



## **Financial Summary**

### **for the December 2019 Fiscal Period**

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

**February 20, 2020**

Name	: Invincible Investment Corporation ("INV")
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: <a href="https://www.invincible-inv.co.jp/en/">https://www.invincible-inv.co.jp/en/</a>
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	: March 23, 2020

This English language notice is a translation of the Japanese-language notice released on February 20, 2020 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2019	18,587	(32.0)	12,858	(42.0)	11,639	(45.2)	11,638	(45.2)
Fiscal period ended June 30, 2019	27,339	89.2	22,185	133.2	21,240	153.3	21,239	153.3

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2019	1,910	4.7	2.4	62.6
Fiscal period ended June 30, 2019	3,748	9.3	4.6	77.7

(Note) "Net Income per Unit" in the table above is calculated based on the average number of investment units during the relevant period and is rounded to the nearest yen. Net income per unit for the fiscal period ended December 31, 2019 is JPY 1,909, if calculated based on the number of investment units issued and outstanding at the end of fiscal period ended December 31, 2019 (6,096,840 units) and rounded down to the nearest yen.

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
	JPY	JPY million	JPY	JPY million	%	%
Fiscal period ended December 31, 2019	1,725	10,517	0	0	90.4	4.1
Fiscal period ended June 30, 2019	1,656	9,384	0	0	44.2	4.1

(Note 1) Distribution (excluding excess profit distribution) differs from net income for the fiscal period ended December 31, 2019, since INV reserved JPY 1,121 million of net income as internal reserve for the purpose of stabilizing the distribution level for the next and subsequent periods.

(Note 2) Distribution (excluding excess profit distribution) differs from net income for the fiscal period ended June 30, 2019, since INV reserved JPY 11,855 million of net income as internal reserve for the purpose of stabilizing the distribution level for the next and subsequent periods.

(Note 3) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:

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

Dividend payout ratio for the fiscal period ended June 30, 2019 is 44.2% since INV reserved a portion of net income as internal reserve, and distribution (excluding excess profit distribution) differs from net income for the fiscal period as mentioned in (Note 2) above.

(Note 4) Distribution / Net Assets is calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2019	522,431	259,730	49.7	42,601
Fiscal period ended June 30, 2019	467,931	233,046	49.8	41,125

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

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2019	12,971	(84,512)	44,729	28,787
Fiscal period ended June 30, 2019	55,810	(726)	(10,548)	55,599

2. Forecasts for the Fiscal Periods ending June 30, 2020 (from January 1, 2020 to June 30, 2020) and December 31, 2020 (from July 1, 2020 to December 31, 2020)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal Period ending June 30, 2020	18,510	(0.4)	12,342	(4.0)	11,259	(3.3)	11,258	(3.3)	1,812	0
Fiscal Period ending December 31, 2020	17,441	(5.8)	11,112	(10.0)	10,047	(10.8)	10,047	(10.8)	1,647	0

※Others

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

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

(2) Number of Investment Units Issued and Outstanding

- (a) Number of Units Issued and Outstanding December 31, 2019 6,096,840 June 30, 2019 5,666,840  
as of the End of the Fiscal Period (Including Treasury Units)
- (b) Number of Treasury Units as of the End of the Fiscal Period December 31, 2019 0 June 30, 2019 0

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

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

(Other Matters of Special Consideration)

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

Please refer to “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2020 and December 31, 2020” on page 19 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

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

## 1. Operating Conditions

### (1) Operating Conditions

#### a Overview of the Fiscal Period Ended December 31, 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 62 Residential Properties (Note 7)

	December 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 2)	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 + (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 are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.

(Note 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 nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after 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. Hereinafter the same shall apply.

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

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

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

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

(Note 7) Based on the 62 residential properties owned as of the beginning of December 2019 fiscal period. Of



the 62 properties, Winbell Kagurazaka was sold on December 17, 2019. 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 for the residential properties, one-off insurance-related revenues and expenses are excluded. NOI of Winbell Kagurazaka sold on December 17, 2019 is based on the data through December 16, 2019, the day immediately preceding the sale date. Hereinafter the same shall apply.
- (Note 9) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (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) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.  
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 12) "GOP," means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. Hereinafter the same shall apply. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. 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 (excluding short-term consumption tax loan) -bearing debt/total assets x 100

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

LTV = total outstanding interest (excluding short-term consumption tax loan) -bearing debt/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 “c 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 “c 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

Property Number	Property Name	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
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
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 “c 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	

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
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.

b 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.

Future operational policy and issues to be addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU and financial stability with the Fortress Group as its sponsor. Since Fortress Group joined under the umbrella of SoftBank Group in December 2017 and SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly as of March 29, 2018, in addition to continued access to Fortress's global real estate expertise, INV will seek to leverage the resources that are expected to become available through SoftBank Group. SoftBank Group has market-leading expertise in technology fields such as digital marketing for both mobile and desktop, online payment systems, search engine optimization, AI and robotics. INV believes that deployment of technology into INV's real estate assets, especially its hotels, will enhance the ongoing initiatives to improve its digital marketing, minimize labor costs and increase customer engagement. For example, INV plans to pursue opportunities to better manage the increased number of foreign visitors and their related online research, bookings and payments, improve the process in setting hotel rates and manage overbooking through the use of sophisticated AI algorithms, and reduce labor costs while enhancing customer service through the use of robotics.

In addition to pursuing 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

- Asset recycling and property acquisitions using the proceeds from sales
- Further internal growth at hotel and residential properties
- Diversification of funding sources and lengthening the average maturity period of its debt through borrowings and the issuance of investment corporation bonds

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated and residential properties especially where rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 57.0% 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 the date of this document)

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 updated MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of two hotels and seven residential properties (see the table below) (Note 5). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	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 and management contract revenue based on the actual results for the fiscal period ended December 2019. Sheraton Grande Tokyo Bay Hotel (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 counted as the acquisition price of the preferred equity interest.

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

(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 9 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 by taking into account the increased level of activity in the real estate trading market, it also considers the possibility of portfolio optimization upon consideration of the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate and previously detailed in the Asset Recycling Program.

