



Financial Summary

for the June 2020 Fiscal Period

(from January 1, 2020 to June 30, 2020)

August 25, 2020

Name	: Invincible Investment Corporation ("INV")
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: https://www.invincible-inv.co.jp/en/
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	: September 23, 2020

This English language notice is a translation of the Japanese-language notice released on August 25, 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 June 30, 2020 (from January 1, 2020 to June 30, 2020)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended June 30, 2020	9,410	(49.4)	1,496	(88.4)	424	(96.4)	423	(96.4)
Fiscal period ended December 31, 2019	18,587	(32.0)	12,858	(42.0)	11,639	(45.2)	11,638	(45.2)

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2020	70	0.2	0.1	4.5
Fiscal period ended December 31, 2019	1,910	4.7	2.4	62.6

(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 June 30, 2020	69	420	-	-	99.2	0.2
Fiscal period ended December 31, 2019	1,725	10,517	-	-	90.4	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) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:

$$\text{Dividend Payout Ratio} = \text{Distribution Amount (Excluding excess profit distribution)} \div \text{Net Income} \times 100$$
The dividend payout ratio for the fiscal period ended December 31, 2019 is 90.4% because distribution (excluding excess profit distribution) differs from net income due to reserving a part of net income as internal reserve, as described in (Note 1).

(Note 3) 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 June 30, 2020	516,663	249,538	48.3	40,929
Fiscal period ended December 31, 2019	522,431	259,730	49.7	42,601

(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 June 30, 2020	12,931	(18,898)	(6,501)	16,318
Fiscal period ended December 31, 2019	12,971	(84,512)	44,729	28,787

2. Forecasts for the Fiscal Period ending 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 December 31, 2020	TBD (-)	TBD (-)	TBD (-)	TBD (-)	TBD	TBD

(Note) The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2020 fiscal period (from July 1 to December 31, 2020) remains undetermined.

※Others

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

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

(2) Number of Investment Units Issued and Outstanding

- | | | | | |
|--|---------------|-----------|-------------------|-----------|
| (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units) | June 30, 2020 | 6,096,840 | December 31, 2019 | 6,096,840 |
| (b) Number of Treasury Units as of the End of the Fiscal Period | June 30, 2020 | 0 | December 31, 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.

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 June 30, 2020

(a) Main Trends of INV

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

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

FIG became a subsidiary of SoftBank Group Corp. (“SoftBank Group”), after SoftBank Group acquired FIG effective on December 27, 2017 (Note 1). Calliope, an affiliate of FIG, who owned 100% of the issued shares of Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”), transferred 80.0% of issued shares of the Asset Manager to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group, and 20.0% to SoftBank Group on March 29, 2018, pursuant to the basic agreement which was entered into as of September 7, 2017. Although FIG is no longer an indirect parent company of the Asset Manager, FIG continues to support INV as the sponsor.

Ever since the commencement of sponsorship from the Fortress Group (Note 2), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, the Asset Manager revised the Investment Guidelines for INV, positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward, and has expanded its portfolio.

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

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

(Note 1) US Eastern Standard Time

- (Note 2) As of July 2011, Calliope owned 97.35% of issued shares of the Asset Manager and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly.
- (Note 3) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (the “TMK”) (equivalent to 49.0% of the total issued and outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV’s investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The “underlying asset” refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.
- (Note 4) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in the Cayman Hotels and ancillary assets as underlying assets. However, INV implemented the investment structure change (the “Structure Change” in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the “Leasehold Interests, etc.” means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.
- (Note 5) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts 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 6) “The largest asset size ... among all J-REIT hotel portfolios” refers to the total acquisition price of 86 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of June 30, 2020.

(b) Operational Environment and Performance

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

The occupancy rate of the rental housing market remained stable at a high level. The rent increase program of 60 residential properties (Note 2) continues to produce positive results, as rent has increased for both new and renewal contracts of properties owned by INV. The average rent per tsubo per month (Note 3) for the Reporting Period increased by 0.6% YoY to JPY 9,098, and the operating conditions remained firm.

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

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

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

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

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

Regarding the residential portfolio, the average occupancy rate (Note 6) of 60 residential properties (Note 2) for the Reporting Period was 96.2%, an increase of 0.2 points compared to the same period in the previous year. The NOI (Note 5) of the 60 residential properties for the Reporting Period increased by 1.9% compared to the same period in the previous year, due to internal growth through solid rent increases. For the rental residential market, COVID-19 seems to have no impact and trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Under such circumstances in the macro environment, INV continues to focus on its rent increase program for both new leases and renewals as well as initiatives to reduce residential leasing costs based on a detailed market analysis of each property and unit.

In the Reporting Period, INV realized a rent increase for 52.0% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 0.7% compared to the previous rent across all new leases (Note 11). INV achieved a rent increase for 46.6% (based on the number of contracts) of contract renewals for an average rent increase of 1.6% compared to the previous rent across all renewal leases (Note 11), while maintaining a high contract renewal rate (Note 12) of 80.7%. Combined, new leases and renewal leases were signed at 1.3% higher than the previous leases (Note 11).

The total appraisal value of 147 properties was JPY 542,336 million (1 out of the 148 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 65,080 million (Note 13) and an unrealized gain ratio of 13.6% (Note 13). The total appraisal value of 145 properties which were owned throughout the Reporting Period decreased by 4.8% from JPY 553,449 million at the end of the December 2019 fiscal period to JPY 526,836 million at the end of the Reporting Period.

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

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

Key Performance Indicators of Cayman Hotels

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

Key Performance Indicators of 60 Residential Properties (Note 2)

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

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

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

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

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

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

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

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

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

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

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms} \times \text{number of days)}}$$
Hereinafter the same shall apply.
- (Note 9) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.
- (Note 10) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms \times number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 11) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (Note 12) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period
- (Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain \div book value as of the end of the Reporting Period.
- (Note 14) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same shall apply.

