

**Financial Summary**  
**for the June 2019 Fiscal Period**  
**(from January 1, 2019 to June 30, 2019)**

**August 22, 2019**

Name	: Invincible Investment Corporation
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: <a href="https://www.invincible-inv.co.jp/en/">https://www.invincible-inv.co.jp/en/</a>
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Start date for dividend distribution	: September 20, 2019

This English language notice is a translation of the Japanese-language notice released on August 22, 2019 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, 2019 (from January 1, 2019 to June 30, 2019)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended June 30, 2019	27,339	89.2	22,185	133.2	21,240	153.3	21,239	153.3
Fiscal period ended December 31, 2018	14,451	10.3	9,514	12.8	8,384	8.6	8,384	8.6

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2019	3,748	9.3	4.6	77.7
Fiscal period ended December 31, 2018	1,504	4.2	2.0	58.0

(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, 2018 is JPY 1,479, if calculated based on the number of investment units issued and outstanding at the end of fiscal period ended December 31, 2018 (5,666,840 units) and rounded down to the nearest yen.

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Distribution (Including excess profit distribution)		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total	Per Unit	Total		
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Fiscal period ended June 30, 2019	1,656	9,384	0	0	1,656	9,384	44.2	4.1
Fiscal period ended December 31, 2018	1,632	9,248	51	289	1,683	9,537	110.3	4.2

(Note 1) Distribution (excluding excess profit distribution) differs from net income for the fiscal period ended June 30, 2019, since INV reserved JPY 11,855 million of net income as internal reserve for the purpose of stabilizing the distribution level for the next and subsequent periods.

(Note 2) Distribution (excluding excess profit distribution) differs from net income for the fiscal period ended December 31, 2018, since INV distributes almost all of the profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act, which includes deferred gain on hedge.

(Note 3) The distribution in excess of profit for the fiscal period ended December 31, 2018 is JPY 289 million (JPY 51 per unit), of which JPY 85 million (JPY 15 per unit) is the allowance for temporary differences adjustment arising from different rules and practices in tax and accounting and JPY 204 million (JPY 36 per unit) is the refund of investment for the purpose of stabilizing distributions.

(Note 4) Dividend Payout Ratio is calculated in accordance with the following formula:

Dividend Payout Ratio = Distribution Amount (Excluding excess profit distribution) ÷ Net Income × 100  
Dividend Payout Ratio is rounded to the nearest one decimal place.

Dividend payout ratio for the fiscal period ended June 30, 2019 is 44.2% since INV reserved a portion of net income as internal reserve, and distribution (excluding excess profit distribution) differs from net income for the fiscal period as mentioned in (Note 1) above.

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

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total Assets	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended June 30, 2019	467,931	233,046	49.8	41,125
Fiscal period ended December 31, 2018	455,362	221,364	48.6	39,063

(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, 2019	55,810	(726)	(10,548)	55,599
Fiscal period ended December 31, 2018	10,654	(85,738)	71,075	11,064

2. Forecasts for the Fiscal Period ending December 31, 2019 (from July 1, 2019 to December 31, 2019)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit	Distribution per Unit (including excess profit distribution)
	JPY million %	JPY million %	JPY million %	JPY million %	JPY	JPY	JPY
Fiscal Period ending December 31, 2019	18,043 (34.0)	12,107 (45.4)	10,701 (49.6)	10,700 (49.6)	1,725	0	1,725

(Reference) Estimated net income per unit for the fiscal periods ending December 31, 2019 is JPY 1,755.  
Distribution per unit (excluding excess profit distribution) for the fiscal period ending December 31, 2019 will differ from estimated net income per unit for the fiscal period ending December 31, 2019, since INV plans to reserve JPY 183 million of net income as internal reserve.

\* 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 June 30, 5,666,840 December 31, 5,666,840  
as of the End of the Fiscal Period (Including Treasury Units) 2019 2018
- (b) Number of Treasury Units as of the End of the Fiscal Period June 30, 0 December 31, 0  
2019 2018

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

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

(Other Matters of Special Consideration)

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

Please refer to “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2019” on page 21 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

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

## 1. Operating Conditions

### (1) Operating Conditions

#### a Overview of the Fiscal Period Ended June 30, 2019

##### (a) Main Trends of INV

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

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

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

Ever since the commencement of sponsorship from the Fortress Group (Note 2), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, the Asset Manager revised the Investment Guidelines for INV, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of such external growth efforts, INV's portfolio as at the end of the previous fiscal period ended December 2018 comprised of 132 properties (66 hotels (Note 3) (Note 4), 64 residential properties and two others) with a total acquisition price of JPY 448,362 million (Note 5). The total acquisition price of the portfolio has significantly grown by 6.2 times, compared to May 22, 2014, which is the date immediately prior to INV's initial investment in hotels.

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 and dining and goods sale, that are expected to achieve stable growth in overall hotel revenues. Based on such change in investment policy, in July 2018, INV decided on 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, 2019 (“Reporting Period”), INV implemented an investment structure change regarding the overseas hotels on May 9, 2019 (the “Structure Change”), in response to the amendment of the Act on Special Measures Concerning Taxation of Japan enacted on April 1, 2019. Please refer to “Overview of Investment Structure Change regarding Overseas Assets” for details of the investment structure change. In addition, INV sold two residential properties on June 7 and June 19, 2019. As a result, INV's portfolio at the end of Reporting Period comprised of 130 properties (66 hotels (Note 3) (Note 4), 62 residential properties and two others) with a total acquisition price of JPY 418,593 million (Note 6).

- (Note 1) US Eastern Standard Time
- (Note 2) As of July 2011, Calliope owned 97.35% of issued shares of the Asset Manager and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly.
- (Note 3) The preferred equity interest is counted as a hotel property, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of 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. Moreover, 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 as underlying assets. However, as described in “(d) Overview of Investment Structure Change regarding Overseas Assets” below, since May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), INV has directly held the leasehold interests of the Cayman Hotels. Both of the TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. Hereinafter the same shall apply.
- (Note 5) In investing in the Cayman SPC, INV initially funded USD 339,836 thousand (JPY 37,534 million), which was an amount which was reasonably estimated to enable the Cayman SPC to acquire the underlying assets. However, based on the closing settlement, the Cayman SPC did not need as much capital as anticipated. Therefore, INV received a refund of the TK investment in the amount of USD 6.8 million on December 10, 2018 (Cayman Island local time) from the Cayman SPC. INV’s investment amount to the TK interest is calculated based on the amount reflecting such partial refund (i.e., USD 333,036 thousand). USD is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract executed on July 26, 2018 and implemented on September 26, 2018. Figures are rounded down to the nearest yen. Hereinafter the same shall apply to the investment amount in the TK interest and the acquisition price of the Cayman Hotels (Note 6) upon the distribution in kind in connection with the termination of TK agreement.
- (Note 6) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount.

(b) Operational Environment and Performance

For the June 2019 period, the portfolio NOI (Note 1) increased by 40.5% or JPY 4,243 million to JPY 14,734 million compared to the same period in the previous year (the June 2018 period). The hotel portfolio NOI increased by JPY 4,358 million, which is equivalent to the increase by 41.5% of the portfolio NOI, due to a combination of internal and external growth. While the residential portfolio is also benefitting from strong rental growth, NOI for the residential portfolio declined by JPY 75 million, which is equivalent to the decrease by 0.7% of the portfolio NOI, due to asset sales as part of INV’s asset recycling program. Other portfolio assets also experienced a decline in NOI of JPY 38 million, which is equivalent to the decrease by 0.4% of the portfolio NOI, due to the sale of assets during the June 2018 period. The portfolio continued to maintain a high average occupancy rate (Note 2) of 98.8% for the period.

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

The NOI (Note 1) for the Reporting Period of the 55 domestic hotels (Note 3) owned by INV increased by 1.0% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements of the 64 domestic hotels owned by INV at the beginning of the June 2019 Fiscal Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 55 domestic hotels recorded an occupancy rate (Note 4) of 88.5% (+0.4 points YoY), ADR (Note 5) of JPY 10,388 (+2.0% YoY), and RevPAR (Note 6) of JPY 9,190 (+2.5% YoY). Fixed rent revenues accounted for 49.2% (JPY 4,168 million) of total hotel revenue and variable rent revenues accounted for 50.8% (JPY 4,304 million) of total hotel revenue (figures based on the 63 domestic owned hotels as of the end of the June 2019 Fiscal Period, and excludes Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV).

Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort, recorded an average occupancy rate of 89.3% (-0.1 points YoY), ADR of USD 416 (+16.9% YoY), and RevPAR of USD 371 (+16.7% YoY). As a result of the Structure Change, INV recognized the following revenues in the Reporting Period; (i) the originally scheduled TK distribution of the Cayman Hotels for the period, from September 28, 2018 (acquisition date in Cayman local time) through March 31, 2019, (ii) TK distribution of the Cayman Hotels for the period from April 1, 2019 through May 9, 2019 (the effective date of TK agreement termination) and (iii) the Cayman Hotels' earnings and expenses from May 10, 2019 (the following day of the effective date of TK agreement termination) through June 30, 2019 as under direct ownership income.

In Japan, inbound visitors reached a record high of 16.63 million (+4.6% YoY) for January through June 2019, while government targets continued growth of 40 million inbound visitors in 2020 and 60 million inbound visitors in 2030. Japan will host the Rugby World Cup in September through October 2019 and Tokyo Olympics Games in 2020, and these world-class events are anticipated to further increase attention to Japan and more inbound tourists to Japan. In Cayman Islands, the expansion of the Owen Roberts International Airport was completed on March 29, 2019. The airport expansion has massively expanded its capacity and can now accommodate 2.7 million passengers annually, up from the old and overstretched capacity of 0.5 million passengers and is anticipated to bring more guests to the Cayman Hotels.

The average occupancy rate of 64 residential properties (Note 7) achieved 96.1%, an increase of 0.6 points compared to the same period in the previous year. The NOI (Note 8) of the 64 residential properties for the Reporting Period decreased by 1.3% compared to the same period in the previous year, due to the sale of Royal Parks Tower Minami-Senju and Spacia Ebisu. However, the NOI increased by 1.0% for the 62 residential properties excluding such two sold properties. Trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Due to the positive circumstances in the macro environment, INV continues to focus on its rent increase program for new leases and renewals as well as initiatives to reduce residential leasing costs based on a detailed market analysis of each property and unit.

In the Reporting Period, INV realized a rent increase for 50.1% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 2.0% compared to the previous rent across all new leases (Note 9).

INV achieved a rent increase for 39.7% (based on the number of contracts) of contract renewals for an average rent increase of 1.8% compared to the previous rent across all renewal leases (Note 9), while maintaining a high contract renewal rate (Note 10) of 76.2%. Combined, new leases and renewal leases were signed at 1.9% higher than the previous leases (Note 9).

The total appraisal value of 129 properties was JPY 472,263 million (1 out of the 130 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity) for which appraisal values of such securities is not applicable). The portfolio has an unrealized gain of JPY 83,960 million (Note 11) and an unrealized gain ratio of 21.6% (Note 11). The total appraisal value of 127 properties which were owned throughout the Reporting Period (the Cayman Hotels are excluded due to the Structure Change) increased by 1.0% from JPY 431,200 million at the end of December 2018 period to JPY 435,593 million at the end of the Reporting Period.

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

	June 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 4)	88.5%	+0.4pt
ADR (JPY) (Note 5)	10,388	+2.0%
RevPAR (JPY) (Note 6)	9,190	+2.5%
GOP (JPY million) (Note 12)	9,091	+0.9%

Key Performance Indicators of Cayman Hotels

	June 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 4)	89.3%	-0.1pt
ADR (USD) (Note 5)	416	+16.9%
RevPAR (USD) (Note 6)	371	+16.7%
GOP (USD) (Note 12)	26,681,479	+8.9%

Key Performance Indicators of 64 Residential Properties (Note 7)

	June 2019 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	96.1%	+0.6pt
Average Rent per Tsubo per Month (JPY) (Note 13)	9,890	+1.6%
NOI (JPY million) (Note 8)	2,498	-1.3%

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

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

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

(Note 3) Of the 64 hotels held as of the beginning of the June 2019 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. The figures assume that all properties acquired after January 2018 by INV had been owned since January 1, 2018. The actual results before acquisition by INV are based on the data provided by the sellers.

