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# **Invincible Investment Corporation**

## **Asset Management Report**

Fiscal Period ended December 31, 2019 (July 1, 2019 to December 31, 2019)

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

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

We hereby provide you with a report on INV's asset management and financial results for the 33rd fiscal period (from July 1, 2019 to December 31, 2019) (the "Reporting period").

During the Reporting Period, INV raised JPY 24.4 billion through a global offering for the sixth consecutive year. INV also acquired 18 domestic hotels for JPY 82.6 billion as a result of asset replacement using loans and JPY 39.9 billion in proceeds from the sale of two residential properties implemented in the previous fiscal year. The actual NOI yield on an appraisal basis for the acquired properties was 5.6%, while the actual NOI yield on a sales price basis was 3.9%.

In December 2019, we decided to sell two residential properties at JPY 9.6 billion (NOI yield on sale price basis: 3.4%) and acquire two hotels at JPY 16.2 billion (NOI yield on appraisal basis: 5.8%), with the aim of further improving profits by replacing assets, and recorded a gain of JPY 1.9 billion on the sale of one property in the Reporting Period. As a result, retained earnings, which will be used to ensure the stability of DPU in the future, increased by JPY 1.1 billion from the end of the previous fiscal period to JPY 12.7 billion at the end of the Reporting Period, and amounted to JPY 2,090 per investment unit.

Although we have actively managed assets in this manner, the NOI of the domestic hotel portfolio decreased due to several major typhoons and the deterioration of Japan-Korea relations. Meanwhile, the overseas hotel portfolio is performing well, and the NOI of the residential portfolio is also growing steadily.

As a result, operating revenues reached JPY 18,587 million, operating income JPY 12,858 million, and net income JPY 11,638 million (Note 1). INV decided on a distribution per unit (DPU) of JPY 1,725 for December 2019 fiscal period (+2.5% year on year (Note 2)) and annual DPU of JPY 3,381 for 2019.

The two domestic hotel properties acquired in January 2020 are all of a full-service type, and since they are hotels in areas that were not previously owned, further diversification is proceeding in terms of both the type of hotel portfolio and the region. In addition, both hotels are located in markets where new supply of hotels is limited and tourism demand is growing. By acquiring these two properties, we expanded our portfolio and realized risk diversification with the aim of further improving profitability and stability. As of February 28, 2020, INV's assets totaled JPY 511.6 billion on an acquisition-price basis, of which 88% was hotels. INV has grown into an investment corporation that owns the largest hotel portfolio in J-REIT. In addition, JCR raised the credit rating of INV from A (positive) to A+ (stable) on February 4, 2020.

Since the beginning of this year, the outlook has remained uncertain due to the outbreak of the new coronaviral virus, and it might have our investors be concerned about the impact on INV. However, as described above, as much of the gain on sales has been accumulated as internal reserves, and INV intends to strive for stable DPU by utilizing it as necessary in the future. Specifically, we are targeting an annual DPU of not less than JPY 3,400.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

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

(Note 1) Compared with June 2019, sales revenues were -32%, operating revenues were -42%, and net revenues were -45%, resulting in a \$11.1 thousand million sale of 2 residences during June 2019.

(Note 2) Comparison with the fiscal period ended December 2018. In order to eliminate the seasonal effects of hotel variable rent, which is one of the major revenues of INV, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended June 2019).

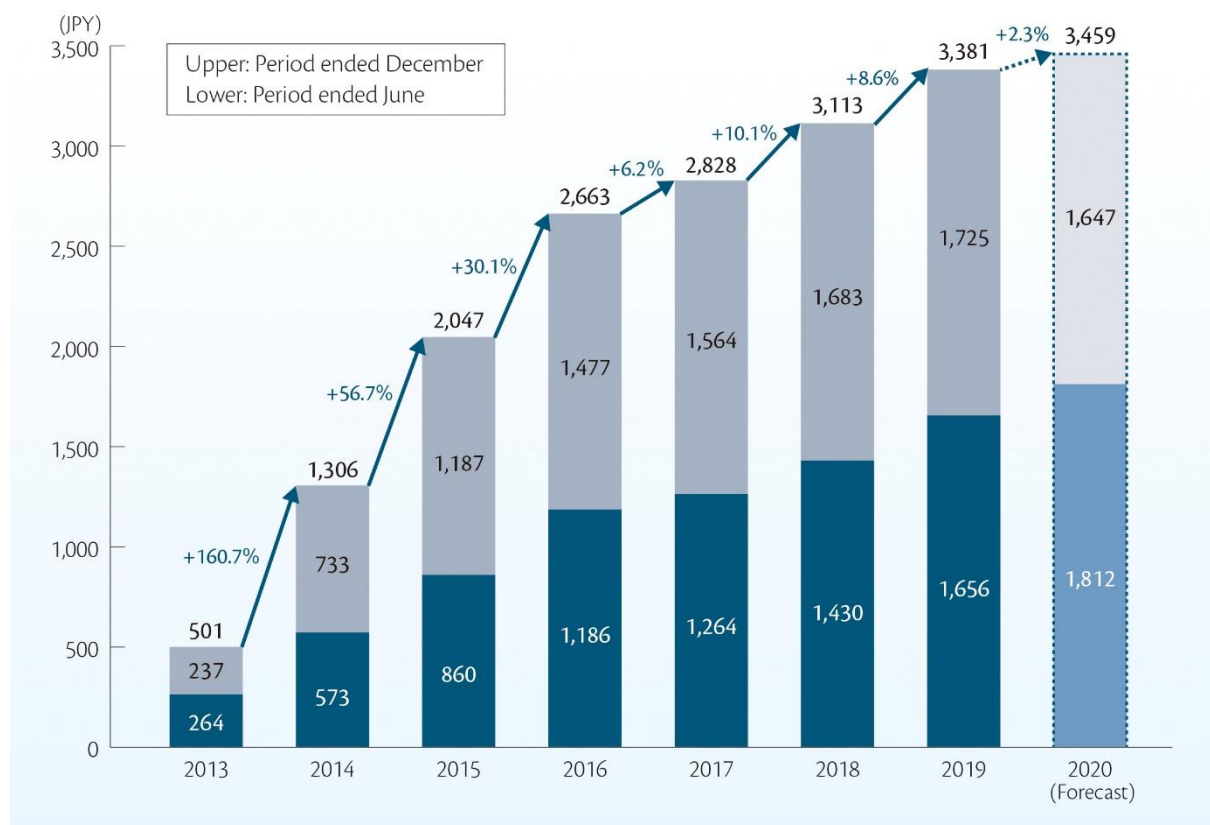
(Note 3) Please refer to the notes on pages 4-5 for further information on the figures in the main part.

Distribution per unit for the 33rd fiscal period  
(the fiscal period ended December 2019)

JPY 1,725

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of February 29, 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.

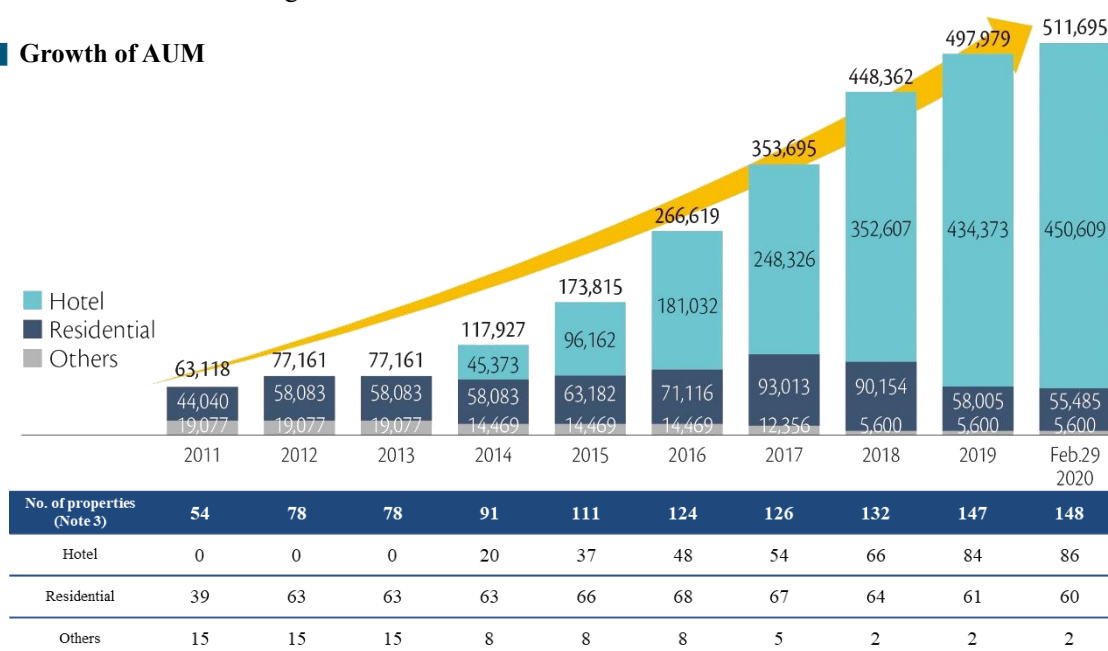
■ Change in DPU



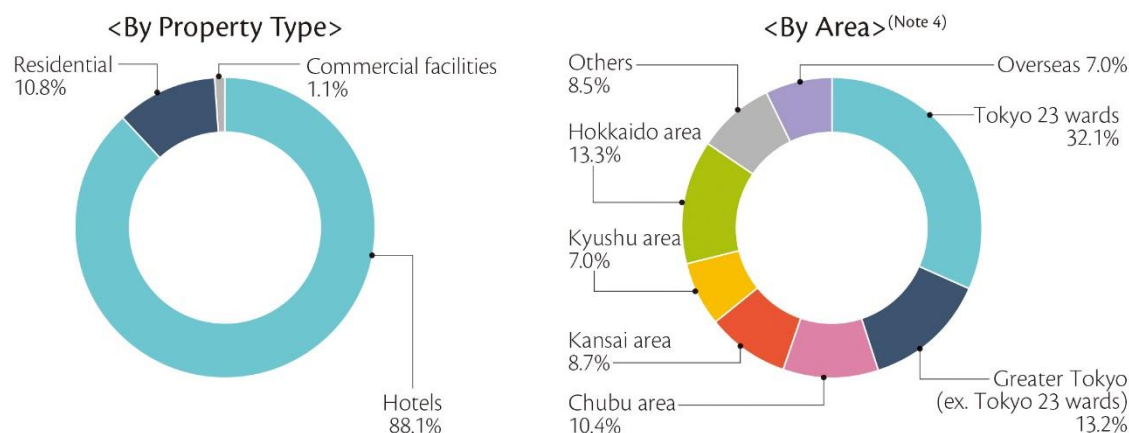
## ■ Increase in Asset Size and Initiatives for Asset Recycling

INV acquired 18 domestic hotels through a public offering in July 2019, furthermore, from December 2019 to January 2020, we proceeded proactive asset management via asset recycling (sale of two residential properties and acquisition of two hotels) with the aim of improving profits. As a result of such efforts, the asset size has continued to grow.

### ■ Growth of AUM



### ■ Portfolio Composition



(Note 1) Based on the acquisition price as of the end of the relevant year. After 2017, includes the amount of contribution by INV to the JV TMK preferred equity securities that holds Sheraton Grande Tokyo Bay Hotel (SGTB). "Feb. 29, 2020" indicates the acquisition price as of February 29, 2020. As to the two overseas assets (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) (the "Two Overseas Hotel Assets"), the amount of TK investment to a Cayman Islands special purpose company (the "Cayman SPC") that held leasehold interests in the overseas hotels as underlying assets is treated as acquisition price for "Dec. 2018"; and the book value of the leasehold, etc. of the overseas hotels held by the Cayman SPC, which succeeded leasehold, etc. of the overseas hotels from the Cayman SPC, as of May 9, 2019 (Cayman local time (May 10, 2019, Japan time)), is treated as acquisition price for "Dec. 2019" onward. The amounts are converted into JPY using the forward exchange rate of USD 1 = JPY110.45 based on the foreign exchange forward implemented in connection with the original TK investment in the Cayman SPC (contract thereof was entered into on July 26, 2018, and implemented on September 26, 2018).

(Note 2) The amount of contribution by INV to the JV TMK preferred equity securities and the amount of TK investment by INV to the SPC are classified with the relevant underlying assets and as one property based on the property type of the assets.

(Note 3) Calculated based on acquisition price as of February 29, 2020.

(Note 4) Defined as follows: Greater Tokyo (ex. Tokyo 23 wards) is Tokyo (ex. Tokyo 23 Wards), Kanagawa, Chiba and Saitama. Kansai area is Osaka, Hyogo, Kyoto, Shiga, Wakayama and Nara. Chubu area is Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa and Fukui. Kyushu area is Fukuoka, Kumamoto, Kagoshima, Nagasaki, Oita, Miyazaki, Saga and Okinawa.

## Overview of Asset Recycling



(Note 1) Indicates actual NOI for the 12 months prior to the acquisition from February 2009 to January 2010

(Note 2) Indicates actual NOI for 2019 full year, assuming "Winbell Kagurazaka", which was sold on December 17, 2019, was owned by INV until the end of 2019. The same shall apply hereinafter

(Note 3) Calculated by dividing the total amount of actual NOI (before and after depreciation) for 2019 full year by the sales price for the two disposed properties

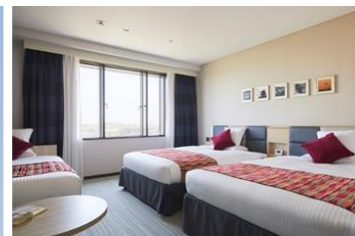
(Note 4) "Appraisal NOI Yield" and "After Depreciation NOI Yield" are calculated by dividing the total NOI derived from the direct capitalization method stated in the appraisal reports on the valuation date as of October 1, 2019 (and deducting estimated depreciation for After Depreciation NOI Yield) by the total of acquisition price



Art Hotel Morioka

## Properties Acquired in January 2020

### Hotel MyStays Premier Narita

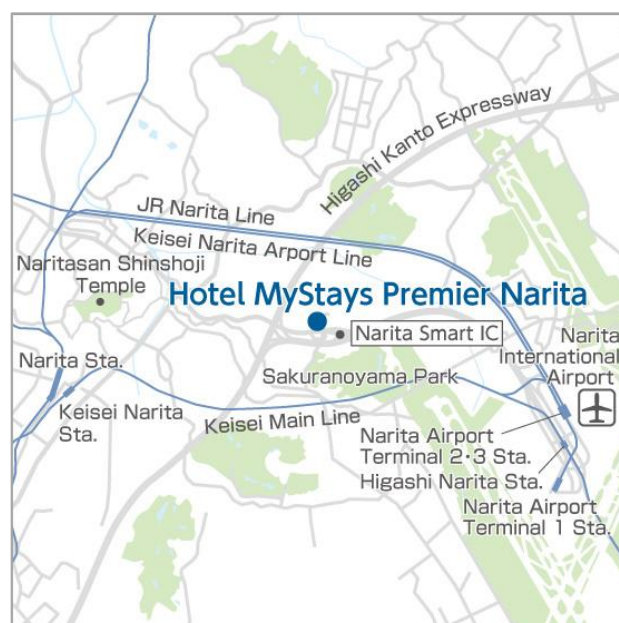


- Located a 10-minute drive from Narita International Airport, ideally positioned to service airport-related demand from both domestic and international travelers year round
- Reopened in February 2018 following extensive renovations and rebranding
- In addition to 711 guest rooms, the hotel offers facilities including 17 conference and meeting rooms (maximum capacity of 300 people), multiple restaurants and dining spaces, a gym, a Japanese-style public bath, an outdoor pool, a tennis court, a Japanese-style garden, and more
- Offers exclusive services to airline crews, including crew-only guest rooms, a private lounge and gym, specialty laundry facilities, and dedicated service staff; these offerings are expected to help capture growing demand from airline-related guests
- The hotel's first floor buffet restaurant is equipped with an outdoor barbecue, expected to attract local customers in addition to hotel guests

#### Overview of the Property

Hotel Type	Full Service
Address	40 Yokomine Oyama, Narita-shi, Chiba, and 14 other lots
Access	10-minute by car from Narita International Airport
Completion Date	May 1985
Renovation Period	August 2017 – January 2018
No. of Rooms	711 rooms
GFA (Note 1)	36,519.70 m <sup>2</sup>
Land Area	25,129.24 m <sup>2</sup>

(Note 1) Excludes three annex buildings used for storage (total 36.36 m<sup>2</sup>)





## Art Hotel Morioka

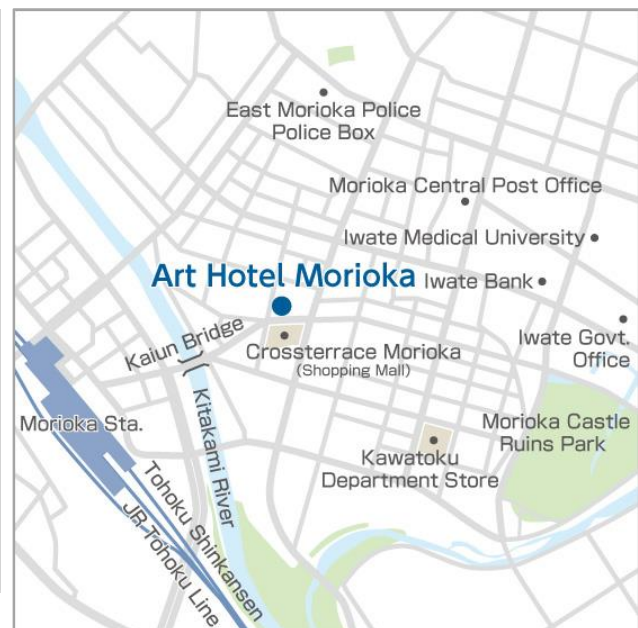


- Eight-minute walk from Morioka Station on the JR Tohoku Shinkansen and other railway lines, and conveniently located in the CBD of Morioka City, the capital of Iwate Prefecture, with convenient access to nearby shopping and business districts
- Proximity to Morioka Station on the Tohoku Shinkansen, as well as Hanamaki Airport, which services routes to Shanghai and Taipei, creates easy access for inbound travelers
- Rebranded to the Art Hotel brand in March 2019 following extensive renovations to the hotel guest rooms, lobbies, restaurants, and partial banquet halls
- Boasts multiple restaurants renowned locally for their high quality of food and service
- Features nine banquet halls with a maximum capacity of 300 people, including a "sky banquet" offering great views of Morioka City. The hotel is well positioned to attract business from local companies for hosting meetings and training seminars, and is also one of the only hotels in the city with venues for wedding ceremonies
- Offers suitable room mix for both business and leisure travelers as well as domestic and overseas guests; half of the guest rooms are twin layouts, and all guest rooms have a capacity of at least two people

### Overview of the Property

Hotel Type	Full Service
Address	3-3-18 Odori, Morioka-shi, Iwate
Access	8-minute walk from Morioka Station (JR Tohoku Shinkansen and other train lines)
Completion Date	March 1981
Renovation Period	December 2018 – April 2019
No. of Rooms	214 rooms
GFA (Note 1)	16,727.08 m <sup>2</sup>
Land Area	2,703.59 m <sup>2</sup>

(Note 1) Excludes annex buildings used for parking (80.50 m<sup>2</sup>)





## **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	Unitholders who hold 10 or more Invincible units and whose names are recorded on Invincible's Unitholders' Registry as of the relevant record dates:
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	Reservation via designated website posting accommodation plans for the unitholder benefit program
Available Period	From April 1 to September 30 (eligible unitholders as of December 31)
(Note 3)	From October 1 to March 31 (eligible unitholders as of June 30)

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 March 23, 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			29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period
Reporting period			Jul. 1, 2017 to Dec. 31, 2017	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
Operating Results	Operating revenue	(Note 1) (JPY thousand)	12,647,270	13,104,841	14,451,005	27,339,670	18,587,253
	(Rental revenue – real estate)	(JPY thousand)	11,403,236	11,122,481	13,604,224	12,153,399	14,545,826
	Operating expenses	(JPY thousand)	4,423,618	4,671,320	4,936,248	5,154,599	5,728,269
	(Property-related expenses)	(JPY thousand)	3,962,183	4,136,619	4,450,676	4,490,658	4,673,007
	Operating income	(JPY thousand)	8,223,652	8,433,520	9,514,756	22,185,070	12,858,984
	Ordinary income	(JPY thousand)	7,303,702	7,722,553	8,384,676	21,240,482	11,639,553
	Net income	(JPY thousand)	7,303,097	7,721,948	8,384,071	21,239,877	11,638,948
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	371,758,254 21.3	374,512,988 0.7	455,362,796 21.6	467,931,975 2.8	522,431,999 11.5
	Interest-bearing debt	(JPY thousand)	186,983,000	189,415,000	229,873,000	228,774,000	259,174,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	181,320,466 30.4	181,523,263 0.1	221,364,900 21.9	233,046,414 5.3	259,730,758 11.5
	Unitholders' capital	(JPY thousand)	168,798,455	168,798,455	211,092,540	211,092,540	235,701,512
Dividend Status	Total distributions	(c) (JPY thousand)	7,496,535	6,854,248	9,537,291	9,384,287	10,517,049
	Dividend payout ratio	(Note 2) (%)	100.3	88.8	110.3	44.2	90.4
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	4,793,181	4,793,181	5,666,840	5,666,840	6,096,840
	Net assets per unit	(b) / (d) (JPY) (Note 3)	37,829	37,871	39,063	41,125	42,601
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	1,564 1,528	1,430 1,430	1,683 1,632	1,656 1,656	1,725 1,725
	(Distributions in excess of retained earnings per unit)	(JPY)	36	—	51	—	—
Financial Measures	Return on assets (change over year)	(Note 4) (%)	2.2 4.3	2.1 4.2	2.0 4.0	4.6 9.3	2.4 4.7
	Return on equity (change over year)	(Note 4) (%)	4.6 9.0	4.3 8.6	4.2 8.3	9.3 18.9	4.7 9.4
	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	48.8 3.4	48.5 (0.3)	48.6 0.1	49.8 1.2	49.7 (0.1)
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	10,008,268	9,758,373	12,192,581	11,247,273	14,490,677

(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:

Dividend payout ratio = Distribution amount (Excluding distributions in excess of retained earnings) ÷ Net income × 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. Annualized figures are shown in parenthesis.

