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# **Invincible Investment Corporation**

## **Asset Management Report**

Fiscal Period ended June 30, 2020 (January 1, 2020 to June 30, 2020)

### Content

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

Summary of Financial Results

Top Interview

Unitholder Benefit Program

- I. Asset Management Report
- II. Balance Sheet
- III. Statement of Income and Retained Earnings
- IV. Statement of Changes in Net Assets
- V. Notes to Financial Statements
- VI. Statement of Cash Distribution
- VII. Statement of Cash Flows (Reference Information)

Domestic Portfolio Map (As of June 30, 2020)

Financial Conditions

Overview of Unitholders/Investment Units

Information for Unitholders

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

We would like to take this opportunity to express our sincere gratitude to all unitholders of Invincible Investment Corporation ("INV") for your continued support. Our thoughts and prayers go out to all those who have contracted the COVID-19 virus, as well as to their families and friends.

We hereby provide you with a report on INV's asset management and financial results for the 34th fiscal period (from January 1, 2020 to June 30, 2020) (the "Reporting Period").

During the Reporting Period, we acquired two hotels on January 6, 2020 and sold one residential property on January 15, 2020 as part of asset recycling initiatives. As a result, we recorded a gain on sale of approximately JPY 2 billion in the Reporting Period. However, as the impacts of the spread of COVID-19 became apparent from the second half of February 2020, the number of both business and leisure trips decreased dramatically due to requests by domestic and overseas governments for people to refrain from going outside, restrict travel, government issued emergency declarations, and the request for people to refrain from traveling across prefectural boundaries. The environment surrounding the hotel industry, which is one of two core asset classes of INV, became extremely harsh. In response to the rapid and substantial decline in hotel occupancy rates, each hotel made concerted efforts to reduce operating expenses, including temporary hotel closures, but this was unable to compensate for the decline in revenues, which forced INV to accept a large-scale rent waiver from its largest tenant.

As a result, both revenues and profits for the Reporting Period dropped significantly, with operating revenues of JPY 9,410 million, operating income of JPY 1,496 million, and net income of JPY 423 million. INV decided on a distribution per unit (DPU) of JPY 69. The Covid-19 pandemic has caused an end to seven consecutive years of DPU growth.

In the residential property portfolio, another core asset class, NOI continued to exhibit stable growth in the Reporting Period, supporting INV's profitability. The existence of stable profits from the residential assets have alleviated any financial issues such as payment of interest on interest bearing debt. The relationship with our lenders continues to be favorable, and in July we refinanced bank loans at reasonable funding costs in the full amount, totaling over JPY 30 billion.

Our business outlook remains uncertain due to the COVID-19 pandemic. However, we believe that the hotel's occupancy rate bottomed out in May, and we have begun initiatives to maximize hotel revenues under the new environment classified as "With Corona". We, INV and its Asset Management Company, will make every effort to manage assets with the aim of achieving a recovery in business performance while contributing to the best interests of unitholders.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

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

## Summary of Financial Results

	Period from January 1, 2018 to June 30, 2018	Period from July 1, 2018 to December 31, 2018	Period from January 1, 2019 to June 30, 2019	Period from July 1, 2019 to December 31, 2019	Period from January 1, 2020 to June 30, 2020
Operating Revenues (JPY million)	13,104	14,451	27,339	18,587	9,410
Ordinary Income (JPY million)	7,722	8,384	21,240	11,639	424
Net Income (JPY million)	7,721	8,384	21,239	11,638	423
Net Assets (JPY million)	181,523	221,364	233,046	259,730	249,538
Total Assets (JPY million)	374,512	455,362	467,931	522,431	516,663
Net Assets per Unit (JPY)	37,871	39,063	41,125	42,601	40,929
Net Assets/Total Assets (%)	48.5	48.6	49.8	49.7	48.3
Distribution per Unit (JPY)	1,430	1,683	1,656	1,725	69
Number of Units Issued (Unit)	4,793,181	5,666,840	5,666,840	6,096,840	6,096,840

Distribution per unit for the 34th fiscal period  
(the fiscal period ended June 2020)

JPY 69

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of September 25, 2020. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

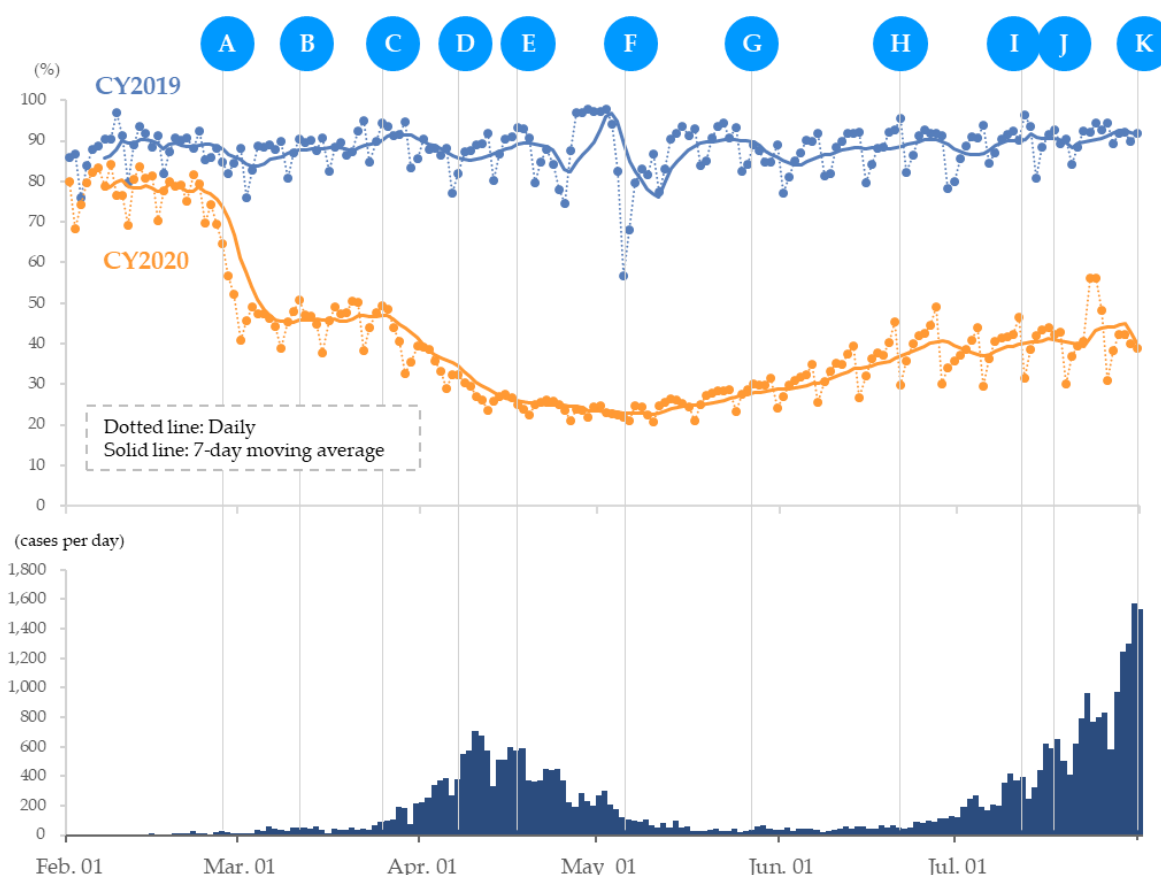
**Top Interview**

**Q: DPU for the June 2020 Fiscal Period decreased dramatically. What was the impact of COVID-19?**

A: In a word, the impact was tremendous. Approximately 90% of our portfolio are hotel assets, based on acquisition price. Regarding the demand for the hotels in Japan, travel was restricted due to the government's declaration of a State of Emergency and the requests from local governments to stay home in a reaction against the spread of COVID-19. Inbound tourists used to account for about 30% of the total hotel sales. However, the number of inbound tourists to Japan from January - June 2020 declined by 76.3% compared to the same period of the previous year. The government's entry ban started with Wuhan, China and the subject area has been extended (146 countries as of August 12, 2020). These initiatives have reduced both domestic and overseas demand for leisure and business travel to the extent that it's not too much to say that they "disappeared." As a result, the hotel's performance deteriorated beyond expectations, and our revenues declined significantly.

**Relevant COVID-19 Events in Japan and Change in Hotel Occupancy**

Change in INV's Hotel Occupancy<sup>(Note 1)</sup> (Upper) / Number of New COVID-19 Patients in Japan<sup>(Note 2)</sup> (Lower)



(Note 1) Average occupancy based on the MHM's operating hotels owned by INV as of June 30, 2020

(Note 2) Source: Ministry of Health, Labor and Welfare

- Jan. 16 First domestic COVID-19 case in Japan
- Jan. 27 Suspension of group tours to overseas by Chinese government
- Feb. 13 First domestic death from COVID-19 in Japan
- A** Feb. 26 Prime Minister requested for the cancellation, postponement, or reduction in size of national sports and cultural events
- Feb. 29 TDR and USJ started to be closed
- B** Mar. 11 WHO declared COVID-19 outbreak a pandemic
- C** Mar. 24 Announcement to postpone Tokyo 2020 Olympic Games
- D** Apr. 7 Declaration of a State of Emergency for Tokyo and six other prefectures
- E** Apr. 16 Declaration of the nationwide State of Emergency
- F** May 4 Extension of State of Emergency until May 31
- May 14 Lifted State of Emergency for 39 prefectures
- G** May 25 Lifted State of Emergency for remaining prefectures
- Jun. 2 Triggered “The Tokyo’s Coronavirus Alert”
- Jun. 11 Lifted “The Tokyo’s Coronavirus Alert”
- H** Jun. 19 Lifted the restriction on cross-prefectural movement
- Jun. 30 The number of infected people in Japan exceeded 100 for 3 consecutive days
- Jul. 1 TDR reopened
- Jul. 6 The number of infected people in Tokyo exceeded 100 for 5 consecutive days
- I** Jul. 10 Announcement of the Go To Travel campaign being pushed forward to July 22
- J** Jul. 16 Tokyo excluded from the Go To Travel campaign
- Jul. 22 Governor of Tokyo requested to avoid unnecessary or non-urgent outings
- K** Jul. 30 Government of Tokyo requested restaurants, bars and karaoke parlors to reduce operating hours
- Jul. 31 – The Prefectures of Okinawa, Gifu, Mie, and Aichi announced a State of Emergency
- Aug. 5

**Q: In the June 2020 Fiscal Period, INV waived the rent for one of the tenants. Please tell us about the details.**

A: During the period from March - June 2020, we implemented the following measures for MyStays Hotel Management Co., Ltd. (MHM), which is the tenant of 73 of 84 domestic hotels of 148 properties owned by INV as of the end of June 2020 Fiscal Period : (i) INV waived the fixed rent, (ii) INV bore the property management costs that should be borne by MHM, and (iii) INV increased the management fees payable to MHM. The upper limit for the total of (ii) and (iii) was set at JPY1.5 billion in consideration of MHM's revenue and cash flow projections, while the actual paid amount was JPY1.35 billion.

**Q: Is MHM, which was exempt from the rent payment, taking any measures to restore profitability?**

A: MHM applied for employment adjustment subsidies, drastically reduced the number of temporary staff, reduced the salaries of senior management by more than 20%, and substantially reduced hotel operating expenses by thoroughly reviewing advertising and cleaning contract terms. MHM also strives to recover declining demand and capture new demand created by COVID-19. Please refer to the below for details.

**Initiatives by MHM due to the Impact of COVID-19**

■ **Initiatives to stimulate hotel demand**

• **Efforts to ensure safety for guests (Avoiding the 3C's)**

Buffet's safe operation	In response to the government's request for voluntary restraint, all buffets at the hotels were discontinued and switched to several individual dishes. Some of the buffets reopened in July under thorough measures to aid in preventing the transmission of COVID-19.
Meeting and banquet plans to avoid the 3C's	In order to capture conference and banquet demand in the Covid-19 environment, MHM provides special layout plans in order to avoid the 3C's.



Employees are required to wear masks and rubber gloves, and exchange tongs every 15 minutes

• **Thorough follow-up of cancelled / postponed events**

Cancellations of banquets, training sessions, and meetings increased sharply in March. MHM has been proactively working to recoup the cancelled events by proposing plans to avoid the 3C's and changes in the timing.

• **Stimulating domestic demand**

Building on the strength of the MHM Group, which operates a diverse portfolio of hotels including resort and full-service hotels, MHM is promoting the sales of "the MHM Voucher4 Plan" to its extensive list of corporate clients / individual customers.

■ **Efforts to Capture New Demand**

• **Provide a telework environment**

With the increasing demand for telework MHM has started to provide hotel rooms for day-use or a special successive stay for teleworking with unlimited Wi-Fi to accommodate the cases where people or corporates would face difficulty securing a comfortable telework environment at home.

• **Delivery and Takeout Services**

With the frequency of eating at home, MHM started to provide delivery services and takeout menus created and widely distributed in various neighborhoods by MHM's directly managed restaurants.

• **Acceptance of Self-quarantine Customers**

Since March 2020, when the national government strictly regulated arrivals from abroad, MHM has aggressively targeted corporations with many overseas employees to generate accommodation demand associated with the 14-day voluntary quarantine period after returning to Japan. Approached approximately 3,000 corporations to capture demand for hotels near airports, as well as hotels in the Tokyo metropolitan area, such as Yokohama.

■ **Cost Cutting Initiatives**

MHM is taking aggressive steps to reduce hotel operating expenses by reviewing all operations. Specific measures include temporary hotel closures and the suspension of non-essential capital expenditures as well as taking government subsidies, cutting payments to service providers, significantly reducing marketing expenses, utilities and other items.

1	Labor Costs	MHM reduced the labor costs across the portfolio hotels through furloughs and utilization of the government subsidy program as well as minimization of overtime pay.
2	Room Cleaning Expenses	In response to the low occupancy environment, MHM renegotiated the minimum room counts for room cleaning expenses with the cleaning vendors or internalized the room cleaning operations.
3	Various Fixed Expenses	MHM also renegotiated various fixed expenses including building maintenance, public cleaning services, utilities, telecommunication, marketing expenses, and other outsourcing services.
4	Management Members' Salaries	Senior management members at MHM have agreed to reduce their monthly salaries by at least 20% from May.

**Q: What is the impact on the appraisal value?**

A: Taking the impact of COVID-19 pandemic into account, appraisal companies made some changes in cash-flow projections and adjusted cap rates for some hotel assets. As a result, the total appraisal value of the 145 properties we owned from the end of the December 2019 to the end of June 2020 decreased by 4.8% to JPY 526,836 million from JPY 553,449 million, and the NAV per unit and unrealized gain per unit also decreased. However, we believe that the eradication of COVID-19 or the development of therapeutics will help the appraisal values in the future.

**Q: Doesn't INV have any problem in financial condition?**

A: Recently, INV refinanced existing borrowings in the amount of JPY 31.5 billion in total, once in June 2020 and twice in July of the same year. All the borrowings were refinanced in the same amount as the existing borrowing amount, without any problems. As of the end of June 2020, the LTV has increased modestly and DSCR has declined, but INV has not violated any financial covenants on existing borrowings from our lenders. We are carefully explaining the situation to each lender so they understand the situation.

**Q: INV had retained earnings of JPY12.7 billion as of the end of December 2019. Why weren't some of the retained earnings used to supplement dividends for the June 2020 Fiscal Period, despite the decline in dividends from the initial forecasts?**

A: We still don't know how long the COVID-19 pandemic will last. As the outlook remains uncertain, we decided that leaving the funds at hand without using them to supplement DPU for June 2020 Fiscal Period would help maintain our financial stability for the time being and enable our growth over the medium to long term, which would benefit investors. We will carefully consider the utilization of the retained earnings, closely monitoring the situation in the future.

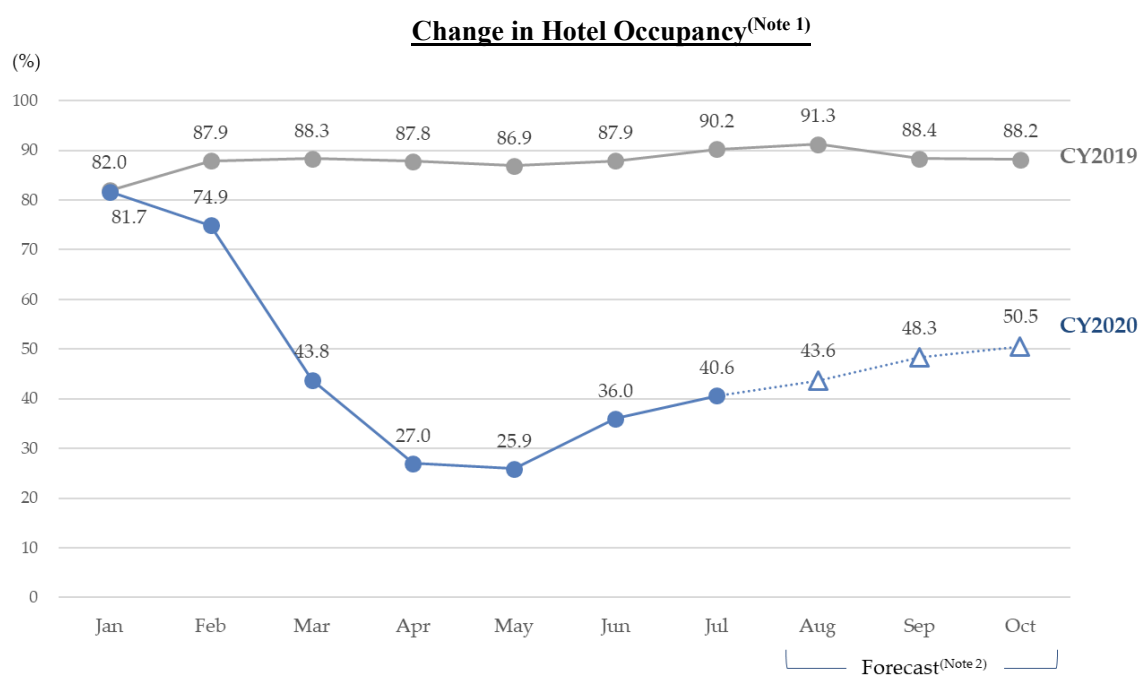


**Q: What is your outlook for the future?**

A: The environment surrounding hotels, our core asset, is still subject to a number of uncertainties. In particular, reservation lead time tends to be shorter than before, therefore, it is extremely difficult to have a clear outlook on our business and make reliable financial forecasts. We believe, at this point in time, it is prudent to keep the forecast for the December 2020 Fiscal Period as "To Be Determined." However, signs of a recovery are observed in recent hotel occupancy rates, and in the medium to long term, we expect a recovery and even growth in business performance, including the level of DPU.

In addition, we will continue to implement initiatives to drive further internal growth in our residential portfolio. The rental income from the residential assets and commercial facilities covers most of our interest payments on interest-bearing debt and our operating expenses. In addition, as we have a certain amount of cash on hand, we do not anticipate any adverse effects on the future repayment of interest-bearing debt or the payment of operating costs.

We sincerely apologize for the inconvenience caused to our investors, but we ask for your understanding.



(Note 1) Based on 75 hotel properties; of the 84 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) owned as of June 30, 2020, 9 hotels with fixed-rent lease agreements are excluded, assuming all properties were owned since the beginning of 2019. The performance for the pre-acquisition period, which is based on actual results provided by sellers with certain adjustments assuming INV owned them, are subject to change caused by the adjustments based on differences in accounting treatments, since it is difficult to adjust them due to the timing even if the figures are based on actual performance

(Note 2) As of August 31, 2020

## ■ Unitholder Benefit Program

INV has introduced the unitholder benefit program to improve the satisfaction of its unitholders and expand the unitholder base. Eligible unitholders can stay at Sheraton Grande Tokyo Bay Hotel and all MyStays hotels at special discount rates.

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

### Overview of the Unitholder Benefit Program<sup>(Note 1)</sup>

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

Sheraton Grande Tokyo Bay Hotel



Hotel Epinard Nasu



Fusaki Beach Resort Hotel & Villas



Hotel MyStays Premier Kanazawa



Hotel MyStays Premier Akasaka



(Note 1) The details of the unitholder benefit program described above are as planned by Invincible as of August 31, 2020, and the program may be changed or abolished even after it has been introduced.

- (Note 2) Refers to all hotels under MyStays brand managed by MHM, and hotels shown on the MyStays Hotel Group's official website (<https://www.mystays.com/en-us/>) will be applicable.
- (Note 3) Available Period represents a period during which you can lodge by using the unitholder benefit program. To enjoy the unitholder benefit program, you actually need to lodge during the availability period.