(c) Overview of Fund Raising

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

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

$$\text{Interest-Bearing Debt ratio} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{total assets}} \times 100$$

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

$$\text{LTV} = \frac{\text{total outstanding interest-bearing debt (excluding short-term consumption tax loan)}}{\text{total appraisal value (*)}} \times 100$$

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

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

(i) Borrowing of Funds

INV borrowed New Syndicate Loan (Q) (total amount borrowed: JPY 12,483 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50000% (duration: five years; borrowed on March 16, 2020; by the interest swap agreement, it is fixed, in effect, at 0.48700%), 1-month JPY TIBOR plus 0.50000% (five years; March

30, 2020) and 1-month JPY TIBOR plus 0.30000% (three years; March 30, 2020)), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (G) in the amount of JPY 3,250 million due on March 14, 2020 and New Syndicate Loan (F) in the amount of JPY 10,433 million due on March 30, 2020.

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

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

(ii) Prepayment of Loan

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

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

(iii) Issuance of Investment Corporation Bonds

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

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

(d) Overview of Acquisition of Assets

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

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

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

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

(e) Overview of Sale of Assets

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

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

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

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

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

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

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

(f) Overview of Results of Operations and Distributions

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

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

b Outlook for the Fiscal Period Ending December 31, 2020

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

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

(a) Future operational policy and issues to be addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU and financial stability with the Fortress Group as its sponsor. Fortress Group became a member 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 foreign visitors travel habits 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, INV will pay attention to safety-oriented asset

management in situations where accommodation demand has declined drastically due to the impact of COVID-19, and focus on reviewing the operational strategy to restore revenues from hotels. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties
- Diversification of funding sources and lengthening the average maturity period of its debt through borrowings and the issuance of investment corporation bonds

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV had moved forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues would be anticipated and residential properties, especially where rental growth could be achieved, to build a portfolio with a good balance between growth and stability. However, for the time being, it is necessary to carefully consider the acquisition of hotel properties, which have been greatly affected by the sluggish demand for accommodation due to COVID-19, while looking for the possibility of acquiring at an attractive price.

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

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

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 84 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 75 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 73 hotels of the 75 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in the accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

In response to the significant reduction in hotel demand, MHM is taking steps to reduce hotel operating expenses by reviewing its operational strategy. Specific measures include temporary hotel closures and the suspension of non-essential capital expenditures as well as taking government subsidies, cutting payments to service providers such as cleaning vendors, significantly reducing marketing expenses, utilities and other items under the COVID-19 environment. MHM is vigorously working to stimulate demand from existing domestic customers by following up on cancelled or postponed functions and providing corporate customers with various options including new lineup of meeting options highlighting strict measures to reduce the spread of COVID-19. In addition, MHM is focusing on creating new demand, including the provision of day-use telework environments to provide individuals and corporates

with a comfortable telework space as well as accommodation demand associated with the 14-day voluntary quarantine period after returning to Japan.

For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner while considering the hotel profit situation, where demand has dropped significantly as described above.

(Residential properties and others)

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

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

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

(iii) Financial strategy

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

(iv) Compliance risk management

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

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

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

c Significant Subsequent Events

Not applicable. Reference Information is described as follows.

(Reference Information)

(a) Debt Financing

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

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

(i) New Syndicate Loan (R)

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

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

(ii) Term Loan (N)

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

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

(iii) Term Loan (O)

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

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

d Operational Outlook

The worldwide spread of COVID-19 has had a significant impact on hotel revenues. At this point in time, it remains difficult to predict the spread of COVID-19 and its impact on the hotel industry and operators. Therefore, the forecast of financial results and DPU for the December 2020 fiscal period (from July 1 to December 31, 2020) remains undetermined.

December 2020
Fiscal Period
(Anticipated)

Operating Revenues	TBD
Operating Income	TBD
Ordinary Income	TBD
Net Income	TBD
Total Distribution Amount (Including excess profit distribution)	TBD
Net Income per Unit	TBD
Distribution per Unit	TBD

(Excluding excess profit distribution)

Excess Profit Distribution per Unit TBD

Distribution per Unit TBD

(Including excess profit distribution)

(2) Investment Risk

In connection with the worldwide spread of COVID-19, some material changes are made as follows to certain items contained in “Part 1 Fund Information, I. Fund Status, 3. Investment Risks” in the latest securities report for the fiscal period ended December 2019 (from June 1, 2019 to December 31, 2019) (available in Japanese only) filed on March 25, 2020. Underlined parts below indicate changes or additions, while deletions are not indicated.

① General risk

(Snip)

(e) Risk relating to price fluctuations of the Investment Units or Investment Corporation Bonds

The market value of the Investment Units of INV is influenced by various factors, including supply and demand conditions on the stock exchange, trends in investment in real estate-related assets, comparison with investment in other assets, conditions in the securities market, interest rates conditions, and economic conditions. The balance of supply and demand of real estate investment trusts as a whole could collapse as a result of comparison between investment in real estate and investment in other assets, triggered, for example, by earthquakes or other natural disasters. In particular, the worldwide spread of COVID-19 has caused economic activity to stagnate, and the market prices of real estate investment trust securities, including the INV’s Investment Units, have also been adversely affected. On April 7, 2020, a State of Emergency was declared by the Japanese government, the subject areas of which were the seven prefectures of Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka. On April 16, 2020, the State of Emergency was expanded to cover all areas of Japan. Thereafter the State of Emergency was lifted in May 2020, however, COVID-19 has been spreading again since June 2020. Economic activities are unlikely to recover in a short term to the same level as prior to the spread of COVID-19. Depending on the future developments, there may be further adverse effects on the market prices of financial instruments including the Investment Units due to concerns that further restraint of economic activities may occur triggered by, among other things, another declaration of State of Emergency and related measures and requests and no one can tell when the pandemic is gone. These adverse effects may also be prolonged or worsened.

(Snip)

③ Risk pertaining to real estate

(Snip)

(x) Hotel-related risk

(ii) Risk related to tenant concentration

INV often leases an entire hotel building to a single lessee. 63 of the 85 hotel properties (excluding Sheraton Grande Tokyo Bay Hotels (preferred equity interest) held as of the date of this document) are leased to MHM as a single tenant and 18 of the remaining hotels are leased to other single tenants. In addition, among the said 18 hotels, each of the entire buildings of 8 hotels (Hotel MyStays Premier Dojima, Art Hotel Joetsu, Art Hotel Hirosaki City, Hotel MyStays Sapporo Aspen, Art Hotel Ishigakijima, Art Hotel Niigata Station, Art Hotel Asahikawa and Art Hotel Morioka) is leased to one single hotel tenant and the management is outsourced to the MHM, and for Hotel Epinard Nasu, Naqua Hotels & Resorts Management Co.,Ltd., a subsidiary of MHM, is a single tenant. For multi-tenant properties, income from the portion leased to the hotel lessee accounts for

a large percentage of the total revenue of the properties. Therefore, INV is greatly affected by the solvency of a specific hotel lessee, the operating capability of a specific hotel operator, the withdrawal of these hotel lessees or hotel operators, and other relevant factors.