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

Return on equity = Net income for period ended December 31, 2019 / (Net assets at start of reporting period + Net assets at end of reporting period) / 2) x 100.

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

NOI = Rental revenue – Property-related expenses + Management contract revenue - Management contract expenses + Depreciation for period ended December 31, 2019

## 2 Overview of Asset Management for the Fiscal Period Ended December 2019

### (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 December 31, 2019 (“Reporting Period”), INV implemented a global offering of new investment units for the sixth consecutive year and acquired eighteen domestic hotels mainly in “prime tourism areas (Note 3)”. In addition, INV decided to sell two residential properties on December 9, 2019, completing the sale of one property on December 17, 2019. This illustrates INV’s proactive asset management and a continuation of its asset recycling initiatives, in which it sold two residential assets at a 3.4% NOI yield, and used part of the proceeds to acquire two hotels in January 2020 at a 5.8% NOI yield. As a result, INV’s portfolio at the end of Reporting Period comprised of 147 properties (84 hotels (Note 4) (Note 5), 61 residential properties and two others) with a total acquisition price of JPY 497,979 million (Note 6). The total acquisition price of the portfolio has significantly grown by 6.9 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 7) of JPY 434.3 billion (84 properties, 14,665 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) "Prime tourism areas" refer to an area where INV has determined that there are tourist resources in the surrounding area that have the ability to attract tourists and that demand for accommodation can be expected mainly for foreign tourists visiting Japan (inbound visitors). Hereinafter the same shall apply.

(Note 4) 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 5) 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 6) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.

(Note 7) "The largest asset size ... among all J-REIT hotel portfolios" refers to the total acquisition price of 84 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of December 31, 2019.

(b) Operational Environment and Performance

For the December 2019 period, the portfolio NOI (Note 1) increased by 16.3% or JPY 2,124 million to JPY 15,164 million compared to the same period in the previous year (the December 2018 period). The hotel portfolio NOI increased by JPY 2,882 million, which is equivalent to the increase by 22.1% of the portfolio NOI. While the residential portfolio has been benefitting from internal growth, NOI for the residential portfolio declined by JPY 757 million, which is equivalent to the decrease by 5.8% 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 2) of 99.3% for the period.

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

The NOI for the Reporting Period of the 55 domestic hotels (Note 3) owned by INV decreased by 12.2% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 64 domestic hotels owned by INV as at the beginning of the December 2019 Fiscal Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 55 domestic hotels recorded an occupancy rate (Note 4) of 89.2% (-1.4 points YoY), ADR (Note 5) of JPY 10,705 (-4.8% YoY), and RevPAR (Note 6) of JPY 9,550 (-6.3% YoY). Fixed rent revenues accounted for 54.9% (JPY 6,478 million) of total hotel revenue and variable rent revenues accounted for 45.1% (JPY 5,317 million) of total hotel revenue (figures are based on the 81 domestic hotels as of the end of the December 2019 Fiscal Period, and excludes Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV).

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort continues to perform extremely well and recorded an average occupancy rate of 72.3% (-4.8 points YoY), ADR of USD 327 (+11.9% YoY), and RevPAR of USD 237 (+4.9% YoY).

Regarding the hotel sector in Japan, the number of inbound visitors reached a record high of 31.88 million (+2.2% YoY) for January through December 2019, and the trend is in line with the government targets of 40 million inbound visitors in 2020 and 60 million inbound visitors in 2030. Japan will host the Tokyo Olympic Games in 2020, which are anticipated to further increase attention to Japan driving further growth of inbound tourism. In the Cayman Islands, where the Cayman Hotels are located, the expansion of the Owen Roberts International Airport located in the Grand Cayman Island was completed on March 29, 2019. The airport expansion has significantly expanded its capacity and can now accommodate 2.7 million passengers annually, up from the old and overstretched capacity of 0.5 million passengers. The airport expansion will also facilitate additional airlift to the islands, increasing lodging demand. In 2019, air visitor arrivals to the Cayman Islands increased by 8.6% year-over-year.

Regarding the residential portfolio, the average occupancy rate of 62 residential properties (Note 7) for the Reporting Period was 96.3%, an increase of 0.3 points compared to the same period in the previous year. The NOI (Note 8) of the 62 residential properties for the Reporting Period increased by 0.8% compared to the same period in the previous year, due to internal growth through solid rent increases despite the sale of Winbell Kagurazaka. For the residential sector, trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Under such positive 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 44.4% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 0.3% compared to the previous rent across all new leases (Note 9). INV achieved a rent increase for 43.2% (based on the number of contracts) of contract renewals for an average rent increase of 1.4% compared to the previous rent across all renewal leases (Note 9), while maintaining a high contract renewal rate (Note 10) of 83.2%. Combined, new leases and renewal leases were signed at 1.0% higher than the previous leases (Note 9).

The total appraisal value of 146 properties was JPY 557,099 million (1 out of the 147 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 appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 91,516 million (Note 11) and an unrealized gain ratio of 19.7% (Note 11). The total appraisal value of 128 properties which were owned throughout the Reporting Period increased by 1.0% from JPY 467,843 million at the end of June 2019 period to JPY 472,740 million at the end of the Reporting Period.

#### Key Performance Indicators of 55 Domestic Hotel Properties (Note 3)

	December 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 4)	89.2%	-1.4pt
ADR (JPY) (Note 5)	10,705	-4.8%
RevPAR (JPY) (Note 6)	9,550	-6.3%
GOP (JPY million) (Note 12)	9,746	-10.8%

#### Key Performance Indicators of Cayman Hotels

	December 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 4)	72.3%	-4.8pt
ADR (USD) (Note 5)	327	+11.9%
RevPAR (USD) (Note 6)	237	+4.9%
GOP (USD) (Note 12)	13,277,720	+2.2%

#### Key Performance Indicators of 64 Residential Properties (Note 7)

	December 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	96.3%	+0.3pt
Average Rent per Tsubo per Month (JPY) (Note 13)	9,386	+0.4%
NOI (JPY million) (Note 8)	1,804	+0.8%

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

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

(Note 2) “Average Occupancy Rate” for the entire portfolio and “Occupancy Rate” for the residential properties is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.

(Note 3) Of the 64 hotels held as of the beginning of the December 2019 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following 9 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. It is assumed that all properties acquired after January 2018 by INV had been owned since January 1, 2018. The actual results before acquisition by INV are based on the data provided by the sellers.

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

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

Hereinafter the same shall apply.

- (Note 5) “ADR” means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of rooms sold during the same period. Hereinafter the same shall apply.
- (Note 6) “RevPAR” means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 7) Based on the 62 residential properties owned as of the beginning of December 2019 Fiscal Period. Therefore, for Winbell Kagurazaka, July 1, 2019 through December 16, 2019, the day immediately preceding the sale date, is deemed as the operating period for the December 2019 fiscal period, and the leased area and the leasable area as of December 16, 2019 are deemed as those as of the end of December 2019 to calculate each number. Hereinafter the same shall apply. In addition, the figures for the properties acquired after June 2018 are calculated on the assumption INV had acquired those properties on July 1, 2018, using the actual figures provided by the sellers of such properties for the period before the acquisition.
- (Note 8) For the comparison of NOI, insurance income and related repair expenses, which are temporary items, as well as expenses required to detach trust beneficiary interest from an integrated trust account are excluded.
- (Note 9) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (Note 10) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period
- (Note 11) 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.  
Unrealized gain ratio is calculated using the following formula:  $\text{unrealized gain} \div \text{book value as of the end of the Reporting Period}$ .
- (Note 12) “GOP” means the gross operating profit or rental revenue INV receives as rent, 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.
- (Note 13) “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.

(c) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 259,174 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 49.1% and 44.6% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.55%.

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

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

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

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

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

(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) Equity Financing

INV implemented a global public offering which closed on July 18, 2019 (the number of new investment units issued: 409,524; total issue value: JPY 23,317 million) and a third party allotment which closed on August 15, 2019 (the number of new investment units issued: 20,476; total issue value: JPY 1,165 million) in order to procure part of the funds for the acquisition of eighteen domestic hotels described in “(d) Overview of Acquisition of Assets”.

(ii) Debt Financing

a. Borrowing of Funds

INV borrowed New Syndicate Loan (L) on July 19, 2019 (total amount borrowed: JPY 27,400 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.70000%, 1-month JPY TIBOR plus 0.55000%, 1-month JPY TIBOR plus 0.50000% (by the interest swap agreement, it is fixed, in effect, at 0.57984%), 1-month JPY TIBOR plus 0.45000% (by the interest swap agreement, it is fixed, in effect, at 0.52473%), 1-month JPY TIBOR plus 0.35000% (by the interest swap agreement, it is fixed, in effect, at 0.41326%), and 1-month JPY TIBOR plus 0.20000% for durations of six, five-and-a-half, five, four-and-a-half, three-and-a-half and one year), which was arranged by Mizuho Bank, Ltd. in order to pay a portion of the acquisition price and related expenses for the acquisition of the eighteen domestic hotels described in “(d) Overview of Acquisition of Assets” with the equity financing described in the said (i).

Furthermore, INV borrowed New Syndicate Loan (M) on July 16, 2019 (total amount borrowed: JPY 28,979 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.70000%, 1-month JPY TIBOR plus 0.55000%, 1-month JPY TIBOR plus 0.50000% (by the interest swap agreement, it is fixed, in effect, at 0.56310%), 1-month JPY TIBOR plus 0.45000% (by the interest swap agreement, it is fixed, in effect, at 0.49859%) and 1-month JPY TIBOR plus 0.35000% (by the interest swap agreement, it is fixed, in effect, at 0.40000%) for durations of six, five-and-a-half, five, four-and-a-half and three-and-a-half years), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (E) in the amount of JPY 28,979 million due on July 16, 2019.

Additionally, INV borrowed Term Loan (L) on July 22, 2019 (total amount borrowed: JPY 700 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.70000% for duration of six years), which was arranged by The Tokyo Star Bank, Limited in order to repay Term Loan (E) in the amount of JPY 700 million due on July 20, 2019. This repayment deadline was a holiday (a day other than a business day) and thus the repayment date was July 22, 2019, the next business day, according to the provisions of the agreement.

Moreover, INV borrowed New Syndicate Loan (N) on August 28, 2019 (total amount borrowed: JPY 3,682 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.45000% (by the interest swap agreement, it is fixed, in effect, at 0.46219%) for duration of four-point-four years), which was arranged by Mizuho Bank, Ltd. in order to repay

Term Loan (A) in the amount of JPY 3,682 million due on August 28, 2019.

In addition, INV borrowed New Syndicate Loan (O) on October 15, 2019 (total amount borrowed: JPY 3,700 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.70000%, 1-month JPY TIBOR plus 0.55000%, 1-month JPY TIBOR plus 0.45000% (by the interest swap agreement, it is fixed, in effect, at 0.48590%) for durations of six, five-and-a-half, and four-and-a-half years), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (H) in the amount of JPY 3,700 million due on October 13, 2019. This repayment deadline was a holiday (a day other than a business day) and thus the repayment date was October 15, 2019, the next business day, according to the provisions of the agreement.

As described in “6 Significant Subsequent Events (a) Debt Financing”, INV decided to borrow New Syndicate Loan (P) on December 9, 2019 and borrowed on January 6, 2020 (total amount borrowed: JPY 6,980 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50000% (by the interest swap agreement, it is fixed, in effect, at 0.64291%), 1-month JPY TIBOR plus 0.30000% (by the interest swap agreement, it is fixed, in effect, at 0.41687%) and 1-month JPY TIBOR plus 0.20000% for durations of five, three and one year), which was arranged by Sumitomo Mitsui Trust Bank, Limited in order to pay a portion of the acquisition price and related expenses for the acquisition of the two domestic hotels described in “6 Significant Subsequent Events (b) Acquisition of Assets”.

In addition, a portion of INV’s existing loans from The Tokyo Star Bank, Limited of JPY 1,600 million was transferred to THE TOWA BANK, LTD. in the amount of JPY 1,000 million on December 25, 2019.

b. Issuance of Investment Corporation Bonds

INV issued its investment corporation bonds as follows for the purpose of raising a portion of funds for strategic capital expenditures to enhance the competitiveness and added value of existing properties, 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
Fourth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	October 28, 2019	1,000	0.480%	October 28, 2024	Unsecured / Unguaranteed Rating: A+ (JCR)
Fifth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	October 28, 2019	2,000	0.900%	October 26, 2029	Unsecured / Unguaranteed Rating: A+ (JCR)
Total Amount / Average Interest Rate		3,000	0.760%		

(d) Overview of Acquisition of Assets

The Asset Manager decided on the acquisition of trust beneficiary interests in eighteen domestic hotels as follows on July 1, 2019, and acquisition of the assets was closed on July 19, 2019.

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
D64	Hotel MyStays Sapporo Aspen	15,543	15,700	Touyako Godo Kaisha
D65	Art Hotel Ishigakijima	9,731	9,830	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha
D66	Hotel MyStays Fuji Onsen Resort	9,405	9,500	Saturnia Tokutei Mokuteki Kaisha
D67	Hotel Sonia Otaru	5,930	5,990	Shirahama Tokutei Mokuteki Kaisha
D68	Hotel MyStays Kanazawa Castle	5,682	5,740	Calvis Tokutei Mokuteki Kaisha
D69	Art Hotel Niigata Station	5,524	5,580	HL Investments 2 Tokutei Mokuteki Kaisha
D70	Hotel MyStays Nagoya Nishiki	5,197	5,250	Shirahama Tokutei Mokuteki Kaisha
D71	Hotel Nord Otaru	4,296	4,340	Shirahama Tokutei Mokuteki Kaisha
D72	Hotel MyStays Kagoshima Tenmonkan	3,445	3,480	Kawaguchiko Tokutei Mokuteki Kaisha
D73	Art Hotel Asahikawa	3,197	3,230	Shirahama Tokutei Mokuteki Kaisha
D74	Hotel MyStays Matsuyama	3,098	3,130	Calvis Tokutei Mokuteki Kaisha
D75	Hotel MyStays Sapporo Susukino	3,059	3,090	Kawaguchiko Tokutei Mokuteki Kaisha
D76	Hotel MyStays Sapporo Nakajima Park	2,118	2,140	Shirahama Tokutei Mokuteki Kaisha
D77	Hotel MyStays Sapporo Nakajima Park Annex	1,584	1,600	Shirahama Tokutei Mokuteki Kaisha
D78	Flexstay Inn Sakuragicho	1,425	1,440	Calvis Tokutei Mokuteki Kaisha

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1,287	1,300	Calvis Tokutei Mokuteki Kaisha
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1,168	1,180	Kawaguchiko Tokutei Mokuteki Kaisha
D81	Hotel MyStays Nayoro	957	967	Kawaguchiko Tokutei Mokuteki Kaisha
Total		82,646	83,487	-

(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 Japan Real Estate Institute., The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of April 1, 2019.

(e) Overview of Sale of Assets

The Asset Manager decided to sell two residential properties, City House Tokyo Shinbashi and Winbell Kagurazaka on December 9, 2019 in order to improve the profitability of the portfolio through the previously mentioned accretive asset recycling, as well as stabilizing future distributions by retaining the gain from sales as internal reserves. The sale of Winbell Kagurazaka was completed on December 17, 2019 and the sale of City House Tokyo Shinbashi was completed on January 15, 2020. The overview of the sold assets are as follows. A portion of the proceeds from the sales were used to fund a portion of the acquisition and the related expenses described in “6 Significant Subsequent Events (b) Acquisition of Assets”.

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2)	(Estimated) Gain on Sale (JPY million) (Note 3)	Transferee
A51	City House Tokyo Shinbashi	2,520	2,269	4,465	2,043	Undisclosed (Note 4)
A52	Winbell Kagurazaka	3,260	2,992	5,135	1,970	
Total		5,780	5,262	9,600	4,013	-

(Note 1) Book Value shows figures as of December 31, 2019 for City House Tokyo Shinbashi and as of the date of sale for Winbell Kagurazaka.

(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 cost (estimated transfer related cost for City House Tokyo Shinbashi) 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 8,752 million from the previous period (-32.0%) to JPY 18,587 million, net income decreased by JPY 9,600 million (-45.2%) to JPY 11,638 million and unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 11,622 million) reached JPY 23,261 million.

INV believes that maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period. With respect to the Reporting Period, INV reserved a portion of net income increased due to the sale of Winbell Kagurazaka, and aims to maintain stable distributions in the future. INV reserved JPY 1,121 million of net income as internal reserve and decided that distribution per unit (excluding excess profit distribution) is JPY 1,725 and does not make distributions in excess of profits.

### 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	
February 1, 2010	Unit split	215,596	269,495	-	19,134,417,100	(Note 1)
February 1, 2010	Merger	367,200	636,695	-	19,134,417,100	(Note 2)
July 29, 2011	Third-party allotment	711,597	1,348,292	6,999,979,689	26,134,396,789	(Note 3)
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 4)
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 5)
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 6)
July 15, 2015	Public offering	500,000	3,168,686	27,970,500,000	81,066,913,980	(Note 7)
August 12, 2015	Third-party allotment	25,000	3,193,686	1,398,525,000	82,465,438,980	(Note 8)
March 30, 2016	Public offering	459,512	3,653,198	36,123,157,344	118,588,596,324	(Note 9)
April 27, 2016	Third-party allotment	22,626	3,675,824	1,778,675,112	120,367,271,436	(Note 10)
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 11)
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 12)
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 13)
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 14)
August 1, 2018	Public offering	909,524	5,702,705	40,280,089,388	209,078,544,702	(Note 15)
August 21, 2018	Third-party allotment	45,476	5,748,181	2,013,995,612	211,092,540,314	(Note 16)
December 28, 2018	Retirement	(81,341)	5,666,840	-	211,092,540,314	(Note 17)
July 18, 2019	Public offering	409,524	6,076,364	23,317,887,036	234,410,427,350	(Note 18)
August 15, 2019	Third-party allotment	20,476	6,096,840	1,165,882,964	235,576,310,314	(Note 19)
August 22, 2019	Reversal of allowance for temporary differences adjustment	-	6,096,840	125,201,855	235,701,512,169	(Note 20)

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

(Note 2) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with INV as the surviving entity. As a result of the merger by absorption, four

investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.

