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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended December 31, 2018 (July 1, 2018 to December 31, 2018)

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

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

We hereby provide you with a report on INV’s asset management and financial results for the 31st fiscal period (covering the period from July 1, 2018 to December 31, 2018; the “Reporting Period”).

INV positions hotels and residential properties as its core assets and conducts management activities to maximize growth potential and stability of the portfolio.

During the Reporting Period, INV conducted a global public offering of new investment units for the fifth consecutive year to acquire four hotels in Tokyo, Osaka and Sapporo, including two hotels under the Hotel MyStays “Premier” brand, and acquired the TK interest in two overseas hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) as underlying assets, becoming the first J-REIT to do so. As a result, the number of portfolio properties as of the end of the Reporting Period reached 132 with a total acquisition price of JPY 448,362 million, of which hotel assets account for approximately 80% (1). With regard to the hotel sector, the number of inbound visitors reached a new high of 31,191,000 (up 8.7% from the previous year) in 2018, steadily increasing towards the government targets of 40 million in 2020 and 60 million in 2030. In the Reporting Period, although hotel demand temporarily dropped due to the natural disasters in Western Japan and Hokkaido, INV was able to reach its hotel revenue target with the expansion of hotel demand mainly from the aforementioned inbound visitors as well as the positive effect of INV’s portfolio diversification and other factors.

With the Rugby World Cup scheduled in 2019 and Tokyo Olympic and Paralympic Games in 2020, Japan expects to see a further increase in the number of inbound visitors from the next fiscal period onward as a result of increasing international recognition of the country. Therefore, continuous growth of the hotel market and a better supply-demand situation can be expected.

Regarding residential properties, the rent increase program that has been implemented by INV resulted in an increase in rent per tsubo for both new and renewal contracts, achieving an increase in revenues compared with the previous year and versus the budget.

As a result of the initiatives and factors mentioned above, operating revenues reached JPY 14,451 million, operating income JPY 9,514 million, and net income JPY 8,384 million. INV decided on a distribution per unit of JPY 1,683, an increase of 7.6% year on year (2).

Ever since the commencement of sponsorship from the Fortress Group in 2011, INV has been focusing its efforts on establishing and strengthening a revenue base in order to improve the profitability of its portfolio and ensure stable distributions. Particularly during the three public offerings conducted in the past two years, INV has worked to enhance portfolio quality and increase distributions under the strong support of the sponsor, by acquiring prime properties including flagship hotels and residential properties from the sponsor pipeline and such. Such efforts have resulted in a steady increase of distribution per unit, and the full year distribution per unit for 2018 increased around eightfold compared to that for 2011.

Furthermore, INV established a medium-term plan “Vision 2022” in the Reporting Period and set the target of raising distribution per unit to JPY 3,700 by 2022 (3). INV will continue to implement its basic policy to “increase distribution per unit” to achieve such target, and will ensure the implementation of measures to maximize unitholder value.

Your continued support is highly appreciated.

Naoto Ichiki
Chairman and Director, Consonant Investment Management Co., Ltd.

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

- (1) For details, please refer to notes on pages 10 and 11.
- (2) Comparison with the fiscal period ended December 2017. In order to eliminate the seasonal effects of hotel variable rent, which is one of the major revenues of INV, in the comparison, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended June 2018).
- (3) This is a target based on various assumptions and conditions, and there is no guarantee that INV can achieve this target in 2022 or later.

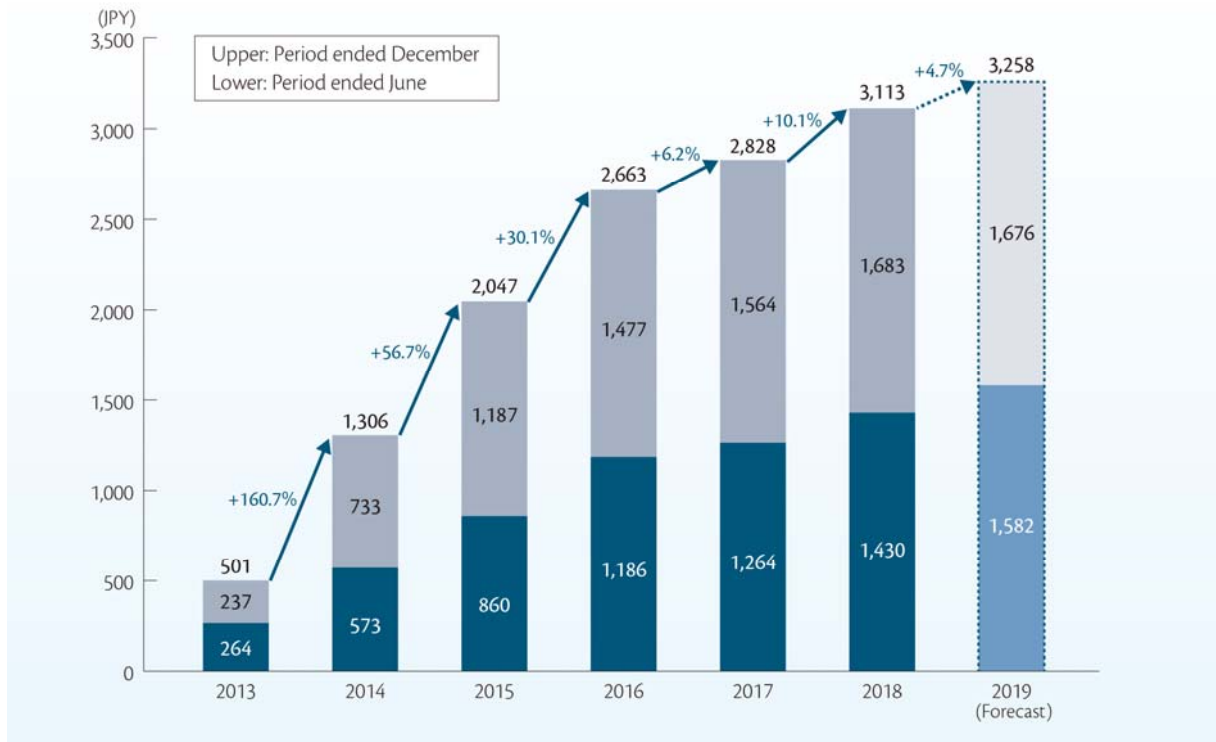
Distribution per unit for the 31st fiscal period (the fiscal period ended December 2018)

JPY 1,683

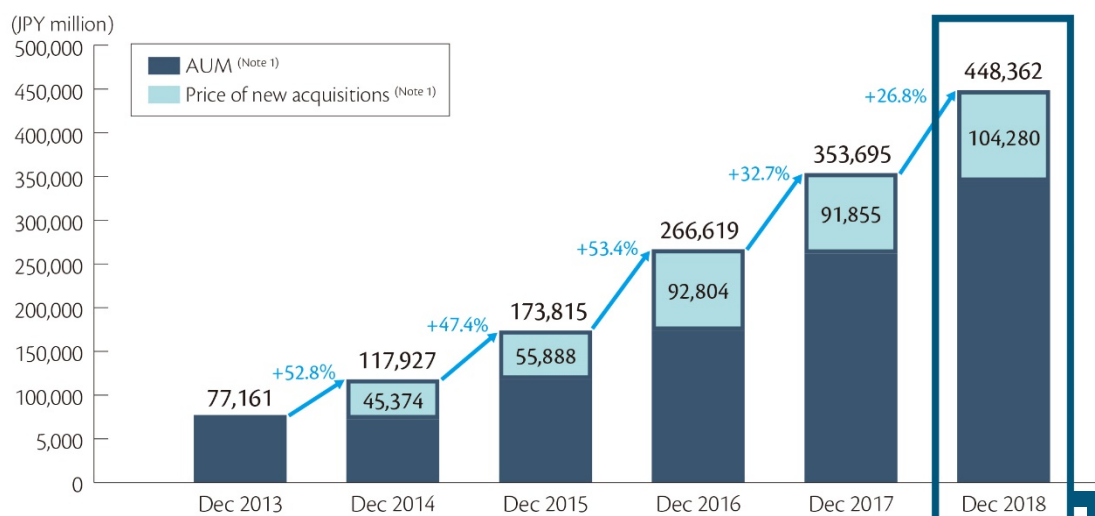
(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of February 28, 2019. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

Increase in Asset Size and Diversification of Portfolio

Change in DPU

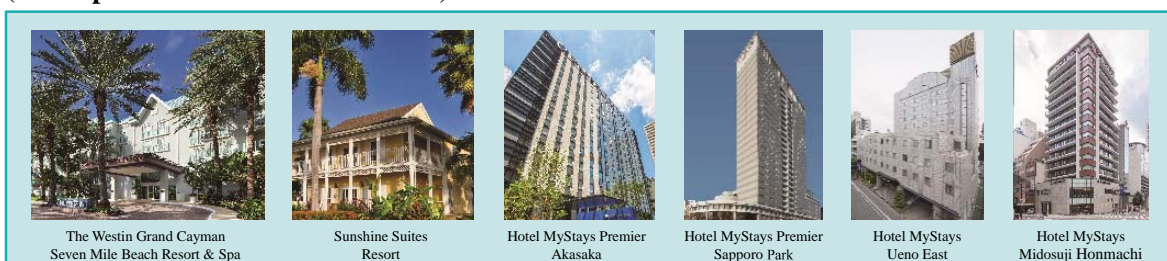


Change in Asset Size



No. of properties (Note 2)	78	91	111	124	126	132
Hotels	0	20	37	48	54	66
Residential	63	63	66	68	67	64
Others	15	8	8	8	5	2

Properties acquired in 2018 (10 domestic hotels, 2 overseas hotels) (Fiscal period ended December 2018)



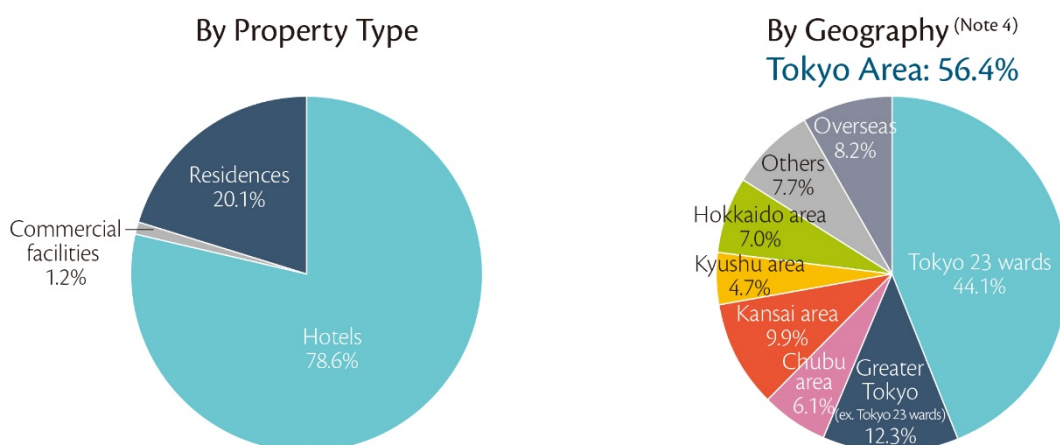
(Fiscal period ended June 2018)



(Note 1) "AUM" indicates the total acquisition price of assets owned as of the end of each year; and "Price of new acquisitions" indicates the total acquisition price of assets newly acquired out of AUM in the respective year. As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the TK interests which hold the two overseas real estate properties, investment amounts in the preferred equity securities and TK interests by INV (for TK interests, exchange rate of 1US\$=JPY110.45 based on exchange contract on July 26, 2018 is used for calculation, reflecting partial refund of investment for TK interests on December 10, 2018) are deemed as acquisition prices.

(Note 2) As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the TK interests which hold the two overseas real estate properties, the hotels, which are the underlying real estate properties, are counted in the number of properties and are categorized based on the use of each underlying real estate property.

Portfolio Composition (Based on acquisition prices ^(Note 3))



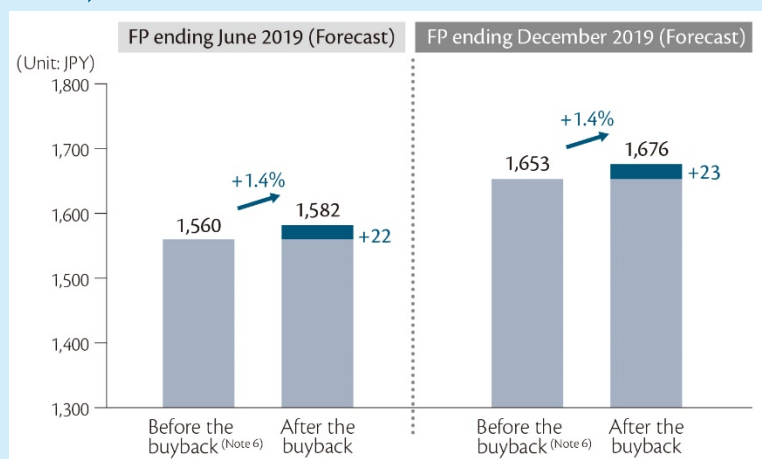
TOPICS

Implementation of unit buyback

INV repurchased its own investment units using cash on hand in the fiscal period ended December 2018 in order to improve unitholder value

Total number of investment units repurchased	81,341 units ^(Note 5) (1.4% of the total number of investment units issued and outstanding)
Total amount of investment units repurchased	JPY 3,999,980,400
Repurchase period	From December 13, 2018 to December 18, 2018 (based on execution date)
Repurchase fund	Cash on hand

Contributing to the increase of DPU (forecast for 2019)



(Note 3) Figures are as of December 31, 2018. As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the TK interests which hold the two overseas properties, the hotels, which are the underlying real estate properties, are counted in the number of properties; and investment amounts in the preferred equity securities and TK interests by INV (for TK interests, exchange rate of 1US\$=JPY110.45 based on exchange contract on July 26, 2018 is used for calculation, reflecting partial refund of investment for TK interests on December 10, 2018) are deemed as acquisition prices and are categorized based on the use and location of each underlying real estate property.