#### (ii) Strategy for internal growth

##### (Hotels)

Of the 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.

c 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.

#### d Operational Outlook

The forecasts of financial results for the fiscal periods ending June 30, 2020 (from January 1, 2020 to June 30, 2020) and December 31, 2020 (from July 1, 2020 to December 31, 2020) are as follows. For reference purposes, full-year forecasts (aggregate of the fiscal periods ending June 30, 2020 and December 31, 2020) are provided as well, since hotel revenues are influenced by seasonal effects.

	June 2020 Fiscal Period (Anticipated)	December 2020 Fiscal Period (Anticipated)	(Reference) Full-year 2020
Operating Revenues	JPY 18,510 million	JPY 17,441 million	JPY 35,951 million
Operating Income	JPY 12,342 million	JPY 11,112 million	JPY 23,454 million
Ordinary Income	JPY 11,259 million	JPY 10,047 million	JPY 21,306 million
Net Income	JPY 11,258 million	JPY 10,047 million	JPY 21,305 million
Total Distribution Amount (Including excess profit distribution)	JPY 11,047 million	JPY 10,041 million	JPY 21,088 million
Net Income per Unit	JPY 1,846	JPY 1,647	JPY 3,493
Distribution per Unit (Excluding excess profit distribution)	JPY 1,812	JPY 1,647	JPY 3,459
Excess Profit Distribution per Unit	-	-	-
Distribution per Unit (Including excess profit distribution)	JPY 1,812	JPY 1,647	JPY 3,459

For the assumptions underlying the operational outlook for the fiscal period ending June 30, 2020 and December 31, 2020, please see "Assumptions Underlying the Forecast of Financial Results and Distribution ending June 30, 2020 and December 31, 2020".

Further, the new coronavirus, which has been spreading in China and is spreading across the world is expected to have a negative impact on hotel property revenues. However, since it is difficult to estimate such impact at this moment, the forecasts of financial results herein do not reflect such impact. We will promptly notify you if there is a need to amend the outlook for the operating situation in light of future effects.

#### (Cautionary Note regarding Forward Looking Statements)

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

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2020 and December 31, 2020>

Item	Assumptions
Fiscal period	The June 2020 Fiscal Period: from January 1, 2020 to June 30, 2020 (182 days) The December 2020 Fiscal Period: from July 1, 2020 to December 31, 2020 (184 days)
Assets under management	Properties held as of the end of the June 2020 Fiscal Period: 147 properties and preferred equity interests in one TMK Properties held as of the end of the December 2020 Fiscal Period: 147 properties and preferred equity interests in one TMK  Based on the properties held as of today (147 properties and preferred equity interests in one TMK), and INV assumes that there will be no change in the portfolio through the end of the fiscal period ending December 2020.
Units outstanding	As of the end of the June 2020 Fiscal Period: 6,096,840 units As of the end of the December 2020 Fiscal Period: 6,096,840 units  INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the December 2020 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the fiscal period ending June 2020: JPY 263,468 million (borrowing: JPY 256,468 million, investment corporation bonds: JPY 7,000 million) Balance as of the end of the fiscal period ending December 2020: JPY 263,468 million (borrowing: JPY 256,468 million, investment corporation bonds: JPY 7,000 million)  INV assumes that of the current total balance of JPY 266,154 million, INV intends to repay consumption tax loan of JPY 2,686 million maturing on July 18, 2020 in the fiscal period ending June 2020. Regarding other loans maturing during the June 2020 Fiscal Period and December 2020 Fiscal Period, INV intends to refinance at a similar condition during the respective fiscal periods. INV assumes no other new loan or prepayment of loan through the end of the December 2020 Fiscal Period.

Operating revenues	INV expects to record rental revenues for each fiscal period as follows:		
		June 2020	December 2020
		Fiscal Period	Fiscal Period
	• Rental revenues	JPY 12,741 million	JPY 15,306 million
	(of these, hotel rents)	(JPY 10,172 million)	(JPY 12,767 million)
	(fixed hotel rents)	(JPY 5,514 million)	(JPY 7,015 million)
	(variable hotel rents)	(JPY 4,658 million)	(JPY 5,752 million)
	• Management contract revenue	JPY 2,963 million	JPY 1,324 million
	• TMK dividend amount	JPY 768 million	JPY 811 million
	• Gain on sale	JPY 2,038 million	-
	Total operating revenues	JPY 18,510 million	JPY 17,441 million
<p>INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the special purpose company.</p> <p>INV recognizes management contract revenue from the overseas hotels as a real estate investment income from management contracts of the Cayman Hotels. The forecasts of management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. Management contract revenue have been calculated based on the exchange rate of USD 1 = JPY 110.00, as the exchange rate is fixed based on the currency put/call options covering approximately 85% of expected cash flow. With respect to the Cayman Hotels, the forecast of the fiscal period ending December 2020 assumes a slight decline in room and spa revenue based on the assumption that the expansion and renovation of the Cayman Hotels will commence in the summer of 2020, with the aim for completion around the end of 2022, because in such case, the part of rooms will not be available for sale and the spa will be temporarily closed. Although the commencement of such expansion and renovation has not been decided, INV is conservatively incorporating these factors into the forecast of December 2020 Fiscal Period. INV is currently continuing its due diligence work on the costs and work of the development. If the development does go forward, there will be certain one-off costs such as demolition costs and a non-cash expense from the retirement of a part of existing buildings, but the estimated amount is not yet unknown, so such impact is not reflected in the forecast.</p> <p>Rental revenues are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.</p>			