Generally, a single tenant tends to sign a long lease term, sometimes with a non-cancelable lease term, so it is relatively unlikely that the single tenant will vacate unexpectedly. However, in the event of termination by a single tenant, the vacancy period tends to be prolonged until the commencement of new lease with an alternative tenant due to the large size of the rental space and the fact that there are many special specifications for the current single hotel tenant and the limited number of potential substitute hotel tenants. As a result, the occupancy rate of the property may decline significantly, or the rent level may have to be lowered in order to secure an alternative tenant, which may have a significant impact on rental revenue.

In particular, the majority of domestic hotels owned by INV as of the date of this document are leased to MHM or its subsidiaries as described above and INV depends on MHM's or its subsidiaries' solvency and operating capability. Accordingly, the financial position and profit of INV may be materially adversely affected in the event of the solvency or the operating capability of MHM or its subsidiaries being materially deteriorated, or in the event of the cancellation of a contract with MHM or its subsidiaries for any reason.

With the spread of COVID-19 and the accompanying restriction of travel around the world, the government's declaration of a State of Emergency, and requests from local governments to stay home and other measures, the number of hotel guests in Japan has recently decreased drastically, and the income of hotel operators, including MHM and its subsidiaries, has been sharply deteriorated. Under such circumstances, upon receipt of a request for exemption from rent payments and change of burden of cost and expenses from MHM and its subsidiaries, in May 2020, INV entered into a Memorandum of Understanding (MOU) to amend each fixed-term building lease and property management agreement (MLPM Agreement) for domestic hotels owned by INV and operated by INV's main tenant, MHM and its subsidiaries. Under the MOU, the parties have agreed as a provisional measure until the end of June 2020, that (i) INV will waive the fixed rent during the relevant period and change the calculation method of the variable rent, (ii) INV will bear the property management costs that should be borne by the MHM Group under the current agreement (provided, exclusive of general administrative costs, such as labor costs or operating costs incurred by the MHM Group), and (iii) INV will increase the amount of the management fees payable to the MHM Group up to the amount to be separately agreed upon as the amount necessary to enable MHM Group to continue hotel business operations. Due to the continued impact of COVID-19, it is anticipated that the rent in July 2020 and onward will also need to be adjusted in some way, and as a result, there is a possibility that the financial position and profit of INV will be seriously adversely affected.

(Snip)

⑦ Other

(Snip)

(f) Risk related to COVID-19

Infection with COVID-19 is spreading worldwide, and the spread of COVID-19 itself and measures taken by the government and local governments to prevent the outbreak have caused various impacts. Especially for the hotel sector, with the spread of COVID-19 and the accompanying restriction of travel around the world, the government's declaration of a State of Emergency, and requests from local governments to stay home and other measures, the number of hotel guests in Japan has decreased drastically and such trend is likely to continue. Since March 2020, the performance of domestic hotels owned by INV has worsened significantly compared with the same period in the previous year, and although there has been a sign of improvement since June 2020, at present, there is no prospect to recover to the level of 2019. Owen Roberts International Airport in Grand Cayman Island has been closed by the Government of the Cayman Islands since March 23, 2020, and the Cayman Hotels are scheduled to be closed until the end of October 2020.

As a result, variable rents received by INV generating in proportion with hotel sales or profits have been significantly reduced. Furthermore, as described in “③ Risk pertaining to real estate, (x) Hotel-related risk,” INV, MHM and its subsidiaries, which operate 73 of the 83 domestic hotels owned by INV in the form of beneficiary interests in trust, have agreed that INV will bear certain costs in addition to waiver of fixed rent until June 2020, having seriously affected. Economic activities are unlikely to recover in a short term to the level prior to the spread of COVID-19, and there is a possibility that contractual terms with tenants/operators will have to be changed further in the future. In addition, various events, such as cessation of business operation or withdrawal by tenants, may have a serious adverse impact on INV’s the financial position and financial results.

(g) Material events related to the going concern assumption

As described in “(f) Risk related to COVID-19” above, as a result of the spread of COVID-19 and the effects of measures taken by governments in each country, the variable rents received by INV generating in proportion with hotel sales or profits has recently decreased significantly. In order to avoid the insolvency of the MHM group, which is a major tenant, and to maintain the continuation of hotel operations by the MHM group, INV and the MHM group entered into the MOU and have agreed that INV would waive fixed rent until June 2020 and bear certain costs. As a result such MOU among others, net income for the fiscal period ended June 2020 declined substantially to JPY 423 million, down 96.4% from the previous fiscal period. With respect to the MLPM Agreement, due to the continued effect of the COVID-19, certain additional changes in terms of rent conditions are expected to be required for the period after July 2020. As such, there exist material events related to the going concern assumption of INV.

However, in order to improve this situation from business management perspective, INV intends to quickly resolve the material events by implementing various measures, such as internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators, and initiatives for further internal growth at residential properties.

Furthermore, from short-term financial perspective, INV prioritizes refinancing existing borrowings trying to restrain increase of interest payments as well as ensuring refinancing. In July 2020, INV refinanced existing borrowings in a total amount of JPY 30,579 million. INV has not violated any financial covenants in connection with the existing borrowings from financial institutions during the fiscal period ended June 30, 2020 nor up to the date of this document. With respect to the interest payment of interest-bearing debt and the payment of operating costs of INV, the majority of these expenses can be covered by rental income from residential properties and commercial facilities. In addition, as INV has certain cash-on-hand, INV is of the view that the payment of interest-bearing debt and operating costs will not be adversely affected.

Based on the above, INV has determined that there is no material uncertainty regarding the going concern assumption.

(3) Material Events related to the Going Concern Assumption

Please refer to “Investment Risk ⑦ Other (g) Material events related to the going concern assumption” above.