(Note 4) Each area is defined as follows.

Greater Tokyo: Tokyo, Kanagawa, Chiba and Saitama / Greater Tokyo (excluding Tokyo 23 wards): Tokyo (excluding Tokyo 23 wards), Kanagawa, Chiba and Saitama / Kansai area: Osaka, Hyogo, Kyoto, Shiga, Wakayama and Nara / Chubu area: Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa and Fukui

(Note 5) All investment units repurchased were retired during the fiscal period ended December 2018.

(Note 6) In the forecast of distribution for the fiscal period ending June 2019 and the fiscal period ending December 2019 announced on February 21, 2019, the forecast figures (excluding other figures) are indicated using the number of investment units assuming that the above unit buyback was not implemented.

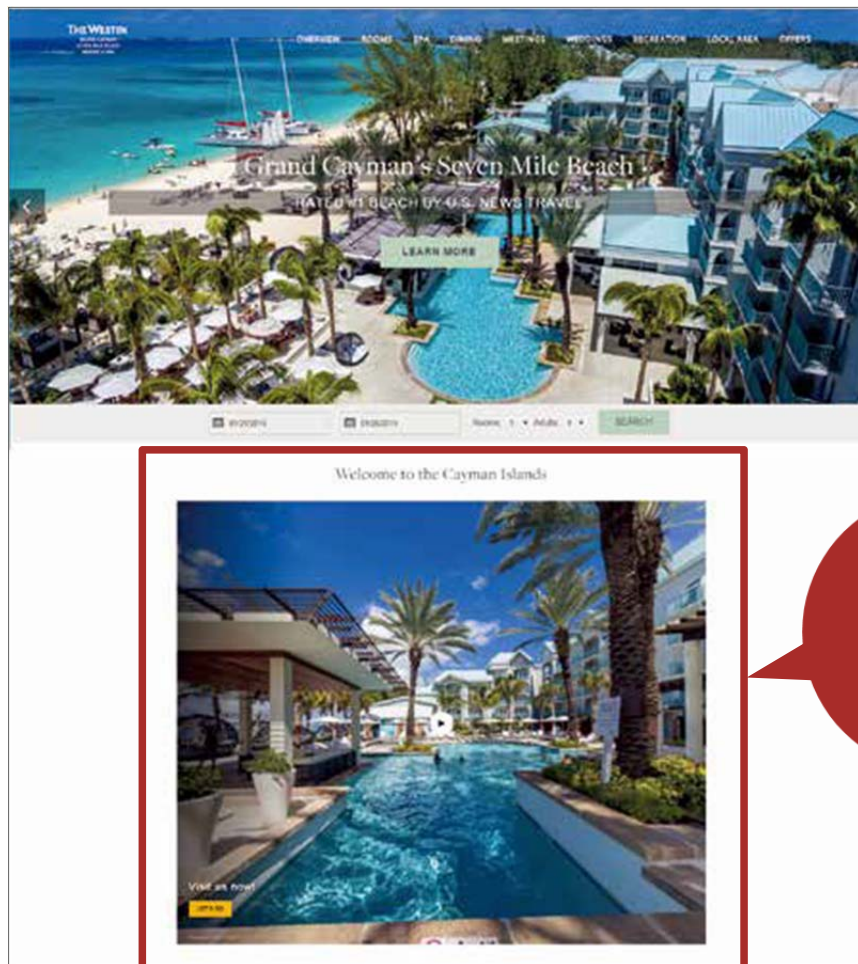


Would you like to virtually experience Westin Grand Cayman Seven Mile Beach Resort & Spa?

The official website of Westin Grand Cayman Seven Mile Beach Resort & Spa offers an online VR (virtual reality) tour. We introduce part of it here in our report.



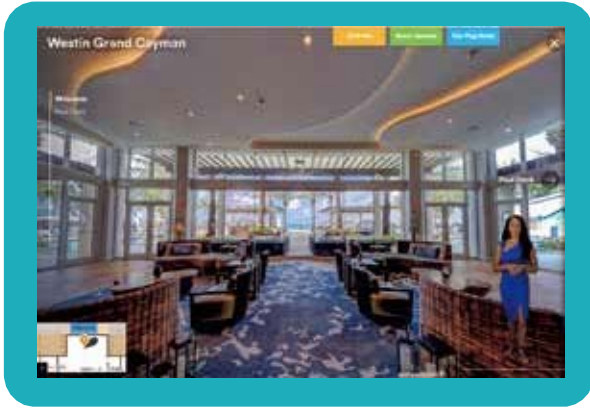
Front page of the official website of Westin Grand Cayman Seven Mile Beach Resort & Spa



<https://www.westingrandcayman.com/>



START!



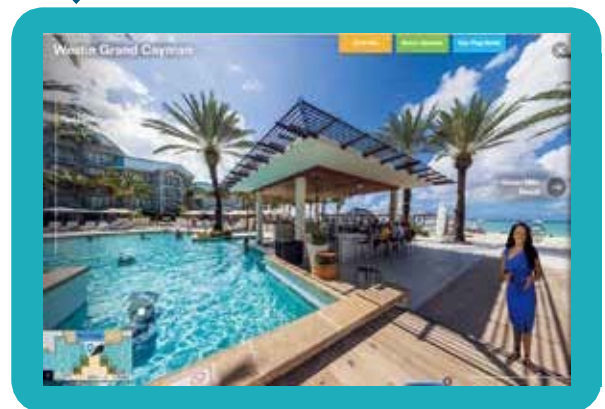
Entrance

Welcome! This spacious lobby will welcome you upon your arrival. Enjoy a welcome cocktail watching the beach through the window.



Pool deck

This is the largest freshwater pool on the Grand Cayman. A hot tub, courtyard café on the poolside and pool bar are all there for you to enjoy. A welcome reception is held here and it is also the best spot to take photos of the beautiful Cayman sunset.

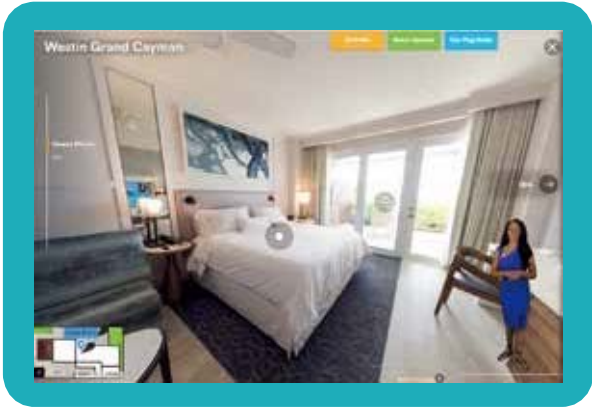


Private beach

Westin owns a private beach stretching for around 200 m on Seven Mile Beach, which boasts its status as one of the most popular resorts in the world. It provides guests with various services to make their stay at the beach most enjoyable.



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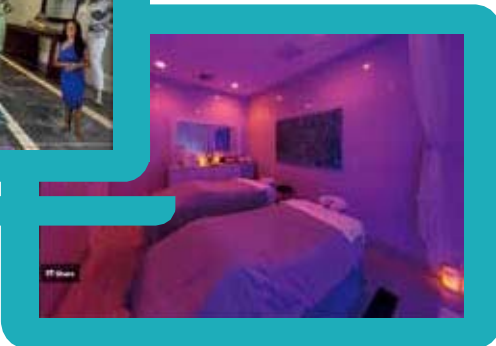
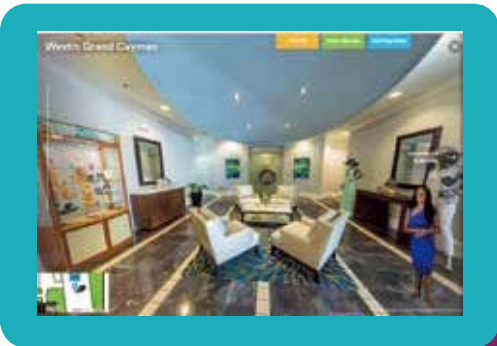
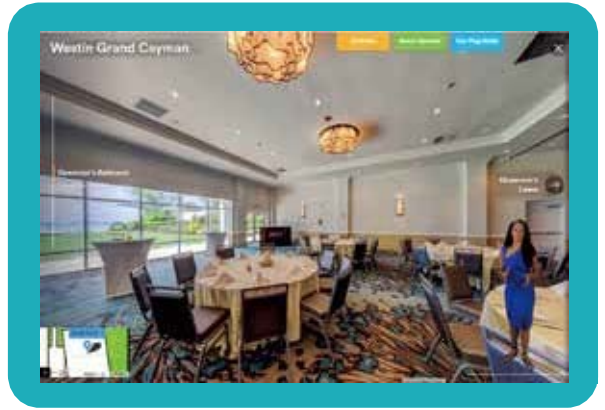
Guestrooms

They offer various types of luxurious guestrooms. Guests can enjoy the relaxing private space while viewing the scenery of Seven Mile Beach.



Meeting room

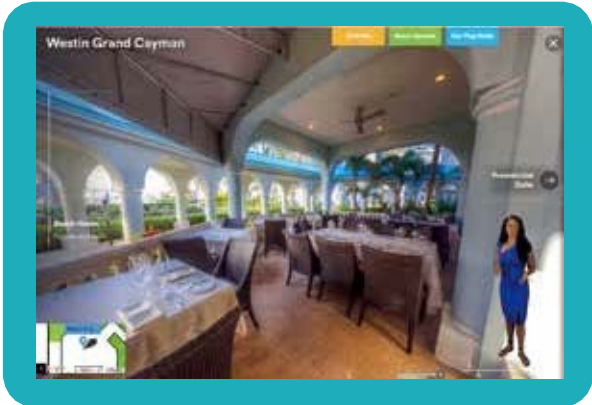
A large meeting room that can accommodate a wide range of functions including weddings, company meetings and events is available.



Spa

There are 13 treatment rooms and two saunas. With treatment for both the mind and body, they ensure the most satisfying service for the guests.

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Restaurant

This upscale yet casual restaurant facing Seven Mile Beach offers dishes from the Caribbean, the Mediterranean and Asia.



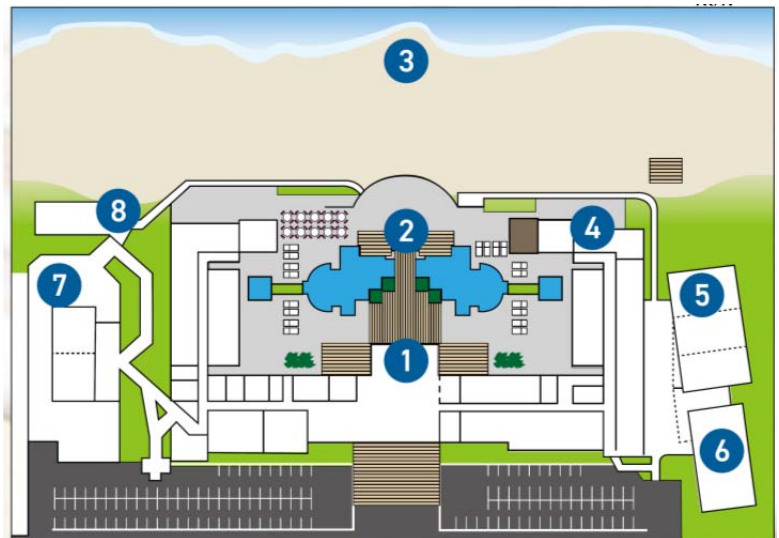
Terrace

The terrace offering a wonderful view of Seven Mile Beach is located next to the restaurant. Furniture such as comfortable chairs and tables and tropical flora have created a space with an open feeling.



GOAL!

- 1 Entrance
- 2 Pool deck
- 3 Private beach
- 4 Guestrooms
- 5 Meeting room
- 6 Spa
- 7 Restaurant
- 8 Terrace



Unitholder Benefit Program

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

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

Overview of the Unitholder Benefit Program⁽¹⁾

Applicable Hotels	<ul style="list-style-type: none"> ■ Sheraton Grande Tokyo Bay Hotel ■ All MyStays hotels⁽²⁾
Eligible Unitholders	Unitholders who hold 10 or more Invincible units and whose names are recorded on Invincible's Unitholders' Registry as of the relevant record dates:
Record Date	The last day of every fiscal period (June 30 and December 31 of each year)
Program Details	Stay with unitholder special discount rates at the above applicable hotels
Hotel Reservation	Reservation via designated website posting accommodation plans for the unitholder benefit program
Available Period ⁽³⁾	From April 1 to September 30 (eligible unitholders as of December 31) From October 1 to March 31 (eligible unitholders as of June 30)

Sheraton Grande Tokyo Bay Hotel



Hotel Epinard Nasu



Fusaki Resort Village



Hotel MyStays Premier Kanazawa



Hotel MyStays Premier Akasaka



(Note 1) The details of the unitholder benefit program described above are as planned by Invincible as of March 20, 2019, and the program may be changed or abolished even after it has been introduced.

(Note 2) Refers to all hotels under MyStays brand managed by MHM, and hotels shown on the MyStays Hotel Group's official website (<https://www.mystays.com/en-us/>) will be applicable.

