the end of the Reporting Period.

Key Performance Indicators of 45 Hotel Properties (Note 2)

	June 2018 fiscal period	Year-on-year change
Occupancy Rate(Note 3)	88.4%	-0.2pt
ADR (JPY) (Note 4)	10,279	-0.7%
RevPAR (JPY) (Note 5)	9,087	-0.9%
GOP (JPY million) (Note 16)	7,417	-1.0%

Key Performance Indicators of 64 Residential Properties (Note 12)

	June 2018 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	95.6%	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 17)	9,737	+2.6%
NOI (JPY million) (Note 11)	2,534	+3.2%

- (Note 1) “Occupancy Rate” for the entire portfolio and for the residential properties is 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.
- (Note 2) Of the 54 acquired hotels held as of the beginning of the June 2018 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/ Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. The figures assume that all properties acquired after January 2016 by INV had been owned since January 1, 2017. The actual results before acquisition by INV are based on the data provided by the sellers.
- (Note 3) “Occupancy rate” for the hotel properties is calculated in accordance with the following formula:

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms x number of days)}}$$
 Hereinafter the same shall apply.
- (Note 4) “ADR” means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.
- (Note 5) “RevPAR” means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 6) The property name was changed from “Hotel MyStays Dojima” as of March 10, 2018. Hereinafter the same shall apply.
- (Note 7) Due to an operator change, the property name was changed from “Hotel Nets Hakodate” as of May 1, 2018. Hereinafter the same shall apply.
- (Note 8) Excluding Sheraton Grande Tokyo Bay Hotel (preferred equity interest) which does not have appraisal value.
- (Note 9) The ratio of sales amount through overseas web agents to revenues.
- (Note 10) The ratio of the amount of revenues from bookings through the overseas travel agencies to total revenues for 47 hotels in INV’s portfolio that MHM operates as of the end of June 2018 Fiscal Period, excluding Hotel Epinard Nasu operated by a subsidiary of MHM. The figures assume that all hotels acquired in and after January 2018 by INV had been owned since January 1, 2018. The actual results before acquisition by INV are based on the data provided by the sellers.
- (Note 11) For the comparison of NOI, insurance income and related repair expenses, which are temporary items, are excluded.
- (Note 12) Based on the 64 residential properties; of the 67 properties owned as of the beginning of June 2018 Fiscal Period, three properties (Harmonic Ochanomizu, Growth Maison Ikebukuro and Capital Heights Kagurazaka) sold on December 28, 2017 are excluded. Hereinafter the same shall apply. In addition, the figures for the properties acquired after January 2017 are calculated on the assumption INV had acquired those properties on January 1, 2017, using the actual figures provided by the sellers of such properties for the period before the acquisition, for the purpose of comparison with previous year.
- (Note 13) 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.

(Note 14) 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 15) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.

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

(Note 16) “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. Hereinafter the same shall apply. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV’s ownership ratio of the preferred equity interest.

(Note 17) “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 at the end of each month during the relevant period.

(c) Overview of Fund Raising

As a result of the measures described below, INV’s interest-bearing debt outstanding balance was JPY 189,415 million and the Interest-Bearing Debt ratio (Note 1) and LTV (Note 2) were 50.6% and 44.1% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.52%.

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

$$\text{Interest-Bearing Debt ratio} = \text{total outstanding interest-bearing debt} / \text{total assets} \times 100$$

(Note 2) LTV uses the calculation formula below:

$$\text{LTV} = \text{total outstanding interest-bearing debt} / \text{total appraisal value} (*) \times 100$$

(*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) has been added as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest).

(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) Issuance of Investment Corporation Bonds

INV issued its first investment corporation bonds issuance for the purpose of raising part of funds for property acquisition, as these bonds helped to diversify the financing sources for INV, while at the same time lowering its financing costs and lengthening the average maturity period of its debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Security/ Guaranty
First Series Unsecured Investment Corporation Bonds(with pari passu conditions among specified corporate bonds)	May 25, 2018	1,000	0.400%	May 25, 2023	Unsecured / Unguaranteed Rating: A (JCR)
Second Series Unsecured Investment Corporation Bonds(with pari passu conditions among specified corporate bonds)	May 25, 2018	1,000	0.800%	May 25, 2028	Unsecured / Unguaranteed Rating: A (JCR)
Total Investment Corporation Bonds / Average Interest Rate		2,000	0.600%		

(ii) Debt Financing

INV decided on new borrowings (Term Loan (H)) on June 25, 2018 and borrowed the funds on June 27, 2018 in order to procure a portion of the acquisition price and related expenses of two hotel properties as described in “(d) Overview of Acquisition of Assets (ii) Acquisition of two hotels”.

Overview of Term Loan (H)

Lender	Borrowing Date	Outstanding Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
MUFG Bank, Ltd. Shinsei Bank, Limited	June 27, 2018	1,500	0.74950% (Note 1)	June 27, 2023	Unsecured/ non guarantee

(Note 1) This borrowing has a floating interest rate, but the interest rate is fixed through an interest rate swap agreement as of June 25, 2018. Therefore, the interest rate stated is fixed in consideration of the swap.

(iii) Prepayment of Loan

INV's short-term consumption tax loan (Note 1) in the New Syndicate Loan (H) (in the amount of JPY 1,068 million) was prepaid on May 31, 2018 from the consumption tax refund concerning asset acquisitions on October 13, 2017 and cash on hand.

(Note 1) Short-term consumption tax loan is a loan which is to be repaid before the maturity date from a refund of consumption taxes and regional consumption taxes on an acquisition of a property.

(d) Overview of Acquisition of Assets

(i) Acquisition of four hotels

The Asset Manager decided to acquire four hotel properties on February 5, 2018 and the acquisition was completed on February 7, 2018. The overview of four hotels acquired is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller	Category of Specified Assets
Hotel	D54	Hotel MyStays Yokohama-Kannai	Yokohama, Kanagawa	5,326	5,380	Ginga Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D55	Art Hotel Joetsu	Joetsu, Niigata	2,772	2,800	HL Investments Tokutei Mokuteki Kaisha	
	D56	Art Hotel Hirosaki City	Hirosaki, Aomori	2,723	2,750	Monza Tokutei Mokuteki Kaisha	
	D57	Hotel MyStays Oita	Oita, Oita	1,604	1,620	Susei Tokutei Mokuteki Kaisha	
Total				12,425	12,550		

(Note 1) Acquisition Prices do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes; the same shall apply hereinafter.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by The Tanizawa Sōgō Appraisal Co., Ltd. on the valuation date of January 1, 2018.

(ii) Acquisition of two hotels

The Asset Manager decided to acquire two hotel properties on June 25, 2018 and the acquisition was completed on June 27, 2018. The overview of four hotels acquired is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million)	Appraisal Value (JPY million) (Note 1)	Seller	Category of Specified Assets
Hotel	D58	Hotel MyStays Gotanda	Shinagawa-ku, Tokyo	4,068	4,110	Calvis Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D59	Hotel MyStays Tachikawa	Tachikawa, Tokyo	3,257	3,290		
Total				7,325	7,400		

(Note 1) Appraisal Value is based on appraisal value stated in the appraisal report by The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of April 1, 2018.

(e) Overview of Sale of Assets

INV sold its assets as follows for the purpose of improving the profitability of its portfolio by rebalancing of assets and stabilizing the distribution by recognizing a gain on sales.

(i) Sale of three residential properties and two office buildings

The Asset Manager decided to sell three residential properties and two office buildings on December 21, 2017 and December 26, 2017 respectively. Sales of the five assets closed on January 31, 2018. The overview of assets sold is described below. The proceeds from the sale were used to fund the acquisition and a portion of the related expenses described in “(d) Overview of Acquisition of Assets (i) Acquisition of four hotels.”

Use	Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sales Price (JPY million) (Note 2)	The Difference between Sales Price and Book Value (Note 1)	Transferee	Category of Specified Assets
Residential	A31	Harmonie Ochanomizu	1,428	1,346	1,603	256	Undisclosed (Note 3)	Trust Beneficiary Interest (Note 4)
	A36	Growth Maison Ikebukuro	825	743	1,057	314		
	A42	Capital Heights Kagurazaka	604	623	732	108		
Office Building	B15	Cross Square NAKANO	1,060	1,125	1,350	224	Taisei-Yuraku Real Estate Co., Ltd	Trust Beneficiary Interest
	B16	Ohki Aoba Building	816	709	721	11	Kubota Honten	
Total			4,734	4,549	5,464	915		

(Note 1) The difference between sales price and book value is used as an estimate for reference purposes and is calculated using the book values as of the date of sale. INV recognized a gain on sales of JPY 816 million after deducting related expenses in the fiscal period ended June 2018.

(Note 2) Sales prices do not include adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes. Hereafter the same.

(Note 3) The name of the transferee (a domestic TMK) is not disclosed, as the transferee’s consent has not been obtained for disclosure.

(Note 4) Each of the trust beneficiary interest of Harmonie Ochanomizu, Growth Maison Ikebukuro and Capital Heights Kagurazaka was integrated in a single trust account with other trust accounts when INV procured funds through debt financing backed by trust assets in July 2011. In transferring the sole trust beneficiary interest of the above mentioned three properties by itself, INV incurred some expenses to detach from the integrated trust account, effective as of December 22, 2017.

(ii) Sale of one office building

The Asset Manager decided to sell the following asset on February 13, 2018, and the sale of the asset closed on March 9, 2018. The overview of asset sold described below. The proceeds from the sale were used to fund the acquisition and a portion of the related expenses described in “(d) Overview of Acquisition of Assets (ii) Acquisition of two hotels.”

Use	Property Number	Property Name	Acquisition Price	Book Value (Note 1)	Sale Price	The Difference between Sale Price and Book Value (Note 1)	Transferee	Category of Specified Asset
Office Building	B14	Lexington Plaza Nishi-Gotanda	4,880	4,632	5,160	527	Undisclosed (Note 2)	Trust Beneficiary Interest

(Note 1) The difference between sales price and book value is used as an estimate for reference purposes and is calculated using the book values as of the date of sale. INV recognized a gain on sales of JPY 432 million after deducting related expenses in the fiscal period ended June 2018.

(Note 2) The name of the transferee is not disclosed, as the transferee’s consent has not been obtained for disclosure.

(f) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 457 million from the previous period (+3.6%) to JPY 13,104 million, and net income increased by JPY 418 million (+5.7%) to JPY 7,721 million.

INV believes that maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period. In the Reporting Period, INV recorded a gain on sale of properties (JPY 1,249 million) and decided to retain a portion of the gains, to the extent allowed by the conduit requirement, in order to stabilize the distribution per unit (“DPU”) in the future. Therefore, INV will make a distribution of profit of JPY 6,854 million, or JPY 1,430 per unit, which is equivalent to 90% of its distributable income of JPY 7,610 million (which is a total of net income and JPY 111 million of retained deficits carried forward). INV will not make an excess profit distribution in the Reporting Period.

The majority of INV’s owned hotels use a variable rent scheme linked to performance of the relevant hotel. Hotel demand is affected by seasonal factors and the fiscal period ending December (from July to December) which include summer holiday and autumn outing seasons tend to record higher revenue than the fiscal period ending June (from January to June). Accordingly, INV’s rental revenues tend to be higher in the fiscal period ending December than in the fiscal period ending June.

b Outlook for the Fiscal Period Ending December 31, 2018

The DPU for the December 2018 period is forecast to be JPY 1,683 (+7.6% YoY). Combined with the DPU for the June 2018 fiscal period, the full year DPU for calendar year 2018 is forecast to be JPY 3,113 (+10.1% YoY), providing steady growth.

Future operational policy and issues to be addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU and financial stability with the Fortress Group as its sponsor. Since Fortress Group joined under the umbrella of SoftBank Group in December 2017 and SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly as of March 29, 2018, in addition to continued access to Fortress’s global real estate expertise, INV will seek to leverage the resources that are expected to become available through SoftBank Group. SoftBank Group has market-leading expertise in technology fields such as digital marketing for both mobile and desktop, online payment systems, search engine optimization, AI and robotics. INV believes that deployment of technology into INV’s real estate assets, especially its hotels, will

enhance the ongoing initiatives to improve its digital marketing, minimize labor costs and increase customer engagement. For example, INV plans to pursue opportunities to better manage the increased number of foreign visitors and their related online research, bookings and payments, improve the process in setting hotel rates and manage overbooking through the use of sophisticated AI algorithms, and reduce labor costs while enhancing customer service through the use of robotics.

In addition to pursuing synergy with SoftBank Group, going forward, INV will continue to implement various strategies to maintain further growth and financial stability, including the following measures.

- Further external growth utilizing sponsor support
- Property acquisition from third parties with the aim of expanding the AUM
- Asset recycling and property acquisitions using the proceeds from sales
- Further internal growth at hotel and residential properties
- Diversification of funding sources and loan duration maturities and lengthening the average maturity period of its debt and diversifying the maturity date of its debt by the issuance of investment corporation bonds

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated, and residential properties especially where rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 65.9% of total revenue (Note 1). This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign travelers visiting Japan, 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. After the Reporting Period, on August 2, 2018, INV acquired four hotels as mentioned in below “c Significant Subsequent Events (c) Acquisition of assets.” For the further achievement of the profitability and stability, INV also will acquire the TK Interest which holds two overseas hotels in Grand Cayman.

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties among other factors, and consider acquiring properties that have mainly small-type rooms with strong competitiveness in large cities, in which it believes it can achieve increases in rent.

INV has achieved steady external growth via the sponsor pipeline from the Fortress Group, as follows.

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

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties	JPY 14,043 million
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
March 2017	Two residential properties	JPY 24,562 million
May 2017	One hotel	JPY 8,000 million
October 2017	Five hotels (Note 2)	JPY 57,444 million (Note 2)
February 2018	Four hotels	JPY 12,425 million
June 2018	Two hotels	JPY 7,325 million
August 2018	Four hotels	JPY 47,747 million
Total	92 properties (of which 61 are hotels and 31 are residential properties)	JPY 354,961 million (of which hotels: JPY 303,323 million; residential: JPY 51,638 million)

The Fortress Group manages five dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, III and IV. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 3,500. In order to ensure future growth options for the portfolio, INV entered into an updated MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 19 hotels and nine residential properties (see the table below) (Note 3). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	Asset type (Note 4)	Location	No. of rooms
1	Rihga Royal Hotel Kyoto	Full Service Hotel	Kyoto-shi, Kyoto	489
2	Hotel MyStays Premier Narita	Full Service Hotel	Narita, Chiba	711
3	Fusaki Resort Village	Resort Service Hotel	Ishigaki, Okinawa	188
4	Art Hotel Asahikawa	Full Service Hotel	Asahikawa, Hokkaido	265
5	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa, Ishikawa	206
6	Hotel MyStays Matsuyama	Full Service Hotel	Matsuyama, Ehime	162
7	Hotel Mystays Sapporo Nakajima Park	Limited Service Hotel	Sapporo, Hokkaido	86
8	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama, Kanagawa	70
9	MyCUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	161
10	Hotel MyStays Fuji Onsen Resort	Resort Hotel	Fujiyoshida, Yamanashi	159
11	Hotel Nord Otaru	Limited Service Hotel	Otaru, Hokkaido	98
12	Hotel Sonia Otaru	Limited Service Hotel	Otaru, Hokkaido	94
13	Art Hotel Niigata Station	Full Service Hotel	Niigata, Niigata	304
14	Art Hotel Ishigakijima	Resort Hotel	Ishigaki, Okinawa	245
15	Hotel MyStays Shinsaibashi East	Limited Service Hotel	Osaka, Osaka	85
16	Hotel MyStays Sapporo Aspen	Limited Service Hotel	Sapporo, Hokkaido	305

No.	Asset name	Asset type (Note 4)	Location	No. of rooms
17	Hotel MyStays Sapporo Nakajima Park Annex	Limited Service Hotel	Sapporo, Hokkaido	80
18	Hotel MyStays Sapporo Susukino	Limited Service Hotel	Sapporo, Hokkaido	104
19	Hotel MyStays Nayoro	Limited Service Hotel	Nayoro, Hokkaido	70
Hotel subtotal				3,882
20	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121
21	Plestay Win Kinshicho	Residential/Small Type	Sumida-ku, Tokyo	92
22	Gran Charm Kichijoji	Residential/Small Type	Musashino, Tokyo	28
23	Green Patio Noda	Residential/Small Type	Noda, Chiba	240
24	Dainichi F-45	Residential/Small Type	Urayasu, Chiba	54
25	Gran Charm Urayasu	Residential/Small Type	Urayasu, Chiba	54
26	Gran Charm Urayasu 5	Residential/Small Type	Urayasu, Chiba	54
27	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa, Chiba	52
28	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa, Chiba	48
Residential property subtotal				743
Total				4,625

(Note 1) The percentage indicates composition of rent revenue based on the actual results for the fiscal period ended June 2018. Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is excluded.