2. Financial Statements

(1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Assets		
Current assets:		
Cash and bank deposits	17,924,733	10,190,672
Cash and bank deposits in trust	10,862,669	6,127,902
Accounts receivable	613,563	-
Rental receivables	3,448,548	304,863
Deposits paid	482,506	262,507
Prepaid expenses	718,710	582,415
Income taxes receivable	137,528	129,613
Consumption taxes receivable	2,239,471	831,675
Other	154	-
Total current assets	36,427,886	18,429,649
Non-current assets:		
Property and equipment		
Buildings	19,142,244	19,392,579
Accumulated depreciation	(278,377)	(494,780)
Buildings, net	18,863,867	18,897,798
Buildings and accompanying facilities	5,111,514	5,292,840
Accumulated depreciation	(190,462)	(342,143)
Buildings and accompanying facilities, net	4,921,052	4,950,697
Structures, at cost	-	1,458
Accumulated depreciation	-	(19)
Structures, net	-	1,439
Tools, furniture and fixtures, at cost	1,087,303	1,160,530
Accumulated depreciation	(64,425)	(117,632)
Tools, furniture and fixtures, net	1,022,877	1,042,897
Construction in progress	534,690	486,479
Buildings in trust, at cost	159,549,904	167,743,709
Accumulated depreciation	(15,114,933)	(17,281,345)
Buildings in trust, net	144,434,970	150,462,363
Buildings and accompanying facilities in trust, at cost	33,269,242	33,693,125
Accumulated depreciation	(8,355,624)	(9,275,639)
Buildings and accompanying facilities in trust, net	24,913,618	24,417,485
Structures in trust, at cost	234,012	250,163
Accumulated depreciation	(100,967)	(102,281)
Structures in trust, net	133,045	147,882
Tools, furniture and fixtures in trust, at cost	2,382,539	2,766,458
Accumulated depreciation	(763,771)	(954,147)
Tools, furniture and fixtures in trust, net	1,618,767	1,812,311
Land in trust	245,771,234	250,271,308
Construction in progress in trust	3,179	129,129
Total property and equipment, net	442,217,302	452,619,792
Intangible assets		
Leasehold rights	10,637,811	10,637,811
Leasehold rights in trust	13,265,876	14,614,328
Total intangible assets	23,903,688	25,252,140
Investments and other assets		

(Unit: JPY thousand)		
	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Investment securities	17,856,387	17,856,387
Guarantee deposits	803,721	1,362,721
Long-term prepaid expenses	974,554	898,626
Derivatives assets	166,234	152,275
Other	22,667	22,667
Total investments and other assets	19,823,566	20,292,677
Total non-current assets	485,944,557	498,164,611
Deferred assets		
Investment corporation bond issuance costs	59,556	69,157
Total deferred assets	59,556	69,157
Total assets	522,431,999	516,663,418

(Unit: JPY thousand)

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

(2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

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

(3) Statement of Changes in Net Assets

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

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

(Unit: JPY thousand)

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

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

(4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
I Unappropriated retained earnings	23,261,426,001	13,168,294,104
II Distributions (Distribution per unit)	10,517,049,000 (1,725)	420,681,960 (69)
III Retained earnings (deficit) carried forward	12,744,377,001	12,747,612,144
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable 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.	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 420,681,960 out of net income of JPY 423,917,103. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.

(5) Statement of Cash Flows

(Unit: JPY thousand)

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

(6) Notes Concerning Going Concerns Assumption

Not applicable

(7) Notes Concerning Significant Accounting Policies

1. Evaluation standards and evaluation method of assets

(a) Other securities

Those with no fair value

Cost method through moving-average method is used.

(b) Claims generated and debt incurred through derivative transactions

Market value method is used.

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
Structures	20 years
Tools, furniture and fixtures	3-18 years
Buildings in trust	7-67 years
Buildings and accompanying facilities in trust	2-33 years
Structures in trust	10-55 years
Tools, furniture and fixtures in trust	2-20 years

(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 cost of real estate during the fiscal period ended June 30, 2020 is JPY 41,528 thousand.

7. Method of hedge accounting

(a) Method of hedge accounting

Deferred hedge accounting is used.

(b) Hedging instrument and hedged item

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(c) Hedge policy

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

(d) Method of evaluating hedge effectiveness

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

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.

(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 December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
50,000	50,000

*2. Allowance for temporary differences adjustment

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.

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the 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)	(6,130)	-	-	(6,130)
Total		(131,332)	(6,130)	-	-	(6,130)

2. Method of reversal

(1) Leasehold rights in trust

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

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Building and accompanying facilities in trust	-	73,119

(Notes to Statement of Income and Retained Earnings)

*1. Real estate rental revenues and expenses

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	14,306,734	5,604,840
Other revenues	239,092	233,996
Total	14,545,826	5,838,836
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	539,778	2,452,700
Taxes and public dues	631,040	598,839
Non-life insurance expenses	17,639	19,721
Depreciation expenses	3,345,473	3,578,589
Other expenses	139,076	151,732
Total	4,673,007	6,801,584
C. Real estate rental income (A-B)	9,872,819	(962,747)
(Note) Of which, revenue from variable hotel rents	5,317,963	1,246,746

*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
A. Hotel operating revenue	3,927,961	2,912,073
B. Hotel operating expenses	2,530,339	2,021,630
C. Management contract revenue (A-B)	1,397,621	890,442
D. Management contract expenses		
Management fee	12,276	4,096
Non-life insurance expenses	111,278	109,853
Depreciation expenses	412,305	420,999
Other expenses	1,680	329
Total	537,542	535,279
E. Management contract income (C-D)	860,079	355,162

*3. Gain on sales of properties

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

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

(Unit: JPY thousand)

City House Tokyo Shinbashi	
Proceeds from sales of properties	4,474,757
Cost of sales of properties	2,269,720
Other expenses on sales of properties	158,741
Gain on sales of properties	2,046,294

(Notes to Statement of Changes in Net Assets)

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

	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	6,096,840 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 December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Cash and bank deposits	17,924,733	10,190,672
Cash and bank deposits in trust	10,862,669	6,127,902
Cash and cash equivalents	28,787,403	16,318,574

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Due within one year	268,487	315,287
Due after one year	7,690,291	8,822,415
Total	7,958,778	9,137,702

Operating lease transactions (as lessor)
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Due within one year	12,306,447	13,074,353
Due after one year	76,858,696	76,516,655
Total	89,165,143	89,591,008