(Note 3) Available Period represents a period during which you can lodge by using the unitholder benefit program. To enjoy the unitholder benefit program, you actually need to lodge during the availability period.

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period	
Reporting period		Jul. 1, 2016 to Dec. 31, 2016	Jan. 1, 2017 to Jun. 30, 2017	Jul. 1, 2017 to Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018	Jul. 1, 2018 to Dec. 31, 2018	
Operating Results	Operating revenue	(Note 1) (JPY thousand)	9,511,466	9,260,917	12,647,270	13,104,841	14,451,005
	(Rental revenue – real estate)	(JPY thousand)	9,511,466	9,260,917	11,403,236	11,122,481	13,604,224
	Operating expenses	(JPY thousand)	3,577,255	3,916,456	4,423,618	4,671,320	4,936,248
	(Property related expenses)	(JPY thousand)	3,162,067	3,518,684	3,962,183	4,136,619	4,450,676
	Operating income	(JPY thousand)	5,934,211	5,344,461	8,223,652	8,433,520	9,514,756
	Ordinary income	(JPY thousand)	5,431,608	4,702,678	7,303,702	7,722,553	8,384,676
Net income	(JPY thousand)	5,431,003	4,702,073	7,303,097	7,721,948	8,384,071	
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	277,361,874 (2.4)	306,421,050 10.5	371,758,254 21.3	374,512,988 0.7	455,362,796 21.6
	Interest-bearing debt	(JPY thousand)	142,419,000	163,990,000	186,983,000	189,415,000	229,873,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	131,455,278 1.1	139,062,593 5.8	181,320,466 30.4	181,523,263 0.1	221,364,900 21.9
	Unitholders' capital	(JPY thousand)	120,367,271	128,984,946	168,798,455	168,798,455	211,092,540
Dividend Status	Total distributions	(c) (JPY thousand)	5,429,192	4,880,081	7,496,535	6,854,248	9,537,291
	Dividend payout ratio	(Note 2) (%)	100.0	102.1	100.3	88.8	110.3
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	3,675,824	3,860,824	4,793,181	4,793,181	5,666,840
	Net assets per unit	(b) / (d) (JPY) (Note 3)	35,762	36,019	37,829	37,871	39,063
	Distributions per unit (Distributions of earnings per unit) (Distributions in excess of retained earnings per unit)	(c) / (d) (JPY) (JPY) (JPY)	1,477 1,477 -	1,264 1,243 21	1,564 1,528 36	1,430 1,430 -	1,683 1,632 51
Financial Measures	Return on assets (change over year)	(Note 4) (%)	1.9 3.8	1.6 3.2	2.2 4.3	2.1 4.2	2.0 4.0
	Return on equity (change over year)	(Note 4) (%)	4.2 8.2	3.5 7.0	4.6 9.0	4.3 8.6	4.2 8.3
	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	47.4 1.6	45.4 (2.0)	48.8 3.4	48.5 (0.3)	48.6 0.1
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	8,414,465	8,023,607	10,008,268	9,758,373	12,192,581

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

(Note 2) The “Dividend payout ratio” is calculated in accordance with the following formula:

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

“Dividend payout ratio” is rounded to one decimal place.

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

(Note 4) Financial measures above are calculated as below, and ratios are rounded to one decimal place.
Return on assets = Ordinary income / (Total assets at start of reporting period + Total assets at end of reporting period) / 2) x 100.
Return on equity = Net income for period ended December 31, 2018 / (Net assets at start of reporting period + Net assets at end of reporting period) / 2) x 100.
Capital ratio = Net assets at end of reporting period / Total assets at end of reporting period x 100.
Rental NOI = Rental revenue – Leasing costs + Depreciation for period ended December 31, 2018.

2 Overview of Asset Management for the Fiscal Period Ended December 2018

(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 June 2018 comprised of 126 properties (60 hotels (Note 3), 64 residential properties and two others) with a total acquisition price of JPY 363,831 million. The total acquisition price of the portfolio has significantly grown by 5.0 times, compared to May 22, 2014, which is the date immediately prior to INV's initial investment in hotels.

In the Fiscal Period ended December 31, 2018 (“Reporting Period”), INV implemented a global offering of new investment units for the fifth consecutive year to acquire four domestic hotels including two hotels operated under the “Hotel MyStays Premier” brand, as well as TK (Japanese anonymous association (*tokumei kumiai*)) interest in two overseas hotels as underlying assets for the first time ever in J-REIT history. As a result, INV's portfolio at the end of Reporting Period 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 Asset Manager revised the Investment Guidelines as of July 17, 2018 to allow the acquisition of overseas real estate assets as a new investment policy, and changed its investment policy regarding domestic hotels. Please refer to “(e) Amendment to the Investment Guidelines” for more details.

On July 17, 2018, INV amended and renewed the Memorandum of Understanding (the “MOU”) entered into with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisition of hotels and residential properties, which will continue to provide INV with considerable opportunities for external growth. As of February 28, 2019, there are 19 hotels and eight residential properties subject to the preferential negotiating rights under the MOU.

(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 to be acquired or 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) The TK interest is counted as two properties, based on the number of the underlying assets (two hotels) of the TK interest. The TK interest is an interest in Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), a Cayman Islands special purpose company that holds leasehold interests in “Westin Grand Cayman Seven Mile Beach Resort & SPA” and “Sunshine Suites Resort” as underlying assets. The TK interest is classified as a hotel property, based on the use of the underlying assets of the TK interest, and INV’s investment amount for the TK interest is used as the acquisition price of the TK interest, unless otherwise stated. The acquisition price is rounded down to the nearest JPY million.

(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).

(b) Operational Environment and Performance

For the December 2018 period, the portfolio NOI increased by 21.8% or JPY 2,184 million to JPY 12,192 million compared to the same period in the previous year (the December 2017 period). The hotel portfolio NOI increased by JPY 2,419 million, which is equivalent to the increase by 24.2% 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 55 million, which is equivalent to the decrease by 0.6% 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 179 million, which is equivalent to the decrease by 1.9% of the portfolio NOI, due to the sale of assets. The portfolio continued to maintain a high average occupancy rate (Note 1) of 98.5% for the period.

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

The NOI (Note 2) for the Reporting Period of the 51 hotels (Note 3) owned by INV increased by 2.6% compared to the same period in the previous year (figures exclude nine hotels with fixed-rent lease agreements of the 60 hotels owned by INV at the beginning of the December 2018 Fiscal Period). The 51 hotels recorded an occupancy rate (Note 4) of 90.7% (+0.1 points YoY), ADR (Note 5) of JPY 11,148 (+2.5% YoY), and RevPAR (Note 6) of JPY 10,106 (+2.6% YoY). Fixed rent revenues accounted for 49.8% (JPY 4,909 million) of total hotel revenue and variable rent revenues accounted for 50.2% (JPY 4,953 million) of total hotel revenue (figures based on the 63 domestic owned hotels as of the end of the December 2018 Fiscal Period, and excludes Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of the TMK owned by INV).

Inbound visitors reached a record high of 31.19 million (+8.7% YoY) in 2018, while government targets continued growth of 40 million visitors in 2020 and 60 million visitors in 2030. Japan will host the Rugby World Cup in 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.

The NOI (Note 7) of the 64 residential properties (Note 8) for the Reporting Period increased by 5.0% compared to the same period in the previous year, and the average occupancy rate achieved 95.4%, an increase of 0.6 points compared to the same period in the previous year.

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 53.4% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 2.9% compared to the previous rent across all new leases (Note 9).

INV achieved a rent increase for 52.8% (based on the number of contracts) of contract renewals for an average rent increase of 4.6% compared to the previous rent across all renewal leases (Note 9), while maintaining a high contract renewal rate (Note 10) of 79.1%. Combined, new leases and renewal leases were signed at 3.8% higher than the previous leases (Note 9).

Specifically, at Royal Parks Tower Minami-Senju, INV's flagship residential property, INV achieved strong results with rent increases for 90.4% (based on the number of contracts) of the new lease contracts and 94.9% (based on the number of contracts) of contract renewals, with an average rent increase of 9.8% compared to the previous rent across all new leases and renewal leases (Note 9).

The total appraisal value of 129 properties was JPY 462,580 million (3 out of the 132 properties owned by INV at the end of the Reporting Period are excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity), Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (TK interest) for which appraisal values of such securities is not applicable). The portfolio has an unrealized gain of JPY 79,930 million (Note 11) and an unrealized gain ratio of 20.9% (Note 11). The total appraisal value of 125 properties which were owned throughout the Reporting Period increased by 0.5% from JPY 411,542 million at the end of June 2018 period to JPY 413,720 million at the end of the Reporting Period.

Key Performance Indicators of 51 Hotel Properties (Note 2)

	December 2018 fiscal period	Year-on-year change
Occupancy Rate (Note 4)	90.7%	+0.1pt
ADR (JPY) (Note 5)	11,148	+2.5%
RevPAR (JPY) (Note 6)	10,106	+2.6%
GOP (JPY million) (Note 12)	9,707	+2.1%

Key Performance Indicators of 64 Residential Properties (Note 7)

	December 2018 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	95.4%	+0.6pt
Average Rent per Tsubo per Month (JPY) (Note 13)	9,832	+2.2%
NOI (JPY million) (Note 8)	2,566	+5.0%

(Note 1) “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 2) Of the 60 hotels held as of the beginning of the December 2018 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 July 2017 by INV had been owned since July 1, 2017. The actual results before acquisition by INV are based on the data provided by the sellers.

(Note 3) NOI includes a simulated amount of dividend income from Kingdom Special Purpose Company that owns Sheraton Grande Tokyo Bay Hotel as an underlying asset. The fiscal periods of the TMK are semi-annual periods from April 1 to September 30 and from October 1 to March 31 every year, and INV will receive the dividend within three months from the end of each semi-annual fiscal period of the TMK. Since INV does not receive a dividend from the TMK on a monthly basis, the amount of dividend INV receives from the TMK for each month is a simulated figure, which is calculated by deducting (i) simulated expenses such as operating expense of the TMK and the interest of debt (calculated by dividing the budget of the TMK for the fiscal period that includes the relevant month by the number of months in such fiscal period) from (ii) NOI based on the performance of Sheraton Grande Tokyo Bay Hotel in the month which is three months before the target month for this performance disclosure and multiplied by INV’s ownership ratio of the preferred equity interest in the TMK (49.0%). However, NOI excludes a simulated amount of dividend income from TK interest the underlying assets of which are Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort, which were acquired by INV in September 2018.

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

$$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms} \times \text{number of days)}}$$
 Hereinafter the same shall apply.

(Note 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 December 2018 Fiscal Period. In addition, the figures for the properties acquired after July 2017 are calculated on the assumption INV had acquired those properties on July 1, 2017, 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 229,873 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 50.2% and 44.2% 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:

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

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

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

(*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) is deemed as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest). Also, for the TK interest with two overseas real estate as underlying assets, the acquisition price (which is the INV’s TK investment amount after a partial refund: INV originally funded 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 from the Cayman SPC) of such TK interest, USD 333,036 thousand (JPY 36,783 million, 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), is deemed as the appraisal value and included.

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

(i) Equity Financing

INV implemented a global public offering which closed on August 1, 2018 (the number of new investment units issued: 909,524; total issue value: JPY 40,280 million) and a third party allotment which closed on August 21, 2018 (the number of new investment units issued: 45,476; total issue value: JPY 2,013 million) in order to procure part of the funds for the acquisition of four domestic hotels and the TK interest with two overseas hotels as underlying assets described in “(d) Overview of Acquisition of Assets”.

(ii) Debt Financing

a. Borrowing of Funds

INV borrowed New Syndicate Loan (I) on July 17, 2018 (total amount borrowed: JPY 28,979 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50%, 0.40% and 0.30% for durations of five, four and three years), which was arranged by Mizuho Bank, Ltd. as the arranger in order to repay New Syndicate Loan (E) in the amount of JPY 28,979 million which was due on July 17, 2018.

In tandem with the public offering as described in (i) above, INV borrowed New Syndicate Loan (J) on August 2, 2018 and September 26, 2018 (total amount borrowed: JPY 40,458 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.50%, 0.40%, 0.30%, and 0.20% for durations of five, four and three years and one year), which was arranged by Mizuho Bank, Ltd. as the arranger in order to pay a portion of the acquisition price and related expenses for the acquisition of the four domestic hotels and the TK interest with two overseas hotels as underlying assets described in “(d) Overview of Acquisition of Assets”.

b. Issuance of Investment Corporation Bonds

INV issued its Third Series of investment corporation bonds for the purpose of raising funds for repaying existing borrowings, as these bonds helped to diversify the financing sources for INV, while at the same time lowering its financing costs and lengthening the average maturity period of its debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Security/ Guaranty
Third Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	October 12, 2018	2,000	0.550%	October 12, 2023	Unsecured / Unguaranteed Rating: A (JCR)

(d) Overview of Acquisition of Assets

(i) Acquisition of four domestic hotel properties

The Asset Manager decided on the acquisition of four domestic hotels as follows on July 17, 2018, and acquisition of the assets has been closed on August 2, 2018.

Use	Property Number	Property Name	Location	Acquisition Price (million yen) (Note 1)	Appraisal Value (million yen) (Note 2)	Seller	Category of Specified Assets
Hotel	D60	Hotel MyStays Premier Akasaka	Minato-ku, Tokyo	20,691	20,900	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D61	Hotel MyStays Premier Sapporo Park	Sapporo, Hokkaido	16,731	16,900	Raetia Tokutei Mokuteki Kaisha	
	D62	Hotel MyStays Ueno East	Taito-ku, Tokyo	5,286	5,340	HL Investments 2 Tokutei Mokuteki Kaisha	
	D63	Hotel MyStays Midosuji Honmachi	Osaka, Osaka	5,039	5,090	Dogo Tokutei Mokuteki Kaisha	
Total				47,747	48,230	-	-

(Note 1) Acquisition Prices do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes; the same shall apply hereinafter.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by the Japan Real Estate Institute or The Tanizawa Sōgō Appraisal Co., Ltd. on the valuation date of June 1, 2018.