## I. Asset Management Report

### Overview of Asset Management

#### 1 Trends in Investment Corporation's Operating Results

By Period		30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period	
Reporting period		Jan. 1, 2018 to Jun. 30, 2018	Jul. 1, 2018 to Dec. 31, 2018	Jan. 1, 2019 to Jun. 30, 2019	Jul. 1, 2019 to Dec. 31, 2019	Jan. 1, 2020 to Jun. 30, 2020	
Operating Results	Operating revenue	(Note 1) (JPY thousand)	13,104,841	14,451,005	27,339,670	18,587,253	9,410,225
	(Rental revenue – real estate)	(JPY thousand)	11,122,481	13,604,224	12,153,399	14,545,826	5,838,836
	Operating expenses	(JPY thousand)	4,671,320	4,936,248	5,154,599	5,728,269	7,913,247
	(Property-related expenses)	(JPY thousand)	4,136,619	4,450,676	4,490,658	4,673,007	6,801,584
	Operating income	(JPY thousand)	8,433,520	9,514,756	22,185,070	12,858,984	1,496,977
	Ordinary income	(JPY thousand)	7,722,553	8,384,676	21,240,482	11,639,553	424,522
	Net income	(JPY thousand)	7,721,948	8,384,071	21,239,877	11,638,948	423,917
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	374,512,988 0.7	455,362,796 21.6	467,931,975 2.8	522,431,999 11.5	516,663,418 (1.1)
	Interest-bearing debt	(JPY thousand)	189,415,000	229,873,000	228,774,000	259,174,000	263,468,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	181,523,263 0.1	221,364,900 21.9	233,046,414 5.3	259,730,758 11.5	249,538,194 (3.9)
	Unitholders' capital	(JPY thousand)	168,798,455	211,092,540	211,092,540	235,701,512	235,701,512
Dividend Status	Total distributions	(c) (JPY thousand)	6,854,248	9,537,291	9,384,287	10,517,049	420,681
	Dividend payout ratio	(Note 2) (%)	88.8	110.3	44.2	90.4	99.2
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	4,793,181	5,666,840	5,666,840	6,096,840	6,096,840
	Net assets per unit	(b) / (d) (JPY) (Note 3)	37,871	39,063	41,125	42,601	40,929
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	1,430 1,430	1,683 1,632	1,656 1,656	1,725 1,725	69 69
	(Distributions in excess of retained earnings per unit)	(JPY)	—	51	—	—	—
Financial Measures	Return on assets (annualized)	(Note 4) (%)	2.1 4.2	2.0 4.0	4.6 9.3	2.4 4.7	0.1 0.2
	Return on equity (annualized)	(Note 4) (%)	4.3 8.6	4.2 8.3	9.3 18.9	4.7 9.4	0.2 0.3
	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	48.5 (0.3)	48.6 0.1	49.8 1.2	49.7 (0.1)	48.3 (1.4)
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	9,758,373	12,192,581	11,247,273	14,490,677	3,392,004

(Note 1) Consumption taxes etc. are not included in the items including operating revenues.

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

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

(Note 3) Net assets per unit are rounded to the nearest unit.

(Note 4) Figures above are calculated as below, and ratios are rounded to one decimal place.

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

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

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

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

## 2 Overview of Asset Management for the Fiscal Period Ended June 2020

### (a) Main Trends of INV

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

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

FIG became a subsidiary of SoftBank Group Corp. (“SoftBank Group”), after SoftBank Group acquired FIG effective on December 27, 2017 (Note 1). Calliope, an affiliate of FIG, who owned 100% of the issued shares of Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (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 (Note 2), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, the Asset Manager revised the Investment Guidelines for INV, positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward, and has expanded its portfolio.

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

In the Fiscal Period ended June 30, 2020 (“Reporting Period”), INV acquired two hotels on January 6, 2020 and sold one residential property on January 15, 2020. As a result, INV’s portfolio at the end of the Reporting Period comprised of 148 properties (86 hotels (Note 3) (Note 4), 60 residential properties and two others) with a total acquisition price of JPY 511,695 million (Note 5). The total acquisition price of the portfolio has significantly grown by 7.1 times, compared to the portfolio as of May 22, 2014, which is the date immediately prior to INV’s initial investment in hotels. Furthermore, INV’s hotel portfolio has reached the largest asset size (Note 6) of JPY 450.6 billion (86 properties, 15,597 rooms) among all J-REIT hotel portfolios including hotel-and-inn-specific type investment corporations.

(Note 1) US Eastern Standard Time

- (Note 2) As of July 2011, Calliope owned 97.35% of issued shares of 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 held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (tokutei mokuteki kaisha) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (the “TMK”) (equivalent to 49.0% of the total issued and outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.
- (Note 4) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in the Cayman Hotels and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.
- (Note 5) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts concluded on July 26, 2018 and executed on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.
- (Note 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of June 30, 2020.

(b) Operational Environment and Performance

Both the domestic and overseas hotel portfolios for the Reporting Period were heavily affected by the effects of COVID-19 including the State of Emergency issued by the Japanese Government on the economy and tourism. On May 11, 2020, INV entered into a Memorandum of Understanding (“MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) for domestic hotels owned by INV and operated by INV’s main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (collectively, “MHM Group”). Pursuant to the MOU, INV (i) waived the fixed rent during the relevant period and changed the calculation method of the variable rent by way of amendment of the MLPM Agreements in part and (ii) bore some property management costs that would normally be borne by the MHM Group under the former agreement and (iii) increased the amount of the management fees payable to the MHM Group (Note 1). As a result, the total amount of property management costs and incremental management fees incurred by INV from March to June 2020 totaled JPY 1,350 million, which was initially estimated to be up to JPY 1,500 million.

The occupancy rate of the rental housing market remained stable at a high level. The rent increase program of 60 residential properties (Note 2) continues to produce positive results, as rent has increased for both new and renewal contracts of properties owned by INV. The average rent per tsubo per month (Note 3) for the Reporting Period increased by 0.6% YoY

to JPY 9,098, and the operating conditions remained firm.

For the June 2020 fiscal period, the portfolio NOI (Note 4) decreased by 72.7% or JPY 10,708 million to JPY 4,026 million compared to the same period in the previous year (the June 2019 fiscal period). The hotel portfolio NOI decreased by JPY 9,878 million, which is equivalent to the decrease by 67.0% of the portfolio NOI. While the residential portfolio continues to benefit from internal growth, the residential portfolio NOI (Note 5) decreased by JPY 826 million, which is equivalent to the decrease by 5.6% of the portfolio NOI, due to asset sales as part of INV's asset recycling. The portfolio continued to maintain a high average occupancy rate (Note 6) of 99.3% for the Reporting Period.

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

The NOI for the Reporting Period of the 75 domestic hotels (Note 7) owned by INV decreased by 92.5% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 84 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 75 domestic hotels recorded an occupancy rate (Note 8) of 48.1% (-38.7 points YoY), ADR (Note 9) of JPY 7,229 (-28.5% YoY), and RevPAR (Note 10) of JPY 3,478 (-60.4% YoY).

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort recorded an average occupancy rate of 37.5% (-51.7 points YoY), ADR of USD 487 (+17.2% YoY), and RevPAR of USD 183 (-50.7% YoY) for the Reporting Period.

Regarding the hotel sector, the domestic hotel demand significantly declined due to a sharp reduction in inbound visitors (JNTO's estimate for January to June 2020: -76.3% YoY) and a shift in mindset to refrain from business trips and leisure travel. In the Cayman Islands, where the Cayman Hotels are located, the temporary closure of the Owen Roberts International Airport caused a significant reduction in hotel demand and the Cayman Hotels closure from late March through the end of October.

Regarding the residential portfolio, the average occupancy rate (Note 6) of 60 residential properties (Note 2) for the Reporting Period was 96.2%, an increase of 0.2 points compared to the same period in the previous year. The NOI (Note 5) of the 60 residential properties for the Reporting Period increased by 1.9% compared to the same period in the previous year, due to internal growth through solid rent increases. For the rental residential market, COVID-19 seems to have no impact and trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Under such circumstances in the macro environment, INV continues to focus on its rent increase program for both 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 52.0% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 0.7% compared to the previous rent across all new leases (Note 11). INV achieved a rent increase for 46.6% (based on the number of contracts) of contract renewals for an average rent increase of 1.6% compared to the previous rent across all renewal leases (Note 11), while maintaining a high contract renewal rate (Note 12) of 80.7%. Combined, new leases and renewal leases were signed at 1.3% higher than the previous leases (Note 11).

The total appraisal value of 147 properties was JPY 542,336 million (one out of the 148 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 65,080 million (Note 13) and an unrealized gain ratio of 13.6% (Note 13). The total appraisal value of 145 properties which were owned throughout the Reporting Period decreased by 4.8% from JPY 553,449 million at the end of the December 2019 fiscal period to JPY 526,836 million at the end of the Reporting Period.

Key Performance Indicators of 75 Domestic Hotel Properties (Note 7)



	June 2020 fiscal period	Year-on-year change
Occupancy Rate (Note 8)	48.1%	-38.7pt
ADR (JPY) (Note 9)	7,229	-28.5%
RevPAR (JPY) (Note 10)	3,478	-60.4%
GOP (JPY million) (Note 14)	413	-96.4%

#### Key Performance Indicators of Cayman Hotels

	June 2020 fiscal period	Year-on-year change
Occupancy Rate (Note 8)	37.5%	-51.7pt
ADR (USD) (Note 9)	487	+17.2%
RevPAR (USD) (Note 10)	183	-50.7%
GOP (USD) (Note 14)	8,502,469	-68.1%

#### Key Performance Indicators of 60 Residential Properties (Note 2)

	June 2020 fiscal period	Year-on-year change
Occupancy Rate (Note 6)	96.2%	+0.2pt
Average Rent per Tsubo per Month (JPY) (Note 3)	9,098	+0.6%
NOI (JPY million) (Note 5)	1,656	+1.9%

(Note 1) Under the MOU, the monthly total amount of property management costs and incremental management fees incurred by INV from March to June 2020 was JPY 362 million for March, JPY 644 million for April, JPY 343 million for May and JPY 0 million for June. As a result, the domestic hotel NOI of each month was JPY -252 million for March, JPY -642 million for April, JPY -416 million for May and JPY -86 million for June.

(Note 2) Based on the 60 residential properties owned as of the end of June 2020. Hereinafter the same shall apply.

(Note 3) “Average Rent per Tsubo per Month” is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.

(Note 4) “NOI” for the hotel properties is calculated in accordance with the following formula:

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

(Note 5) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. Hereinafter the same shall apply.

(Note 6) “Average Occupancy Rate” and “Occupancy Rate” for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.

(Note 7) Of the 84 hotels held as of the end of the June 2020 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after January 2019 are calculated on the assumption INV had acquired those properties on January 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. Hereinafter the same shall apply.

(Note 8) “Occupancy rate” for the hotel properties is calculated in accordance with the following formula:

Occupancy rate = total number of occupied rooms during a certain period ÷ total number of rooms available

during the same period (number of rooms x number of days)

Hereinafter the same shall apply.

- (Note 9) “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 10) “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 11) 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 12) Renewal rate is calculated by the number of renewed contracts during the Reporting Period divided by the number of contracts due up for renewal during the Reporting Period
- (Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.  
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 14) “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. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV’s ownership ratio of the preferred equity interest. Hereinafter the same shall apply.

(c) Overview of Fund Raising

As a result of the measures described below, INV’s interest-bearing debt outstanding balance was JPY 263,468 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 50.8% and 46.8% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.54%.

- (Note 1) Interest-Bearing Debt ratio uses the calculation formula below:  
$$\text{Interest-Bearing Debt ratio} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loans)}}{\text{total assets}} \times 100$$
- (Note 2) LTV (appraisal value basis) uses the calculation formula below:  
$$\text{LTV} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loans)}}{\text{total appraisal value}} \times 100$$
- (\*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) is deemed as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest). The appraisal value of the Cayman Hotels is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts concluded on July 26, 2018 and executed on September 26, 2018.
- (Note 3) The average interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(i) Borrowing of Funds

INV borrowed New Syndicate Loan (Q) (total amount borrowed: JPY 12,483 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50000% (duration: five years; borrowed on March 16, 2020; by the interest swap agreement, it is fixed, in effect, at 0.48700%), 1-month JPY TIBOR plus 0.50000% (five years; March 30, 2020) and 1-month JPY TIBOR plus 0.30000% (three years; March 30, 2020)), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (G) in the amount of JPY 3,250 million due on March 14, 2020 and New Syndicate Loan (F) in the amount of JPY 10,433 million due on March 30, 2020.

INV borrowed Term Loan (M) on June 15, 2020 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.25000% for duration of two years), which was arranged by Citibank, N.A. Tokyo Branch

in order to repay Term Loan (C) in the amount of JPY 1,000 million due on June 15, 2020.

In addition, a portion of INV's existing loans (New Syndicate Loan (P)) from Sumitomo Mitsui Trust Bank, Limited of JPY 4,550 million was transferred to Momiji Bank and The Kiyo Bank in the amount of JPY 1,000 and 500 million, respectively on February 28, 2020.

(ii) Prepayment of Loan

INV's short-term consumption tax loan (Note 1) in the New Syndicate Loan (L) (in the amount of JPY 2,686 million) was prepaid on May 29, 2020 from the consumption tax refund concerning asset acquisitions on July 19, 2019 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.

(iii) Issuance of Investment Corporation Bonds

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

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Abstract
Sixth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	March 13, 2020	1,200	0.850%	March 13, 2030	Unsecured / Unguaranteed Rating: A+ (JCR)

(d) Overview of Acquisition of Assets

INV completed the acquisition of trust beneficiary interests in two domestic hotels as follows on January 6, 2020.

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
D82	Hotel MyStays Premier Narita	10,593	10,700	Adria Tokutei Mokuteki Kaisha
D83	Art Hotel Morioka	5,643	5,700	Heijo Tokutei Mokuteki Kaisha
Total		16,236	16,400	-

(Note 1) Acquisition Price does not include adjustments for property taxes, city planning taxes, or national or local consumption taxes. Hereinafter the same shall apply.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by The Tanizawa Sōgō Appraisal Co., Ltd. or JLL Morii Valuation & Advisory K.K. on the valuation date of October 1, 2019.

(e) Overview of Sale of Assets

INV completed the sale of trust beneficiary interests in one residential property, City House Tokyo Shinbashi as follows on January 15, 2020.

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2)	Gain on Sale (JPY million) (Note 3)	Transferee
A51	City House Tokyo Shinbashi	2,520	2,269	4,465	2,046	Undisclosed (Note 4)

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

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

(Note 3) Gain on Sale is calculated by deducting the Book Value and transfer related costs from Sale Price.

(Note 4) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure.

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

(f) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period decreased by JPY 9,177 million from the previous period (-49.4%) to JPY 9,410 million, net income decreased by JPY 11,215 million (-96.4%) to JPY 423 million and unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 12,744 million) reached JPY 13,168 million.

INV decided that distribution per unit (excluding excess profit distribution) is JPY 69 and does not make reversal of the retained earnings carried forward from the preceding fiscal period.

### 3 Changes in Total Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital for the past 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	
July 29, 2011	Third-party allotment	711,597	1,348,292	6,999,979,689	26,134,396,789	(Note 1)
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 2)
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 3)
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 4)
July 15, 2015	Public offering	500,000	3,168,686	27,970,500,000	81,066,913,980	(Note 5)
August 12, 2015	Third-party allotment	25,000	3,193,686	1,398,525,000	82,465,438,980	(Note 6)
March 30, 2016	Public offering	459,512	3,653,198	36,123,157,344	118,588,596,324	(Note 7)
April 27, 2016	Third-party allotment	22,626	3,675,824	1,778,675,112	120,367,271,436	(Note 8)
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 9)
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 10)
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 11)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 12)
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 13)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 14)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 15)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 16)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 17)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 18)

(Note 1) 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 2) 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 3) 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 4) 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 5) 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 6) 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 7) 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 8) 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 specified assets.
- (Note 9) INV decided at the Board of Directors' Meeting held on February 22, 2017, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.
- (Note 10) 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 11) 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 12) 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.
- (Note 13) New investment units were issued in a public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued in a third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.
- (Note 15) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a securities company.  
INV resolved the retirement of all the acquired own investment units at the Board of Directors' Meeting held on December 25, 2018 and the acquired own investment units were retired on December 28, 2018.  
The acquisition of own investment units was conducted using capital surplus, and thus there is no change to unitholders' capital.
- (Note 16) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 17) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified properties.
- (Note 18) INV decided at the Board of Directors' Meeting held on August 22, 2019, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.

## Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period
Closing month	June 2018	December 2018	June 2019	December 2019	June 2020
Highest	53,000	51,000	60,700	70,600	62,300
Lowest	46,650	44,800	44,300	55,700	18,870

#### 4 Distribution Performance

With respect to distributions of earnings for the Reporting Period, INV decided that distribution per unit (excluding excess profit distribution) is JPY 69 and does not make distributions in excess of profits.

Period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period
Calculated Period	Jan. 1, 2018 to Jun. 30, 2018	Jul. 1, 2018 to Dec. 31, 2018	Jan. 1, 2019 to Jun. 30, 2019	Jul. 1, 2019 to Dec. 31, 2019	Jan. 1, 2020 to Jun. 30, 2020
Unappropriated retained earnings (JPY thousand)	7,610,548	9,140,372	21,131,966	23,261,426	13,168,294
Reserved profit (JPY thousand)	756,300	-107,910	11,622,477	12,744,377	12,747,612
Total cash distribution (JPY thousand)	6,854,248	9,537,291	9,384,287	10,517,049	420,681
(Distribution per unit) (JPY)	(1,430)	(1,683)	(1,656)	(1,725)	(69)
Total profit distribution (JPY thousand)	6,854,248	9,248,282	9,384,287	10,517,049	420,681
(Profit distribution per unit) (JPY)	(1,430)	(1,632)	(1,656)	(1,725)	(69)
Total refund of investment (JPY thousand)	-	289,008	-	-	-
(Refund of investment per unit) (JPY)	(-)	(51)	(-)	(-)	(-)
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	-	85,002	-	-	-
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	(-)	(15)	(-)	(-)	(-)
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	204,006	-	-	-
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	(-)	(36)	(-)	(-)	(-)

## 5 Future operational policy and issues to be addressed

Outlook for the Fiscal Periods Ending December 31, 2020

From the next fiscal period onward, the Japanese economy is expected to start to recover from an extremely severe situation, supported by the effectiveness of various policies such as Go To Travel campaign, while taking measures to prevent the spread of COVID-19 and gradually raising the level of economic activity. However, since June 2020, the spread of COVID-19 seems to be again expanding domestically and internationally, and severe conditions are expected to continue. There is also a risk that the overall economy will deteriorate, such as a further rise in the unemployment rate. Therefore, it is necessary to closely monitor the impacts of COVID-19 infections in Japan and overseas, variables in the financial and capital markets, and other factors.

The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of DPU for the December 2020 fiscal period remains undetermined.

### (a) 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' 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 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, the process in setting hotel rates and 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 synergies with SoftBank Group, INV will pay attention to safety-oriented asset management in situations where accommodation demand has declined drastically due to the impact of COVID-19, and focus on reviewing the operational strategy to restore revenues from hotels. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties
- Diversification of funding sources and lengthening the average maturity period of its debt through borrowings and 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 had moved forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues would be anticipated and residential properties, especially where rental growth could be achieved, to build a portfolio with a good balance between growth and stability. However, for the time being, it is necessary to carefully consider the acquisition of hotel properties, which have been greatly affected by the sluggish demand for accommodation due to COVID-19, while looking for the possibility of acquiring at an attractive price.

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



and rental revenue are forecasted to increase.

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

#### Property Sales

While INV keeps in mind safety-oriented asset management in the sluggish accommodation demand due to the impact of COVID-19, it also considers the possibility of portfolio optimization upon consideration of the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate.

#### (ii) Strategy for internal growth

##### (Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 75 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 73 hotels of the 75 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in the accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme. In response to the significant reduction in hotel demand, MHM is taking steps to reduce hotel operating expenses by reviewing its operational strategy. Specific measures include temporary hotel closures and the suspension of non-essential capital expenditures as well as taking government subsidies, cutting payments to service providers such as cleaning vendors, significantly reducing marketing expenses, utilities and other items under the COVID-19 environment. MHM is vigorously working to stimulate demand from existing domestic customers by following up on cancelled or postponed functions and providing corporate customers with various options including new lineup of meeting options highlighting strict measures to reduce the spread of COVID-19. In addition, MHM is focusing on creating new demand, including the provision of day-use telework environments to provide individuals and corporates with a comfortable telework space as well as accommodation demand associated with the 14-day voluntary quarantine period after returning to Japan. For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner while considering the hotel profit situation, where demand has dropped significantly as described above.

##### (Residential properties and others)

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

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

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

#### (iii) Financial strategy

The credit rating from Japan Credit Rating Agency, Ltd. (JCR) has been "A+" as long-term issuer rating (Outlook: Stable) as of the date of this document. As it is difficult to expect when the outbreak of COVID-19 will come to an end, in the short term INV will implement initiatives that restrict an increase in interest payments on refinancing of existing borrowings and ensure refinancing. Over the medium to long term, INV will implement financial strategies such as reduction of

borrowing costs, extension of average interest-bearing debt repayment period, diversification of loan maturity dates and financing measures.