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

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

Hereinafter the same shall apply.

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

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



- (Note 7) Based on the 64 residential properties owned as of the beginning of June 2019 Fiscal Period. In addition, the figures for the properties acquired after January 2018 are calculated on the assumption INV had acquired those properties on January 1, 2018, using the actual figures provided by the sellers of such properties for the period before the acquisition, for the purpose of comparison with previous year.
- (Note 8) For the comparison of NOI, insurance income and related repair expenses, which are temporary items, as well as expenses required to detach trust beneficiary interest from an integrated trust account are excluded.
- (Note 9) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (Note 10) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period
- (Note 11) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.  
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 12) “GOP,” means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel’s revenues. Hereinafter the same shall apply. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV’s ownership ratio of the preferred equity interest. Hereinafter the same shall apply.
- (Note 13) “Average Rent per Tsubo per Month” is calculated by dividing the total rental revenue (including common area charges) for each month by the sum of total leased area (tsubo) at the end of each month during the relevant period.

(c) Overview of Fund Raising

As a result of the measures described below, INV’s interest-bearing debt outstanding balance was JPY 228,774 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 48.9% and 46.6% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.53%.

(Note 1) Interest-Bearing Debt ratio uses the calculation formula below:  
Interest-Bearing Debt ratio = total outstanding interest (excluding short-term consumption tax loan) -bearing debt/total assets x 100

(Note 2) LTV (appraisal value basis) uses the calculation formula below:  
LTV = total outstanding interest (excluding short-term consumption tax loan) -bearing debt/total appraisal value (\*) x 100

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

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

(i) Borrowing of Funds

INV borrowed Term Loan (I) on January 22, 2019 (total amount borrowed: JPY 4,250 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.30000% (by the interest swap agreement, it is fixed, in effect, at 0.37250%) for durations of three years), which was arranged by MUFG Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited in order to repay Term Loan (B) in the amount of JPY 4,250 million due on January 22, 2019.

On March 29, 2019, INV borrowed New Syndicate Loan (K) (total amount borrowed: JPY 11,434 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.80000%, 1-month JPY TIBOR plus 0.50000% (by the interest swap agreement, it is fixed, in effect, at 0.59400%), and 1-month JPY TIBOR plus 0.30000% (by the interest swap agreement, it is fixed, in effect, at 0.36100%) for durations of ten, five and three years), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (F) in the amount of JPY 11,434 million due on March 30, 2019.

In New Syndicate Loan (K), INV further strengthened its lender formation by introducing five new banks, Aozora Bank, Ltd., The Senshu Ikeda Bank, Ltd., Kiraboshi Bank, Ltd., The Tochigi Bank, Ltd. and The Nishi-Nippon City Bank, Ltd. In addition, INV raised its first 10-year loan, lengthening the average maturity of its debt and diversifying the repayment dates.

Furthermore, INV borrowed Term Loan (J) on June 17, 2019 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.30000% (by the interest swap agreement, it is fixed, in effect, at 0.34000%) for duration of three 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, 2019.

Additionally, INV borrowed Term Loan (K) on June 28, 2019 (total amount borrowed: JPY 1,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.30000% (by the interest swap agreement, it is fixed, in effect, at 0.33433%) for duration of three years), which was arranged by Development Bank of Japan, Inc. in order to repay Term Loan (D) in the amount of JPY 1,000 million due on June 30, 2019.

(ii) Prepayment of Loan

INV's short-term consumption tax loan (Note 1) in the New Syndicate Loan (J) (in the amount of JPY 1,099 million) was prepaid on May 31, 2019 from the consumption tax refund concerning asset acquisitions on August 2, 2018 and cash on hand.

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

(d) Overview of Investment Structure Change regarding Overseas Assets

Since September 2018, INV owned a TK interest (100% interest) in a Cayman Islands special purpose company that held Leasehold Interests (Note 1) in Cayman Hotels as underlying assets (the "Cayman Hotel TK Interest"). However, on April 1, 2019, an amended Act on Special Measures Concerning Taxation was enacted in Japan that amends the requirement that "a J-REIT must not hold 50% or more of the shares or investment in another corporation" (Note 2) by expanding the regulation to include investments in TK. As INV owned 100% of TK Interests with Leasehold in the Cayman Hotels as underlying assets, there was a possibility that INV would fail to satisfy this new requirement if INV continued to hold the TK interest, applicable from the fiscal period ending December 2019, which is the first fiscal period of INV immediately after the effective date (April 1, 2019) of tax law amendment.

In response to such tax law amendment, INV implemented an investment structure change regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time), and acquired the Leasehold of the Cayman Hotels by way of a distribution in kind after the termination of the TK agreement, and INV currently has direct ownership of Leasehold of the Cayman Hotels and continues to operate the Cayman Hotels. INV assumed the agreements concluded between the Cayman SPC and the hotel management SPC.

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

(Note 2) Investment corporations under the J-REIT system can deduct the amount of cash distributions in calculating its taxable income as long as they satisfy certain conditions (conduit requirements), in order to prevent double taxation between J-REIT and unitholders.

(e) Overview of Sale of Assets

The Asset Manager decided to sell two residential properties, Spacia Ebisu on May 17, 2019 and Royal Parks Tower Minami-Senju on May 28, 2019 for the purpose of improving the profitability of the portfolio by replacing the assets and stabilizing future distributions by reserving profits from sales as internal reserve, and the sales were completed on June 19, 2019 and June 7, 2019 respectively. The sold assets are as follows. The proceeds from the sales were used to fund the acquisition and a portion of the related expenses described in "c Significant Subsequent Events (c) Acquisition of assets".

Property Number	Property Name	Acquisition Price (million yen)	Book Value (million yen) (Note 1)	Sale Price (million yen) (Note 2)	Gain on Sale (million yen) (Note 3)	Transferee	Category of Specified Assets
A75	Spacia Ebisu	7,010	6,422	12,200	5,633	Undisclosed (Note 4)	Trust Beneficial Interest
A105	Royal Parks Tower Minami-Senju	21,879	21,923	27,700	5,484	Undisclosed (Note 5)	
Total		28,889	28,345	39,900	11,117	-	-

(Note 1) As of the date of sale.

(Note 2) Sale price does not include adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes; hereinafter the same.

(Note 3) Gain on sale is calculated by deducting the transfer related cost.

(Note 4) The name of the transferee (an affiliate of a foreign real estate fund) is not disclosed, as the transferee's consent has not been obtained for disclosure.

(Note 5) The name of the transferee (a Japanese TMK (*Tokutei Mokuteki Kaisha*)) is not disclosed, as the transferee's consent has not been obtained for disclosure.

(Note 6) 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 increased by JPY 12,888 million from the previous period (+89.2%) to JPY 27,339 million, net income increased by JPY 12,855 million (+153.3%) to JPY 21,239 million and unappropriated retained earnings including the retained deficit carried forward from the preceding fiscal period (JPY 107 million) reached JPY 21,131 million.

INV believes that maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period. With respect to the Reporting Period, INV reserved a portion of net income increased due to the Structure Change and the sales of Spacia Ebisu and Royal Parks Tower Minami-Senju, and aims to maintain stable distributions in the future. INV reserved JPY 11,825 million of net income as internal reserve and decided that distribution per unit (excluding excess profit distribution) is JPY 1,656 and does not make distributions in excess of profits. Moreover, due to the internal reserve, the distribution payout ratio will not be large enough to fulfill one of the tax conduit requirement (Note 1) of paying out at least 90% of net distributable income as dividends. However, INV has tax-loss carry forwards in the amount of JPY 22.6 billion (mainly arising out of disposition of the assets in December 2010 fiscal period) which is more than enough to fully offset the taxable income. As a result, INV does not expect to be required to pay any income taxes for the Reporting Period.

(Note 1) Investment corporations under the J-REIT system can deduct the amount of cash distributions in calculating its taxable income as long as they satisfy certain conditions (conduit requirements), in order to prevent double taxation between J-REIT and unitholders.

b Outlook for the Fiscal Periods Ending December 31, 2019

The DPU for the December 2019 fiscal period is forecast to be JPY 1,725 (+2.5% YoY). The full year DPU for calendar year 2019 is forecast to be JPY 3,381 (+8.6% YoY), providing steady growth.

Future operational policy and issues to be addressed

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

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

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

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

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

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

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

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

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

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties (Note 2)	JPY 14,043 million (Note 2)
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
March 2017	Two residential properties	JPY 24,562 million
May 2017	One hotel	JPY 8,000 million
October 2017	Five hotels (Note 3)	JPY 57,444 million (Note 3)
February 2018	Four hotels	JPY 12,425 million
June 2018	Two hotels	JPY 7,325 million
August 2018	Four hotels	JPY 47,747 million
September 2018	Two hotels (Note 4)	JPY 36,783 million (Note 4)
July 2019	18 hotels	JPY 82,646 million
Total	112 properties (of which 81 are hotels and 31 are residential properties)	JPY 474,391 million (of which hotels: JPY 422,753 million; residential: JPY 51,638 million)

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

No.	Asset name	Location	Asset type (Note 6)	No. of rooms
1	Rihga Royal Hotel Kyoto	Kyoto, Kyoto	Full Service Hotel	489
2	Hotel MyStays Premier Narita	Narita, Chiba	Full Service Hotel	711
3	Fusaki Beach Resort Hotel & Villas	Ishigaki, Okinawa	Resort Hotel	188
4	Gran Charm Hiroo	Shibuya-ku, Tokyo	Residential/Small Type	121
5	Gran Charm Kichijoji	Musashino, Tokyo	Residential/Small Type	28
6	Green Patio Noda	Noda, Chiba	Residential/Small Type	240
7	Dainichi F - 45	Urayasu, Chiba	Residential/Small Type	54
8	Gran Charm Urayasu	Urayasu, Chiba	Residential/Small Type	54
9	Gran Charm Urayasu 5	Urayasu, Chiba	Residential/Small Type	54
10	Gran Charm Minami Gyotoku I	Ichikawa, Chiba	Residential/Small Type	52
11	Gran Charm Minami Gyotoku II	Ichikawa, Chiba	Residential/Small Type	48

(Note 1) The percentage indicates composition of rent revenue based on the actual results for the fiscal period ended June 2019. Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is excluded.

(Note 2) Of the properties acquired from affiliates of the Fortress Group, two residential properties (Sun Terrace Minami-Ikebukuro and Royal Parks Tower Minami-Senju) have been sold.

- (Note 3) Sheraton Grande Tokyo Bay Hotel acquired by a special purpose company, of which INV owns the preferred equity interest, is counted as one property and the INV's investment amount to the preferred equity interest is counted as the acquisition price of the preferred equity interest.
- (Note 4) The Cayman Hotels acquired by the Cayman SPC, of which INV owned the TK interest, are counted as two properties and the INV's investment amount to the TK interest is used as the acquisition price of the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.
- (Note 5) The term of validity of the MOU is from July 1, 2019, the date of execution of the updated MOU, to June 30, 2020. However, regarding the 11 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties. INV has no preferential negotiation rights with respect to overseas assets.
- (Note 6) Each "Asset Type" above is as follows:

"Full Service Hotel" refers to a hotel generally having both restaurant facilities providing breakfast, lunch and dinner (including meals provided by reservation) and meeting facilities that can be used for banquet services. .

"Limited Service Hotel" refers to a hotel that does not qualify as Full-Service Hotel.

"Resort Hotel" refers to a hotel located in areas where a substantial number of guests stay for sightseeing or recreational purposes and includes both full service hotels and limited service hotels.

With respect to a hotel that falls within the definition of both a full service hotel and a resort hotel, we categorize the hotel as a full service hotel if it has substantial demand for meeting room, banquet service, wedding service or food and beverage service (including demand from non-staying guests) and as a resort hotel in all other cases. With respect to a hotel that falls within the definition of both a limited service hotel and a resort hotel, we categorize the hotel as a resort hotel.

"Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m<sup>2</sup>.