Operating expenses	INV expects to incur property related expenses and management contract expenses out of operating expenses for each fiscal period as follows:		
		June 2020 Fiscal Period	December 2020 Fiscal Period
	• Facility management fees (of these, repair costs)	JPY 561 million (JPY 37 million)	JPY 518 million (JPY 21 million)
	• Taxes and other public charges (Note)	JPY 599 million	JPY 773 million
	• Insurance expenses	JPY 147 million	JPY 152 million
	• Depreciation expenses	JPY 4,088 million	JPY 4,159 million
	• Other expenses	JPY 205 million	JPY 173 million
	Total property related expenses and management contract expenses	JPY 5,602 million	JPY 5,776 million
(Note) Property taxes and city planning taxes on the acquired assets are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal periods ending June and December during the year of acquisition and recorded from the fiscal period ending June in the next year as the amount equivalent to such settlement is included in the acquisition cost.			
For the two hotel properties acquired on January 6, 2020, INV expects to record the property taxes and city planning taxes of JPY 41 million in total as part of the total acquisition cost, and an annual amount of JPY 42 million of such taxes as expenses starting from the fiscal period ending June 2021.			
INV expects to incur other operating expenses than the property related expenses or management contract expenses for each fiscal period as follows:			
		June 2020 Fiscal Period	December 2020 Fiscal Period
	• Other operating expenses (of these, asset management fees)	JPY 565 million (JPY 300 million)	JPY 553 million (JPY 300 million)
NOI	INV expects to record net operating income for each fiscal period as follows:		
		June 2020 Fiscal Period	December 2020 Fiscal Period
	• NOI	JPY 14,958 million	JPY 15,824 million
	(of these, domestic hotel NOI)	(JPY 10,344 million)	(JPY 12,834 million)
	(of these, overseas hotel NOI)	(JPY 2,791 million)	(JPY 1,147 million)
	(of these, residential NOI)	(JPY 1,641 million)	(JPY 1,659 million)
NOI calculation method in the above table is as follows			
• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)			
Non-operating expenses	INV expects to incur non-operating expenses for each fiscal period as follows:		
		June 2020 Fiscal Period	December 2020 Fiscal Period
	• Interest expense	JPY 711 million	JPY 711 million
	• Finance related costs	JPY 342 million	JPY 323 million
	• Interest for investment corporation bonds	JPY 22 million	JPY 23 million
	• Depreciation of investment corporation bonds issuance expense	JPY 6 million	JPY 6 million
	Total non-operating expenses	JPY 1,082 million	JPY 1,064 million

Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending June 2020, INV expects to distribute an aggregate amount of JPY 11,047 million (distribution per unit: JPY 1,812) which is the remaining amount after retaining JPY 211 million (which is equivalent to an one-off revenue associated with the acquisition of the two hotel properties acquired on January 6, 2020) for internal reserve from net income for the fiscal period ending June 2020 (JPY 11,258 million).</p> <p>With respect to the distribution for the fiscal period ending December 2020, INV expects to distribute an aggregate amount of JPY 10,041 million (distribution per unit: JPY 1,647) from the net income for the fiscal period ending December 2020 (JPY 10,047 million).</p> <p>For the fiscal periods ending June 2020 and December 2020, INV expects to record deferred gain on hedge of the interest rate swap and the currency option as the valuation and conversion adjustments, etc. of JPY 87 million, which is equal to the amount for the fiscal period ended June 2019. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap and the currency option does not affect the distribution per unit.</p> <p>Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</p>						
Excess profit distribution per unit	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal periods ending June 2020 and December 2020, INV will not make distributions in excess of profits. In addition, INV will not make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.</p> <table><tr><td></td><td>June 2020 Fiscal Period</td><td>December 2020 Fiscal Period</td></tr><tr><td>Excess profit distribution per unit</td><td>-</td><td>-</td></tr></table>		June 2020 Fiscal Period	December 2020 Fiscal Period	Excess profit distribution per unit	-	-
	June 2020 Fiscal Period	December 2020 Fiscal Period					
Excess profit distribution per unit	-	-					
Other	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>						

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities report (filed on September 24, 2019).



## 2. Financial Statements

### (1) Balance Sheet

	(Unit: JPY thousand)	
	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, at cost	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, at cost	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, at cost	*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, at cost	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
Investments 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
Other	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)

	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
<b>Liabilities</b>		
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
<b>Net assets</b>		
Unitholders' equity:		
Unitholders' capital	211,092,540	235,701,512
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of 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 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

## (2) Statement of Income and Retained Earnings

	(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)
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 sale of real estate 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 (deficit) brought forward	(107,910)	11,622,477
Unappropriated retained earnings	21,131,966	23,261,426

## (3) Statement of Changes in Net Assets

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						
Reversal of allowance for temporary differences adjustment			(85,002)		(85,002)	(85,002)
Other excess profit distribution				(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	(46,329)	(5,194,798)	(5,241,128)	1,023,303

	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)
Reversal of allowance for temporary differences adjustment		(85,002)	(85,002)			(85,002)
Other excess profit distribution		(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

## (4) Statement of Cash Distribution

(Unit: JPY)

	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)
I Unappropriated retained earnings	21,131,966,492	23,261,426,001
II Incorporation into unitholders' capital Of which, reversal of allowance for temporary differences adjustment	125,201,855	-
III Distributions (Distribution per unit)	9,384,287,040 (1,656)	10,517,049,000 (1,725)
IV Retained earnings (deficit) carried forward	11,622,477,597	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 profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 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 profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 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.

## (5) Statement of Cash Flows

(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		
Income before income taxes	21,240,482	11,639,553
Depreciation and amortization	3,168,320	3,757,778
Loss on reduction entry of non-current assets	115,319	-
Investment unit issuance costs	-	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 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		
Increase in 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)	-
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



(6) Notes to Concerning Going Concerns Assumption

Not applicable

(7) Notes to Concerning Significant Accounting Policies

1. Evaluation standards and evaluation method of assets

Other securities

Those with no fair value

Cost method through moving-average method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

The useful lives of major property 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

(b) Intangible assets

For fixed-term land lease for business purposes in Japan, the straight-line method based on the lease period is used.

(c) Long-term prepaid expenses

The straight-line method is used.

3. Accounting treatment of deferred assets

(a) Investment unit issuance costs

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

(b) Investment corporation bond issuance costs

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

5. Conversion of assets and liabilities in foreign currency into Japanese yen

Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate at the end of the fiscal period date, and differences arising from the translation are treated as a profit or loss.