(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 December 31, 2019 (as of December 31, 2019)

Book value, fair value and the difference between values 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	-

Fiscal period ended June 30, 2020 (as of June 30, 2020)

Book value, fair value and the difference between values are as follows.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	10,190,672	10,190,672	-
(2) Cash and bank deposits in trust	6,127,902	6,127,902	-
Total assets	16,318,574	16,318,574	-
(3) Short-term loans payable	(880,000)	(880,000)	-
(4) Current portion of long-term loans payable	(57,380,000)	(57,380,000)	-
(5) Investment corporation bonds	(8,200,000)	(7,351,740)	848,260
(6) Long-term loans payable	(197,008,000)	(197,008,000)	-
Total liabilities	(263,468,000)	(262,619,740)	848,260
(7) Derivatives	23,808	23,808	-

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

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

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

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

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

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

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

(5) Investment corporation bonds

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

(7) Derivatives

Please refer to the "Notes Related to Derivative Transactions" below.

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2019 (as of December 31, 2019)	Fiscal period ended June 30, 2020 (as of June 30, 2020)
Tenant leasehold and security deposits in trust	1,765,094	1,749,862
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 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	-	-	-	-	-

Fiscal period ended June 30, 2020 (as of June 30, 2020)

(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	10,190,672	-	-	-	-	-
Cash and bank deposits in trust	6,127,902	-	-	-	-	-
Total	16,318,574	-	-	-	-	-

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

Fiscal period ended December 31, 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

Fiscal period ended June 30, 2020 (as of June 30, 2020)

(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	880,000	-	-	-	-	-
Current portion of long-term loans payable	57,380,000	-	-	-	-	-
Investment corporation bonds	-	-	1,000,000	2,000,000	1,000,000	4,200,000
Long-term loans payable	-	53,602,000	44,207,000	44,964,000	40,798,000	13,437,000
Total	58,260,000	53,602,000	45,207,000	46,964,000	41,798,000	17,637,000

(Notes Related to Investment Securities)

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) has no observable market price, and it is impracticable to assess its fair value. Thus, their fair values are not disclosed.

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

Other securities

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

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

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

Not applicable

Fiscal period ended June 30, 2020 (as of June 30, 2020)

About derivative transactions for which hedge accounting is not applied, the contract amount, amount equivalent to the principal provided in the contract, etc. as of the settlement of accounts are as follows.

(Unit: JPY thousand)

Classification	Derivative transaction type, etc.	Contract amount, etc.		Fair value (Note 1)	Valuation gains/losses
			Amount due after one year		
OTC transaction	Currency option transaction, short USD/Call (Option fees)	3,271,290 (- 79,014)	1,890,460 (- 46,376)	(- 48,852)	(30,162)
	Currency option transaction, long USD/Put (Option fees)	3,271,290 (109,770)	1,890,460 (70,605)	(138,567)	(28,797)

(Note 1) Estimation method for fair value

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

2. Derivative transactions to which hedge accounting is applied

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, short USD/Call (Option fees)	Scheduled foreign currency-denominated transactions	3,836,140 (- 95,963)	622,160 (- 13,687)	(- 24,788)
	Currency option transaction, long USD/Put (Option fees)		3,836,140 (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.

Fiscal period ended June 30, 2020 (as of June 30, 2020)

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	98,362,000	65,133,000	(65,906)

(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.

(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 December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Balance at the beginning of the period	32,321	32,539
Increase due to the acquisition of property and equipment	-	-
Accretion expense	218	217
Balance at the end of the period	32,539	32,756

(Notes Related to Segment and Related Information)

I. Segment Information

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

II. Related Information

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

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

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
8,519,782	890,442	9,410,225

(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.	2,205,610	Real Estate Investment
Undisclosed (Note)	2,046,294	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 December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Residences	Book value	Balance at the beginning of the period	56,921,817	53,552,976
		Change during the period	(3,368,841)	(2,648,900)
		Balance at the end of the period	53,552,976	50,904,075
	Fair value at the end of the period		69,671,000	65,438,000
Commercial facilities	Book value	Balance at the beginning of the period	4,825,236	4,789,956
		Change during the period	(35,280)	(51,271)
		Balance at the end of the period	4,789,956	4,738,684
	Fair value at the end of the period		6,150,000	6,120,000
Hotels	Book value	Balance at the beginning of the period	326,555,836	407,240,188
		Change during the period	80,684,352	14,373,376
		Balance at the end of the period	407,240,188	421,613,565
	Fair value at the end of the period		482,093,260	470,778,826
Total	Book value	Balance at the beginning of the period	388,302,890	465,583,121
		Change during the period	77,280,230	11,673,203
		Balance at the end of the period	465,583,121	477,256,324
	Fair value at the end of the period		557,914,260	542,336,826

(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 December 31, 2019, were acquisition of hotels 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 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, for the fair value of the fiscal period ended December 31, 2019, 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 December 31, 2019	Fiscal period ended June 30, 2020
(Deferred tax assets)		
Enterprise tax payable	821	731
Buildings and other (merger)	375,803	301,485
Land (merger)	695,171	693,693
Loss carried forward (Note 1)	522,444	522,444
Asset retirement obligations	10,237	10,305
Depreciation of fixed-term leasehold rights	88,526	100,736
Adjustment of acquisition prices (overseas properties)	472,363	469,321
Deposit received	9,301	4,762
Subtotal	2,174,669	2,103,480
Valuation allowance for tax loss carried forward	(522,444)	(522,444)
Valuation allowance for the total of deductible temporary differences, etc.	(1,652,225)	(1,581,036)
Subtotal	(2,174,669)	(2,103,480)
Total	-	-

(Note 1) The amounts of tax loss carried forward and the deferred tax assets by carry-forward period are as follows.

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.