#### Property Sales

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

#### (ii) Strategy for internal growth

##### (Hotels)

Of the 64 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 55 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 53 hotels of the 55 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively taking in the accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner.

##### (Residential properties and others)

INV will continue to strengthen its collaborative ties with PM and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the low-season in the residential rental market that occurs during the December 2019 period, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

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

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

(iii) Financial strategy

In the Reporting Period, INV has started new transactions with 5 banks and further strengthened the bank formation of INV, as well as conducting borrowings for a duration of 10 years in order to diversify fund procurement sources, lengthen the maturity of its debt and diversify the repayment dates, as described in “a Overview of the Fiscal Period Ended June 2019 (c) Overview of Fund Raising (i) Borrowing of Funds”. Going forward, INV seeks to maximize unitholders’ value by way of further reduction of borrowing costs, diversification of loan maturity dates and financing measures, and improvement of its credit rating.

(iv) Compliance risk management

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

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

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

c Significant Subsequent Events

(a) Issuance of New Investment Units

On July 1, 2019, INV launched its sixth Global Share Offering, and seventh share offering in total since Fortress became its Sponsor. The offering size and funds raised are described below. The funds from the issuance of new units were used to procure a portion of acquisition price for 18 domestic hotels stated in “(c) Acquisition of Assets”. Payment for the issuance of new investment units and for the third-party allotment in connection with overallotment were completed on July 18, 2019 and August 15, 2019 respectively. As a result, total equity for INV is JPY 235,576 million, and total number of issued investment units is 6,096,840 units.

(i) Issuance of new investment units through Public Offering

Number of investment units to be offered	:	409,524 investment units
		Domestic public offering: 194,524 investment units
		Overseas offering: 215,000 investment units
Amount to be paid (issue value)	:	JPY 56,939 per unit
Total amount to be paid (total issue value)	:	JPY 23,317,887,036
Issue price (offer price)	:	JPY 58,898 per unit
Total issue price (total offer price)	:	JPY 24,120,144,552
Payment date	:	July 18, 2019

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

Number of Investment Units to be offered in the secondary offering	:	20,476 investment units
Offer price	:	JPY 58,898 per unit
Total offer price	:	JPY 1,205,995,448
Delivery date	:	July 19, 2019

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

Number of investment units to be offered	:	20,476 investment units
Amount to be paid (issue value)	:	JPY 56,939 per unit
Total amount to be paid (total issue value)	:	JPY 1,165,882,964
Payment date	:	August 15, 2019
Allottee	:	Mizuho Securities Co., Ltd.

(b) Debt Financing

Along with equity finance described in “(a) Issuance of New Investment Units”, INV has decided to execute new borrowings (New Syndicate Loan (L)) on July 1, 2019 in order to fund a portion of the acquisition price of 18 domestic hotel properties later described in “(c) Acquisition of Assets”.

New Syndicate Loan (L)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Citibank, N.A., Tokyo Branch, Development Bank of Japan Inc., AEON Bank, Ltd., The Nomura Trust and Banking Co., Ltd.	July 19, 2019	4,943	0.41326% (Note 1)	January 16, 2023	Unsecured/ non guarantee
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Citibank, N.A., Tokyo Branch, Development Bank of Japan Inc., AEON Bank, Ltd., Aozora Bank, Ltd., The Nomura Trust and Banking Co., Ltd.		4,943	0.52473% (Note 1)	January 16, 2024	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Citibank, N.A., Tokyo Branch, Development Bank of Japan Inc., AEON Bank, Ltd., Aozora Bank, Ltd., The Nomura Trust and Banking Co., Ltd.		4,943	0.57984% (Note 1)	July 16, 2024	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., AEON Bank, Ltd., Aozora Bank, Ltd., The Nomura Trust and Banking Co., Ltd.		4,943	Variable interest rate (Note 2)	January 16, 2025	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Development Bank of Japan Inc., AEON Bank, Ltd., Aozora Bank, Ltd., The Nomura Trust and Banking Co., Ltd.		4,942	Variable interest rate (Note 3)	July 16, 2025	
Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited		2,686	Variable interest rate (Note 4)	July 18, 2020	
Total Debt		27,400			

(Note 1) These are borrowings with floating interest rates, but the interest rates are fixed through interest rate swap agreements.

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.55000%)

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.70000%)

(Note 4) 1-month JPY TIBOR (Base Rate) + spread (0.20000%)



(c) Acquisition of Assets

The Asset Manager decided to acquire 18 hotels as follows on July 1, 2019, and acquisition of assets has been completed on July 19, 2019.

Property Number	Property Name	Acquisition Price (million yen)	Appraisal Value (million yen) (Note 1)	Seller
D64	Hotel MyStays Sapporo Aspen	15,543	15,700	Touyako Godo Kaisha
D65	Art Hotel Ishigakijima	9,731	9,830	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha
D66	Hotel MyStays Fuji Onsen Resort	9,405	9,500	Saturnia Tokutei Mokuteki Kaisha
D67	Hotel Sonia Otaru	5,930	5,990	Shirahama Tokutei Mokuteki Kaisha
D68	Hotel MyStays Kanazawa Castle	5,682	5,740	Calvis Tokutei Mokuteki Kaisha
D69	Art Hotel Niigata Station	5,524	5,580	HL Investments 2 Tokutei Mokuteki Kaisha
D70	Hotel MyStays Nagoya Nishiki	5,197	5,250	Shirahama Tokutei Mokuteki Kaisha
D71	Hotel Nord Otaru	4,296	4,340	Shirahama Tokutei Mokuteki Kaisha
D72	Hotel MyStays Kagoshima Tenmonkan	3,445	3,480	Kawaguchiko Tokutei Mokuteki Kaisha
D73	Art Hotel Asahikawa	3,197	3,230	Shirahama Tokutei Mokuteki Kaisha
D74	Hotel MyStays Matsuyama	3,098	3,130	Calvis Tokutei Mokuteki Kaisha
D75	Hotel MyStays Sapporo Susukino	3,059	3,090	Kawaguchiko Tokutei Mokuteki Kaisha
D76	Hotel MyStays Sapporo Nakajima Park	2,118	2,140	Shirahama Tokutei Mokuteki Kaisha
D77	Hotel MyStays Sapporo Nakajima Park Annex	1,584	1,600	Shirahama Tokutei Mokuteki Kaisha
D78	Flexstay Inn Sakuragicho	1,425	1,440	Calvis Tokutei Mokuteki Kaisha
D79	MyCUBE by MYSTAYS Asakusa Kuramae	1,287	1,300	Calvis Tokutei Mokuteki Kaisha
D80	Hotel MyStays Kagoshima Tenmonkan Annex	1,168	1,180	Kawaguchiko Tokutei Mokuteki Kaisha
D81	Hotel MyStays Nayoro	957	967	Kawaguchiko Tokutei Mokuteki Kaisha
Total		82,646	83,487	

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

(Reference Information)

(a) Debt Financing

INV has decided to implement new borrowings (New Syndicate Loan (M)) on July 11, 2019, in order to repay a portion of New Syndicate Loan (E) in the amount of JPY 28,979 million which was due on July 16, 2019.

INV has also decided to implement new borrowings (Term Loan (L)) on July 18, 2019, in order to repay a portion of Term Loan (E) in the amount of JPY 700 million which was due on July 20, 2019.

(i) New Syndicate Loan (M)

(7) New Synacrate Loan (M)					
Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Citibank, N.A., Tokyo Branch Resona Bank, Limited.	July 16, 2019	5,796	0.40000% (Note 1)	January 16, 2023	Unsecured/ non guarantee
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Citibank, N.A., Tokyo Branch Resona Bank, Limited.		5,796	0.49859% (Note 1)	January 16, 2024	
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited Citibank, N.A., Tokyo Branch		5,796	0.56310% (Note 1)	July 16, 2024	
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Shinsei Bank, Limited		5,796	Variable interest rate (Note 2)	January 16, 2025	
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.		5,795	Variable interest rate (Note 3)	July 16, 2025	
Total Debt		28,979			

(Note 1) These are borrowings with floating interest rates, but the interest rates are fixed through interest rate swap agreements.

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.55000%)

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.70000%)

(ii) Term Loan (L)

Lender	Borrowing Date	Outstanding Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Tokyo Star Bank, Limited	July 22, 2019	700	Variable interest rate (Note 1)	July 16, 2025	Unsecured/ non guarantee

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.70000%)

d Operational Outlook

The forecasts of financial results for the fiscal period ending December 31, 2019 (from July 1, 2019 to December 31, 2019) are as follows. For reference purposes, full-year forecasts (aggregate of the fiscal periods ending June 30, 2019 and December 31, 2019) are provided as well, since hotel revenues are influenced by seasonal effects.

	December 2019 Fiscal Period (Anticipated)	(Reference) June 2019 Fiscal Period	(Reference) Full-year 2019
Operating Revenues	JPY 18,043 million	JPY 27,339 million	JPY 45,382 million
Operating Income	JPY 12,107 million	JPY 22,185 million	JPY 34,292 million
Ordinary Income	JPY 10,701 million	JPY 21,240 million	JPY 31,941 million
Net Income	JPY 10,700 million	JPY 21,239 million	JPY 31,940 million
Total Distribution Amount (Including excess profit distribution)	JPY 10,517 million	JPY 9,384 million	JPY 19,901 million
Net Income per Unit	JPY 1,755	JPY 3,748	JPY 5,503
Distribution per Unit (Excluding excess profit distribution)	JPY 1,725	JPY 1,656	JPY 3,381
Excess Profit Distribution per Unit	-	-	-
Distribution per Unit (Including excess profit distribution)	JPY 1,725	JPY 1,656	JPY 3,381

For the assumptions underlying the operational outlook for the fiscal period ending December 31, 2019, please see “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2019.”

(Cautionary Note regarding Forward Looking Statements)