## 6. Revenue and expense recognition

### Accounting treatment of property taxes and other taxes

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

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended December 31, 2019 is JPY 111,155 thousand.

## 7. Method of hedge accounting

### (a) Method of hedge accounting

Deferred hedge accounting is used.

### (b) Hedging instrument and hedged item

(Borrowings)

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(Scheduled foreign currency-denominated transactions)

Hedging instrument: Foreign exchange option

Hedged item: Scheduled foreign currency-denominated transaction

### (c) Hedge policy

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

### (d) Method of evaluating hedge effectiveness

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

## 8. Cash and cash equivalents as stated in Statement of Cash Flows

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

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

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

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

#### (a) Cash and bank deposits in trust

#### (b) Buildings in trust

Buildings and accompanying facilities in trust

Structures in trust

Tools, furniture and fixtures in trust

Land in trust

Construction in progress in trust

#### (c) Leasehold rights in trust

#### (d) Tenant leasehold and security deposits in trust

(ii) Accounting treatment of consumption taxes

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

(Additional Information)

(Notes Related to Provision and Reversal of Allowance for Temporary Differences Adjustment)

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

The following reversal was made in the statement of cash distribution:

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Allowance for temporary differences adjustment
Leasehold rights in trust	Sale of properties with leasehold rights in trust	(125,201)

2. Method of reversal

Related assets, etc.	Method of reversal
Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.

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

Not applicable

(8) Notes to the Financial Statements

(Notes to the Balance Sheet)

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

(Unit: JPY thousand)

Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
50,000	50,000

\*2. Allowance for temporary differences adjustment

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current 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, etc. of the relevant property.

\*3. Reduction entry amount of property and equipment acquired with governmental subsidies, etc.

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Building and accompanying facilities in trust	115,319	-

## (Notes to Statement of Income and Retained Earnings)

## \*1. Real estate rental revenues and expenses

(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)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	11,795,812	14,306,734
Other revenues	357,587	239,092
Total	12,153,399	14,545,826
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	662,160	539,778
Taxes and public dues	565,715	631,040
Non-life insurance expenses	13,723	17,639
Depreciation expenses	3,048,495	3,345,473
Other expenses	200,561	139,076
Total	4,490,658	4,673,007
C. Real estate rental income (A-B)	7,662,741	9,872,819
(Note) Of which, revenue from variable hotel rents	4,304,181	5,317,963

## \*2. Management contract income

(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)
A. Hotel operating revenue	1,406,749	3,927,961
B. Hotel operating expenses	826,160	2,530,339
C. Management contract revenue (A-B)	580,588	1,397,621
D. Management contract expenses		
Management fee	3,490	12,276
Non-life insurance expenses	36,279	111,278
Depreciation expenses	119,824	412,305
Other expenses	4,782	1,680
Total	164,376	537,542
E. Management contract income (C-D)	416,211	860,079

\*3. Gain on sales of properties

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

(Unit: JPY thousand)

	Spacia Ebisu	Royal Parks Tower Minami-Senju
Proceeds from sales of properties	12,209,814	27,745,250
Cost of sales of properties	6,422,775	21,923,169
Other expenses on sales of properties	153,225	337,910
Gain on sales of properties	5,633,813	5,484,169

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

(Unit: JPY thousand)

	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

(Notes to Statement of Changes in Net Assets)

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

	Fiscal period ended 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)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	5,666,840 units	6,096,840 units

(Notes to Statement of Cash Flows)

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

(Unit: JPY thousand)

	Fiscal period ended 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 bank deposits	48,833,358	17,924,733
Cash and bank deposits in trust	6,766,348	10,862,669
Cash and cash equivalents	55,599,707	28,787,403

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)

Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Due within one year	268,487	268,487
Due after one year	7,824,534	7,690,291
Total	8,093,022	7,958,778

Operating lease transactions (as lessor)  
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Due within one year	9,754,753	12,306,447
Due after one year	58,695,396	76,858,696
Total	68,450,150	89,165,143

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

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

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

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

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

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

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

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



## 2. Estimated fair value of financial instruments

Fiscal period ended June 30, 2019 (as of June 30, 2019)

Book value, fair value and the difference between values as of June 30, 2019, are as follows.

(Unit: JPY thousand)

	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 payable	-	-	-
(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 payable	(173,030,000)	(173,030,000)	-
Total liabilities	(228,774,000)	(228,779,300)	(5,300)
(7) Derivatives	179,861	179,861	-

Fiscal period ended December 31, 2019 (as of December 31, 2019)

Book value, fair value and the difference between values as of December 31, 2019, are as follows.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	17,924,733	17,924,733	-
(2) Cash and bank deposits in trust	10,862,669	10,862,669	-
Total assets	28,787,403	28,787,403	-
(3) Short-term loans payable	(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 payable	(199,358,000)	(199,358,000)	-
Total liabilities	(259,174,000)	(259,131,300)	42,700
(7) Derivatives	129,227	129,227	-

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

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

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

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

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

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

Long-term loan with floating interest rates reflecting changes in market rates within a short-term period are stated at their book value as their book value approximate their fair value.

- (5) Investment corporation bonds

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

- (7) Derivatives

Please refer to the “Notes Related to Derivative Transactions” below.