(ii) Acquisition of TK Interest with two Overseas Real Estate as Underlying Assets

The Asset Manager decided on acquisition of TK interest as follows on July 17, 2018 and acquisition of asset has been closed on September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time).

Asset acquired	TK interest in a Cayman Islands special purpose company that holds 99-year Leasehold Interests (Note 1) (with a lease payment of USD 1 or KYD 1 per year) in overseas real estate as underlying assets (the “Cayman Hotel TK Interest”)
Acquisition price	USD 333,036 thousand (JPY 36,783 million) (Note 2) (Note 3) for 100.0% of the Cayman Hotel TK Interest
Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (each an “Underlying Asset”, and collectively the “Underlying Assets”, or the “Two Overseas Hotel Assets”)
Acquisition date	September 28, 2018 (Cayman Island local time)
TK operator	Seven Mile Resort Holdings Ltd.

(Note 1) Rights equivalent to long-term real estate leasehold rights in Japan (hereinafter referred to collectively as the “Leasehold”). The TK operator 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.

(Note 2) The investment amount is fixed by the foreign exchange forward contract executed on July 26, 2018 in Japanese Yen denomination which were calculated using an exchange rate of USD 1 = JPY 110.45. Hereinafter the same.

(Note 3) The acquisition price is INV’s investment amount for the Cayman Hotel TK Interest. In investing in the Cayman SPC, INV initially funded USD 339,836 thousand (JPY 37,534 million), which is 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. The acquisition price is rounded down to the nearest JPY million.

(Note 4) Seven Mile Resort Management Ltd. (the “Hotel Operating SPC”), a special purpose company established separately from the Cayman SPC under the laws of the Cayman Islands, has been entrusted with all aspects of the hotel operations pursuant to a hotel management agreement with the Cayman SPC for each of the Westin Grand Cayman Seven Mile Beach Resort & Spa and the Sunshine Resort (collectively, the “Hotel Management Agreement”). Each of the common shares issued by the Cayman SPC and the Hotel Operating SPC is 100% owned by a general incorporated association (*ippan shadan hojin*) established according to the Act on General Incorporated Associations and General Incorporated Foundations in Japan. The *ippan shadan hojin* by its nature will not receive any cash distributions from the hotel operations. The outline of the Hotel Management Agreement concluded between the Hotel Operating SPC and the Cayman SPC is as follows:

Hotel Management Assignor	Seven Mile Resort Holdings Ltd.
Hotel Management Trustee	Seven Mile Resort Management Ltd.
Term of Agreement	The agreement term shall last ten years from the Hotel management assignor’s acquisition of the Two Overseas Hotel Assets and renew automatically every five year unless the hotel management assignor and the hotel management trustee mutually agree to terminate the agreement 75 days prior to the end of the term.
Remuneration	Equivalent to actual costs
Other Special Matters	Both the hotel management assignor and the hotel management trustee may cancel the Hotel Management Agreement for any reason by 60-days’ prior written notice.

(e) Amendment to the Investment Guidelines

The Asset Manager revised the Investment Guidelines as of July 17, 2018. Such revision is 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 rooms, food and beverage and banquet facilities, that are expected to achieve stable growth in overall hotel revenues. Please refer to the latest securities report for the fiscal period ended June 2018 (from January 1, 2018 to June 30, 2018) (available in Japanese only) filed on September 25, 2018 for details of the revised investment policy.

(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 1,346 million from the previous period (+10.3%) to JPY 14,451 million, net income increased by JPY 662 million (+8.6%) to JPY 8,384 million and unappropriated retained earnings including the retained earnings carried forward (JPY 756 million) reached JPY 9,140 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, due to i) one-off expenses in connection with the public offering, the asset acquisition and the borrowings, ii) the revenues of the four domestic hotels acquired during the December 2018 fiscal period will contribute for only a part of the period, and iii) distributions from the TK interest will start from the fiscal period ending June 2019, earnings per unit decreased. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits in the amount of JPY 204 million (JPY 36 per unit) within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the transactions including i) the asset acquisitions and dispositions in the fiscal period ended June 2018, ii) asset acquisitions completed or to be completed, in the fiscal period ended December 2018, and iii) refinancing, issuance of new investment units by public offering and third-party allotment, and new borrowing. Further, INV intends to make distribution in excess of profits in the amount of JPY 85 million (JPY 15 per unit) in order to cope with the discrepancy between tax and accounting treatment on depreciation. As a result, distribution per unit (including excess profit distribution) is JPY 1,683.

Moreover, in the Reporting Period, deferred gain on hedging of JPY 108 million has arisen. Deferred gain on hedging 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.

Furthermore, INV conducted a unit buyback in December in order to increase unitholder value after taking a comprehensive review of performance indicators, including NAV per investment unit and dividend yield, concluding that the investment units were undervalued. INV entered into a discretionary transaction agreement with a securities company to acquire units from the market (Tokyo Stock Exchange) for an acquisition period of December 13, 2018 through February 28, 2019. All the acquired own investment units were acquired by December 18, 2018 and were retired on December 28, 2018. The total number of investment units acquired and retired in the Reporting Period was 81,341 units (representing 1.4% of the total number of issued and outstanding units before such acquisition and retirement of own investment units), and the amount of investment units acquired was JPY 3,999 million.

3 Changes in Total Number of Investment Units Issued and Outstanding

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

Date	Type of issue	Total number of investment units issued and outstanding (units)		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 five units per one unit was conducted.

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

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

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

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

- (Note 6) New investment units were issued in a third-party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.
- (Note 7) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 8) New investment units were issued in a third-party allotment at a price of JPY 55,941 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of properties.
- (Note 9) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 10) New investment units were issued in a third-party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of specified assets.
- (Note 11) INV decided at the Board of Directors' Meeting held on February 22, 2017, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.
- (Note 12) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 13) New investment units were issued in a public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued in a third party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.
- (Note 15) New investment units were issued in a public offering at a price of JPY 45,776 per unit (JPY 44,287 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 16) New investment units were issued in a third-party allotment at a price of JPY 44,287 per unit for the purpose of raising a part of the funds for the acquisition of new properties.
- (Note 17) INV acquired own investment units from December 13, 2018 to December 18, 2018 (on a trade date basis) through the market purchase at Tokyo Stock Exchange based on a discretionary transaction contract with a securities company.
INV resolved the retirement of all the acquired own investment units at the Board of Directors' Meeting held on December 25, 2018 and the acquired own investment units were retired on December 28, 2018.
The acquisition of own investment units was conducted using capital surplus, and thus there is no change to unitholders' capital.

Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period
Closing month	December 2016	June 2017	December 2017	June 2018	December 2018
Highest	70,300	54,800	50,200	53,000	51,000
Lowest	49,600	41,500	44,450	46,650	44,800

4 Distribution Performance

With respect to profit distributions for the Reporting Period, 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).

In addition, in accordance with the cash distribution policy as set forth in Article 17, Item 4 of the Articles of Incorporation, INV makes distributions of cash 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 (JPY 15 per unit) as distribution from the allowance for temporary differences adjustment in order to cope with the discrepancy between tax and accounting treatment, and JPY 204 million (JPY 36 per unit) as refund of investment in order to level total distributions because the amount of profit distributions decreases temporarily due to the incurrence of one-off expenses associated with expenses from the issuance of new investment units and borrowings. As a result, distribution (including Excess Profit Distribution) is JPY 1,683 per unit.

Period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period
Calculated Period	Jul. 1, 2016 to Dec. 31, 2016	Jan. 1, 2017 to Jun. 30, 2017	Jul. 1, 2017 to Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018	Jul. 1, 2018 to Dec. 31, 2018
Unappropriated retained earnings (JPY thousand)	5,659,831	4,708,487	7,212,580	7,610,548	9,140,372
Reserved profit (JPY thousand)	6,414	-90,516	-111,399	756,300	-107,910
Total cash distribution (JPY thousand)	5,429,192	4,880,081	7,496,535	6,854,248	9,537,291
(Distribution per unit) (JPY)	(1,477)	(1,264)	(1,564)	(1,430)	(1,683)
Total profit distribution (JPY thousand)	5,429,192	4,799,004	7,323,980	6,854,248	9,248,282
(Profit distribution per unit) (JPY)	(1,477)	(1,243)	(1,528)	(1,430)	(1,632)
Total refund of investment (JPY thousand)	-	81,077	172,554	-	289,008
(Refund of investment per unit) (JPY)	(-)	(21)	(36)	(-)	(51)
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	-	46,329	-	-	85,002
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	(-)	(12)	(-)	(-)	(15)
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	34,747	172,554	-	204,006

Period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period
Calculated Period	Jul. 1, 2016 to Dec. 31, 2016	Jan. 1, 2017 to Jun. 30, 2017	Jul. 1, 2017 to Dec. 31, 2017	Jan. 1, 2018 to Jun. 30, 2018	Jul. 1, 2018 to Dec. 31, 2018
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	(-)	(9)	(36)	(-)	(36)

5 Future operational policy and issues to be addressed

Outlook for the Fiscal Periods Ending June 30, 2019 and December 31, 2019

The DPU for the June 2019 fiscal period and December 2019 fiscal period are forecast to be JPY 1,582 (+10.6% YoY) and JPY 1,676 (-0.4% YoY). The full year DPU for calendar year 2019 is forecast to be JPY 3,258 (+4.7% YoY), providing steady growth.

a Future operational policy and issues to be addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU and financial stability with the Fortress Group as its sponsor. Since Fortress Group joined under the umbrella of SoftBank Group in December 2017 and SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly as of March 29, 2018, in addition to continued access to Fortress'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 interest-bearing 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 63.5% 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	JPY 14,043 million
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 2)	JPY 57,444 million (Note 2)
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 3)	JPY 36,783 million (Note 3)
Total	94 properties (of which 63 are hotels and 31 are residential properties)	JPY 391,745 million (of which hotels: JPY 340,107 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 300 billion and the number of properties that the Fortress Group has 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 19 hotels and eight residential properties (as of February 28, 2019; see the table below) (Note 4). In addition, by utilizing the property transaction information available through the Fortress Group and the Asset Manager's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	Asset type (Note 5)	Location	No. of rooms
1	Rihga Royal Hotel Kyoto	Full Service Hotel	Kyoto, Kyoto	489
2	Hotel MyStays Premier Narita	Full Service Hotel	Narita, Chiba	711
3	Fusaki Beach Resort Hotel & Villas	Resort Service Hotel	Ishigaki, Okinawa	188
4	Art Hotel Asahikawa	Full Service Hotel	Asahikawa, Hokkaido	265
5	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa, Ishikawa	206
6	Hotel MyStays Matsuyama	Full Service Hotel	Matsuyama, Ehime	162
7	Hotel MyStays Sapporo Nakajima Park	Limited Service Hotel	Sapporo, Hokkaido	86
8	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama, Kanagawa	70
9	MyCUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	161
10	Hotel MyStays Fuji Onsen Resort	Resort Hotel	Fujiyoshida, Yamanashi	159
11	Hotel Nord Otaru	Limited Service Hotel	Otaru, Hokkaido	98
12	Hotel Sonia Otaru	Limited Service Hotel	Otaru, Hokkaido	149
13	Art Hotel Niigata Station	Full Service Hotel	Niigata, Niigata	304
14	Art Hotel Ishigakijima	Resort Hotel	Ishigaki, Okinawa	245
15	Hotel MyStays Shinsaibashi East	Limited Service Hotel	Osaka, Osaka	85
16	Hotel MyStays Sapporo Aspen	Limited Service Hotel	Sapporo, Hokkaido	305
17	Hotel MyStays Sapporo Nakajima Park Annex	Limited Service Hotel	Sapporo, Hokkaido	80
18	Hotel MyStays Sapporo Susukino	Limited Service Hotel	Sapporo, Hokkaido	104
19	Hotel MyStays Nayoro	Limited Service Hotel	Nayoro, Hokkaido	70
Hotel subtotal				3,937
20	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121
21	Gran Charm Kichioji	Residential/Small Type	Musashino, Tokyo	28
22	Green Patio Noda	Residential/Small Type	Noda, Chiba	240
23	Dainichi F□45	Residential/Small Type	Urayasu, Chiba	54
24	Gran Charm Urayasu	Residential/Small Type	Urayasu, Chiba	54
25	Gran Charm Urayasu 5	Residential/Small Type	Urayasu, Chiba	54
26	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa, Chiba	52
27	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa, Chiba	48
Residential property subtotal				651
Total				4,588

(Note 1) The percentage indicates composition of rent revenue based on the actual results for the fiscal period ended December 2018. Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is excluded.

(Note 2) 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 3) The Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort acquired by the Cayman SPC, of which INV owns 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. 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 from the Cayman SPC. INV's investment amount to the TK interest is after such partial refund (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 executed on July 26, 2018 and implemented on September 26, 2018.
- (Note 4) The term of validity of the MOU is from July 17, 2018, the date of execution of the updated MOU, to July 16, 2019. However, regarding the 28 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. Nineteen hotels and nine residential properties were subject to preferential negotiation rights as of the amendment date of the MOU. However, INV has waived the preferential negotiation right for one residential property on February 26, 2019.
- (Note 5) Each "Asset Type" above is as follows:
- "Limited Service Hotel" refers to a hotel focusing on revenues from room stay and offer limited service regarding foods and beverages, banquet, spa or gymnasium facilities.
 - "Full Service Hotel" refers to a hotel having segments of stay, foods and beverages, and banquet.
 - "Resort Hotel" refers to a hotel located at tourist destinations or recreational lots, having segments of stay, foods and beverages, and incidental facilities.
 - "Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m².