(iv) Compliance risk management

While the executive officer of INV concurrently serves as the representative director at 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.

## 6 Significant Subsequent Events

Not applicable. Reference Information is described as follows.

(Reference Information)

### (a) Debt Financing

INV decided to borrow New Syndicate Loan (R) on July 14, 2020 in order to repay New Syndicate Loan (E) in the amount of JPY 28,979 million due on July 16, 2020.

INV decided to borrow Term Loan (N) and Term Loan (O) on July 16, 2020 in order to repay Term Loan (E) in the amount of JPY 1,600 million due on July 20, 2020.

### (i) New Syndicate Loan (R)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Citibank, N.A., Tokyo Branch Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited.	July 16, 2020	28,979	Floating interest rates (Note 1)	July 16, 2021	Unsecured/ non guarantee

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

### (ii) Term Loan (N)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
The Tokyo Star Bank, Limited	July 20, 2020	600	Floating interest rates (Note 1)	July 20, 2022	Unsecured/ non guarantee

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

### (iii) Term Loan (O)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Development Bank of Japan Inc.	July 20, 2020	1,000	Floating interest rates (Note 1)	July 20, 2021	Unsecured/ non guarantee

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

## Overview of the Investment Corporation

### 1 Overview of Investment

By Period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period
Results Dates	As of Jun. 30, 2018	As of Dec. 31, 2018	As of Jun. 30, 2019	As of Dec. 31, 2019	As of Jun. 30, 2020
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	4,793,181	5,666,840	5,666,840	6,096,840	6,096,840
Unitholders' capital (JPY million)	168,798	211,092	211,092	235,701	235,701
Number of total unitholders	27,960	35,228	32,645	34,626	42,439

### 2 Notes regarding Unitholders

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

Name	Number of units held	% of total number of investment units issued and outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	976,811	16.02
Japan Trustee Services Bank, Ltd. (trust account) (Note 1)	599,611	9.83
STICHTING PGGM DEPOSITARY PGGM LISTED REAL ESTATE PF FUND	335,715	5.50
The Nomura Trust and Banking Co., Ltd. (investment trust account)	309,590	5.07
Trust & Custody Services Bank, Ltd. (securities investment trust account) (Note 1)	224,619	3.68
GCAS BANA LONDON US CLIENT	123,245	2.02
THE BANK OF NEW YORK MELLON 140044	106,004	1.73
NORTHERN TRUST CO. (AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	92,379	1.51
STATE STREET BANK AND TRUST COMPANY 510312	89,431	1.46
JP MORGAN CHASE BANK 380055	84,148	1.38
Total	2,941,553	48.24

(Note 1) Japan Trustee Services Bank, Ltd. and Trust & Custody Services Bank, Ltd. conducted an absorption-type merger with JTC Holdings, Ltd., the parent company of the two companies, on July 27, 2020 after the end of the Reporting Period, in which Japan Trustee Services Bank, Ltd. was the surviving company. The trade name after the merger is "Custody Bank of Japan, Ltd."

(Note 2) Percentages are rounded down to two decimal places.

### 3 Notes regarding Directors

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

Position	Name	Concurrent responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd. (current position)	-
Supervisory Director	Yoshihiro Tamura	Attorney, Shiba-Daimon Law Office Statutory Auditor, BEQONE PARTNERS, Inc. (current position)	2,400
	Hiroyuki Fujimoto	Certified Public Accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position)	2,400
Auditor	Ernst & Young ShinNihon LLC	-	19,400

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

#### Determination policy for dismissal or non-reappointment of Auditor

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

#### 4 Asset Management Company, Asset Custody Companies, and General Administrative Agents

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

Delegation category	Name
Asset management company	Consonant Investment Management Co., Ltd.
Asset custody company	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (institutional operations (Note 1) administration of unitholders' registry, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (institutional operations (Note 2))	Consonant Investment Management Co., Ltd.
General administrative agent (accounting operations, etc.)	Sumitomo Mitsui Trust Bank, Limited
Special account management company	Mitsubishi UFJ Trust and Banking Corporation Limited (Note 3) / Sumitomo Mitsui Trust Bank, Limited (Note 4)
General administrative agent (Fiscal agent pertaining to investment corporation bonds, etc.)	Mizuho Bank, Ltd. / Sumitomo Mitsui Banking Corporation

(Note 1) Of the administrative tasks for the INV's institutional operations, tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms are delegated.

(Note 2) (i) Tasks related to the running of general unitholders' meetings for INV (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), (ii) tasks related to the running of the meetings of the Board of Directors of INV, and (iii) or tasks incidental or related to that mentioned in (i) or (ii) are delegated.

(Note 3) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the INV before the merger (former Tokyo Growth REIT Investment Inc.) as well as tasks related to other transfer savings account registers.

(Note 4) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the former LCP as well as tasks related to other transfer savings account registers.

## Status of Investment Corporation's Assets under Management

### 1 Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended December 31, 2019 (as of December 31, 2019)		Fiscal period ended June 30, 2020 (as of June 30, 2020)	
			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)	3	0.0	2	0.0
		Major regional cities	-	-	-	-
		Overseas (Note 4)	35,442	6.8	35,527	6.9
		Subtotal	35,445	6.8	35,530	6.9
Total real estate			35,445	6.8	35,530	6.9
Real estate in trust	Residences	Greater Tokyo area	38,366	7.3	35,880	6.9
		Major regional cities	15,186	2.9	15,023	2.9
		Subtotal	53,552	10.3	50,904	9.9
	Offices/Commercial Facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,789	0.9	4,738	0.9
		Subtotal	4,789	0.9	4,738	0.9
	Hotels	Greater Tokyo area	161,202	30.9	171,170	33.1
		Major regional cities	210,592	40.3	214,912	41.6
		Subtotal	371,794	71.2	386,082	74.7
	Total real estate in trust			430,137	82.3	441,725
Preferred equity interest (Note 5)			17,856	3.4	17,856	3.5
Deposits and other assets			38,992	7.5	21,550	4.2
Total assets (Note 6)			522,431 (465,583)	100.0 (89.1)	516,663 (477,256)	100.0 (92.4)

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

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

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

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

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

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

## 2 Major Properties

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

Name of property		Book value (JPY million)	Leasable area (m <sup>2</sup> ) (Note 2)	Leased area (m <sup>2</sup> )	Occupancy rate (%) (Note 3)	Ratio of rental revenue (%) (Note 4)	Main use
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	29,777	21,528.23	21,528.23	100.0	-	Hotel
D43	Hotel MyStays Gotanda Station	26,351	10,137.88	10,137.88	100.0	2.5	Hotel
D60	Hotel MyStays Premier Akasaka	20,478	8,620.69	8,620.69	100.0	1.8	Hotel
D44	Hotel Epinard Nasu	19,521	37,702.33	37,702.33	100.0	1.9	Hotel
D61	Hotel MyStays Premier Sapporo Park	16,371	21,670.64	21,670.64	100.0	1.3	Hotel
D64	Hotel MyStays Sapporo Aspen	15,455	15,313.17	15,313.17	100.0	1.7	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	12,921	13,026.99	13,026.99	100.0	1.0	Hotel
D47	Hotel MyStays Premier Kanazawa	12,912	13,250.03	13,250.03	100.0	1.4	Hotel
D82	Hotel MyStays Premier Narita	10,521	36,519.70	36,519.70	100.0	4.0	Hotel
D51	Hotel MyStays Premier Omori	9,768	11,849.61	11,849.61	100.0	0.9	Hotel
Total		174,080	189,619.27	189,619.27	100.0	16.6	

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

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

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

(Note 4) “Ratio of rental revenue” are rounded to one decimal place. For Westin Grand Cayman Seven Mile Beach Resort & Spa, management contract revenue of JPY 769,453 thousand is recorded, but not included in the calculation of ratio of rental revenue.



### 3 Asset Portfolio of Real Estate, etc.

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

Name of property	Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019/June 30, 2020/the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)	
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest (Note 4)	1,771.13	1,230	1,093
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest (Note 4)	2,681.94	1,360	1,046
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	1,030	835
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,160	949
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,430	1,322
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	3,029.16	1,110	1,055
A33	Growth Maison Shin- Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	1,858.44	1,180	932
A34	Belle Face Ueno- Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 4)	1,351.11	1,090	921
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 4)	1,562.26	1,010	792
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,015.34	784	724
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	674	635
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,167.50	668	699
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	557	649
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 4)	1,210.74	769	517
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 4)	1,047.75	507	559

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019/June 30, 2020/the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 4)	557.05	631	547
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	907.46	527	518
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	815.77	587	501
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 4)	2,040.27	519	506
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 4)	871.35	567	437
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,810	1,882
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,990	1,287
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,250	801
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	828	563
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,440	1,008
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	675	382
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	417	270
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya- shi, Aichi	Trust beneficiary interest	705.75	286	229
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,260	820
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	653	419
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,250	899
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	2,270	1,588
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,470	1,123
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,140	856

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A79	Revest Honjin	2-13 Toriiodori, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	843	587
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	841	576
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	775	528
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	810	518
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	746	520
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	795	497
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	677	480
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	696	494
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	606	466
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	639	447
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	686	421
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudaru, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	541	400
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	569	383
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	464	340
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	477	334
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	467	316
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	466	309
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	341	308
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	415	279
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	345	266
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	2,160	1,690

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	2,000	1,642
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,960	1,590
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,230	2,699
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,840	4,797
A106	Royal Parks Seasir Minami- Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	2,920	2,627
Subtotal				127,788.79	65,438	50,904
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai- shi, Miyagi	Trust beneficiary interest	8,419.15	3,670	3,000
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,450	1,737
Subtotal				26,859.73	6,120	4,738
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	4,920	2,921
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,410	2,515
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokochi, Higashiiru, Aburanokoji, Shijiyodori, Shimogyo- ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	10,500	5,770
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,200	4,584
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,770	4,699
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interest	9,445.32	6,810	3,699
D07	Hotel MyStays Nagoya- Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,530	2,596
D08	Hotel MyStays Sakaisuji- Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka- shi, Osaka	Trust beneficiary interest	4,188.83	4,220	2,340
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,890	2,300
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,510	1,789
D11	Hotel MyStays Fukuoka- Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,570	1,458
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,130	1,341

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,010	1,231
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa- ku, Tokyo	Trust beneficiary interest	1,134.52	1,980	1,193
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,140	1,197
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,260	1,108
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	2,920	1,133
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,500	888
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	803	561
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	387	284
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,930	7,607
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,900	2,772
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,360	2,083
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,590	7,243
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,370	5,346
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,760	3,666
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,930	3,558
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,380	2,115
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,940	1,585
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,300	1,269
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya- shi, Tochigi	Trust beneficiary interest	11,733.23	2,000	1,213
D32	Flexstay Inn Kawasaki- Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,110	901
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,160	910

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	890	877
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,580	4,830
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,260	1,097
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,210	1,077
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	2,720	3,025
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,250	1,051
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,160	1,019
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,100	937
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	926	782
D43	Hotel MyStays Gotanda Station (Note 5)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	23,900	26,351
D44	Hotel Epinard Nasu	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	22,900	19,521
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,110	7,875
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	6,220	7,910
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	12,800	12,912
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,260	2,119
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	10,300	7,982
D50	Hotel MyStays Shin Osaka Conference Center	6-2-4 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka and two other lots	Trust beneficiary interest	13,026.99	12,800	12,921
D51	Hotel MyStays Premier Omori	6-11-2 Minami Oi, Shinagawa-ku, Tokyo and 13 other lots	Trust beneficiary interest	11,849.61	9,620	9,768
D52	Beppu Kamenoi Hotel	2160-1 Chucho, Beppu-shi, Oita and 12 other lots	Trust beneficiary interest	19,422.08	8,670	8,143
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,180	7,749
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interest	4,501.18	5,250	5,204

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,690	2,695
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interest	14,826.30	2,660	2,607
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,560	1,529
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	3,920	4,061
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interest	3,844.64	3,330	3,217
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interest	8,620.69	23,200	20,478
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	21,670.64	16,200	16,371
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno, Taito-ku, Tokyo	Trust beneficiary interest	4,396.02	5,110	5,213
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	3,429.43	4,130	4,934
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interest	15,313.17	14,900	15,455
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki - shi, Okinawa, and four other lots	Trust beneficiary interest	17,247.54	9,290	9,656
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interest	5,498.49	9,750	9,215
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,509.41	5,640	5,825
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interest	5,931.84	5,410	5,663
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interest	10,403.01	5,330	5,543
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	6,077.99	5,110	5,162
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,047.43	4,090	4,246
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interest	7,659.55	3,420	3,413
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interest	25,131.84	3,050	3,103
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interest	8,274.37	3,170	3,021
D75	Hotel MyStays Sapporo Susukino	1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot	Trust beneficiary interest	2,853.26	2,970	3,038

Name of property		Location (Note 1)	Type of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019/June 30, 2020the end of the Reporting Period (JPY million) (Note 3)	Book value (JPY million)
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,473.41	2,060	2,092
D77	Hotel MyStays Sapporo Nakajima Park Annex	4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	1,775.21	1,520	1,566
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lots	Trust beneficiary interest	1,308.61	1,450	1,417
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interest	2,156.70	1,280	1,284
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interest	2,047.70	1,190	1,161
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interest	1,985.27	932	936
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba, and 14 other lots	Trust beneficiary interest	36,519.70	10,100	10,521
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interest	16,727.08	5,400	5,599
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold	21,528.23	31,158 (USD 289,200 thousand) (Note 6)	29,777
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold	6,723.11	5,462 (USD 50,700 thousand) (Note 6)	5,749
Subtotal				572,519.79	470,778	421,613
Total				727,168.31	542,336	477,256

(Note 1) “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 2) Leasable areas of Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort indicate the areas subject to management contract.

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

(Note 4) Individual trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. As a result of disposition of assets and detachment of trust beneficiary interest from an integrated trust account thereafter, the grouping of trust beneficiary interests at the end of the Reporting Period is as follows:

Group 1

Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Shin-Yokohama, Belle Face Ueno-Okachimachi, Growth Maison Yoga, Shibuya-Honmachi Mansion, and Fors Nakamurabashi.

Group 2

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 5) “Appraisal value as of the end of the Reporting Period” indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 6) “Appraisal value as of the end of the Reporting Period” is converted into JPY using the exchange rate of USD 1 = JPY 107.74, which is the exchange rate on the closing date of the fiscal period (June 30, 2020).



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

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A26	Nisshin Palacestage Daitabashi	1	96.1	38,157	0.3	1	95.2	40,612	0.7
A27	Nisshin Palacestage Higashi- Nagasaki	1	96.6	46,906	0.3	1	97.1	47,466	0.8
A28	Growth Maison Gotanda	1	100.0	27,704	0.2	1	100.0	27,694	0.5
A29	Growth Maison Kameido	1	96.9	35,991	0.2	1	97.0	35,652	0.6
A30	Emerald House	1	96.7	42,650	0.3	1	98.9	50,047	0.9
A32	Suncrest Shakujii-Koen	1	97.9	38,048	0.3	1	94.9	37,543	0.6
A33	Growth Maison Shin-Yokohama	1	95.6	39,217	0.3	1	92.6	38,123	0.7
A34	Belle Face Ueno-Okachimachi	1	93.9	32,234	0.2	1	96.8	36,452	0.6
A35	Grand Rire Kameido	1	100.0	26,663	0.2	1	100.0	26,619	0.5
A37	Growth Maison Yoga	1	97.5	23,636	0.2	1	89.8	23,185	0.4
A38	Route Tachikawa	1	100.0	22,128	0.2	1	100.0	21,713	0.4
A39	Shibuya-Honmachi Mansion	1	100.0	21,493	0.1	1	95.5	20,937	0.4
A40	City Heights Kinuta	1	100.0	19,317	0.1	1	83.8	16,772	0.3
A41	Acseeds Tower Kawaguchi-Namiki	1	96.5	25,642	0.2	1	93.0	26,068	0.4
A43	College Square Machida	1	100.0	17,484	0.1	1	100.0	17,046	0.3
A44	Belair Meguro	1	100.0	17,265	0.1	1	100.0	17,678	0.3
A45	Wacore Tsunashima I	1	98.0	18,298	0.1	1	94.1	18,796	0.3
A46	Foros Nakamurabashi	1	91.3	19,065	0.1	1	92.6	18,987	0.3
A47	Growth Maison Kaijin	1	96.7	23,224	0.2	1	94.9	22,584	0.4
A48	College Square Machiya	1	100.0	14,924	0.1	1	100.0	14,924	0.3
A51	City House Tokyo Shinbashi (Note 4)	1	100.0	95,654	0.7	-	-	7,118	0.1
A52	Winbell Kagurazaka (Note 5)	-	-	101,713	0.7	-	-	-	-
A53	Nishiwaseda Crescent Mansion	1	100.0	74,752	0.5	1	100.0	75,734	1.3
A54	Lexington Square Akebonobashi	1	96.6	51,876	0.4	1	95.4	51,742	0.9

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A59	Towa City Coop Shinotsuka II	1	88.4	36,436	0.3	1	95.2	36,558	0.6
A61	Bichsel Musashiseki	1	100.0	24,170	0.2	1	90.0	24,009	0.4
A63	Towa City Coop Sengencho	1	88.4	56,089	0.4	1	89.9	57,222	1.0
A64	Royal Park Omachi	1	94.4	26,147	0.2	1	89.4	25,599	0.4
A65	Lexington Square Haginomachi	1	84.5	15,465	0.1	1	92.1	16,878	0.3
A66	Visconti Kakuozan	1	76.0	8,301	0.1	1	100.0	9,997	0.2
A71	Lexington Square Daitabashi	1	86.6	32,216	0.2	1	93.0	34,137	0.6
A72	Lexington Square Honjo Azumabashi	1	100.0	19,070	0.1	1	93.9	18,758	0.3
A73	AMS TOWER Minami 6-Jo	1	93.9	45,136	0.3	1	86.0	46,320	0.8
A76	Neo Prominence	1	98.4	67,520	0.5	1	95.0	68,847	1.2
A77	Invoice Shin-Kobe Residence	1	94.4	49,007	0.3	1	96.3	50,169	0.9
A78	Cosmo Court Motomachi	1	98.9	39,050	0.3	1	97.7	38,377	0.7
A79	Revest Honjin	1	91.3	29,790	0.2	1	92.5	30,330	0.5
A80	Revest Matsubara	1	82.4	27,760	0.2	1	93.7	28,822	0.5
A82	Alba Noritake Shinmachi	1	91.6	26,394	0.2	1	95.2	26,944	0.5
A83	Revest Meieki Minami	1	90.5	26,535	0.2	1	90.5	26,705	0.5
A84	Revest Heian	1	92.0	22,440	0.2	1	93.6	23,820	0.4
A85	Vendir Hamaotsu Ekimae	1	93.4	34,043	0.2	1	95.3	34,983	0.6
A86	Salvo Sala	1	83.3	24,137	0.2	1	92.0	24,717	0.4
A87	Excellente Kagurazaka	1	100.0	20,118	0.1	1	94.2	20,015	0.3
A88	Luna Court Edobori	1	91.9	20,197	0.1	1	96.0	21,204	0.4
A89	Winntage Kobe Motomachi	1	96.7	22,405	0.2	1	91.3	22,399	0.4
A90	Queen's Court Fukuzumi	1	96.6	17,730	0.1	1	96.6	18,161	0.3
A91	Corp Higashinotoin	1	95.1	18,839	0.1	1	93.3	18,903	0.3
A92	Belair Oimachi	1	100.0	15,824	0.1	1	92.6	16,147	0.3
A93	Siete Minami-Tsukaguchi	1	100.0	17,712	0.1	1	100.0	17,746	0.3
A94	Prime Life Sannomiya Isogami Koen	1	100.0	15,254	0.1	1	100.0	15,434	0.3