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

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2019 >

Item	Assumptions																		
Fiscal period	The December 2019 fiscal period: from July 1, 2019 to December 31, 2019 (184 days)																		
Assets under management	Based on the properties held as of the date of this document (147 properties and a preferred equity interest in one TMK), and INV assumes that there will be no changes through the end of the fiscal period ending December 31, 2019.																		
Units outstanding	As of the end of the December 2019 fiscal period: 6,096,840 units  INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the fiscal period ending December 31, 2019.																		
Interest-bearing liabilities	Balance as of the end of the fiscal period ending December 31, 2019: JPY 256,174 million (borrowing: JPY 252,174 million, investment corporation bonds: JPY 4,000 million)  Regarding other loans maturing during the December 2019 fiscal period, INV intends to refinance at a similar condition. INV assumes no other new loan or prepayment of loan through the end of the December 2019 fiscal period.																		
Operating revenues	<p>INV expects to record rental revenues as follows:</p> <table> <tr> <td></td><td>December 2019 Fiscal Period</td></tr> <tr> <td>• Rental revenues</td><td>JPY 15,944 million</td></tr> <tr> <td>    (of these, hotel rents)</td><td>(JPY 13,201 million)</td></tr> <tr> <td>        (fixed hotel rents)</td><td>(JPY 6,466 million)</td></tr> <tr> <td>        (variable hotel rents)</td><td>(JPY 6,734 million)</td></tr> <tr> <td>• Management contract revenue</td><td>JPY 1,393 million</td></tr> <tr> <td>• TMK Dividend amount</td><td>JPY 705 million</td></tr> </table> <p>We estimate the amount of dividends on the preferred equity interests (TMK dividend) based on the performance of the underlying asset and the assumed amount of expenses incurred by the TMK.</p> <p>The forecasts of management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. Management contract revenue have been calculated based on the exchange rate of USD 1 = JPY 110.00, as the exchange rate is fixed based on the currency put/call options covering approximately 85% of expected cash flow.</p> <p>Rental revenues are calculated based on estimates as of the date of this document. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.</p>		December 2019 Fiscal Period	• Rental revenues	JPY 15,944 million	(of these, hotel rents)	(JPY 13,201 million)	(fixed hotel rents)	(JPY 6,466 million)	(variable hotel rents)	(JPY 6,734 million)	• Management contract revenue	JPY 1,393 million	• TMK Dividend amount	JPY 705 million				
	December 2019 Fiscal Period																		
• Rental revenues	JPY 15,944 million																		
(of these, hotel rents)	(JPY 13,201 million)																		
(fixed hotel rents)	(JPY 6,466 million)																		
(variable hotel rents)	(JPY 6,734 million)																		
• Management contract revenue	JPY 1,393 million																		
• TMK Dividend amount	JPY 705 million																		
Operating expenses	<p>INV expects to incur property related expenses and management contract expenses out of operating expenses as follows:</p> <table> <tr> <td></td><td>December 2019 Fiscal Period</td></tr> <tr> <td>• Facility management fees</td><td>JPY 519 million</td></tr> <tr> <td>    (of these, repair costs)</td><td>(JPY 21 million)</td></tr> <tr> <td>• Taxes and other public charges</td><td>JPY 621 million</td></tr> <tr> <td>    (Note)</td><td></td></tr> <tr> <td>• Insurance expenses</td><td>JPY 145 million</td></tr> <tr> <td>• Depreciation expenses</td><td>JPY 3,882 million</td></tr> <tr> <td>• Other expenses</td><td>JPY 147 million</td></tr> <tr> <td><b>Total property related expenses and management contract expenses</b></td><td><b>JPY 5,317 million</b></td></tr> </table> <p>(Note) Property taxes and city planning taxes on the assets acquired in 2019 are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December 31, 2019 and will be recorded from the fiscal period ending June 30, 2020 as the amount equivalent to such settlement is included in the acquisition cost.</p>		December 2019 Fiscal Period	• Facility management fees	JPY 519 million	(of these, repair costs)	(JPY 21 million)	• Taxes and other public charges	JPY 621 million	(Note)		• Insurance expenses	JPY 145 million	• Depreciation expenses	JPY 3,882 million	• Other expenses	JPY 147 million	<b>Total property related expenses and management contract expenses</b>	<b>JPY 5,317 million</b>
	December 2019 Fiscal Period																		
• Facility management fees	JPY 519 million																		
(of these, repair costs)	(JPY 21 million)																		
• Taxes and other public charges	JPY 621 million																		
(Note)																			
• Insurance expenses	JPY 145 million																		
• Depreciation expenses	JPY 3,882 million																		
• Other expenses	JPY 147 million																		
<b>Total property related expenses and management contract expenses</b>	<b>JPY 5,317 million</b>																		

Item	Assumptions
Operating expenses	<p>INV expects to incur other operating expenses than the property related expenses and management contract expenses as follows:</p> <p style="text-align: right;">December 2019 Fiscal Period</p> <ul style="list-style-type: none"> <li>• Other operating expenses JPY 618 million (of these, asset management fees) (JPY 300 million)</li> </ul>
NOI	<p>INV expects to record net operating income as follows:</p> <p style="text-align: right;">December 2019 Fiscal Period</p> <ul style="list-style-type: none"> <li>• NOI JPY 16,609 million (of these, domestic hotel) (JPY 13,350 million) (of these, overseas hotel) (JPY 1,263 million) (of these, residential) (JPY 1,810 million)</li> </ul> <p>NOI calculation method in the above table is as follows  • NOI= Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividend on the preferred equity interest (TMK dividend) + (Management Contract Revenue of the Cayman Hotels - Management Contract Expense)</p>
Non-operating expenses	<p>INV expects to incur non-operating expenses as follows:</p> <p style="text-align: right;">December 2019 Fiscal Period</p> <ul style="list-style-type: none"> <li>• Interest expense JPY 692 million</li> <li>• Finance related costs JPY 498 million</li> <li>• Interest for investment corporation bonds JPY 11 million</li> <li>• Depreciation of investment corporation bonds issuance expenses JPY 3 million</li> <li>• Other non-operating expenses (expenses relating to the issuance of new units for the public offering) JPY 200 million</li> </ul> <hr/> <p>Total Non-operating expenses JPY 1,406 million</p>
Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending December 31, 2019, INV expects to distribute an aggregate amount of JPY 10,517 million (distribution per unit: JPY 1,725) which is the remaining amount after reserving JPY 183 million for internal reserve from the net income for the fiscal period ending December 31, 2019 (JPY 10,700 million).</p> <p>For the fiscal period ending December 31, 2019, INV expects to record deferred gain on hedge of the interest rate swap and the currency option as the valuation and conversion adjustments, etc. of JPY 87 million, which is equal to the amount for the fiscal period ended June 30, 2019. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap does not affect the distribution per unit.</p> <p>Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</p>

Item	Assumptions
Excess profit distribution per unit	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal period ending December 2019, INV will not make distributions in excess of profits as the impact to distribution per unit due to one off expenses in connection with the public offering, acquisition of assets and the borrowing of funds is limited with the increase in revenue from the acquisition of assets. In addition, INV will not make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.</p> <p style="text-align: right;">December 2019 Fiscal Period</p> <p>• Excess profit distribution per unit -</p>
Other	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations, including the proposed amendments to the Income Tax Act stated below, that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>

### (3) Investment Risk

Disclosure is omitted because there have been no material changes in the “Investment Risk” section of the latest securities registration statement (filed on July 1, 2019). The acquisition of anticipated properties described in such securities registration statement has been completed as scheduled.

## 2. Financial Statements

### (1) Balance Sheet

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Assets		
Current assets:		
Cash and bank deposits	3,985,335	48,833,358
Cash and bank deposits in trust	7,079,268	6,766,348
Accounts receivable	583,012	647,210
Rental receivables	2,591,368	2,758,865
Prepaid expenses	-	371,720
Income taxes receivable	539,442	483,656
Consumption taxes receivable	172,912	168,970
Other	434,326	-
Allowance for doubtful accounts	0	-
Total current assets	(86)	(148)
Non-current assets:	15,385,582	60,029,983
Property and equipment		
Buildings	-	19,142,244
Accumulated depreciation	-	(62,908)
Buildings, net	-	19,079,335
Buildings and accompanying facilities	-	5,111,168
Accumulated depreciation	-	(42,886)
Buildings and accompanying facilities, net	-	5,068,281
Tools, furniture and fixtures, at cost	3,192	1,069,418
Accumulated depreciation	(669)	(14,924)
Tools, furniture and fixtures, net	2,522	1,054,494
Construction in progress	-	9,817
Buildings in trust, at cost	144,380,745	130,105,036
Accumulated depreciation	(12,260,835)	(13,178,580)
Buildings in trust, net	132,119,910	116,926,456
Buildings and accompanying facilities in trust, at cost	32,567,092	*4 29,757,547
Accumulated depreciation	(7,258,920)	(7,460,526)
Buildings and accompanying facilities in trust, net	25,308,172	22,297,021
Structures in trust, at cost	228,964	227,665
Accumulated depreciation	(92,586)	(94,980)
Structures in trust, net	136,377	132,685
Tools, furniture and fixtures in trust, at cost	1,690,363	1,816,296
Accumulated depreciation	(504,581)	(611,887)
Tools, furniture and fixtures in trust, net	1,185,781	1,204,408
Land in trust	203,881,464	199,037,787
Construction in progress in trust	-	14,364
Total property and equipment, net	362,634,229	364,824,652
Intangible assets		
Leasehold rights	-	10,637,811
Leasehold rights in trust	20,015,700	12,864,608
Total intangible assets	20,015,700	23,502,420
Investments and other assets		
Investment securities	54,640,213	17,856,387
Guarantee deposits	1,700,670	803,721
Long-term prepaid expenses	708,191	601,259
Derivatives assets	216,555	255,404
Other	22,667	22,667
Total investments and other assets	57,288,298	19,539,440
Total non-current assets	439,938,228	407,866,513
Deferred assets		
Investment corporation bond issuance costs	38,985	35,478
Total deferred assets	38,985	35,478
Total assets	455,362,796	467,931,975

	(Unit: JPY thousand)	
	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	431,891	511,902
Short-term loans payable	1,099,000	-
Current portion of long-term loans payable	54,745,000	51,744,000
Accounts payable-other	651,992	136,155
Accrued expenses	200,203	362,920
Income taxes payable	605	605
Consumption taxes payable	-	2,764,397
Advances received	571,668	454,614
Deposits received	134,085	26,159
Total current liabilities	57,834,445	56,000,754
Non-current liabilities:		
Investment corporation bonds	4,000,000	4,000,000
Long-term loans payable	170,029,000	173,030,000
Tenant leasehold and security deposits in trust	2,009,816	1,746,941
Derivatives liabilities	92,525	75,543
Asset retirement obligations	32,107	32,321
Total non-current liabilities	176,163,449	178,884,805
Total liabilities	233,997,895	234,885,560
<b>Net assets</b>		
Unitholders' equity:		
Unitholders' capital	211,092,540	211,092,540
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus		
Allowance for temporary differences adjustment	*2 (46,329)	*2 (131,332)
Other deduction of capital surplus	*3 (5,194,798)	(5,398,804)
Total deduction of capital surplus	(5,241,128)	(5,530,137)
Capital surplus (net)	1,023,303	734,294
Retained earnings	9,140,372	21,131,966
Total surplus	10,163,675	21,866,261
Total unitholders' equity	221,256,215	232,958,801
Valuation and translation adjustments:		
Deferred gains or losses on hedges	108,684	87,612
Total valuation and translation adjustments	108,684	87,612
Total net assets	*1 221,364,900	*1 233,046,414
Total liabilities and net assets	455,362,796	467,931,975



## (2) Statement of Income and Retained Earnings

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Operating revenue		
Rental revenue—real estate	*1 13,604,224	*1 12,153,399
Management contract revenue	-	*2 580,588
Gain on sale of real estate properties	-	*3 11,117,983
Dividend income	846,780	827,477
TK Dividend amount	-	2,660,220
Total operating revenue	14,451,005	27,339,670
Operating expenses		
Property related expenses	*1 4,450,676	*1 4,490,658
Management contract expenses	-	*2 164,376
Asset management fees	275,000	300,000
Directors' compensation	5,200	4,800
Asset custody fees	18,645	22,233
Administrative service fees	52,607	47,312
Provision of allowance for doubtful accounts	86	148
Other	134,032	125,069
Total operating expenses	4,936,248	5,154,599
Operating income	9,514,756	22,185,070
Non-operating income		
Interest income	82	811
Foreign exchange gains	34,468	-
Interest on tax refund	72	1,005
Other	906	800
Total non-operating income	35,528	2,617
Non-operating expenses		
Interest expenses	555,811	588,555
Foreign exchange losses	-	33,648
Interest expenses on investment corporation bonds	8,490	11,405
Amortization of investment corporation bond issuance costs	2,625	3,506
Loan-related costs	407,683	310,089
Investment unit issuance costs	186,997	-
Other	3,999	0
Total non-operating expenses	1,165,608	947,206
Ordinary income	8,384,676	21,240,482
Extraordinary income		
Subsidy income	-	115,319
Total extraordinary income	-	115,319
Extraordinary losses		
Loss on reduction entry of non-current assets	-	115,319
Total extraordinary losses	-	115,319
Income before income taxes	8,384,676	21,240,482
Income taxes	605	605
Total income taxes	605	605
Net income	8,384,071	21,239,877
Retained earnings (deficit) brought forward	756,300	(107,910)
Unappropriated retained earnings	9,140,372	21,131,966

## (3) Statement of Changes in Net Assets

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

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Deduction of capital surplus			Capital surplus (net)
			Allowance for temporary differences adjustment	Other deduction of capital surplus	Total deduction of capital surplus	
Balance at the beginning of the period	168,798,455	6,264,432	(46,329)	(1,194,818)	(1,241,148)	5,023,283
Changes during the period						
Issuance of new investment units	42,294,085					
Distributions from surplus						
Acquisition of own investment units						
Retirement of own investment units				(3,999,980)	(3,999,980)	(3,999,980)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	42,294,085	—	—	(3,999,980)	(3,999,980)	(3,999,980)
Balance at the end of the period	211,092,540	6,264,432	(46,329)	(5,194,798)	(5,241,128)	1,023,303