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 management fees for the hotel operator as rents, and as a result INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 52 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

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

(Residential properties and others)

INV will continue to strengthen its collaborative ties with PM and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the high-season in the residential rental market that occurs during the June 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 issued the investment corporation bonds for the purpose of raising funds from repaying existing borrowings, as described in "2 Overview of Asset Management for the Fiscal Period Ended December 2018 (c) Overview of Fund Raising (ii) Debt Financing b. Issuance of Investment Corporation Bonds" and lowered its financing costs while at the same time lengthened the average maturity period of its debt and diversified the maturity date of its debt and funding sources. 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 accountant) oversee the execution of the executive officer's duties via the Board of Directors of INV. In addition, the compliance officer of the Asset Manager attends each meeting of the Board of Directors in the capacity of an observer.

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

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

6 Significant Subsequent Events

Not applicable. Reference information is stated below.

(Reference Information)

(a) Overview of Fund Raising

INV has decided to implement new borrowings (Term Loan (I)) on January 18, 2019, in order to repay Term Loan (B) in the amount of JPY 4,250 million which was due on January 22, 2019.

Overview of Term Loan (I)

Lender	Borrowing Date	Outstanding Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	January 22, 2019	4,250	0.37250% (Note 1)	January 22, 2022	Unsecured/ non guarantee

(Note 1) This borrowing has a floating interest rate, but the interest rate is fixed through an interest rate swap agreement as of January 18, 2019. Therefore, the interest rate stated is fixed in consideration of the swap.

Overview of the Investment Corporation

1 Overview of Investment

By Period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period
Results Dates	As of Dec. 31, 2016	As of Jun. 30, 2017	As of Dec. 31, 2017	As of Jun. 30, 2018	As of Dec. 31, 2018
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	3,675,824	3,860,824	4,793,181	4,793,181	5,666,840
Unitholders' capital (JPY million)	120,367	128,984	168,798	168,798	211,092
Number of total unitholders	15,634	17,493	26,761	27,960	35,228

2 Notes regarding Unitholders

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

Name	Number of units held	% of total number of investment units issued and outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	768,650	13.56
Japan Trustee Services Bank, Ltd. (trust account)	565,175	9.97
JP MORGAN CHASE BANK 385628	263,576	4.65
The Nomura Trust and Banking Co., Ltd. (investment trust account)	197,578	3.48
Trust & Custody Services Bank, Ltd. (securities investment trust account)	196,571	3.46
BNYM AS AGT/CLTS 10 PERCENT	146,718	2.58
Mizuho Trust & Banking Co., Ltd.	131,076	2.31
GCAS BANA LONDON US CLIENT	123,245	2.17
SSBTC CLIENT OMNIBUS ACCOUNT	117,003	2.06
STATE STREET BANK AND TRUST COMPANY 505001	90,313	1.59
Total	2,599,905	45.87

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

3 Notes regarding Directors

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

Position	Name	Primary responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd. (current position)	-
Supervisory Director	Takashi Takahashi	Attorney, Ocean General Law Office (current position)	2,400
	Hiroyuki Fujimoto	Tax accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position)	2,400
	Yoshihiro Tamura (Note 1)	Attorney, Shiba-Daimon Law Office Statutory Auditor, BEQONE PARTNERS, Inc. (current position)	400
Auditor	Ernst & Young ShinNihon LLC (Note 2) (Note 3)	-	37,200

(Note 1) Takashi Takahashi, the former supervisory director, resigned on December 12, 2018, and Yoshihiro Tamura assumed the office of supervisory director on the same day.

(Note 2) The Japanese name of Ernst & Young ShinNihon LLC was changed on July 1, 2018. (The English name remains unchanged.) Hereinafter the same shall apply.

(Note 3) The remuneration for the auditor includes fees for preparing comfort letters (JPY 20,400 thousand).

(Note 4) Executive and supervisory directors do not hold INV's units either in their names or in the names of third parties. In addition, while they may be directors of organizations not listed above, those organizations as well as those listed above have no conflicts of interest with INV.

Determination policy for dismissal or non-reappointment of Auditor

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

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

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

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

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

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

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

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

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended June 30, 2018 (as of June 30, 2018)		Fiscal period ended December 31, 2018 (as of December 31, 2018)		
			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	-	-	-	-	
		Subtotal	2	0.0	2	0.0	
Total real estate			2	0.0	2	0.0	
Real estate in trust	Residences	Greater Tokyo area	70,877	18.9	70,386	15.5	
		Major regional cities	15,691	4.2	15,521	3.4	
		Subtotal	86,569	23.1	85,908	18.9	
	Offices/Commercial Facilities	Greater Tokyo area	-	-	-	-	
		Major regional cities	4,912	1.3	4,866	1.1	
		Subtotal	4,912	1.3	4,866	1.1	
	Hotels	Greater Tokyo area	133,640	35.7	159,136	34.9	
		Major regional cities	111,809	29.9	132,735	29.1	
		Subtotal	245,450	65.5	291,872	64.1	
	Total real estate in trust			336,932	90.0	382,647	84.0
	Preferred equity interest (Note 4)			17,856	4.8	17,856	3.9
	TK interest (Note 5)			-	-	36,783	8.1
Deposits and other assets			19,721	5.3	18,072	4.0	
Total assets (Note 6)			374,512 (336,934)	100.0 (90.0)	455,362 (382,649)	100.0 (84.0)	

(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 and is calculated by deducting accumulated depreciation from the acquisition price (including acquisition related costs).

(Note 3) Part of Hotel MyStays Haneda falls under this category.

(Note 4) 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 5) 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 6) The figures indicated in parenthesis under "Total assets" show the amounts related to owned real estate (excluding the amount of preferred equity securities and TK interest owned).

2 Major Properties

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

Name of property		Book value (JPY million)	Leasable area (m ²)	Leased area (m ²)	Occupancy rate (%) (Note 2) (Note 3)	Ratio of rental revenue (%) (Note 3)	Main use
D43	Hotel MyStays Gotanda Station	26,436	10,137.88	10,137.88	100.0	3.6	Hotel
A105	Royal Parks Tower Minami-Senju	22,130	39,113.46	36,734.68	93.9	5.8	Residence
D60	Hotel MyStays Premier Akasaka	20,668	8,620.69	8,620.69	100.0	3.4	Hotel
D44	Hotel Epinard Nasu	19,911	37,702.33	37,702.33	100.0	8.2	Hotel
D61	Hotel MyStays Premier Sapporo Park	16,682	21,670.64	21,670.64	100.0	3.2	Hotel
D47	Hotel MyStays Premier Kanazawa	13,227	13,250.03	13,250.03	100.0	2.8	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	13,009	13,026.99	13,026.99	100.0	2.9	Hotel
D51	Hotel MyStays Premier Omori	9,746	11,849.61	11,849.61	100.0	2.2	Hotel
D52	Beppu Kamenoi Hotel	8,553	19,422.08	19,422.08	100.0	3.1	Hotel
D49	Hotel MyStays Premier Hamamatsucho	8,017	6,151.93	6,151.93	100.0	1.9	Hotel
Total		158,384	180,945.64	178,566.86	98.7	37.1	

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

(Note 2) “Occupancy rate” is computed by dividing the leased area by leasable area.

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

3 Asset Portfolio of Real Estate, etc.

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

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest (Note 3)	1,771.13	1,210	1,104
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest (Note 3)	2,681.94	1,330	1,065
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	1,030	844
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,140	963
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,430	1,344
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	3,029.16	1,090	1,064
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	1,858.44	1,180	948
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 3)	1,351.11	1,090	935
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 3)	1,562.26	1,010	808
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,015.34	770	736
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	669	640
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,167.50	638	698
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	499	652
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 3)	1,210.74	755	527
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 3)	1,047.75	535	556
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 3)	557.05	621	553

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	907.46	515	520
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	815.77	573	510
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 3)	2,040.27	497	515
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 3)	871.35	554	446
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,360	2,293
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,032.70	4,280	3,017
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,650	1,885
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,950	1,306
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,130	813
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	740	550
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,390	1,008
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	588	383
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	453	277
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	281	230
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,260	838
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	650	432
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,290	937
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest	7,794.91	8,280	6,446
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	2,100	1,603
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,430	1,152
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,110	881

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
A79	Revest Honjin	2-13 Toriidori, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	831	607
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	815	596
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	752	547
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	769	537
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	727	537
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	736	516
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	652	494
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	650	506
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	584	478
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	626	461
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	642	426
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	540	411
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	541	388
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	446	348
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	457	341
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	447	326
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	452	318
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	328	312
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	389	287
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	332	271
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	2,040	1,749
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,810	1,680

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,820	1,624
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,130	2,825
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,560	4,951
A105	Royal Parks Tower Minami-Senju	4-7-3 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	39,113.46	23,100	22,130
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	2,790	2,727
Subtotal				182,093.86	102,044	85,908
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,720	3,040
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,450	1,826
Subtotal				26,859.73	6,170	4,866
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	4,930	2,982
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,620	2,543
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	14,300	5,922
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,280	4,704
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,710	4,821
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka	Trust beneficiary interest	9,445.32	7,490	3,812
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	6,410	2,692
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	6,940	2,398
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,560	1,983
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,870	1,816
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,700	1,497
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	1,980	1,364
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,190	1,254

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	1,960	1,206
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,100	1,214
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,050	1,131
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	4,300	1,147
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,250	723
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	769	571
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	370	289
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,720	7,821
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,700	2,830
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,220	2,100
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,160	7,412
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,170	5,427
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,850	3,712
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,770	3,626
D28	Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,340	2,062
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,840	1,599
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,340	1,269
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interest	11,733.23	1,610	1,232
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,150	928
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,110	935
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	1,030	884
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,820	4,914

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,230	1,122
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,220	1,096
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	3,050	3,077
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,220	1,085
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,160	1,068
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,070	965
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	906	804
D43	Hotel MyStays Gotanda Station (Note 4)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	26,600	26,436
D44	Hotel Epinard Nasu	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	23,100	19,911
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,740	7,876
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	7,040	7,843
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	14,500	13,227
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,220	2,117
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	9,800	8,017
D50	Hotel MyStays Shin Osaka Conference Center	6-2-4 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka and two other lots	Trust beneficiary interest	13,026.99	13,500	13,009
D51	Hotel MyStays Premier Omori	6-11-2 Minami Oi, Shinagawa-ku, Tokyo and 13 other lots	Trust beneficiary interest	11,849.61	10,100	9,746
D52	Beppu Kamenoi Hotel	2160-1 Chuocho, Beppu-shi, Oita and 12 other lots	Trust beneficiary interest	19,422.08	9,010	8,553
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,300	7,765
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interest	4,501.18	5,490	5,293
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,810	2,750
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interest	14,826.30	2,760	2,698
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,640	1,581

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)	Book value (JPY million)
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	4,140	4,073
D59	Hotel MyStays Tachikawa	1-8-14, Nishiki-cho Tachikawa-shi, Tokyo	Trust beneficiary interest	3,844.64	3,290	3,256
D60	Hotel MyStays Premier Akasaka	2-17-54, Akasaka Minato-ku, Tokyo	Trust beneficiary interest	8,620.69	21,400	20,668
D61	Hotel MyStays Premier Sapporo Park	2-2-10, Minamikujo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	21,670.64	17,000	16,682
D62	Hotel MyStays Ueno East	5-5-6, Higashi UenoTaito-ku, Tokyo	Trust beneficiary interest	4,396.02	5,370	5,277
D63	Hotel MyStays Midosuji Honmachi	3-2-10, Honmachi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	3,429.43	5,090	5,026
Subtotal				359,326.87	354,366	291,874
Total				568,280.46	462,580	382,649

(Note 1) “Location” is, in principle, based on the indicated address (*kyukyohoyoji*), except that if the *kyukyohoyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).

(Note 2) “Appraisal value” is the value appraised or researched as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trusts Association, Japan by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd.

(Note 3) Individual trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. As a result of disposition of assets and detachment of trust beneficiary interest from an integrated trust account thereafter, the grouping of trust beneficiary interests at the end of the Reporting Period is as follows:

Group 1

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

Group 2

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

Group 3

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

(Note 4) Appraisal value at the end of the period indicates appraisal value calculated deeming the Owned Portion and the Floor Expansion Portion as one.