(Note 2) Sheraton Grande Tokyo Bay Hotel acquired by a special purpose company, of which INV owns the preferred equity interest, is counted as one property and the INV's investment amount to the preferred equity interest is counted as the acquisition price of the preferred equity interest.

(Note 3) The term of validity of the MOU is from July 17, 2018, the date of execution of the updated MOU, to July 16, 2019. Regarding the 28 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 4) Each "Asset Type" above is as follows:

"Limited Service Hotel" refers to a hotel focusing on revenues from room stay and offer limited service regarding foods and beverages, banquet, spa or gymnasium facilities.

"Full Service Hotel" refers to a hotel having segments of stay, foods and beverages, and banquet.

"Resort Hotel" refers to a hotel located at tourist destinations or recreational lots, having segments of stay, foods and beverages, and incidental facilities.

"Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m².

Property Sales

While INV places priority on increasing unitholders' value through external growth by taking into account the increased level of activity in the real estate trading market, it also considers the possibility of portfolio optimization upon consideration of the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate and previously detailed in the Asset Recycling Program.

(ii) Strategy for internal growth

(Hotels)

Of the 59 hotels (Note 1) owned by INV as of the end of the Reporting Period, 50 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting management fees for the hotel operator as rents, and as a result INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 48 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other

factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

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.

(Residential properties and others)

INV will continue to strengthen its collaborative ties with PM and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the low-season in the residential rental market that occurs during the December 2018 period, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

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

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

(iii) Financial strategy

In the Reporting Period, INV issued its first investment corporation bonds and lowered its financing costs while at the same time lengthened the average maturity period of its debt and diversified the maturity date of its debt and funding sources. Going forward, INV seeks to maximize unitholders' value by way of further reduction of borrowing costs, diversification of loan maturity dates and financing measures, and improvement of its credit rating.

(iv) Compliance risk management

While the executive officer of INV concurrently serves as the representative director at the Asset Manager, two supervisory directors (an attorney and a certified public account) oversee the execution of the executive officer's duties via the Board of Directors of INV. In addition, the compliance officer of the Asset Manager attends each meeting of the Board of Directors in the capacity of an observer.

The Asset Manager has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV's compliance with laws and regulations.

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

c Significant Subsequent Events

(a) Issuance of New Investment Units

On July 17, 2018, INV launched its fifth Global Share Offering, and sixth share offering in total since Fortress became its Sponsor. The offering size and funds raised are described below. The funds used from the issuance of new units were used to procure a portion of acquisition price for four domestic hotels and TK Interest with two overseas hotels as underlying assets defined in “(c) Acquisition of assets”. Payment for the issuance of new investment units and for the third-party allotment in connection with over-allotment secondary offering were completed on August 1, 2018 and August 21, 2018 respectively. As a result, total equity for INV is JPY 211,092 million, total number of issued investment units is 5,748,181 units.

(i) Issuance of new investment units through Public Offering

Number of investment units to be offered	:	909,524 investment units Domestic public offering: 432,024 investment units Overseas offering: 477,500 investment units
Issue price (offer price)	:	JPY 45,776 per unit
Total issue price (total offer price)	:	JPY 41,634,370,624
Amount to be paid (issue value)	:	JPY 44,287 per unit
Total amount to be paid (total issue value)	:	JPY 40,280,089,388
Payment date	:	August 1, 2018

(ii) Secondary offering of investment units (over-allotment secondary offering)

Number of Investment Units to be offered in the secondary offering	:	45,476 investment units
Offer price	:	JPY 45,776 per unit
Total offer price	:	JPY 2,081,709,376
Delivery date	:	August 2, 2018

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

Number of investment units to be offered	:	45,476 investment units
Amount to be paid (issue value)	:	JPY 44,287 per unit
Total amount to be paid (total issue value)	:	JPY 2,013,995,612
Payment date	:	August 21, 2018
Allottee	:	Mizuho Securities Co., Ltd.

(b) Debt Financing

Along with equity finance defined in “(a) Issuance of New Investment Units”, INV has decided to execute new borrowings (New Syndicate Loan (J)) on July 17, 2018 in order to fund a portion of the acquisition price of four domestic hotel properties and TK Interest with two overseas hotels as underlying assets later described in “(c) Acquisition of assets”.

New Syndicate Loan (J)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation	September 12, 2018 (Note 1)	13,119	Variable interest rate (Note 2)	September 12, 2023 (Note 1)	Unsecured/ non guarantee
MUFG Bank, Ltd. Shinsei Bank, Limited Citibank, N.A.,Tokyo Branch Development Bank of Japan, Inc.		13,120	Variable interest rate (Note 3)	September 12, 2022 (Note 1)	
The Nomura Trust and Banking Co., Ltd. AEON Bank, Ltd.		10,761	Variable interest rate (Note 4)	September 12, 2021 (Note 1)	
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Shinsei Bank, Limited Citibank, N.A.,Tokyo Branch The Nomura Trust and Banking Co., Ltd. AEON Bank, Ltd.	August 2, 2018	2,359	Variable interest rate (Note 4)	August 2, 2021	
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd.		1,099	Variable interest rate (Note 5)	August 2, 2019	
Total Debt		40,458			

(Note 1) Borrowing Date and Maturity Date is scheduled as of the date of this document, and it may be changed in the future.

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.50%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.50%))

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.40%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.40%))

(Note 4) 1-month JPY TIBOR (Base Rate) + spread (0.30%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.30%))

(Note 5) 1-month JPY TIBOR (Base Rate) + spread (0.20%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.20%))

(c) Acquisition of assets

(i) Acquisition of four domestic hotel properties

The Asset Manager decided to acquire hotels as follows on July 17, 2018, and acquisition of assets has been closed on August 2, 2018.

Use	Property Number	Property Name	Location	Acquisition Price (million yen)	Appraisal Value (million yen) (Note 1)	Seller	Category of Specified Assets
Hotel	D60	Hotel MyStays Premier Akasaka	Minato-ku, Tokyo	20,691	20,900	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D61	Hotel MyStays Premier Sapporo Park	Sapporo, Hokkaido	16,731	16,900	Raetia Tokutei Mokuteki Kaisha	
	D62	Hotel MyStays Ueno East	Taito-ku, Tokyo	5,286	5,340	HL Investments 2 Tokutei Mokuteki Kaisha	
	D63	Hotel MyStays Midosuji Honmachi	Osaka, Osaka	5,039	5,090	Dogo Tokutei Mokuteki Kaisha	
Total				47,747	48,230	-	-

(Note 1) Appraisal Value is based on appraisal value stated in the appraisal report by the Japan Real Estate Institute or The Tanizawa Sōgō Appraisal Co., Ltd. on the valuation date of June 1, 2018.

(ii) Acquisition of TK Interest with two Overseas Real Estate as Underlying Assets

The Asset Manager decided to acquire TK Interest as follows on July 17, 2018 and executed the TK Agreement on the same date.

(1) Asset to be acquired	TK interest in a Cayman Islands special purpose company that plans to acquire 99-year Leasehold Interests (Note 1) (with a lease payment of USD 1 or KYD 1 per year) in overseas real estate as underlying assets (the “Cayman Hotel TK Interest”)
(2) Anticipated acquisition price	USD 339,836,000 (JPY 37,534 million) (Note 2) for 100.0% of the Cayman Hotel TK Interest (Note 3)
(3) Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (each an “Underlying Asset”, and collectively the “Underlying Assets”, or the “Two Overseas Hotel Assets”)
(4) Anticipated acquisition date	One business day prior to the acquisition date of the underlying assets, which is expected to close by October 31, 2018 or the date separately agreed (Note 4)
(5) TK operator	Seven Mile Resort Holdings Ltd (the “Cayman SPC”).

(Note 1) Rights equivalent to long-term real estate leasehold rights in Japan (hereinafter referred to collectively as the “Leasehold”). The TK operator will also acquire some movables including FF&E pertaining to hotel operations. “FF&E” is an abbreviation for furniture, fixtures and equipment, which are the assets necessary for hotel operation, such as furniture, fixtures, equipment and kitchen equipment (hereinafter the same).

(Note 2) The anticipated investment amount is fixed by the foreign exchange forward contract executed on July 26, 2018 in Japanese Yen denomination which were calculated using an exchange rate of 1 USD=110.45. Hereinafter the same.

(Note 3) The anticipated acquisition price is INV’s anticipated investment amount for the Cayman Hotel TK Interest. The amount does not include any taxes payable including consumption tax and is rounded down.

(Note 4) The “anticipated acquisition date” (hereinafter the same) will be one business day prior to the date when the Cayman SPC (TK operator) will acquire the underlying assets, which will be (a) as soon as possible, using commercially reasonable efforts, after all conditions to closing have been satisfied or waived, and in any event by October 31, 2018, or (b) such other date as may be agreed upon with the sellers. Conditions precedent to closing under the purchase and sale agreement include, among others, obtaining (i) governmental approvals relating to the transfer of the Leasehold and (ii) permits under the laws of the Cayman Islands required for the operation of the two Overseas Hotel Assets (including operation by the Special Purpose Company to which the Cayman SPC entrusts the hotel operation).

(Reference Information)

(a) Debt Financing

INV has decided to execute new borrowings (New Syndicate Loan (I)) on July 12, 2018 in order to repay a portion of New Syndicate Loan (E) in the amount of JPY 28,979 million which was due on July 17, 2018.

New Syndicate Loan (I)

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	July 17, 2018	9,659	Variable interest rate (Note 1)	July 14, 2023	Unsecured/ non guarantee
Sumitomo Mitsui Trust Bank, Limited		9,660	Variable interest rate (Note 2)	July 17, 2022	
Shinsei Bank, Limited Citibank, N.A., Tokyo Branch		9,660	Variable interest rate (Note 3)	July 17, 2021	
Total Debt		28,979			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.50%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.50%))

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.40%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.40%))

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.30%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.30%))

(b) Change in the Investment Guidelines

The Asset Manager decided to revise the Investment Guidelines as of July 17, 2018, prior to the anticipated acquisition of overseas assets. Such revision is intended to establish an investment policy and asset management structure regarding investments in overseas assets, and also to change the investment policy regarding domestic hotels to focus on (i) Limited service hotels, which feature relatively higher profit margins and potential for revenue growth backed by increasing demand for accommodations, and (ii) Full-service and Resort hotels, which have a variety of revenue sources, including rooms, food and beverage and banquet facilities, that are expected to achieve stable growth in overall hotel revenues. Please refer to the press release entitled “Notice concerning Partial Change in Investment Policy due to Revision of Internal Rules (the “Investment Guidelines”) of the Asset Manager” dated July 17, 2018.

d Operational Outlook

The forecasts of financial results for the fiscal period ending December 31, 2018 are as follows.

Fiscal period ending December 31, 2018 (from July 1, 2018 to December 31, 2018)

Operating Revenues	JPY 14,278 million
Operating Income	JPY 9,247 million
Ordinary Income	JPY 7,961 million
Net Income	JPY 7,960 million
Total Distribution Amount (Including excess profit distribution)	JPY 9,674 million
Net Income per Unit	JPY 1,384
Distribution per Unit (Excluding excess profit distribution)	JPY 1,516
Excess Profit Distribution per Unit	JPY 167
Distribution per Unit (Including excess profit distribution)	JPY 1,683

For the assumptions underlying the operational outlook for the fiscal period ending December 31, 2018, please see “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 31, 2018”

(Cautionary Note regarding Forward Looking Statements)

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

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2018 >

Item	Assumptions														
Fiscal period	The December 2018 fiscal period: from July 1, 2018 to December 31, 2018 (184 days)														
Assets under management	<p>Properties held as of the end of the December 2018 fiscal period: 129 properties and preferred equity interests in one special purpose company and a TK interest in one special purpose company</p> <p>In addition to the properties held as of the date of this document (Note1), INV assumes that INV will newly acquire Cayman Hotel TK Interest (Note2), and that there will be no other change through the end of the fiscal period ending December 2018.</p> <p>(Note1) A portion (JPY 2.7 billion) of the acquisition price of the four domestic hotel properties acquired on August 2, 2018 remains unpaid as of the date of this document. INV intends to pay the amount payable by August 1, 2019 using cash on hand etc., pursuant to the provisions on the purchase and sale agreements for the four hotel properties. Please refer to the press release entitled “Notice concerning Completion of Acquisition of Domestic Trust Beneficiary Interests” dated August 2, 2018 for detail.</p> <p>(Note2) As the distribution from Cayman Hotel TK interest will be made in or after the fiscal period ending June 2019, the acquisition of Cayman Hotel TK Interest will not affect the forecast of the operating revenues of the INV for the fiscal period ending December 2018. However, in relation to the interest-bearing liabilities (borrowings), INV assumes that it will implement the borrowings prior to the acquisition of Cayman Hotel TK Investment on September 27, 2018.</p>														
Units outstanding	<p>As of the end of the December 2018 fiscal period: 5,748,181 units</p> <p>INV assumes that there will be no change to the current 5,748,181 units issued and outstanding through the end of the fiscal period ending December 2018.</p>														
Interest-bearing liabilities	<p>Balance as of the end of the fiscal period ending December 2018: JPY 229,873 million (borrowing: JPY 227,873 million, investment corporation bonds: JPY 2,000 million)</p> <p>In addition to the balance JPY 192,873 million (borrowing: JPY 190,873 million, investment corporation bonds: JPY 2,000 million) as of the date of this document, INV assumes that JPY 37,000 million of borrowing is implemented in September 2018. In addition, INV intends refinance short term loan of JPY 2,000 million due October 13, 2018 in December 2018 fiscal period at a similar condition. INV assumes no other new loan or prepayment of loan through the end of the December 2018 fiscal period.</p>														
Operating revenues	<p>INV expects to record rental revenues as follows:</p> <table border="0" data-bbox="518 1518 1125 1736"> <thead> <tr> <th></th> <th style="text-align: center;">December 2018 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Rental revenues</td> <td style="text-align: right;">JPY 13,447 million</td> </tr> <tr> <td> (of these, hotel rents)</td> <td style="text-align: right;">(JPY 9,731 million)</td> </tr> <tr> <td> (fixed hotel rents)</td> <td style="text-align: right;">(JPY 4,909 million)</td> </tr> <tr> <td> (variable hotel rents)</td> <td style="text-align: right;">(JPY 4,821 million)</td> </tr> <tr> <td>• TMK Dividend amount</td> <td style="text-align: right;">JPY 831 million</td> </tr> <tr> <td>• TK Dividend amount</td> <td style="text-align: right;">- million</td> </tr> </tbody> </table> <p>We estimate the amount of dividends on the preferred equity interests (TMK dividend) based on the performance of the underlying asset and the assumed amount of expenses incurred by the special purpose company.</p> <p>With respect to dividend from Cayman Hotel TK Interest (TK dividend), as the initial dividend from SPC is to be made during fiscal period ending June 2019, the dividend amount is not recorded in fiscal period ending December 2018.</p> <p>Rental revenues are calculated based on estimates as of the date of this document. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.</p>		December 2018 Fiscal Period	• Rental revenues	JPY 13,447 million	(of these, hotel rents)	(JPY 9,731 million)	(fixed hotel rents)	(JPY 4,909 million)	(variable hotel rents)	(JPY 4,821 million)	• TMK Dividend amount	JPY 831 million	• TK Dividend amount	- million
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(variable hotel rents)	(JPY 4,821 million)														
• TMK Dividend amount	JPY 831 million														
• TK Dividend amount	- million														