	Unitholders' equity			
	Surplus		Own investment units	Total unitholders' equity
	Retained earnings	Total surplus		
Balance at the beginning of the period	7,610,548	12,633,832	—	181,432,288
Changes during the period				
Issuance of new investment units				42,294,085
Distributions from surplus	(6,854,248)	(6,854,248)		(6,854,248)
Acquisition of own investment units			(3,999,980)	(3,999,980)
Retirement of own investment units		(3,999,980)	3,999,980	—
Net income	8,384,071	8,384,071		8,384,071
Changes other than unitholders' equity (net)				
Total changes during the period	1,529,823	(2,470,157)	—	39,823,927
Balance at the end of the period	9,140,372	10,163,675	—	221,256,215

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	90,975	90,975	181,523,263
Changes during the period			
Issuance of new investment units			42,294,085
Distributions from surplus			(6,854,248)
Acquisition of own investment units			(3,999,980)
Retirement of own investment units			—
Net income			8,384,071
Changes other than unitholders' equity (net)	17,709	17,709	17,709
Total changes during the period	17,709	17,709	39,841,636
Balance at the end of the period	108,684	108,684	221,364,900

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

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Deduction of capital surplus			Capital surplus (net)
			Allowance for temporary differences adjustment	Other deduction of capital surplus	Total deduction of capital surplus	
Balance at the beginning of the period	211,092,540	6,264,432	(46,329)	(5,194,798)	(5,241,128)	1,023,303
Changes during the period						
Distributions from surplus						
Reversal of allowance for temporary differences adjustment			(85,002)		(85,002)	(85,002)
Other excess profit distribution				(204,006)	(204,006)	(204,006)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	(85,002)	(204,006)	(289,008)	(289,008)
Balance at the end of the period	211,092,540	6,264,432	(131,332)	(5,398,804)	(5,530,137)	734,294

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	9,140,372	10,163,675	221,256,215	108,684	108,684	221,364,900
Changes during the period						
Distributions from surplus	(9,248,282)	(9,248,282)	(9,248,282)			(9,248,282)
Reversal of allowance for temporary differences adjustment		(85,002)	(85,002)			(85,002)
Other excess profit distribution		(204,006)	(204,006)			(204,006)
Net income	21,239,877	21,239,877	21,239,877			21,239,877
Changes other than unitholders' equity (net)				(21,072)	(21,072)	(21,072)
Total changes during the period	11,991,594	11,702,585	11,702,585	(21,072)	(21,072)	11,681,513
Balance at the end of the period	21,131,966	21,866,261	232,958,801	87,612	87,612	233,046,414

## (4) Statement of Cash Distribution

(Unit: JPY)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
I Unappropriated retained earnings	9,140,372,069	21,131,966,492
II Incorporation into unitholders' capital Of which, reversal of allowance for temporary differences adjustment	-	125,201,855
III Excess profit distribution		
Allowance for temporary differences adjustment	85,002,600	-
Other deduction of capital surplus	204,006,240	-
IV Distributions	9,537,291,720	9,384,287,040
(Distribution per unit)	(1,683)	(1,656)
Of which, distributions of earnings	9,248,282,880	9,384,287,040
(Distributions of earnings per unit)	(1,632)	(1,656)
Of which, allowance for temporary differences adjustment	85,002,600	-
(Excess profit distribution per unit (Allowance for temporary differences adjustment))	(15)	-
Of which, other excess profit distribution	204,006,240	-
(Excess profit distribution per unit (Other excess profit distribution))	(36)	-
V Retained earnings (deficit) carried forward	(107,910,811)	11,622,477,597

<p>Calculation method of distribution amount</p>	<p>As shown above, the distribution per unit for the Reporting Period is JPY 1,683.</p> <p>With respect to profit distributions (not including Excess Profit Distribution), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,632.</p> <p>In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines (the “Excess Profit Distribution”). For the Reporting Period, INV decided to make Excess Profit Distribution of JPY 85 million in order to cope with the discrepancy between tax and accounting treatment, making Excess Profit Distribution from the allowance for temporary differences adjustment of JPY 15 per unit. INV decided to also make Excess Profit Distribution of JPY 204 million as refund of investment in order to stabilize distributions, making other Excess Profit Distribution of JPY 36 per unit.</p> <p>Under the Reporting Period, deferred gain on hedge of the interest rate swap of JPY 108 million has arisen. Deferred gain on hedge of the interest rate swap is included in profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act, and INV has decided to distribute almost all of the profit as defined in Article 136, Paragraph 1 of the Investment Trust and Investment Corporation Act. As a result, retained deficit carried forward of JPY 107 million is recorded.</p>	<p>In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 9,384,287,040 out of net income of JPY 21,239,877,303. Moreover, INV does not make excess profit distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p>
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## (5) Statement of Cash Flows

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Cash flows from operating activities		
Income before income taxes	8,384,676	21,240,482
Depreciation and amortization	3,039,033	3,168,320
Loss on reduction entry of non-current assets	-	115,319
Investment unit issuance costs	186,997	-
Amortization of investment corporation bond issuance costs	2,625	3,506
Loan-related costs	407,683	310,089
Interest income	(82)	(811)
Interest expenses	564,302	599,960
Foreign exchange losses (gains)	(7,261)	(23,481)
Increase (decrease) in allowance for doubtful accounts	(3)	62
Decrease (increase) in rental receivable	(764,772)	285,339
Decrease (Increase) in deposits paid	-	96,470
Decrease (increase) in refundable income taxes	(23,292)	3,830
Decrease (increase) in consumption taxes receivable	(434,326)	434,326
Increase (decrease) in accounts payable	(32,970)	22,952
Increase (decrease) in consumption taxes payable	(14,902)	2,764,397
Increase (decrease) in accounts payable-other	(49,755)	40,334
Increase (decrease) in accrued expenses	(2,611)	118,454
Increase (decrease) in advances received	20,161	(117,053)
Increase (decrease) in deposits received	(75,818)	(347,981)
Decrease from sales of property and equipment in trust	-	21,268,952
Decrease from sales of intangible assets in trust	-	7,047,749
Others, net	9,283	(617,969)
Subtotal	11,208,966	56,413,251
Interest income received	82	811
Interest expenses paid	(553,985)	(603,432)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	10,654,458	55,810,025
Cash flows from investing activities		
Purchases of property and equipment in trust	(45,485,560)	(1,302,310)
Purchases of leasehold rights in trust	(3,421,194)	-
Repayments of tenant leasehold and security deposits in trust	(64,862)	(323,779)
Proceeds from tenant leasehold and security deposits in trust	49,032	61,654
Payments of tenant leasehold and security deposits	(19,105)	-
Collection of tenant leasehold and security deposits	-	896,949
Payments of TK investment	(37,534,886)	-
Proceeds from withdrawal of TK investment	751,060	-
Other, net	(12,784)	(58,789)
Net cash used in investing activities	(85,738,300)	(726,275)
Cash flows from financing activities		
Increase in short-term loans payable	1,099,000	-
Repayments of short-term loans payable	(2,000,000)	(1,099,000)
Proceeds from long-term loans payable	68,338,000	17,684,000
Repayments of long-term loans payable	(28,979,000)	(17,684,000)
Proceeds from issuance of investment corporation bonds	1,980,352	-
Borrowing related expenses	(804,736)	(167,123)
Payments for acquisition of own investment units	(3,999,980)	-
Payment of distributions of earnings	(6,664,830)	(8,993,502)
Payments of distributions in excess of retained earnings from allowance for temporary differences adjustment	-	(85,002)
Payment of other distributions in excess of retained earnings	-	(204,006)
Proceeds from issuance of investment units	42,107,087	-
Net cash provided by (used in) financing activities	71,075,892	(10,548,635)
Effect of exchange rate change on cash and cash equivalents	-	(12)
Net increase (decrease) in cash and cash equivalents	(4,007,949)	44,535,102
Cash and cash equivalents at beginning of period	15,072,553	11,064,604
Cash and cash equivalents at end of period	*1 11,064,604	*1 55,599,707

(6) Notes to Concerning Going Concerns Assumption

Not applicable

(7) Notes to Concerning Significant Accounting Policies

1. Evaluation standards and evaluation method of assets

Other securities

Those with no fair value

Cost method through moving-average method is used.

2. Method of depreciation of non-current assets

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

The straight-line method is used.

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

Buildings	16-50 years
Buildings and accompanying facilities	5-29 years
Tools, furniture and fixtures	4-10 years
Buildings in trust	5-67 years
Buildings and accompanying facilities in trust	2-33 years
Structures in trust	3-55 years
Tools, furniture and fixtures in trust	2-19 years

(b) Intangible assets

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

(c) Long-term prepaid expenses

The straight-line method is used.

3. Accounting treatment of deferred assets

(a) Investment unit issuance costs

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

(b) Investment corporation bond issuance costs

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

4. Method of calculating allowances

Allowance for doubtful accounts

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

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

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



## 6. Revenue and expense recognition

### Accounting treatment of property taxes and other taxes

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

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended June 30, 2019 is zero.

## 7. Method of hedge accounting

### (a) Method of hedge accounting

Deferred hedge accounting is used.

### (b) Hedging instrument and hedged item

(Borrowings)

Hedging instrument: interest rate swap

Hedged item: interest on borrowings

(Scheduled foreign currency-denominated transactions)

Hedging instrument: Foreign exchange option

Hedged item: Scheduled foreign currency-denominated transaction

### (c) Hedge policy

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

### (d) Method of evaluating hedge effectiveness

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

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

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

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

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

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

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

#### (b) Buildings in trust

Buildings and accompanying facilities in trust

Structures in trust

Tools, furniture and fixtures in trust

Land in trust

Construction in progress in trust

#### (c) Leasehold rights in trust

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

(ii) Accounting treatment of consumption taxes

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

(Additional Information)

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

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Allowance for temporary differences adjustment
Leasehold rights in trust	Depreciation of leasehold rights	85,002

2. Method of reversal

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

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

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

(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, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
50,000	50,000

\*2. Allowance for temporary differences adjustment

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

2. Method of reversal

(1) Leasehold rights in trust

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

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period
Leasehold rights in trust	Depreciation of leasehold rights	(131,332)	(46,329)	(85,002)	-	(131,332)
Total		(131,332)	(46,329)	(85,002)	-	(131,332)

2. Method of reversal

(1) Leasehold rights in trust

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

\*3. Status of retirement of own investment units

	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Total number of units retired	81,341 units	-
Total amount of retirement	JPY 3,999,980 thousand	-

\*4. Reduction entry amount of property and equipment acquired with governmental subsidies, etc.

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Building and accompanying facilities in trust	-	115,319

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

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

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
A. Real estate rental revenues		
Rental revenue-real estate		
Rent/common area charges (Note)	13,258,939	11,795,812
Other revenues	345,284	357,587
Total	13,604,224	12,153,399
B. Real estate rental expenses		
Property related expenses		
Maintenance costs	667,393	662,160
Taxes and public dues	547,232	565,715
Non-life insurance expenses	13,817	13,723
Depreciation expenses	3,039,033	3,048,495
Other expenses	183,199	200,561
Total	4,450,676	4,490,658
C. Real estate rental income (A-B)	9,153,548	7,662,741
(Note) Of which, revenue from variable hotel rents	4,953,767	4,304,181

## \*2. Management contract income

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
A. Hotel operating revenue	-	1,406,749
B. Hotel operating expenses	-	826,160
C. Management contract revenue (A-B)	-	580,588
D. Management contract expenses		
Management fee	-	3,490
Non-life insurance expenses	-	36,279
Depreciation expenses	-	119,824
Other expenses	-	4,782
Total	-	164,376
E. Management contract income (C-D)	-	416,211

\*3. Gain on sales of properties

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

Not applicable

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

(Unit: JPY thousand)

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

(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, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Number of issuable investment units	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	5,666,840 units	5,666,840 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, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Cash and bank deposits	3,985,335	48,833,358
Cash and bank deposits in trust	7,079,268	6,766,348
Cash and cash equivalents	11,064,604	55,599,707

(Notes Related to Lease Transactions)

Operating lease transactions (as lessee)

Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Due within one year	312,959	268,487
Due after one year	9,934,076	7,824,534
Total	10,247,035	8,093,022

Operating lease transactions (as lessor)  
Unexpired lease fees

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Due within one year	9,754,753	9,754,753
Due after one year	63,134,893	58,695,396
Total	72,889,647	68,450,150

(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, 2018 (as of December 31, 2018)

Book value, fair value and the difference between values as of December 31, 2018, are as follows.