Fiscal period ended June 30, 2020 (as of June 30, 2020)

(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)	-	-	522,444	-	-	-	522,444
Valuation allowance	-	-	(522,444)	-	-	-	(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 December 31, 2019	Fiscal period ended June 30, 2020
Statutory tax rate	31.51	31.46
Deductible cash distributions	(28.47)	(8.87)
Changes in valuation allowance	(3.03)	(16.98)
Untaxable received dividends	-	(5.61)
Others	0.00	0.15
Effective tax rate	0.01	0.14

(Notes Related to Equity-Method Income)

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

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

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 558,924 thousand

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Corporate Unitholders

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	-	-
	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

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

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	Adria 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)	10,593,000	-	-
	Heijo 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)	5,643,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	112,358	Rental receivables	40,124
								Payment of property management costs and management fees (Note 2)	273,674	-	-
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	760	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	2,205,610	Rental receivables	1,834,677
								Payment of property management costs and management fees (Note 2)	985,476	Accounts payable-other	93,109

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

(Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with sponsor related parties.

(Note 3) Adria Tokutei Mokuteki Kaisha, Heijo Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, these Tokutei Mokuteki Kaisha or the tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Adria Tokutei Mokuteki Kaisha, Heijo Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

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

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
D82	Hotel MyStays Premier Narita	Adria Tokutei Mokuteki Kaisha	10,593,000
D83	Art Hotel Morioka	Heijo Tokutei Mokuteki Kaisha	5,643,000
Total			16,236,000

2. Transactions with Affiliates

None for both the fiscal periods ended December 31, 2019 and the fiscal period ended June 30, 2020.

3. Transactions with Companies under Common Control

None for both the fiscal periods ended December 31, 2019 and the fiscal period ended June 30, 2020.

4. Transactions with Directors and Major Individual Unitholders

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.

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

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)	315,018	Accrued expenses	165,238
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	330

(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 December 31, 2019	Fiscal period ended June 30, 2020
Total specified assets	100,450,855	100,194,569
Total other assets	3,753,104	3,724,184
Total current liabilities	128,712	79,072
Total non-current liabilities	66,280,661	66,278,918
Total net assets	37,794,586	37,560,763
Operating revenue	2,010,770	1,748,867
Income before income taxes	1,375,369	1,141,544
Net income	1,374,486	1,140,663

(Notes Related to Per Unit Information)

	Fiscal period ended December 31, 2019 (from July 1, 2019 to December 31, 2019)	Fiscal period ended June 30, 2020 (from January 1, 2020 to June 30, 2020)
Net assets per unit	JPY 42,601	JPY 40,929
Net income per unit	JPY 1,910	JPY 70

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

(Notes Related to Significant Subsequent Events)

Not applicable

(Notes Related to other matters)

(Accounting standards not yet applied)

- “Accounting Standard for Revenue Recognition” (Corporate Accounting Standards No. 29 issued by the Accounting Standards Board of Japan (ASBJ) on March 31, 2020)
- “Guidance on Accounting Standard for Revenue Recognition” (Implementation Guidance of Corporate Accounting Standards No. 30 issued by ASBJ on March 31, 2020)

1. Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) have jointly developed the comprehensive accounting standard for revenue recognition and have published “Revenue from Contracts with Customers” (International Financial Reporting Standards (IFRS) 15 by IASB and Topic 606 by FASB) in May 2014. As IFRS 15 is effective for annual periods beginning on or after January 1, 2018 and Topic 606 is effective for annual periods beginning after December 15, 2017, ASBJ has developed and published the comprehensive accounting standard and implementation guidance for revenue recognition accordingly.

As the basic policy of ASBJ for the development of accounting standard for revenue recognition, the accounting standard in Japan have been established while adopting the basic principle of IFRS 15 from the point of view of the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP as a benefit for the consistency with IFRS 15. In addition, in the case that there is an item that the actual practice conducted in Japan is considered, the alternate treatments are added within the scope not to fail the comparability.

2. Scheduled date of application

They will be applied at the beginning of the fiscal period ending December 31, 2021.

3. Effects of application of the accounting standard, etc.

The impact of application of the “Accounting Standard for Revenue Recognition”, etc. is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (Corporate Accounting Standards No. 30 issued by ASBJ on July 4, 2019)
- “Accounting Standard for Financial Instruments” (Corporate Accounting Standards No. 10 issued by ASBJ on July 4, 2019)
- “Implementation Guidance on Accounting Standard for Fair Value Measurement” (Implementation Guidance of Corporate Accounting Standards No. 31 issued by ASBJ on July 4, 2019)
- “Implementation Guidance on Disclosure about Fair Value of Financial Instruments” (Implementation Guidance of Corporate Accounting Standards No. 19 issued by ASBJ on March 31, 2020)

1. Overview

IASB and FASB have established detailed guidance for fair value measurement (IFRS 13 “Fair Value Measurement” by IFRS and Topic 820 “Fair Value Measurement” by FASB). In order to improve the comparability between the international accounting standard and Japanese accounting standard, ASBJ has mainly considered guidance and disclosure on fair value of financial instruments and published the accounting standard and implementation guidance for fair value measurement accordingly.

As the basic policy of ASBJ for the development of accounting standard for fair value measurement, ASBJ basically adopted all provisions of IFRS 13 by using a unified calculation method, from the point of view of improving the comparability between the financial statements based on IFRS or U.S. GAAP and Japanese GAAP. Moreover, in consideration of the actual practice conducted in Japan, other treatments for individual items are established within the scope not to fail the comparability.

2. Scheduled date of application

They will be applied at the beginning of the fiscal period ending December 31, 2021.

3. Effects of application of the accounting standard, etc.

The impact of application of the “Accounting Standard for Fair Value Measurement”, etc. is currently under evaluation.

- “Accounting Standard for Disclosure of Accounting Estimates” (Corporate Accounting Standards No. 31 issued by ASBJ on March 31, 2020)

1. Overview

With regard to “sources of estimation uncertainty” which are required to be disclosed under Paragraph 125 of International Accounting Standard (IAS) 1 “Presentation of Financial Statements” (IAS 1) issued in 2003 by IASB, ASBJ was requested to examine disclosures of such note information under Japanese GAAP as useful information for users of financial statements. Accordingly, ASBJ has developed and published the accounting standard for disclosures of accounting estimates.

The basic policy of ASBJ for the development of the said Accounting Standard was to provide general principles (disclosure objectives) instead of expanding required information in the notes, and an entity shall determine specific disclosures in accordance with its disclosure objectives. The development of this standard is based on Paragraph 125 of IAS 1.

2. Scheduled date of application

They will be applied at the end of the fiscal period ending June 30, 2021.