- (Note 3) New investment units were issued in a third-party allotment at a price of JPY 9,837 per unit to make repayment of existing loan, etc.
- (Note 4) New investment units were issued in a third-party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.
- (Note 5) New investment units were issued in a public offering at a price of JPY 22,688 per unit (JPY 21,873 after deducting the underwriters' discount) to raise funds for the acquisition of new properties.
- (Note 6) New investment units were issued in a third-party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.
- (Note 7) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 8) New investment units were issued in a third-party allotment at a price of JPY 55,941 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of properties.
- (Note 9) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 10) New investment units were issued in a third-party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of specified assets.
- (Note 11) 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 12) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 13) New investment units were issued in a public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued in a third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.
- (Note 15) 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 16) 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 17) 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 18) 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 19) 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 20) 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	29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period
Closing month	December 2017	June 2018	December 2018	June 2019	December 2019
Highest	50,200	53,000	51,000	60,700	70,600
Lowest	44,450	46,650	44,800	44,300	55,700

#### 4 Distribution Performance

With respect to distributions of earnings for the Reporting Period, INV reserved a portion of net income increased due to the sale of Winbell Kagurazaka, and aims to maintain stable distributions in the future. INV reserved JPY 1,121 million of net income as internal reserve and decided that distribution per unit (excluding excess profit distribution) is JPY 1,725 and does not make distributions in excess of profits.

Period	29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period
Calculated Period	Jul. 1, 2017 to Dec. 31, 2017	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
Unappropriated retained earnings (JPY thousand)	7,212,580	7,610,548	9,140,372	21,131,966	23,261,426
Reserved profit (JPY thousand)	-111,399	756,300	-107,910	11,622,477	12,744,377
Total cash distribution (JPY thousand)	7,496,535	6,854,248	9,537,291	9,384,287	10,517,049
(Distribution per unit) (JPY)	(1,564)	(1,430)	(1,683)	(1,656)	(1,725)
Total profit distribution (JPY thousand)	7,323,980	6,854,248	9,248,282	9,384,287	10,517,049
(Profit distribution per unit) (JPY)	(1,528)	(1,430)	(1,632)	(1,656)	(1,725)
Total refund of investment (JPY thousand)	172,554	-	289,008	-	-
(Refund of investment per unit) (JPY)	(36)	(-)	(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)	172,554	-	204,006	-	-
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	(36)	(-)	(36)	(-)	(-)

## 5 Future operational policy and issues to be addressed

Outlook for the Fiscal Periods Ending June 30, 2020 and December 31, 2020

The DPU for the June 2020 fiscal period and December 2020 fiscal period are forecasted to be JPY 1,812 (+9.4% YoY) and JPY 1,647 (-4.5% YoY), respectively. The full year DPU for calendar year 2020 is forecasted to be JPY 3,459 (+2.3% YoY), providing expected continued steady growth.

### 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, going forward, INV will continue to implement various strategies to maintain further growth and financial stability, including the following measures.

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

Details of the future growth strategy are as follows.

#### (i) External growth strategy

##### New Property Acquisitions

As its basic strategy, INV will acquire properties focusing on hotels where continued growth in portfolio revenues is anticipated and residential properties where rent increase can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will contribute to more stable revenue, which was 60.4% of total revenue (Note 1). This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

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

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

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



Properties Acquired from affiliates of the Fortress Group (as of August 31, 2019)

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties (Note 2)	JPY 14,043 million (Note 2)
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
March 2017	Two residential properties	JPY 24,562 million
May 2017	One hotel	JPY 8,000 million
October 2017	Five hotels (Note 3)	JPY 57,444 million (Note 3)
February 2018	Four hotels	JPY 12,425 million
June 2018	Two hotels	JPY 7,325 million
August 2018	Four hotels	JPY 47,747 million
September 2018	Two hotels (Note 4)	JPY 36,783 million (Note 4)
July 2019	18 hotels	JPY 82,646 million
January 2020	Two hotels	JPY 16,236 million
Total	114 properties (of which 83 are hotels and 31 are residential properties)	JPY 490,627 million (of which hotels: JPY 438,989 million; residential: JPY 51,638 million)

The Fortress Group manages five dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, III and IV. The Fortress Group's committed equity is over JPY 450 billion and the number of properties that the Fortress Group is invested in exceeds 3,500. In order to ensure future growth options for the portfolio, INV entered into an MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of two hotels and seven residential properties as of February 29, 2020 (see the table below) (Note 5). In addition, by utilizing the property transaction information available through the Fortress Group and the Asset Manager's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	Location	Asset type (Note 6)	No. of rooms
1	Rihga Royal Hotel Kyoto	Kyoto, Kyoto	Full-Service Hotel	489
2	Fusaki Beach Resort Hotel & Villas	Ishigaki, Okinawa	Resort Hotel	333
3	Gran Charm Hiroo	Shibuya-ku, Tokyo	Residential/Small Type	121
4	Gran Charm Kichijoji	Musashino, Tokyo	Residential/Small Type	28
5	Dainichi F-45	Urayasu, Chiba	Residential/Small Type	54
6	Gran Charm Urayasu	Urayasu, Chiba	Residential/Small Type	54
7	Gran Charm Urayasu 5	Urayasu, Chiba	Residential/Small Type	54
8	Gran Charm Minami Gyotoku I	Ichikawa, Chiba	Residential/Small Type	52
9	Gran Charm Minami Gyotoku II	Ichikawa, Chiba	Residential/Small Type	48

- (Note 1) The percentage indicates composition of rent revenue based on the actual results for the fiscal period ended December 2019. Sheraton Grande Tokyo Bay Hotel (the preferred equity interest) is excluded.
- (Note 2) Of the properties acquired from affiliates of the Fortress Group, two residential properties (Sun Terrace Minami-Ikebukuro and Royal Parks Tower Minami-Senju) have been sold.
- (Note 3) Sheraton Grande Tokyo Bay Hotel acquired by a special purpose company, of which INV owns the preferred equity interest, is counted as one property and the INV's investment amount to the preferred equity interest is deemed to be as the acquisition price of the preferred equity interest.
- (Note 4) The acquisition of the Cayman Hotel TK Interest is counted as acquisition of the two properties in the table above and INV's investment amount to the TK interest is used as the acquisition price to the Cayman SPC for the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.
- (Note 5) The term of validity of the MOU is from July 1, 2019, the date of execution of the updated MOU, to June 30, 2020. However, regarding the nine properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties. INV has no preferential negotiation rights with respect to overseas assets.
- (Note 6) Each "Asset Type" above is as follows:
- "Full-Service Hotel" refers to a hotel generally having both restaurant facilities providing breakfast, lunch and dinner (including meals provided by reservation) and meeting facilities that can be used for banquet services.
  - "Limited-Service Hotel" refers to a hotel that does not qualify as Full-Service Hotel.
  - "Resort Hotel" refers to a hotel located in areas where a substantial number of guests stay for sightseeing or recreational purposes and includes both full-service hotels and limited-service hotels.
- With respect to a hotel that falls within the definition of both a full-service hotel and a resort hotel, we categorize the hotel as a full-service hotel if it has substantial demand for meeting room, banquet service, wedding service or food and beverage service (including demand from non-staying guests) and as a resort hotel in all other cases. With respect to a hotel that falls within the definition of both a limited-service hotel and a resort hotel, we categorize the hotel as a resort hotel.
- "Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m<sup>2</sup>.

### Property Sales

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

#### (ii) Strategy for internal growth

##### (Hotels)

Of the 82 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 73 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 71 hotels of the 73 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. For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner.

##### (Residential properties and others)

INV will continue to strengthen its collaborative ties with PM and brokers to further boost occupancy rates and earning

capabilities of its properties. With respect to INV's residential properties, while keeping in mind the high-season in the residential rental market during the June 2020 period, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

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

(Note 1) 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 changed as of February 4, 2020 as follows by further making progress in reduction of funding costs, extending average interest-bearing debt repayment period, diversification of interest-bearing debt repayment dates, and diversification of funding methods. Going forward, INV seeks to maximize unitholders' value through improvement of its credit rating by way of further reduction of borrowing costs, extension of average interest-bearing debt repayment period, diversification of loan maturity dates and financing measures.

Rating Object	Before Change	After Change
Long-term Issuer Rating (Outlook)	A (Positive)	A+ (Stable)

(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

### (a) Debt Financing

INV decided to borrow New Syndicate Loan (P) on December 9, 2019 and borrowed on January 6, 2020 in order to pay a portion of the acquisition price and related expenses for the acquisition of the two domestic hotels described in “(b) Acquisition of Assets”.

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Sumitomo Mitsui Trust Bank, Limited	January 6, 2020	4,550	Floating interest rates (Note 1)	January 6, 2025	Unsecured/ non guarantee
		1,550	Floating interest rates (Note 2)	January 6, 2023	
		880	Floating interest rates (Note 3)	January 6, 2021	
Total Debt		6,980	-		

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.50000%), fixed, in effect, at 0.64291% by the interest swap agreement

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.30000%), fixed, in effect, at 0.41687% by the interest swap agreement

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.20000%)

### (b) Acquisition of Assets

The Asset Manager decided to acquire two hotels as follows on December 9, 2019, and acquisition of assets was completed on January 6, 2020.

Property Number	Property Name	Acquisition Price (million yen)	Appraisal Value (million yen) (Note 1)	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) 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.

### (c) Sale of Assets

The Asset Manager decided to sell one residential property as follows on December 9, 2019, and sale of asset was completed on January 15, 2020.

Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million) (Note 2)	Estimated Gain on Sale (JPY million) (Note 3)	Transferee
A51	City House Tokyo Shinbashi	2,520	2,269	4,465	2,043	Undisclosed (Note 4)

(Note 1) Book Value shows a figure as of December 31, 2019.

(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) Estimated Gain on Sale is calculated by deducting the Book Value and estimated transfer related cost 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.

## Overview of the Investment Corporation

### 1 Overview of Investment

By Period	29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period
Results Dates	As of Dec. 31, 2017	As of Jun. 30, 2018	As of Dec. 31, 2018	As of Jun. 30, 2019	As of Dec. 31, 2019
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	4,793,181	5,666,840	5,666,840	6,096,840
Unitholders' capital (JPY million)	168,798	168,798	211,092	211,092	235,701
Number of total unitholders	26,761	27,960	35,228	32,645	34,626

### 2 Notes regarding Unitholders

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

Name	Number of units held	% of total number of investment units issued and outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	1,172,717	19.23
Japan Trustee Services Bank, Ltd. (trust account)	669,210	10.97
JP MORGAN BANK LUXEMBOURG S.A. 384500	299,486	4.91
The Nomura Trust and Banking Co., Ltd. (investment trust account)	281,403	4.61
Trust & Custody Services Bank, Ltd. (securities investment trust account)	191,295	3.13
GCAS BANA LONDON US CLIENT	123,245	2.02
Mizuho Trust & Banking Co., Ltd.	118,042	1.93
STATE STREET BANK AND TRUST COMPANY 505001	103,325	1.69
STATE STREET BANK WEST CLIENT - TREATY 505234	80,364	1.31
J.P. Morgan Securities	77,534	1.27
Total	3,116,621	51.11

(Note) 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	Hiroyuki Fujimoto	Tax accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position)	2,400
	Yoshihiro Tamura	Attorney, Shiba-Daimon Law Office Statutory Auditor, BEQONE PARTNERS, Inc. (current position)	2,400
Auditor	Ernst & Young ShinNihon LLC	-	37,800

(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 June 30, 2019 (as of June 30, 2019)		Fiscal period ended December 31, 2019 (as of December 31, 2019)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo Area (Note 3)	2	0.0	3	0.0
		Major regional cities	-	-	-	-
		Overseas (Note 4)	35,837	7.7	35,442	6.8
		Subtotal	35,839	7.7	35,445	6.8
Total real estate			35,859	7.7	35,839	7.7
Real estate in trust	Residences	Greater Tokyo area	41,575	8.9	38,366	7.3
		Major regional cities	15,346	3.3	15,186	2.9
		Subtotal	56,921	12.2	53,552	10.3
	Offices/Commercial Facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,825	1.0	4,789	0.9
		Subtotal	4,825	1.0	4,789	0.9
	Hotels	Greater Tokyo area	158,745	33.9	161,202	30.9
		Major regional cities	131,970	28.2	210,592	40.3
		Subtotal	290,715	62.1	371,794	71.2
	Total real estate in trust			352,462	75.3	430,137
Preferred equity interest (Note 5)			17,856	3.8	17,856	3.4
Deposits and other assets			61,772	13.2	38,992	7.5
Total assets (Note 6)			467,931 (388,302)	100.0 (83.0)	522,431 (465,583)	100.0 (89.1)

(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 undying 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> )	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Ratio of rental revenue (%) (Note 4)	Main use
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	29,701	21,528.23	21,528.23	100.0	—	Hotel
D43	Hotel MyStays Gotanda Station	26,392	10,137.88	10,137.88	100.0	3.1	Hotel
D60	Hotel MyStays Premier Akasaka	20,542	8,620.69	8,620.69	100.0	3.0	Hotel
D44	Hotel Epinard Nasu	19,585	37,702.33	37,702.33	100.0	7.8	Hotel
D61	Hotel MyStays Premier Sapporo Park	16,486	21,670.64	21,670.64	100.0	3.1	Hotel
D64	Hotel MyStays Sapporo Aspen	15,517	15,313.17	15,313.17	100.0	3.0	Hotel
D47	Hotel MyStays Premier Kanazawa	13,023	13,250.03	13,250.03	100.0	2.1	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	12,952	13,026.99	13,026.99	100.0	2.1	Hotel
D65	Art Hotel Ishigakijima	9,706	17,247.54	17,247.54	100.0	2.3	Hotel
D51	Hotel MyStays Premier Omori	9,699	11,849.61	11,849.61	100.0	1.8	Hotel
	Total	173,609	170,347.11	170,347.11	100.0	28.2	

(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 computed by dividing the leased area by leasable area, 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 1,198,474 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)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (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	1,097
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest (Note 4)	2,681.94	1,340	1,055
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	1,030	839
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,160	954
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,430	1,329
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	3,029.16	1,110	1,060
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	937
A34	Belle Face Ueno- Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 4)	1,351.11	1,090	925
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 4)	1,562.26	1,010	797
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,015.34	775	729
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	674	636
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 4)	1,167.50	666	698
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	535	649
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 4)	1,210.74	761	522
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 4)	1,047.75	540	561
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 4)	557.05	627	549

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 4)	907.46	524	514
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 4)	815.77	585	505
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 4)	2,040.27	514	509
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 4)	871.35	557	441
A51	City House Tokyo Shinbashi (Note 5)	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,650	2,269
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,780	1,889
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,970	1,294
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,250	805
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	828	554
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,440	1,006
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	663	386
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	417	274
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	286	230
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,260	825
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	653	424
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,260	911
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	2,250	1,597
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,470	1,134
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe- shi, Hyogo	Trust beneficiary interest	2,310.49	1,130	864
A79	Revest Honjin	2-13 Toriidori, Nakamura-ku, Nagoya- shi, Aichi	Trust beneficiary interest	1,933.80	845	592
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya- shi, Aichi	Trust beneficiary interest	1,955.40	841	583

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	775	533
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	810	523
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	746	525
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	784	504
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka- shi, Osaka	Trust beneficiary interest	1,428.12	677	485
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	690	498
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	606	468
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe- shi, Hyogo	Trust beneficiary interest	1,433.35	637	451
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	681	424
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudaru, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	539	403
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	342
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	477	335
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka- shi, Osaka	Trust beneficiary interest	992.76	467	319
A96	Century Park Shinkawa 1- bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya- shi, Aichi	Trust beneficiary interest	1,477.62	466	311
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	337	309
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka- shi, Osaka	Trust beneficiary interest	974.81	415	282
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	345	268
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	2,140	1,708
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,990	1,654
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,920	1,600
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,240	2,742

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,830	4,850
A106	Royal Parks Seaisir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	2,920	2,661
Subtotal				131,152.79	68,856	53,552
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,700	3,022
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,450	1,767
Subtotal				26,859.73	6,150	4,789
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	5,070	2,945
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,590	2,530
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokochō, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	11,700	5,828
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,490	4,627
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	7,010	4,741
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interest	9,445.32	7,090	3,738
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,890	2,624
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	4,980	2,361
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	4,060	2,338
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,580	1,800
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,900	1,471
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,160	1,352
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,060	1,243
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	2,040	1,200
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,260	1,204
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,360	1,117



Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	3,260	1,143
D18	Hotel MyStays Kiyosumi Shirakawa (Note 6)	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,560	900
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	850	565
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	409	286
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,950	7,681
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	4,000	2,811
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,420	2,091
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,820	7,301
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,560	5,377
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,850	3,687
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	5,110	3,584
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,460	2,139
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,940	1,590
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,340	1,275
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya- shi, Tochigi	Trust beneficiary interest	11,733.23	2,130	1,232
D32	Flexstay Inn Kawasaki- Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,170	910
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,160	919
D34	Flexstay Inn Kawasaki- Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	912	883
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,640	4,858
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,270	1,105
D37	Super Hotel JR Ueno- iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,250	1,083
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	2,950	3,044

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,250	1,064
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,160	1,034
D41	Comfort Hotel Tsubame- Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,100	945
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	926	788
D43	Hotel MyStays Gotanda Station (Note 7)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	25,800	26,392
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	23,500	19,585
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,710	7,792
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	6,890	7,793
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	14,200	13,023
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,270	2,122
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	10,700	8,005
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	13,500	12,952
D51	Hotel MyStays Premier Omori	6-11-2 Minami Oi, Shinagawa-ku, Tokyo and 13 other lots	Trust beneficiary interest	11,849.61	10,200	9,699
D52	Beppu Kamenoi Hotel	2160-1 Chuochi, Beppu-shi, Oita and 12 other lots	Trust beneficiary interest	19,422.08	9,180	8,280
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,430	7,715
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama- shi, Kanagawa and 3 other lots	Trust beneficiary interest	4,501.18	5,540	5,235
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,810	2,728
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki- shi, Aomori	Trust beneficiary interest	14,826.30	2,770	2,644
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,640	1,550
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	4,140	4,067
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interest	3,844.64	3,380	3,232
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interest	8,620.69	23,900	20,542

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	21,670.64	17,100	16,486
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno, Taito-ku, Tokyo	Trust beneficiary interest	4,396.02	5,390	5,236
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	3,429.43	4,980	4,966
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interest	15,313.17	15,700	15,517
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interest	17,247.54	9,830	9,706
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interest	5,498.49	10,100	9,323
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,509.41	5,990	5,889
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interest	5,931.84	5,740	5,679
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interest	10,403.01	5,590	5,480
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	6,077.99	5,260	5,185
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interest	6,047.43	4,340	4,279
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interest	7,659.55	3,540	3,436
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interest	25,131.84	3,250	3,165
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interest	8,274.37	3,190	3,068
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	3,090	3,053
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	2,140	2,113
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	1,600	1,579
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interest	1,308.61	1,470	1,424
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interest	2,156.70	1,350	1,289
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interest	2,047.70	1,210	1,167
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interest	1,985.27	969	950
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold	21,528.23	35,585 (USD 324,800,000) (Note 5)	29,701

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m <sup>2</sup> ) (Note 2)	Appraisal value as of December 31, 2019 (JPY million) (Note 3)	Book value (JPY million)
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold	6,723.11	6,431 (USD 58,700,000) (Note 5)	5,740
Subtotal				519,273.01	482,093	407,240
Total				677,285.53	557,099	465,583

(Note 1) “Location” is, in principle, based on the indicated address (*gyukyochoji*), except that if the *gyukyochoji* 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 December 31, 2019” 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 Foros Nakamurabashi.