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A95	HERMITAGE NANBA WEST	1	100.0	16,463	0.1	1	88.0	15,999	0.3
A96	Century Park Shinkawa 1-bankan	1	90.9	17,059	0.1	1	97.7	18,277	0.3
A97	West Avenue	1	95.0	12,224	0.1	1	92.5	13,471	0.2
A98	Little River Honmachibashi	1	100.0	14,415	0.1	1	100.0	14,743	0.3
A99	Prime Life Mikage	1	100.0	12,411	0.1	1	96.7	12,624	0.2
A100	City Court Kitaichijo	1	95.8	66,770	0.5	1	92.9	66,469	1.1
A101	Lieto Court Mukojima	1	99.0	57,225	0.4	1	99.0	56,899	1.0
A102	Lieto Court Nishi-Ojima	1	99.0	49,213	0.3	1	97.8	50,076	0.9
A103	Royal Parks Momozaka	1	97.8	162,427	1.1	1	96.0	161,353	2.8
A104	Royal Parks Shinden	1	100.0	216,838	1.5	1	100.0	216,531	3.7
A106	Royal Parks Seasir Minami-Senju	1	96.1	117,105	0.8	1	97.7	118,525	2.0
Subtotal		61	96.1	2,374,009	16.3	60	95.6	2,211,691	37.9
B17	Lexington Plaza Hachiman	1	98.5	165,815	1.1	1	98.5	160,501	2.7
B18	AEON TOWN Sukagawa	1	100.0	141,782	1.0	1	100.0	140,585	2.4
Subtotal		2	99.5	307,598	2.1	2	99.5	301,086	5.2
D01	Hotel MyStays Kanda	1	100.0	95,408	0.7	1	100.0	13,405	0.2
D02	Hotel MyStays Asakusa	1	100.0	101,299	0.7	1	100.0	19,987	0.3
D03	Hotel MyStays Kyoto-Shijo	1	100.0	173,457	1.2	1	100.0	30,445	0.5
D04	MyStays Shin-Urayasu Conference Center	1	100.0	190,903	1.3	1	100.0	36,106	0.6
D05	Hotel MyStays Maihama	1	100.0	173,824	1.2	1	100.0	32,293	0.6
D06	Hotel MyStays Premier Dojima	1	100.0	165,027	1.1	1	100.0	58,998	1.0
D07	Hotel MyStays Nagoya-Sakae	1	100.0	172,065	1.2	1	100.0	41,786	0.7
D08	Hotel MyStays Sakaisuji-Honmachi	1	100.0	68,883	0.5	1	100.0	13,295	0.2
D09	Hotel MyStays Yokohama	1	100.0	144,558	1.0	1	100.0	38,422	0.7
D10	Hotel MyStays Nippori	1	100.0	50,772	0.3	1	100.0	12,226	0.2
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	105,772	0.7	1	100.0	19,300	0.3

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D12	Flexstay Inn Iidabashi	1	100.0	49,717	0.3	1	100.0	17,109	0.3
D13	Hotel MyStays Ueno Inaricho	1	100.0	39,832	0.3	1	100.0	8,995	0.2
D14	Flexstay Inn Shinagawa	1	100.0	43,802	0.3	1	100.0	10,724	0.2
D15	Flexstay Inn Tokiwadai	1	100.0	50,267	0.3	1	100.0	35,160	0.6
D16	Flexstay Inn Sugamo	1	100.0	44,966	0.3	1	100.0	10,898	0.2
D17	Hotel MyStays Otemae	1	100.0	51,537	0.4	1	100.0	9,421	0.2
D18	Hotel MyStays Kiyosumi Shirakawa	1	100.0	29,763	0.2	1	100.0	11,612	0.2
D19	Flexstay Inn Nakanobu P1	1	100.0	18,405	0.1	1	100.0	13,086	0.2
D20	Flexstay Inn Nakanobu P2	1	100.0	9,827	0.1	1	100.0	4,197	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	230,715	1.6	1	100.0	216,599	3.7
D22	Hotel MyStays Hakodate-Goryokaku	1	100.0	139,133	1.0	1	100.0	18,065	0.3
D23	Flexstay Inn Shirogane	1	100.0	50,165	0.3	1	100.0	20,019	0.3
D24	Hotel MyStays Haneda	1	100.0	181,721	1.2	1	100.0	111,581	1.9
D25	Hotel MyStays Kameido P1	1	100.0	164,644	1.1	1	100.0	54,922	0.9
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	82,136	0.6	1	100.0	19,044	0.3
D27	Hotel MyStays Kameido P2	1	100.0	112,001	0.8	1	100.0	31,796	0.5
D28	Hotel MyStays Shimizu	1	100.0	62,344	0.4	1	100.0	22,250	0.4
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.3	1	100.0	39,426	0.7
D30	Flexstay Inn Higashi-Jujo	1	100.0	33,770	0.2	1	100.0	8,888	0.2
D31	Hotel MyStays Utsunomiya	1	100.0	104,942	0.7	1	100.0	19,247	0.3
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	29,046	0.2	1	100.0	21,574	0.4
D33	Comfort Hotel Toyama	1	100.0	35,928	0.2	1	100.0	35,928	0.6
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	23,243	0.2	1	100.0	15,351	0.3
D35	Flexstay Inn Ekoda	1	100.0	110,246	0.8	1	100.0	53,303	0.9
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.2	1	100.0	31,787	0.5

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.2	1	100.0	27,275	0.5
D38	Hotel MyStays Shinsaibashi	1	100.0	46,178	0.3	1	100.0	13,813	0.2
D39	Comfort Hotel Kurosaki	1	100.0	37,894	0.3	1	100.0	37,894	0.6
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.3	2	100.0	43,811	0.8
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.2	2	100.0	34,949	0.6
D42	Comfort Hotel Kitami	1	100.0	30,300	0.2	1	100.0	30,300	0.5
D43	Hotel MyStays Gotanda Station	1	100.0	446,108	3.1	1	100.0	147,572	2.5
D44	Hotel Epinard Nasu	1	100.0	1,133,572	7.8	1	100.0	112,358	1.9
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	162,989	1.1	1	100.0	29,041	0.5
D46	Hotel MyStays Hamamatsucho	1	100.0	106,591	0.7	1	100.0	27,694	0.5
D47	Hotel MyStays Premier Kanazawa	1	100.0	300,691	2.1	1	100.0	83,373	1.4
D48	Takamatsu Tokyu REI Hotel	3	100.0	105,381	0.7	3	100.0	100,066	1.7
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	241,981	1.7	1	100.0	74,193	1.3
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	302,006	2.1	1	100.0	59,208	1.0
D51	Hotel MyStays Premier Omori	1	100.0	267,931	1.8	1	100.0	51,334	0.9
D52	Beppu Kamenoi Hotel	1	100.0	422,105	2.9	1	100.0	95,994	1.6
D53	Hotel MyStays Sapporo Station	1	100.0	270,530	1.9	1	100.0	57,028	1.0
D54	Hotel MyStays Yokohama Kannai	1	100.0	142,826	1.0	1	100.0	37,508	0.6
D55	Art Hotel Joetsu	1	100.0	128,659	0.9	1	100.0	3,164	0.1
D56	Art Hotel Hirosaki City	1	100.0	138,449	1.0	1	100.0	2,997	0.1
D57	Hotel MyStays Oita	1	100.0	75,236	0.5	1	100.0	14,079	0.2
D58	Hotel MyStays Gotanda	1	100.0	94,523	0.6	1	100.0	25,281	0.4
D59	Hotel MyStays Tachikawa	1	100.0	95,035	0.7	1	100.0	39,951	0.7
D60	Hotel MyStays Premier Akasaka	1	100.0	434,197	3.0	1	100.0	103,236	1.8
D61	Hotel MyStays Premier Sapporo Park	1	100.0	453,495	3.1	1	100.0	75,356	1.3

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D62	Hotel MyStays Ueno East	1	100.0	131,635	0.9	1	100.0	25,172	0.4
D63	Hotel MyStays Midosuji Honmachi	1	100.0	57,242	0.4	1	100.0	20,609	0.4
D64	Hotel MyStays Sapporo Aspen	1	100.0	432,075	3.0	1	100.0	101,004	1.7
D65	Art Hotel Ishigakijima	1	100.0	335,245	2.3	1	100.0	34,431	0.6
D66	Hotel MyStays Fuji Onsen Resort	1	100.0	332,016	2.3	1	100.0	43,344	0.7
D67	Hotel Sonia Otaru	1	100.0	205,688	1.4	1	100.0	30,074	0.5
D68	Hotel MyStays Kanazawa Castle	1	100.0	171,802	1.2	1	100.0	22,119	0.4
D69	Art Hotel Niigata Station	1	100.0	261,189	1.8	1	100.0	37,492	0.6
D70	Hotel MyStays Nagoya Nishiki	1	100.0	139,746	1.0	1	100.0	27,008	0.5
D71	Hotel Nord Otaru	1	100.0	163,764	1.1	1	100.0	27,027	0.5
D72	Hotel MyStays Kagoshima Tenmonkan	2	100.0	139,722	1.0	2	100.0	26,723	0.5
D73	Art Hotel Asahikawa	1	100.0	251,020	1.7	1	100.0	15,000	0.3
D74	Hotel MyStays Matsuyama	1	100.0	145,755	1.0	1	100.0	23,856	0.4
D75	Hotel MyStays Sapporo Susukino	1	100.0	72,160	0.5	1	100.0	15,812	0.3
D76	Hotel MyStays Sapporo Nakajima Park	1	100.0	67,933	0.5	1	100.0	11,253	0.2
D77	Hotel MyStays Sapporo Nakajima Park Annex	1	100.0	47,431	0.3	1	100.0	6,478	0.1
D78	Flexstay Inn Sakuragicho	1	100.0	43,123	0.3	1	100.0	18,281	0.3
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1	100.0	32,306	0.2	1	100.0	3,376	0.1
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1	100.0	43,261	0.3	1	100.0	11,112	0.2
D81	Hotel MyStays Nayoro	1	100.0	37,018	0.3	1	100.0	16,191	0.3
D82	Hotel MyStays Premier Narita	-	-	-	-	1	100.0	233,209	4.0
D83	Art Hotel Morioka	-	-	-	-	1	100.0	91,727	1.6
Subtotal		86	100.0	11,864,218	81.6	88	100.0	3,326,057	57.0
Total		149	99.2	14,545,826	100.0	150	99.2	5,838,836	100.0

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

(Note 2) "Rental revenue (during period)" indicates leasing operation revenues during the fiscal period for each property and has been rounded down to the nearest thousand yen.

(Note 3) "Occupancy rate" and "Ratio of rental revenue" are rounded to one decimal place.

(Note 4) The trust beneficiary interest of City House Tokyo Shinbashi was sold on January 15, 2020.

(Note 5) The trust beneficiary interest of Winbell Kagurazaka was sold on December 17, 2019.

Name of property		33rd fiscal period (July 1, 2019 to December 31, 2019)				34th fiscal period (January 1, 2020 to June 30, 2020)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Management contract revenue (during period) (JPY thousand) (Note 2)	Ratio of management contract revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Management contract revenue (during period) (JPY thousand) (Note 2)	Ratio of management contract revenue (%) (Note 3)
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	1	100.0	1,198,474	85.8	1	100.0	769,453	86.4
D201	Sunshine Suites Resort	1	100.0	199,147	14.2	1	100.0	120,989	13.6
Total		2	100.0	1,397,621	100.0	2	100.0	890,442	100.0

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

(Note 2) "Management contract revenue" is converted to JPY using the exchange rate at the time of the transaction.

(Note 3) "Occupancy rate" and "Ratio of management contract revenue" are rounded to one decimal place.

#### 4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

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

Not applicable

#### 6 Asset Portfolio of Securities

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

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

(Note 1) Fair value of the preferred equity securities indicates the acquisition cost.

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

#### 7 Status of Contract Amount and Fair Value of Specified Transaction

As of June 30, 2020, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

Category	Transaction type, etc.	Contract amount (Note 1)		Fair value (Note 2)
			Amounts due after one year	
Non-market transaction	Interest rate swap Receive floating rate/pay fixed rate	98,362,000	65,133,000	(65,906)
	Currency option transaction, short USD/Call (Option fees)	3,271,290 (79,014)	1,890,460 (46,376)	(48,852)
	Currency option transaction, long USD/Put (Option fees)	3,271,290 109,770	1,890,460 70,605	138,567

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

(Note 2) Estimation method for fair value

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

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

#### 8 Status of Other Assets

Real estate and trust beneficiary interests in real estate are listed together in "3 Asset Portfolio of Real Estate, etc." above. As of the end of the Reporting Period, there are no investments in specified assets that are significant investment targets for INV outside of 3 and 6 above.

#### 9 Assets Owned Outside of Japan or the Region

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



Country name	Amount held (JPY million) (Note 1)	Appraisal value as of the end of the Reporting Period (JPY million) (Note 2)		No. of properties (properties)
			Percentage of total assets (%)	
Japan	459,584	523,561	93.5	146
The Cayman Islands	35,527	36,620	6.5	2
Total	495,112	560,182	100.0	148

(Note 1) “Amount held” is from the balance sheet (book value after depreciation for real estate and trust beneficiary interest in real estate; and book value for preferred equity securities with real estate as underlying assets) as of June 30, 2020.

(Note 2) “Appraisal value as of the end of the Reporting Period” indicates the real estate appraisal value as of June 30, 2020, or the research value stated in the real estate research report and the appraisal value of investment securities. “Appraisal value as of the end of the Reporting Period” for preferred equity securities which INV holds in Japan indicates acquisition cost since their fair value is deemed extremely difficult to value. “Appraisal value as of the end of the Reporting Period” for assets which INV holds in the Cayman Islands indicates the amount converted to JPY using the exchange rate of USD 1 = JPY 107.74, which is the exchange rate on the closing date of the fiscal period (June 30, 2020).

## Capital Expenditures for Properties Held by INV

### 1 Schedule for Capital Expenditures

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

Name of property	Location	Purpose	Scheduled time of implementation	Estimated cost (JPY thousand)			
				Total	Payment for the Reporting Period	Advance payments	
D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	Automatic fire alarm facility renewal work	From July 2020 To December 2020	30,750	-	-
A47	Growth Maison Kaijin	Funabashi-shi, Chiba	Parking lot repair work	From July 2020 To December 2020	22,000	-	-
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	Parking lot repair work	From July 2020 To December 2020	12,000	-	-
B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	Air conditioning facility repair work	From July 2020 To December 2020	11,000	-	-
D52	Beppu Kamenoi Hotel	Beppu-Shi, Oita	Elevators repair work	From July 2020 To December 2020	8,500	-	-

### 2 Capital Expenditures for the Fiscal Period Ended June 30, 2020

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2020 is as follows. Capital expenditures for the fiscal period totaled JPY 1,650,884 thousand, and together with JPY 21,467 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,672,352 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	Grand Cayman, Cayman Islands	Restaurants and kitchens renovation work	From January 2020 To June 2020	369,712
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Energy-saving facility introduction work	From January 2020 To June 2020	145,209
D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	Renovation work	From January 2020 To June 2020	135,004
D69	Art Hotel Niigata Station	Niigata-shi, Niigata	Energy-saving facility introduction work	From January 2020 To June 2020	130,296
D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	Renovation work	From January 2020 To June 2020	126,896
Other construction					743,765
Total					1,650,884

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

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

(Unit: JPY thousand)

Fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period	34th fiscal period
	From January 1, 2018 to June 30, 2018	From July 1, 2018 to December 31, 2018	From January 1, 2019 to June 30, 2019	From July 1, 2019 to December 31, 2019	From January 1, 2020 to June 30, 2020
Reserved funds at beginning of period	1,566,108	1,611,828	1,814,515	2,039,622	2,543,226
Amount reserved (Note)	468,448	618,404	1,215,476	1,621,422	3,908,773
Amount reversed (Note)	422,728	415,718	990,368	1,117,818	966,636
Amount carried over for next fiscal period	1,611,828	1,814,515	2,039,622	2,543,226	5,485,363

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

## Overview of Expenses and Liabilities

### 1 Statement of Operating Expenses

(JPY thousand)

Item	33rd fiscal period July 1, 2019 to December 31, 2019		34th fiscal period January 1, 2020 to June 30, 2020	
	(a) Asset management fees	300,000		300,000
(b) Asset custody fees	25,518		26,231	
(c) Administrative services fees	57,444		47,259	
(d) Directors' compensation	4,800		4,800	
(e) Other	129,956		198,092	
Total	517,719		576,383	

### 2 Borrowing Conditions

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

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
MUFG Bank, Ltd.	671,500	-							
Sumitomo Mitsui Banking Corporation	671,500	-							
Sumitomo Mitsui Trust Bank, Limited	672,000	-							
Sumitomo Mitsui Trust Bank, Limited	Jan. 6, 2020	-	880,000	0.261	Jan. 6, 2021	(Note 3)	(Note 2)		
Subtotal			2,686,000	880,000					
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Jul. 16, 2015	5,992,000	5,992,000	0.590	Jul. 16, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		5,992,000	5,992,000					
	Sumitomo Mitsui Banking Corporation		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank, N.A., Tokyo Branch		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	MUFG Bank, Ltd.		668,000	668,000					
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.600	Jan. 22, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.	850,000	850,000						
	Mizuho Bank, Ltd.	Mar. 31, 2016	965,000	-	0.569	Mar. 30, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,125,000	-					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	-					
	Shinsei Bank, Limited		570,000	-					
	Resona Bank, Limited		570,000	-					
MUFG Bank, Ltd.	650,000		-						
Japan Post Bank Co., Ltd.	2,000,000		-						
The Bank of Fukuoka, Ltd.	333,000		-						
The Shizuoka Bank, Ltd.	270,000		-						
The Kagawa Bank, Ltd.	500,000		-						
The Hyakugo Bank, Ltd.	1,000,000		-						
The Nomura Trust and Banking Co., Limited	270,000		-						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Mar. 31, 2016	1,965,000	1,965,000	0.661	Mar. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	2,180,000					
	Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	MUFG Bank, Ltd.		650,000	650,000					
	The Bank of Fukuoka, Ltd.		1,333,000	1,333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Hiroshima Bank, Ltd.		1,000,000	1,000,000					
	The Nomura Trust and Banking Co., Limited	270,000	270,000						
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	-	0.541	Jun. 15, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.661	Jun. 15, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jun. 30, 2016	3,000,000	3,000,000	0.661	Jun. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	600,000	600,000	0.561	Jul. 20, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Towa Bank, Ltd.		1,000,000	1,000,000					
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,700,000	1,700,000	0.661	Jul. 20, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2017	634,000	-	0.469	Mar. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.		1,000,000	-					
	Resona Bank, Limited		333,000	-					
	The Bank of Fukuoka, Ltd.		333,000	-					
The Nomura Trust and Banking Co., Limited	333,000		-						
The Towa Bank, Ltd.	252,000		-						
The Shizuoka Bank, Ltd.	200,000		-						
The Gunma Bank, Ltd.	165,000	-							
Mizuho Bank, Ltd.	Mar. 14, 2017	1,633,000	1,633,000	0.561	Mar. 14, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Resona Bank, Limited		333,000	333,000						
The Bank of Fukuoka, Ltd.		333,000	333,000						
The Nomura Trust and Banking Co., Limited		333,000	333,000						
The Towa Bank, Ltd.		253,000	253,000						
The Shizuoka Bank, Ltd.		200,000	200,000						
The Gunma Bank, Ltd.	165,000	165,000							