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	3,985,335	3,985,335	-
(2) Cash and bank deposits in trust	7,079,268	7,079,268	-
Total assets	11,064,604	11,064,604	-
(3) Short-term loans payable	(1,099,000)	(1,099,000)	-
(4) Current portion of long-term loans payable	(54,745,000)	(54,745,000)	-
(5) Investment corporation bonds	(4,000,000)	(3,996,500)	3,500
(6) Long-term loans payable	(170,029,000)	(170,029,000)	-
Total liabilities	(229,873,000)	(229,869,500)	3,500
(7) Derivatives	124,029	124,029	-

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

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

(Unit: JPY thousand)

	Book Value	Fair Value	Difference
(1) Cash and bank deposits	48,833,358	48,833,358	-
(2) Cash and bank deposits in trust	6,766,348	6,766,348	-
Total assets	55,599,707	55,599,707	-
(3) Short-term loans payable	-	-	-
(4) Current portion of long-term loans payable	(51,744,000)	(51,744,000)	-
(5) Investment corporation bonds	(4,000,000)	(4,005,300)	(5,300)
(6) Long-term loans payable	(173,030,000)	(173,030,000)	-
Total liabilities	(228,774,000)	(228,779,300)	(5,300)
(7) Derivatives	179,861	179,861	-

(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, 2018 (as of December 31, 2018)	Fiscal period ended June 30, 2019 (as of June 30, 2019)
Tenant leasehold and security deposits in trust	2,009,816	1,746,941
Investment securities	54,640,213	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 and TK 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, 2018 (as of December 31, 2018)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	3,985,335	-	-	-	-	-
Cash and bank deposits in trust	7,079,268	-	-	-	-	-
Total	11,064,604	-	-	-	-	-

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

(Unit: JPY thousand)

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



(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, 2018 (as of December 31, 2018)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years
Short-term loans payable	1,099,000	-	-	-	-	-
Current portion of long-term loans payable	54,745,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	3,000,000	1,000,000
Long-term loans payable	-	50,130,000	55,601,000	32,895,000	27,843,000	3,560,000
Total	55,844,000	50,130,000	55,601,000	32,895,000	30,843,000	4,560,000

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

(Unit: JPY thousand)

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

(Notes Related to Investment Securities)

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

Other securities

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

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

Other securities

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

(Notes Related to Derivative Transactions)

1. Derivative transactions to which hedge accounting is not applied

Fiscal period ended December 31, 2018 (as of December 31, 2018)

Not applicable

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

Not applicable

2. Derivative transactions to which hedge accounting is applied

Fiscal period ended December 31, 2018 (as of December 31, 2018)

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

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)
				Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Borrowings	71,640,000	34,729,000	48,781
	Currency option transaction USD/Call (Option fees)	Scheduled foreign currency-denominated transactions	4,444,000	1,903,000	
			(124,943)	(53,157)	(87,318)
	Currency option transaction USD/Put (Option fees)		4,444,000	1,903,000	
			(140,288)	(88,792)	(162,566)

(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, 2019 (as of June 30, 2019)

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

(Unit: JPY thousand)

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

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

(Note 2) Estimation method for fair value

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

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

(Notes Related to Retirements Payments)

Not applicable

(Notes Related to Asset Retirement Obligations)

1. Summary of the asset retirement obligations for the period  
INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.
2. Calculation method for asset retirement obligations for the period  
The amount of the asset retirement obligations has been calculated by estimating the period of use at 43 years, based on the remaining period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.
3. Increase/decrease in the total amount of asset retirement obligations

(Unit: JPY thousand)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Balance at the beginning of the period	31,891	32,107
Increase due to the acquisition of property and equipment	-	-
Accretion expense	215	213
Balance at the end of the period	32,107	32,321

(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, 2018 (from July 1, 2018 to December 31, 2018)

1. Information about each product and service  
Disclosure is omitted because net sales to external customers for a single product/service category accounted for over 90% of the operating revenue on the statement of income.
2. Information about each geographic area
  - (1) Net sales  
Disclosure is omitted because net sales to external customers in Japan accounted for over 90% of the operating revenue on the statement of income.
  - (2) Property and equipment  
Disclosure is omitted because the amount of property and equipment located in Japan accounted for over 90% of the amount of property and equipment on the balance sheet.
3. Information about each major customer

(Unit: JPY thousand)

Name of customer	Operating revenues	Related segment
MyStays Hotel Management Co., Ltd.	7,297,799	Real Estate Investment

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

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

2. Information about each geographic area

(1) Net sales

(Unit: JPY thousand)

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

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

(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.	6,581,126	Real Estate Investment
Undisclosed (Note 1)	5,633,813	Real Estate Investment
Undisclosed (Note 2)	5,484,169	Real Estate Investment

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

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

(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, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Residences	Book value	Balance at the beginning of the period	86,569,109	85,908,280
		Change during the period	(660,828)	(28,986,463)
		Balance at the end of the period	85,908,280	56,921,817
	Fair value at the end of the period		102,044,000	72,197,000
Commercial facilities	Book value	Balance at the beginning of the period	4,912,468	4,866,739
		Change during the period	(45,728)	(41,503)
		Balance at the end of the period	4,866,739	4,825,236
	Fair value at the end of the period		6,170,000	6,140,000
Hotels	Book value	Balance at the beginning of the period	245,453,345	291,874,909
		Change during the period	46,421,563	34,680,926
		Balance at the end of the period	291,874,909	326,555,836
	Fair value at the end of the period		354,366,000	393,926,158
Total	Book value	Balance at the beginning of the period	336,934,923	382,649,930
		Change during the period	45,715,006	5,652,960
		Balance at the end of the period	382,649,930	388,302,890
	Fair value at the end of the period		462,580,000	472,263,158

(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, 2018, were acquisition of hotels and construction work related to capital expenditures, and the major factor of the decrease was depreciation. The major factors of increase for the Reporting Period were a change in the investment structure concerning overseas assets and construction work related to capital expenditures, and the major factors of decrease were sale of residential properties and depreciation.

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

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, 2018	Fiscal period ended June 30, 2019
(Deferred tax assets)		
Enterprise tax payable	1,294	1,294
Allowance for doubtful accounts	27	46
Buildings and other (merger)	549,474	428,965
Land (merger)	1,367,722	786,792
Loss carried forward (Note 1)	7,153,149	747,198
Asset retirement obligations	10,142	10,168
Depreciation of fixed-term leasehold rights	153,295	76,182
Adjustment of acquisition prices (overseas properties)	-	477,213
Subtotal	9,235,105	2,527,862
Valuation allowance for tax loss carried forward	(7,153,149)	(747,198)
Valuation allowance for the total of deductible temporary differences, etc.	(2,037,871)	(1,743,389)
Subtotal (Note 2)	(9,191,020)	(2,490,588)
Total	44,084	37,274
(Deferred tax liabilities)		
Removal expenses included in asset retirement obligations	9,751	9,711
Deferred gains or losses on hedges	34,333	27,562
Total	44,084	37,274
(Deferred tax assets, net)	-	-

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

Fiscal period ended December 31, 2018 (as of December 31, 2018)

(Unit: JPY thousand)

	Due within one year	Due after one to two years	Due after two to three years	Due after three to four years	Due after four to five years	Due after five years	Total
Tax loss carried forward (a)	5,164,678	1,317,493	-	349,185	321,791	-	7,153,149
Valuation allowance	(5,164,678)	(1,317,493)	-	(349,185)	(321,791)	-	(7,153,149)
Deferred tax assets	-	-	-	-	-	-	-

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

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

(Unit: JPY thousand)

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

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

(Note 2) Valuation allowance decreased by JPY 6,700,432,000. The main factor for the decrease is use of tax loss carried forward.

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

(Unit: %)

	Fiscal period ended December 31, 2018	Fiscal period ended June 30, 2019
Statutory tax rate	31.51	31.51
Deductible cash distributions	(31.84)	-
Changes in valuation allowance	(0.35)	(31.58)
Effect of tax rate change	-	(0.05)
Others	0.69	0.12
Effective tax rate	0.01	0.00

(Notes Related to Equity-Method Income)

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

Amount of investment in affiliates	JPY 54,640,213,000
Amount of investment when accounted for by the equity method	JPY 54,640,213,000
Amount of investment profit when accounted for by the equity method	JPY 846,780,000

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

Amount of investment in affiliates	JPY 17,856,387,000
Amount of investment when accounted for by the equity method	JPY 17,856,387,000
Amount of investment profit when accounted for by the equity method	JPY 3,487,698,000

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Unitholders

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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	Aki 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)	20,691,000	-	-
	Raetia 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)	16,731,000	-	-
	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)	5,286,000	-	-
	Dogo 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)	5,039,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	1,112,683	Accounts receivable	141,119
	MyStays Hotel Management Co., Ltd. (Note 3)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	7,297,799	Accounts receivable	2,264,664

(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) Aki Tokutei Mokuteki Kaisha, Raetia Tokutei Mokuteki Kaisha, HL Investments 2 Tokutei Mokuteki Kaisha, Dogo Tokutei Mokuteki Kaisha and Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, these Tokutei Mokuteki Kaisha or the tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of 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 Aki Tokutei Mokuteki Kaisha, Raetia Tokutei Mokuteki Kaisha, HL Investments 2 Tokutei Mokuteki Kaisha, Dogo Tokutei Mokuteki Kaisha and 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)
D60	Hotel MyStays Premier Akasaka	Aki Tokutei Mokuteki Kaisha	20,691,000
D61	Hotel MyStays Premier Sapporo Park	Raetia Tokutei Mokuteki Kaisha	16,731,000
D62	Hotel MyStays Ueno East	HL Investments 2 Tokutei Mokuteki Kaisha	5,286,000
D63	Hotel MyStays Midosuji Honmachi	Dogo Tokutei Mokuteki Kaisha	5,039,000
Total			47,747,000



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

Classification	Name	Address	Stated capital (JPY million)	Business or occupation	Percentage of voting rights owned (%)	Relationship		Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
						Common board member	Business relationship				
Interested party of the Asset Manager	Naqua Hotel & Resorts Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	590,306	Accounts receivable	197,253
	MyStays Hotel Management Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Hotel business	-	-	Lessee and operator of hotels	Rental revenues	6,581,126	Accounts receivable	1,834,677

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

(Note 2) Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, this tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (a subsidiary of SoftBank Group Corp., a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares). Accordingly, INV treats Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

2. Transactions with Affiliates

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

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

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

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

(Note 3) Investment was made based on a TK agreement.

(Note 4) The TK is a TK with Seven Mile Resort Holdings Ltd. as an operator.

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

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

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

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

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

### 3. Transactions with Companies under Common Control

None for both the fiscal period ended December 31, 2018 and the fiscal period ended June 30, 2019.

### 4. Transactions with Directors and Major Unitholders

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

Classification	Name	Business or occupation	Ratio of voting rights (%)	Details of transaction	Transaction amount (JPY thousand) (Note 3)	Account	Balance at the end of the period (JPY thousand) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	279,774	Accrued expenses	148,500
Same as above	Same as above	Same as above	-	Payment of administrative agency fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	1,100	Accrued expenses	864

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

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

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

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

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

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

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

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

(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, 2018	Fiscal period ended June 30, 2019
Total specified assets	100,856,568	100,524,164
Total other assets	3,784,525	3,972,036
Total current liabilities	212,208	106,709
Total non-current liabilities	66,280,661	66,280,661
Total net assets	38,148,224	38,108,830
Operating revenue	2,350,784	2,333,624
Income before income taxes	1,729,001	1,689,613
Net income	1,728,124	1,688,730

(Notes Related to Per Unit Information)

	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Net assets per unit	JPY 39,063	JPY 41,125
Net income per unit	JPY 1,504	JPY 3,748

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, 2018 (from July 1, 2018 to December 31, 2018)	Fiscal period ended June 30, 2019 (from January 1, 2019 to June 30, 2019)
Net income (JPY thousand)	8,384,071	21,239,877
Amounts not attributable to common unitholders (JPY thousand)	-	-
Net income attributable to common units (JPY thousand)	8,384,071	21,239,877
Average number of investment units during the period (units)	5,575,457	5,666,840

(Notes Related to Significant Subsequent Events)

1. Issuance of new investment units

INV resolved at its meetings of the Board of Directors held on July 1, 2019 and July 25, 2019 respectively to conduct the issuance of new investment units and secondary offering of investment units. Payment for the new investment units issued through the public offering was completed on July 18, 2019, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 15, 2019. As a result, the unitholders' capital of INV is JPY 235,576 million and the number of investment units issued and outstanding of INV increased to 6,096,840.