- “Accounting Standard for Accounting Policy Disclosures, Accounting Changes, and Error Corrections” (Corporate Accounting Standards No. 24 issued by ASBJ on March 31, 2020)

1. Overview

Following the recommendation to examine enhancements to note information concerning “application of principles of accounting policies and procedures where provisions of related accounting standards are not available,” necessary amendments were made and the accounting standard for accounting policy disclosures, accounting changes, and error corrections was published by ASBJ. When enhancing note information concerning “application of principles of accounting policies and procedures where provisions of related accounting standards are not available,” in order to ensure consistency with past actual practice in case the provisions of related accounting standards are clear, the provisions in the Notes on Corporate Accounting Principles (Note 1-2) have been followed.

2. Scheduled date of application

They will be applied at the end of the fiscal period ending June 30, 2021.

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

(Note 1) New investment units were issued through third-party allotment at a price of JPY 9,837 per unit to make repayment of existing loan, etc.

(Note 2) New investment units were issued through third-party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.

(Note 3) New investment units were issued 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 4) 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 5) 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 6) 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 7) 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 8) 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 9) 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 10) 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 11) 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 12) 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 13) 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 14) 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 15) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a 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 16) New investment units were issued in a public offering at a price of JPY 58,898 per unit (JPY 56,939 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 17) New investment units were issued in a third-party allotment at a price of JPY 56,939 per unit for the purpose of raising a part of the funds for the acquisition of specified properties.
- (Note 18) 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 December 31, 2019 (as of December 31, 2019)		Fiscal period ended June 30, 2020 (as of June 30, 2020)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	3	0.0	2	0.0
		Major regional Cities	-	-	-	-
		Overseas (Note 4)	35,442	6.8	35,527	6.9
		Subtotal	35,445	6.8	35,530	6.9
Total real estate			35,445	6.8	35,530	6.9
Real estate in trust	Residences	Greater Tokyo area	38,366	7.3	35,880	6.9
		Major regional cities	15,186	2.9	15,023	2.9
		Subtotal	53,552	10.3	50,904	9.9
	Offices/Commercial facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,789	0.9	4,738	0.9
		Subtotal	4,789	0.9	4,738	0.9
	Hotels	Greater Tokyo area	161,202	30.9	171,170	33.1
		Major regional cities	210,592	40.3	214,912	41.6
		Subtotal	371,794	71.2	386,082	74.7
	Total real estate in trust			430,137	82.3	441,725
Preferred equity interest (Note 5)			17,856	3.4	17,856	3.5
Deposits and other assets			38,992	7.5	21,550	4.2
Total assets (Note 6)			522,431 (465,583)	100.0 (89.1)	516,663 (477,256)	100.0 (92.4)

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

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

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

(Note 4) The Leasehold of the Cayman Hotels falls under the category of "Real estate" for "Overseas." The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort" on May 9, 2019 (Cayman 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 December 31, 2019 (as of December 31, 2019)		Fiscal period ended June 30, 2020 (as of June 30, 2020)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	262,701	50.3	267,125	51.7
Total Net Assets	259,730	49.7	249,538	48.3
Total Liabilities and Net Assets	522,431	100.0	516,663	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	1,093	0.2	1,230	A
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,229	1,046	0.2	1,360	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	888	835	0.2	1,030	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	1,070	949	0.2	1,160	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests	1,505	1,322	0.3	1,430	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,055	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	932	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	921	0.2	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	792	0.2	1,010	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	724	0.2	784	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests	676	635	0.1	674	A

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	699	0.1	668	A
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests	646	649	0.1	557	A
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	517	0.1	769	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	559	0.1	507	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	547	0.1	631	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	518	0.1	527	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	501	0.1	587	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	506	0.1	519	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	437	0.1	567	A
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku- ku, Tokyo	Trust beneficiary interests	1,880	1,882	0.4	2,810	C
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,450	1,287	0.3	1,990	D
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	801	0.2	1,250	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	563	0.1	828	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	1,008	0.2	1,440	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	382	0.1	675	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	270	0.1	417	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	229	0.0	286	D
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests	977	820	0.2	1,260	D

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)
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	419	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	899	0.2	1,250	D
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interests	1,660	1,588	0.3	2,270	B
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	1,260	1,123	0.2	1,470	B
A78	Cosmo Court Motomachi	3-12-20 Motomachidori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	973	856	0.2	1,140	B
A79	Revest Honjin	2-13 Toriidori Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	587	0.1	843	B
A80	Revest Matsubara	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	576	0.1	841	B
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	528	0.1	775	B
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	518	0.1	810	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	520	0.1	746	B
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interests	581	497	0.1	795	B
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	544	480	0.1	677	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	494	0.1	696	B
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	466	0.1	606	B
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	512	447	0.1	639	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	421	0.1	686	B
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and two other parcels	Trust beneficiary interests	446	400	0.1	541	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	340	0.1	464	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	334	0.1	477	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interests	355	316	0.1	467	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	309	0.1	466	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	308	0.1	341	B
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	279	0.1	415	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	266	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	1,690	0.3	2,160	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,642	0.3	2,000	B
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,590	0.3	1,960	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,699	0.6	3,230	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,797	1.0	5,840	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,627	0.5	2,920	B
Subtotal (60 properties)				55,485	50,904	10.8	65,438	-
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	3,280	3,000	0.6	3,670	C
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,737	0.5	2,450	C
Subtotal (2 properties)				5,600	4,738	1.1	6,120	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,921	0.6	4,920	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,515	0.5	4,410	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,770	1.2	10,500	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,584	1.0	7,200	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,699	1.0	6,770	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,699	0.8	6,810	B
D07	Hotel MyStays Nagoya- Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,596	0.6	5,530	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,340	0.5	4,220	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,300	0.4	3,890	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,789	0.4	2,510	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,458	0.3	5,570	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,341	0.3	2,130	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,231	0.3	2,010	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,193	0.2	1,980	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,197	0.2	2,140	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,108	0.2	2,260	B
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,133	0.2	2,920	B
D18	Hotel MyStays Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	888	0.1	1,500	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	561	0.1	803	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	284	0.1	387	B
D21	APA Hotel Yokohama- Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,607	1.6	9,930	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,772	0.5	3,900	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,083	0.4	2,360	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,243	1.5	8,590	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,346	1.1	7,370	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,666	0.7	3,760	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,558	0.7	4,930	B
D28	Hotel MyStays Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,115	0.4	2,380	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,585	0.3	1,940	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,269	0.2	1,300	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,213	0.2	2,000	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	901	0.2	1,110	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	910	0.2	1,160	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	877	0.2	890	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,830	1.0	4,580	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,097	0.2	1,260	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,077	0.2	1,210	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	3,025	0.6	2,720	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,051	0.2	1,250	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	1,019	0.2	1,160	E
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	937	0.2	1,100	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	782	0.2	926	E
D43	Hotel MyStays Gotanda Station (Note 9)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,351	5.2	23,900	C
D44	Hotel Epinard Nasu	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	20,981	19,521	4.1	22,900	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,875	1.6	8,110	C