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I.

Group 3

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

(Note 5) The trust beneficiary interest of City House Tokyo Shinbashi was sold on January 15, 2020.

(Note 6) The property name was changed to Hotel MyStays Kiyosumi Shirakawa on September 9, 2019 along with the change of the hotel name.

(Note 7) “Appraisal value as of December 31, 2019” indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

(Note 8) “Appraisal value as of December 31, 2019” is converted into JPY using the exchange rate of USD 1 = JPY 109.56, which is the exchange rate on the closing date of the fiscal period (December 31, 2019).

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

Name of property		32nd fiscal period (January 1, 2019 to June 30, 2019)				33rd fiscal period (July 1, 2019 to December 31, 2019)			
		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	91.0	38,973	0.3	1	96.1	38,157	0.3
A27	Nisshin Palacestage Higashi- Nagasaki	1	91.0	47,365	0.4	1	96.6	46,906	0.3
A28	Growth Maison Gotanda	1	100.0	27,670	0.2	1	100.0	27,704	0.2
A29	Growth Maison Kameido	1	100.0	35,461	0.3	1	96.9	35,991	0.2
A30	Emerald House	1	99.0	49,784	0.4	1	96.7	42,650	0.3
A32	Suncrest Shakujii-Koen	1	97.1	38,919	0.3	1	97.9	38,048	0.3
A33	Growth Maison Shin-Yokohama	1	94.3	37,434	0.3	1	95.6	39,217	0.3
A34	Belle Face Ueno-Okachimachi	1	100.0	35,557	0.3	1	93.9	32,234	0.2
A35	Grand Rire Kameido	1	100.0	26,619	0.2	1	100.0	26,663	0.2
A37	Growth Maison Yoga	1	100.0	23,337	0.2	1	97.5	23,636	0.2
A38	Route Tachikawa	1	96.6	21,368	0.2	1	100.0	22,128	0.2
A39	Shibuya-Honmachi Mansion	1	100.0	20,825	0.2	1	100.0	21,493	0.1
A40	City Heights Kinuta	1	94.6	18,121	0.1	1	100.0	19,317	0.1
A41	Acseeds Tower Kawaguchi-Namiki	1	94.7	26,060	0.2	1	96.5	25,642	0.2
A43	College Square Machida	1	100.0	17,484	0.1	1	100.0	17,484	0.1
A44	Belair Meguro	1	100.0	16,939	0.1	1	100.0	17,265	0.1
A45	Wacore Tsunashima I	1	94.1	19,009	0.2	1	98.0	18,298	0.1
A46	Foros Nakamurabashi	1	92.6	18,923	0.2	1	91.3	19,065	0.1
A47	Growth Maison Kaijin	1	95.1	22,511	0.2	1	96.7	23,224	0.2
A48	College Square Machiya	1	100.0	14,851	0.1	1	100.0	14,924	0.1
A51	City House Tokyo Shinbashi	1	95.1	96,881	0.8	1	100.0	95,654	0.7
A52	Winbell Kagurazaka (Note 4)	1	99.0	110,474	0.9	-	-	101,713	0.7
A53	Nishiwaseda Crescent Mansion	1	95.7	75,040	0.6	1	100.0	74,752	0.5
A54	Lexington Square Akebonobashi	1	95.6	52,195	0.4	1	96.6	51,876	0.4

Name of property		32nd fiscal period (January 1, 2019 to June 30, 2019)				33rd fiscal period (July 1, 2019 to December 31, 2019)			
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A59	Towa City Coop Shinotsuka II	1	98.7	36,784	0.3	1	88.4	36,436	0.3
A61	Bichsel Musashiseki	1	97.1	25,491	0.2	1	100.0	24,170	0.2
A63	Towa City Coop Sengencho	1	91.8	58,868	0.5	1	88.4	56,089	0.4
A64	Royal Park Omachi	1	91.4	24,462	0.2	1	94.4	26,147	0.2
A65	Lexington Square Haginomachi	1	81.9	16,005	0.1	1	84.5	15,465	0.1
A66	Visconti Kakuozan	1	63.3	11,096	0.1	1	76.0	8,301	0.1
A71	Lexington Square Daitabashi	1	95.8	32,823	0.3	1	86.6	32,216	0.2
A72	Lexington Square Honjo Azumabashi	1	100.0	18,813	0.2	1	100.0	19,070	0.1
A73	AMS TOWER Minami 6-Jo	1	84.3	42,868	0.4	1	93.9	45,136	0.3
A75	Spacia Ebisu	-	-	199,141	1.6	-	-	-	-
A76	Neo Prominence	1	100.0	67,409	0.6	1	98.4	67,520	0.5
A77	Invoice Shin-Kobe Residence	1	97.7	48,726	0.4	1	94.4	49,007	0.3
A78	Cosmo Court Motomachi	1	98.7	38,756	0.3	1	98.9	39,050	0.3
A79	Revest Honjin	1	92.5	31,055	0.3	1	91.3	29,790	0.2
A80	Revest Matsubara	1	93.1	28,945	0.2	1	82.4	27,760	0.2
A82	Alba Noritake Shinmachi	1	96.5	26,789	0.2	1	91.6	26,394	0.2
A83	Revest Meieki Minami	1	88.4	26,391	0.2	1	90.5	26,535	0.2
A84	Revest Heian	1	92.0	23,830	0.2	1	92.0	22,440	0.2
A85	Vendir Hamaotsu Ekimae	1	98.8	33,716	0.3	1	93.4	34,043	0.2
A86	Salvo Sala	1	93.7	25,045	0.2	1	83.3	24,137	0.2
A87	Excellente Kagurazaka	1	100.0	19,634	0.2	1	100.0	20,118	0.1
A88	Luna Court Edobori	1	100.0	21,425	0.2	1	91.9	20,197	0.1
A89	Winntage Kobe Motomachi	1	93.0	21,653	0.2	1	96.7	22,405	0.2
A90	Queen's Court Fukuzumi	1	95.9	18,464	0.2	1	96.6	17,730	0.1
A91	Corp Higashinotoin	1	97.6	19,084	0.2	1	95.1	18,839	0.1
A92	Belair Oimachi	1	96.1	16,659	0.1	1	100.0	15,824	0.1
A93	Siete Minami-Tsukaguchi	1	100.0	17,693	0.1	1	100.0	17,712	0.1

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A94	Prime Life Sannomiya Isogami Koen	1	100.0	15,001	0.1	1	100.0	15,254	0.1
A95	HERMITAGE NANBA WEST	1	100.0	16,404	0.1	1	100.0	16,463	0.1
A96	Century Park Shinkawa 1- bankan	1	93.2	19,213	0.2	1	90.9	17,059	0.1
A97	West Avenue	1	90.0	11,893	0.1	1	95.0	12,224	0.1
A98	Little River Honmachibashi	1	100.0	15,315	0.1	1	100.0	14,415	0.1
A99	Prime Life Mikage	1	96.7	12,456	0.1	1	100.0	12,411	0.1
A100	City Court Kitaichijo	1	94.9	67,495	0.6	1	95.8	66,770	0.5
A101	Lieto Court Mukojima	1	100.0	57,084	0.5	1	99.0	57,225	0.4
A102	Lieto Court Nishi-Ojima	1	99.0	49,890	0.4	1	99.0	49,213	0.3
A103	Royal Parks Momozaka	1	97.6	158,673	1.3	1	97.8	162,427	1.1
A104	Royal Parks Shinden	1	100.0	216,544	1.8	1	100.0	216,838	1.5
A105	Royal Parks Tower Minami-Senju	-	-	716,057	5.9	-	-	-	-
A106	Royal Parks Seasir Minami- Senju	1	97.1	116,981	1.0	1	96.1	117,105	0.8
Subtotal		62	96.1	3,316,459	27.3	61	96.1	2,374,009	16.3
B17	Lexington Plaza Hachiman	1	100.0	164,897	1.4	1	98.5	165,815	1.1
B18	AEON TOWN Sukagawa	1	100.0	141,782	1.2	1	100.0	141,782	1.0
Subtotal		2	100.0	306,680	2.5	2	99.5	307,598	2.1
D01	Hotel MyStays Kanda	1	100.0	106,282	0.9	1	100.0	95,408	0.7
D02	Hotel MyStays Asakusa	1	100.0	109,788	0.9	1	100.0	101,299	0.7
D03	Hotel MyStays Kyoto-Shijo	1	100.0	217,841	1.8	1	100.0	173,457	1.2
D04	MyStays Shin-Urayasu Conference Center	1	100.0	176,876	1.5	1	100.0	190,903	1.3
D05	Hotel MyStays Maihama	1	100.0	146,613	1.2	1	100.0	173,824	1.2
D06	Hotel MyStays Premier Dojima	1	100.0	196,173	1.6	1	100.0	165,027	1.1
D07	Hotel MyStays Nagoya- Sakae	1	100.0	164,778	1.4	1	100.0	172,065	1.2
D08	Hotel MyStays Sakaisuji- Honmachi	1	100.0	97,109	0.8	1	100.0	68,883	0.5

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D09	Hotel MyStays Yokohama	1	100.0	103,692	0.9	1	100.0	144,558	1.0
D10	Hotel MyStays Nippori	1	100.0	60,970	0.5	1	100.0	50,772	0.3
D11	Hotel MyStays Fukuoka- Tenjin-Minami	1	100.0	139,661	1.1	1	100.0	105,772	0.7
D12	Flexstay Inn Iidabashi	1	100.0	53,625	0.4	1	100.0	49,717	0.3
D13	Hotel MyStays Ueno Inaricho	1	100.0	48,108	0.4	1	100.0	39,832	0.3
D14	Flexstay Inn Shinagawa	1	100.0	44,996	0.4	1	100.0	43,802	0.3
D15	Flexstay Inn Tokiwadai	1	100.0	57,894	0.5	1	100.0	50,267	0.3
D16	Flexstay Inn Sugamo	1	100.0	59,044	0.5	1	100.0	44,966	0.3
D17	Hotel MyStays Otemae	1	100.0	76,527	0.6	1	100.0	51,537	0.4
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	34,914	0.3	1	100.0	29,763	0.2
D19	Flexstay Inn Nakanobu P1	1	100.0	21,654	0.2	1	100.0	18,405	0.1
D20	Flexstay Inn Nakanobu P2	1	100.0	10,592	0.1	1	100.0	9,827	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	223,810	1.8	1	100.0	230,715	1.6
D22	Hotel MyStays Hakodate- Goryokaku	1	100.0	119,306	1.0	1	100.0	139,133	1.0
D23	Flexstay Inn Shirogane	1	100.0	56,870	0.5	1	100.0	50,165	0.3
D24	Hotel MyStays Haneda	1	100.0	188,750	1.6	1	100.0	181,721	1.2
D25	Hotel MyStays Kameido P1	1	100.0	176,106	1.4	1	100.0	164,644	1.1
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	92,250	0.8	1	100.0	82,136	0.6
D27	Hotel MyStays Kameido P2	1	100.0	118,396	1.0	1	100.0	112,001	0.8
D28	Hotel MyStays Shimizu	1	100.0	64,662	0.5	1	100.0	62,344	0.4
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.3	1	100.0	39,426	0.3
D30	Flexstay Inn Higashi-Jujo	1	100.0	39,104	0.3	1	100.0	33,770	0.2
D31	Hotel MyStays Utsunomiya	1	100.0	89,549	0.7	1	100.0	104,942	0.7
D32	Flexstay Inn Kawasaki- Kaizuka	1	100.0	30,876	0.3	1	100.0	29,046	0.2
D33	Comfort Hotel Toyama	1	100.0	35,928	0.3	1	100.0	35,928	0.2



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D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	24,671	0.2	1	100.0	23,243	0.2
D35	Flexstay Inn Ekoda	1	100.0	116,844	1.0	1	100.0	110,246	0.8
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.3	1	100.0	31,787	0.2
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.2	1	100.0	27,275	0.2
D38	Hotel MyStays Shinsaibashi	1	100.0	61,202	0.5	1	100.0	46,178	0.3
D39	Comfort Hotel Kurosaki	1	100.0	37,894	0.3	1	100.0	37,894	0.3
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.4	2	100.0	43,811	0.3
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.3	2	100.0	34,949	0.2
D42	Comfort Hotel Kitami	1	100.0	30,300	0.2	1	100.0	30,300	0.2
D43	Hotel MyStays Gotanda Station	1	100.0	454,852	3.7	1	100.0	446,108	3.1
D44	Hotel Epinard Nasu	1	100.0	590,306	4.9	1	100.0	1,133,572	7.8
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	204,822	1.7	1	100.0	162,989	1.1
D46	Hotel MyStays Hamamatsucho	1	100.0	109,531	0.9	1	100.0	106,591	0.7
D47	Hotel MyStays Premier Kanazawa	1	100.0	280,864	2.3	1	100.0	300,691	2.1
D48	Takamatsu Tokyu REI Hotel	3	100.0	107,068	0.9	3	100.0	105,381	0.7
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	242,091	2.0	1	100.0	241,981	1.7
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	325,410	2.7	1	100.0	302,006	2.1
D51	Hotel MyStays Premier Omori	1	100.0	279,326	2.3	1	100.0	267,931	1.8
D52	Beppu Kamenoi Hotel	1	100.0	416,816	3.4	1	100.0	422,105	2.9
D53	Hotel MyStays Sapporo Station	1	100.0	237,429	2.0	1	100.0	270,530	1.9
D54	Hotel MyStays Yokohama Kannai	1	100.0	136,295	1.1	1	100.0	142,826	1.0
D55	Art Hotel Joetsu	1	100.0	102,515	0.8	1	100.0	128,659	0.9
D56	Art Hotel Hirosaki City	1	100.0	141,110	1.2	1	100.0	138,449	1.0
D57	Hotel MyStays Oita	1	100.0	56,576	0.5	1	100.0	75,236	0.5
D58	Hotel MyStays Gotanda	1	100.0	97,585	0.8	1	100.0	94,523	0.6

Name of property		32nd fiscal period (January 1, 2019 to June 30, 2019)				33rd fiscal period (July 1, 2019 to December 31, 2019)			
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D59	Hotel MyStays Tachikawa	1	100.0	89,605	0.7	1	100.0	95,035	0.7
D60	Hotel MyStays Premier Akasaka	1	100.0	438,817	3.6	1	100.0	434,197	3.0
D61	Hotel MyStays Premier Sapporo Park	1	100.0	384,416	3.2	1	100.0	453,495	3.1
D62	Hotel MyStays Ueno East	1	100.0	143,779	1.2	1	100.0	131,635	0.9
D63	Hotel MyStays Midosuji Honmachi	1	100.0	80,116	0.7	1	100.0	57,242	0.4
D64	Hotel MyStays Sapporo Aspen	-	-	-	-	1	100.0	432,075	3.0
D65	Art Hotel Ishigakijima	-	-	-	-	1	100.0	335,245	2.3
D66	Hotel MyStays Fuji Onsen Resort	-	-	-	-	1	100.0	332,016	2.3
D67	Hotel Sonia Otaru	-	-	-	-	1	100.0	205,688	1.4
D68	Hotel MyStays Kanazawa Castle	-	-	-	-	1	100.0	171,802	1.2
D69	Art Hotel Niigata Station	-	-	-	-	1	100.0	261,189	1.8
D70	Hotel MyStays Nagoya Nishiki	-	-	-	-	1	100.0	139,746	1.0
D71	Hotel Nord Otaru	-	-	-	-	1	100.0	163,764	1.1
D72	Hotel MyStays Kagoshima Tenmonkan	-	-	-	-	2	100.0	139,722	1.0
D73	Art Hotel Asahikawa	-	-	-	-	1	100.0	251,020	1.7
D74	Hotel MyStays Matsuyama	-	-	-	-	1	100.0	145,755	1.0
D75	Hotel MyStays Sapporo Susukino	-	-	-	-	1	100.0	72,160	0.5
D76	Hotel MyStays Sapporo Nakajima Park	-	-	-	-	1	100.0	67,933	0.5
D77	Hotel MyStays Sapporo Nakajima Park Annex	-	-	-	-	1	100.0	47,431	0.3
D78	Flexstay Inn Sakuragicho	-	-	-	-	1	100.0	43,123	0.3
D79	MyCUBE by MYSTAYS Asakusa Kuramae	-	-	-	-	1	100.0	32,306	0.2
D80	Hotel MyStays Kagoshima Tenmonkan Annex	-	-	-	-	1	100.0	43,261	0.3
D81	Hotel MyStays Nayoro	-	-	-	-	1	100.0	37,018	0.3
Subtotal		67	100.0	8,530,259	70.2	86	100.0	11,864,218	81.6
Total		131	99.0	12,153,399	100.0	149	99.2	14,545,826	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 Winbell Kagurazaka was sold on December 17, 2019.

Name of property		32nd fiscal period (January 1, 2019 to June 30, 2019)				33rd fiscal period (July 1, 2019 to December 31, 2019)			
		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	503,692	86.8	1	100.0	1,198,474	85.8
D201	Sunshine Suites Resort	1	100.0	76,895	13.2	1	100.0	199,147	14.2
Total		2	100.0	580,588	100.0	2	100.0	1,397,621	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, 2019, 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	95,112,000	66,133,000	64,609
	Currency option transaction USD/Call (Option fees)	3,836,140 (95,963)	622,160 (13,687)	(24,788)
	Currency option transaction USD/Put (Option fees)	3,836,140 (191,665)	622,160 (38,743)	(89,405)

(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 this 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 December 31, 2019 (JPY million) (Note 2)		No. of properties (properties)
			Percentage of total assets (%)	
Japan	447,997	532,928	92.7	145
The Cayman Islands	35,442	42,016	7.3	2
Total	483,439	574,945	100.0	147

(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 December 31, 2019.

(Note 2) “Appraisal value as of December 31, 2019” indicates the real estate appraisal value as of December 31, 2019, or the research value stated in the real estate research report and the appraisal value of investment securities. “Appraisal value as of December 31, 2019” 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 June 30, 2019” for assets which INV holds in the Cayman Islands indicates the amount converted to JPY using the exchange rate of USD 1 = JPY 109.56, which is the exchange rate on the closing date of the fiscal period (December 31, 2019).

## 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 fiscal period ended December 31, 2019	Advance payments
D12	Flexstay Inn Iidabashi	Shinjuku-ku, Tokyo	Conversion of guestrooms	From January 2020 To June 2020	200,000	-	-
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	Renovation work	From January 2020 To June 2020	150,000	-	-
D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	Renovation work	From January 2020 To June 2020	134,368	-	-
D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	Renovation work	From January 2020 To June 2020	121,800	-	-
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Renovation work	From January 2020 To June 2020	56,000	-	-

### 2 Capital Expenditures for the Fiscal Period Ended December 31, 2019

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended December 31, 2019 is as follows. Capital expenditures for the fiscal period totaled JPY 1,138,430 thousand, and together with JPY 24,816 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,163,247 thousand was implemented.