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

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A26	Nisshin Palacestage Daitabashi	1	95.1	38,880	0.3	1	93.0	39,267	0.3
A27	Nisshin Palacestage Higashi- Nagasaki	1	100.0	47,087	0.4	1	100.0	47,028	0.3
A28	Growth Maison Gotanda	1	100.0	27,485	0.2	1	100.0	27,510	0.2
A29	Growth Maison Kameido	1	95.4	35,011	0.3	1	92.4	33,923	0.2
A30	Emerald House	1	100.0	49,218	0.4	1	96.9	43,591	0.3
A31	Harmonie Ochanomizu (Note 4)	-	-	6,624	0.1	-	-	-	-
A32	Suncrest Shakujii-Koen	1	97.1	37,634	0.3	1	100.0	37,426	0.3
A33	Growth Maison Shin-Yokohama	1	98.5	36,661	0.3	1	97.1	37,068	0.3
A34	Belle Face Ueno-Okachimachi	1	96.9	33,499	0.3	1	93.7	31,321	0.2
A35	Grand Rire Kameido	1	100.0	26,619	0.2	1	100.0	26,669	0.2
A36	Growth Maison Ikebukuro (Note 4)	-	-	4,168	0.0	-	-	-	-
A37	Growth Maison Yoga	1	97.4	22,616	0.2	1	100.0	22,841	0.2
A38	Route Tachikawa	1	100.0	21,540	0.2	1	96.6	22,005	0.2
A39	Shibuya-Honmachi Mansion	1	92.2	19,472	0.2	1	100.0	19,320	0.1
A40	City Heights Kinuta	1	100.0	18,102	0.2	1	83.8	17,354	0.1
A41	Acseeds Tower Kawaguchi-Namiki	1	98.2	24,754	0.2	1	94.7	25,689	0.2
A42	Capital Heights Kagurazaka (Note 4)	-	-	3,226	0.0	-	-	-	-
A43	College Square Machida	1	100.0	17,484	0.2	1	100.0	17,484	0.1
A44	Belair Meguro	1	96.1	16,143	0.1	1	84.2	16,578	0.1
A45	Wacore Tsunashima I	1	96.0	18,127	0.2	1	91.8	19,214	0.1
A46	Foros Nakamurabashi	1	95.1	18,716	0.2	1	94.3	18,050	0.1
A47	Growth Maison Kaijin	1	93.5	22,200	0.2	1	91.9	22,451	0.2
A48	College Square Machiya	1	100.0	14,706	0.1	1	100.0	14,706	0.1
A51	City House Tokyo Shinbashi	1	98.0	92,985	0.8	1	95.4	95,901	0.7

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A52	Winbell Kagurazaka	1	98.2	109,221	1.0	1	97.5	107,082	0.8
A53	Nishiwaseda Crescent Mansion	1	98.4	74,348	0.7	1	98.4	75,120	0.6
A54	Lexington Square Akebonobashi	1	99.0	51,097	0.5	1	95.4	51,094	0.4
A59	Towa City Coop Shinotsuka II	1	96.1	35,917	0.3	1	98.7	36,515	0.3
A61	Bichsel Musashiseki	1	98.5	24,762	0.2	1	95.7	23,412	0.2
A63	Towa City Coop Sengencho	1	93.1	54,977	0.5	1	94.9	60,158	0.4
A64	Royal Park Omachi	1	96.4	27,001	0.2	1	89.8	26,333	0.2
A65	Lexington Square Haginomachi	1	97.4	18,145	0.2	1	86.9	17,473	0.1
A66	Visconti Kakuozan	1	100.0	11,157	0.1	1	87.3	11,499	0.1
A71	Lexington Square Daitabashi	1	97.9	33,079	0.3	1	92.2	32,332	0.2
A72	Lexington Square Honjo Azumabashi	1	100.0	18,426	0.2	1	93.9	18,341	0.1
A73	AMS TOWER Minami 6-Jo	1	82.9	42,761	0.4	1	79.7	42,547	0.3
A75	Spacia Ebisu	1	95.6	208,597	1.9	1	96.9	216,468	1.6
A76	Neo Prominence	1	98.3	67,322	0.6	1	98.4	68,104	0.5
A77	Invoice Shin-Kobe Residence	1	99.1	50,828	0.5	1	96.8	50,284	0.4
A78	Cosmo Court Motomachi	1	98.7	38,268	0.3	1	100.0	36,911	0.3
A79	Revest Honjin	1	93.7	31,286	0.3	1	97.5	31,863	0.2
A80	Revest Matsubara	1	98.1	30,439	0.3	1	89.4	28,231	0.2
A82	Alba Noritake Shinmachi	1	95.1	28,107	0.3	1	95.8	26,537	0.2
A83	Revest Meieki Minami	1	90.5	25,584	0.2	1	92.4	26,083	0.2
A84	Revest Heian	1	96.8	23,865	0.2	1	96.8	23,708	0.2
A85	Vendir Hamaotsu Ekimae	1	91.2	33,886	0.3	1	88.9	32,437	0.2
A86	Salvo Sala	1	92.6	25,210	0.2	1	96.7	24,690	0.2
A87	Excellente Kagurazaka	1	94.1	19,969	0.2	1	94.1	19,304	0.1
A88	Luna Court Edobori	1	96.0	21,320	0.2	1	91.9	20,935	0.2
A89	Winntage Kobe Motomachi	1	98.3	22,778	0.2	1	91.4	21,024	0.2
A90	Queen's Court Fukuzumi	1	100.0	18,525	0.2	1	90.3	17,471	0.1

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A91	Corp Higashinotoin	1	100.0	19,154	0.2	1	100.0	19,061	0.1
A92	Belair Oimachi	1	100.0	15,490	0.1	1	100.0	16,256	0.1
A93	Siete Minami-Tsukaguchi	1	100.0	17,437	0.2	1	100.0	17,475	0.1
A94	Prime Life Sannomiya Isogami Koen	1	100.0	15,488	0.1	1	100.0	15,351	0.1
A95	HERMITAGE NANBA WEST	1	100.0	16,083	0.1	1	100.0	15,917	0.1
A96	Century Park Shinkawa 1-bankan	1	88.6	20,955	0.2	1	95.4	18,335	0.1
A97	West Avenue	1	97.5	12,185	0.1	1	82.5	12,191	0.1
A98	Little River Honmachibashi	1	100.0	14,005	0.1	1	90.7	14,276	0.1
A99	Prime Life Mikage	1	100.0	12,672	0.1	1	100.0	12,806	0.1
A100	City Court Kitaichijo	1	98.4	66,770	0.6	1	97.1	67,359	0.5
A101	Lieto Court Mukojima	1	99.0	55,654	0.5	1	99.0	55,585	0.4
A102	Lieto Court Nishi-Ojima	1	99.0	48,968	0.4	1	98.8	49,528	0.4
A103	Royal Parks Momozaka	4	90.0	155,151	1.4	1	92.4	151,765	1.1
A104	Royal Parks Shinden	4	100.0	217,076	2.0	1	100.0	219,286	1.6
A105	Royal Parks Tower Minami-Senju	1	93.1	763,803	6.9	1	93.9	782,653	5.8
A106	Royal Parks Seasir Minami-Senju	1	96.9	113,119	1.0	1	96.2	115,307	0.8
Subtotal		70	95.8	3,363,873	30.2	64	95.2	3,364,532	24.7
B14	Lexington Plaza Nishigotanda (Note 4)	-	-	59,893	0.5	-	-	-	-
B15	Cross Square NAKANO (Note 4)	-	-	7,963	0.1	-	-	-	-
B16	Ohki Aoba Building (Note 4)	-	-	6,862	0.1	-	-	-	-
B17	Lexington Plaza Hachiman	1	100.0	164,195	1.5	1	100.0	167,590	1.2
B18	AEON TOWN Sukagawa	1	100.0	141,593	1.3	1	100.0	141,782	1.0
Subtotal		2	100.0	380,507	3.4	2	100.0	309,373	2.3
D01	Hotel MyStays Kanda	1	100.0	111,338	1.0	1	100.0	123,768	0.9
D02	Hotel MyStays Asakusa	1	100.0	106,530	1.0	1	100.0	121,636	0.9
D03	Hotel MyStays Kyoto-Shijo	1	100.0	190,995	1.7	1	100.0	227,490	1.7

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D04	MyStays Shin-Urayasu Conference Center	1	100.0	170,174	1.5	1	100.0	205,900	1.5
D05	Hotel MyStays Maihama	1	100.0	110,898	1.0	1	100.0	189,291	1.4
D06	Hotel MyStays Premier Dojima	1	100.0	180,563	1.6	1	100.0	216,347	1.6
D07	Hotel MyStays Nagoya-Sakae	1	100.0	189,920	1.7	1	100.0	197,973	1.5
D08	Hotel MyStays Sakaisuji-Honmachi	1	100.0	134,391	1.2	1	100.0	132,868	1.0
D09	Hotel MyStays Yokohama	1	100.0	118,488	1.1	1	100.0	130,202	1.0
D10	Hotel MyStays Nippori	1	100.0	61,962	0.6	1	100.0	65,902	0.5
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	145,371	1.3	1	100.0	159,191	1.2
D12	Flexstay Inn Iidabashi	1	100.0	53,416	0.5	1	100.0	56,393	0.4
D13	Hotel MyStays Ueno Inaricho	1	100.0	49,251	0.4	1	100.0	51,469	0.4
D14	Flexstay Inn Shinagawa	1	100.0	43,770	0.4	1	100.0	49,754	0.4
D15	Flexstay Inn Tokiwadai	1	100.0	55,215	0.5	1	100.0	64,484	0.5
D16	Flexstay Inn Sugamo	1	100.0	55,232	0.5	1	100.0	57,828	0.4
D17	Hotel MyStays Ottemae	1	100.0	94,122	0.8	1	100.0	78,849	0.6
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	36,792	0.3	1	100.0	37,478	0.3
D19	Flexstay Inn Nakanobu P1	1	100.0	22,984	0.2	1	100.0	23,371	0.2
D20	Flexstay Inn Nakanobu P2	1	100.0	11,873	0.1	1	100.0	10,941	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	229,000	2.1	1	100.0	235,819	1.7
D22	Hotel MyStays Hakodate-Goryokaku	1	100.0	76,850	0.7	1	100.0	152,700	1.1
D23	Flexstay Inn Shirogane	1	100.0	55,163	0.5	1	100.0	58,240	0.4
D24	Hotel MyStays Haneda	1	100.0	183,749	1.7	1	100.0	196,075	1.4
D25	Hotel MyStays Kameido P1	1	100.0	183,133	1.6	1	100.0	196,939	1.4
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	95,011	0.9	1	100.0	97,482	0.7
D27	Hotel MyStays Kameido P2	1	100.0	120,229	1.1	1	100.0	130,200	1.0
D28	Hotel Vista Shimizu	1	100.0	61,652	0.6	1	100.0	67,072	0.5

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.4	1	100.0	39,426	0.3
D30	Flexstay Inn Higashi-Jujo	1	100.0	38,349	0.3	1	100.0	40,795	0.3
D31	Hotel MyStays Utsunomiya	1	100.0	99,599	0.9	1	100.0	93,022	0.7
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	32,101	0.3	1	100.0	33,169	0.2
D33	Comfort Hotel Toyama	1	100.0	35,928	0.3	1	100.0	35,928	0.3
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	25,463	0.2	1	100.0	24,812	0.2
D35	Flexstay Inn Ekoda	1	100.0	115,864	1.0	1	100.0	117,226	0.9
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.3	1	100.0	31,787	0.2
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.2	1	100.0	27,275	0.2
D38	Hotel MyStays Shinsaibashi	1	100.0	67,682	0.6	1	100.0	63,148	0.5
D39	Comfort Hotel Kurosaki	1	100.0	37,894	0.3	1	100.0	37,894	0.3
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.4	2	100.0	43,811	0.3
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.3	2	100.0	34,949	0.3
D42	Comfort Hotel Kitami	1	100.0	30,300	0.3	1	100.0	30,300	0.2
D43	Hotel MyStays Gotanda Station	1	100.0	482,750	4.3	1	100.0	490,844	3.6
D44	Hotel Epinard Nasu	1	100.0	576,941	5.2	1	100.0	1,112,683	8.2
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	218,700	2.0	1	100.0	230,688	1.7
D46	Hotel MyStays Hamamatsucho	1	100.0	112,104	1.0	1	100.0	123,902	0.9
D47	Hotel MyStays Kanazawa	1	100.0	306,064	2.8	1	100.0	376,887	2.8
D48	Takamatsu Tokyu REI Hotel	3	100.0	105,549	0.9	3	100.0	111,564	0.8
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	223,983	2.0	1	100.0	257,330	1.9
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	393,186	3.5	1	100.0	388,013	2.9
D51	Hotel MyStays Premier Omori	1	100.0	273,325	2.5	1	100.0	303,088	2.2
D52	Beppu Kamenoi Hotel	1	100.0	347,901	3.1	1	100.0	419,762	3.1
D53	Hotel MyStays Sapporo Station	1	100.0	221,703	2.0	1	100.0	272,140	2.0

Name of property		30th fiscal period (January 1, 2018 to June 30, 2018)				31st fiscal period (July 1, 2018 to December 31, 2018)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D54	Hotel MyStays Yokohama Kannai	1	100.0	133,413	1.2	1	100.0	152,128	1.1
D55	Art Hotel Joetsu	1	100.0	145,193	1.3	1	100.0	117,197	0.9
D56	Art Hotel Hirosaki City	1	100.0	152,005	1.4	1	100.0	139,786	1.0
D57	Hotel MyStays Oita	1	100.0	69,444	0.6	1	100.0	60,723	0.4
D58	Hotel MyStays Gotanda	1	100.0	3,843	0.0	1	100.0	128,296	0.9
D59	Hotel MyStays Tachikawa	1	100.0	3,472	0.0	1	100.0	111,170	0.8
D60	Hotel MyStays Premier Akasaka	-	-	-	-	1	100.0	468,926	3.4
D61	Hotel MyStays Premier Sapporo Park	-	-	-	-	1	100.0	441,019	3.2
D62	Hotel MyStays Ueno East	-	-	-	-	1	100.0	143,237	1.1
D63	Hotel MyStays Midosuji Honmachi	-	-	-	-	1	100.0	91,700	0.7
Subtotal		63	100.0	7,378,100	66.3	67	100.0	9,930,318	73.0
Total		135	98.6	11,122,481	100.0	133	98.5	13,604,224	100.0

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

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

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

(Note 4) Harmonie Ochanomizu, Growth Maison Ikebukuro, Capital Heights Kagurazaka, Cross Square NAKANO and Ohki Aoba Building were sold on January 31, 2018; and Lexington Plaza Nishi-Gotanda was sold on March 9, 2018.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

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

Not applicable

6 Asset Portfolio of Securities

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

Name	Type	Quantity (units)	Book value (JPY million)		Fair value (JPY million)		Valuation gain or loss (JPY million)	Notes
			Unit price	Amount	Unit price	Amount		
Preferred equity securities in Kingdom Special Purpose Company	Preferred equity securities	178,458	-	17,856	-	17,856	-	(Note 1) (Note 2)
TK interest in Seven Mile Resort Holdings Ltd	TK interest	-	-	36,783	-	36,783	-	(Note 1) (Note 3)
Total		-	-	54,640	-	54,640	-	

(Note 1) Fair value of the preferred equity securities and TK interest indicate the acquisition cost.