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Mar. 14, 2017	1,733,000	1,733,000	0.661	Mar. 14, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		333,000	333,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Nomura Trust and Banking Co., Limited		333,000	333,000					
	AEON Bank, Ltd.		900,000	900,000					
	The Towa Bank, Ltd.		253,000	253,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Daiichi Life Insurance Co., Ltd.		500,000	500,000					
	The Gunma Bank, Ltd.		165,000	165,000					
	Sumitomo Mitsui Banking Corporation	Mar. 14, 2017	3,000,000	3,000,000	0.511	Sep. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	May 29, 2017	4,321,000	4,321,000	0.611	Nov. 29, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Daiichi Life Insurance Co., Ltd.		3,000,000	3,000,000					
	Shinsei Bank, Limited	Oct. 13, 2017	355,000	355,000	0.361	Oct. 13, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited		334,000	334,000					
	The Bank of Fukuoka, Ltd.		300,000	300,000					
	AEON Bank, Ltd.		190,000	190,000					
	The Nomura Trust and Banking Co., Limited		167,000	167,000					
	The Hiroshima Bank, Ltd.		167,000	167,000					
	Shinsei Bank, Limited	Oct. 13, 2017	355,000	355,000	0.461	Oct. 13, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited		333,000	333,000					
	The Bank of Fukuoka, Ltd.		300,000	300,000					
	AEON Bank, Ltd.		190,000	190,000					
	The Nomura Trust and Banking Co., Limited		167,000	167,000					
	The Hiroshima Bank, Ltd.		167,000	167,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	500,000	500,000	0.661	Oct. 13, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		500,000	500,000					
	Sumitomo Mitsui Banking Corporation		500,000	500,000					
	Shinsei Bank, Limited		355,000	355,000					
Citibank, N.A., Tokyo Branch	355,000		355,000						
Resona Bank, Limited	333,000		333,000						
Development Bank of Japan, Inc.	1,500,000		1,500,000						
The Bank of Fukuoka, Ltd.	300,000		300,000						
AEON Bank, Ltd.	190,000		190,000						
The Nomura Trust and Banking Co., Limited	166,000		166,000						
The Hiroshima Bank, Ltd.	166,000		166,000						
The Daiichi Life Insurance Co., Ltd.	500,000		500,000						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.761	Oct. 13, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,065,000	1,065,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.861	Oct. 11, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,060,000	1,060,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Shinsei Bank, Limited	Jun. 27, 2018	1,000,000	1,000,000	0.750	Jun. 27, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.	Jul. 17, 2018	2,442,000	2,442,000	0.361	Jul. 17, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,220,000	2,220,000					
	Sumitomo Mitsui Banking Corporation		1,998,000	1,998,000					
	Shinsei Bank, Limited		1,110,000	1,110,000					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		890,000	890,000					
	Mizuho Bank, Ltd.	Jul. 17, 2018	2,443,000	2,443,000	0.461	Jul. 17, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,220,000	2,220,000					
	Sumitomo Mitsui Banking Corporation		1,997,000	1,997,000					
	Shinsei Bank, Limited		1,110,000	1,110,000					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		890,000	890,000					
	Mizuho Bank, Ltd.	Jul. 17, 2018	2,442,000	2,442,000	0.561	Jul. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		2,220,000	2,220,000					
	Sumitomo Mitsui Banking Corporation		1,997,000	1,997,000					
	Shinsei Bank, Limited		1,110,000	1,110,000					
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		890,000	890,000					
	Mizuho Bank, Ltd.	Aug. 2, 2018	766,000	766,000	0.361	Aug. 2, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		766,000	766,000					
	MUFG Bank, Ltd.		467,000	467,000					
	Shinsei Bank, Limited		150,000	150,000					
Citibank, N.A., Tokyo Branch	120,000		120,000						
The Nomura Trust and Banking Co., Limited	30,000		30,000						
AEON Bank, Ltd.	60,000		60,000						
Mizuho Bank, Ltd.	Sep. 26, 2018		2,521,500	2,521,500					
Sumitomo Mitsui Banking Corporation		2,521,500	2,521,500						
MUFG Bank, Ltd.		2,133,000	2,133,000						
Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000						
Shinsei Bank, Limited		684,000	684,000						
Citibank, N.A., Tokyo Branch		546,000	546,000						
Development Bank of Japan, Inc.		500,000	500,000						
Resona Bank, Limited		445,000	445,000						
The Nomura Trust and Banking Co., Limited		137,000	137,000						
AEON Bank, Ltd.		273,000	273,000						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Sep. 26, 2018	3,287,000	3,287,000	0.461	Sep. 26, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		3,287,000	3,287,000					
	MUFG Bank, Ltd.		2,600,000	2,600,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Shinsei Bank, Limited		833,000	833,000					
	Citibank, N.A., Tokyo Branch		667,000	667,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	Resona Bank, Limited		445,000	445,000					
	The Nomura Trust and Banking Co., Limited		167,000	167,000					
	AEON Bank, Ltd.		334,000	334,000					
	Mizuho Bank, Ltd.	Sep. 26, 2018	3,287,500	3,287,500	0.561	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		3,287,500	3,287,500					
	MUFG Bank, Ltd.		2,600,000	2,600,000					
	Sumitomo Mitsui Trust Bank, Limited		1,000,000	1,000,000					
	Shinsei Bank, Limited		833,000	833,000					
	Citibank, N.A., Tokyo Branch		667,000	667,000					
	Development Bank of Japan, Inc.		500,000	500,000					
	Resona Bank, Limited		445,000	445,000					
	The Nomura Trust and Banking Co., Limited		166,000	166,000					
	AEON Bank, Ltd.		333,000	333,000					
	MUFG Bank, Ltd.	Jan. 22, 2019	850,000	850,000	0.373	Jan. 22, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		3,400,000	3,400,000					
	Mizuho Bank, Ltd.	Mar. 29, 2019	386,000	386,000	0.361	Mar. 29, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,275,000	1,275,000					
	Sumitomo Mitsui Trust Bank, Limited		2,100,000	2,100,000					
	Shinsei Bank, Limited		500,000	500,000					
	Resona Bank, Limited		500,000	500,000					
	Development Bank of Japan, Inc.		1,000,000	1,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		1,270,000	1,270,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	The Senshu Ikeda Bank, Ltd.	300,000	300,000						
	Aozora Bank, Ltd	Mar. 29, 2019	1,000,000	1,000,000	0.594	Mar. 29, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
The Nishi-Nippon City Bank, Ltd.	1,000,000		1,000,000						
The Tochigi Bank, Ltd.	500,000		500,000						
Kiraboshi Bank, Ltd.	Mar. 29, 2019	1,000,000	1,000,000	0.861	Mar. 29, 2029	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Citibank, N.A., Tokyo Branch	Jun. 17, 2019	1,000,000	1,000,000	0.340	Jun. 17, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Development Bank of Japan, Inc.	Jun. 28, 2019	1,000,000	1,000,000	0.334	Jun. 17, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Mizuho Bank, Ltd.	Jul. 16, 2019	571,400	571,400	0.400	Jan. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee	
MUFG Bank, Ltd.		1,464,800	1,464,800						
Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200						
Sumitomo Mitsui Trust Bank, Limited		628,600	628,600						
Citibank, N.A., Tokyo Branch		1,000,000	1,000,000						
Shinsei Bank, Limited		200,000	200,000						
Resona Bank, Limited		600,000	600,000						



Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes						
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Jul. 16, 2019	571,400	571,400	0.499	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee						
	MUFG Bank, Ltd.		1,464,800	1,464,800											
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200											
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600											
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000											
	Shinsei Bank, Limited		200,000	200,000											
	Resona Bank, Limited		600,000	600,000											
	Mizuho Bank, Ltd.	Jul. 16, 2019	1,171,400	1,171,400	0.563	Jul. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee						
	MUFG Bank, Ltd.		1,464,800	1,464,800											
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200											
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600											
	Citibank, N.A., Tokyo Branch		1,000,000	1,000,000											
	Shinsei Bank, Limited		200,000	200,000											
	Mizuho Bank, Ltd.		Jul. 16, 2019	2,171,400						2,171,400	0.611	Jan. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.	1,464,800		1,464,800											
	Sumitomo Mitsui Banking Corporation	1,331,200		1,331,200											
	Sumitomo Mitsui Trust Bank, Limited	628,600		628,600											
	Shinsei Bank, Limited	200,000		200,000											
	Mizuho Bank, Ltd.	Jul. 16, 2019		2,170,400	2,170,400	0.761	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee					
	MUFG Bank, Ltd.			1,464,800	1,464,800										
	Sumitomo Mitsui Banking Corporation		1,331,200	1,331,200											
	Sumitomo Mitsui Trust Bank, Limited		628,600	628,600											
	Shinsei Bank, Limited		200,000	200,000											
	Mizuho Bank, Ltd.	Jul. 19, 2019	1,085,000	1,085,000	0.413	Jan. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee						
	MUFG Bank, Ltd.		987,000	987,000											
	Sumitomo Mitsui Banking Corporation		987,000	987,000											
	Sumitomo Mitsui Trust Bank, Limited		684,000	684,000											
	Citibank, N.A., Tokyo Branch		500,000	500,000											
	Development Bank of Japan, Inc.		300,000	300,000											
	AEON Bank, Ltd.		300,000	300,000											
	The Nomura Trust and Banking Co., Limited		100,000	100,000											
	Mizuho Bank, Ltd.		Jul. 19, 2019	712,000						712,000	0.525	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.	986,000		986,000											
	Sumitomo Mitsui Banking Corporation	986,000		986,000											
	Sumitomo Mitsui Trust Bank, Limited	684,000		684,000											
	Citibank, N.A., Tokyo Branch	500,000		500,000											
Development Bank of Japan, Inc.	300,000	300,000													
AEON Bank, Ltd.	300,000	300,000													
The Nomura Trust and Banking Co., Limited	100,000	100,000													
Aozora Bank, Ltd.	375,000	375,000													

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	Mizuho Bank, Ltd.	Jul. 19, 2019	712,000	712,000	0.580	Jul. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		986,000	986,000					
	Sumitomo Mitsui Banking Corporation		986,000	986,000					
	Sumitomo Mitsui Trust Bank, Limited		684,000	684,000					
	Citibank, N.A., Tokyo Branch		500,000	500,000					
	Development Bank of Japan, Inc.		300,000	300,000					
	AEON Bank, Ltd.		300,000	300,000					
	The Nomura Trust and Banking Co., Limited		100,000	100,000					
	Aozora Bank, Ltd.,		375,000	375,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	1,212,000	1,212,000	0.611	Jan. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		986,000	986,000					
	Sumitomo Mitsui Banking Corporation		986,000	986,000					
	Sumitomo Mitsui Trust Bank, Limited		684,000	684,000					
	Development Bank of Japan, Inc.		300,000	300,000					
	AEON Bank, Ltd.		300,000	300,000					
	The Nomura Trust and Banking Co., Limited		100,000	100,000					
	Aozora Bank, Ltd.		375,000	375,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	1,211,000	1,211,000	0.761	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		986,000	986,000					
	Sumitomo Mitsui Banking Corporation		986,000	986,000					
	Sumitomo Mitsui Trust Bank, Limited		684,000	684,000					
	Development Bank of Japan, Inc.		300,000	300,000					
	AEON Bank, Ltd.		300,000	300,000					
	The Nomura Trust and Banking Co., Limited		100,000	100,000					
	Aozora Bank, Ltd.		375,000	375,000					
	Tokyo Star Bank, Limited	Jul. 22, 2019	700,000	700,000	0.761	Jul. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Aug. 28, 2019	2,882,000	2,882,000	0.462	Jan. 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Daisan Bank, Ltd.		800,000	800,000					
	The Daisan Bank, Ltd.	Oct. 15, 2019	1,700,000	1,700,000	0.486	Apr. 15, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Daisan Bank, Ltd.	Oct. 15, 2019	1,000,000	1,000,000	0.611	Apr. 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Nishi-Nippon City Bank, Ltd.	Oct. 15, 2019	1,000,000	1,000,000	0.761	Oct. 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 6, 2020	-	1,550,000	0.417	Jan. 6, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited (Note 6)	Jan. 16, 2020	-	3,050,000	0.643	Jan. 6, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
Momiji Bank, Ltd. (Note 6)	-		1,000,000						
The Kiyo Bank (Note 6)	-		500,000						
Mizuho Bank, Ltd.	Mar. 30, 2020	-	634,000	0.487	Mar. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Resona Bank, Limited		-	300,000						
Development Bank of Japan, Inc.		-	1,000,000						
The Bank of Fukuoka, Ltd.		-	333,000						
The Nomura Trust and Banking Co., Limited		-	333,000						
The Shizuoka Bank, Ltd.		-	200,000						
The Yamaguchi Bank, Ltd.		-	450,000						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 5)	MUFG Bank, Ltd.	Mar. 30, 2020	-	850,000	0.361	Mar. 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		-	1,090,000					
	The Bank of Fukuoka, Ltd.		-	333,000					
	Mizuho Bank, Ltd.	Mar. 30, 2020	-	582,000	0.561	Mar. 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	628,000					
	Sumitomo Mitsui Trust Bank, Limited		-	1,090,000					
	Shinsei Bank, Limited		-	570,000					
	Resona Bank, Limited		-	500,000					
	The Nomura Trust and Banking Co., Limited		-	270,000					
	Aozora Bank, Ltd.		-	1,000,000					
	The Shizuoka Bank, Ltd.		-	270,000					
	The Kagawa Bank, Ltd.		-	500,000					
	The Yamaguchi Bank, Ltd.		-	550,000					
	The Chukyo Bank, Ltd.	-	1,000,000						
	Citibank, N.A., Tokyo Branch	Jun. 15, 2020	-	1,000,000	0.311	Jun. 17, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Subtotal			249,488,000	254,388,000				
Total			252,174,000	255,268,000					

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

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

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

(Note 4) INV implemented the prepayment of its short-term consumption tax loan on May 29, 2020.

(Note 5) Long-term loans includes current portion of long-term loans payable.

(Note 6) JPY 1,000 million of the existing loan transferred from Sumitomo Mitsui Trust Bank, Limited to Momiji Bank, Ltd. and JPY 500 million of the existing loan transferred from Sumitomo Mitsui Trust Bank, Limited to The Kiyu Bank on February 28, 2020.

### 3 Investment Corporation Bonds

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

Bond Series	Issue Date	Balance at the beginning of the period (JPY thousand)	Balance at the end of the period (JPY thousand)	Interest Rate (%)	Redemption Date	Redemption method	Use of funds	Security/ Guaranty
First Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	1,000,000	0.400	May 25, 2023	(Note 2)	(Note 3)	Unsecured / Unguaranteed
Second Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	1,000,000	0.800	May 25, 2028	(Note 2)	(Note 3)	
Third Series Unsecured Investment Corporation Bonds (Note 1)	October 12, 2018	2,000,000	2,000,000	0.550	October 12, 2023	(Note 2)	(Note 4)	
Forth Series Unsecured Investment Corporation Bonds (Note 1)	October 28, 2019	1,000,000	1,000,000	0.480	October 28, 2024	(Note 2)	(Note 5)	
Fifth Series Unsecured Investment Corporation Bonds (Note 1)	October 28, 2019	2,000,000	2,000,000	0.900	October 26, 2029	(Note 2)	(Note 5)	
Sixth Series Unsecured Investment Corporation Bonds (Note 1)	March 13, 2020	—	1,200,000	0.850	March 13, 2030	(Note 2)	(Note 4)	
Total		7,000,000	8,200,000	—	—	—	—	—

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

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

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

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

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

### 4 Short-Term Investment Corporation Bonds

Not applicable

### 5 Investment Unit Options

Not applicable

## Acquisitions and Sales for the Fiscal Period Ended June 30, 2020

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

Type of asset	Name of property		Acquisition		Sale			
			Acquisition date	Acquisition price (JPY million)	Sales date	Sales price (JPY million) (Note 1)	Book value (JPY million)	Gain/loss on sales (JPY million)
Trust beneficiary interest	D82	Hotel MyStays Premier Narita	January 6, 2020	10,593	–	–	–	–
Trust beneficiary interest	D83	Art Hotel Morioka	January 6, 2020	5,643	–	–	–	–
Trust beneficiary interest	A51	City House Tokyo Shinbashi	–	–	January 15, 2020	4,465	2,269	2,046
Total				16,236	–	4,465	2,269	2,046

(Note 1) Acquisition price or sales price do not include various costs (brokerage commissions, taxes and other public dues) required for sale of the property, and is the sales price indicated in the trust beneficiary interest purchase agreement.

### 2 Acquisitions and Sales of Other Assets

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

### 3 Transaction Price Verification of Specified Assets

#### Real Estate Transactions

Acquisition or sale	Name of property		Category of specified asset	Transaction date	Sales price (JPY million) (Note 1)	Appraisal value (JPY million)	Appraiser	Appraisal date
Acquisition	D82	Hotel MyStays Premier Narita	Real estate Trust beneficiary interest	January 6, 2020	10,593	10,700	The Tanizawa Sōgō Appraisal Co., Ltd.	October 1, 2019
Acquisition	D83	Art Hotel Morioka	Real estate Trust beneficiary interest	January 6, 2020	5,643	5,700	JLL Morii Valuation & Advisory K.K.	October 1, 2019
Sale	A51	City House Tokyo Shinbashi	Real estate Trust beneficiary interest	January 15, 2020	4,465	3,650	Japan Real Estate Institute	November 1, 2019

(Note 1) Acquisition price or sales price do not include various costs (brokerage commissions, taxes and other public dues) required for acquisition of the property and is the purchase price indicated in the trust beneficiary interest purchase agreement.

(Note 2) The real estate appraisal described above is conducted by applying “Section 3: appraisals concerning prices of real estate subject to securitization” of “Real Estate Appraisal Standard.”

#### Other Transactions

There were eight other transactions involving currency options between January 1, 2020 and June 30, 2020 as transactions for which survey requests were made. In addition to comparable prices pursuant to Article 201, Paragraph 2 of the Investment Trust Act, INV has entrusted a survey to Akasaka Audit LLC and obtained survey reports on the transaction dates, names of counterparties, brands, agreed figures, types of financial instruments or financial indicators, put or call types, exercise prices, exercise periods, transaction periods, and other details of the over-the-counter derivatives transactions.

#### **4 Transactions with Interested Parties**

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

#### **5 Transactions between the Asset Manager and Its Other Businesses**

As the Asset Manager (Consonant Investment Management Co., Ltd.) does not engage in any other business, such as the type I financial instruments business and the type II financial instruments business, the building lots and buildings transaction business, or the real estate specified joint enterprise, there are no applicable transactions.

### **Financial Condition**

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#### **1 Assets, Liabilities, Principal, and Profit and Loss**

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

#### **2 Changes in the Calculation Method of Depreciation**

Not applicable

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

Not applicable

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

Not applicable

## Other

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### 1 Notice

Board of Directors of Investment Corporation

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

Approval date	Item	Summary
February 28, 2020	Comprehensive resolution on issuance of investment corporation bonds	Board of Directors passed a comprehensive resolution on issuance of investment corporation bonds with a maximum total issue amount of JPY 1.5 billion and an issuance period from February 28, 2020 to March 24, 2020; and entrustment of administrative duties concerning offering of investment corporation bonds and general administrative duties as an issuing agent, fiscal agent, paying agent, etc. to a prescribed general administrative agent.
May 11, 2020	Conclusion of MOU to amend the MLPM Agreements with Major Tenant, MHM Group	On May 11, 2020, INV entered into a MOU to amend respective MLPM Agreements for domestic hotels owned by INV and operated by INV's main tenant, MHM Group. Pursuant to the MOU, INV (i) waived the fixed rent during the relevant period and changed the calculation method of the variable rent by way of amendment of the MLPM Agreements in part and (ii) bore some property management costs that would normally be borne by the MHM Group under the former agreement and (iii) increased the amount of the management fees payable to the MHM Group.

### 2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

### 4 Other

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

## II. Balance Sheet

(Unit: JPY thousand)

	(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Assets		
Current assets:		
Cash and bank deposits	17,924,733	10,190,672
Cash and bank deposits in trust	10,862,669	6,127,902
Accounts receivable	613,563	-
Rental receivables	3,448,548	304,863
Deposits paid	482,506	262,507
Prepaid expenses	718,710	582,415
Income taxes receivable	137,528	129,613
Consumption taxes receivable	2,239,471	831,675
Other	154	-
<b>Total current assets</b>	<b>36,427,886</b>	<b>18,429,649</b>
Non-current assets:		
Property and equipment		
Buildings	19,142,244	19,392,579
Accumulated depreciation	(278,377)	(494,780)
Buildings, net	18,863,867	18,897,798
Buildings and accompanying facilities	5,111,514	5,292,840
Accumulated depreciation	(190,462)	(342,143)
Buildings and accompanying facilities, net	4,921,052	4,950,697
Structures, at cost	-	1,458
Accumulated depreciation	-	(19)
Structures, net	-	1,439
Tools, furniture and fixtures	1,087,303	1,160,530
Accumulated depreciation	(64,425)	(117,632)
Tools, furniture and fixtures, net	1,022,877	1,042,897
Construction in progress	534,690	486,479
Buildings in trust	159,549,904	167,743,709
Accumulated depreciation	(15,114,933)	(17,281,345)
Buildings in trust, net	144,434,970	150,462,363
Buildings and accompanying facilities in trust	33,269,242	*3 33,693,125
Accumulated depreciation	(8,355,624)	(9,275,639)
Buildings and accompanying facilities in trust, net	24,913,618	24,417,485
Structures in trust, at cost	234,012	250,163
Accumulated depreciation	(100,967)	(102,281)
Structures in trust, net	133,045	147,882
Tools, furniture and fixtures in trust	2,382,539	2,766,458
Accumulated depreciation	(763,771)	(954,147)
Tools, furniture and fixtures in trust, net	1,618,767	1,812,311
Land in trust	245,771,234	250,271,308
Construction in progress in trust	3,179	129,129
<b>Total property and equipment, net</b>	<b>442,217,302</b>	<b>452,619,792</b>
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	13,265,876	14,614,328
<b>Total intangible assets</b>	<b>23,903,688</b>	<b>25,252,140</b>
Investment and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	803,721	1,362,721
Long-term prepaid expenses	974,554	898,626
Derivatives assets	166,234	152,275
Others	22,667	22,667
<b>Total investments and other assets</b>	<b>19,823,566</b>	<b>20,292,677</b>
<b>Total non-current assets</b>	<b>485,944,557</b>	<b>498,164,611</b>
Deferred assets		
Investment corporation bond issuance costs	59,556	69,157
<b>Total deferred assets</b>	<b>59,556</b>	<b>69,157</b>
<b>Total assets</b>	<b>522,431,999</b>	<b>516,663,418</b>



(Unit: JPY thousand)