Name of property		Location	Purpose	Time of implementation	Payment (JPY thousand)
D18	Hotel MyStays Kiyosumi Shirakawa	Koto-ku, Tokyo	Renovation work	From July 2019 To December 2019	190,601
D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	Renovation work	From July 2019 To December 2019	169,218
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	Renovation work	From July 2019 To December 2019	48,046
D22	Hotel MyStays Hakodate-Goryokaku	Hakodate-shi, Hokkaido	Parking lot repair work	From July 2019 To December 2019	45,100
D43	Hotel MyStays Gotanda Station	Shinagawa-ku, Tokyo	Conversion of guestrooms	From July 2019 To December 2019	13,815
Other construction					671,647
Total					1,138,430

### 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	29th fiscal period	30th fiscal period	31st fiscal period	32nd fiscal period	33rd fiscal period
	From July 1, 2017 to December 31, 2017	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
Reserved funds at beginning of period	1,397,243	1,566,108	1,611,828	1,814,515	2,039,622
Amount reserved (Note)	697,444	468,448	618,404	1,215,476	1,621,422
Amount reversed (Note)	528,579	422,728	415,718	990,368	1,117,818
Amount carried over for next fiscal period	1,566,108	1,611,828	1,814,515	2,039,622	2,543,226

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

## Overview of Expenses and Liabilities

### 1 Statement of Operating Expenses

(JPY thousand)

Item	32nd fiscal period January 1, 2019 to June 30, 2019	33rd fiscal period July 1, 2019 to December 31, 2019
(a) Asset management fees	300,000	300,000
(b) Asset custody fees	22,233	25,518
(c) Administrative services fees	47,312	57,444
(d) Directors' compensation	4,800	4,800
(e) Other	125,217	129,956
Total	499,564	517,719

### 2 Borrowing Conditions

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

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Short-term loans	Mizuho Bank, Ltd.	Jul. 19, 2019	—	671,000	0.269	Jul. 18, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	671,500					
	Sumitomo Mitsui Banking Corporation		—	671,500					
	Sumitomo Mitsui Trust Bank, Limited		—	672,000					
Subtotal			—	2,686,000					
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Jul. 16, 2015	5,992,000	—	0.480	Jul. 16, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		5,992,000	—					
	Sumitomo Mitsui Banking Corporation		5,992,000	—					
	Shinsei Bank, Limited		3,330,000	—					
	Citibank, N.A., Tokyo Branch		3,000,000	—					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	—					
	Resona Bank, Limited		1,335,000	—					
	MUFG Bank, Ltd.		668,000	—					
	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					
	Mizuho Bank, Ltd.	Aug. 28, 2015	3,682,000	—	0.480	Aug. 28, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	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					



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 4)	Mizuho Bank, Ltd.	Mar. 31, 2016	965,000	965,000	0.569	Mar. 20, 2020	(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					
	Japan Post Bank Co., Ltd.		2,000,000	2,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Hyakugo Bank, Ltd.		1,000,000	1,000,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Mizuho Bank, Ltd.	Mar. 31, 2016	1,965,000	1,965,000	0.669	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	1,000,000	0.569	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	0.669	Jun. 15, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jun. 30, 2016	3,000,000	3,000,000	0.669	Jun. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	700,000	—	0.465	Jul. 20, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited (Note 5)	Jul. 20, 2016	1,600,000	600,000	0.569	Jul. 20, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Towa Bank, Ltd. (Note 5)		—	1,000,000					
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,700,000	1,700,000	0.669	Jul. 20, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2017	634,000	634,000	0.469	Mar. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.		1,000,000	1,000,000					
	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.		252,000	252,000					
	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 4)	Mizuho Bank, Ltd.	Mar. 14, 2017	1,633,000	1,633,000	0.569	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					
	Mizuho Bank, Ltd.	Mar. 14, 2017	1,733,000	1,733,000	0.669	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	0.519	Sep. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	May 29, 2017	4,321,000	4,321,000	0.619	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	0.369	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	0.469	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	0.669	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 4)	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.769	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	0.869	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					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,850,000	—	0.327	Oct. 13, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		1,850,000	—					
	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	0.369	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	0.469	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	0.569	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	0.369	Aug 02, 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	0.369	Sep 26, 2021	(Note 2)	(Note 2)	Unsecured / with no guarantee
	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 4)	Mizuho Bank, Ltd.	Sep. 26, 2018	3,287,000	3,287,000	0.469	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	0.569	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	0.869	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	0.400	Jan 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	1,464,800					
	Sumitomo Mitsui Banking Corporation		—	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		—	628,600					
	Citibank, N.A., Tokyo Branch		—	1,000,000					
	Shinsei Bank, Limited		—	200,000					
	Resona Bank, Limited		—	600,000					

Type	Lender	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Jul. 16, 2019	—	571,400	0.499	Jan 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	1,464,800					
	Sumitomo Mitsui Banking Corporation		—	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		—	628,600					
	Citibank, N.A., Tokyo Branch		—	1,000,000					
	Shinsei Bank, Limited		—	200,000					
	Resona Bank, Limited		—	600,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	—	1,171,400	0.563	Jul 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	1,464,800					
	Sumitomo Mitsui Banking Corporation		—	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		—	628,600					
	Citibank, N.A., Tokyo Branch		—	1,000,000					
	Shinsei Bank, Limited		—	200,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	—	2,171,400	0.619	Jan 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	1,464,800					
	Sumitomo Mitsui Banking Corporation		—	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		—	628,600					
	Shinsei Bank, Limited		—	200,000					
	Mizuho Bank, Ltd.	Jul. 16, 2019	—	2,170,400	0.769	Jul 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	1,464,800					
	Sumitomo Mitsui Banking Corporation		—	1,331,200					
	Sumitomo Mitsui Trust Bank, Limited		—	628,600					
	Shinsei Bank, Limited		—	200,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	—	1,085,000	0.413	Jan 16, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	987,000					
	Sumitomo Mitsui Banking Corporation		—	987,000					
	Sumitomo Mitsui Trust Bank, Limited		—	684,000					
	Citibank, N.A., Tokyo Branch		—	500,000					
	Development Bank of Japan, Inc.		—	300,000					
	AEON Bank, Ltd.		—	300,000					
	The Nomura Trust and Banking Co., Limited		—	100,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	—	712,000	0.525	Jan 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	986,000					
	Sumitomo Mitsui Banking Corporation		—	986,000					
	Sumitomo Mitsui Trust Bank, Limited		—	684,000					
	Citibank, N.A., Tokyo Branch		—	500,000					
	Development Bank of Japan, Inc.		—	300,000					
	AEON Bank, Ltd.		—	300,000					
	The Nomura Trust and Banking Co., Limited		—	100,000					
	Aozora Bank, Ltd.		—	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 4)	Mizuho Bank, Ltd.	Jul. 19, 2019	—	712,000	0.580	Jul 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	986,000					
	Sumitomo Mitsui Banking Corporation		—	986,000					
	Sumitomo Mitsui Trust Bank, Limited		—	684,000					
	Citibank, N.A., Tokyo Branch		—	500,000					
	Development Bank of Japan, Inc.		—	300,000					
	AEON Bank, Ltd.		—	300,000					
	The Nomura Trust and Banking Co., Limited		—	100,000					
	Aozora Bank, Ltd.,		—	375,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	—	1,212,000	0.619	Jan 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	986,000					
	Sumitomo Mitsui Banking Corporation		—	986,000					
	Sumitomo Mitsui Trust Bank, Limited		—	684,000					
	Development Bank of Japan, Inc.		—	300,000					
	AEON Bank, Ltd.		—	300,000					
	The Nomura Trust and Banking Co., Limited		—	100,000					
	Aozora Bank, Ltd.		—	375,000					
	Mizuho Bank, Ltd.	Jul. 19, 2019	—	1,211,000	0.769	Jul 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		—	986,000					
	Sumitomo Mitsui Banking Corporation		—	986,000					
	Sumitomo Mitsui Trust Bank, Limited		—	684,000					
	Development Bank of Japan, Inc.		—	300,000					
	AEON Bank, Ltd.		—	300,000					
	The Nomura Trust and Banking Co., Limited		—	100,000					
	Aozora Bank, Ltd.		—	375,000					
	Tokyo Star Bank, Limited	Jul. 22, 2019	—	700,000	0.769	Jul 16, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Aug. 28, 2019	—	2,882,000	0.462	Jan 16, 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Daisan Bank, Ltd.		—	800,000					
	The Daisan Bank, Ltd.	Oct. 15, 2019	—	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	0.619	Apr 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Nishi-Nippon City Bank, Ltd.	Oct. 15, 2019	—	1,000,000	0.769	Oct 15, 2025	(Note 3)	(Note 2)	Unsecured / with no guarantee
Subtotal			224,774,000	249,488,000					
Total			224,774,000	252,174,000					

(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 prepay the borrowings.

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

(Note 4) Long-term loans includes current portion of long-term loans payable.

(Note 5) JPY 1 million of the existing loan transferred from Tokyo Star Bank, Limited to The Towa Bank, Ltd. on December 25, 2019.

### 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	0.480	October 28, 2024	(Note 2)	(Note 5)	
Fifth Series Unsecured Investment Corporation Bonds (Note 1)	October 28, 2019	—	2,000,000	0.900	October 26, 2029	(Note 2)	(Note 5)	
Total		4,000,000	7,000,000	—	—	—	—	—

(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 4) 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, 2019

### 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	D64	Hotel MyStays Sapporo Aspen	July 19, 2019	15,543	—	—	—	—
Trust beneficiary interest	D65	Art Hotel Ishigakijima	July 19, 2019	9,731	—	—	—	—
Trust beneficiary interest	D66	Hotel MyStays Fuji Onsen Resort	July 19, 2019	9,405	—	—	—	—
Trust beneficiary interest	D67	Hotel Sonia Otaru	July 19, 2019	5,930	—	—	—	—
Trust beneficiary interest	D68	Hotel MyStays Kanazawa Castle	July 19, 2019	5,682	—	—	—	—
Trust beneficiary interest	D69	Art Hotel Niigata Station	July 19, 2019	5,524	—	—	—	—
Trust beneficiary interest	D70	Hotel MyStays Nagoya Nishiki	July 19, 2019	5,197	—	—	—	—
Trust beneficiary interest	D71	Hotel Nord Otaru	July 19, 2019	4,296	—	—	—	—
Trust beneficiary interest	D72	Hotel MyStays Kagoshima Tenmonkan	July 19, 2019	3,445	—	—	—	—
Trust beneficiary interest	D73	Art Hotel Asahikawa	July 19, 2019	3,197	—	—	—	—
Trust beneficiary interest	D74	Hotel MyStays Matsuyama	July 19, 2019	3,098	—	—	—	—
Trust beneficiary interest	D75	Hotel MyStays Sapporo Susukino	July 19, 2019	3,059	—	—	—	—
Trust beneficiary interest	D76	Hotel Mystays Sapporo Nakajima Park	July 19, 2019	2,118	—	—	—	—
Trust beneficiary interest	D77	Hotel MyStays Sapporo Nakajima Park Annex	July 19, 2019	1,584	—	—	—	—
Trust beneficiary interest	D78	Flexstay Inn Sakuragicho	July 19, 2019	1,425	—	—	—	—
Trust beneficiary interest	D79	MyCUBE by MYSTAYS Asakusa Kuramae	July 19, 2019	1,287	—	—	—	—
Trust beneficiary interest	D80	Hotel MyStays Kagoshima Tenmonkan Annex	July 19, 2019	1,168	—	—	—	—
Trust beneficiary interest	D81	Hotel MyStays Nayoro	July 19, 2019	957	—	—	—	—
Trust beneficiary interest	A52	Winbell Kagurazaka	—	—	December 17, 2019	5,135	2,992	1,970
Total				82,646	—	5,135	2,992	1,970

(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	Acquisition / Sales price (JPY million) (Note 1)	Appraisal value (JPY million)	Appraiser	Appraisal date
Acquisition	D64	Hotel MyStays Sapporo Aspen	Real estate Trust beneficiary interest	July 19, 2019	15,543	15,700	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D65	Art Hotel Ishigakijima	Real estate Trust beneficiary interest	July 19, 2019	9,731	9,830	Japan Real Estate Institute	April 1, 2019
Acquisition	D66	Hotel MyStays Fuji Onsen Resort	Real estate Trust beneficiary interest	July 19, 2019	9,405	9,500	Japan Real Estate Institute	April 1, 2019
Acquisition	D67	Hotel Sonia Otaru	Real estate Trust beneficiary interest	July 19, 2019	5,930	5,990	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D68	Hotel MyStays Kanazawa Castle	Real estate Trust beneficiary interest	July 19, 2019	5,682	5,740	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D69	Art Hotel Niigata Station	Real estate Trust beneficiary interest	July 19, 2019	5,524	5,580	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D70	Hotel MyStays Nagoya Nishiki	Real estate Trust beneficiary interest	July 19, 2019	5,197	5,250	JLL Morii Valuation & Advisory K.K.	April 1, 2019
Acquisition	D71	Hotel Nord Otaru	Real estate Trust beneficiary interest	July 19, 2019	4,296	4,340	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D72	Hotel MyStays Kagoshima Tenmonkan	Real estate Trust beneficiary interest	July 19, 2019	3,445	3,480	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	D73	Art Hotel Asahikawa	Real estate Trust beneficiary interest	July 19, 2019	3,197	3,230	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D74	Hotel MyStays Matsuyama	Real estate Trust beneficiary interest	July 19, 2019	3,098	3,130	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	D75	Hotel MyStays Sapporo Susukino	Real estate Trust beneficiary interest	July 19, 2019	3,059	3,090	JLL Morii Valuation & Advisory K.K.	April 1, 2019
Acquisition	D76	Hotel Mystays Sapporo Nakajima Park	Real estate Trust beneficiary interest	July 19, 2019	2,118	2,140	JLL Morii Valuation & Advisory K.K.	April 1, 2019
Acquisition	D77	Hotel MyStays Sapporo Nakajima Park Annex	Real estate Trust beneficiary interest	July 19, 2019	1,584	1,600	The Tanizawa Sōgō Appraisal Co., Ltd.	April 1, 2019
Acquisition	D78	Flexstay Inn Sakuragicho	Real estate Trust beneficiary interest	July 19, 2019	1,425	1,440	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	D79	MyCUBE by MYSTAYS Asakusa Kuramae	Real estate Trust beneficiary interest	July 19, 2019	1,287	1,300	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	D80	Hotel MyStays Kagoshima Tenmonkan Annex	Real estate Trust beneficiary interest	July 19, 2019	1,168	1,180	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2019
Acquisition	D81	Hotel MyStays Nayoro	Real estate Trust beneficiary interest	July 19, 2019	957	967	JLL Morii Valuation & Advisory K.K.	April 1, 2019
Sale	A52	Winbell Kagurazaka	Real estate Trust beneficiary interest	December 17, 2019	5,135	4,450	JLL Morii Valuation & Advisory K.K.	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.”

#### **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

### 1 Notice

#### (1) General Meeting of Unitholders

INV's General Meeting of Unitholders was held on December 18, 2019.

The summary of the matters approved at the General Meeting of Unitholders are as follows.

Agenda		Summary
Proposal No. 1	Partial Amendment to Articles of Incorporation	With the consent of the asset management company, the asset management fees for the period from January 2013 to December 2019 had been reduced. INV has further obtained the consent of the Asset Management Company to reduce the amount of asset management fees for the period from January 2020 to December 2020 to an amount which is lower than the amount that would be applicable if such reduction were not made, and which is at the same level as the amount applied for the period from January 2019 to December 2019. Accordingly, the Investment Corporation will amend the standards concerning the amount and payment of the asset management fees for the period from January 2020 to December 2020., effective January 1, 2019.
Proposal No. 2	Appointment of One (1) Executive Director	Naoki Fukuda was appointed.
Proposal No. 3	Appointment of One (1) Substitute Executive Director	Naoto Ichiki was appointed.
Proposal No. 4	Appointment of Two (2) Supervisory Directors	Hiroyuki Fujimoto and Yoshihiro Tamura were appointed.

#### (2) 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
July 1, 2019	Conclusion of the underwriting agreement related to the issuance of new investment units, etc.	The Board of Directors of INV approved that INV would entrust underwriters (Note) with the service related to the issuance of new investment units through public offering and secondary offering of investment units, which were approved at the meeting of the Board of Directors of INV held on July 1, 2019.
October 10, 2019	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 3.0 billion and an issuance period from October 28, 2019 to November 30, 2019; 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.

(Note) The underwriters for the domestic public offering are Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Nomura Securities Co., Ltd. The underwriters for the global offering mainly in the U.S., Europe and Asia are SMBC Nikko Capital Markets Limited, Morgan Stanley & Co. International plc, Mizuho International plc, Citigroup Global Markets Limited and Nomura International plc.

## **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 yen and percentages are rounded off for unspecified values.

## II. Balance Sheet

(Unit: JPY thousand)

	(Reference) Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Assets		
Current assets:		
Cash and bank deposits	48,833,358	17,924,733
Cash and bank deposits in trust	6,766,348	10,862,669
Accounts receivable	647,210	613,563
Rental receivables	2,758,865	3,448,548
Deposits paid	371,720	482,506
Prepaid expenses	483,656	718,710
Income taxes receivable	168,970	137,528
Consumption taxes receivable	-	2,239,471
Other	-	154
Allowance for doubtful accounts	(148)	-
Total current assets	60,029,983	36,427,886
Non-current assets:		
Property and equipment		
Buildings	19,142,244	19,142,244
Accumulated depreciation	(62,908)	(278,377)
Buildings, net	19,079,335	18,863,867
Buildings and accompanying facilities	5,111,168	5,111,514
Accumulated depreciation	(42,886)	(190,462)
Buildings and accompanying facilities, net	5,068,281	4,921,052
Tools, furniture and fixtures	1,069,418	1,087,303
Accumulated depreciation	(14,924)	(64,425)
Tools, furniture and fixtures, net	1,054,494	1,022,877
Construction in progress	9,817	534,690
Buildings in trust	130,105,036	159,549,904
Accumulated depreciation	(13,178,580)	(15,114,933)
Buildings in trust, net	116,926,456	144,434,970
Buildings and accompanying facilities in trust	*3 29,757,547	33,269,242
Accumulated depreciation	(7,460,526)	(8,355,624)
Buildings and accompanying facilities in trust, net	22,297,021	24,913,618
Structures in trust, at cost	227,665	234,012
Accumulated depreciation	(94,980)	(100,967)
Structures in trust, net	132,685	133,045
Tools, furniture and fixtures in trust	1,816,296	2,382,539
Accumulated depreciation	(611,887)	(763,771)
Tools, furniture and fixtures in trust, net	1,204,408	1,618,767
Land in trust	199,037,787	245,771,234
Construction in progress in trust	14,364	3,179
Total property and equipment, net	364,824,652	442,217,302
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	12,864,608	13,265,876
Total intangible assets	23,502,420	23,903,688
Investment and other assets		
Investment securities	17,856,387	17,856,387
Guarantee deposits	803,721	803,721
Long-term prepaid expenses	601,259	974,554
Derivatives assets	255,404	166,234
Others	22,667	22,667
Total investments and other assets	19,539,440	19,823,566
Total non-current assets	407,866,513	485,944,557
Deferred assets		
Investment corporation bond issuance costs	35,478	59,556
Total deferred assets	35,478	59,556
Total assets	467,931,975	522,431,999

(Unit: JPY thousand)

	(Reference) Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Liabilities		
Current liabilities:		
Accounts payable	511,902	443,004
Short-term loans payable	-	2,686,000
Current portion of long-term loans payable	51,744,000	50,130,000
Accounts payable-other	136,155	125,221
Accrued expenses	362,920	272,659
Income taxes payable	605	605
Consumption taxes payable	2,764,397	-
Advances received	454,614	798,980
Deposits received	26,159	52,128
Total current liabilities	56,000,754	54,508,599
Non-current liabilities:		
Investment corporation bonds	4,000,000	7,000,000
Long-term loans payable	173,030,000	199,358,000
Tenant leasehold and security deposits in trust	1,746,941	1,765,094
Derivatives liabilities	75,543	37,007
Asset retirement obligations	32,321	32,539
Total non-current liabilities	178,884,805	208,192,641
Total liabilities	234,885,560	262,701,240
Net assets		
Unitholders' equity:		
Unitholders' capital	211,092,540	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment	*2 (131,332)	*2 (6,130)
Other deduction of capital surplus	(5,398,804)	(5,524,006)
Total deduction of unitholders' capital surplus	(5,530,137)	(5,530,137)
Capital surplus, net	734,294	734,294
Retained earnings	21,131,966	23,261,426
Total surplus	21,866,261	23,995,720
Total unitholders' equity	232,958,801	259,697,232
Valuation and translation adjustments:		
Deferred gains or losses on hedges	87,612	33,525
Total valuation and translation adjustments	87,612	33,525
Total net assets	*1 233,046,414	*1 259,730,758
Total liabilities and net assets	467,931,975	522,431,999