Item	Assumptions																		
	<p>The majority of INV's owned hotels use a variable rent scheme linked to performance of the relevant hotel. Hotel demand is affected by seasonal factors and the December ending fiscal periods (from July to December) which include summer holiday and autumn outing seasons tend to record higher revenue than the June ending fiscal periods (from January to June). Accordingly, rental revenue of INV tends to be higher in the December ending fiscal periods than in the June ending fiscal periods.</p>																		
Operating expenses	<p>INV expects to incur property related expenses as follows:</p> <table border="1" data-bbox="502 510 1141 831"> <thead> <tr> <th></th> <th style="text-align: center;">December 2018 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Facility management fees (of these, repair costs)</td> <td style="text-align: right;">JPY 680 million (JPY 24 million)</td> </tr> <tr> <td>• Taxes and other public charges (Note)</td> <td style="text-align: right;">JPY 542 million</td> </tr> <tr> <td>• Insurance expenses</td> <td style="text-align: right;">JPY 12 million</td> </tr> <tr> <td>• Depreciation expenses</td> <td style="text-align: right;">JPY 3,091 million</td> </tr> <tr> <td>• Other expenses</td> <td style="text-align: right;">JPY 191 million</td> </tr> <tr> <td>Total property related expenses</td> <td style="text-align: right;">JPY 4,519 million</td> </tr> </tbody> </table> <p>(Note) Property taxes and city planning taxes on the assets acquired in 2018 are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December 2018 and recorded from the fiscal period ending June 2019 as the amount equivalent to such settlement is included in the acquisition cost.</p> <p>INV expects to incur other operating expenses than the property related expenses as follows:</p> <table border="1" data-bbox="502 1037 1141 1171"> <thead> <tr> <th></th> <th style="text-align: center;">December 2018 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Other operating expenses (of these, asset management fees)</td> <td style="text-align: right;">JPY 512 million (JPY 275 million)</td> </tr> </tbody> </table>		December 2018 Fiscal Period	• Facility management fees (of these, repair costs)	JPY 680 million (JPY 24 million)	• Taxes and other public charges (Note)	JPY 542 million	• Insurance expenses	JPY 12 million	• Depreciation expenses	JPY 3,091 million	• Other expenses	JPY 191 million	Total property related expenses	JPY 4,519 million		December 2018 Fiscal Period	• Other operating expenses (of these, asset management fees)	JPY 512 million (JPY 275 million)
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NOI	<p>INV expects to record net operating income as follows:</p> <table border="1" data-bbox="502 1243 1141 1496"> <thead> <tr> <th></th> <th style="text-align: center;">December 2018 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• NOI</td> <td style="text-align: right;">JPY 12,851 million</td> </tr> <tr> <td>(of these, hotel NOI)</td> <td style="text-align: right;">(JPY 9,313 million)</td> </tr> <tr> <td>(of these, residential NOI)</td> <td style="text-align: right;">(JPY 2,522 million)</td> </tr> <tr> <td>(of these, TMK dividend amount)</td> <td style="text-align: right;">(JPY 831 million)</td> </tr> <tr> <td>(of these, TK dividend amount)</td> <td style="text-align: right;">(-)</td> </tr> </tbody> </table> <p>NOI calculation method in the above table is as follows</p> <p>• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interests (TMK dividend) + Dividend on TK interest (TK dividend)</p>		December 2018 Fiscal Period	• NOI	JPY 12,851 million	(of these, hotel NOI)	(JPY 9,313 million)	(of these, residential NOI)	(JPY 2,522 million)	(of these, TMK dividend amount)	(JPY 831 million)	(of these, TK dividend amount)	(-)						
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(of these, TMK dividend amount)	(JPY 831 million)																		
(of these, TK dividend amount)	(-)																		
Non-operating expenses	<p>INV expects to incur non-operating expenses as follows:</p> <table border="1" data-bbox="502 1675 1141 2040"> <thead> <tr> <th></th> <th style="text-align: center;">December 2018 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Interest expense</td> <td style="text-align: right;">JPY 575 million</td> </tr> <tr> <td>• Finance related costs</td> <td style="text-align: right;">JPY 502 million</td> </tr> <tr> <td>• Interest for investment corporation bonds</td> <td style="text-align: right;">JPY 6 million</td> </tr> <tr> <td>• Depreciation of investment corporation bonds issuance expenses</td> <td style="text-align: right;">JPY 1 million</td> </tr> <tr> <td>• Other non-operating expenses (expenses relating to the issuance of new units for the public offering)</td> <td style="text-align: right;">JPY 200 million</td> </tr> <tr> <td>Total Non-operating expenses</td> <td style="text-align: right;">JPY 1,286 million</td> </tr> </tbody> </table>		December 2018 Fiscal Period	• Interest expense	JPY 575 million	• Finance related costs	JPY 502 million	• Interest for investment corporation bonds	JPY 6 million	• Depreciation of investment corporation bonds issuance expenses	JPY 1 million	• Other non-operating expenses (expenses relating to the issuance of new units for the public offering)	JPY 200 million	Total Non-operating expenses	JPY 1,286 million				
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• Other non-operating expenses (expenses relating to the issuance of new units for the public offering)	JPY 200 million																		
Total Non-operating expenses	JPY 1,286 million																		

Item	Assumptions
Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending December 2018, INV expects to distribute an aggregate amount of JPY 9,674 million (distribution per unit: JPY 1,683) based on the assumption that excess profit distribution in the amount of JPY 959 million will be paid, in addition to JPY 8,714 million from net income for the fiscal period ending December 2018 (JPY 7,960 million) and JPY 756 million from internal reserve.</p> <p>For the fiscal period ending December 2018, INV does not expect to record any deferred gain or loss on hedge of the interest rate swap as the valuation and conversion adjustments, etc.</p> <p>Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</p>
Excess profit distribution per unit	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal period ending December 2018, due to i) one-off expenses in connection with the public offering, the asset acquisition and the borrowings, ii) the revenues of the four domestic hotel acquired during the December 2018 fiscal period will contribute for only a part of the period, and iii) distributions from the TK interest will start from the fiscal period ending June 2019, earnings per unit is expected to decrease in the second half. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits (JPY 153 per unit) within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the transactions including i) the asset acquisitions and dispositions in the fiscal period ended June 2018, ii) asset acquisitions completed or to be completed, in the fiscal period ending December 2018, and iii) refinancing, issuance of new investment unit by public offering and third-party allotment, and new borrowing (Note). Further, INV intends to make distribution in excess of profits (JPY 14 per unit) in order to cope with the discrepancy between tax and accounting treatment on depreciation of fixed term land lease or asset retirement obligation etc.</p> <p style="text-align: right;">December 2018 Fiscal Period</p> <p style="text-align: right;">Excess profit distribution per unit JPY 167</p> <p>(Note) Please refer to "Notice concerning Revision of Forecast of Financial Results and Distribution for the 30th Fiscal Period Ended June 2018 and 31st Fiscal Period Ending December 2018" dated July 17, 2018 for details of the distribution in excess of profits.</p>
Other	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>

(3) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities registration statement (filed on July 17, 2018).

3. Financial Statements

(1) Balance Sheet

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
Assets		
Current assets:		
Cash and bank deposits	14,367,140	8,505,792
Cash and bank deposits in trust	6,326,653	6,566,761
Accounts receivable	-	6,483
Rental receivables	1,984,728	1,826,596
Prepaid expenses	489,098	428,536
Income taxes receivable	8	149,632
Consumption taxes receivable	613,566	-
Other	0	0
Allowance for doubtful accounts	(89)	(89)
Total current assets	23,781,107	17,483,714
Non-current assets:		
Property and equipment		
Tools, furniture and fixtures, at cost	3,192	3,192
Accumulated depreciation	(218)	(444)
Tools, furniture and fixtures, net	2,973	2,748
Buildings in trust, at cost	128,867,905	133,579,099
Accumulated depreciation	(9,412,123)	(10,479,742)
Buildings in trust, net	119,455,782	123,099,357
Buildings and accompanying facilities in trust, at cost	28,454,395	28,918,145
Accumulated depreciation	(5,758,755)	(6,237,852)
Buildings and accompanying facilities in trust, net	22,695,639	22,680,292
Structures in trust, at cost	262,372	225,353
Accumulated depreciation	(112,316)	(86,498)
Structures in trust, net	150,055	138,854
Tools, furniture and fixtures in trust, at cost	1,065,760	1,395,339
Accumulated depreciation	(335,109)	(392,369)
Tools, furniture and fixtures in trust, net	730,651	1,002,969
Land in trust	167,845,958	173,298,062
Total property and equipment, net	310,881,062	320,222,285
Intangible assets		
Leasehold rights in trust	16,828,843	16,712,637
Total intangible assets	16,828,843	16,712,637
Investments and other assets		
Investment securities	17,854,460	17,856,387
Guarantee deposits	1,651,565	1,681,565
Long-term prepaid expenses	587,753	426,222
Derivatives assets	113,592	92,561
Other	59,869	12,667
Total investments and other assets	20,267,241	20,069,404
Total non-current assets	347,977,146	357,004,327
Deferred assets		
Investment corporation bond issuance costs	-	24,945
Total deferred assets	-	24,945
Total assets	371,758,254	374,512,988

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
Liabilities		
Current liabilities:		
Accounts payable	254,936	598,870
Short-term loans payable	3,068,000	2,000,000
Current portion of long-term loans payable	28,979,000	46,663,000
Accounts payable-other	51,836	131,783
Accrued expenses	270,486	195,481
Income taxes payable	605	605
Consumption taxes payable	-	14,902
Advances received	600,752	551,506
Deposits received	29,190	21,697
Total current liabilities	33,254,807	50,177,846
Non-current liabilities:		
Investment corporation bonds	-	2,000,000
Long-term loans payable	154,936,000	138,752,000
Tenant leasehold and security deposits in trust	2,215,299	2,026,400
Derivatives liabilities	-	1,586
Asset retirement obligations	31,680	31,891
Total non-current liabilities	157,182,980	142,811,878
Total liabilities	190,437,787	192,989,724
Net assets		
Unitholders' equity:		
Unitholders' capital	168,798,455	168,798,455
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 (46,329)	*2 (46,329)
Other deduction of capital surplus	(1,022,263)	(1,194,818)
Total deduction of capital surplus	(1,068,593)	(1,241,148)
Capital surplus (net)	5,195,838	5,023,283
Retained earnings	7,212,580	7,610,548
Total surplus	12,408,419	12,633,832
Total unitholders' equity	181,206,874	181,432,288
Valuation and translation adjustments:		
Deferred gains or losses on hedges	113,592	90,975
Total valuation and translation adjustments	113,592	90,975
Total net assets	*1 181,320,466	*1 181,523,263
Total liabilities and net assets	371,758,254	374,512,988

(2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Operating revenue		
Rental revenue—real estate	*1 11,403,236	*1 11,122,481
Gain on sale of real estate properties	*2 1,244,033	*2 1,249,645
Dividend income	-	732,714
Total operating revenue	12,647,270	13,104,841
Operating expenses		
Property related expenses	*1 3,962,183	*1 4,136,619
Impairment loss	*3 15,677	*3 -
Asset management fees	250,000	275,000
Directors' compensation	4,800	4,800
Asset custody fees	15,230	18,162
Administrative service fees	37,347	39,697
Provision of allowance for doubtful accounts	89	2
Other	138,288	197,039
Total operating expenses	4,423,618	4,671,320
Operating income	8,223,652	8,433,520
Non-operating income		
Interest income	54	78
Interest on tax refund	234	3,086
Other	507	1,181
Total non-operating income	796	4,347
Non-operating expenses		
Interest expenses	445,855	479,456
Interest expenses on investment corporation bonds	-	1,216
Amortization of investment corporation bond issuance costs	-	379
Loan-related costs	304,073	234,197
Investment unit issuance costs	170,817	-
Other	-	64
Total non-operating expenses	920,746	715,314
Ordinary income	7,303,702	7,722,553
Income before income taxes	7,303,702	7,722,553
Income taxes	605	605
Total income taxes	605	605
Net income	7,303,097	7,721,948
Retained earnings (deficit) brought forward	(90,516)	(111,399)
Unappropriated retained earnings	7,212,580	7,610,548

(3) Statement of Changes in Net Assets

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)

(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	128,984,946	6,264,432	—	(987,516)	(987,516)	5,276,915
Changes during the period						
Issuance of new investment units	39,813,508					
Distributions from surplus						
Reversal of allowance for temporary differences adjustment			(46,329)		(46,329)	(46,329)
Other excess profit distribution				(34,747)	(34,747)	(34,747)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	39,813,508	—	(46,329)	(34,747)	(81,077)	(81,077)
Balance at the end of the period	168,798,455	6,264,432	(46,329)	(1,022,263)	(1,068,593)	5,195,838

	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	Total surplus				
Balance at the beginning of the period	4,708,487	9,985,403	138,970,350	92,243	92,243	139,062,593
Changes during the period						
Issuance of new investment units			39,813,508			39,813,508
Distributions from surplus	(4,799,004)	(4,799,004)	(4,799,004)			(4,799,004)
Reversal of allowance for temporary differences adjustment		(46,329)	(46,329)			(46,329)
Other excess profit distribution		(34,747)	(34,747)			(34,747)
Net income	7,303,097	7,303,097	7,303,097			7,303,097
Changes other than unitholders' equity (net)				21,348	21,348	21,348
Total changes during the period	2,504,093	2,423,015	42,236,524	21,348	21,348	42,257,873
Balance at the end of the period	7,212,580	12,408,419	181,206,874	113,592	113,592	181,320,466

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

(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	168,798,455	6,264,432	(46,329)	(1,022,263)	(1,068,593)	5,195,838
Changes during the period						
Distributions from surplus						
Other excess profit distribution				(172,554)	(172,554)	(172,554)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	—	(172,554)	(172,554)	(172,554)
Balance at the end of the period	168,798,455	6,264,432	(46,329)	(1,194,818)	(1,241,148)	5,023,283

	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	Total surplus				
Balance at the beginning of the period	7,212,580	12,408,419	181,206,874	113,592	113,592	181,320,466
Changes during the period						
Distributions from surplus	(7,323,980)	(7,323,980)	(7,323,980)			(7,323,980)
Other excess profit distribution		(172,554)	(172,554)			(172,554)
Net income	7,721,948	7,721,948	7,721,948			7,721,948
Changes other than unitholders' equity (net)				(22,616)	(22,616)	(22,616)
Total changes during the period	397,968	225,413	225,413	(22,616)	(22,616)	202,796
Balance at the end of the period	7,610,548	12,633,832	181,432,288	90,975	90,975	181,523,263

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
I Unappropriated retained earnings	7,212,580,928	7,610,548,999
II Excess profit distribution		
Allowance for temporary differences adjustment	-	-
Other deduction of capital surplus	172,554,516	-
III Distributions	7,496,535,084	6,854,248,830
(Distribution per unit)	(1,564)	(1,430)
Of which, distributions of earnings	7,323,980,568	6,854,248,830
(Distributions of earnings per unit)	(1,528)	(1,430)
Of which, allowance for temporary differences adjustment	-	-
(Excess profit distribution per unit (Allowance for temporary differences adjustment))	-	-
Of which, other excess profit distribution	172,554,516	-
(Excess profit distribution per unit (Other excess profit distribution))	(36)	-
IV Retained earnings (deficit) carried forward	(111,399,640)	756,300,169