	(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	443,004	142,330
Short-term loans payable	2,686,000	880,000
Current portion of long-term loans payable	50,130,000	57,380,000
Accounts payable-other	125,221	301,280
Accrued expenses	272,659	269,814
Income taxes payable	605	605
Advances received	798,980	1,000,217
Deposits received	52,128	31,889
<b>Total current liabilities</b>	<b>54,508,599</b>	<b>60,006,137</b>
Non-current liabilities:		
Investment corporation bonds	7,000,000	8,200,000
Long-term loans payable	199,358,000	197,008,000
Tenant leasehold and security deposits in trust	1,765,094	1,749,862
Derivatives liabilities	37,007	128,466
Asset retirement obligations	32,539	32,756
<b>Total non-current liabilities</b>	<b>208,192,641</b>	<b>207,119,086</b>
<b>Total liabilities</b>	<b>262,701,240</b>	<b>267,125,223</b>
<b>Net assets</b>		
Unitholders' equity:		
Unitholders' capital	235,701,512	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment	*2 (6,130)	*2 (6,130)
Other deduction of capital surplus	(5,524,006)	(5,524,006)
<b>Total deduction of unitholders' capital surplus</b>	<b>(5,530,137)</b>	<b>(5,530,137)</b>
Capital surplus, net	734,294	734,294
Retained earnings	23,261,426	13,168,294
<b>Total surplus</b>	<b>23,995,720</b>	<b>13,902,588</b>
<b>Total unitholders' equity</b>	<b>259,697,232</b>	<b>249,604,100</b>
Valuation and translation adjustments:		
Deferred gains or losses on hedges	33,525	(65,906)
<b>Total valuation and translation adjustments</b>	<b>33,525</b>	<b>(65,906)</b>
<b>Total net assets</b>	<b>*1 259,730,758</b>	<b>*1 249,538,194</b>
<b>Total liabilities and net assets</b>	<b>522,431,999</b>	<b>516,663,418</b>

### III. Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Operating revenue		
Rental revenue – real estate	*1 14,545,826	*1 5,838,836
Management contract revenue	*2 1,397,621	*2 890,442
Gain on sales of properties	*3 1,970,306	*3 2,046,294
Dividend income	673,498	634,651
<b>Total operating revenue</b>	<b>18,587,253</b>	<b>9,410,225</b>
Operating expenses		
Property-related expenses	*1 4,673,007	*1 6,801,584
Management contract expenses	*2 537,542	*2 535,279
Asset management fees	300,000	300,000
Directors' compensation	4,800	4,800
Asset custody fees	25,518	26,231
Administrative service fees	57,444	47,259
Other	129,956	198,092
<b>Total operating expenses</b>	<b>5,728,269</b>	<b>7,913,247</b>
<b>Operating income</b>	<b>12,858,984</b>	<b>1,496,977</b>
Non-operating income		
Interest income	179	114
Foreign exchange gains	40,710	-
Interest on tax refund	289	7,712
Gain of derivatives	-	47,743
Miscellaneous income	2,091	1,613
<b>Total non-operating income</b>	<b>43,270</b>	<b>57,183</b>
Non-operating expenses		
Interest expenses	687,208	702,917
Foreign exchange losses	-	31,675
Interest expenses on investment corporation bonds	15,654	25,911
Amortization of investment corporation bond issuance costs	4,256	5,928
Loan-related costs	412,550	362,534
Investment unit issuance costs	143,029	-
Other	1	670
<b>Total non-operating expenses</b>	<b>1,262,700</b>	<b>1,129,639</b>
<b>Ordinary income</b>	<b>11,639,553</b>	<b>424,522</b>
Extraordinary income		
Subsidy income	-	73,119
<b>Total extraordinary income</b>	<b>-</b>	<b>73,119</b>
Extraordinary losses		
Loss on reduction entry of non-current assets	-	73,119
<b>Total extraordinary losses</b>	<b>-</b>	<b>73,119</b>
<b>Income before income taxes</b>	<b>11,639,553</b>	<b>424,522</b>
Income taxes	605	605
<b>Total income taxes</b>	<b>605</b>	<b>605</b>
<b>Net income</b>	<b>11,638,948</b>	<b>423,917</b>
Retained earnings/losses brought forward	11,622,477	12,744,377
<b>Unappropriated retained earnings/losses</b>	<b>23,261,426</b>	<b>13,168,294</b>

#### IV. Statement of Changes in Net Assets

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)

(Unit: JPY thousand)

	Unitholders' equity						
	Unitholders' capital	Surplus					Capital surplus (net)
		Capital surplus					
		Capital surplus	Deduction of capital surplus			Total deduction of capital surplus	
Allowance for temporary differences adjustment	Other deduction of capital surplus						
Balance at the beginning of the period	211,092,540	6,264,432	(131,332)	(5,398,804)	(5,530,137)	734,294	
Changes during the period							
Issuance of new investment units	24,483,770						
Reversal of allowance for temporary differences adjustment	125,201		125,201	(125,201)	–	–	
Distributions from surplus							
Net income							
Changes other than unitholders' equity (net)							
Total changes during the period	24,608,971	–	125,201	(125,201)	–	–	
Balance at the end of the period	235,701,512	6,264,432	(6,130)	(5,524,006)	(5,530,137)	734,294	

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	21,131,966	21,866,261	232,958,801	87,612	87,612	233,046,414
Changes during the period						
Issuance of new investment units			24,483,770			24,483,770
Reversal of allowance for temporary differences adjustment	(125,201)	(125,201)	–			–
Distributions from surplus	(9,384,287)	(9,384,287)	(9,384,287)			(9,384,287)
Net income	11,638,948	11,638,948	11,638,948			11,638,948
Changes other than unitholders' equity (net)				(54,086)	(54,086)	(54,086)
Total changes during the period	2,129,459	2,129,459	26,738,431	(54,086)	(54,086)	26,684,344
Balance at the end of the period	23,261,426	23,995,720	259,697,232	33,525	33,525	259,730,758

Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

(Unit: JPY thousand)

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

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	23,261,426	23,995,720	259,697,232	33,525	33,525	259,730,758
Changes during the period						
Distributions from surplus	(10,517,049)	(10,517,049)	(10,517,049)			(10,517,049)
Net income	423,917	423,917	423,917			423,917
Changes other than unitholders' equity (net)				(99,432)	(99,432)	(99,432)
Total changes during the period	(10,093,131)	(10,093,131)	(10,093,131)	(99,432)	(99,432)	(10,192,564)
Balance at the end of the period	13,168,294	13,902,588	249,604,100	(65,906)	(65,906)	249,538,194

## V. Notes to Financial Statements

### [Notes Concerning Significant Accounting Policies]

Item \ By Period	(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
1. Evaluation standards and evaluation method of assets	<p>Other securities Those with no fair value Cost method through moving-average method is used.</p>	<p>(a) Other securities Those with no fair value Cost method through moving-average method is used. (b) Claims generated and debt incurred through derivative transactions Market value method is used.</p>
2. Method of depreciation of non-current assets	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Tools, furniture and fixtures 3-10 years Buildings in trust 5-67 years Buildings and accompanying facilities in trust 2-33 years Structures in trust 9-55 years Tools, furniture and fixtures in trust 2-19 years</p> <p>(b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. Buildings 16-50 years Buildings and accompanying facilities 5-29 years Structures 20 years Tools, furniture and fixtures 3-18 years Buildings in trust 7-67 years Buildings and accompanying facilities in trust 2-33 years Structures in trust 10-55 years Tools, furniture and fixtures in trust 2-20 years</p> <p>(b) Intangible assets For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>
3. Accounting treatment of deferred assets	<p>(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.</p>	<p>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.</p>
4. Method of calculating allowances	<p>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.</p>	<p>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.</p>
5. Conversion of assets and liabilities in foreign currency into Japanese yen	<p>Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.</p>	<p>Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.</p>

By Period Item	(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
6. Revenue and expense recognition	<p>Accounting treatment of property taxes and other taxes</p> <p>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.</p> <p>Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition cost of real estate during the fiscal period ended December 31, 2019 is JPY 111,155 thousand.</p>	<p>Accounting treatment of property taxes and other taxes</p> <p>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.</p> <p>Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition cost of real estate during the fiscal period ended June 30, 2020 is JPY 41,528 thousand.</p>
7. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item (Borrowings) Hedging instrument: interest rate swap Hedged item: interest on borrowings (Scheduled foreign currency-denominated transactions) Hedging instrument: Foreign exchange option Hedged item: Scheduled foreign currency-denominated transaction</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>
8. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p>	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p>

By Period Item	(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
	(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 Construction in progress in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.	(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 Construction in progress in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

[Notes to the Balance Sheet]

(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations  JPY 50,000 thousand	*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations  JPY 50,000 thousand

\*2. Allowance for temporary differences adjustment

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period
Leasehold rights in trust	Sale of asset with leasehold rights in trust	(131,332)	(131,332)	-	125,201	(6,130)
Total		(131,332)	(131,332)	-	125,201	(6,130)

2. Method of reversal

(1) Leasehold rights in trust

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

Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

Not applicable	*3. Reduction entry amount of property and equipment acquired with governmental subsidies, etc. Building and accompanying facilities in trust JPY 73,119 thousand
----------------	---

[Notes to Statement of Income and Retained Earnings]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues Rental revenue – real estate (Rent/common area charges) (Note) 14,306,734 (Other revenues) 239,092 <u>Total</u> 14,545,826</p> <p>B. Real estate rental expenses Property-related expenses (Maintenance costs) 539,778 (Taxes and public dues) 631,040 (Insurance expenses) 17,639 (Depreciation expenses) 3,345,473 (Other expenses) 139,076 <u>Total</u> 4,673,007</p> <p>C. Real estate rental income (A-B) 9,872,819 (Note) Of which, revenue from variable hotel rents 5,317,963</p>	<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues Rental revenue – real estate (Rent/common area charges) (Note) 5,604,840 (Other revenues) 233,996 <u>Total</u> 5,838,836</p> <p>B. Real estate rental expenses Property-related expenses (Maintenance costs) 2,452,700 (Taxes and public dues) 598,839 (Insurance expenses) 19,721 (Depreciation expenses) 3,578,589 (Other expenses) 151,732 <u>Total</u> 6,801,584</p> <p>C. Real estate rental income (A-B) (962,747) (Note) Of which, revenue from variable hotel rents 1,246,746</p>
<p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 3,927,961 B. Hotel operating expenses <u>2,530,339</u> C. Management contract revenue (A-B) <u>1,397,621</u> D. Management contract expenses Management fee 12,276 Non-life insurance expenses 111,278 Depreciation expenses 412,305 Other expenses 1,680 <u>Total</u> 537,542</p> <p>E. Management contract revenue and expenses (C-D) 860,079</p>	<p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 2,912,073 B. Hotel operating expenses <u>2,021,630</u> C. Management contract revenue (A-B) <u>890,442</u> D. Management contract expenses Management fee 4,096 Non-life insurance expenses 109,853 Depreciation expenses 420,999 Other expenses 329 <u>Total</u> 535,279</p> <p>E. Management contract revenue and expenses (C-D) 355,162</p>
<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Winbell Kagurazaka</p> <p>Proceeds from sales of properties 5,135,530 Cost of sales of properties 2,992,380</p>	<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>City House Tokyo Shinbashi</p> <p>Proceeds from sales of properties 4,474,757 Cost of sales of properties 2,269,720</p>



(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Other expenses on sales of properties 172,843	Other expenses on sales of properties 158,741
Gain on sales of properties 1,970,306	Gain on sales of properties 2,046,294

[Notes to Statement of Changes in Net Assets]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Total number of issuable investment units and number of investment units issued and outstanding	Total number of issuable investment units and number of investment units issued and outstanding
Total number of investment units authorized 10,000,000 units	Total number of investment units authorized 10,000,000 units
Total number of investment units issued and outstanding 6,096,840 units	Total number of investment units issued and outstanding 6,096,840 units

[Notes Related to Tax Accounting]

(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)																																								
1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)	1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)																																								
(Deferred tax assets)	(Deferred tax assets)																																								
Enterprise tax payable 821	Enterprise tax payable 731																																								
Buildings and other (merger) 375,803	Buildings and other (merger) 301,485																																								
Land (merger) 695,171	Land (merger) 693,693																																								
Loss carried forward (Note 1) 522,444	Loss carried forward (Note 1) 522,444																																								
Asset retirement obligations 10,237	Asset retirement obligations 10,305																																								
Amortization of leasehold right 88,526	Amortization of leasehold right 100,736																																								
Adjustment of acquisition prices (overseas properties) 472,363	Adjustment of acquisition prices (overseas properties) 469,321																																								
Deposit received 9,301	Deposit received 4,762																																								
Subtotal 2,174,669	Subtotal 2,103,480																																								
Valuation allowance for tax loss carried forward (522,444)	Valuation allowance for tax loss carried forward (522,444)																																								
Valuation allowance for the total of deductible temporary differences, etc. (1,652,225)	Valuation allowance for the total of deductible temporary differences, etc. (1,581,036)																																								
Subtotal (2,174,669)	Subtotal (2,103,480)																																								
Total -	Total -																																								
(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.	(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.																																								
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	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years																																					
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Valuation allowance	-	-	(522,444)	-																																					
Deferred tax assets	-	-	-	-																																					

(Reference) Fiscal period ended December 31, 2019 (as of December 31, 2019)				Fiscal period ended June 30, 2020 (as of June 30, 2020)			
	Due after four to five years	Due after five years	Total		Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	-	-	522,444	Tax loss carried forward (a)	-	-	522,444
Valuation allowance	-	-	(522,444)	Valuation allowance	-	-	(522,444)
Deferred tax assets	-	-	-	Deferred tax assets	-	-	-
(a) Tax loss carried forward is multiplied by statutory tax rate.				(a) Tax loss carried forward is multiplied by statutory tax rate.			
2. Significant difference between statutory tax rate and the effective tax rate				2. Significant difference between statutory tax rate and the effective tax rate			
Statutory tax rate			31.51%	Statutory tax rate			31.46%
Deductible cash distributions			(28.47)%	Deductible cash distributions			(8.87)%
Changes in valuation allowance			(3.03)%	Changes in valuation allowance			(16.98)%
Others			0.00%	Untaxable dividend income			(5.61)%
Effective tax rate			0.01%	Others			0.15%
				Effective tax rate			0.14%

[Notes Related to Financial Instruments]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
1. Status of financial instruments	1. Status of financial instruments
(1) Policy for financial instruments	(1) Policy for financial instruments
<p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units, investment corporation bonds, or borrowing loans.</p> <p>Derivative transactions are to be entered into for the purpose of hedging against the risks of future interest rate fluctuations, exchange rate fluctuations, etc. and not for speculation.</p> <p>Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p>	<p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units, investment corporation bonds, or borrowing loans.</p> <p>Derivative transactions are to be entered into for the purpose of hedging against the risks of future interest rate fluctuations, exchange rate fluctuations, etc. and not for speculation.</p> <p>Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p>
(2) Nature and extent of risks arising from financial instruments and risk management.	(2) Nature and extent of risks arising from financial instruments and risk management.
<p>The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p>	<p>The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p>
(3) Supplemental information regarding market value, etc. for financial instruments.	(3) Supplemental information regarding market value, etc. for financial instruments.
The fair value of financial instruments is based on quoted	The fair value of financial instruments is based on quoted

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)		
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.	market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.		
2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of December 31, 2019 are as follows. (Unit: JPY thousand)	2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of June 30, 2020 are as follows. (Unit: JPY thousand)		
(Unit: JPY thousand)	Book Value	Fair Value	Difference
(1) Cash and bank deposits	17,924,733	17,924,733	-
(2) Cash and bank deposits in trust	10,862,669	10,862,669	-
Total assets	28,787,403	28,787,403	-
(3) Short-term loans	(2,686,000)	(2,686,000)	-
(4) Current portion of long-term loans payable	(50,130,000)	(50,130,000)	-
(5) Investment corporation bonds	(7,000,000)	(6,957,300)	42,700
(6) Long-term loans	(199,358,000)	(199,358,000)	-
Total liabilities	(259,174,000)	(259,131,300)	42,700
(7) Derivatives	129,227	129,227	-
(1) Cash and bank deposits	10,190,672	10,190,672	-
(2) Cash and bank deposits in trust	6,127,902	6,127,902	-
Total assets	16,318,574	16,318,574	-
(3) Short-term loans	(880,000)	(880,000)	-
(4) Current portion of long-term loans payable	(57,380,000)	(57,380,000)	-
(5) Investment corporation bonds	(8,200,000)	(7,351,740)	848,260
(6) Long-term loans	(197,008,000)	(197,008,000)	-
Total liabilities	(263,468,000)	(262,619,740)	848,260
(7) Derivatives	23,808	23,808	-
(*1) Items recorded in the Liabilities Section are shown in parenthesis.	(*1) Items recorded in the Liabilities Section are shown in parenthesis.		
(*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.	(*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.		
(Note 1) Methods to calculate fair value of financial instruments. (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans 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 Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is 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 (a) Derivatives transactions to which hedge accounting is not applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are	(Note 1) Methods to calculate fair value of financial instruments. (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans 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 Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is 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 (a) Derivatives transactions to which hedge accounting is not applied As for derivative transactions for which hedge accounting is not applied, the contract amount as of the closing date and the amount equivalent to the notional principal prescribed in the contract are as follows.		

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)					Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)						
as shown below.											
(Unit: JPY thousand)					(Unit: JPY thousand)						
Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)	Classification	Derivative transaction type, etc.	Contract amount, etc. (*1)		Fair value (*1)	Valuation gains/losses
				Amount due after one year				Amount due after one year			
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	95,112,000	66,133,000	64,609	OTC transaction	Currency option transaction short USD/Call (Option fees)	3,271,290 (- 79,014)	1,890,460 (- 46,376)	(- 48,852)	(30,162)
	Currency option transaction short USD/Call (Option fees)	Scheduled foreign-currency-denominated transactions	3,836,140 (95,963)	622,160 (13,687)	(24,788)		Currency option transaction long USD/Put (Option fees)	3,271,290 (109,770)	1,890,460 (70,605)	(138,567)	(28,797)
	Currency option transaction long USD/Put (Option fees)		3,836,140 (191,665)	622,160 (38,743)	(89,405)						
<p>(*1) The contract amount, etc. for interest rate swap are stated based on a notional principal.</p> <p>(*2) Estimation method for fair value</p> <p>Interest rate swap: Estimated based on the price, etc. presented by the correspondent financial institutions.</p> <p>Currency option: Indicates fair values of option fees, etc. presented by the correspondent financial institutions.</p>					<p>(*1) Estimation method for fair value</p> <p>Currency option: Indicates fair values of option fees, etc. presented by the correspondent financial institutions.</p> <p>(b) Derivatives transactions to which hedge accounting is applied</p> <p>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.</p>						
(Unit: JPY thousand)					(Unit: JPY thousand)						
Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)						
				Amount due after one year							
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	98,362,000	65,133,000	(65,906)						
<p>(*1) The contract amount, etc. for interest rate swap are stated based on a notional principal.</p> <p>(*2) Estimation method for fair value</p> <p>Interest rate swap: Estimated based on the price, etc. presented by the correspondent financial institutions.</p>											

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)																																																																
<p>(Note 2) Financial instruments for which fair value is extremely difficult to value.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Book value</th> </tr> </thead> <tbody> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">1,765,094</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">17,856,387</td> </tr> </tbody> </table> <p>Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably 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.</p> <p>Since quoted market prices are not available for investment securities (preferred equity interest and TK interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.</p>	Category	Book value	Tenant leasehold and security deposits in trust	1,765,094	Investment securities	17,856,387	<p>(Note 2) Financial instruments for which fair value is extremely difficult to value.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Book value</th> </tr> </thead> <tbody> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">1,749,862</td> </tr> <tr> <td>Investment securities</td> <td style="text-align: right;">17,856,387</td> </tr> </tbody> </table> <p>Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably 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.</p> <p>Since quoted market prices are not available for investment securities (preferred equity interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.</p>	Category	Book value	Tenant leasehold and security deposits in trust	1,749,862	Investment securities	17,856,387																																																				
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<p>(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period</p> <p>As of December 31, 2019</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th>Due within one year</th> <th>Due after one to two years</th> <th>Due after two to three years</th> </tr> </thead> <tbody> <tr> <td>Short-term loans</td> <td style="text-align: right;">2,686,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Current portion of long-term loans payable</td> <td style="text-align: right;">50,130,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Investment corporation bonds</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Long-term loans</td> <td style="text-align: center;">-</td> <td style="text-align: right;">55,601,000</td> <td style="text-align: right;">47,079,000</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">52,816,000</td> <td style="text-align: right;">55,601,000</td> <td style="text-align: right;">47,079,000</td> </tr> </tbody> </table>		Due within one year	Due after one to two years	Due after two to three years	Short-term loans	2,686,000	-	-	Current portion of long-term loans payable	50,130,000	-	-	Investment corporation bonds	-	-	-	Long-term loans	-	55,601,000	47,079,000	Total	52,816,000	55,601,000	47,079,000	<p>(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period</p> <p>As of June 30, 2020</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th></th> <th>Due within one year</th> <th>Due after one to two years</th> <th>Due after two to three years</th> </tr> </thead> <tbody> <tr> <td>Short-term loans</td> <td style="text-align: right;">880,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Current portion of long-term loans payable</td> <td style="text-align: right;">57,380,000</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Investment corporation bonds</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">1,000,000</td> </tr> <tr> <td>Long-term loans</td> <td style="text-align: center;">-</td> <td style="text-align: right;">53,602,000</td> <td style="text-align: right;">44,207,000</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: right;">58,260,000</td> <td style="text-align: right;">53,602,000</td> <td style="text-align: right;">45,207,000</td> </tr> </tbody> </table>		Due within one year	Due after one to two years	Due after two to three years	Short-term loans	880,000	-	-	Current portion of long-term loans payable	57,380,000	-	-	Investment corporation bonds	-	-	1,000,000	Long-term loans	-	53,602,000	44,207,000	Total	58,260,000	53,602,000	45,207,000																
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(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)				Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)			
	Due after three to four years	Due after four to five years	Due after five years		Due after three to four years	Due after four to five years	Due after five years
Short-term loans	-	-	-	Short-term loans	-	-	-
Current portion of long-term loans payable	-	-	-	Current portion of long-term loans payable	-	-	-
Investment corporation bonds	3,000,000	1,000,000	3,000,000	Investment corporation bonds	2,000,000	1,000,000	4,200,000
Long-term loans	38,582,000	32,920,000	25,176,000	Long-term loans	44,964,000	40,798,000	13,437,000
Total	41,582,000	33,920,000	28,176,000	Total	46,964,000	41,798,000	17,637,000