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

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019 (as of June 30, 2019)	Fiscal period ended December 31, 2019 (as of December 31, 2019)
Tenant leasehold and security deposits in trust	1,746,941	1,765,094
Investment securities	17,856,387	17,856,387

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

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

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

Fiscal period ended June 30, 2019 (as of June 30, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	48,833,358	-	-	-	-	-
Cash and bank deposits in trust	6,766,348	-	-	-	-	-
Total	55,599,707	-	-	-	-	-

Fiscal period ended December 31, 2019 (as of December 31, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	17,924,733	-	-	-	-	-
Cash and bank deposits in trust	10,862,669	-	-	-	-	-
Total	28,787,403	-	-	-	-	-

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

Fiscal period ended June 30, 2019 (as of June 30, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	-	-	-	-	-	-
Current portion of long-term loans payable	51,744,000	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	2,000,000	1,000,000
Long-term loans payable	-	57,380,000	52,602,000	29,645,000	28,843,000	4,560,000
Total	51,744,000	57,380,000	52,602,000	30,645,000	30,843,000	5,560,000

Fiscal period ended December 31, 2019 (as of December 31, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	2,686,000	-	-	-	-	-
Current portion of long-term loans payable	50,130,000	-	-	-	-	-
Investment corporation bonds	-	-	-	3,000,000	1,000,000	3,000,000
Long-term loans payable	-	55,601,000	47,079,000	38,582,000	32,920,000	25,176,000
Total	52,816,000	55,601,000	47,079,000	41,582,000	33,920,000	28,176,000

(Notes Related to Investment Securities)

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

Other securities

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

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

Other securities

Preferred equity interest (JPY 17,856,387 thousand in the balance sheet) and TK interest (JPY 36,783,826 thousand in the balance sheet) have no observable market price, and it is impracticable to assess its fair value. Thus, their fair values are not disclosed.

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended June 30, 2019 (as of June 30, 2019)

Not applicable

Fiscal period ended December 31, 2019 (as of December 31, 2019)

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended June 30, 2019 (as of June 30, 2019)

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	84,074,000	51,413,000	(19,845)
	Currency option transaction USD/Call (Option fees)	Scheduled foreign currency-denominated transactions	5,134,140 (133,171)	1,933,140 (42,806)	(33,916)
	Currency option transaction USD/Put (Option fees)		5,134,140 (225,420)	1,933,140 (102,873)	(233,622)

(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.

Fiscal period ended December 31, 2019 (as of December 31, 2019)

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	95,112,000	66,133,000	64,609
	Currency option transaction USD/Call (Option fees)	Scheduled foreign currency-denominated transactions	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.

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

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

(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)
Balance at the beginning of the period	32,107	32,321
Increase due to the acquisition of property and equipment	-	-
Accretion expense	213	218
Balance at the end of the period	32,321	32,539

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

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

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

- Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

Japan	The Cayman Islands	Total
24,098,860	3,240,809	27,339,670

(Note) Net sales are based on the location of the customer and categorized by country or territory.

- Property and equipment

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

- Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	6,581,126	Real Estate Investment
Undisclosed (Note 1)	5,633,813	Real Estate Investment
Undisclosed (Note 2)	5,484,169	Real Estate Investment

(Note 1) The customer is an affiliate of a foreign real estate fund. However, the name is not disclosed since consent for the disclosure has not been obtained. The customer is not a group company of INV/the Asset Manager.

(Note 2) The customer is a domestic special purpose company. However, the name is not disclosed since consent for the disclosure has not been obtained. The customer is not a group company of INV/the Asset Manager.

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

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

Japan	The Cayman Islands	Total
17,189,631	1,397,621	18,587,253

(Note) Net sales are based on the location of the customer and categorized by country or territory.

(2) Property and equipment

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

3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	8,084,924	Real Estate Investment
Undisclosed (Note)	1,970,306	Real Estate Investment

(Note) The customer is an affiliate of a foreign real estate fund. However, the name is not disclosed since consent for the disclosure has not been obtained. The customer is not a group company of INV/the Asset Manager.

(Notes Related to Rental Properties)

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

(Unit: JPY thousand)

			Fiscal period ended 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)
Residences	Book value	Balance at the beginning of the period	85,908,280	56,921,817
		Change during the period	(28,986,463)	(3,368,841)
		Balance at the end of the period	56,921,817	53,552,976
	Fair value at the end of the period		72,197,000	69,671,000
Commercial facilities	Book value	Balance at the beginning of the period	4,866,739	4,825,236
		Change during the period	(41,503)	(35,280)
		Balance at the end of the period	4,825,236	4,789,956
	Fair value at the end of the period		6,140,000	6,150,000
Hotels	Book value	Balance at the beginning of the period	291,874,909	326,555,836
		Change during the period	34,680,926	80,684,352
		Balance at the end of the period	326,555,836	407,240,188
	Fair value at the end of the period		393,926,158	482,093,260
Total	Book value	Balance at the beginning of the period	382,649,930	388,302,890
		Change during the period	5,652,960	77,280,230
		Balance at the end of the period	388,302,890	465,583,121
	Fair value at the end of the period		472,263,158	557,914,260

(Note 1) Book value is the figure calculated by subtracting accumulated depreciation from acquisition price (including acquisition-related costs).

(Note 2) The major factors of increase for the fiscal period ended June 30, 2019, were a change in the investment structure concerning overseas assets and construction work related to capital expenditures, and the major factor of the decrease was sale of residential properties and depreciation. The major factors of increase for the Reporting Period were acquisition of hotels and construction work related to capital expenditures, and the major factors of decrease were sale of residential properties and depreciation.

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

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

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit: JPY thousand)

	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
(Deferred tax assets)		
Enterprise tax payable	1,294	821
Allowance for doubtful accounts	46	-
Buildings and other (merger)	428,965	375,803
Land (merger)	786,792	695,171
Loss carried forward (Note 1)	747,198	522,444
Asset retirement obligations	10,168	10,237
Depreciation of fixed-term leasehold rights	76,182	88,526
Adjustment of acquisition prices (overseas properties)	477,213	472,363
Deposit received	-	9,301
Subtotal	2,527,862	2,174,669
Valuation allowance for tax loss carried forward	(747,198)	(522,444)
Valuation allowance for the total of deductible temporary differences, etc.	(1,743,389)	(1,652,225)
Subtotal	(2,490,588)	(2,174,669)
Total	37,274	-
(Deferred tax liabilities)		
Removal expenses included in asset retirement obligations	9,711	-
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.