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

(Note 3) INV owns TK interest (100.0%) in a special purpose company (Seven Mile Resort Holdings Ltd.) in the Cayman Islands which holds Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort as underlying assets.

7 Status of Contract Amount and Fair Value of Specified Transaction

As of December 31, 2018, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

Category	Transaction type, etc.	Contract amount (Note 1)		Fair value (Note 2)
			Amounts due after one year	
Non-market transaction	Interest rate swap Receive floating rate/pay fixed rate	71,640,000	34,729,000	48,781
	Currency option transaction USD/Call (Option fees)	4,444,000 (124,943)	1,903,000 (53,157)	(87,318)
	Currency option transaction USD/Put (Option fees)	4,444,000 (140,288)	1,903,000 (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.

8 Status of Other Assets

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

9 Assets Owned Outside of Japan or the Region

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

Country name	Amount held (JPY million) (Note 1)	Appraisal value as of December 31, 2018 (JPY million) (Note 2)		No. of properties (properties)
			Percentage of total assets (%)	
Japan	400,506	480,436	92.9	130
The Cayman Islands	36,783	36,783	7.1	2
Total	437,290	517,220	100.0	132

(Note 1) “Amount held” is from the balance sheet (book value after depreciation for real estate and trust beneficiary interest in real estate; and book value for preferred equity securities with real estate as underlying assets) as of December 31, 2018. The amount for the Cayman Islands includes the amount of investment in the TK interest.

(Note 2) “Appraisal value as of December 31, 2018” indicates the real estate appraisal value as of December 31, 2018 or the research value stated in the real estate research report and the appraisal value of investment securities. “Appraisal value as of December 31, 2018” for preferred equity securities which INV holds in Japan indicates acquisition cost since their fair value is deemed extremely difficult to value. “Appraisal value as of December 31, 2018” for the amount of investment in the TK interest which INV holds in the Cayman Islands indicates acquisition cost (converted to JPY using the exchange rate of 1US\$=JPY 110.45 based on exchange contract, rounded down to two decimal places) since its fair value is deemed extremely difficult to value

Capital Expenditures for Properties Held by INV

1 Schedule for Capital Expenditures

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

Name of property	Location	Purpose	Scheduled time of implementation	Estimated cost (JPY thousand)			
				Total	Payment for the fiscal period ended December 31, 2018	Advance payments	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Introduction of energy-saving equipment	From January 2019 To June 2019	329,652	-	-
D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	Renovation work	From January 2019 To June 2019	250,000	-	-
D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	Renovation work	From January 2019 To June 2019	120,000	-	-
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Replacement of automatic fire alarm system	From January 2019 To June 2019	20,500	-	-
D56	Art Hotel Hirosaki City	Hirosaki-shi, Aomori	Interior work (hotel 3rd floor, etc.)	From January 2019 To June 2019	18,500	-	-

2 Capital Expenditures for the Fiscal Period Ended December 31, 2018

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended December 31, 2018 is as follows. Capital expenditures for the fiscal period totaled JPY 910,527 thousand, and together with JPY 26,602 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 937,129 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	Renovation work	From July 2018 To December 2018	150,396
D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	Hot-and-chilled-water generator replacement	From July 2018 To December 2018	39,000
D06	Hotel MyStays Premier Dojima	Osaka-shi, Osaka	Renovation work	From July 2018 To December 2018	37,429
A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	Renovation work	From July 2018 To December 2018	30,315
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Disaster prevention switchboard replacement	From July 2018 To December 2018	21,800
Other construction					631,585
Total					910,527

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

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

(Unit: JPY thousand)

Fiscal period	27th fiscal period	28th fiscal period	29th fiscal period	30th fiscal period	31st fiscal period
	From July 1, 2016 to December 31, 2016	From January 1, 2017 to June 30, 2017	From July 1, 2017 to December 31, 2017	From January 1, 2018 to June 30, 2018	From July 1, 2018 to December 31, 2018
Reserved funds at beginning of period	1,303,685	1,397,286	1,397,243	1,566,108	1,611,828
Amount reserved (Note)	446,066	468,145	697,444	468,448	618,404
Amount reversed (Note)	352,464	468,189	528,579	422,728	415,718
Amount carried over for next fiscal period	1,397,286	1,397,243	1,566,108	1,611,828	1,814,515

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

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

Item	30th fiscal period January 1, 2018 to June 30, 2018	31st fiscal period July 1, 2018 to December 31, 2018
(a) Asset management fees	275,000	275,000
(b) Asset custody fees	18,162	18,645
(c) Administrative services fees	39,697	52,607
(d) Directors' compensation	4,800	5,200
(e) Other	197,041	134,119
Total	534,701	485,572

2 Borrowing Conditions

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

	Type	Borrowing date	Balance at beginning of Reporting Period	Balance at end of Reporting Period	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
	Lender		(JPY thousand)	(JPY thousand)					
Short-term loans	Mizuho Bank, Ltd.	Oct. 13, 2017	667,000	-	0.263	Oct. 13, 2018	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		666,000	-					
	Sumitomo Mitsui Banking Corporation		667,000	-					
	Mizuho Bank, Ltd.	Aug. 2, 2018	-	366,500	0.263	Aug. 2, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		-	366,500					
	MUFG Bank, Ltd.		-	366,000					
Subtotal			2,000,000	1,099,000					
Long-term loans (Note 4)	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	-	0.375	Jul. 16, 2018	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		5,992,000	-					
	Mizuho Bank, Ltd.		5,992,000	-					
	Shinsei Bank, Limited		3,330,000	-					
	Citibank, N.A., Tokyo Branch		3,000,000	-					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	-					
	Resona Bank, Limited		1,335,000	-					
	MUFG Bank, Ltd.		668,000	-					
	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.480	Jul. 16, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank, N.A., Tokyo Branch		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
Resona Bank, Limited	1,335,000		1,335,000						
MUFG Bank, Ltd.	668,000	668,000							

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
	Lender								
Long-term loans (Note 4)	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.590	Jul. 16, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank, N.A., Tokyo Branch		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	MUFG Bank, Ltd.		668,000	668,000					
	Mizuho Bank, Ltd	Aug. 28, 2015	3,682,000	3,682,000	0.480	Aug. 28, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.343	Jan. 22, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		850,000	850,000					
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.600	Jan. 22, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		850,000	850,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	465,000	465,000	0.463	Mar. 30, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,181,000	2,181,000					
	Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	MUFG Bank, Ltd.		650,000	650,000					
	Japan Post Bank Co., Ltd.		2,000,000	2,000,000					
	Development Bank of Japan, Inc.		1,000,000	1,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		1,270,000	1,270,000					
	The Daishi Bank, Ltd.		1,000,000	1,000,000					
	The Nomura Trust and Banking Co., Limited	270,000	270,000						
	Mizuho Bank, Ltd	Mar. 31, 2016	965,000	965,000	0.563	Mar. 30, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,125,000	1,125,000					
Sumitomo Mitsui Trust Bank, Limited	2,180,000		2,180,000						
Shinsei Bank, Limited	570,000		570,000						
Resona Bank, Limited	570,000		570,000						
MUFG Bank, Ltd.	650,000		650,000						
Japan Post Bank Co., Ltd.	2,000,000		2,000,000						
The Bank of Fukuoka, Ltd.	333,000		333,000						
The Shizuoka Bank, Ltd.	270,000		270,000						
The Kagawa Bank, Ltd.	500,000		500,000						
The Hyakugo Bank, Ltd.	1,000,000		1,000,000						
The Nomura Trust and Banking Co., Limited	270,000		270,000						

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
	Lender								
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Mar. 31, 2016	1,965,000	1,965,000	0.663	Mar. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	2,180,000					
	Shinsei Bank, Limited.		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	MUFG Bank, Ltd.		650,000	650,000					
	The Bank of Fukuoka, Ltd.		1,333,000	1,333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Hiroshima Bank, Ltd.		1,000,000	1,000,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.463	Jun. 15, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.563	Jun. 15, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.663	Jun. 15, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.	Jun. 30, 2016	1,000,000	1,000,000	0.463	Jun. 30, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jun. 30, 2016	3,000,000	3,000,000	0.663	Jun. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	700,000	700,000	0.463	Jul. 20, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,600,000	1,600,000	0.563	Jul. 20, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,700,000	1,700,000	0.663	Jul. 20, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 14, 2017	634,000	634,000	0.463	Mar. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
Development Bank of Japan, Inc.	1,000,000		1,000,000						
Resona Bank, Limited	333,000		333,000						
The Bank of Fukuoka, Ltd.	333,000		333,000						
The Nomura Trust and Banking Co., Limited	333,000		333,000						
The Towa Bank, Ltd.	252,000		252,000						
The Shizuoka Bank, Ltd.	200,000		200,000						
The Gunma Bank, Ltd.	165,000		165,000						

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
	Lender								
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Mar. 14, 2017	1,633,000	1,633,000	0.563	Mar. 14, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		333,000	333,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Nomura Trust and Banking Co., Limited		333,000	333,000					
	The Towa Bank, Ltd.		253,000	253,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Gunma Bank, Ltd.		165,000	165,000					
	Mizuho Bank, Ltd.	Mar. 14, 2017	1,733,000	1,733,000	0.663	Mar. 14, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		333,000	333,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Nomura Trust and Banking Co., Limited		333,000	333,000					
	AEON Bank, Ltd.		900,000	900,000					
	The Towa Bank, Ltd.		253,000	253,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Daiichi Life Insurance Co., Ltd.	500,000	500,000						
	The Gunma Bank, Ltd.	165,000	165,000						
	Sumitomo Mitsui Banking Corporation	Mar. 14, 2017	3,000,000	3,000,000	0.513	Sept. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	May 29, 2017	4,321,000	4,321,000	0.613	Nov. 29, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Daiichi Life Insurance Co., Ltd.		3,000,000	3,000,000					
	Shinsei Bank, Limited	Oct. 13, 2017	355,000	355,000	0.363	Oct. 13 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited		334,000	334,000					
	The Bank of Fukuoka, Ltd.		300,000	300,000					
	AEON Bank, Ltd.		190,000	190,000					
	The Nomura Trust and Banking Co., Limited		167,000	167,000					
	The Hiroshima Bank, Ltd.		167,000	167,000					
	Shinsei Bank, Limited	Oct. 13, 2017	355,000	355,000	0.463	Oct. 13 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited		333,000	333,000					
	The Bank of Fukuoka, Ltd.		300,000	300,000					
AEON Bank, Ltd.	190,000		190,000						
The Nomura Trust and Banking Co., Limited	167,000		167,000						
The Hiroshima Bank, Ltd.	167,000		167,000						
Mizuho Bank, Ltd.	Oct. 13, 2017	500,000	500,000	0.663	Oct. 13 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Sumitomo Mitsui Trust Bank, Limited		500,000	500,000						
Sumitomo Mitsui Banking Corporation		500,000	500,000						
Shinsei Bank, Limited		355,000	355,000						
Citibank, N.A., Tokyo Branch		355,000	355,000						
Resona Bank, Limited		333,000	333,000						
Development Bank of Japan, Inc.		1,500,000	1,500,000						

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Repayment method	Purpose	Notes
	Lender								
Long-term loans (Note 4)	The Bank of Fukuoka, Ltd.	Oct. 13, 2017	300,000	300,000	0.663	Oct. 13 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.		190,000	190,000					
	The Nomura Trust and Banking Co., Limited		166,000	166,000					
	The Hiroshima Bank, Ltd.		166,000	166,000					
	The Daiichi Life Insurance Co., Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.763	Oct. 13 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,065,000	1,065,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,250,000	1,250,000	0.863	Oct. 11 2024	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited		1,060,000	1,060,000					
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Mizuho Bank, Ltd.	Oct. 13, 2017	1,850,000	1,850,000	0.313	Oct. 13 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		1,850,000	1,850,000					
	Shinsei Bank, Limited	Jun. 27, 2018	1,000,000	1,000,000	0.750	Jun. 27 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.	Jul. 17, 2018	-	2,442,000	0.363	Jul. 17, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	MUFG Bank, Ltd.		-	2,220,000					
	Sumitomo Mitsui Banking Corporation		-	1,998,000					
	Shinsei Bank, Limited		-	1,110,000					
	Citibank, N.A., Tokyo Branch		-	1,000,000					
	Sumitomo Mitsui Trust Bank, Limited		-	890,000					
	Mizuho Bank, Ltd.		Jul. 17, 2018	-					
	MUFG Bank, Ltd.	-		2,220,000					
	Sumitomo Mitsui Banking Corporation	-		1,997,000					
Shinsei Bank, Limited	-	1,110,000							
Citibank, N.A., Tokyo Branch	-	1,000,000							
Sumitomo Mitsui Trust Bank, Limited	-	890,000							
Mizuho Bank, Ltd.	Jul. 14, 2018	-		2,442,000	0.563	Jul. 14, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
MUFG Bank, Ltd.		-	2,220,000						
Sumitomo Mitsui Banking Corporation		-	1,997,000						
Shinsei Bank, Limited		-	1,110,000						
Citibank, N.A., Tokyo Branch		-	1,000,000						
Sumitomo Mitsui Trust Bank, Limited		-	890,000						