### III. Statement of Income and Retained Earnings

			(Unit: JPY thousand)
	(Reference)		
	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)	
Operating revenue			
Rental revenue – real estate	*1 12,153,399	*1 14,545,826	
Management contract revenue	*2 580,588	*2 1,397,621	
Gain on sales of properties	*3 11,117,983	*3 1,970,306	
Dividend income	827,477	673,498	
TK Dividend amount	2,660,220	-	
Total operating revenue	27,339,670	18,587,253	
Operating expenses			
Property-related expenses	*1 4,490,658	*1 4,673,007	
Management contract expenses	*2 164,376	*2 537,542	
Asset management fees	300,000	300,000	
Directors' compensation	4,800	4,800	
Asset custody fees	22,233	25,518	
Administrative service fees	47,312	57,444	
Provision of allowance for doubtful accounts	148	-	
Other	125,069	129,956	
Total operating expenses	5,154,599	5,728,269	
Operating income	22,185,070	12,858,984	
Non-operating income			
Interest income	811	179	
Foreign exchange gains	-	40,710	
Interest on tax refund	1,005	289	
Other	800	2,091	
Total non-operating income	2,617	43,270	
Non-operating expenses			
Interest expenses	588,555	687,208	
Foreign exchange losses	33,648	-	
Interest expenses on investment corporation bonds	11,405	15,654	
Amortization of investment corporation bond issuance costs	3,506	4,256	
Loan-related costs	310,089	412,550	
Investment unit issuance costs	-	143,029	
Other	0	1	
Total non-operating expenses	947,206	1,262,700	
Ordinary income	21,240,482	11,639,553	
Extraordinary income			
Subsidy income	115,319	-	
Total extraordinary income	115,319	-	
Extraordinary losses			
Loss on reduction entry of non-current assets	115,319	-	
Total extraordinary losses	115,319	-	
Income before income taxes	21,240,482	11,639,553	
Income taxes	605	605	
Total income taxes	605	605	
Net income	21,239,877	11,638,948	
Retained earnings/losses brought forward	(107,910)	11,622,477	
Unappropriated retained earnings/losses	21,131,966	23,261,426	



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

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)

(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	211,092,540	6,264,432	(46,329)	(5,194,798)	(5,241,128)	1,023,303
Changes during the period						
Distributions from surplus						
Distribution in excess of retained earnings from allowance for temporary differences adjustment			(85,002)		(85,002)	(85,002)
Other distribution in excess of retained earnings				(204,006)	(204,006)	(204,006)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	-	-	(85,002)	(204,006)	(289,008)	(289,008)
Balance at the end of the period	211,092,540	6,264,432	(131,332)	(5,398,804)	(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	9,140,372	10,163,675	221,256,215	108,684	108,684	221,364,900
Changes during the period						
Distributions from surplus	(9,248,282)	(9,248,282)	(9,248,282)			(9,248,282)
Distribution in excess of retained earnings from allowance for temporary differences adjustment		(85,002)	(85,002)			(85,002)
Other distribution in excess of retained earnings		(204,006)	(204,006)			(204,006)
Net income	21,239,877	21,239,877	21,239,877			21,239,877
Changes other than unitholders' equity (net)				(21,072)	(21,072)	(21,072)
Total changes during the period	11,991,594	11,702,585	11,702,585	(21,072)	(21,072)	11,681,513
Balance at the end of the period	21,131,966	21,866,261	232,958,801	87,612	87,612	233,046,414

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

(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	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

## V. Notes to Financial Statements

### [Notes Concerning Significant Accounting Policies]

Item \ By Period	(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
1. Evaluation standards and evaluation method of assets	Other securities Those with no fair value Cost method through moving-average method is used.	Other securities Those with no fair value Cost method through moving-average method is used.
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 4-10 years Buildings in trust 5-67 years Buildings and accompanying facilities in trust 2-33 years Structures in trust 3-55 years Tools, furniture and fixtures in trust 2-19 years</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 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>
3. Accounting treatment of deferred assets	<p>(a) Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(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>(a) Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(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>
4. Method of calculating allowances	Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.	Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.
5. Conversion of assets and liabilities in foreign currency into Japanese yen	Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.	Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.
6. Revenue and expense recognition	Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax	Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax

Item \ By Period	(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
	amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property-related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended June 2019 is zero.	amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended December 31, 2019 is JPY 111,155 thousand.
7. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings (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 (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>
8. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust</p>	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust</p>

Item \ By Period	(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
	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.	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 June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)					
*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 June 30, 2019 (from January 1, 2019 to June 30, 2019)						
1. Reasons, related assets and amounts <div>(Unit: JPY thousand)</div>						
Related assets, etc.	Reason	Initial amount	Balance at the beginning of period	Allowance set aside during period	Reversal during period	Balance at the end of period
Leasehold rights in trust	Amortization of leasehold rights	(131,332)	(46,329)	(85,002)	-	(131,332)
Total		(131,332)	(46,329)	(85,002)	-	(131,332)
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 December 31, 2019 (from July 1, 2019 to December 31, 2019)						
1. Reasons, related assets and amounts <div>(Unit: JPY thousand)</div>						
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.						
*3. Reduction entry amount of property and equipment acquired with governmental subsidies, etc. Building and accompanying facilities in trust JPY 115,319 thousand			Not applicable.			

[Notes to Statement of Income and Retained Earnings]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<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) 11,795,812 (Other revenues) 357,587 Total 12,153,399</p> <p>B. Real estate rental expenses Property-related expenses (Maintenance costs) 662,160 (Taxes and public dues) 565,715 (Insurance expenses) 13,723 (Depreciation expenses) 3,048,495 (Other expenses) 200,561 Total 4,490,658</p> <p>C. Real estate rental income (A-B) 7,662,741 (Note) Of which, revenue from variable hotel rents 4,304,181</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) 14,306,734 (Other revenues) 239,092 Total 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 Total 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>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 1,406,749 B. Hotel operating expenses 826,160 C. Management contract revenue (A-B) 580,588 D. Management contract expenses Management fee 3,490 Non-life insurance expenses 36,279 Depreciation expenses 119,824 Other expenses 4,782 Total 164,376 E. Management contract revenue and expenses (C-D) 416,211</p>	<p>*2. Management contract revenue and expenses (Unit: JPY thousand)</p> <p>A. Hotel operating revenue 3,927,961 B. Hotel operating expenses 2,530,339 C. Management contract revenue (A-B) 1,397,621 D. Management contract expenses Management fee 12,276 Non-life insurance expenses 111,278 Depreciation expenses 412,305 Other expenses 1,680 Total 537,542 E. Management contract revenue and expenses (C-D) 860,079</p>
<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Spacia Ebisu Proceeds from sales of properties 12,209,814 Cost of sales of properties 6,422,775 Other expenses on sales of properties 153,225 Gain on sales of properties 5,633,813</p>	<p>*3. Gain on sales of properties (Unit: JPY thousand)</p> <p>Winbell Kagurazaka Proceeds from sales of properties 5,135,530 Cost of sales of properties 2,992,380 Other expenses on sales of properties 172,843 Gain on sales of properties 1,970,306</p>

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)		Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	
Royal Parks Tower Minami-Senju			
Proceeds from sales of properties	27,745,250		
Cost of sales of properties	21,923,169		
Other expenses on sales of properties	337,910		
Gain on sales of properties	5,484,169		

[Notes to Statement of Changes in Net Assets]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)		Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	
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	5,666,840 units	Total number of investment units issued and outstanding	6,096,840 units

[Notes Related to Tax Accounting]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
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 1,294	Enterprise tax payable 821
Allowance for doubtful accounts 46	Allowance for doubtful accounts -
Buildings and other (merger) 428,965	Buildings and other (merger) 375,803
Land (merger) 786,792	Land (merger) 695,171
Loss carried forward (Note 1) 747,198	Loss carried forward (Note 1) 522,444
Asset retirement obligations 10,168	Asset retirement obligations 10,237
Amortization of leasehold right 76,182	Amortization of leasehold right 88,526
Adjustment of acquisition prices (overseas properties) 477,213	Adjustment of acquisition prices (overseas properties) 472,363
Subtotal 2,527,862	Deposit received 9,301
Valuation allowance for tax loss carried forward (747,198)	Subtotal 2,174,669
Valuation allowance for the total of deductible temporary differences, etc. (1,743,389)	Valuation allowance for tax loss carried forward (522,444)
Subtotal (2,490,588)	Valuation allowance for the total of deductible temporary differences, etc. (1,652,225)
Total 37,274	Subtotal (2,174,669)
	Total -
(Deferred tax liabilities)	(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.
Removal expenses included in asset retirement obligations 9,711	(Unit: JPY thousand)
Deferred gains or losses on hedges 27,562	
Total 37,274	
(Deferred tax assets, net) -	
(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.	
(Unit: JPY thousand)	



(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
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 31.51%
Changes in valuation allowance (31.58)%	Deductible cash distributions (28.47)%
Changes of tax rate (0.05)%	Changes in valuation allowance (3.03)%
Others 0.12%	Others 0.00%
Effective tax rate 0.00%	Effective tax rate 0.01%

[Notes Related to Financial Instruments]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
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.
<p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>	<p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)																																																																																
2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of June 30, 2019 are as follows. <div>(Unit: JPY thousand)</div> <table><tr><th></th><th>Book Value</th><th>Fair Value</th><th>Difference</th></tr><tr><td>(1) Cash and bank deposits</td><td>48,833,358</td><td>48,833,358</td><td>—</td></tr><tr><td>(2) Cash and bank deposits in trust</td><td>6,766,348</td><td>6,766,348</td><td>—</td></tr><tr><td>Total assets</td><td>55,599,707</td><td>55,599,707</td><td>—</td></tr><tr><td>(3) Short-term loans</td><td>(—)</td><td>(—)</td><td>—</td></tr><tr><td>(4) Current portion of long-term loans payable</td><td>(51,744,000)</td><td>(51,744,000)</td><td>—</td></tr><tr><td>(5) Investment corporation bonds</td><td>(4,000,000)</td><td>(4,005,300)</td><td>(5,300)</td></tr><tr><td>(6) Long-term loans</td><td>(173,030,000)</td><td>(173,030,000)</td><td>—</td></tr><tr><td>Total liabilities</td><td>(228,774,000)</td><td>(228,779,300)</td><td>(5,300)</td></tr><tr><td>(7) Derivatives</td><td>179,861</td><td>179,861</td><td>—</td></tr></table> <p>(*1) Items recorded in the Liabilities Section are shown in parenthesis.</p> <p>(*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.</p> <p>(Note 1) Methods to calculate fair value of financial instruments.</p> <p>(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.</p> <p>(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.</p> <p>(5) Investment corporation bonds Fair value is calculated using a method based on market price.</p> <p>(7) Derivatives</p> <p>(a) Derivatives transactions to which hedge accounting is not applied Not applicable</p> <p>(b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p>		Book Value	Fair Value	Difference	(1) Cash and bank deposits	48,833,358	48,833,358	—	(2) Cash and bank deposits in trust	6,766,348	6,766,348	—	Total assets	55,599,707	55,599,707	—	(3) Short-term loans	(—)	(—)	—	(4) Current portion of long-term loans payable	(51,744,000)	(51,744,000)	—	(5) Investment corporation bonds	(4,000,000)	(4,005,300)	(5,300)	(6) Long-term loans	(173,030,000)	(173,030,000)	—	Total liabilities	(228,774,000)	(228,779,300)	(5,300)	(7) Derivatives	179,861	179,861	—	2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of December 31, 2019 are as follows. <div>(Unit: JPY thousand)</div> <table><tr><th></th><th>Book Value</th><th>Fair Value</th><th>Difference</th></tr><tr><td>(1) Cash and bank deposits</td><td>17,924,733</td><td>17,924,733</td><td>-</td></tr><tr><td>(2) Cash and bank deposits in trust</td><td>10,862,669</td><td>10,862,669</td><td>-</td></tr><tr><td>Total assets</td><td>28,787,403</td><td>28,787,403</td><td>-</td></tr><tr><td>(3) Short-term loans</td><td>(2,686,000)</td><td>(2,686,000)</td><td>-</td></tr><tr><td>(4) Current portion of long-term loans payable</td><td>(50,130,000)</td><td>(50,130,000)</td><td>-</td></tr><tr><td>(5) Investment corporation bonds</td><td>(7,000,000)</td><td>(6,957,300)</td><td>42,700</td></tr><tr><td>(6) Long-term loans</td><td>(199,358,000)</td><td>(199,358,000)</td><td>-</td></tr><tr><td>Total liabilities</td><td>(259,174,000)</td><td>(259,131,300)</td><td>42,700</td></tr><tr><td>(7) Derivatives</td><td>129,227</td><td>129,227</td><td>-</td></tr></table> <p>(*1) Items recorded in the Liabilities Section are shown in parenthesis.</p> <p>(*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.</p> <p>(Note 1) Methods to calculate fair value of financial instruments.</p> <p>(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.</p> <p>(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.</p> <p>(5) Investment corporation bonds Fair value is calculated using a method based on market price.</p> <p>(7) Derivatives</p> <p>(a) Derivatives transactions to which hedge accounting is not applied Not applicable</p> <p>(b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p>		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	-
	Book Value	Fair Value	Difference																																																																														
(1) Cash and bank deposits	48,833,358	48,833,358	—																																																																														
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(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	-																																																																														

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)						Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)	Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)
				Amount due after one year						Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	84,074,000	51,413,000	(19,845)	Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	95,112,000	66,133,000	64,609
	Currency option transaction USD/Call (Option fees)	Scheduled foreign currency-	5,134,140	1,933,140			Currency option transaction USD/Call (Option fees)	Scheduled foreign currency-	3,836,140	622,160	
			(133,171)	(42,806)	(33,916)				(95,963)	(13,687)	(24,788)
	Currency option transaction USD/Put (Option fees)	denominated transactions	5,134,140	1,933,140			Currency option transaction USD/Put (Option fees)	denominated transactions	3,836,140	622,160	
			(225,420)	(102,873)	(233,622)				(191,665)	(38,743)	(89,405)
(*1) The contract amount, etc. for interest rate swap are stated based on a notional principal.						(*1) The contract amount, etc. for interest rate swap are stated based on a notional principal.					
(*2) Estimation method for fair value						(*2) Estimation method for fair value					
Interest rate swap: Estimated based on the price, etc. presented by the correspondent financial institutions.						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.						Currency option: Indicates fair values of option fees, etc. presented by the correspondent financial institutions.					
(Note 2) Financial instruments for which fair value is extremely difficult to value.						(Note 2) Financial instruments for which fair value is extremely difficult to value.					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Category			Book value			Category			Book value		
Tenant leasehold and security deposits in trust			1,746,941			Tenant leasehold and security deposits in trust			1,765,094		
Investment securities			17,856,387			Investment securities			17,856,387		
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.						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.					
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.						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.					

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)				Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)			
(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period				(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period			
As of June 30, 2019				As of December 31, 2019			
(Unit: JPY thousand)				(Unit: JPY thousand)			
	Due within one year	Due after one to two years	Due after two to three years		Due within one year	Due after one to two years	Due after two to three years
Cash and bank deposits	48,833,358	-	-	Cash and bank deposits	17,924,733	-	-
Cash and bank deposits in trust	6,766,348	-	-	Cash and bank deposits in trust	10,862,669	-	-
Total	55,599,707	-	-	Total	28,787,403	-	-
	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
Cash and bank deposits	-	-	-	Cash and bank deposits	-	-	-
Cash and bank deposits in trust	-	-	-	Cash and bank deposits in trust	-	-	-
Total	-	-	-	Total	-	-	-
(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period				(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period			
As of June 30, 2019				As of December 31, 2019			
(Unit: JPY thousand)				(Unit: JPY thousand)			
	Due within one year	Due after one to two years	Due after two to three years		Due within one year	Due after one to two years	Due after two to three years
Short-term loans	-	-	-	Short-term loans	2,686,000	-	-
Current portion of long-term loans payable	51,744,000	-	-	Current portion of long-term loans payable	50,130,000	-	-
Investment corporation bonds	-	-	-	Investment corporation bonds	-	-	-
Long-term loans	-	57,380,000	52,602,000	Long-term loans	-	55,601,000	47,079,000
Total	51,744,000	57,380,000	52,602,000	Total	52,816,000	55,601,000	47,079,000
	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	1,000,000	2,000,000	1,000,000	Investment corporation bonds	3,000,000	1,000,000	3,000,000
Long-term loans	29,645,000	28,843,000	4,560,000	Long-term loans	38,582,000	32,920,000	25,176,000
Total	30,645,000	30,843,000	5,560,000	Total	41,582,000	33,920,000	28,176,000

[Notes Related to Asset Retirement Obligations]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)																
<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>																
<p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" data-bbox="240 831 841 1014"> <tr> <td>Balance at the beginning of the period</td><td>32,107</td></tr> <tr> <td>Increase due to the acquisition of properties</td><td>-</td></tr> <tr> <td>Accretion expense</td><td>213</td></tr> <tr> <td>Balance at the end of the period</td><td>32,321</td></tr> </table>	Balance at the beginning of the period	32,107	Increase due to the acquisition of properties	-	Accretion expense	213	Balance at the end of the period	32,321	<p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" data-bbox="866 831 1468 1014"> <tr> <td>Balance at the beginning of the period</td><td>32,321</td></tr> <tr> <td>Increase due to the acquisition of properties</td><td>-</td></tr> <tr> <td>Accretion expense</td><td>218</td></tr> <tr> <td>Balance at the end of the period</td><td>32,539</td></tr> </table>	Balance at the beginning of the period	32,321	Increase due to the acquisition of properties	-	Accretion expense	218	Balance at the end of the period	32,539
Balance at the beginning of the period	32,107																
Increase due to the acquisition of properties	-																
Accretion expense	213																
Balance at the end of the period	32,321																
Balance at the beginning of the period	32,321																
Increase due to the acquisition of properties	-																
Accretion expense	218																
Balance at the end of the period	32,539																

[Notes Related to Rental Properties]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)					Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)				
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 balance at the end of the period are as follows.					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 balance at the end of the period are as follows.				
(Unit: JPY thousand)					(Unit: JPY thousand)				
Use	Book value			Fair value at the end of the period	Use	Book value			Fair value at the end of the period
	Balance at the beginning of the period	Change during the period	Balance at the end of the period			Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Residences	85,908,280	(28,986,463)	56,921,817	72,197,000	Residences	56,921,817	(3,368,841)	53,552,976	69,671,000
Commercial facilities	4,866,739	(41,503)	4,825,236	6,140,000	Commercial facilities	4,825,236	(35,280)	4,789,956	6,150,000
Hotels	291,874,909	34,680,926	326,555,836	393,926,158	Hotels	326,555,836	80,684,352	407,240,188	482,093,260
Total	382,649,930	5,652,960	388,302,890	472,263,158	Total	388,302,890	77,280,230	465,583,121	557,914,260
<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended June 30, 2019, were the change in investment structure for overseas assets and capital expenditure-related construction work.</p> <p>(Note 3) The major factors of the decrease were sale of residential properties and recording of depreciation.</p> <p>(Note 4) The fair value as of the end of June 30, 2019 is based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation &amp; Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended June 30, 2019, please refer to "Notes to Statement of Income and Retained Earnings."</p>					<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended December 31, 2019, were acquisition of hotels and construction work related to capital expenditures.</p> <p>(Note 3) The major factors of decrease were sale of residential properties and depreciation.</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation &amp; Advisory K.K., Tanizawa Sogo Appraisal Co., Ltd., Daiwa Real Estate Appraisal Co., Ltd. and CBRE, Inc. However, the sale price is deemed the fair value of City House Tokyo Shinbashi, for which the purchase and sale agreement was entered into on December 9, 2019.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended December 31, 2019, please refer to "Notes to Statement of Income and Retained Earnings."</p>				

[Notes Related to Restriction on Asset Management]

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

[Notes Related to Transactions with Related Parties]

Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019) (Reference)

**1 Interested parties of the Asset Manager**

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)
	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	590,306	Accounts receivable	197,253
	MyStays Hotel Management Co., Ltd. (Note 2)	Hotel business	-	Rental revenues	6,581,126	Accounts receivable	1,834,677

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

(Note 2) Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, this 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., a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

**2 Asset Custody Company**

Classification	Name	Business or occupation	Percentage of investment units owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Repayment of short-term loan	-	Short-term loans payable	-
				Borrowing of long-term loan	5,500,000	Long-term loans payable	26,895,000
				Repayment of long-term loan	5,581,000		
				Finance-related fees (Note 2)	36,465	Prepaid expenses	53,939
				Interest expenses (Note 2)	74,293	Long-term prepaid expenses	76,959
						Accrued expenses	1,236

(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 December 31, 2019 (from July 1, 2019 to December 31, 2019)

# 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.



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	-	Repayment 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
				Interest expenses (Note 2)	87,503	Long-term prepaid expenses	105,877
						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.