Fiscal period ended June 30, 2019 (as of June 30, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	-	78,982	-	668,215	-	-	747,198
Valuation allowance	-	(78,982)	-	(668,215)	-	-	(747,198)
Deferred tax assets	-	-	-	-	-	-	-

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

Fiscal period ended December 31, 2019 (as of December 31, 2019)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	-	-	201,976	320,467	-	-	522,444
Valuation allowance	-	-	(201,976)	(320,467)	-	-	(522,444)
Deferred tax assets	-	-	-	-	-	-	-

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



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

(Unit: %)

	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
Statutory tax rate	31.51	31.51
Deductible cash distributions	-	(28.47)
Changes in valuation allowance	(31.58)	(3.03)
Effect of tax rate change	(0.05)	-
Others	0.12	0.00
Effective tax rate	0.00	0.01

(Notes Related to Equity-Method Income)

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

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,856,387 thousand
Amount of investment profit when accounted for by the equity method	JPY 3,487,698 thousand

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

Amount of investment in affiliates	JPY 17,856,387 thousand
Amount of investment when accounted for by the equity method	JPY 17,856,387 thousand
Amount of investment profit when accounted for by the equity method	JPY 673,498 thousand

## (Notes Related to Transactions with Related Parties)

## 1. Transactions with Parent Company and Major Unitholders

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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	590,306	Accounts receivable	197,253
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	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.

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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	Shirahama Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	22,322,000	-	-
	Touyako Godo Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	15,543,000	-	-
	Calvis Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	11,492,000	-	-
	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,731,000	-	-
	Saturnia Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	9,405,000	-	-
	Kawaguchiko Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	8,629,000	-	-

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
	HL Investments 2 Tokutei Mokuteki Kaisha (Note 3)	Minato-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,524,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,133,572	Accounts receivable	195,942
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	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. Transactions with Affiliates

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

Classification	Name	Address	Investment amount (JPY million) (Note 1) (Note 2)	Business or occupation	Investment ratio (%)	Relationship with related parties	Type of transaction	Transaction amount (JPY million)	Account	Balance at the end of the period (JPY million)
Affiliate	Seven Mile Resort Holdings Ltd.	Grand Cayman, Cayman Islands	36,783	Investment management business	(Investment ratio) 100.0	TK investment	Refund of TK investment (Note 3)	36,783	-	-
							Acquisition of non-current assets (Note 3)	35,903	-	-

(Note 1) Investment amount in USD is converted to yen using the exchange rate fixed by foreign exchange forward (USD 1=JPY 110.45 (rounded down to two decimal places)).

(Note 2) INV initially funded USD 339,836 thousand (JPY 37,534 million). However, based on the closing settlement, the Cayman SPC did not need as much capital as anticipated. Therefore, INV received a refund of the TK investment in the amount of USD 6.8 million on December 10, 2018 (Cayman Island local time) from the Cayman SPC. Thus, the amounts indicated are those after the partial refund.

(Note 3) The TK is a TK with Seven Mile Resort Holdings Ltd. as an operator and had made investments based on a TK agreement. Following the agreed termination of the agreement on May 9, 2019, however, the TK has received dividend in kind of non-current assets it owns. Since the acquisition price of non-current assets acquired in this manner is the book value as of the date of the agreed termination of the agreement, there is a difference from the amount of the refund of the TK investment.

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

Not applicable

3. Transactions with Companies under Common Control

None for both the fiscal period ended June 30, 2019 and the fiscal period ended December 31, 2019.

4. Transactions with Directors and Major Unitholders

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

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	419,700	Accrued expenses	291,276
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	600	Accrued expenses	324

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

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

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

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

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	323,669	Accrued expenses	181,945
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	1,100	Accrued expenses	880

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

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

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

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

1. Information of parent company

Not applicable

2. Summarized financial information of material affiliated company

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

(Unit: JPY thousand)

	Kingdom Special Purpose Company	
	Fiscal period ended June 30, 2019	Fiscal period ended December 31, 2019
Total specified assets	100,524,164	100,450,855
Total other assets	3,972,036	3,753,104
Total current liabilities	106,709	128,712
Total non-current liabilities	66,280,661	66,280,661
Total net assets	38,108,830	37,794,586
Operating revenue	2,333,624	2,010,770
Income before income taxes	1,689,613	1,375,369
Net income	1,688,730	1,374,486

(Notes Related to Per Unit Information)

	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	JPY 42,601
Net income per unit	JPY 3,748	JPY 1,910

Net income per unit is calculated by dividing net income for the period by the average number of investment units during the period. Diluted net income per unit is not stated as there are no diluted units.

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

	Fiscal period ended 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 (JPY thousand)	21,239,877	11,638,948
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	21,239,877	11,638,948
Average number of investment units during the period (units)	5,666,840	6,093,427

(Notes Related to Significant Subsequent Events)

1. Sale of asset (property)

INV completed the sale of the following property on January 15, 2020.

Property Number: A51 City House Tokyo Shinbashi

Sale Date	January 15, 2020
Location	Minato-ku, Tokyo
Book Value (Note 1)	JPY 2,269 million
Sale Price (Note 2)	JPY 4,465 million
Gain on Sale (Note 3)	JPY 2,043 million
Transferee	Undisclosed (Note 4)
Legal Form of Asset	Trust beneficiary interest

(Note 1) As of June 30, 2019.

(Note 2) Sale 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 "(2) Real Estate Properties, Etc." of "3. Reference Information" as described below.

## 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 and entered into a loan agreement on the same day.

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 method	:	Lump-sum repayment
Borrowing method	:	Unsecured/ non-guarantee
Borrowing date	:	January 6, 2020
Maturity date	:	January 6, 2025, January 6, 2023, January 6, 2021

## 3. Acquisition of assets (properties)

INV completed acquisition of the following two hotel properties on January 6, 2020.

Property Number: D82 Hotel MyStays Premier Narita

Acquisition Date	January 6, 2020
Acquisition Price (Note 1)	JPY 10,593 million
Location	Narita-shi, Chiba
Completion Date	May 1985
Legal Form of Asset	Trust beneficiary interest
Seller	Adria Tokutei Mokuteki Kaisha
Total Floor Area	36,519.70 m <sup>2</sup>
Leasable Area	36,519.70 m <sup>2</sup>

Property Number: D83 Art Hotel Morioka

Acquisition Date	January 6, 2020
Acquisition Price (Note 1)	JPY 5,643 million
Location	Morioka-shi, Iwate
Completion Date	March 1981
Legal Form of Asset	Trust beneficiary interest
Seller	Heijo Tokutei Mokuteki Kaisha
Total Floor Area	16,727.08 m <sup>2</sup>
Leasable Area	16,727.08 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.