(1) Issuance of new investment units through public offering

Number of investment units to be offered	:	409,524 investment units
Of which		
domestic public offering	:	194,524 investment units
overseas offering	:	215,000 investment units
Issue price (offer price)	:	JPY 58,898 per unit
Total issue price (total offer price)		JPY 24,120,144,552
Amount to be paid (issue value)	:	JPY 56,939 per unit
Total amount to be paid (total issue value)	:	JPY 23,317,887,036
Payment date	:	July 18, 2019

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

	Number of Investment Units to be	:	20,476 investment units
(	offered in the secondary offering		
3	Offer price	:	JPY 58,898 per unit
	Total offer value	:	JPY 1,205,995,448
)	Delivery date	:	July 19, 2019

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

	Number of investment units to be	:	20,476 investment units
	offered		
	Amount to be paid	:	JPY 56,939 per unit
	(issue value)		
	Total amount to be paid	:	JPY 1,165,882,964
	(total issue value)		
	Payment date	:	August 15, 2019
	Allottee	:	Mizuho Securities Co., Ltd.

2. Debt Financing

In order to fund a portion of the acquisition price for 18 hotel properties (domestic real estate trust beneficiary interests) acquired on July 19, 2019, INV resolved the following debt financing at a meeting of the Board of Directors held on July 1, 2019, and entered into a loan agreement on the same day.

New Syndicate Loan (J)

Lender	:	Syndicate of lenders arranged by Mizuho Bank, Ltd.
Outstanding balance	:	JPY 27,400 million
Interest rate, etc.	:	Base Rate (1-month JPY TIBOR) + 0.700%, 0.550%, 0.500%, 0.450%, 0.350%, 0.200%
Interest payment date	:	The last Japanese business day of each month before the principal maturity date with July 31, 2019 as the first payment date, and the principal maturity date
Principal repayment method	:	Lump-sum repayment
Borrowing method	:	Unsecured/ non-guarantee
Borrowing date	:	July 19, 2019
Maturity date	:	July 16, 2025, January 16, 2025, July 16, 2024, January 16, 2024, January 16, 2023, July 18, 2020

3. Acquisition of assets (properties)

INV resolved acquisition of the following 18 hotel properties (total acquisition price: JPY 82,646 million) on July 1, 2019 and completed the acquisition on July 19, 2019.

Property Number: D64 Hotel MyStays Sapporo Aspen

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 15,543 million
Location	Sapporo-shi, Hokkaido
Completion Date	December 1995
Legal Form of Asset	Trust beneficiary interest
Seller	Touyako Godo Kaisha
Total Floor Area	15,313.17 m <sup>2</sup>
Leasable Area	15,313.17 m <sup>2</sup>

Property Number: D65 Art Hotel Ishigakijima

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 9,731 million
Location	Ishigaki-shi, Okinawa
Completion Date	January 1984
Legal Form of Asset	Trust beneficiary interest
Seller	Yaeyama Resort Hotel Tokutei Mokuteki Kaisha
Total Floor Area	17,247.54 m <sup>2</sup>
Leasable Area	17,247.54 m <sup>2</sup>

Property Number: D66 Hotel MyStays Fuji Onsen Resort

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 9,405 million
Location	Fujiyoshida-shi, Yamanashi
Completion Date	November 2016
Legal Form of Asset	Trust beneficiary interest
Seller	Saturnia Tokutei Mokuteki Kaisha
Total Floor Area	5,498.49 m <sup>2</sup>
Leasable Area	5,498.49 m <sup>2</sup>

Property Number: D67 Hotel Sonia Otaru

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 5,930 million
Location	Otaru-shi, Hokkaido
Completion Date	April 1992 March 1998 November 2018
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	6,509.41 m <sup>2</sup>
Leasable Area	6,509.41 m <sup>2</sup>

Property Number: D68 Hotel MyStays Kanazawa Castle

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 5,682 million
Location	Kanazawa-shi, Ishikawa
Completion Date	June 1982 February 1991 January 1997
Legal Form of Asset	Trust beneficiary interest
Seller	Calvis Tokutei Mokuteki Kaisha
Total Floor Area	5,931.84 m <sup>2</sup>
Leasable Area	5,931.84 m <sup>2</sup>

Property Number: D69      Art Hotel Niigata Station

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 5,524 million
Location	Niigata-shi, Niigata
Completion Date	April 1985
Legal Form of Asset	Trust beneficiary interest
Seller	HL Investments 2 Tokutei Mokuteki Kaisha
Total Floor Area	10,403.01 m <sup>2</sup>
Leasable Area	10,403.01 m <sup>2</sup>

Property Number: D70      Hotel MyStays Nagoya Nishiki

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 5,197 million
Location	Nagoya-shi, Aichi
Completion Date	March 1974
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	6,077.99 m <sup>2</sup>
Leasable Area	6,077.99 m <sup>2</sup>

Property Number: D71      Hotel Nord Otaru

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 4,296 million
Location	Otaru-shi, Hokkaido
Completion Date	March 1996
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	6,047.43 m <sup>2</sup>
Leasable Area	6,047.43 m <sup>2</sup>

Property Number: D72      Hotel MyStays Kagoshima Tenmonkan

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 3,445 million
Location	Kagoshima-shi, Kagoshima
Completion Date	September 1990
Legal Form of Asset	Trust beneficiary interest
Seller	Kawaguchiko Tokutei Mokuteki Kaisha
Total Floor Area	7,659.55 m <sup>2</sup>
Leasable Area	7,659.55 m <sup>2</sup>

Property Number: D73      Art Hotel Asahikawa

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 3,197 million
Location	Asahikawa-shi, Hokkaido
Completion Date	October 1987
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	25,131.84 m <sup>2</sup>
Leasable Area	25,131.84 m <sup>2</sup>

Property Number: D74      Hotel MyStays Matsuyama

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 3,098 million
Location	Matsuyama-shi, Ehime
Completion Date	July 2000
Legal Form of Asset	Trust beneficiary interest
Seller	Calvis Tokutei Mokuteki Kaisha
Total Floor Area	8,274.37 m <sup>2</sup>
Leasable Area	8,274.37 m <sup>2</sup>

Property Number: D75      Hotel MyStays Sapporo Susukino

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 3,059 million
Location	Sapporo-shi, Hokkaido
Completion Date	May 1981
Legal Form of Asset	Trust beneficiary interest
Seller	Kawaguchiko Tokutei Mokuteki Kaisha
Total Floor Area	2,853.26 m <sup>2</sup>
Leasable Area	2,853.26 m <sup>2</sup>



Property Number: D76 Hotel MyStays Sapporo Nakajima Park

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 2,118 million
Location	Sapporo-shi, Hokkaido
Completion Date	February 1991
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	5,473.41 m <sup>2</sup>
Leasable Area	5,473.41 m <sup>2</sup>

Property Number: D77 Hotel MyStays Sapporo Nakajima Park Annex

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 1,584 million
Location	Sapporo-shi, Hokkaido
Completion Date	September 1991
Legal Form of Asset	Trust beneficiary interest
Seller	Shirahama Tokutei Mokuteki Kaisha
Total Floor Area	1,775.21 m <sup>2</sup>
Leasable Area	1,775.21 m <sup>2</sup>

Property Number: D78 Flexstay Inn Sakuragicho

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 1,425 million
Location	Yokohama-shi, Kanagawa
Completion Date	November 1991
Legal Form of Asset	Trust beneficiary interest
Seller	Calvis Tokutei Mokuteki Kaisha
Total Floor Area	1,308.61 m <sup>2</sup>
Leasable Area	1,308.61 m <sup>2</sup>

Property Number: D79 MyCUBE by MYSTAYS Asakusa Kuramae

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 1,287 million
Location	Taito-ku, Tokyo
Completion Date	September 1991
Legal Form of Asset	Trust beneficiary interest
Seller	Calvis Tokutei Mokuteki Kaisha
Total Floor Area	2,156.70 m <sup>2</sup>
Leasable Area	2,156.70 m <sup>2</sup>

Property Number: D80      Hotel MyStays Kagoshima Tenmonkan Annex

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 1,168 million
Location	Kagoshima-shi, Kagoshima
Completion Date	February 1985
Legal Form of Asset	Trust beneficiary interest
Seller	Kawaguchiko Tokutei Mokuteki Kaisha
Total Floor Area	2,047.70 m <sup>2</sup>
Leasable Area	2,047.70 m <sup>2</sup>

Property Number: D81      Hotel MyStays Nayoro

Acquisition Date	July 19, 2019
Acquisition Price (Note 1)	JPY 957 million
Location	Nayoro-shi, Hokkaido
Completion Date	November 2014
Legal Form of Asset	Trust beneficiary interest
Seller	Kawaguchiko Tokutei Mokuteki Kaisha
Total Floor Area	1,985.27 m <sup>2</sup>
Leasable Area	1,985.27 m <sup>2</sup>

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

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

Changes in the number of investment units issued and outstanding and unitholders' capital for the past 10 years up to the end of the Reporting Period are as follows.

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

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

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

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

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

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

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

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

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

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

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

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

- (Note 12) New investment units were issued through public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 13) New investment units were issued through public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued through third-party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.
- (Note 15) New investment units were issued through public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 16) New investment units were issued through third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.
- (Note 17) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a security company.  
INV resolved the retirement of all the acquired own investment units at the Board of Directors' Meeting held on December 25, 2018 and the acquired own investment units were retired on December 28, 2018.  
The acquisition of own investment units was conducted using capital surplus, and thus there is no change to unitholders' capital.

### 3. Reference Information

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

Type of asset	Purpose	Geographic area  (Note 1)	Fiscal period ended December 31, 2018 (as of December 31, 2018)		Fiscal period ended June 30, 2019 (as of June 30, 2019)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Hotels	Greater Tokyo area (Note 3)	2	0.0	2	0.0
		Major regional cities	-	-	-	-
		Overseas (Note 4)	-	-	35,837	7.7
		Subtotal	2	0.0	35,839	7.7
Total real estate			2	0.0	35,839	7.7
Real estate in trust	Residences	Greater Tokyo area	70,386	15.5	41,575	8.9
		Major regional cities	15,521	3.4	15,346	3.3
		Subtotal	85,908	18.9	56,921	12.2
	Offices/Commercial Facilities	Greater Tokyo area	-	-	-	-
		Major regional cities	4,866	1.1	4,825	1.0
		Subtotal	4,866	1.1	4,825	1.0
	Hotels	Greater Tokyo area	159,136	34.9	158,745	33.9
		Major regional cities	132,735	29.1	131,970	28.2
		Subtotal	291,872	64.1	290,715	62.1
	Total real estate in trust			382,647	84.0	352,462
Preferred equity interest (Note 5)			17,856	3.9	17,856	3.8
TK interest (Note 6)			36,783	8.1	-	-
Deposits and other assets			18,072	4.0	61,772	13.2
Total assets (Note 7)			455,362 (382,649)	100.0 (84.0)	467,931 (388,302)	100.0 (83.0)

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

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

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

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

(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) TK interests of INV in the SPC in Cayman Islands which holds The Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort as underlying assets.

(Note 7) The figures indicated in parenthesis under "Total assets" show the amounts related to owned real estate (excluding the amount of preferred equity interest and TK interest owned).