[Notes Related to Per Unit Information]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)		Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	
Net assets per unit	JPY 41,125	Net assets per unit	JPY 42,601
Net income per unit	JPY 3,748	Net income per unit	JPY 1,910
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 June 30, 2019 (from January 1, 2019 to June 30, 2019)		Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	
Net income for the period (JPY thousand)	21,239,877	Net income for the period (JPY thousand)	11,638,948
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-
Net income attributable to common units (JPY thousand)	21,239,877	Net income attributable to common units (JPY thousand)	11,638,948
Average number of investment units during the period (units)	5,666,840	Average number of investment units during the period (units)	6,093,427

[Notes Related to Significant Subsequent Events]

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>1. Issuance of new investment units INV resolved at its meetings of the Board of Directors held on July 1, 2019, and July 10, 2019, respectively, to conduct the issuance of new investment units and secondary offering of investment units. Payment for the new investment units issued through public offering was completed on July 18, 2019, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the over-allotment secondary offering, the payment was completed on August 15, 2019. As a result, the unitholders' capital of INV is JPY 235,576 million and the number of investment units issued and outstanding of INV increased to 6,096,840.</p> <p>(1) Issuance of new investment units through public offering</p> <p>Number of investment units : 409,524 investment units offered Of which domestic public offering : 194,524 investment units overseas offering : 215,000 investment units Issue price : JPY 58,898 per unit (Total offer price) Total issue price : JPY 24,120,144,552 (offer price) Paid amount (issue value) : JPY 56,939 per unit Total paid amount : JPY 23,317,887,036 (total issue value) Payment date : July 18, 2019</p> <p>(2) Secondary offering of investment units (over-allotment secondary offering)</p> <p>Number of Investment Units : 20,476 investment units offered in the secondary offering Offer price : JPY 58,898 per unit Total offer price : JPY 1,205,995,448 Delivery date : July 19, 2019</p> <p>(3) Issuance of new investment units through third-party allotment</p> <p>Number of investment units : 20,476 investment units offered Amount to be paid : JPY 56,939 per unit (issue value) Total paid amount : JPY 1,165,882,964 (total issue value) Payment date : August 15, 2019 Allottee : Mizuho Securities Co., Ltd.</p>	<p>1. Sale of asset (property) INV completed the sale of the following property on January 15, 2020.</p> <p>Property Number: A51 City House Tokyo Shinbashi Sale Date : January 15, 2020 Location : Minato-ku, Tokyo Book Value (Note 1) : JPY 2,269 million Sales Price (Note 2) : JPY 4,465 million Expected Gain on Sale (Note 3) : JPY 2,043 million Transferee : Undisclosed (Note 4) Legal Form of Asset : Trust beneficiary interest</p> <p>(Note 1) As of December 31, 2019. (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. (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. (Note 4) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure. (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 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 Outstanding balance : JPY 6,980 million Interest rate, etc. : Base Rate (1-month JPY TIBOR) + 0.500%, 0.300%, 0.200% 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 Principal repayment : Lump-sum repayment method Borrowing method : Unsecured/ non-guarantee Borrowing date : January 6, 2020 Maturity date : January 6, 2025, January 6, 2023, January 6, 2021</p>

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>2. Debt Financing</p> <p>In order to fund a portion of the acquisition price for 18 hotel properties (domestic real estate trust beneficiary interests) acquired on July 19, 2019, INV resolved the following debt financing at a meeting of the Board of Directors held on July 1, 2019, and entered into a loan agreement on the same day.</p> <p>New Syndicate Loan (L)</p> <p>Lender : Syndicate of lenders arranged by Mizuho Bank, Ltd.</p> <p>Outstanding balance : JPY 27,400 million</p> <p>Interest rate, etc. : Base Rate (1-month JPY TIBOR) + 0.700%, 0.550%, 0.500%, 0.450%, 0.350%, 0.200%</p> <p>Interest payment date : The last Japanese business day of each month before the principal maturity date with July 31, 2019 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 : July 19, 2019</p> <p>Maturity date : July 16, 2025, January 16, 2025, July 16, 2024, January 16, 2024, January 16, 2023, July 18, 2020</p> <p>3. Acquisition of assets (properties)</p> <p>INV resolved acquisition of the following 18 hotel properties (total acquisition price: JPY 82,646 million) on July 1, 2019 and completed the acquisition on July 19, 2019.</p> <p>Property Number: D64 Hotel MyStays Sapporo Aspen</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 15,543 million</p> <p>Location : Sapporo-shi, Hokkaido</p> <p>Completion Date : December 1995</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Touyako Godo Kaisha</p> <p>Total Floor Area : 15,313.17 m<sup>2</sup></p> <p>Total Leasable Area : 15,313.17 m<sup>2</sup></p>	<p>3. Acquisition of assets (properties)</p> <p>INV completed the acquisition of the following two hotel properties on January 6, 2020.</p> <p>Property Number: D82 Hotel MyStays Premier Narita</p> <p>Acquisition Date : January 6, 2020</p> <p>Acquisition Price (Note 1) : JPY 10,593 million</p> <p>Location : Narita-shi, Chiba</p> <p>Completion Date : May 1985</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Adria Tokutei Mokutek Kaisha</p> <p>Total Floor Area : 36,519.70 m<sup>2</sup></p> <p>Total Leasable Area : 36,519.70 m<sup>2</sup></p> <p>Property Number: D83 Art Hotel Morioka</p> <p>Acquisition Date : January 6, 2020</p> <p>Acquisition Price (Note 1) : JPY 5,643 million</p> <p>Location : Morioka-shi, Iwate</p> <p>Completion Date : March 1981</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Heijo Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 16,727.08 m<sup>2</sup></p> <p>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>

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>Property Number: D65 Art Hotel Ishigakijima  Acquisition Date : July 19, 2019  Acquisition Price (Note 1) : JPY 9,731 million  Location : Ishigaki-shi, Okinawa  Completion Date : January 1984  Legal Form of Asset : Trust beneficiary interest  Seller : Yaeyama Resort Hotel  Tokutei Mokuteki Kaisha  Total Floor Area : 17,247.54 m<sup>2</sup>  Total Leasable Area : 17,247.54 m<sup>2</sup></p> <p>Property Number: D66 Hotel MyStays Fuji Onsen Resort  Acquisition Date : July 19, 2019  Acquisition Price (Note 1) : JPY 9,405 million  Location : Fujiyoshida-shi, Yamanashi  Completion Date : November 2016  Legal Form of Asset : Trust beneficiary interest  Seller : Saturnia Tokutei Mokuteki  Kaisha  Total Floor Area : 5,498.49 m<sup>2</sup>  Total Leasable Area : 5,498.49 m<sup>2</sup></p> <p>Property Number: D67 Hotel Sonia Otaru  Acquisition Date : July 19, 2019  Acquisition Price (Note 1) : JPY 5,930 million  Location : Otaru-shi, Hokkaido  Completion Date : April 1992  March 1998  November 2018  Legal Form of Asset : Trust beneficiary interest  Seller : Shirahama Tokutei Mokuteki  Kaisha  Total Floor Area : 6,509.41 m<sup>2</sup>  Total Leasable Area : 6,509.41 m<sup>2</sup></p> <p>Property Number: D68 Hotel MyStays Kanazawa Castle  Acquisition Date : July 19, 2019  Acquisition Price (Note 1) : JPY 5,682 million  Location : Kanazawa-shi, Ishikawa  Completion Date : June 1982  February 1991  January 1997  Legal Form of Asset : Trust beneficiary interest  Seller : Calvis Tokutei Mokuteki  Kaisha  Total Floor Area : 5,931.84 m<sup>2</sup>  Total Leasable Area : 5,931.84 m<sup>2</sup></p>	

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>Property Number: D69 Art Hotel Niigata Station</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 5,524 million</p> <p>Location : Niigata-shi, Niigata</p> <p>Completion Date : April 1985</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : HL Investments 2 Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 10,403.01 m<sup>2</sup></p> <p>Total Leasable Area : 10,403.01 m<sup>2</sup></p> <p>Property Number: D70 Hotel MyStays Nagoya Nishiki</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 5,197 million</p> <p>Location : Nagoya-shi, Aichi</p> <p>Completion Date : March 1974</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Shirahama Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 6,077.99 m<sup>2</sup></p> <p>Total Leasable Area : 6,077.99 m<sup>2</sup></p> <p>Property Number: D71 Hotel Nord Otaru</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 4,296 million</p> <p>Location : Otaru-shi, Hokkaido</p> <p>Completion Date : March 1996</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Shirahama Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 6,047.43 m<sup>2</sup></p> <p>Total Leasable Area : 6,047.43 m<sup>2</sup></p> <p>Property Number: D72 Hotel MyStays Kagoshima Tenmonkan</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 3,445 million</p> <p>Location : Kagoshima-shi, Kagoshima</p> <p>Completion Date : September 1990</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Kawaguchiko Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 7,659.55 m<sup>2</sup></p> <p>Total Leasable Area : 7,659.55 m<sup>2</sup></p>	

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>Property Number: D73 Art Hotel Asahikawa</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 3,197 million</p> <p>Location : Asahikawa-shi, Hokkaido</p> <p>Completion Date : October 1987</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Shirahama Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 25,131.84 m<sup>2</sup></p> <p>Total Leasable Area : 25,131.84 m<sup>2</sup></p> <p>Property Number: D74 Hotel MyStays Matsuyama</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 3,098 million</p> <p>Location : Matsuyama-shi, Ehime</p> <p>Completion Date : July 2000</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Calvis Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 8,274.37 m<sup>2</sup></p> <p>Total Leasable Area : 8,274.37 m<sup>2</sup></p> <p>Property Number: D75 Hotel MyStays Sapporo Susukino</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 3,059 million</p> <p>Location : Sapporo-shi, Hokkaido</p> <p>Completion Date : May 1981</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Kawaguchiko Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 2,853.26 m<sup>2</sup></p> <p>Total Leasable Area : 2,853.26 m<sup>2</sup></p> <p>Property Number: D76 Hotel MyStays Sapporo Nakajima Park</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 2,118 million</p> <p>Location : Sapporo-shi, Hokkaido</p> <p>Completion Date : February 1991</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Shirahama Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 5,473.41 m<sup>2</sup></p> <p>Total Leasable Area : 5,473.41 m<sup>2</sup></p>	

(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
<p>Property Number: D77 Hotel MyStays Sapporo Nakajima Park Annex</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 1,584 million</p> <p>Location : Sapporo-shi, Hokkaido</p> <p>Completion Date : September 1991</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Shirahama Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 1,775.21 m<sup>2</sup></p> <p>Total Leasable Area : 1,775.21 m<sup>2</sup></p> <p>Property Number: D78 Flexstay Inn Sakuragicho</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 1,425 million</p> <p>Location : Yokohama-shi, Kanagawa</p> <p>Completion Date : November 1991</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Calvis Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 1,308.61 m<sup>2</sup></p> <p>Total Leasable Area : 1,308.61 m<sup>2</sup></p> <p>Property Number: D79 MyCUBE by MYSTAYS Asakusa Kuramae</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 1,287 million</p> <p>Location : Taito-ku, Tokyo</p> <p>Completion Date : September 1991</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Calvis Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 2,156.70 m<sup>2</sup></p> <p>Total Leasable Area : 2,156.70 m<sup>2</sup></p> <p>Property Number: D80 Hotel MyStays Kagoshima Tenmonkan Annex</p> <p>Acquisition Date : July 19, 2019</p> <p>Acquisition Price (Note 1) : JPY 1,168 million</p> <p>Location : Kagoshima-shi, Kagoshima</p> <p>Completion Date : February 1985</p> <p>Legal Form of Asset : Trust beneficiary interest</p> <p>Seller : Kawaguchiko Tokutei Mokuteki Kaisha</p> <p>Total Floor Area : 2,047.70 m<sup>2</sup></p> <p>Total Leasable Area : 2,047.70 m<sup>2</sup></p>	



(Reference) Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
Property Number: D81 Hotel MyStays Nayoro Acquisition Date : July 19, 2019 Acquisition Price (Note 1) : JPY 957 million Location : Nayoro-shi, Hokkaido Completion Date : November 2014 Legal Form of Asset : Trust beneficiary interest Seller : Kawaguchiko Tokutei Mokuteki Kaisha Total Floor Area : 1,985.27 m <sup>2</sup> Total Leasable Area : 1,985.27 m <sup>2</sup>  (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.	

[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 December 31, 2019 (from July 1, 2019 to December 31, 2019)						
The following reversal was made in the statement of cash distribution:  1. Reasons, related assets and amounts  (Unit: JPY thousand)	Not Applicable						
<table><tr><th>Related assets, etc.</th><th>Reason for reversal</th><th>Allowance for temporary differences adjustment</th></tr><tr><td>Leasehold rights in trust</td><td>Sale of properties with leasehold rights in trust</td><td>(125,201)</td></tr></table>		Related assets, etc.	Reason for reversal	Allowance for temporary differences adjustment	Leasehold rights in trust	Sale of properties with leasehold rights in trust	(125,201)
Related assets, etc.		Reason for reversal	Allowance for temporary differences adjustment				
Leasehold rights in trust		Sale of properties with leasehold rights in trust	(125,201)				
2. Method of reversal							
<table><tr><th>Related assets, etc.</th><th>Method of reversal</th></tr><tr><td>Leasehold rights in trust</td><td>The corresponding amount is scheduled to be reversed upon sale, etc.</td></tr></table>	Related assets, etc.	Method of reversal	Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.			
Related assets, etc.	Method of reversal						
Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.						

## VI. Statement of Cash Distribution

	Fiscal period ended June 30, 2019 (Reference) (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
I. Unappropriated retained earnings	JPY 21,131,966,492	JPY 23,261,426,001
II. Incorporation into unitholders' capital of which, allowance for temporary differences adjustment	125,201,855	—
III. Distributions	JPY 21,131,966,492	JPY 10,517,049,000
(Distribution per unit)	(JPY 1,656)	(JPY 1,725)
V. Retained earnings (losses) carried forward	JPY 11,622,477,597	JPY 12,744,377,001
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 9,384,287,040 out of net income of JPY 21,239,877,303. 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 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.

## 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, 2019, 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 June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
Cash flows from operating activities		
Net income before taxes	21,240,482	11,639,553
Depreciation and amortization	3,168,320	3,757,778
Investment unit issuance costs	115,319	-
Loss on reduction entry of non-current assets	-	143,029
Amortization of investment corporation bond issuance costs	3,506	4,256
Loan-related costs	310,089	412,550
Interest income	(811)	(179)
Interest expenses	599,960	702,863
Foreign exchange losses (gains)	(23,481)	(32,090)
Increase (decrease) in allowance for doubtful accounts	62	(148)
Decrease (increase) in rental receivable	285,339	(344,338)
Decrease (Increase) in deposits paid	96,470	(110,785)
Decrease (increase) in refundable income taxes	3,830	31,539
Decrease (increase) in consumption taxes receivable	434,326	(2,426,511)
Increase (decrease) in accounts payable	22,952	(36,363)
Increase (decrease) in consumption taxes payable	2,764,397	(2,577,357)
Increase (decrease) in accounts payable-other	40,334	(29,060)
Increase (decrease) in accrued expenses	118,454	(92,670)
Increase (decrease) in advances received	(117,053)	(12,896)
Increase (decrease) in deposits received	(347,981)	(199,247)
Decrease from sales of property, plant and equipment in trust	21,268,952	2,991,980
Decrease from sales of intangible assets in trust	7,047,749	-
Others, net	(617,969)	(148,847)
Subtotal	56,413,251	13,673,054
Interest income received	811	179
Interest expenses paid	(603,432)	(701,225)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	55,810,025	12,971,404
Cash flows from investing activities		
Purchases of property and equipment	-	(543,104)
Purchases of property and equipment in trust	(1,302,310)	(83,576,781)
Purchases of leasehold rights in trust	-	(440,504)
Repayments of tenant leasehold and security deposits in trust	(323,779)	(48,255)
Payments of tenant leasehold and security deposits	61,654	67,022
Collection of tenant leasehold and security deposits	896,949	-
Other, net	(58,789)	28,651
Net cash used in investing activities	(726,275)	(84,512,972)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	2,686,000
Repayments of short-term loans payable	(1,099,000)	-
Proceeds from long-term loans payable	17,684,000	61,775,000
Repayments of long-term loans payable	(17,684,000)	(37,061,000)
Proceeds from issuance of investment corporation bonds	-	2,971,665
Borrowing related expenses	(167,123)	(839,086)
Payment of distributions of earnings	(8,993,502)	(9,144,041)
Payments of distributions in excess of retained earnings from allowance for temporary differences adjustment	(85,002)	-

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
Payment of other distributions in excess of retained earnings	(204,006)	-
Proceeds from issuance of investment units	-	24,340,740
Net cash provided by (used in) financing activities	(10,548,635)	44,729,277
Effect of exchange rate change on cash and cash equivalents	(12)	(13)
Net increase (decrease) in cash and cash equivalents	44,535,102	(26,812,304)
Cash and cash equivalents at beginning of period	11,064,604	55,599,707
Cash and cash equivalents at end of period	*1 55,599,707	*1 28,787,403

(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 June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
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 June 30, 2019 (from January 1, 2019 to June 30, 2019)	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of June 30, 2019) (Unit: JPY thousand)	(As of December 31, 2019) (Unit: JPY thousand)
	Cash and bank deposits 48,833,358	Cash and bank deposits 17,924,733
	Cash and bank deposits in trust 6,766,348	Cash and bank deposits in trust 10,862,669
	Cash and cash equivalents 55,599,707	Cash and cash equivalents 28,787,403

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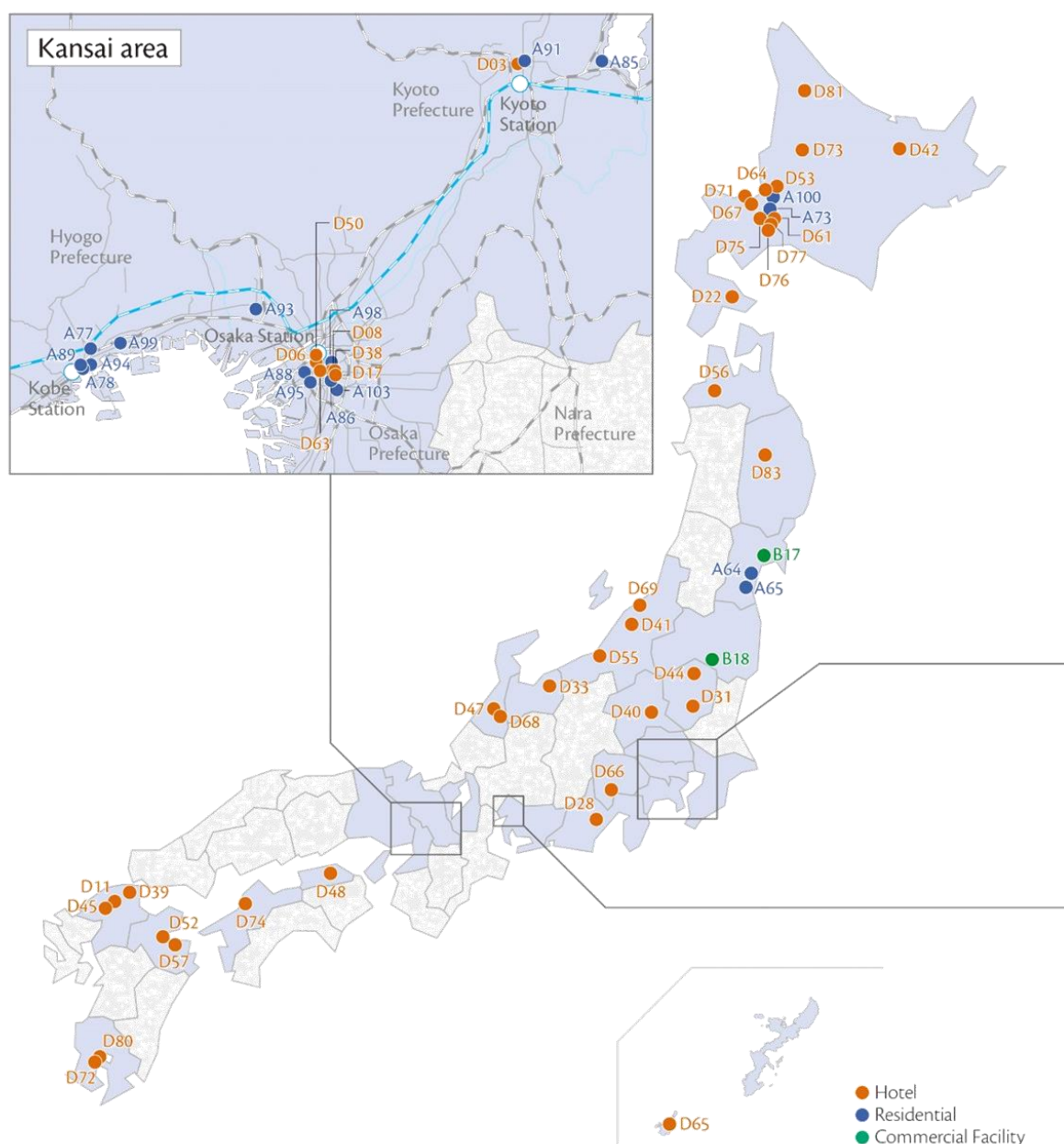
Usage of “My Number” also includes taxation-related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