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

Changes in the number of investment units issued and outstanding and unitholders' capital for the past 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 5 units per 1 unit was conducted.

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

(Note 3) New investment units were issued through 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 through 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 through 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 through 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 through 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 through 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 through 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 through third-party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of properties.
- (Note 11) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on February 22, 2017 and the amount was incorporated into unitholders' capital.
- (Note 12) New investment units were issued through public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 13) New investment units were issued through public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued through third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.
- (Note 15) New investment units were issued through public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 16) New investment units were issued through third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.
- (Note 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 security company.  
INV resolved the retirement of all the acquired own investment units at the Board of Directors' Meeting held on December 25, 2018 and the acquired own investment units were retired on December 28, 2018.  
The acquisition of own investment units was conducted using capital surplus, and thus there is no change to unitholders' capital.
- (Note 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) Reversal of allowance for temporary differences adjustment was decided at the meeting of the Board of Directors of INV held on August 22, 2019 and the amount was incorporated into unitholders' capital.

### 3. Reference Information

#### (1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended 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			35,839	7.7	35,445	6.8
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 Islands 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.

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

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

	Fiscal period ended June 30, 2019 (as of June 30, 2019)		Fiscal period ended December 31, 2019 (as of December 31, 2019)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	234,885	50.2	262,701	50.3
Total Net Assets	233,046	49.8	259,730	49.7
Total Liabilities and Net Assets	467,931	100.0	522,431	100.0

(2) Real Estate Properties, Etc.

The following summarizes the real estate assets (real estate or trust beneficiary interest comprised mainly of real estate) as well as preferred equity interest held by INV as of December 31, 2019.

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 8)	1,251	1,097	0.3	1,230	A
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,229	1,055	0.2	1,340	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	839	0.2	1,030	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	954	0.2	1,160	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,329	0.3	1,430	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,060	0.2	1,110	A
A33	Growth Maison Shin- Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	937	0.2	1,180	A
A34	Belle Face Ueno- Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	925	0.2	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	797	0.2	1,010	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	729	0.2	775	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	636	0.1	674	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	698	0.1	666	A
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	649	0.1	535	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	522	0.1	761	A

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A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	561	0.1	540	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	549	0.1	627	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	514	0.1	524	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	505	0.1	585	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	509	0.1	514	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	441	0.1	557	A
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	2,520	2,269	0.5	3,650	B
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,880	1,889	0.4	2,780	C
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,450	1,294	0.3	1,970	D
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	805	0.2	1,250	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	554	0.1	828	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	1,006	0.2	1,440	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	386	0.1	663	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	274	0.1	417	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	230	0.1	286	D
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests	977	825	0.2	1,260	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	424	0.1	653	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	911	0.2	1,260	D
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interests	1,660	1,597	0.3	2,250	B
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	1,260	1,134	0.3	1,470	B
A78	Cosmo Court Motomachi	3-12-20 Motomachidori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	973	864	0.2	1,130	B
A79	Revest Honjin	2-13 Toriidori Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	592	0.1	845	B

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A80	Revest Matsubara	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	583	0.1	841	B
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	533	0.1	775	B
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	523	0.1	810	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	525	0.1	746	B
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interests	581	504	0.1	784	B
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	544	485	0.1	677	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	498	0.1	690	B
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	468	0.1	606	B
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	512	451	0.1	637	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	424	0.1	681	B
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and two other parcels	Trust beneficiary interests	446	403	0.1	539	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	383	0.1	569	B
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	342	0.1	464	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	335	0.1	477	B
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interests	355	319	0.1	467	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	311	0.1	466	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	309	0.1	337	B
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	282	0.1	415	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	268	0.1	345	B
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,782	1,708	0.4	2,140	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,654	0.3	1,990	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,600	0.3	1,920	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,742	0.6	3,240	C

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A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,850	1.0	5,830	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,661	0.5	2,920	B
Subtotal (61 properties)				58,005	53,552	11.6	68,856	-
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	3,280	3,022	0.7	3,700	C
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,767	0.5	2,450	C
Subtotal (2 properties)				5,600	4,789	1.1	6,150	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,945	0.6	5,070	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,530	0.5	4,590	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokochō, Higashiiru, Aburanokoji, Shijōdori, Shimogyō-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,828	1.2	11,700	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,627	1.0	7,490	B
D05	Hotel MyStays Maihama	3-5-1 Tekkōdori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,741	1.0	7,010	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,738	0.8	7,090	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,624	0.6	5,890	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,361	0.5	4,980	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,338	0.4	4,060	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,800	0.4	2,580	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,471	0.3	5,900	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,352	0.3	2,160	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,243	0.3	2,060	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,200	0.2	2,040	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,204	0.2	2,260	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,117	0.2	2,360	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,143	0.2	3,260	B
D18	Hotel MyStays Kiyosumi Shirakawa (Note 9)	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	900	0.2	1,560	B

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D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	565	0.1	850	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	286	0.1	409	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,681	1.7	9,950	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,811	0.6	4,000	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,091	0.4	2,420	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,301	1.6	8,820	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,377	1.1	7,560	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,687	0.8	3,850	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,584	0.8	5,110	B
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,139	0.4	2,460	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,590	0.3	1,940	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,275	0.3	1,340	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,232	0.2	2,130	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	910	0.2	1,170	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	919	0.2	1,160	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	883	0.2	912	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,858	1.0	4,640	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,105	0.2	1,270	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,083	0.2	1,250	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	3,044	0.6	2,950	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,064	0.2	1,250	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	1,034	0.2	1,160	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	945	0.2	1,100	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	788	0.2	926	E