	Fiscal period ended December 31, 2018 (as of December 31, 2018)		Fiscal period ended June 30, 2019 (as of June 30, 2019)	
	Amount (JPY million)	Percentage of total assets (%)	Amount (JPY million)	Percentage of total assets (%)
Total Liabilities	233,997	51.4	234,885	50.2
Total Net Assets	221,364	48.6	233,046	49.8
Total Liabilities and Net Assets	455,362	100.0	467,931	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 June 30, 2019.

a Price and investment percentage

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests (Note 8)	1,251	1,097	0.3	1,230	A
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,229	1,058	0.3	1,330	A
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests (Note 8)	888	842	0.2	1,030	A
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	1,070	957	0.3	1,150	A
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interests (Note 8)	1,505	1,337	0.4	1,430	A
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	1,088	1,057	0.3	1,100	A
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	1,059	942	0.3	1,180	A
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests (Note 8)	1,023	931	0.2	1,090	A
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interests (Note 8)	906	803	0.2	1,010	A
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	795	732	0.2	771	A
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interests (Note 8)	676	639	0.2	669	A
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interests (Note 8)	651	701	0.2	664	A
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interests (Note 8)	646	650	0.2	531	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)
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interests (Note 8)	620	526	0.1	755	A
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interests (Note 8)	589	555	0.1	540	A
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interests (Note 8)	589	551	0.1	624	A
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests (Note 8)	572	517	0.1	519	A
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interests (Note 8)	566	506	0.1	581	A
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interests (Note 8)	557	512	0.1	514	A
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interests (Note 8)	510	443	0.1	556	A
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	2,520	2,281	0.6	3,540	B
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interests	3,260	3,003	0.8	4,420	C
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,880	1,891	0.4	2,720	C
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,450	1,301	0.3	1,970	D
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interests	866	809	0.2	1,210	B
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interests	577	548	0.1	809	C
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	1,110	1,007	0.3	1,410	B
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	415	381	0.1	657	B
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interests	330	274	0.1	420	B
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interests	255	228	0.1	283	D
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interests	977	831	0.2	1,250	D
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interests	511	428	0.1	651	D
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,180	923	0.3	1,270	D
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interests	1,660	1,601	0.4	2,160	B
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	1,260	1,144	0.3	1,440	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)
A78	Cosmo Court Motomachi	3-12-20 Motomachidori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	973	872	0.2	1,120	B
A79	Revest Honjin	2-13 Toriidori Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	674	599	0.2	837	B
A80	Revest Matsubara	3-13-12 Matsubara Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	657	590	0.2	824	B
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interests	608	540	0.1	768	B
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interests	597	530	0.1	786	B
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interests	595	531	0.1	741	B
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interests	581	510	0.1	759	B
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	544	490	0.1	664	B
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and one other parcel	Trust beneficiary interests	543	502	0.1	667	B
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interests	525	473	0.1	597	B
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	512	456	0.1	632	B
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interests	456	428	0.1	666	B
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and two other parcels	Trust beneficiary interests	446	407	0.1	551	B
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	412	385	0.1	556	B
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interests	374	345	0.1	455	B
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interests	373	338	0.1	466	B
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interests	355	322	0.1	456	B
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interests	335	314	0.1	460	B
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interests	331	310	0.1	331	B
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	310	285	0.1	400	B
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interests	297	268	0.1	337	B
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	1,782	1,729	0.4	2,080	B
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interests	1,683	1,668	0.4	1,910	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)
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interests	1,634	1,612	0.4	1,860	B
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,910	2,785	0.7	3,160	C
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interests	5,024	4,900	1.2	5,790	C
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interests	2,683	2,694	0.6	2,840	B
Subtotal (62 properties)				61,265	56,921	14.6	72,197	-
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interests	3,280	3,028	0.8	3,690	C
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interests	2,320	1,796	0.6	2,450	C
Subtotal (2 properties)				5,600	4,825	1.3	6,140	-
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interests	2,851	2,962	0.7	5,140	B
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interests	2,584	2,530	0.6	4,580	B
D03	Hotel MyStays Kyoto-Shijo	52, Kasabokochō, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interests	6,024	5,874	1.4	11,500	B
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interests	4,930	4,666	1.2	7,490	B
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interests	4,870	4,781	1.2	7,010	B
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,845	3,773	0.9	7,200	B
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interests	2,958	2,666	0.7	6,370	B
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	2,514	2,377	0.6	5,590	B
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	2,119	2,204	0.5	3,680	B
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,898	1,807	0.5	2,740	B
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	1,570	1,482	0.4	5,930	B
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interests	1,381	1,357	0.3	2,160	B
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,331	1,249	0.3	2,110	B
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,242	1,203	0.3	2,040	B
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	1,242	1,210	0.3	2,340	B
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	1,192	1,124	0.3	2,360	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)
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	1,192	1,143	0.3	3,450	B
D18	Flexstay Inn Kiyosumi Shirakawa (Note 9)	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	749	718	0.2	1,380	B
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	589	568	0.1	864	B
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	283	287	0.1	416	B
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	8,350	7,752	2.0	9,950	B
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interests	2,792	2,797	0.7	3,780	B
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interests	2,119	2,095	0.5	2,480	B
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interests	7,801	7,355	1.9	8,820	B
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	5,594	5,397	1.3	7,850	B
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interests	3,821	3,702	0.9	3,860	B
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interests	3,742	3,603	0.9	5,120	B
D28	Hotel MyStays Shimizu (Note 9)	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interests	2,198	2,161	0.5	2,420	B
D29	Super Hotel Shinbashi/Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interests	1,624	1,594	0.4	1,890	B
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interests	1,277	1,269	0.3	1,340	B
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interests	1,237	1,230	0.3	1,910	B
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	980	919	0.2	1,190	B
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interests	979	927	0.2	1,140	B
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interests	906	885	0.2	930	B
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interests	5,069	4,886	1.2	4,640	B
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interests	1,170	1,114	0.3	1,230	E
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interests	1,130	1,089	0.3	1,220	E
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	3,160	3,059	0.8	3,060	B
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interests	1,148	1,074	0.3	1,220	E
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interests	1,128	1,051	0.3	1,150	E

Property number (Note 1)	Name of property	Location (Note 2)	Legal form of asset	Acquisition price (JPY million) (Note 3)	Balance sheet carrying value (JPY million)	Investment percentage (%) (Note 4)	Appraisal value at the end of the period (JPY million) (Note 5)	Appraiser (Note 7)
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interests	1,010	955	0.2	1,070	E
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interests	851	795	0.2	906	E
D43	Hotel MyStays Gotanda Station (Note 10)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interests	26,523	26,410	6.3	26,600	C
D44	Hotel Epinard Nasu	1-10 Kaidoue, Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi (and 59 other parcels)	Trust beneficiary interests	20,981	19,863	5.0	23,100	C
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interests	8,059	7,833	1.9	8,750	C
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	7,959	7,819	1.9	7,050	C
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interests	13,761	13,130	3.3	14,500	C
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interests	2,139	2,130	0.5	2,220	E
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interests	8,000	8,017	1.9	10,700	B
D50	Hotel MyStays Shin Osaka Conference Center	6-2-19 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka	Trust beneficiary interests	13,068	12,979	3.1	13,500	D
D51	Hotel MyStays Premier Omori	6-19-3 Minami Oi, Shinagawa-ku, Tokyo	Trust beneficiary interests	9,781	9,722	2.3	10,200	D
D52	Beppu Kamenoi Hotel	5-17 Chuo cho, Beppu-shi, Oita	Trust beneficiary interests	8,870	8,415	2.1	9,170	D
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	7,880	7,713	1.9	8,320	D
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interests	5,326	5,262	1.3	5,500	D
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interests	2,772	2,737	0.7	2,810	D
D56	Art Hotel Hirosaki City	1-1-2, 1-1-6, 1-1-7, 1-2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interests	2,723	2,658	0.7	2,760	D
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interests	1,604	1,563	0.4	1,640	D
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interests	4,068	4,067	1.0	4,140	D
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interests	3,257	3,246	0.8	3,290	E
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interests	20,691	20,603	4.9	23,900	B
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interests	16,731	16,575	4.0	17,100	D
D62	Hotel MyStays Ueno East	5-5-6, Higashi Ueno Taito-ku, Tokyo	Trust beneficiary interests	5,286	5,255	1.3	5,390	D
D63	Hotel MyStays Midouji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	5,039	4,994	1.2	5,090	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)
D200	Westin Grand Cayman Seven Mile Beach Resort & SPA	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	30,061 (USD 272,171,000 )	30,011	7.2	30,720 (USD 285,000,000 ) (Note 12)	F
D201	Sunshine Suites Resort	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	The Leasehold (Note 11)	5,842 (USD 52,898,000)	5,826	1.4	5,950 (USD 55,200,000 ) (Note 12)	F
Subtotal (65 properties)				333,881	326,555	79.8	393,926	—
Total (129 properties)				400,747	388,302	95.7	472,263	—
—	Sheraton Grande Tokyo Bay Hotel (preferred equity interest)	—	Preferred equity interest issued by special purpose company (Note 13)	17,845	17,856	4.3	- (Note 5)	
Subtotal of preferred equity interest issued by special purpose company (1 property)				17,845	17,856	4.3	—	—
Total (130 properties)				418,593	406,159	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 (*juukyohyoji*), except that if the *juukyohyoji* 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 stated by the Cayman SPC as of May 9, 2019 (Cayman Island 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. Appraisal values for the underlying assets as of the closing date of the fiscal period are as follows.

Name of property	Appraisal value	Appraiser (Note 6)
Sheraton Grande Tokyo Bay Hotel	JPY 101,000 million	C

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

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

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

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

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

Group 1

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

Group 2

College Square Machida, Belair Meguro, and Wacore Tsunashima I

Group 3

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

(Note 9) The property name was changed to Hotel MyStays Shimizu on April 1, 2019 along with the change of the hotel operator.

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

(Note 11) The leasehold interests are the rights equivalent to long-term real estate leasehold rights for buildings and land under the laws of the Cayman Islands (Term: 99 years; annual lease payment: USD 1 or KYD 1). INV implemented an investment structure change regarding “Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort” on May 9, 2019 (Cayman Island 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), which are the undying assets of the TK.

(Note 12) Appraisal value at the end of the period are converted into JPY using the exchange rate of USD 1 = JPY 107.79, which is the exchange rate on the closing date of the fiscal period (June 30, 2019).

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

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction, etc., as of the end of the fiscal period ended June 30, 2019 for the real estate assets is as follows.

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (JPY thousand)		
					Total	Payment for the Fiscal Period ended June 2019	Advance Payments
D18	Flexstay Inn Kiyosumi Shirakawa	Koto-ku, Tokyo	Conversion of guestrooms	From July 2019 To December 2019	201,400	-	-
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Work related to subsidized projects	From July 2019 To December 2019	190,000	-	-
D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	Renovation work	From July 2019 To December 2019	170,000	-	-
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	Conversion of guestrooms	From July 2019 To December 2019	150,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Hot-and-chilled-water generator replacement	From July 2019 To December 2019	108,000	-	-

(b) Capital expenditures for the fiscal period ended June 30, 2019

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2019 is as follows. Capital expenditures for the fiscal period totaled JPY 1,186,225 thousand, and together with JPY 23,655 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,209,880 thousand was implemented.

Name of property		Location	Purpose	Time of implementation	Payment (JPY thousand)
D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	Renovation work	From January 2019 To June 2019	239,400
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Introduction of energy-saving equipment	From January 2019 To June 2019	214,332
D28	Hotel MyStays Shimizu	Shizuoka-shi, Shizuoka	Renovation work	From January 2019 To June 2019	119,422
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Disaster prevention switchboard replacement	From January 2019 To June 2019	20,276
D55	Art Hotel Joetsu	Joetsu-shi, Niigata	Upgrading of air-conditioning system	From January 2019 To June 2019	13,300
Other construction					579,493
Total					1,186,225

(3) Tenant Summary

a Summary of lease conditions by property

Disclosure is omitted because the information is described in the presentation material for the 32nd Fiscal Period Ended June 2019 separately announced today.

b Occupancy trend

Disclosure is omitted because the information is described in the presentation material for the 32nd Fiscal Period Ended June 2019 separately announced today.