<p>Calculation method of distribution amount</p>	<p>As shown above, the distribution per unit for the Reporting Period is JPY 1,564.</p> <p>With respect to profit distributions (not including Excess Profit Distribution), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,528.</p> <p>In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines (the “Excess Profit Distribution”). For the Reporting Period, INV decided to also make Excess Profit Distribution of JPY 172 million as refund of investment in order to stabilize distributions, making other Excess Profit Distribution of JPY 36 per unit.</p> <p>Under the Reporting Period, deferred gain on hedge of the interest rate swap of JPY 113 million has arisen. Deferred gain on hedge of the interest rate swap is included in profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act, and INV has decided to distribute almost all of the profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act. As a result, retained deficit carried forward of JPY 111 million is recorded.</p>	<p>In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 6,854,248,830 out of net income of JPY 7,721,948,639. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p>
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(5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Cash flows from operating activities		
Income before income taxes	7,303,702	7,722,553
Depreciation and amortization	2,567,215	2,772,510
Impairment loss	15,677	-
Investment unit issuance costs	170,817	-
Amortization of investment corporation bond issuance costs	-	379
Loan-related costs	304,073	234,197
Interest income	(54)	(78)
Interest expenses	445,855	480,672
Increase (decrease) in allowance for doubtful accounts	55	0
Decrease (increase) in rental receivable	(564,535)	158,132
Decrease (increase) in refundable income taxes	2	(149,624)
Decrease (increase) in consumption taxes receivable	(640,464)	661,287
Increase (decrease) in accounts payable	(7,867)	39,752
Increase (decrease) in consumption taxes payable	47,721	(32,819)
Increase (decrease) in accounts payable-other	(67,922)	49,627
Increase (decrease) in accrued expenses	98,065	(75,177)
Increase (decrease) in advances received	60,077	(49,246)
Increase (decrease) in deposits received	(7,567)	(47,348)
Decrease from sales of property, plant and equipment	802,750	-
Decrease from sales of property, plant and equipment in trust	3,590,653	9,181,866
Others, net	(1,277)	20,177
Subtotal	14,116,980	20,966,865
Interest income received	54	78
Interest expenses paid	(439,861)	(483,261)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	13,676,568	20,483,077
Cash flows from investing activities		
Purchases of property and equipment	(797)	-
Purchases of property and equipment in trust	(42,111,738)	(20,847,991)
Purchase of investment securities	(17,854,460)	(1,927)
Repayments of tenant leasehold and security deposits	(28,663)	-
Repayments of tenant leasehold and security deposits in trust	(139,629)	(320,542)
Proceeds from tenant leasehold and security deposits in trust	115,173	132,593
Payments of tenant leasehold and security deposits	-	(30,000)
Other, net	(14,807)	47,201
Net cash used in investing activities	(60,034,922)	(21,020,665)
Cash flows from financing activities		
Increase in short-term loans payable	3,068,000	-
Repayments of short-term loans payable	-	(1,068,000)
Proceeds from long-term loans payable	19,925,000	1,500,000
Proceeds from issuance of investment corporation bonds	-	1,977,436
Borrowing related expenses	(325,727)	(40,494)
Payment of distributions of earnings	(4,776,561)	(7,280,040)
Payment of distribution in excess of retained earnings from allowance for temporary differences adjustment	(46,329)	-
Payment of other distributions in excess of retained earnings	(34,747)	(172,554)
Proceeds from issuance of investment units	39,644,352	-
Net cash provided by (used in) financing activities	57,453,986	(5,083,652)
Net increase (decrease) in cash and cash equivalents	11,095,633	(5,621,240)
Cash and cash equivalents at beginning of period	9,598,161	20,693,794
Cash and cash equivalents at end of period	*1 20,693,794	*1 15,072,553

(6) Notes to Concerning Going Concerns Assumption

Not applicable

(7) Notes to Concerning Significant Accounting Policies

1. Evaluation standards and evaluation method of assets

Other securities

Those with no fair value

Cost method through moving-average method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

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

Tools, furniture and fixtures 4-8 years

Buildings in trust 5-67 years

Buildings and accompanying facilities in trust 2-33 years

Structures in trust 3-55 years

Tools, furniture and fixtures in trust 2-19 years

(b) Intangible assets

The straight-line method is used. For leasehold rights in trust (fixed-term land lease for business purposes), 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

(a) Investment unit issuance costs

The full amount is recorded as expense at the time of expenditure.

(b) Investment corporation bond issuance costs

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

5. Revenue and expense recognition

Accounting treatment of property taxes and other taxes

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

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended June 30, 2018 is JPY 77,833 thousand.

6. Method of hedge accounting

(a) Method of hedge accounting

Deferred hedge accounting is used.

(b) Hedging instrument and hedged item

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(c) Hedge policy

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

(d) Method of evaluating hedge effectiveness

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

7. Cash and cash equivalents as stated in Statement of Cash Flows

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

8. Other significant matters which constitute the basis for preparation of financial statements

(i) Accounting treatment of trust beneficiary interests in real estate

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

(a) Cash and bank deposits in trust

(b) Buildings in trust

Buildings and accompanying facilities in trust

Structures in trust

Tools, furniture and fixtures in trust

Land in trust

(c) Leasehold rights in trust

(d) Tenant leasehold and security deposits in trust

(ii) Accounting treatment of consumption taxes

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

(8) Notes to changes in indication method

"Income taxes receivable" was included in "Accounts receivable" under "Current assets" in the balance sheet for the previous fiscal period. However, due to an increase in its monetary significance, it is recorded as a separate item from the Reporting Period.

As a result, JPY 8,000 which was recorded under "Accounts receivable" under "Current assets" in the balance sheet for the previous fiscal period is now restated as JPY 8,000 for Income taxes receivable.

Furthermore, in line with the above change, (JPY 1,274,000) recorded under "Other" under "Cash flows from operating activities" in the statement of cash flows for the previous fiscal period is now restated as JPY 2,000 for "Decrease (Increase) in refundable income taxes" and (JPY 1,277,000) for "Other."

(9) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)

Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
50,000	50,000

*2. Allowance for temporary differences adjustment

Fiscal period ended December 31, 2017 (as of December 31, 2017)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period
Leasehold rights in trust	Depreciation of leasehold rights	(46,329)	-	(46,329)	-	(46,329)
Total		(46,329)	-	(46,329)	-	(46,329)

2. Method of reversal

(1) Leasehold rights in trust

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

Fiscal period ended June 30, 2018 (as of June 30, 2018)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period
Leasehold rights in trust	Depreciation of leasehold rights	(46,329)	(46,329)	-	-	(46,329)
Total		(46,329)	(46,329)	-	-	(46,329)

2. Method of reversal

(1) Leasehold rights in trust

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

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
(Unit: JPY thousand)		
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	11,060,128	10,769,777
Other revenues	343,107	352,704
Total	11,403,236	11,122,481
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	707,458	665,093
Taxes and public dues	470,600	470,692
Non-life insurance expenses	11,499	12,845
Depreciation expenses	2,567,215	2,772,510
Other expenses	205,408	215,476
Total	3,962,183	4,136,619
C. Real estate rental income (A-B)	7,441,052	6,985,862
(Note) Of which, revenue from variable hotel rents	3,741,186	3,789,484

*2. Gain on sales of properties

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)

	Kindai Kagaku Sha Building)	Kanda-Sudacho 4th	Shinjuku Island	Casa Eremitaggio
(Unit: JPY thousand)				
Proceeds from sales of properties	1,364,791	130,217	705,102	1,312,035
Cost of sales of properties	1,197,764	100,818	701,931	948,287
Other expenses on sales of properties	51,333	3,658	10,228	28,743
Gain on sales of properties	115,693	25,740	(7,057)	335,004
	Lexel Mansion Ueno Matsugaya	Sun Terrace Minami Ikebukuro		
Proceeds from sales of properties	1,329,240	934,980		
Cost of sales of properties	853,265	591,335		
Other expenses on sales of properties	26,547	18,419		
Gain on sales of properties	449,428	325,224		

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

	(Unit: JPY thousand)			
	Harmonie Ochanomizu	Growth Maison Ikebukuro	Capital Heights Kagurazaka	Cross Square NAKANO
Proceeds from sales of properties	1,606,646	1,059,850	734,817	1,357,090
Cost of sales of properties	1,346,372	743,659	623,867	1,125,668
Other expenses on sales of properties	38,843	26,625	20,817	23,268
Gain on sales of properties	221,430	289,565	90,132	208,153

	Ohki Aoba Building	Lexington Plaza Nishi-Gotanda
Proceeds from sales of properties	728,446	5,180,003
Cost of sales of properties	709,604	4,632,693
Other expenses on sales of properties	11,439	114,348
Gain on sales of properties	7,402	432,961

3. Impairment loss

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)

Name of property: Ohki Aoba Building

Use	Location	Type	Impairment loss
Retail facility	Sendai-shi, Miyagi	Land in trust	JPY 15,677 thousand

Upon calculating impairment loss, book value of the asset sold was reduced to recoverable value and the amount reduced was posted in operating expenses as impairment loss for the land in trust. The net sales price which is obtained by subtracting expected sales expenses from actual selling price is deemed as recoverable value.

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

Not applicable

(Notes to Statement of Changes in Net Assets)

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

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	4,793,181 units	4,793,181 units

(Notes to Statement of Cash Flows)

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

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Cash and bank deposits	14,367,140	8,505,792
Cash and bank deposits in trust	6,326,653	6,566,761
Cash and cash equivalents	20,693,794	15,072,553

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
Due within one year	312,959	312,959
Due after one year	10,247,035	10,090,556
Total	10,559,994	10,403,515

Operating lease transactions (as lessor)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
Due within one year	7,970,088	8,623,053
Due after one year	56,088,357	58,058,083
Total	64,058,446	66,681,137

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

(3) Supplemental information regarding market value, etc. for financial instruments

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

2. Estimated fair value of financial instruments

Fiscal period ended December 31, 2017 (as of December 31, 2017)

Book value, fair value and the difference between values as of December 31, 2017 are as follows.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	14,367,140	14,367,140	-
(2) Cash and bank deposits in trust	6,326,653	6,326,653	-
Total assets	20,693,794	20,693,794	-
(3) Short-term loans payable	(3,068,000)	(3,068,000)	-
(4) Current portion of long-term loans payable	(28,979,000)	(28,979,000)	-
(6) Long-term loans payable	(154,936,000)	(154,936,000)	-
Total liabilities	(186,983,000)	(186,983,000)	-
(7) Derivatives	113,592	113,592	-

Fiscal period ended June 30, 2018 (as of June 30, 2018)

Book value, fair value and the difference between values as of June 30, 2018 are as follows.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	8,505,792	8,505,792	-
(2) Cash and bank deposits in trust	6,566,761	6,566,761	-
Total assets	15,072,553	15,072,553	-
(3) Short-term loans payable	(2,000,000)	(2,000,000)	-
(4) Current portion of long-term loans payable	(46,663,000)	(46,663,000)	-
(5) Investment corporation bonds	(2,000,000)	(1,998,500)	1,500
(6) Long-term loans payable	(138,752,000)	(138,752,000)	-
Total liabilities	(189,415,000)	(189,413,500)	1,500
(7) Derivatives	90,975	90,975	-

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

(Note 2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.

(Note 1) Methods to calculate fair values of financial instruments

- (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans payable
 Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.
- (4) Current portion of long-term loans payable (6) Long-term loans payable
 Long-term loan with floating interest rates reflecting changes in market rates within a short-term period are stated at their book value as their book value approximate their fair value.
- (5) Investment corporation bonds
 Fair value is calculated using a method based on market price.
- (7) Derivatives
 Please refer to the “Notes Related to Derivative Transactions” below.

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
Tenant leasehold and security deposits in trust	2,215,299	2,026,400
Investment securities	17,854,460	17,856,387

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

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

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

Fiscal period ended December 31, 2017 (as of December 31, 2017)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	14,367,140	-	-	-	-	-
Cash and bank deposits in trust	6,326,653	-	-	-	-	-
Total	20,693,794	-	-	-	-	-

Fiscal period ended June 30, 2018 (as of June 30, 2018)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	8,505,792	-	-	-	-	-
Cash and bank deposits in trust	6,566,761	-	-	-	-	-
Total	15,072,553	-	-	-	-	-

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

Fiscal period ended December 31, 2017 (as of December 31, 2017)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	3,068,000	-	-	-	-	-
Current portion of long-term loans payable	28,979,000	-	-	-	-	-
Long-term loans payable	-	54,745,000	50,130,000	32,821,000	10,115,000	7,125,000
Total	32,047,000	54,745,000	50,130,000	32,821,000	10,115,000	7,125,000

Fiscal period ended June 30, 2018 (as of June 30, 2018)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	2,000,000	-	-	-	-	-
Current portion of long-term loans payable	46,663,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	1,000,000	1,000,000
Long-term loans payable	-	51,744,000	57,380,000	15,638,000	6,865,000	7,125,000
Total	48,663,000	51,744,000	57,380,000	15,638,000	7,865,000	8,125,000

(Notes Related to Investment Securities)

Fiscal period ended December 31, 2017 (as of December 31, 2017)

Other securities

Preferred equity interest (JPY 17,854,460 thousand in the balance sheet) has no observable market price, and it is impracticable to assess its fair value. Thus, its fair value is not disclosed.

Fiscal period ended June 30, 2018 (as of June 30, 2018)

Other securities

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

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended December 31, 2017 (as of December 31, 2017)

Not applicable

Fiscal period ended June 30, 2018 (as of June 30, 2018)

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended December 31, 2017 (as of December 31, 2017)

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	Long-term loans payable	99,119,000	70,140,000	113,592

(Note 1) The contract amount, etc. is stated based on a notional principal.

(Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.

Fiscal period ended June 30, 2018 (as of June 30, 2018)

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	Long-term loans payable	100,619,000	67,390,000	90,975

(Note 1) The contract amount, etc. is stated based on a notional principal.

(Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

1. Summary of the asset retirement obligations for the period

INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.

2. Calculation method for asset retirement obligations for the period

The amount of the asset retirement obligations has been calculated by estimating the period of use at 43 years, based on the remaining period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Balance at the beginning of the period	31,468	31,680
Increase due to the acquisition of properties	-	-
Accretion expense	212	210
Balance at the end of the period	31,680	31,891

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	4,794,080	Real Estate Investment

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

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

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	5,324,738	Real Estate Investment

(Notes Related to Rental Properties)

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

(Unit: JPY thousand)

			Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Residences	Book value	Balance at the beginning of the period	93,113,195	89,949,664
		Change during the period	(3,163,531)	(3,380,554)
		Balance at the end of the period	89,949,664	86,569,109
	Fair value at the end of the period		102,353,000	100,387,000
Offices	Book value	Balance at the beginning of the period	8,424,734	6,474,931
		Change during the period	(1,949,803)	(6,474,931)
		Balance at the end of the period	6,474,931	-
	Fair value at the end of the period		6,130,000	-
Commercial facilities	Book value	Balance at the beginning of the period	5,001,269	4,957,292
		Change during the period	(43,977)	(44,824)
		Balance at the end of the period	4,957,292	4,912,468
	Fair value at the end of the period		6,100,000	6,170,000
Parking lots	Book value	Balance at the beginning of the period	100,818	-
		Change during the period	(100,818)	-
		Balance at the end of the period	-	-
	Fair value at the end of the period		-	-
Hotels	Book value	Balance at the beginning of the period	185,897,957	226,328,017
		Change during the period	40,430,059	19,125,328
		Balance at the end of the period	226,328,017	245,453,345
	Fair value at the end of the period		285,424,000	304,985,000
Total	Book value	Balance at the beginning of the period	292,537,976	327,709,905
		Change during the period	35,171,929	9,225,018
		Balance at the end of the period	327,709,905	336,934,923
	Fair value at the end of the period		400,007,000	411,542,000

- (Note 1) Book value is the figure calculated by subtracting accumulated depreciation from acquisition price (including acquisition-related costs).
- (Note 2) The major factors for the increase for the fiscal period ended December 31, 2017 were acquisition of hotels and capital expenditures related to construction work, and the major factors for the decrease were sale of residential properties, office properties and parking, and depreciation and impairment loss. The major factors for the increase for the Reporting Period were acquisition of hotels and construction work related to capital expenditures, and the major factors for the decrease were sale of residential properties and office properties, and depreciation.
- (Note 3) The fair value as of 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., Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.

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

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: JPY thousand)

	Fiscal period ended December 31, 2017	Fiscal period ended June 30, 2018
(Deferred tax assets - current assets)		
Enterprise tax payable	1,331	1,325
Impairment loss	2,367	-
Allowance for doubtful accounts	28	28
Subtotal	3,726	1,354
Valuation allowance	3,726	1,354
Total	-	-
(Deferred tax assets, net)	-	-
(Deferred tax assets - non-current assets)		
Buildings and other (merger)	730,990	561,751
Land (merger)	1,918,655	1,374,216
Loss carried forward	7,200,289	7,200,289
Asset retirement obligations	10,055	10,122
Depreciation of fixed-term leasehold rights	79,644	116,528
Subtotal	9,939,635	9,262,907
(Deferred tax liabilities – non-current liabilities)		
Removal expenses included in asset retirement obligations	9,797	9,797
Deferred gains or losses on hedges	36,054	28,875
Subtotal	45,851	38,673
Valuation allowance	9,893,783	9,224,234
Total	-	-
(Deferred tax assets, net)	-	-

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

(Unit: %)

	Fiscal period ended December 31, 2017	Fiscal period ended June 30, 2018
Statutory tax rate	31.74	31.74
Deductible cash distributions	(30.49)	(22.95)
Changes in valuation allowance	(1.25)	(8.79)
Others	0.01	0.01
Effective tax rate	0.01	0.01

(Notes Related to Equity-Method Income)

Fiscal period ended December 31, 2017 (as of December 31, 2017)

Not applicable

Fiscal period ended June 30, 2018 (as of June 30, 2018)

Amount of investment in affiliates	JPY 17,856,387,000
Amount of investment when accounted for by the equity method	JPY 17,845,800,000
Amount of investment profit when accounted for by the equity method	JPY 722,127,000

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Unitholders

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	HL Investments Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	13,068,000	-	-
	Septentrio3 Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	9,781,000	-	-
	Monza Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	8,870,000	-	-
	Suisei Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	7,880,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,103,226	Accounts receivable	130,953
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	4,794,080	Accounts receivable	1,551,920

(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 the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 3) HL Investments Tokutei Mokuteki Kaisha, Septentrio3 Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha and Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, these Tokutei Mokuteki Kaisha or the tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope. Accordingly, INV treats HL Investments Tokutei Mokuteki Kaisha, Septentrio3 Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha and Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 4) Calliope holds 609,942 units (holding percentage: 12.7%) of the issued investment units of INV.