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

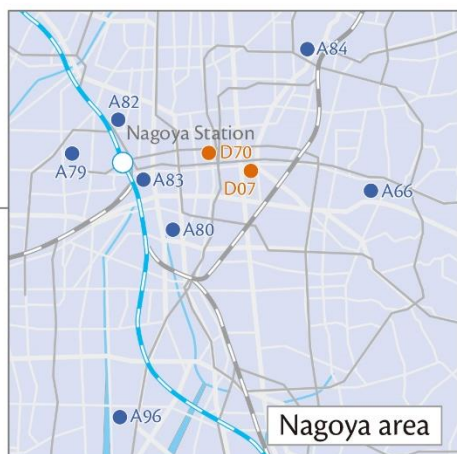
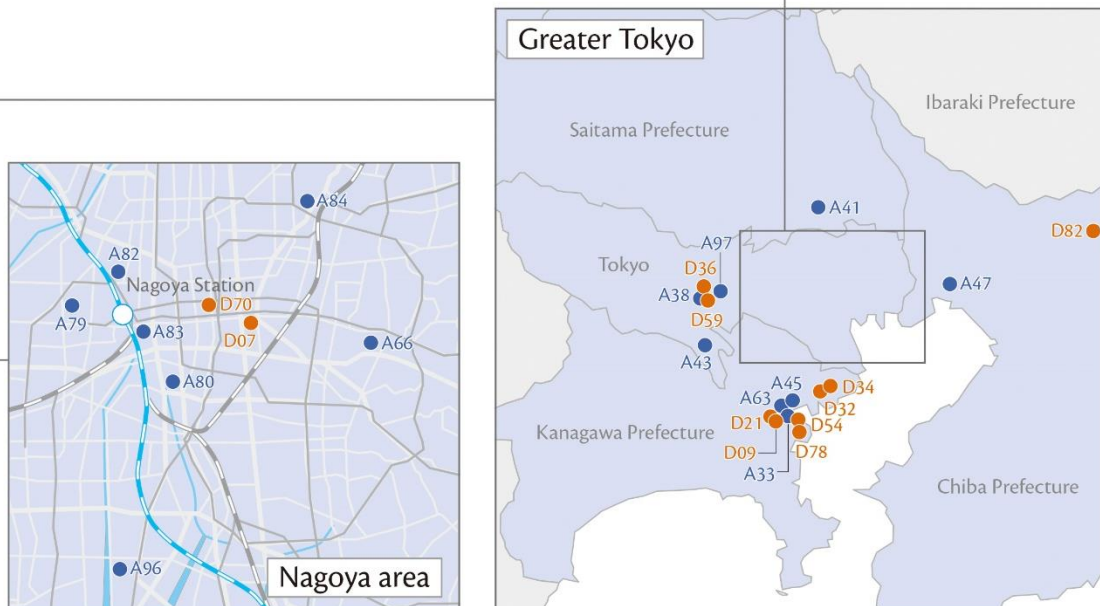
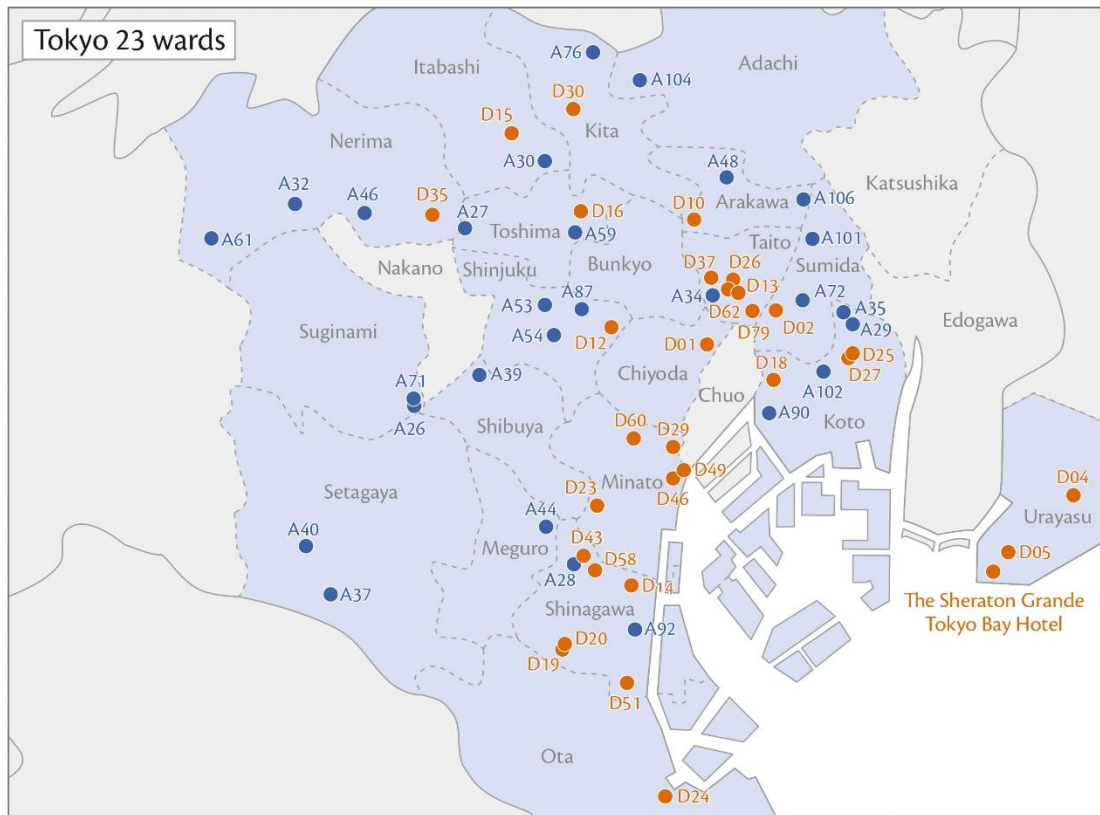
**Domestic Portfolio Map (As of February 29, 2020)**

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 [28-30] and pages [61-64].





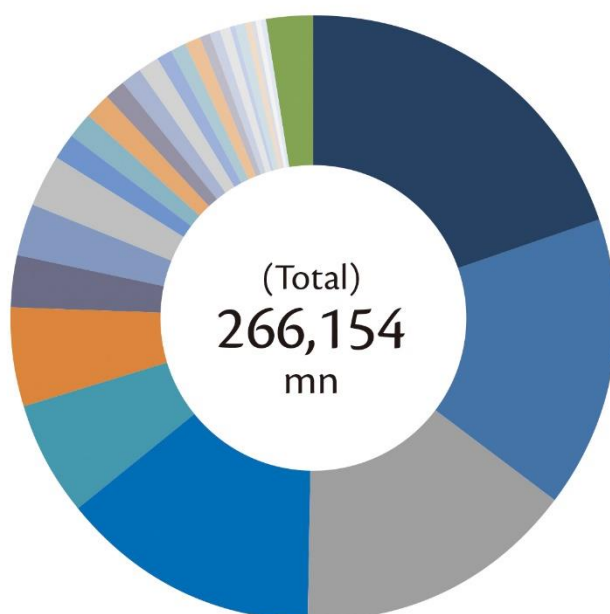
## Financial Conditions

JCR upgraded the credit rating of INV to A+ on February 4, 2020.

### Investment Corporation Bonds

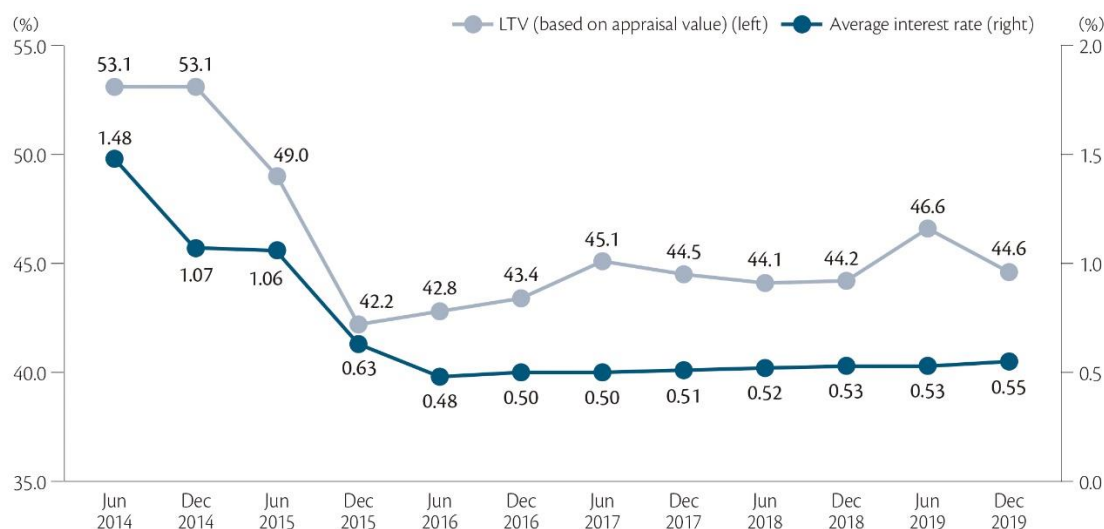
Bonds name	Issued Date	Term (years)	Balance (JPY mn)	Annual Interest Rate	Rating
1st Series Investment Corporation Bonds	May 25, 2018	5.0	1,000	0.40%	A+ (JCR)
2nd Series Investment Corporation Bonds	May 25, 2018	10.0	1,000	0.80%	A+ (JCR)
3rd Series Investment Corporation Bonds	Oct. 12, 2018	5.0	2,000	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)
Total			7,000		

### Lender Formation (as of February 29, 2020)

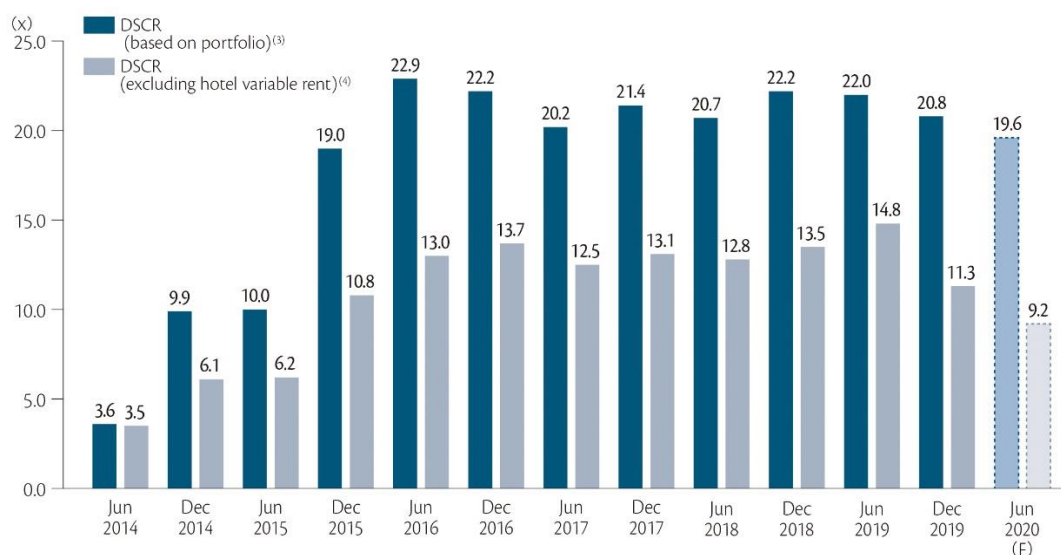


Mizuho Bank	19.9%
MUFG	15.4%
SMBC	15.1%
SMTB	13.9%
Citibank	6.2%
Shinsei Bank	5.2%
Resona Bank	2.8%
DBJ	2.8%
Aeon Bank	2.6%
Dai-ichi Life Insurance	1.5%
Fukuoka Bank	1.5%
The Daisan Bank	1.3%
Nomura TB	1.2%
Tokyo Star Bank	1.1%
Aozora Bank	0.9%
Shizuoka Bank	0.9%
Japan Post Bank	0.8%
Nishi-Nippon City Bank	0.8%
Towa Bank	0.7%
Hiroshima Bank	0.6%
Kagawa Bank	0.4%
Hyakugo Bank	0.4%
Kiraboshi Bank	0.4%
Momiji Bank	0.4%
Tochigi Bank	0.2%
Kiyo Bank	0.2%
Gunma Bank	0.2%
Ikeda Sensyu Bank	0.1%
REIT Bond	2.6%

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



## ■ DSCR



## ■ 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.

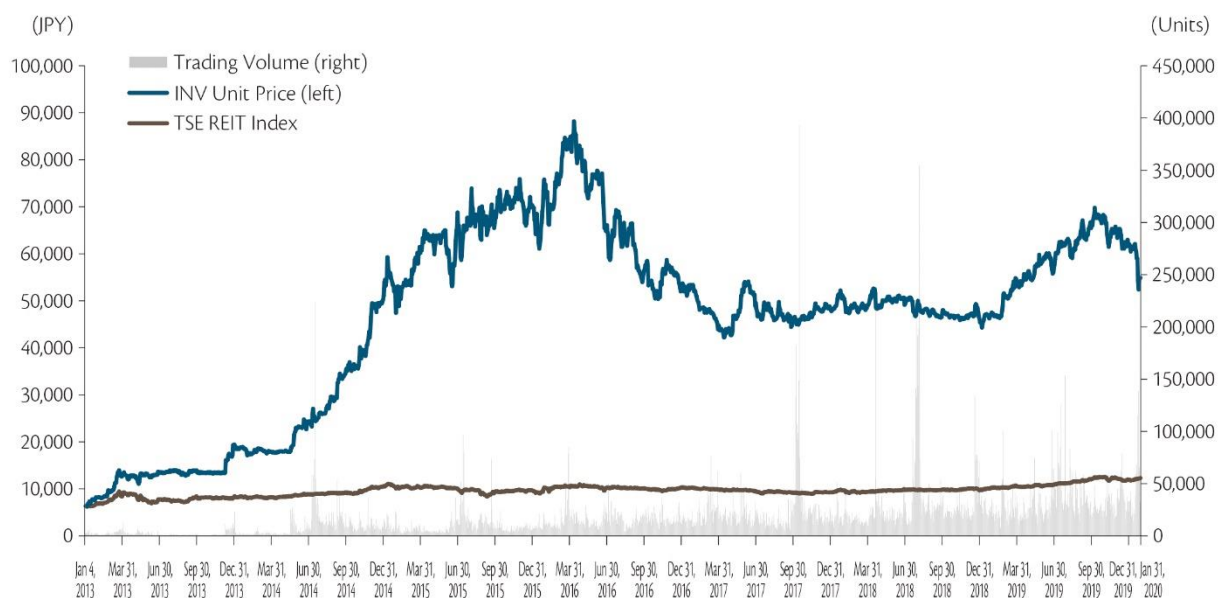
(Note 2) Calculated by the following formula: (Total loan amount outstanding at the relevant time multiplied by applicable interest rate at the relevant time for each loans) / (The loan amount outstanding at the end of each fiscal period)

(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, interest expenses on investment corporation bonds and the amount of redemption of bond. Excluded the temporal increase of income due to the change of investment structure regarding overseas assets for the calculation of June 2019 fiscal period.

(Note 4) DSCR (excluding hotel variable rent) is in the same manner as DSCR, except for excluding both hotel variable rent from operating income and management contract revenue.

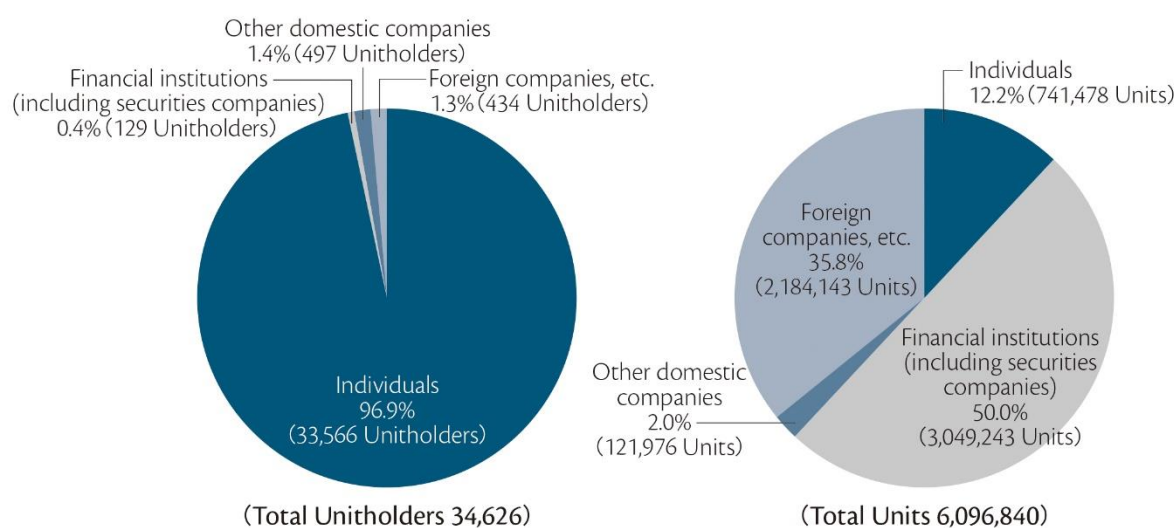
## Overview of Unitholders/Investment Units

### Historical Unit Price



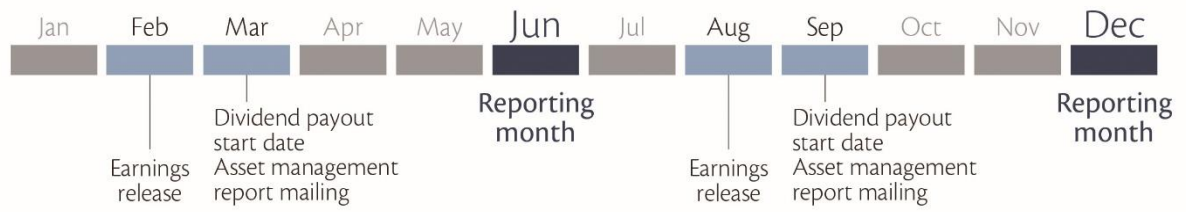
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013, as the same as the closing price of INV's unit on the same day.

### 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 9:30-17:30