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D43	Hotel MyStays Gotanda Station (Note 10)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,392	5.3	25,800	C
D44	Hotel Epinard Nasu	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	20,981	19,585	4.2	23,500	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,792	1.6	8,710	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,793	1.6	6,890	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	13,023	2.8	14,200	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,122	0.4	2,270	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	8,005	1.6	10,700	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,952	2.6	13,500	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,699	2.0	10,200	D
D52	Beppu Kamenoi Hotel	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	8,280	1.8	9,180	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,715	1.6	8,430	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,235	1.1	5,540	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,728	0.6	2,810	D
D56	Art Hotel Hirosaki City	1-1-2, 1-1-6, 1-1-7, 1-2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,644	0.5	2,770	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,550	0.3	1,640	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,067	0.8	4,140	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,232	0.7	3,380	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,542	4.2	23,900	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	16,486	3.4	17,100	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,236	1.1	5,390	D
D63	Hotel MyStays Midouji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,966	1.0	4,980	B
D64	Hotel MyStays Sapporo Aspen	5-1 Nishi 4-chome, Kita 8-jo, Kita-ku, Sapporo-shi, Hokkaido, and seven other lots	Trust beneficiary interests	15,543	15,517	3.1	15,700	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki -shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,706	2.0	9,830	B
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	9,323	1.9	10,100	B



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D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,889	1.2	5,990	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,679	1.1	5,740	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,480	1.1	5,590	D
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,185	1.0	5,260	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,279	0.9	4,340	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,436	0.7	3,540	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	3,165	0.6	3,250	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	3,068	0.6	3,190	E
D75	Hotel MyStays Sapporo Susukino	1-6 Nishi 5-Chome, Minami 7-jo, Chuo-ku, Sapporo-shi, Hokkaido, and one other lot	Trust beneficiary interests	3,059	3,053	0.6	3,090	C
D76	Hotel MyStays Sapporo Nakajima Park	1-20 Nishi 1-chome, Minami 14-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	2,118	2,113	0.4	2,140	C
D77	Hotel MyStays Sapporo Nakajima Park Annex	4-3 Nishi 1-chome, Minami 11-jo, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,584	1,579	0.3	1,600	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lot	Trust beneficiary interests	1,425	1,424	0.3	1,470	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,289	0.3	1,350	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,167	0.2	1,210	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	950	0.2	969	C
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	30,061 (USD 272,171,000)	29,701	6.0	35,585 (USD 324,800,000) (Note 12)	F
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	5,842 (USD 52,898,000)	5,740	1.2	6,431 (USD 58,700,000) (Note 12)	F
Subtotal (83 properties)				416,527	407,240	83.6	482,093	-
Total (146 properties)				480,133	465,583	96.4	557,099	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 13)	17,845	17,856	3.6	- (Note 5)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.6	-	-
Total (147 properties)				497,979	483,439	100.0	-	-

- (Note 1) “Property number” indicates the use categorization of properties owned by INV, with “A” standing for residence, “B” standing for office and commercial facility, “C” standing for parking lots and “D” standing for hotel, and the number assigned for each property. The number following “A”, “B”, “C” and “D” is assigned based on how early the acquisition was made, except for acquisitions made at the same time a lower number is assigned to the property with a greater acquisition price.
- (Note 2) “Location” is, in principle, based on the indicated address (*kyukyohyoji*), except that if the *kyukyohyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).
- (Note 3) “Acquisition price” is the purchase price indicated in the real estate or trust beneficiary purchase agreement except for Sheraton Grande Tokyo Bay Hotel (preferred equity interest), Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort. For Sheraton Grande Tokyo Bay Hotel (preferred equity interest), “Acquisition price” indicates the amount invested by INV for the preferred equity interest, excluding investment in the specified equity interests in the Kingdom Tokutei Mokuteki Kaisha and the acquisition price of the equity interest held by the employees in a G.K., which is a master lease company. For Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort, the book value of the Leasehold of each of the Cayman Hotels is stated by the Cayman SPC as of May 9, 2019 (Cayman Islands local time; May 10, 2019 in Japan local time), which is the date when INV succeeded the Leasehold from the Cayman SPC as dividend in kind in line with the agreed termination of the TK agreement. The amounts in USD are converted into JPY as shown. Such price excludes consumption tax and other taxes, and has been rounded down to the nearest million yen.
- (Note 4) “Investment percentage” is the ratio of the acquisition price to the aggregate acquisition price of INV’s portfolio, and has been rounded to the first decimal place.
- (Note 5) “Appraisal value at the end of the period” is the value appraised or determined based on research by the real estate appraiser as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trust Association, Japan. As to appraisal of Westin Grand Cayman Seven Mile Beach Resort & SPA and Sunshine Suites Resort, the local appraiser verification method (Note 6) is adopted. The appraisal value for Sunshine Suites Resort includes the unused land adjacent to the hotel. Appraisal is entrusted to those described in (Note 7) below. For Sheraton Grande Tokyo Bay Hotel (preferred equity interest), there is no appraisal value at the end of the period due to it being preferred equity interest. An appraisal value for the underlying asset as of the closing date of the fiscal period is as follows.

Name of property	Appraisal value	Appraiser (Note 7)
Sheraton Grande Tokyo Bay Hotel	JPY 101,000 million	C

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

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

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

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

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

Group 1

Nisshin Palacestage Daitabashi, 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 9) The property name was changed to Hotel MyStays Kiyosumi Shirakawa on September 9, 2019 along with the change of the hotel name.

- (Note 10) Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.

- (Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Islands local time), a change from making investments based on the TK agreement to directly owning the movable assets such as leasehold and FF&E of the Cayman Hotels (the Leasehold, etc.), which are the undying assets of the TK.

- (Note 12) Appraisal value at the end of the period are 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).

- (Note 13) Preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest issued and outstanding after the issuance of the said preferred equity interest), with the Sheraton Grande Tokyo Bay Hotel as an underlying asset, and is recorded as one property.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction, etc., as of the end of the fiscal period ended December 31, 2019 for the real estate assets is as follows.

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)		
					Total	Payment for the Fiscal Period ended Dec. 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	-	-

(b) 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) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material for the 33rd Fiscal Period Ended December 2019 separately announced today.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material for the 33rd Fiscal Period Ended December 2019 separately announced today.