(Note 5) The purchase of trust beneficiary interests pertains to the following properties. The transaction amount is the purchase price stated in the trust beneficiary purchase agreement, to which other expenses for acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
D50	Hotel MyStays Shin Osaka Conference Center	HL Investments Tokutei Mokuteki Kaisha	13,068,000
D51	Hotel MyStays Premier Omori	Septentrio3 Tokutei Mokuteki Kaisha	9,781,000
D52	Beppu Kamenoi Hotel	Monza Tokutei Mokuteki Kaisha	8,870,000
D53	Hotel MyStays Sapporo Station	Suisei Tokutei Mokuteki Kaisha	7,880,000
Total			39,599,000

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	Ginga Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,326,000	-	-
	HL Investments Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	2,772,000	-	-
	Monza Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	2,723,000	-	-
	Suisei Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	1,604,000	-	-
	Calvis Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	7,325,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	576,941	Accounts receivable	221,582
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	5,324,738	Accounts receivable	1,387,974

(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 the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 3) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, (i) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares) upon transactions with the Tokutei Mokuteki Kaisha, (ii) Calvis Tokutei Mokuteki Kaisha has 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 the Asset Manager directly/indirectly owning 100% of its issued shares) upon transactions with the Tokutei Mokuteki Kaisha, and (iii) Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares until March 29, 2018; a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares on and after March 29, 2018). Accordingly, INV treats Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 4) The purchase of trust beneficiary interests pertains to the following properties. The transaction amount is the purchase price stated in the trust beneficiary purchase agreement, to which other expenses for acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
D54	Hotel MyStays Yokohama Kannai	Ginga Tokutei Mokuteki Kaisha	5,326,000
D55	Art Hotel Joetsu	HL Investments Tokutei Mokuteki Kaisha	2,772,000
D56	Art Hotel Hirosaki City	Monza Tokutei Mokuteki Kaisha	2,723,000
D57	Hotel MyStays Oita	Suisei Tokutei Mokuteki Kaisha	1,604,000
D58	Hotel MyStays Gotanda	Calvis Tokutei. Mokuteki Kaisha	4,068,000
D59	Hotel MyStays Tachikawa	Calvis Tokutei. Mokuteki Kaisha	3,257,000
Total			19,750,000

2. Transactions with Affiliates

None for both the fiscal period ended December 31, 2017 and the fiscal period ended June 30, 2018.

3. Transactions with Companies under Common Control

None for both the fiscal period ended December 31, 2017 and the fiscal period ended June 30, 2018.

4. Transactions with Directors and Major Unitholders

Fiscal period ended December 31, 2017 (as of December 31, 2017)

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	276,823	Accrued expenses	159,138
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	1,100	Accrued expenses	864

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

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

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

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	308,849	Accrued expenses	149,291
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	600	Accrued expenses	324

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

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

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

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

1. Parent company and major corporate unitholders, etc.

Not applicable

2. Summarized financial information of material affiliated company

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

(Unit: JPY thousand)

Kingdom Special Purpose Company

Total specified assets	100,422,370
Total other assets	5,409,900
Total current liabilities	1,436,173
Total non-current liabilities	66,480,660
Total net assets	37,915,436
Operating revenue	1,957,744
Income before income taxes	1,496,394
Net income	1,495,336

(Notes Related to Per Unit Information)

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Net assets per unit	JPY 37,829	JPY 37,871
Net income per unit	JPY 1,712	JPY 1,611

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.

	Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Net income (JPY thousand)	7,303,097	7,721,948
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	7,303,097	7,721,948
Average number of investment units during the period (units)	4,266,437	4,793,181

(Notes Related to Significant Subsequent Events)

1. Issuance of new investment units

INV resolved at its meetings of the Board of Directors held on July 17, 2018 and July 25, 2018 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on August 1, 2018, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 21, 2018. As a result, the unitholders' capital of INV is JPY 42,294 million and the number of investment units issued and outstanding of INV increased to 5,748,181.

(1) Issuance of new investment units through public offering

Number of investment units to be offered	:	909,524 investment units
Of which		
domestic public offering	:	432,024 investment units
overseas offering	:	477,500 investment units
Issue price (offer price)	:	JPY 45,776 per unit
Total issue price (offer price)		JPY 41,634,370,624
Amount to be paid (issue value)	:	JPY 44,287 per unit
Total amount to be paid (total issue value)	:	JPY 40,280,089,388
Payment date	:	August 1, 2018

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

Number of Investment Units to be offered in the secondary offering	:	45,476 investment units
Offer price	:	JPY 45,776 per unit
Total offer price	:	JPY 2,081,709,376
Delivery date	:	August 2, 2018

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

Number of investment units to be offered	:	45,476 investment units
Amount to be paid (issue value)	:	JPY 44,287 per unit
Total amount to be paid (total issue value)	:	JPY 2,013,995,612
Payment date	:	August 21, 2018
Allottee	:	Mizuho Securities Co., Ltd.

2. Debt Financing

In order to fund a portion of acquisition price of four domestic hotel properties (domestic trust beneficiary interests) acquired on August 2, 2018 and TK Interest with overseas real estate as underlying assets to be acquired on October 31, 2018 or on a date to be separately agreed, INV resolved the following debt financing at its meetings of the Board of Directors held on July 17, 2018 and entered into a loan agreement on July 31, 2018.

New Syndicate Loan (J)

Lender	:	Syndicate of lenders arranged by Mizuho Bank, Ltd.
Outstanding balance	:	JPY 40,458 million
Interest rate, etc.	:	Base Rate (1-month JPY TIBOR; however, 2-month JPY TIBOR for the first calculation period) + 0.50%, 0.40%, 0.30%, 0.30%, 0.20%
Interest payment date	:	The last Japanese business day of each month before the principal maturity date with September 28, 2018 as the first payment date, and the principal maturity date The last Japanese business day of each month before the principal maturity date with October 31, 2018 (Note 1) as the first payment date, and the principal maturity date
Principal repayment method	:	Lump-sum repayment
Borrowing method	:	Unsecured/ non-guarantee
Borrowing date	:	August 2, 2018, September 12, 2018 (Note 1)
Maturity date	:	August 2, 2019, August 2, 2021, September 12, 2021 (Note 1), September 12, 2022 (Note 1), September 12, 2023 (Note 1)

(Note 1) Borrowing date, interest payment date and maturity date are those expected as of the date of this document and are subject to change.

3. Acquisition of assets (properties)

INV resolved acquisition of the following four hotel properties (total acquisition price: JPY 47,747 million) on July 17, 2018 and completed the acquisition on August 2, 2018.

Property Number: D60 Property Name: Hotel MyStays Premier Akasaka

Acquisition Date	August 2, 2018
Acquisition Price (Note 1)	JPY20,691 million
Location	Minato-ku, Tokyo
Completion Date	June 2016
Legal Form of Asset	Trust beneficiary interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	8,620.69 m ²
Leasable Area	8,620.69 m ²

Property Number: D61 Property Name: Hotel MyStays Premier Sapporo Park

Acquisition Date	August 2, 2018
Acquisition Price (Note 1)	JPY16,731 million
Location	Sapporo-shi, Hokkaido
Completion Date	March 1998
Legal Form of Asset	Trust beneficiary interest
Seller	Raetia Tokutei Mokuteki Kaisha
Total Floor Area	21,670.64 m ²
Leasable Area	21,670.64 m ²

Property Number: D62 Property Name: Hotel MyStays Ueno East

Acquisition Date	August 2, 2018
Acquisition Price (Note 1)	JPY5,286 million
Location	Taito-ku, Tokyo
Completion Date	September 1991
Legal Form of Asset	Trust beneficiary interest
Seller	HL Investments 2 Tokutei Mokuteki Kaisha
Total Floor Area	4,396.02 m ²
Leasable Area	4,396.02 m ²

Property Number: D63 Property Name: Hotel MyStays Midosuji Honmachi

Acquisition Date	August 2, 2018
Acquisition Price (Note 1)	JPY5,039 million
Location	Osaka-shi, Osaka
Completion Date	October 2017
Legal Form of Asset	Trust beneficiary interest
Seller	Dogo Tokutei Mokuteki Kaisha
Total Floor Area	3,429.43 m ²
Leasable Area	3,429.43 m ²

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

4. Acquisition of assets (TK interest with overseas real estate as underlying assets)

INV resolved acquisition of the following TK interest on July 17, 2018 and executed the TK Agreement on the same date.

Overview of acquisition

Asset to be acquired	TK interest in a Cayman Islands special purpose company that plans to acquire Leasehold Interests in overseas real estate as underlying assets
Anticipated acquisition price	USD 339,836,000 (JPY 37,534 million) (Note 1) for 100.0% of the Cayman Hotel TK Interest
Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort
Anticipated acquisition date	One business day prior to the acquisition date of the underlying assets, which is expected to close by October 31, 2018 or the date separately agreed
TK operator	Seven Mile Resort Holdings Ltd.

(Note 1) The anticipated investment amount is fixed by the foreign exchange forward contract executed on July 26, 2018 in Japanese Yen denomination which were calculated using an exchange rate of 1 USD=110.45.

Overview of underlying assets

Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa
Anticipated acquisition price (Note 1) (Note 2)	USD 255,300,000 (JPY 28,197 million)
Location	Seven Mile Beach Road, Grand Cayman, Cayman Islands
Completion Date	1994
Total Floor Area	231,728 ft ² (approx. 21,528 m ²)

Name of underlying asset	Sunshine Suites Resort
Anticipated acquisition price (Note 1) (Note 2)	USD 49,700,000 (JPY 5,489 million)
Location	Esterley Tibbetts Highway, Grand Cayman, Cayman Islands
Completion Date	1999
Total Floor Area	72,367 ft ² (approx. 6,723 m ²)

(Note 2) This price is not the anticipated acquisition price of the Cayman Hotel TK Interest acquired by INV but the anticipated acquisition price of the Leasehold, etc. of the Underlying Asset acquired by the Cayman SPC.

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

Changes in the number of investment units issued and outstanding and unitholders' capital for the past 10 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	
February 1, 2010	Unit split	215,596	269,495	-	19,134,417,100	(Note 1)
February 1, 2010	Merger	367,200	636,695	-	19,134,417,100	(Note 2)
July 29, 2011	Third-party allotment	711,597	1,348,292	6,999,979,689	26,134,396,789	(Note 3)
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 4)
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 5)
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 6)
July 15, 2015	Public offering	500,000	3,168,686	27,970,500,000	81,066,913,980	(Note 7)
August 12, 2015	Third-party allotment	25,000	3,193,686	1,398,525,000	82,465,438,980	(Note 8)
March 30, 2016	Public offering	459,512	3,653,198	36,123,157,344	118,588,596,324	(Note 9)
April 27, 2016	Third-party allotment	22,626	3,675,824	1,778,675,112	120,367,271,436	(Note 10)
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 11)
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 12)
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 13)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 14)

(Note 1) An investment unit split of 5 units per 1 unit was conducted.

(Note 2) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with INV as the surviving entity. As a result of the merger by absorption, 4 investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.

(Note 3) New investment units were issued in a third-party allotment at a price of JPY 9,837 per unit to make repayment of existing loan, etc.

(Note 4) New investment units were issued in a third-party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.

(Note 5) New investment units were issued in a public offering at a price of JPY 22,688 per unit (JPY 21,873 after deducting the underwriters' discount) to raise funds for the acquisition of new properties.

(Note 6) New investment units were issued in a third-party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.

(Note 7) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 8) New investment units were issued in a third-party allotment at a price of JPY 55,941 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of properties.

(Note 9) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 10) New investment units were issued in a third-party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of properties.

(Note 11) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on February 22, 2017 and the amount was incorporated into unitholders' capital.

(Note 12) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 13) New investment units were issued in a public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

(Note 14) New investment units were issued in a third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.

4. Change in Directors

Changes in directors are disclosed in a timely manner upon the determination of such changes.

5. Reference Information

(1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended December 31, 2017 (as of December 31, 2017)		Fiscal period ended June 30, 2018 (as of June 30, 2018)		
			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	-	-	-	-	
		Subtotal	2	0.0	2	0.0	
Total real estate			2	0.0	2	0.0	
Real estate in trust	Residences	Greater Tokyo area	74,091	19.9	70,877	18.9	
		Major regional cities	15,858	4.3	15,691	4.2	
		Subtotal	89,949	24.2	86,569	23.1	
	Offices/Commercial Facilities	Greater Tokyo area	5,765	1.6	-	-	
		Major regional cities	5,666	1.5	4,912	1.3	
		Subtotal	11,432	3.1	4,912	1.3	
	Hotels	Greater Tokyo area	121,225	32.6	133,640	35.7	
		Major regional cities	105,099	28.3	111,809	29.9	
		Subtotal	226,325	60.9	245,450	65.5	
	Total real estate in trust			327,706	88.2	336,932	90.0
	Preferred equity interest (Note 4)			17,854	4.8	17,856	4.8
	Deposits and other assets			26,193	7.0	19,721	5.3
Total assets (Note 5)			371,758 (327,709)	100.0 (88.2)	374,512 (336,934)	100.0 (90.0)	

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

(Note 2) "Amount held" is from the balance sheet as of the end of the reporting period and is calculated by deducting accumulated depreciation from the acquisition price (including acquisition related costs).

(Note 3) Part of Hotel MyStays Haneda falls under this category.

(Note 4) 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 5) The figures indicated in parenthesis under "Total assets" show the amounts related to owned real estate (excluding the amount of preferred equity interest owned).

	Fiscal period ended December 31, 2017 (as of December 31, 2017)		Fiscal period ended June 30, 2018 (as of June 30, 2018)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	190,437	51.2	192,989	51.5
Total Net Assets	181,320	48.8	181,523	48.5
Total Liabilities and Net Assets	371,758	100.0	374,512	100.0

(2) Real Estate Properties, Etc.

The following summarizes the real estate and real estate held in trust as well as preferred equity interest that INV held as of June 30, 2018.