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,910	1.6	6,220	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	12,912	2.7	12,800	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,119	0.4	2,260	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	7,982	1.6	10,300	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,921	2.6	12,800	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,768	1.9	9,620	D
D52	Beppu Kamenoi Hotel	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	8,143	1.7	8,670	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,749	1.5	8,180	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,204	1.0	5,250	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,695	0.5	2,690	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	2,607	0.5	2,660	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,529	0.3	1,560	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,061	0.8	3,920	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,217	0.6	3,330	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,478	4.0	23,200	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujonishi Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	16,371	3.3	16,200	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,213	1.0	5,110	D
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,934	1.0	4,130	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	15,455	3.0	14,900	D
D65	Art Hotel Ishigakijima	554-2 Nishimaji Okawa, Ishigaki-shi, Okinawa, and four other lots	Trust beneficiary interests	9,731	9,656	1.9	9,290	B

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D66	Hotel MyStays Fuji Onsen Resort	2654 Arakura Deguchi, Fujiyoshida-shi, Yamanashi, and 15 other lots	Trust beneficiary interests	9,405	9,215	1.8	9,750	B
D67	Hotel Sonia Otaru	1-4-20 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	5,930	5,825	1.2	5,640	D
D68	Hotel MyStays Kanazawa Castle	10-17 Konohana-machi, Kanazawa-shi, Ishikawa	Trust beneficiary interests	5,682	5,663	1.1	5,410	D
D69	Art Hotel Niigata Station	1-1 Sasaguchi, Chuo-ku, Niigata-shi, Niigata	Trust beneficiary interests	5,524	5,543	1.1	5,330	D
D70	Hotel MyStays Nagoya Nishiki	3-8-21 Nishiki, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	5,197	5,162	1.0	5,110	C
D71	Hotel Nord Otaru	1-4-16 Ironai, Otaru-shi, Hokkaido	Trust beneficiary interests	4,296	4,246	0.8	4,090	D
D72	Hotel MyStays Kagoshima Tenmonkan	2-7 Yamanokuchi-cho, Kagoshima-shi, Kagoshima	Trust beneficiary interests	3,445	3,413	0.7	3,420	E
D73	Art Hotel Asahikawa	6-29-2 7-jo-dori, Asahikawa-shi, Hokkaido	Trust beneficiary interests	3,197	3,103	0.6	3,050	D
D74	Hotel MyStays Matsuyama	1-10-10 Otemachi, Matsuyama-shi, Ehime	Trust beneficiary interests	3,098	3,021	0.6	3,170	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	3,038	0.6	2,970	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	2,092	0.4	2,060	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	1,566	0.3	1,520	D
D78	Flexstay Inn Sakuragicho	2-72-2 Hanasaki-cho, Naka-ku, Yokohama-shi, Kanagawa, and four other lots	Trust beneficiary interests	1,425	1,417	0.3	1,450	E
D79	MyCUBE by MYSTAYS Asakusa Kuramae	2-6-7 Kuramae, Taito-ku, Tokyo	Trust beneficiary interests	1,287	1,284	0.3	1,280	E
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1-20 Gofuku-machi, Kagoshima-shi, Kagoshima	Trust beneficiary interests	1,168	1,161	0.2	1,190	E
D81	Hotel MyStays Nayoro	11 Minami 5-chome, Nishi 3-jo, Nayoro-shi, Hokkaido, and one other lot	Trust beneficiary interests	957	936	0.2	932	C
D82	Hotel MyStays Premier Narita	40 Yokomine Oyama, Narita-shi, Chiba	Trust beneficiary interests	10,593	10,521	2.1	10,100	D
D83	Art Hotel Morioka	3-3-18 Odori, Morioka-shi, Iwate	Trust beneficiary interests	5,643	5,599	1.1	5,400	C
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 10)	30,061 (USD 272,171 thousand)	29,777	5.9	31,158 (USD 289,200 thousand) (Note 11)	F

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)
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 10)	5,842 (USD 52,898 thousand)	5,749	1.1	5,462 (USD 50,700 thousand) (Note 11)	F
Subtotal (85 properties)				432,763	421,613	84.6	470,778	-
Total (147 properties)				493,849	477,256	96.5	542,336	-
-	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	-	Preferred equity interest issued by special purpose company (Note 12)	17,845	17,856	3.5	- (Note 5)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	3.5	-	-
Total (148 properties)				511,695	495,112	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 97,300 million	D

(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) Appraisal value at the end of the period indicates appraisal value calculated deeming the owned portion and the floor expansion portion as one.
- (Note 10) 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 11) Appraisal value at the end of the period are converted into JPY using the exchange rate of USD 1 = JPY 107.74, which is the exchange rate on the closing date of the fiscal period (June 30, 2020).
- (Note 12) 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 June 30, 2020 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 Reporting Period	Advance Payments
D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	Automatic fire alarm facility renewal work	From July 2020 To December 2020	30,750	-	-
A47	Growth Maison Kaijin	Funabashi-shi, Chiba	Parking lot repair work	From July 2020 To December 2020	22,000	-	-
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	Parking lot repair work	From July 2020 To December 2020	12,000	-	-
B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	Air conditioning facility repair work	From July 2020 To December 2020	11,000	-	-
D52	Beppu Kamenoi Hotel	Beppu-shi, Oita	Elevators repair work	From July 2020 To December 2020	8,500	-	-

(b) Capital expenditures for the fiscal period ended June 30, 2020

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

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

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material for the 34th Fiscal Period Ended June 2020 separately announced today.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material for the 34th Fiscal Period Ended June 2020 separately announced today.