[Notes Related to Asset Retirement Obligations]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)		Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)	
<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the period</p>		<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the period</p>	
(Unit: JPY thousand)		(Unit: JPY thousand)	
Balance at the beginning of the period	32,321	Balance at the beginning of the period	32,539
Increase due to the acquisition of properties	-	Increase due to the acquisition of properties	-
Accretion expense	218	Accretion expense	217
Balance at the end of the period	32,539	Balance at the end of the period	32,756

[Notes Related to Rental Properties]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)					Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)																																																												
<p>INV owns residential properties and hotels as core assets principally in the Greater Tokyo area and major regional cities with an aim to establish a portfolio focusing on both stability and growth potential. The book value changed during the period and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="3">Book value</th> <th rowspan="2">Fair value at the end of the period</th> </tr> <tr> <th>Balance at the beginning of the period</th> <th>Change during the period</th> <th>Balance at the end of the period</th> </tr> </thead> <tbody> <tr> <td>Residences</td> <td>56,921,817</td> <td>(3,368,841)</td> <td>53,552,976</td> <td>69,671,000</td> </tr> <tr> <td>Commercial facilities</td> <td>4,825,236</td> <td>(35,280)</td> <td>4,789,956</td> <td>6,150,000</td> </tr> <tr> <td>Hotels</td> <td>326,555,836</td> <td>80,684,352</td> <td>407,240,188</td> <td>482,093,260</td> </tr> <tr> <td>Total</td> <td>388,302,890</td> <td>77,280,230</td> <td>465,583,121</td> <td>557,914,260</td> </tr> </tbody> </table>					Use	Book value			Fair value at the end of the period	Balance at the beginning of the period	Change during the period	Balance at the end of the period	Residences	56,921,817	(3,368,841)	53,552,976	69,671,000	Commercial facilities	4,825,236	(35,280)	4,789,956	6,150,000	Hotels	326,555,836	80,684,352	407,240,188	482,093,260	Total	388,302,890	77,280,230	465,583,121	557,914,260	<p>INV owns residential properties and hotels as core assets principally in the Greater Tokyo area and major regional cities with an aim to establish a portfolio focusing on both stability and growth potential. The book value changed during the period and the fair value at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="3">Book value</th> <th rowspan="2">Fair value at the end of the period</th> </tr> <tr> <th>Balance at the beginning of the period</th> <th>Change during the period</th> <th>Balance at the end of the period</th> </tr> </thead> <tbody> <tr> <td>Residences</td> <td>53,552,976</td> <td>(2,648,900)</td> <td>50,904,075</td> <td>65,438,000</td> </tr> <tr> <td>Commercial facilities</td> <td>4,789,956</td> <td>(51,271)</td> <td>4,738,684</td> <td>6,120,000</td> </tr> <tr> <td>Hotels</td> <td>407,240,188</td> <td>14,373,376</td> <td>421,613,565</td> <td>470,778,826</td> </tr> <tr> <td>Total</td> <td>465,583,121</td> <td>11,673,203</td> <td>477,256,324</td> <td>542,336,826</td> </tr> </tbody> </table>					Use	Book value			Fair value at the end of the period	Balance at the beginning of the period	Change during the period	Balance at the end of the period	Residences	53,552,976	(2,648,900)	50,904,075	65,438,000	Commercial facilities	4,789,956	(51,271)	4,738,684	6,120,000	Hotels	407,240,188	14,373,376	421,613,565	470,778,826	Total	465,583,121	11,673,203	477,256,324	542,336,826
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[Notes Related to Restriction on Asset Management]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019) (Reference)

**1 Interested parties of the Asset Manager**

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Interested party of the Asset Manager	Shirahama Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	22,322,000	-	-
	Touyako Godo Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	15,543,000	-	-
	Calvis Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	11,492,000	-	-
	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,731,000	-	-
	Saturnia Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,405,000	-	-
	Kawaguchiko Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	8,629,000	-	-
	HL Investments 2 Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,524,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	1,133,572	Accounts receivable	195,942
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	8,084,924	Accounts receivable	2,664,336

(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 sponsor related parties.

(Note 3) Shirahama Tokutei Mokuteki Kaisha, Touyako Godo Kaisha, Calvis Tokutei Mokuteki Kaisha, Yaeyama Resort Hotel Tokutei Mokuteki Kaisha, Saturnia Tokutei Mokuteki Kaisha, Kawaguchiko Tokutei Mokuteki Kaisha, HL Investments 2 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, 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 FIG (a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Shirahama Tokutei Mokuteki Kaisha, Touyako Godo Kaisha, Calvis Tokutei Mokuteki Kaisha, Yaeyama Resort Hotel Tokutei Mokuteki Kaisha, Saturnia Tokutei Mokuteki Kaisha, Kawaguchiko Tokutei Mokuteki Kaisha, HL Investments 2 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.



Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Interested party of the Asset Manager	Shirahama Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	22,322,000	-	-
	Touyako Godo Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	15,543,000	-	-
	Calvis Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	11,492,000	-	-
	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,731,000	-	-
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	HL Investments 2 Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,524,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	1,133,572	Rental receivables	195,942
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	8,084,924	Rental receivables	2,664,336

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

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(Note 3) Shirahama Tokutei Mokuteki Kaisha, Touyako Godo Kaisha, Calvis Tokutei Mokuteki Kaisha, Yaeyama Resort Hotel Tokutei Mokuteki Kaisha, Saturnia Tokutei Mokuteki Kaisha, Kawaguchiko Tokutei Mokuteki Kaisha, HL Investments 2 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, 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 FIG (a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Shirahama Tokutei Mokuteki Kaisha, Touyako Godo Kaisha, Calvis Tokutei Mokuteki Kaisha, Yaeyama Resort Hotel Tokutei Mokuteki Kaisha, Saturnia Tokutei Mokuteki Kaisha, Kawaguchiko Tokutei Mokuteki Kaisha, HL Investments 2 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)
D64	Hotel MyStays Sapporo Aspen	Touyako Godo Kaisha	15,543,000
D65	Art Hotel Ishigakijima	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha	9,731,000
D66	Hotel MyStays Fuji Onsen Resort	Saturnia Tokutei Mokuteki Kaisha	9,405,000

D67	Hotel Sonia Otaru	Shirahama Tokutei Mokuteki Kaisha	5,930,000
D68	Hotel MyStays Kanazawa Castle	Calvis Tokutei Mokuteki Kaisha	5,682,000
D69	Art Hotel Niigata Station	HL Investments 2 Tokutei Mokuteki Kaisha	5,524,000
D70	Hotel MyStays Nagoya Nishiki	Shirahama Tokutei Mokuteki Kaisha	5,197,000
D71	Hotel Nord Otaru	Shirahama Tokutei Mokuteki Kaisha	4,296,000
D72	Hotel MyStays Kagoshima Tenmonkan	Kawaguchiko Tokutei Mokuteki Kaisha	3,445,000
D73	Art Hotel Asahikawa	Shirahama Tokutei Mokuteki Kaisha	3,197,000
D74	Hotel MyStays Matsuyama	Calvis Tokutei Mokuteki Kaisha	3,098,000
D75	Hotel MyStays Sapporo Susukino	Kawaguchiko Tokutei Mokuteki Kaisha	3,059,000
D76	Hotel MyStays Sapporo Nakajima Park	Shirahama Tokutei Mokuteki Kaisha	2,118,000
D77	Hotel MyStays Sapporo Nakajima Park Annex	Shirahama Tokutei Mokuteki Kaisha	1,584,000
D78	Flexstay Inn Sakuragicho	Calvis Tokutei Mokuteki Kaisha	1,425,000
D79	MyCUBE by MYSTAYS Asakusa Kuramae	Calvis Tokutei Mokuteki Kaisha	1,287,000
D80	Hotel MyStays Kagoshima Tenmonkan Annex	Kawaguchiko Tokutei Mokuteki Kaisha	1,168,000
D81	Hotel MyStays Nayoro	Kawaguchiko Tokutei Mokuteki Kaisha	957,000
Total			82,646,000

## 2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of investment units owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing of short-term loan	672,000	Short-term loans payable	672,000
				Borrowing of long-term loan	6,563,000	Long-term loans payable	30,788,000
				Repayment of long-term loan	2,670,000		
				Finance-related fees (Note 2)	72,555	Prepaid expenses	64,169
						Long-term prepaid expenses	105,877
Interest expenses (Note 2)	87,503	Accrued expenses	959				

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

(Note 2) The terms and conditions have been determined based on actual market conditions.

Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)

## 1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Interested party of the Asset Manager	Adria Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	10,593,000	-	-
	Heijo Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,643,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	112,358	Rental receivables	40,124
				Payment of property management costs and management fees (Note 2)	273,674	-	-
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	2,205,610	Rental receivables	1,834,677
				Payment of property management costs and management fees (Note 2)	985,476	Accounts payable-other	93,109

(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 sponsor related parties.

(Note 3) Adria Tokutei Mokuteki Kaisha, Heijo 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, 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 FIG (a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Adria Tokutei Mokuteki Kaisha, Heijo 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, in 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)
D82	Hotel MyStays Premier Narita	Adria Tokutei Mokuteki Kaisha	10,593,000
D83	Art Hotel Morioka	Heijo Tokutei Mokuteki Kaisha	5,643,000
Total			16,236,000

## 2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of investment units owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing of short-term loan	880,000	Short-term loans payable	880,000
				Repayment of short-term loan	672,000		
				Borrowing of long-term loan	8,280,000	Long-term loans payable	35,388,000
				Repayment of long-term loan	3,680,000		
				Finance-related fees (Note 2)	81,770	Prepaid expenses	73,764
						Long-term prepaid expenses	139,632
Interest expenses (Note 2)	99,901	Accrued expenses	530				

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

(Note 2) The terms and conditions have been determined based on actual market conditions.

### [Notes Related to Per Unit Information]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Net assets per unit JPY 42,601	Net assets per unit JPY 40,929
Net income per unit JPY 1,910	Net income per unit JPY 70
Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.	Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.

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

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Net income for the period (JPY thousand) 11,638,948	Net income for the period (JPY thousand) 423,917
Amounts not attributable to common unitholders (JPY thousand) -	Amounts not attributable to common unitholders (JPY thousand) -
Net income attributable to common units (JPY thousand) 11,638,948	Net income attributable to common units (JPY thousand) 423,917
Average number of investment units during the period (units) 6,093,427	Average number of investment units during the period (units) 6,096,840

[Notes Related to Significant Subsequent Events]

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
<p>1. Sale of asset (property)</p> <p>INV completed the sale of the following property on January 15, 2020.</p> <p>Property Number: A51 City House Tokyo Shinbashi</p> <p>Sale Date : January 15, 2020</p> <p>Location : Minato-ku, Tokyo</p> <p>Book Value (Note 1) : JPY 2,269 million</p> <p>Sales Price (Note 2) : JPY 4,465 million</p> <p>Expected Gain on Sale (Note 3) : JPY 2,043 million</p> <p>Transferee : Undisclosed (Note 4)</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>(Note 1) As of December 31, 2019.</p> <p>(Note 2) Sales price shows sale prices set forth in the PSA of property and does not include adjustment for property taxes or city planning taxes, or national or local consumption taxes.</p> <p>(Note 3) Gain on sale is calculated by deducting the estimated transfer related cost and is subject to change upon finalization of the financial results.</p> <p>(Note 4) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure.</p> <p>(Note 5) For an overview of the sale of asset, please refer to "Status of Investment Corporation's Assets under Management 3. Asset Portfolio of Real Estate, etc." of "I. Asset Management Report" as described above.</p> <p>2. Debt Financing</p> <p>In order to fund a portion of the acquisition price for two hotel properties (domestic real estate trust beneficiary interests) acquired on January 6, 2020, INV resolved the following debt financing at a meeting of the Board of Directors held on January 6, 2020, and entered into a loan agreement on the same day.</p> <p>Lender : Sumitomo Mitsui Trust Bank, Limited</p> <p>Outstanding balance : JPY 6,980 million</p> <p>Interest rate, etc. : Base Rate (1-month JPY TIBOR) + 0.500%, 0.300%, 0.200%</p> <p>Interest payment date : The last Japanese business day of each month before the principal maturity date with January 31, 2020 as the first payment date, and the principal maturity date</p> <p>Principal repayment method : Lump-sum repayment</p> <p>Borrowing method : Unsecured/ non-guarantee</p> <p>Borrowing date : January 6, 2020</p> <p>Maturity date : January 6, 2025, January 6, 2023, January 6, 2021</p>	<p>Not applicable</p>

(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
<p>3. Acquisition of assets (properties) INV completed the acquisition of the following two hotel properties on January 6, 2020.</p> <p>Property Number: D82 Hotel MyStays Premier Narita Acquisition Date : January 6, 2020 Acquisition Price (Note 1) : JPY 10,593 million Location : Narita-shi, Chiba Completion Date : May 1985 Legal Form of Asset : Trust beneficiary interest Seller : Adria Tokutei Mokuteki Kaisha Total Floor Area : 36,519.70 m<sup>2</sup> Total Leasable Area : 36,519.70 m<sup>2</sup></p> <p>Property Number: D83 Art Hotel Morioka Acquisition Date : January 6, 2020 Acquisition Price (Note 1) : JPY 5,643 million Location : Morioka-shi, Iwate Completion Date : March 1981 Legal Form of Asset : Trust beneficiary interest Seller : Heijo Tokutei Mokuteki Kaisha Total Floor Area : 16,727.08 m<sup>2</sup> Total Leasable Area : 16,727.08 m<sup>2</sup></p> <p>(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.</p>	

[Notes Related to Provision and Reversal of Allowance for Temporary Differences Adjustment]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Not Applicable	Not Applicable

[Accounting Estimates Related to Impact of Spread of COVID-19]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Not Applicable	<p>Under the assumption that the impact of spread of COVID-19 gradually subsides and the business environment recovers after the next fiscal period, INV recorded accounting estimates involving fixed asset impairment.</p> <p>Since it is difficult to accurately predict when it will subside or the extent of the impact regarding the spread of COVID-19, the financial condition and business performance of INV after the next fiscal period may be affected in case there is a change in the spread of infection.</p>

## VI. Statement of Cash Distribution

	(Reference) Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
I. Unappropriated retained earnings	JPY 23,261,426,001	JPY 13,168,294,104
II. Distributions	JPY 10,517,049,000	JPY 420,681,960
(Distribution per unit)	(JPY 1,725)	(JPY 69)
III. Retained earnings (losses) carried forward	JPY 12,744,377,001	JPY 12,747,612,144
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 10,517,049,000 out of net income of JPY 11,638,948,404. Moreover, INV does not make Excess Profit Distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 420,681,960 out of net income of JPY 423,917,103. Moreover, INV does not make Excess Profit Distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.

## Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2020 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution is unaudited.

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



## VII. Statement of Cash Flows (Reference Information)

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Cash flows from operating activities		
Net income before taxes	11,639,553	424,522
Depreciation and amortization	3,757,778	3,999,589
Loss on reduction entry of non-current assets	-	73,119
Investment unit issuance costs	143,029	-
Amortization of investment corporation bond issuance costs	4,256	5,928
Loan-related costs	412,550	362,534
Interest income	(179)	(114)
Interest expenses	702,863	728,828
Foreign exchange losses (gains)	(32,090)	9,864
Loss (gain) of derivatives	-	(47,743)
Increase (decrease) in allowance for doubtful accounts	(148)	-
Decrease (increase) in rental receivables	(344,338)	2,798,340
Decrease (Increase) in deposits paid	(110,785)	219,998
Decrease (increase) in receivable income taxes	31,539	7,942
Decrease (increase) in consumption taxes receivable	(2,426,511)	1,594,835
Increase (decrease) in accounts payable	(36,363)	(13,390)
Increase (decrease) in consumption taxes payable	(2,577,357)	(187,039)
Increase (decrease) in accounts payable-other	(29,060)	163,143
Increase (decrease) in accrued expenses	(92,670)	(1,411)
Increase (decrease) in advances received	(12,896)	546,581
Increase (decrease) in deposits received	(199,247)	(20,238)
Decrease in property and equipment in trust due to sale	2,991,980	2,269,720
Others, net	(148,847)	726,442
Subtotal	13,673,054	13,661,453
Interest income received	179	114
Interest expenses paid	(701,225)	(729,698)
Income taxes paid	(605)	(605)
<b>Net cash provided by operating activities</b>	<b>12,971,404</b>	<b>12,931,264</b>
Cash flows from investing activities		
Purchases of property and equipment	(543,104)	(458,135)
Purchases of property and equipment in trust	(83,576,781)	(16,523,212)
Purchases of leasehold rights in trust	(440,504)	(1,387,263)
Repayments of tenant leasehold and security deposits in trust	(48,255)	(56,966)
Proceeds from tenant leasehold and security deposits in trust	67,022	42,113
Payment of tenant leasehold and security deposits	-	(559,000)
Other, net	28,651	43,852
<b>Net cash used in investing activities</b>	<b>(84,512,972)</b>	<b>(18,898,611)</b>
Cash flows from financing activities		
Proceeds from short-term loans payable	2,686,000	880,000
Repayments of short-term loans payable	-	(2,686,000)
Proceeds from long-term loans payable	61,775,000	19,583,000
Repayments of long-term loans payable	(37,061,000)	(14,683,000)
Proceeds from issuance of investment corporation bonds	2,971,665	1,184,469
Borrowing related expenses	(839,086)	(265,553)
Payment of distributions of earnings	(9,144,041)	(10,514,410)
Proceeds from issuance of investment units	24,340,740	-
<b>Net cash provided by (used in) financing activities</b>	<b>44,729,277</b>	<b>(6,501,494)</b>
Effect of exchange rate change on cash and cash equivalents	(13)	(13)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(26,812,304)</b>	<b>(12,468,828)</b>
Cash and cash equivalents at beginning of period	55,599,707	28,787,403
Cash and cash equivalents at end of period	*1 28,787,403	*1 16,318,574

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

[Notes Concerning Significant Accounting Policies (Reference Information)]

Item \ By Period	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Cash and cash equivalents as stated in Statement of Cash Flows	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.