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 7)	1,251	1,112	0.3	1,210	A
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interests (Note 7)	1,229	1,076	0.3	1,330	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests (Note 7)	888	848	0.2	1,040	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 7)	1,070	968	0.3	1,140	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests (Note 7)	1,505	1,353	0.4	1,430	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 7)	1,088	1,073	0.3	1,090	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 7)	1,059	952	0.3	1,180	A
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 7)	1,023	940	0.3	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 7)	906	813	0.2	1,010	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 7)	795	739	0.2	747	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests (Note 7)	676	637	0.2	669	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 7)	651	664	0.2	638	A
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 7)	646	654	0.2	499	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 7)	620	532	0.2	746	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 7)	589	557	0.2	535	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 7)	589	556	0.2	621	A

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 7)	572	523	0.2	515	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 7)	566	515	0.2	573	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 7)	557	513	0.2	486	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 7)	510	450	0.1	554	A
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	2,520	2,305	0.7	3,270	B
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interests	3,260	3,027	0.9	4,150	C
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,880	1,878	0.5	2,590	C
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,450	1,313	0.4	1,910	D
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	817	0.2	1,110	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	551	0.2	722	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	1,012	0.3	1,370	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	386	0.1	574	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	280	0.1	453	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	230	0.1	281	D
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests	977	845	0.3	1,240	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	432	0.1	640	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	949	0.3	1,290	D
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interests	7,010	6,463	1.9	8,110	B
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interests	1,660	1,610	0.5	2,050	B
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	1,260	1,164	0.3	1,400	B
A78	Cosmo Court Motomachi	3-12-20 Motomachidori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	973	890	0.3	1,100	B
A79	Revest Honjin	2-13 Toriidoru Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	613	0.2	816	B
A80	Revest Matsubara	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	603	0.2	800	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	554	0.2	743	B
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	544	0.2	734	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	543	0.2	709	B
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interests	581	522	0.2	717	B
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	544	499	0.1	637	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interests	543	510	0.1	635	B
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	482	0.1	573	B
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	512	465	0.1	615	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	430	0.1	619	B
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interests	446	415	0.1	530	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	391	0.1	530	B
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	350	0.1	438	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	345	0.1	447	B
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interests	355	329	0.1	439	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	321	0.1	436	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	312	0.1	320	B
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	289	0.1	389	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	273	0.1	327	B
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,782	1,770	0.5	1,990	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,693	0.5	1,760	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,637	0.4	1,770	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,865	0.8	3,080	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	5,015	1.4	5,510	C

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
A105	Royal Parks Tower Minami-Senju	4-7-3 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	21,879	22,388	6.0	22,700	B
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,756	0.7	2,760	B
Subtotal (64 properties)				90,154	86,569	24.8	100,387	-
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	3,280	3,056	0.9	3,720	C
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,855	0.6	2,450	C
Subtotal (2 properties)				5,600	4,912	1.5	6,170	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	3,003	0.8	4,920	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,553	0.7	4,670	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokochi, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,821	1.7	15,100	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,730	1.4	7,140	B
D05	Hotel MyStays Maihama	3-5-1 Tekkodori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,848	1.3	6,580	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,810	1.1	7,340	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,717	0.8	6,290	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,414	0.7	7,240	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	1,999	0.6	3,500	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,821	0.5	2,960	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,507	0.4	5,460	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,366	0.4	1,980	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,262	0.4	2,240	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,212	0.3	1,950	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,217	0.3	2,090	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,137	0.3	2,050	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,153	0.3	4,530	B
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	729	0.2	1,270	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	573	0.2	763	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	290	0.1	367	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,897	2.3	9,650	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,848	0.8	3,640	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,101	0.6	2,220	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,470	2.1	8,160	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,454	1.5	7,020	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,728	1.1	3,900	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,649	1.0	4,670	B
D28	Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,082	0.6	2,430	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,604	0.4	1,790	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,268	0.4	1,340	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,230	0.3	1,540	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	936	0.3	1,150	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	941	0.3	1,090	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	884	0.2	1,030	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,939	1.4	4,800	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,131	0.3	1,230	E
D37	Super Hotel JR Ueno-iriyauchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,102	0.3	1,220	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	3,095	0.9	3,220	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,096	0.3	1,220	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	1,084	0.3	1,160	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	975	0.3	1,070	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	812	0.2	905	E

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 6)
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,464	7.3	27,500	C
D44	Hotel Epinard Nasu	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other land parcels)	Trust beneficiary interests	20,981	20,218	5.8	23,100	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,911	2.2	8,740	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,865	2.2	7,480	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	13,339	3.8	14,500	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,106	0.6	2,220	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,980	2.2	8,270	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	13,039	3.6	13,200	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,746	2.7	9,930	D
D52	Beppu Kamenoi Hotel	5-17 Chuo Cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	8,689	2.4	9,010	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Nita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,811	2.2	8,140	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,324	1.5	5,380	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,769	0.8	2,810	D
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,730	0.7	2,760	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,600	0.4	1,640	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,077	1.1	4,120	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,268	0.9	3,290	E
Subtotal (59 properties)				250,230	245,453	68.8	304,985	-
Total (125 properties)				345,985	336,934	95.1	411,542	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 8)	17,845	17,856	4.9	-	-
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	4.9	-	-
Total (126 properties)				363,831	354,791	100.0	-	-

- (Note 1) “Property number” indicates the use categorization of properties owned by INV, with “A” standing for residence, “B” standing for office and commercial facility, “C” standing for parking lots and “D” standing for hotel, and the number assigned for each property. The number following “A”, “B”, “C” and “D” is assigned based on how early the acquisition was made, except for acquisitions made at the same time a lower number is assigned to the property with a greater acquisition price.
- (Note 2) “Location” is, in principle, based on the indicated address (*kyuhyoji*), except that if the *kyuhyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).
- (Note 3) “Acquisition price” is the purchase price indicated in the real estate or trust beneficiary purchase agreement. (However, for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) described below (Note 8), “Acquisition price” indicates the amount invested by INV for the preferred equity interest. The same shall apply hereinafter in this document.) Such price excludes consumption tax and other taxes, and has been rounded down to the nearest million yen.
- (Note 4) “Investment percentage” is the ratio of the acquisition price to the aggregate acquisition price of INV’s portfolio, and has been rounded to the first decimal place.
- (Note 5) “Appraisal value at the end of the period” is the value appraised or determined based on research by the real estate appraiser as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trust Association, Japan. For Sheraton Grande Tokyo Bay Hotel (preferred equity interest), there is no Appraisal value at the end of the period due to it being preferred equity interest.
- (Note 6) “Appraiser” is shown in code in the table above. The code used to represent the appraisers is as follows:

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

- (Note 7) These trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. The grouping of trust beneficiary interests at the end of the fiscal period ended June 30, 2018 is as follows:
- Group 1
Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Shin-Yokohama, Belle Face Ueno-Okachimachi, Growth Maison Yoga, Shibuya-Honmachi Mansion, City Heights Kinuta, and Foros Nakamurabashi
- Group 2
Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Route Tachikawa, College Square Machida, Belair Meguro, and Wacore Tsunashima I
- Group 3
Suncrest Shakujii-Koen, Grand Rire Kameido, Aceeds Tower Kawaguchi-Namiki, Growth Maison Kaijin, and College Square Machiya
- (Note 8) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as 1 property.
- (Note 9) Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction, etc., as of the end of the fiscal period ended June 30, 2018 for the real estate assets is as follows.

Name of Property	Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)			
				Total	Payment for the Fiscal Period ended June 30, 2018	Advance Payments	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Renovation work	From July 2018 To December 2018	390,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Renovation work	From July 2018 To December 2018	90,000	-	-
D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	Renovation work	From July 2018 To December 2018	40,000	-	-
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Renovation work	From July 2018 To December 2018	22,500	-	-
A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	Outer wall repair work	From July 2018 To December 2018	19,570	-	-

(b) Capital expenditures for the fiscal period ended June 30, 2018

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2018 is as follows. Capital expenditures for the fiscal period totaled JPY 1,315,508 thousand, and together with JPY 24,050 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,339,558 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D22	Hotel MyStays Hakodate-Goryokaku	Hakodate-shi, Hokkaido	Renovation work	From January 2018 To June 2018	225,642
D05	Hotel MyStays Maihama	Urayasu-shi, Chiba	Renovation work	From January 2018 To June 2018	219,683
D06	Hotel MyStays Premier Dojima	Osaka-shi, Osaka	Renovation work	From January 2018 To June 2018	183,241
D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	Renovation work	From January 2018 To June 2018	102,308
D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	Renovation work	From January 2018 To June 2018	69,592
Other construction					515,039
Total					1,315,508

(c) 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	26th fiscal period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period
	From January 1, 2016 to June 30, 2016	From July 1, 2016 to December 31, 2016	From January 1, 2017 to June 30, 2017	From July 1, 2017 to December 31, 2017	From January 1, 2018 to June 30, 2018
Reserved funds at beginning of period	982,750	1,303,685	1,397,286	1,397,243	1,566,108
Amount reserved (Note 1)	543,275	446,066	468,145	697,444	468,448
Amount reversed (Note 1)	222,339	352,464	468,189	528,579	422,728
Amount carried over for next fiscal period	1,303,685	1,397,286	1,397,243	1,566,108	1,611,828

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

(3) Tenant Summary

a Summary of lease conditions by property

(As of June 30, 2018)

Property No.	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (units) (Note 3)	Leased units (units) (Note 4)	Total number of tenants (Note 5)	Tenants (Note 6)	Rental revenue (JPY thousand) (Note 7)	Ratio of rental revenue (%) (Note 11)	Type of lease (Note 8)
A26	Nisshin Palacestage Daitabashi	1,771.13	1,684.22	98	93	1	Best Property Corporation	38,880	0.3	Pass through master lease
A27	Nisshin Palacestage Higashi-Nagasaki	2,681.94	2,681.94	60	60	1	Best Property Corporation	47,087	0.4	Pass through master lease
A28	Growth Maison Gotanda	1,051.50	1,051.50	48	48	1	Pacific Development & Management Co., Ltd	27,485	0.2	Pass through master lease
A29	Growth Maison Kameido	1,367.96	1,305.52	66	63	1	Mitsui Home Estate Co., Ltd.	35,011	0.3	Pass through master lease
A30	Emerald House	2,152.31	2,152.31	96	96	1	Tokyo Gakusei-life Co., Ltd.	49,218	0.4	Pass through master lease
A32	Suncrest Shakujji-Koen	3,029.16	2,942.22	29	28	1	Mitsui Home Estate Co., Ltd.	37,634	0.3	Pass through master lease
A33	Growth Maison Shin-Yokohama	1,858.44	1,830.44	68	67	1	Pacific Development & Management Co., Ltd	36,661	0.3	Pass through master lease
A34	Belle Face Ueno-Okachimachi	1,351.11	1,308.81	64	62	1	Tokyo Gakusei-life Co., Ltd.	33,499	0.3	Pass through master lease
A35	Grand Rire Kameido	1,562.26	1,562.26	72	72	1	J.S.B. Co., Ltd.	26,619	0.2	Guaranteed rent
A37	Growth Maison Yōga	1,015.34	989.41	39	38	1	Mitsui Home Estate Co., Ltd.	22,616	0.2	Pass through master lease
A38	Route Tachikawa	1,368.57	1,368.57	24	24	1	Pacific Development & Management Co., Ltd	21,540	0.2	Pass through master lease
A39	Shibuya-Honmachi Mansion	1,167.50	1,076.52	25	23	1	Pacific Development & Management Co., Ltd	19,472	0.2	Pass through master lease
A40	City Heights Kinuta	1,235.93	1,235.93	19	19	1	Mitsui Home Estate Co., Ltd.	18,102	0.2	Pass through master lease
A41	Acseeds Tower Kawaguchi-Namiki	1,210.74	1,189.12	57	56	1	Goodworks Co., Ltd.	24,754	0.2	Pass through master lease
A43	College Square Machida	1,047.75	1,047.75	62	62	1	Mainichicomnet Co., Ltd.	17,484	0.2	Guaranteed rent
A44	Belair Meguro	557.05	535.51	25	24	1	Pacific Development & Management Co., Ltd	16,143	0.1	Pass through master lease
A45	Wacore Tsunashima I	907.46	871.56	50	48	1	Pacific Development & Management Co., Ltd	18,127	0.2	Pass through master lease
A46	Foros Nakamurabashi	815.77	775.39	37	35	1	Mitsui Home Estate Co., Ltd.	18,716	0.2	Pass through master lease
A47	Growth Maison Kaijin	2,040.27	1,907.41	34	32	1	Mitsui Home Estate Co., Ltd.	22,200	0.2	Pass through master lease
A48	College Square Machiya	871.35	871.35	43	43	1	Mainichicomnet Co., Ltd.	14,706	0.1	Guaranteed rent
A51	City House Tokyo Shinbashi	3,364.00	3,295.78	86	84	1	Mitsui Home Estate Co., Ltd.	92,985	0.8	Pass through master lease
A52	Winbell Kagurazaka	4,032.70	3,961.22	118	116	1	Mitsui Home Estate Co., Ltd.	109,221	1.0	Pass through master lease
A53	Nishiwaseda Crescent Mansion	4,310.77	4,242.90	69	68	1	Pacific Development & Management Co., Ltd	74,348	0.7	Pass through master lease
A54	Lexington Square Akebonobashi	1,987.88	1,967.13	88	87	1	Mitsui Home Estate Co., Ltd.	51,097	0.5	Pass through master lease
A59	Towa City Coop Shinotsuka II	1,627.13	1,563.09	58	56	1	Mitsui Home Estate Co., Ltd.	35,917	0.3	Pass through master lease
A61	Bichsel Musashiseki	1,220.24	1,202.39	70	69	1	Mitsui Home Estate Co., Ltd.	24,762	0.2	Pass through master lease
A63	Towa City Coop Sengencho	3,426.36	3,188.64	154	143	1	Pacific Development & Management Co., Ltd	54,977	0.5	Pass through master lease
A64	Royal Park Omachi	1,929.59	1,860.47	51	49	1	Goodworks Co., Ltd.	27,001	0.2	Pass through master lease
A65	Lexington Square Haginomachi	1,528.58	1,488.53	39	38	1	Goodworks Co., Ltd.	18,145	0.2	Pass through master lease
A66	Visconti Kakuozan	705.75	705.75	8	8	1	Mitsui Home Estate Co., Ltd.	11,157	0.1	Pass through master lease
A71	Lexington Square Daitabashi	1,430.64	1,400.45	43	42	1	Goodworks Co., Ltd.	33,079	0.3	Pass through master lease
A72	Lexington Square Honjo Azumabashi	784.74	784.74	33	33	1	Mitsui Home Estate Co., Ltd.	18,426	0.2	Pass through master lease
A73	AMS TOWER Minami 6-Jo	4,460.56	3,697.19	120	101	1	Big Service Co., Ltd.	42,761	0.4	Pass through master lease
A75	Spacia Ebisu	7,794.91	7,452.16	109	104	1	Pacific Development & Management Co., Ltd	208,597	1.9	Pass through master lease
A76	Neo Prominence	3,574.70	3,513.35	52	51	1	Goodworks Co., Ltd.	67,322	0.6	Pass through master lease
A77	Invoice Shin-Kobe Residence	2,773.71	2,748.92	81	80	1	Goodworks Co., Ltd.	50,828	0.5	Pass through master lease
A78	Cosmo Court Motomachi	2,310.49	2,281.50	82	81	1	Goodworks Co., Ltd.	38,268	0.3	Pass through master lease

Property No.	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (units) (Note 3)	Leased units (units) (Note 4)	Total number of tenants (Note 5)	Tenants (Note 6)	Rental revenue (JPY thousand) (Note 7)	Ratio of rental revenue (%) (Note 11)	Type of lease (Note 8)
A79	Revest Honjin	1,933.80	1,812.56	80	75	1	Mininet, Inc.	31,286	0.3	Pass through master lease
A80	Revest Matsubara	1,955.40	1,918.74	70	69	1	Mininet, Inc.	30,439	0.3	Pass through master lease
A82	Alba Noritake Shinmachi	1,731.68	1,647.21	64	61	1	Mininet, Inc.	28,107	0.3	Pass through master lease
A83	Revest Meieki Minami	1,634.60	1,480.07	61	55	1	Mininet, Inc.	25,584	0.2	Pass through master lease
A84	Revest Heian	1,554.03	1,504.03	40	38	1	Mininet, Inc.	23,865	0.2	Pass through master lease
A85	Vendir Hamaotsu Ekimae	2,670.66	2,436.54	81	74	1	Mininet, Inc.	33,886	0.3	Pass through master lease
A86	Salvo Sala	1,428.12	1,321.78	54	50	1	Goodworks Co., Ltd.	25,210	0.2	Pass through master lease
A87	Excellente Kagurazaka	701.92	660.77	33	31	1	Goodworks Co., Ltd.	19,969	0.2	Pass through master lease
A88	Luna Court Edobori	1,185.50	1,138.36	50	48	1	Goodworks Co., Ltd.	21,320	0.2	Pass through master lease
A89	Winntage Kobe Motomachi	1,433.35	1,409.18	57	56	1	Goodworks Co., Ltd.	22,778	0.2	Pass through master lease
A90	Queen's Court Fukuzumi	765.18	765.18	25	25	1	Goodworks Co., Ltd.	18,525	0.2	Pass through master lease
A91	Corp Higashinotoin	1,029.05	1,029.05	42	42	1	Goodworks Co., Ltd.	19,154	0.2	Pass through master lease
A92	Belair Oimachi	530.60	530.60	26	25	1	Goodworks Co., Ltd.	15,490	0.1	Pass through master lease
A93	Siete Minami-Tsukaguchi	1,020.86	1,020.86	40	40	1	Goodworks Co., Ltd.	17,437	0.2	Pass through master lease
A94	Prime Life Sannomiya Isogami Koen	789.12	789.12	32	32	1	Goodworks Co., Ltd.	15,488	0.1	Pass through master lease
A95	HERMITAGE NANBA WEST	992.76	992.76	21	21	1	Goodworks Co., Ltd.	16,083	0.1	Pass through master lease
A96	Century Park Shinkawa 1-bankan	1,477.62	1,309.27	44	39	1	Goodworks Co., Ltd.	20,955	0.2	Pass through master lease
A97	West Avenue	794.80	774.94	40	39	1	Goodworks Co., Ltd.	12,185	0.1	Pass through master lease
A98	Little River Honmachibashi	974.81	974.81	31	31	1	Goodworks Co., Ltd.	14,005	0.1	Pass through master lease
A99	Prime Life Mikage	761.18	761.18	28	28	1	Goodworks Co., Ltd.	12,672	0.1	Pass through master lease
A100	City Court Kitaichijo	5,230.18	5,148.41	127	125	1	Big Service Co., Ltd.	66,770	0.6	Pass through master lease
A101	Lieto Court Mukojima	2,940.20	2,911.94	82	81	1	Mitsui Home Estate Co., Ltd.	55,654	0.5	Pass through master lease
A102	Lieto Court Nishi-Ojima	2,048.28	2,027.36	91	90	1	Mitsui Home Estate Co., Ltd.	48,968	0.4	Pass through master lease
A103	Royal Parks Momozaka	8,776.26	7,900.49	147	130	4	Goodworks Co., Ltd.	155,151	1.4	Pass through master lease
A104	Royal Parks Shinden	15,797.29	15,797.29	248	248	4	Goodworks Co., Ltd.	217,076	2.0	Guaranteed rent and pass through master lease
A105	Royal Parks Tower Minami-Senju	39,113.46	36,405.23	557	516	1	Goodworks Co., Ltd.	763,803	6.9	Pass through master lease
A106	Royal Parks Seasir Minami-Senju	6,496.86	6,294.27	113	110	1	Goodworks Co., Ltd.	113,119	1.0	Pass through master lease
B17	Lexington Plaza Hachiman	8,419.15	8,419.15	18	18	1	Tokyo Biso Kogyo Corporation	164,195	1.5	Pass through master lease
B18	AEON TOWN Sukagawa	18,440.58	18,440.58	1	1	1	AEONTOWN Co., Ltd.	141,593	1.3	Guaranteed rent
D01	Hotel MyStays Kanda	2,585.72	2,585.72	126	126	1	MyStays Hotel Management Co., Ltd.	111,338	1.0	Fixed rent plus variable rent type operation
D02	Hotel MyStays Asakusa	3,327.38	3,327.38	161	161	1	MyStays Hotel Management Co., Ltd.	106,530	1.0	Fixed rent plus variable rent type operation
D03	Hotel MyStays Kyoto-Shijo	7,241.51	7,241.51	225	225	1	MyStays Hotel Management Co., Ltd.	190,995	1.7	Fixed rent plus variable rent type operation
D04	MyStays Shin-Urayasu Conference Center	6,232.30	6,232.30	175	175	1	MyStays Hotel Management Co., Ltd.	170,174	1.5	Fixed rent plus variable rent type operation
D05	Hotel MyStays Maihama	2,456.36	2,456.36	90	90	1	MyStays Hotel Management Co., Ltd.	110,898	1.0	Fixed rent plus variable rent type operation
D06	Hotel MyStays Premier Dojima	9,445.32	9,445.32	153	153	1	MGH Master Lease Co., Ltd.	180,563	1.6	Fixed rent plus variable rent type operation

Property No.	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (units) (Note 3)	Leased units (units) (Note 4)	Total number of tenants (Note 5)	Tenants (Note 6)	Rental revenue (JPY thousand) (Note 7)	Ratio of rental revenue (%) (Note 11)	Type of lease (Note 8)
D07	Hotel MyStays Nagoya-Sakae	9,064.71	9,064.71	279	279	1	Yugen Kaisha Nagoya Hotel Management	189,920	1.7	Fixed rent plus variable rent type operation
D08	Hotel MyStays Sakaisuji-Honmachi	4,188.83	4,188.83	191	191	1	MyStays Hotel Management Co., Ltd.	134,391	1.2	Fixed rent plus variable rent type operation
D09	Hotel MyStays Yokohama	7,379.43	7,379.43	190	190	1	MyStays Hotel Management Co., Ltd.	118,488	1.1	Fixed rent plus variable rent type operation
D10	Hotel MyStays Nippori	1,719.29	1,719.29	93	93	1	MyStays Hotel Management Co., Ltd.	61,962	0.6	Fixed rent plus variable rent type operation
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3,412.71	3,412.71	178	178	1	MyStays Hotel Management Co., Ltd.	145,371	1.3	Fixed rent plus variable rent type operation
D12	Flexstay Inn Iidabashi	2,953.38	2,953.38	62	62	1	MyStays Hotel Management Co., Ltd.	53,416	0.5	Fixed rent plus variable rent type operation
D13	Hotel MyStays Ueno Inaricho	1,150.76	1,150.76	72	72	1	MyStays Hotel Management Co., Ltd.	49,251	0.4	Fixed rent plus variable rent type operation
D14	Flexstay Inn Shinagawa	1,134.52	1,134.52	55	55	1	MyStays Hotel Management Co., Ltd.	43,770	0.4	Fixed rent plus variable rent type operation
D15	Flexstay Inn Tokiwadai	2,539.75	2,539.75	130	130	1	MyStays Hotel Management Co., Ltd.	55,215	0.5	Fixed rent plus variable rent type operation
D16	Flexstay Inn Sugamo	2,089.86	2,089.86	105	105	1	MyStays Hotel Management Co., Ltd.	55,232	0.5	Fixed rent plus variable rent type operation
D17	Hotel MyStays Otemae	4,956.66	4,956.66	111	111	1	MyStays Hotel Management Co., Ltd.	94,122	0.8	Fixed rent plus variable rent type operation
D18	Flexstay Inn Kiyosumi Shirakawa	2,673.64	2,673.64	56	56	1	MyStays Hotel Management Co., Ltd.	36,792	0.3	Fixed rent plus variable rent type operation
D19	Flexstay Inn Nakanobu P1	770.56	770.56	39	39	1	MyStays Hotel Management Co., Ltd.	22,984	0.2	Fixed rent plus variable rent type operation
D20	Flexstay Inn Nakanobu P2	391.49	391.49	22	22	1	MyStays Hotel Management Co., Ltd.	11,873	0.1	Fixed rent plus variable rent type operation
D21	APA Hotel Yokohama Kannai	6,568.51	6,568.51	452	452	1	APA Hotel Kabushiki Kaisha	229,000	2.1	Fixed rent plus variable rent type operation
D22	Hotel MyStays Hakodate-Goryokaku	7,961.26	7,961.26	211	211	1	Hakodate Hospitality Godo Kaisha (Note 9)	76,850	0.7	Fixed rent plus variable rent type operation
D23	Flexstay Inn Shirogane	1,754.06	1,754.06	84	84	1	MyStays Hotel Management Co., Ltd.	55,163	0.5	Fixed rent plus variable rent type operation
D24	Hotel MyStays Haneda	5,400.16	5,400.16	174	174	1	MyStays Hotel Management Co., Ltd.	183,749	1.7	Fixed rent plus variable rent type operation
D25	Hotel MyStays Kameido P1	4,349.67	4,349.67	266	266	1	MyStays Hotel Management Co., Ltd.	183,133	1.6	Fixed rent plus variable rent type operation
D26	Hotel MyStays Ueno Iriyaguchi	2,247.92	2,247.92	97	97	1	MyStays Hotel Management Co., Ltd.	95,011	0.9	Fixed rent plus variable rent type operation
D27	Hotel MyStays Kameido P2	2,793.99	2,793.99	177	177	1	MyStays Hotel Management Co., Ltd.	120,229	1.1	Fixed rent plus variable rent type operation
D28	Hotel Vista Shimizu	3,559.81	3,559.81	152	152	1	Vista Hotel Management Co., Ltd.	61,652	0.6	Fixed rent plus variable rent type operation
D29	Super Hotel Shinbashi/ Karasumoriguchi	1,403.89	1,403.89	74	74	1	Super Hotel Co., Ltd.	39,426	0.4	Fixed rent
D30	Flexstay Inn Higashi-Jujo	1,714.53	1,714.53	89	89	1	MyStays Hotel Management Co., Ltd.	38,349	0.3	Fixed rent plus variable rent type operation

Property No.	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (units) (Note 3)	Leased units (units) (Note 4)	Total number of tenants (Note 5)	Tenants (Note 6)	Rental revenue (JPY thousand) (Note 7)	Ratio of rental revenue (%) (Note 11)	Type of lease (Note 8)
D31	Hotel MyStays Utsunomiya	11,733.23	11,733.23	126	126	1	MyStays Hotel Management Co., Ltd.	99,599	0.9	Fixed rent plus variable rent type operation
D32	Flexstay Inn Kawasaki-Kaizuka	1,190.57	1,190.57	64	64	1	MyStays Hotel Management Co., Ltd.	32,101	0.3	Fixed rent plus variable rent type operation
D33	Comfort Hotel Toyama	3,305.64	3,305.64	150	150	1	Greens Co., Ltd.	35,928	0.3	Fixed rent
D34	Flexstay Inn Kawasaki-Ogawacho	725.60	725.60	62	62	1	MyStays Hotel Management Co., Ltd.	25,463	0.2	Fixed rent plus variable rent type operation
D35	Flexstay Inn Ekoda	3,932.93	3,932.93	210	210	1	MyStays Hotel Management Co., Ltd.	115,864	1.0	Fixed rent plus variable rent type operation
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1,832.97	1,832.97	96	96	1	Super Hotel Co., Ltd.	31,787	0.3	Fixed rent
D37	Super Hotel JR Ueno-iriyaguchi	1,279.16	1,279.16	69	69	1	Super Hotel Co., Ltd.	27,275	0.2	Fixed rent
D38	Hotel MyStays Shinsaibashi	1,942.01	1,942.01	57	57	1	MyStays Hotel Management Co., Ltd.	67,682	0.6	Fixed rent plus variable rent type operation
D39	Comfort Hotel Kurosaki	3,207.60	3,207.60	151	151	1	Greens Co., Ltd.	37,894	0.3	Fixed rent
D40	Comfort Hotel Maebashi	3,660.96	3,660.96	154	154	2	Greens Co., Ltd.	43,811	0.4	Fixed rent
D41	Comfort Hotel Tsubame-Sanjo	3,099.90	3,099.90	133	133	2	Greens Co., Ltd.	34,949	0.3	Fixed rent
D42	Comfort Hotel Kitami	3,009.50	3,009.50	127	127	1	Greens Co., Ltd.	30,300	0.3	Fixed rent
D43	Hotel MyStays Gotanda Station	10,137.88	10,137.88	385	385	1	MyStays Hotel Management Co., Ltd.	482,750	4.3	Fixed rent plus variable rent type operation
D44	Hotel Epinard Nasu	37,702.33	37,702.33	310	310	1	Naqua Hotels and Resorts Management Co., Ltd.	576,941	5.2	Fixed rent plus variable rent type operation
D45	Hotel MyStays Fukuoka Tenjin	5,083.06	5,083.06	217	217	1	MyStays Hotel Management Co., Ltd.	218,700	2.0	Fixed rent plus variable rent type operation
D46	Hotel MyStays Hamamatsucho	1,951.90	1,951.90	105	105	1	MyStays Hotel Management Co., Ltd.	112,104	1.0	Fixed rent plus variable rent type operation
D47	Hotel MyStays Premier Kanazawa	13,250.03	13,250.03	261	261	1	MyStays Hotel Management Co., Ltd.	306,064	2.8	Fixed rent plus variable rent type operation
D48	Takamatsu Tokyu REI Hotel	7,148.17	7,148.17	193	193	3	Tokyu Hotels Co., Ltd.	105,549	0.9	Fixed rent
D49	Hotel MyStays Premier Hamamatsucho	6,151.93	6,151.93	134	134	1	MyStays Hotel Management Co., Ltd.	223,983	2.0	Fixed rent plus variable rent type operation
D50	Hotel MyStays Shin Osaka Conference Center	13,026.99	13,026.99	397	397	1	MyStays Hotel Management Co., Ltd.	393,186	3.5	Fixed rent plus variable rent type operation
D51	Hotel MyStays Premier Omori	11,849.61	11,849.61	256	256	1	MyStays Hotel Management Co., Ltd.	273,325	2.5	Fixed rent plus variable rent type operation
D52	Beppu Kamenoi Hotel	19,422.08	19,422.08	323	323	1	MyStays Hotel Management Co., Ltd. (Note 10)	347,901	3.1	Fixed rent plus variable rent type operation
D53	Hotel MyStays Sapporo Station	7,267.88	7,267.88	243	243	1	MyStays Hotel Management Co., Ltd.	221,703	2.0	Fixed rent plus variable rent type operation
D54	Hotel MyStays Yokohama Kanna	4,501.18	4,501.18	166	166	1	MyStays Hotel Management Co., Ltd.	133,413	1.2	Fixed rent plus variable rent type operation
D55	Art Hotel Joetsu	7,563.60	7,563.60	198	198	1	HL Investments Co., Ltd.	145,193	1.3	Fixed rent plus variable rent type operation
D56	Art Hotel Hirosaki City	14,826.30	14,826.30	158	158	1	Hirosaki Hotel Management Godo Kaisha	152,005	1.4	Fixed rent plus variable rent type operation
D57	Hotel MyStays Oita	3,254.69	3,254.69	145	145	1	MyStays Hotel Management Co., Ltd.	69,444	0.6	Fixed rent plus variable rent type operation

Property No.	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Leasable units (units) (Note 3)	Leased units (units) (Note 4)	Total number of tenants (Note 5)	Tenants (Note 6)	Rental revenue (JPY thousand) (Note 7)	Ratio of rental revenue (%) (Note 11)	Type of lease (Note 8)
D58	Hotel MyStays Gotanda	1,839.77	1,839.77	110	110	1	MyStays Hotel Management Co., Ltd.	3,843	0.0	Fixed rent plus variable rent type operation
D59	Hotel MyStays Tachikawa	3,844.64	3,844.64	122	122	1	MyStays Hotel Management Co., Ltd.	3,472	0.0	Fixed rent plus variable rent type operation
Total		530,163.68	522,573.77	13,991	13,812	135	—	11,033,744	99.2	—

- (Note 1) “Leasable Area” is the total leasable floor area for guest room, residential, office, retail and others, for each real estate or real estate in trust.
- (Note 2) “Leased Area” is the total sum of the leased area with respect to which a lease agreement with an end-tenant has actually been entered into and which are leased to the end-tenant (the area specified in the lease agreement). With respect to the rent-guarantee type master lease agreement, the area leased to master lessee is listed.
- (Note 3) “Leasable Units” with respect to hotel properties means the total number of guest rooms and rentable retail units, etc. for each real estate or real estate in trust, and with respect to properties other than hotel properties, means the total number of rentable units and retail units, etc. in each real estate or real estate in trust.
- (Note 4) “Leased Units” with respect to hotel properties means the total number of guest rooms, retail spaces, etc. actually leased to tenants or end-tenants based on lease agreements, and with respect to properties other than hotel properties, means the total number of units, retail units, etc. actually leased to tenants or end-tenants based on lease agreements.
- (Note 5) “Total Number of Tenants” is calculated by counting a lessee who has directly concluded a lease agreement for each property as one tenant, and a tenant who has rented two or more rooms in a single property is calculated as one tenant.
- (Note 6) “Tenant” is the master lessee where there is a master lease agreement between INV or the trustee and a master lease company, and the principal lessee where there are direct lease agreements with end-tenants.
- (Note 7) “Rental Revenue” is the aggregate rent revenue for each property for the Reporting Period, rounded down to the nearest thousand yen.
- (Note 8) With respect to the properties for which a master lease agreement has been entered into, the type of lease (either a pass-through master lease or a fixed rent) is indicated. “Pass-through master lease” is defined as a lease under which, pursuant to the pass-through master lease agreement entered into between the master lease company and INV or the trustee, the amount equal to the rent under the sublease agreement between the master lease company and the end tenant shall be paid to INV or the trustee.
“Guaranteed rent” is defined as a lease under which a specified rent shall be paid to INV or the trustee, regardless of the rent under the sublease agreement between the master lease company and the end tenant. Moreover, with respect to hotel properties, the type of rent received from the relevant operator (either a fixed-rent or a fixed rent plus variable rent type operation) is indicated. “Fixed rent” is defined as an agreement under which INV or the trustee shall receive a specified rent, regardless of the operational results of the relevant hotel. “Fixed rent plus variable rent type operation” is defined as an agreement under which INV or the trustee shall receive rent that varies based on the GOP (Gross Operating Profit), in addition to a fixed rent.
- (Note 9) The operator to which the tenant entrusts management of hotel operations was changed from Nets Management Co., Ltd. on May 1, 2018.
- (Note 10) The master lessee and property manager was changed from Beppu Hotel Management Godo Kaisha on February 1, 2018.
- (Note 11) “Ratio of rental revenue (%)” is calculated excluding rental revenue of properties sold during the period (Harmonic Ochanomizu, Growth Maison Ikebukuro, Capital Heights Kagurazaka, Lexington Plaza Nishi-Gotanda, Cross Square NAKANO and Ohki Aoba Building) and thus the total does not add up to 100%. Rental revenue and ratio of rental revenue for these properties during the Reporting Period are as follows.