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

Item \ By Period	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of December 31, 2019) (Unit: JPY thousand)	(As of June 30, 2020) (Unit: JPY thousand)
	Cash and bank deposits 17,924,733	Cash and bank deposits 10,190,672
	Cash and bank deposits in trust 10,862,669	Cash and bank deposits in trust 6,127,902
	Cash and cash equivalents 28,787,403	Cash and cash equivalents 16,318,574

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

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

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

Major payment record \*Payment record regarding cash distribution

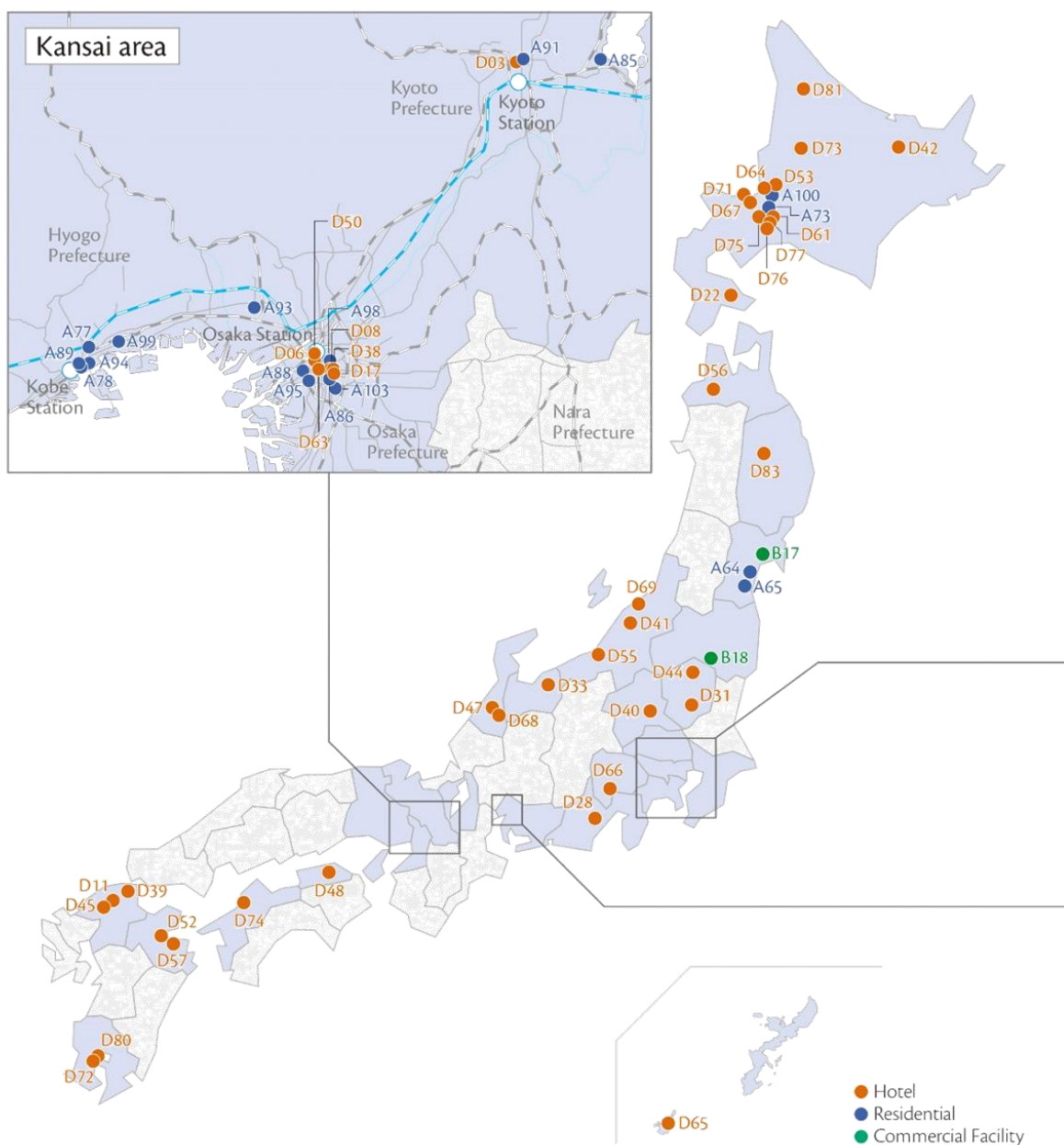
Usage of “My Number” also includes taxation-related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

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

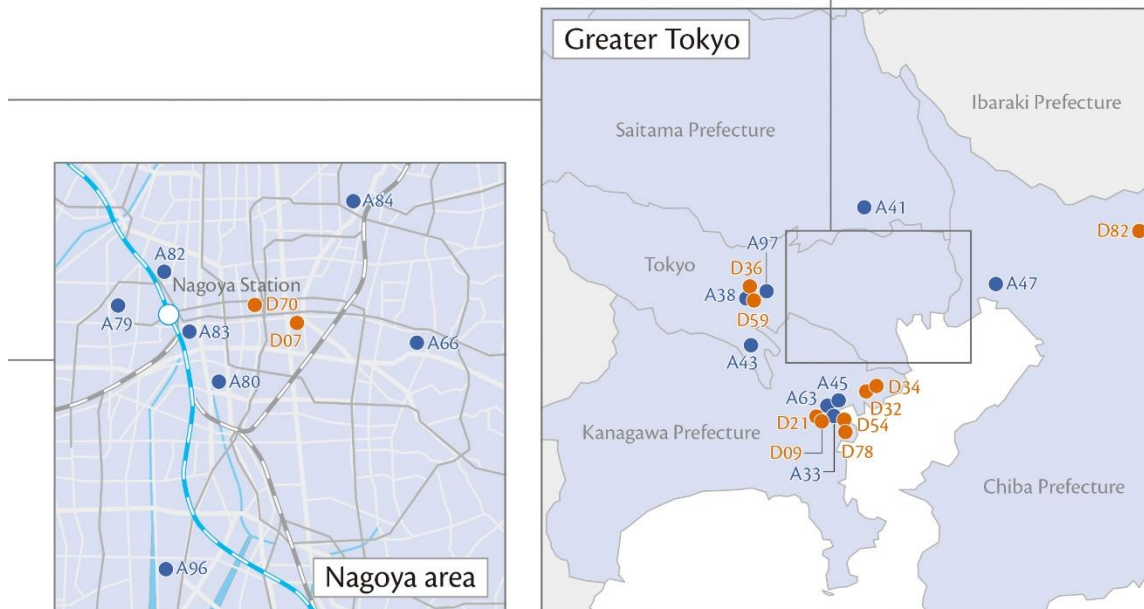
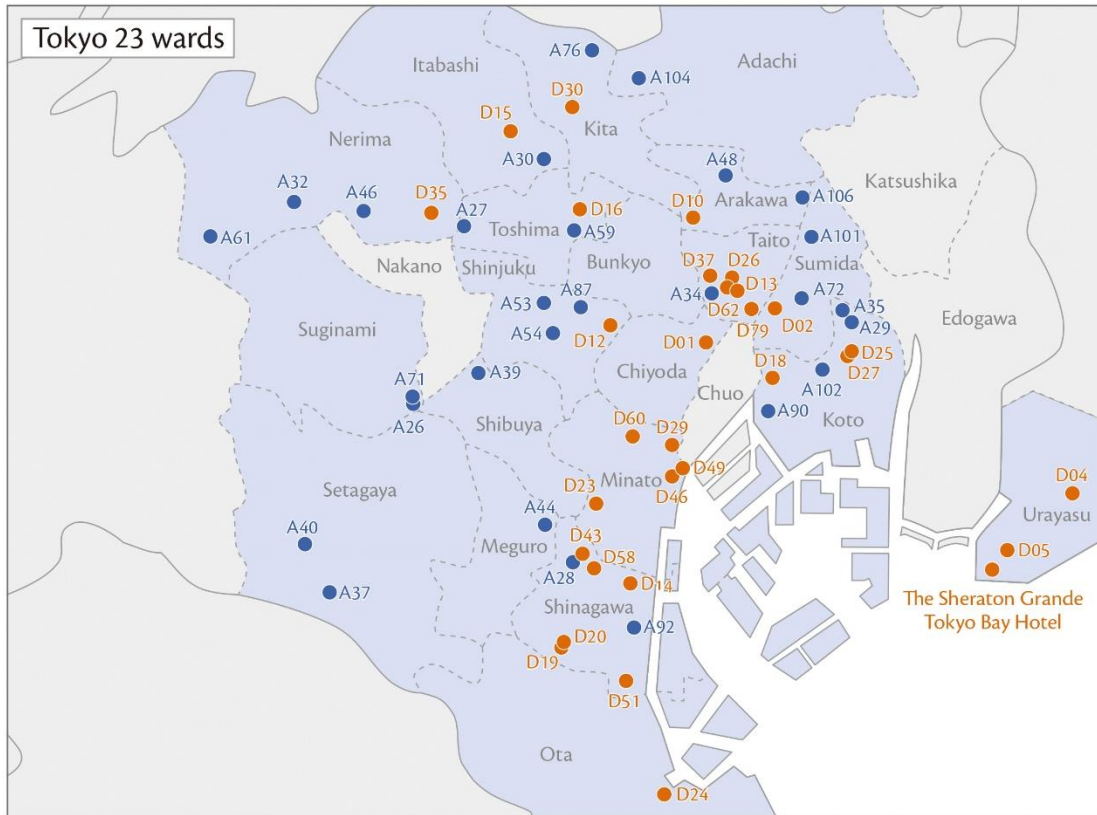
## Domestic Portfolio Map (As of June 30, 2020)

No. of Properties (Note 1)	No. of Hotels (Note 1)	No. of Residential Properties	Others
<b>146</b>	<b>84</b>	<b>60</b>	<b>2</b>



(Note 1) Including overseas assets.

(Note 2) For properties corresponding to the number and their overview, please refer to pages 32-39.



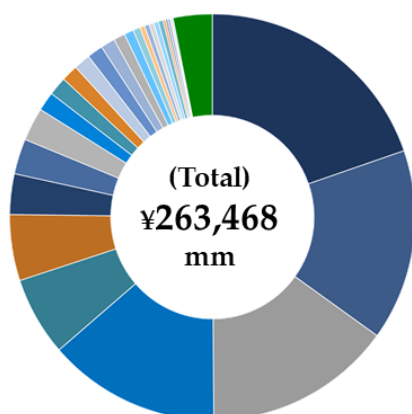
## Financial Conditions

As it is difficult to expect that the outbreak of COVID-19 will come to an end soon, in the short term INV will implement initiatives that restrict an increase in interest payments on refinancing of existing borrowings and ensure refinancing. Over the medium to long term, INV will implement financial strategies such as reduction of borrowing costs, extension of average interest-bearing debt repayment period, diversification of loan maturity dates and financing measures.

### Investment Corporation Bonds

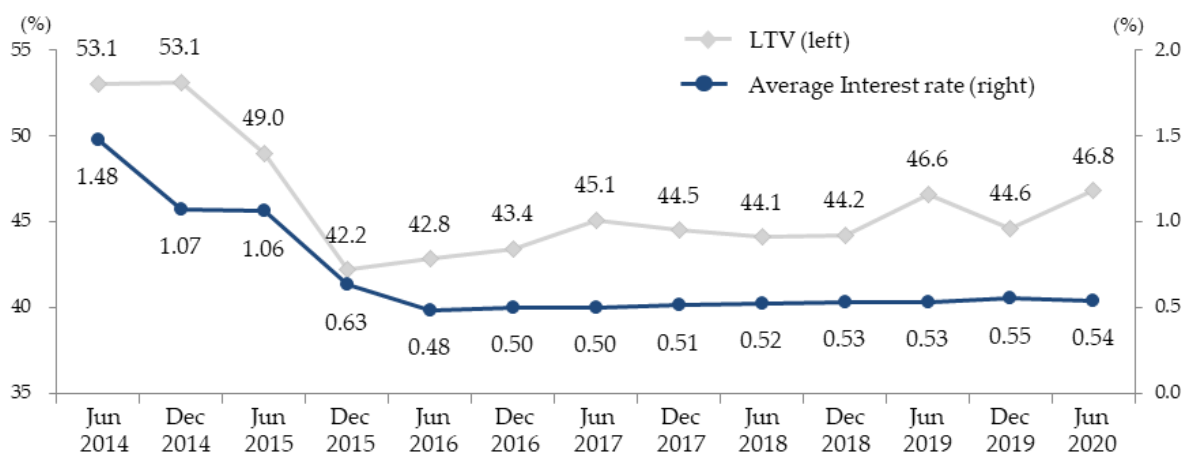
Bonds name	Issued Date	Term (years)	Balance (JPY mn)	Annual Interest Rate	Rating
1st Series Investment Corporation Bonds	May 25, 2018	5.0	1,000	0.40%	A+ (JCR)
2nd Series Investment Corporation Bonds	May 25, 2018	10.0	1,000	0.80%	A+ (JCR)
3rd Series Investment Corporation Bonds	Oct. 12, 2018	5.0	2,000	0.55%	A+ (JCR)
4th Series Investment Corporation Bonds	Oct. 28, 2019	5.0	1,000	0.48%	A+ (JCR)
5th Series Investment Corporation Bonds	Oct. 28, 2019	10.0	2,000	0.90%	A+ (JCR)
6th Series Investment Corporation Bonds	Mar. 13, 2020	10.0	1,200	0.85%	A+ (JCR)
Total			8,200		

### Lender Formation (as of August 31, 2020)

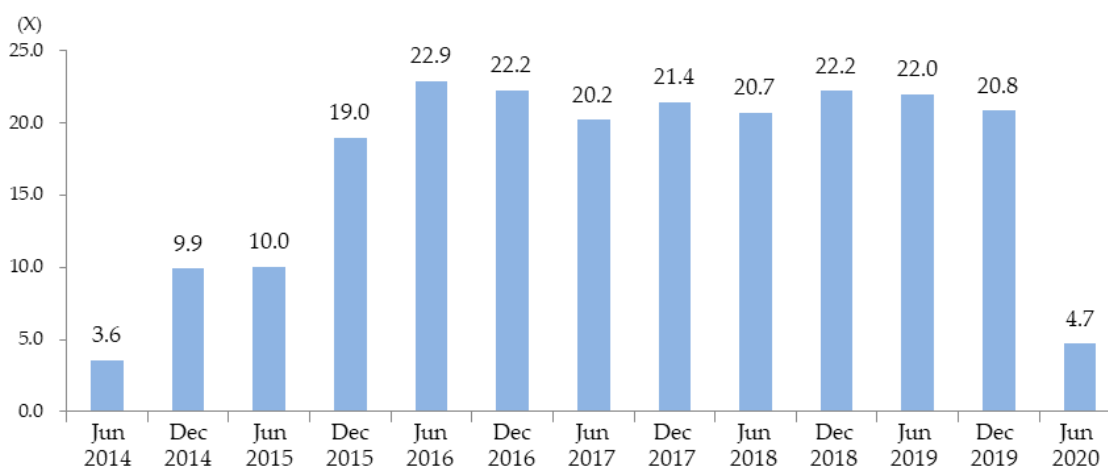


Mizuho Bank	19.7%	Shizuoka Bank	0.9%
MUFG	15.2%	Nishi-Nippon City Bank	0.8%
SMBC	15.0%	Hiroshima Bank	0.6%
SMTB	13.8%	Kagawa Bank	0.4%
Citibank	6.3%	Kiraboshi Bank	0.4%
Shinsei Bank	5.3%	Momiji Bank	0.4%
DBJ	3.2%	Yamaguchi Bank	0.4%
Resona Bank	2.8%	Chukyo Bank	0.4%
Aeon Bank	2.6%	Towa Bank	0.2%
Dai-ichi Life Insurance	1.5%	Tochigi Bank	0.2%
Fukuoka Bank	1.5%	Kiyo Bank	0.2%
Daisan Bank	1.3%	Gunma Bank	0.1%
Aozora Bank	1.3%	Ikeda Sensyu Bank	0.1%
Nomura TB	1.3%	REIT Bond	3.1%
Tokyo Star Bank	1.1%		

## ■ LTV (based on appraisal value)<sup>(Note 1)</sup> and Weighted Average Interest Rate<sup>(Note 2)</sup>



## ■ DSCR<sup>(Note 3)</sup>



## ■ Rating

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

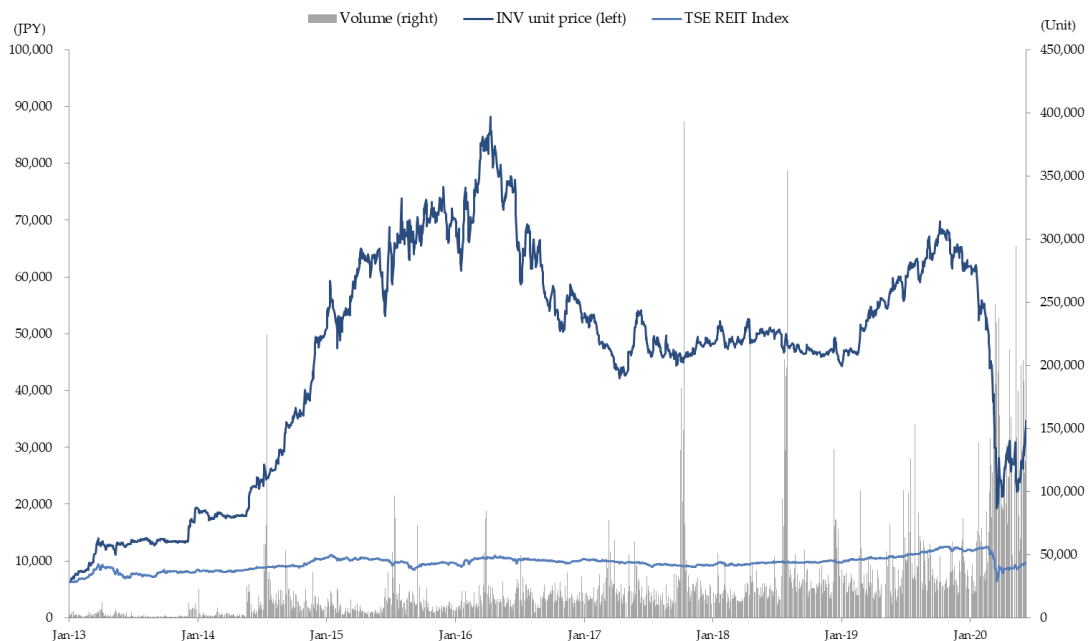
(Note 1) Calculated by the following formula: (Interest-bearing debts at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). For the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset, the acquisition price (INV's investment amount) of such preferred equity interest is deemed as the appraisal value and included. For the Overseas Real Estate TK Interest the underlying assets of which are "The Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort", the acquisition price (INV's TK investment amount) of such TK interest is deemed as the appraisal value and included regarding the calculation for "Dec. 2018". Regarding "Jun. 2019" onward, calculation is based on the appraisal value as of the end of each fiscal period. USD is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract entered into on July 26, 2018.

(Note 2) Calculated by the following formula: (Total loan amount outstanding at the relevant time multiplied by applicable interest rate at the relevant time for each loans) / (The loan amount outstanding at the end of each fiscal period)

(Note 3) DSCR is calculated by dividing (i) by (ii) for the relevant period; (i) operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property (ii) scheduled prepayments of loans payable, interest expenses,. Excluded the temporal increase of income due to the change of investment structure regarding overseas assets for the calculation of June 2019 fiscal period.

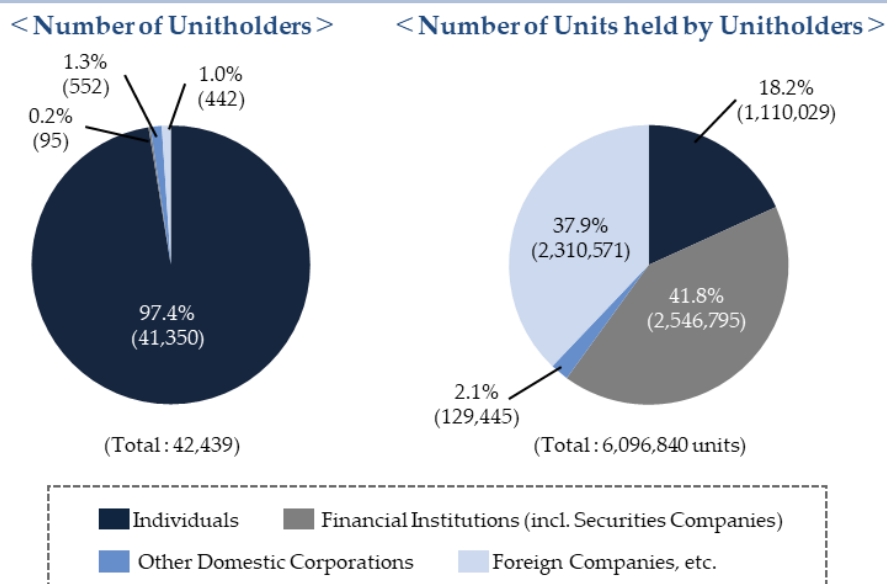
## Overview of Unitholders/Investment Units

### Historical Unit Price



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

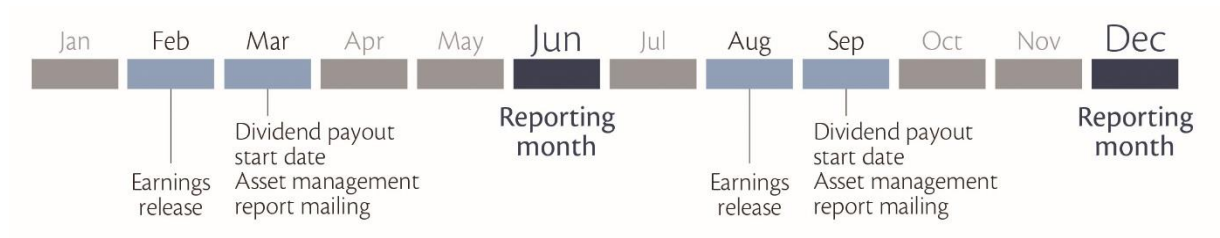
### Distribution of Unitholders



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



**Annual Schedule**



## Information for Unitholders

### For Unitholders

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

### Notification Process for Address Changes

Please notify your brokerage (financial instruments business operator) regarding changes to addresses, names, registered seals, and the like. Unitholders who have special accounts instead of brokerage accounts should contact the transfer account management institution (financial instruments business operator) below.

Unitholders of the pre-merger Investment Corporation (former Tokyo Growth REIT Investment Inc.)  
Mitsubishi UFJ Trust and Banking Corporation Toll-free Number: 0120-255-100

Unitholders of the former LCP Investment Corporation  
Sumitomo Mitsui Trust Bank, Limited Toll-free Number: 0120-782-031

### Dividends

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

#### (Bank Transfers)

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

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

## ■ Notification

(Notice of Dividend Payment)

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

(Characters for Addresses and Names of Unitholders)

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

## ■ Inquiries

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

TEL: 03-5411-2731 (Main)

Weekdays 9:00-17:00