Property Number	Property name	Rental revenue (JPY thousand)	Ratio of rental revenue (%)
A31	Harmonic Ochanomizu	6,624	0.1
A36	Growth Maison Ikebukuro	4,168	0.0
A42	Capital Heights Kagurazaka	3,226	0.0
B14	Lexington Plaza Nishi-Gotanda	59,893	0.5
B15	Cross Square NAKANO	7,963	0.1
B16	Ohki Aoba Building	6,862	0.1

b Occupancy trend

(Unit: %)

Property No.	Property name	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period					
		As of the end of Dec. 2015	As of the end of June 2016	As of the end of Dec. 2016	As of the end of June 2016	As of the end of Dec. 2017	As of the end of Jan. 2018	As of the end of Feb. 2018	As of the end of Mar. 2018	As of the end of Apr. 2018	As of the end of May 2018	As of the end of June 2018
A26	Nisshin Palacestage Daiabashi	96.1	97.0	98.0	89.8	92.9	89.9	93.0	95.8	96.9	96.0	95.1
A27	Nisshin Palacestage Higashi-Nagasaki	96.8	93.2	96.5	93.6	97.2	95.1	95.3	98.8	99.1	97.2	100.0
A28	Growth Maison Gotanda	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A29	Growth Maison Kameido	97.0	95.5	92.4	92.4	94.0	94.0	97.0	97.0	98.5	96.9	95.4
A30	Emerald House	97.9	100.0	96.9	98.9	96.8	94.8	93.8	100.0	100.0	100.0	100.0
A31	Harmonie Ochanomizu	90.8	100.0	100.0	97.5	97.4	—	—	—	—	—	—
A32	Suncrest Shakujii-Koen	97.0	84.3	94.0	94.7	100.0	97.0	100.0	100.0	95.3	95.3	97.1
A33	Growth Maison Shin-Yokohama	97.2	89.7	94.2	97.1	95.5	92.6	95.4	97.0	95.5	98.5	98.5
A34	Belle Face Ueno-Okachimachi	100.0	98.3	95.2	90.6	87.5	87.5	89.3	90.4	96.9	96.9	96.9
A35	Grand Rire Kameido	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A36	Growth Maison Ikebukuro	97.6	97.6	100.0	95.2	97.6	—	—	—	—	—	—
A37	Growth Maison Yoga	94.8	97.5	94.8	92.4	97.4	94.9	94.9	94.9	94.9	100.0	97.4
A38	Route Tachikawa	96.6	93.2	100.0	89.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A39	Shibuya-Honmachi Mansion	96.4	95.9	91.9	100.0	91.3	91.3	91.3	95.5	91.9	96.4	92.2
A40	City Heights Kinuta	89.2	100.0	94.6	89.2	94.6	100.0	100.0	100.0	100.0	100.0	100.0
A41	Acseeds Tower Kawaguchi-Namiki	86.0	94.8	89.4	98.3	96.5	96.5	93.0	92.9	91.2	92.9	98.2
A42	Capital Heights Kagurazaka	97.2	97.2	97.2	83.4	97.2	—	—	—	—	—	—
A43	College Square Machida	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A44	Belair Meguro	96.0	96.1	92.1	92.0	92.1	92.1	88.1	96.0	96.0	96.0	96.1
A45	Wacore Tsunashima I	91.9	98.0	89.9	92.1	94.1	86.2	86.0	98.0	94.0	96.0	96.0
A46	Foros Nakamurabashi	100.0	96.2	91.2	97.5	97.5	97.5	97.5	95.1	92.6	92.6	95.1
A47	Growth Maison Kaijin	96.7	97.7	97.4	100.0	96.7	93.5	96.7	96.7	93.5	93.5	93.5
A48	College Square Machiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A51	City House Tokyo Shinbashi	98.6	96.1	93.3	92.8	96.5	96.5	98.7	100.0	95.1	95.6	98.0
A52	Winbell Kagurazaka	98.3	98.6	95.5	98.4	97.9	95.9	95.8	100.0	98.3	98.2	98.2
A53	Nishiwaseda Crescent Mansion	97.5	100.0	95.8	100.0	98.8	98.8	100.0	98.9	100.0	100.0	98.4
A54	Lexington Square Akebonobashi	98.8	95.4	96.7	96.6	96.5	95.4	94.2	96.6	94.5	94.5	99.0
A56	Casa Eremitaggio	100.0	100.0	96.7	94.0	—	—	—	—	—	—	—
A59	Towa City Coop Shinotsuka II	96.4	97.6	96.3	91.4	98.8	98.8	100.0	93.5	98.8	95.0	96.1
A61	Bichsel Musashiseki	97.1	95.7	91.5	95.7	94.4	94.4	92.9	94.3	98.5	97.1	98.5
A62	Lexel Mansion Ueno Matsugaya	100.0	100.0	96.4	92.7	—	—	—	—	—	—	—
A63	Towa City Coop Sengencho	93.1	91.1	89.7	83.8	84.2	83.5	84.8	89.3	89.9	92.4	93.1
A64	Royal Park Omachi	98.3	96.7	92.8	98.3	94.5	91.2	100.0	100.0	98.3	98.1	96.4
A65	Lexington Square Haginomachi	92.6	100.0	92.1	89.5	94.8	97.4	97.4	97.4	94.8	94.8	97.4
A66	Visconti Kakuozan	86.3	100.0	83.8	88.6	83.8	83.8	83.8	83.8	100.0	100.0	100.0
A71	Lexington Square Daiabashi	90.1	97.2	92.9	92.2	100.0	97.9	95.1	97.2	95.8	91.5	97.9
A72	Lexington Square Honjo Azumabashi	97.0	94.1	96.9	94.0	97.0	97.0	97.0	97.0	96.9	100.0	100.0
A73	AMS TOWER Minami 6-Jo	94.3	87.6	86.1	79.7	81.2	79.0	82.6	80.0	81.8	82.2	82.9
A75	Spacia Ebisu	95.6	91.7	94.0	95.2	91.2	90.6	93.0	92.7	95.7	94.9	95.6
A76	Neo Prominence	96.6	96.2	95.0	91.2	100.0	98.3	96.5	93.9	97.4	95.7	98.3
A77	Invoice Shin-Kobe Residence	94.9	98.2	81.5	91.7	100.0	98.6	97.7	100.0	94.4	94.4	99.1
A78	Cosmo Court Motomachi	96.2	96.3	86.5	95.3	98.7	96.4	97.5	100.0	98.8	98.7	98.7

Property No.	Property name	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period					
		As of the end of Dec. 2015	As of the end of June 2016	As of the end of Dec. 2016	As of the end of June 2016	As of the end of Dec. 2017	As of the end of Jan. 2018	As of the end of Feb. 2018	As of the end of Mar. 2018	As of the end of Apr. 2018	As of the end of May 2018	As of the end of June 2018
A79	Revest Honjin	98.8	97.5	95.0	92.5	91.2	90.0	91.2	91.2	93.7	95.0	93.7
A80	Revest Matsubara	93.1	88.7	91.8	93.1	94.4	96.9	93.7	97.5	98.7	98.7	98.1
A81	Sun Terrace Minami Ikebukuro	97.4	100.0	97.4	86.8	—	—	—	—	—	—	—
A82	Alba Noritake Shinmachi	91.0	97.2	91.0	87.5	93.7	87.5	92.4	98.6	95.8	97.2	95.1
A83	Revest Meieki Minami	100.0	96.6	93.6	95.4	90.9	90.9	89.0	89.4	90.5	90.5	90.5
A84	Revest Heian	100.0	100.0	88.7	100.0	95.2	93.6	92.0	100.0	100.0	98.4	96.8
A85	Vendir Hamaotsu Ekimae	88.4	95.3	93.4	98.5	97.7	97.7	98.5	96.6	92.1	90.9	91.2
A86	Salvo Sala	98.0	100.0	96.7	95.9	100.0	96.3	97.8	96.9	98.3	96.2	92.6
A87	Excellente Kagurazaka	91.2	97.1	88.3	94.1	94.1	100.0	100.0	97.1	97.1	100.0	94.1
A88	Luna Court Edobori	96.0	96.0	98.0	94.0	94.0	94.0	92.0	96.0	98.0	100.0	96.0
A89	Winntage Kobe Motomachi	85.9	86.0	80.7	85.9	94.8	94.8	94.8	98.3	98.3	98.3	98.3
A90	Queen's Court Fukuzumi	95.9	93.1	96.6	95.9	89.7	93.1	100.0	100.0	100.0	92.5	100.0
A91	Corp Higashinotoin	97.9	90.8	95.2	97.6	97.7	95.3	97.6	100.0	97.6	100.0	100.0
A92	Belair Oimachi	96.4	100.0	92.9	96.1	92.9	92.9	92.9	92.6	100.0	100.0	100.0
A93	Siete Minami-Tsukaguchi	95.0	97.5	97.5	95.0	90.1	90.1	90.1	100.0	97.5	97.5	100.0
A94	Prime Life Sannomiya Isogami Koen	100.0	93.8	87.5	96.9	100.0	96.9	100.0	100.0	100.0	96.9	100.0
A95	HERMITAGE NANBA WEST	91.2	100.0	88.0	100.0	100.0	100.0	96.0	100.0	100.0	100.0	100.0
A96	Century Park Shinkawa 1-bankan	91.0	95.4	90.9	88.7	95.4	93.2	93.2	95.4	93.2	88.6	88.6
A97	West Avenue	80.0	85.0	87.5	85.0	87.5	90.0	87.5	97.5	97.5	97.5	97.5
A98	Little River Honmachibashi	100.0	100.0	96.9	87.7	90.7	93.8	100.0	96.9	100.0	100.0	100.0
A99	Prime Life Mikage	100.0	96.7	86.8	96.6	96.7	93.4	92.1	100.0	100.0	96.6	100.0
A100	City Court Kitaichijo	96.6	95.7	94.8	93.8	96.1	96.6	96.4	97.3	97.4	97.2	98.4
A101	Lieto Court Mukojima	97.6	96.8	95.3	97.0	99.0	100.0	99.0	97.6	98.1	97.2	99.0
A102	Lieto Court Nishi-Ojima	100.0	98.0	96.8	99.0	99.0	99.0	97.8	100.0	100.0	99.0	99.0
A103	Royal Parks Momozaka	—	100.0	100.0	100.0	93.6	92.7	93.9	93.2	92.5	91.4	90.0
A104	Royal Parks Shinden	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A105	Royal Parks Tower Minami-Senju	—	—	—	92.7	94.1	94.1	95.0	94.9	93.2	93.1	93.1
A106	Royal Parks Seasir Minami-Senju	—	—	—	100.0	95.7	96.7	98.1	95.9	97.8	97.9	96.9
B08	Kindai Kagakusha Building	90.6	90.6	90.6	100.0	—	—	—	—	—	—	—
B09	Shinjuku Island	100.0	100.0	100.0	100.0	—	—	—	—	—	—	—
B14	Lexington Plaza Nishigotanda	100.0	100.0	91.8	100.0	100.0	100.0	100.0	—	—	—	—
B15	Cross Square NAKANO	79.1	84.1	89.1	87.3	95.2	—	—	—	—	—	—
B16	Ohki Aoba Building	100.0	83.6	83.6	88.7	88.7	—	—	—	—	—	—
B17	Lexington Plaza Hachiman	100.0	98.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B18	AEON TOWN Sukagawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C01	Times Kanda-Sudacho 4th	100.0	100.0	100.0	100.0	—	—	—	—	—	—	—
D01	Hotel MyStays Kanda	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D02	Hotel MyStays Asakusa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D03	Hotel MyStays Kyoto-Shijo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D04	MyStays Shin-Urayasu Conference Center	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D05	Hotel MyStays Maihama	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D06	Hotel MyStays Premier Dojima	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D07	Hotel MyStays Nagoya-Sakae	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D08	Hotel MyStays Sakaisuji-Honmachi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Property No.	Property name	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period					
		As of the end of Dec. 2015	As of the end of June 2016	As of the end of Dec. 2016	As of the end of June 2016	As of the end of Dec. 2017	As of the end of Jan. 2018	As of the end of Feb. 2018	As of the end of Mar. 2018	As of the end of Apr. 2018	As of the end of May 2018	As of the end of June 2018
D09	Hotel MyStays Yokohama	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D10	Hotel MyStays Nippori	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D11	Hotel MyStays Fukuoka-Tenjin-Minami	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D12	Flexstay Inn Iidabashi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D13	Hotel MyStays Ueno Inaricho	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D14	Flexstay Inn Shinagawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D15	Flexstay Inn Tokiwadai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D16	Flexstay Inn Sugamo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D17	Hotel MyStays Otomae	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D18	Flexstay Inn Kiyosumi Shirakawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D19	Flexstay Inn Nakanobu P1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D20	Flexstay Inn Nakanobu P2	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D21	APA Hotel Yokohama-Kannai	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D22	Hotel MyStays Hakodate-Goryokaku	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D23	Flexstay Inn Shirogane	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D24	Hotel MyStays Haneda	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D25	Hotel MyStays Kameido P1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D26	Hotel MyStays Ueno Iriyaguchi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D27	Hotel MyStays Kameido P2	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D28	Hotel Vista Shimizu	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D29	Super Hotel Shinbashi/Karasumoriguchi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D30	Flexstay Inn Higashi-Jujo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D31	Hotel MyStays Utsunomiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D32	Flexstay Inn Kawasaki-Kaizuka	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D33	Comfort Hotel Toyama	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D34	Flexstay Inn Kawasaki-Ogawacho	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D35	Flexstay Inn Ekoda	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D37	Super Hotel JR Ueno-iriyaguchi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D38	Hotel MyStays Shinsaibashi	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D39	Comfort Hotel Kurosaki	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D40	Comfort Hotel Maebashi	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D41	Comfort Hotel Tsubame-Sanjo	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D42	Comfort Hotel Kitami	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D43	Hotel MyStays Gotanda Station	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D44	Hotel Epinard Nasu	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D45	Hotel MyStays Fukuoka Tenjin	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D46	Hotel MyStays Hamamatsucho	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D47	Hotel MyStays Premier Kanazawa	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D48	Takamatsu Tokyo REI Hotel	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D49	Hotel MyStays Premier Hamamatsucho	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D50	Hotel MyStays Shin Osaka Conference Center	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D51	Hotel MyStays Premier Omori	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0

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D52	Beppu Kamenoi Hotel	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D53	Hotel MyStays Sapporo Station	—	—	—	—	100.0	100.0	100.0	100.0	100.0	100.0	100.0
D54	Hotel MyStays Yokohama Kannai	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0
D55	Art Hotel Joetsu	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0
D56	Art Hotel Hirosaki City	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0
D57	Hotel MyStays Oita	—	—	—	—	—	—	100.0	100.0	100.0	100.0	100.0
D58	Hotel MyStays Gotanda	—	—	—	—	—	—	—	—	—	—	100.0
D59	Hotel MyStays Tachikawa	—	—	—	—	—	—	—	—	—	—	100.0
	Total	98.2	98.5	97.9	97.7	98.2	98.1	98.4	98.6	98.5	98.5	98.6

(Note) "Occupancy Rate" is calculated by dividing the leased area by the leasable area, and rounded to the first decimal place.