	Type	Borrowing date	Balance at beginning of Reporting Period	Balance at end of Reporting Period	Average interest rate (%)	Repayment date	Repayment method	Purpose	Notes
	Lender		(JPY thousand)	(JPY thousand)	(Note 1)				
Long-term loans (Note 4)	Mizuho Bank, Ltd.	Aug. 2, 2018	-	766,000	0.363	Aug 2, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		-	766,000					
	MUFG Bank, Ltd.		-	467,000					
	Shinsei Bank, Limited		-	150,000					
	Citibank, N.A., Tokyo Branch		-	120,000					
	The Nomura Trust and Banking Co., Limited		-	30,000					
	AEON Bank, Ltd.		-	60,000					
	Mizuho Bank, Ltd.	Sep. 26, 2018	-	2,521,500	0.363	Sep. 26, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		-	2,521,500					
	MUFG Bank, Ltd.		-	2,133,000					
	Sumitomo Mitsui Trust Bank, Limited		-	1,000,000					
	Shinsei Bank, Limited		-	684,000					
	Citibank, N.A., Tokyo Branch		-	546,000					
	Development Bank of Japan, Inc.		-	500,000					
	Resona Bank, Limited		-	445,000					
	The Nomura Trust and Banking Co., Limited		-	137,000					
	AEON Bank, Ltd.		-	273,000					
	Mizuho Bank, Ltd.	Sep. 26, 2018	-	3,287,000	0.463	Sep. 26, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		-	3,287,000					
	MUFG Bank, Ltd.		-	2,600,000					
	Sumitomo Mitsui Trust Bank, Limited		-	1,000,000					
	Shinsei Bank, Limited		-	833,000					
	Citibank, N.A., Tokyo Branch		-	667,000					
	Development Bank of Japan, Inc.		-	500,000					
	Resona Bank, Limited		-	445,000					
	The Nomura Trust and Banking Co., Limited		-	167,000					
	AEON Bank, Ltd.		-	334,000					
	Mizuho Bank, Ltd.	Sep. 26, 2018	-	3,287,500	0.563	Sep. 26, 2023	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Banking Corporation		-	3,287,500					
	MUFG Bank, Ltd.		-	2,600,000					
	Sumitomo Mitsui Trust Bank, Limited		-	1,000,000					
	Shinsei Bank, Limited		-	833,000					
	Citibank, N.A., Tokyo Branch		-	667,000					
	Development Bank of Japan, Inc.		-	500,000					
	Resona Bank, Limited		-	445,000					
	The Nomura Trust and Banking Co., Limited		-	166,000					
AEON Bank, Ltd.	-		333,000						
	Subtotal		185,415,000	224,774,000					
	Total		187,415,000	225,873,000					

- (Note 1) Average interest rate shows the interest rate for each loan agreement as of the end of the Reporting Period, rounded to three decimal places. In regards to borrowings which interest rate swap transactions are entered into for the purpose of avoiding risk from interest rate fluctuation, interest rates reflecting the interest rate swap are shown. In regards to borrowings repaid during the Reporting Period, the interest rate for each loan agreement as of the repayment date rounded to three decimal places is shown.
- (Note 2) The funds raised through borrowings are mainly used to acquire trust beneficiary interests in real estate and to prepay the borrowings.
- (Note 3) The balance at the end of the period will be repaid in full on the repayment date.
- (Note 4) Long-term loans includes current portion of long-term loans payable.

3 Investment Corporation Bonds

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

Bond Series	Issue Date	Balance at the beginning of the period (JPY thousand)	Balance at the end of the period (JPY thousand)	Interest Rate (%)	Redemption Date	Redemption method	Use of funds	Security/ Guaranty
First Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	1,000,000	0.400	May 25, 2023	(Note 2)	(Note 3)	Unsecured / Unguaranteed
Second Series Unsecured Investment Corporation Bonds (Note 1)	May 25, 2018	1,000,000	1,000,000	0.800	May 25, 2028	(Note 2)	(Note 3)	
Third Series Unsecured Investment Corporation Bonds (Note 1)	October 12, 2018	—	2,000,000	0.550	October 12, 2023	(Note 2)	(Note 4)	Unsecured / Unguaranteed
Total		2,000,000	4,000,000	—	—	—	—	—

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

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

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

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

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

Acquisitions and Sales for the Fiscal Period Ended December 31, 2018

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

Type of asset	Name of property		Acquisition		Sale			
			Acquisition date	Acquisition price (JPY million) (Note 1)	Sales date	Sales price (JPY million) (Note 2)	Book value (JPY million)	Gain/loss on sales (JPY million)
Trust beneficiary interest	D60	Hotel MyStays Premier Akasaka (Note 3)	August 2, 2018	20,691	-	-	-	-
Trust beneficiary interest	D61	Hotel MyStays Premier Sapporo Park (Note 3)	August 2, 2018	16,731	-	-	-	-
Trust beneficiary interest	D62	Hotel MyStays Ueno East (Note 3)	August 2, 2018	5,286	-	-	-	-
Trust beneficiary interest	D63	Hotel MyStays Midosuji Honmachi (Note 3)	August 2, 2018	5,039	-	-	-	-
TK interest	-	TK Interest with Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort as underlying assets	September 28, 2018 (Note 4)	36,783 (Note 5)	-	-	-	-
Total				84,530	-	-	-	-

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

(Note 2) Sales price does not include various costs (brokerage commissions, taxes and other public dues) required for sale of the property, and is the sales price indicated in the trust beneficiary interest purchase agreement.

(Note 3) Acquired as trust beneficiary interest in real estate with the real estate as trust asset.

(Note 4) The date is in accordance with the Cayman Island local time. It is September 29, 2018 Japan time.

(Note 5) 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).

2 Acquisitions and Sales of Other Assets

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

3 Transaction Price Verifications of Specified Assets

Real Estate Transactions

Acquisition or sale	Name of property		Category of specified asset	Transaction date	Acquisition or sales price (JPY million) (Note 1)	Appraisal value (JPY million)	Appraiser	Appraisal date
Acquisition	D60	Hotel MyStays Premier Akasaka	Real estate Trust beneficiary interest	August 2, 2018	20,691	20,900	Japan Real Estate Institute	June 1, 2018
	D61	Hotel MyStays Premier Sapporo Park			16,731	16,900	The Tanizawa Sogo Appraisal Co., Ltd	June 1, 2018
	D62	Hotel MyStays Ueno East			5,286	5,340	The Tanizawa Sogo Appraisal Co., Ltd	June 1, 2018
	D63	Hotel MyStays Midosuji Honmachi			5,039	5,090	Japan Real Estate Institute	June 1, 2018

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

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

Investment Securities

With regard to TK interest transactions from July 1, 2018 to December 31, 2018, INV has entrusted Akasaka Audit LLC with investigation on comparable prices based on the Article 201, Paragraph 2 of the Investment Trust Act, transaction types (acquisition, sale or other), transaction dates, matters concerning corporate assets for TK agreement, issues, transaction prices and other transaction details, and has received the investigation report.

Other

Other transactions for which INV entrusted investigation are 12 currency option transactions from July 1, 2018 to December 31, 2018. With regard to these transactions, INV has entrusted Akasaka Audit LLC with investigation on comparable prices based on the Article 201, Paragraph 2 of the Investment Trust Act, transaction dates, names of counterparties in the transactions, issues, agreed numerical values, type of financial instruments or monetary indicators, category of put or call, strike price, exercise periods, transaction periods and details of other over-the-counter derivative transactions, and has received the investigation report.

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between the Asset Manager and Its Other Businesses

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

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

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

2 Changes in the Calculation Method of Depreciation

Not applicable

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

Not applicable

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

Not applicable

Other

1 Notice

(1) General Meeting of Unitholders

INV’s General Meeting of Unitholders was held on December 12, 2018.

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

Agenda		Summary
Proposal No. 1	Partial Amendment to Articles of Incorporation	<ol style="list-style-type: none">1. In order to clarify that the definition of “distributable amount” to be generated by the operation of the assets by INV is identical to the “profits” stipulated in the Investment Trust Act, INV added certain words necessary for such clarification to the relevant article.2. In view of growing importance of the roles and responsibilities of the independent auditor, and taking into consideration the fact that the volume of audit work is increasing due to expansion of INV’s asset size resulting from its internal and external growth and other factors, INV amended the maximum amount of remuneration payable to its independent auditor so that INV may pay a reasonable amount of remuneration to its independent auditor based on the volume of the audit work requested by INV to its independent auditor.3. With the consent of the asset management company, the asset management fees for the period from January 2013 to December 2018 had been reduced. INV has further obtained the consent of the asset management company to reduce the amount of asset management fees for the period from January 2019 to December 2019 to an amount which is lower than the amount that would be applicable if such reduction were not made but higher than the amount that was applied in 2018. Accordingly, INV amended the standards concerning the amount and payment of the asset management fees for the period from January 2019 to December 2019, effective January 1, 2019.4. In addition, necessary revision and clarification of expressions, and other changes in the wording and such were made.

Proposal No. 2	Appointment of One (1) Executive Director	Naoki Fukuda was appointed.
Proposal No. 3	Appointment of One (1) Substitute Executive Director	Christopher Reed was appointed.
Proposal No. 4	Appointment of Two (2) Supervisory Directors	Hiroyuki Fujimoto and Yoshihiro Tamura were appointed.

(2) Board of Directors of Investment Corporation

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

Approval date	Item	Summary
July 17, 2018	Conclusion of the underwriting agreement related to the issuance of new investment units, etc.	The Board of Directors of INV approved that INV would entrust underwriters (Note) with the service related to the issuance of new investment units through public offering and secondary offering of investment units, which were approved at the meeting of the Board of Directors of INV held on July 17, 2018.

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

2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

4 Other

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

II. Balance Sheet

(Unit: JPY thousand)

	Fiscal period ended June 30, 2018 (Reference) (as of June 30, 2018)	Fiscal period ended December 31, 2018 (as of December 31, 2018)
Assets		
Current assets:		
Cash and bank deposits	8,505,792	3,985,335
Cash and bank deposits in trust	6,566,761	7,079,268
Accounts receivable	6,483	583,012
Rental receivables	1,826,596	2,591,368
Prepaid expenses	428,536	539,442
Income taxes receivable	149,632	172,912
Consumption taxes receivable	-	434,326
Other	0	0
Allowance for doubtful accounts	(89)	(86)
Total current assets	17,483,714	15,385,582
Non-current assets:		
Property and equipment		
Tools, furniture and fixtures, at cost	3,192	3,192
Accumulated depreciation	(444)	(669)
Tools, furniture and fixtures, net	2,748	2,522
Buildings in trust, at cost	133,579,099	144,380,745
Accumulated depreciation	(10,479,742)	(12,260,835)
Buildings in trust, net	123,099,357	132,119,910
Buildings' accompanying facilities in trust, at cost	28,918,145	32,567,092
Accumulated depreciation	(6,237,852)	(7,258,920)
Buildings' accompanying facilities in trust, net	22,680,292	25,308,172
Structures in trust, at cost	225,353	228,964
Accumulated depreciation	(86,498)	(92,586)
Structures in trust, net	138,854	136,377
Tools, furniture and fixtures in trust, at cost	1,395,339	1,690,363
Accumulated depreciation	(392,369)	(504,581)
Tools, furniture and fixtures in trust, net	1,002,969	1,185,781
Land in trust	173,298,062	203,881,464
Total property and equipment, net	320,222,285	362,634,229
Intangible assets		
Leasehold rights in trust	16,712,637	20,015,700
Total intangible assets	16,712,637	20,015,700
Investment and other assets		
Investment securities	17,856,387	54,640,213
Guarantee deposits	1,681,565	1,700,670
Long-term prepaid expenses	426,222	708,191
Derivatives assets	92,561	216,555
Others	12,667	22,667
Total investments and other assets	20,069,404	57,288,298
Total non-current assets	357,004,327	439,938,228
Deferred assets		
Investment corporation bond issuance costs	24,945	38,985
Total deferred assets	24,945	38,985
Total assets	374,512,988	455,362,796

(Unit: JPY thousand)

	Fiscal period ended June 30, 2018 (Reference) (as of June 30, 2018)	Fiscal period ended December 31, 2018 (as of December 31, 2018)
Liabilities		
Current liabilities:		
Accounts payable	598,870	431,891
Short-term loans payable	2,000,000	1,099,000
Current portion of long-term loans payable	46,663,000	54,745,000
Accounts payable-other	131,783	651,992
Accrued expenses	195,481	200,203
Income taxes payable	605	605
Consumption taxes payable	14,902	-
Advances received	551,506	571,668
Deposits received	21,697	134,085
Total current liabilities	50,177,846	57,834,445
Non-current liabilities:		
Investment corporation bonds	2,000,000	4,000,000
Long-term loans payable	138,752,000	170,029,000
Tenant leasehold and security deposits in trust	2,026,400	2,009,816
Derivatives liabilities	1,586	92,525
Asset retirement obligations	31,891	32,107
Total non-current liabilities	142,811,878	176,163,449
Total liabilities	192,989,724	233,997,895
Net assets		
Unitholders' equity:		
Unitholders' capital	168,798,455	211,092,540
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment	*2 (46,329)	*2 (46,329)
Other deduction of capital surplus	(1,194,818)	*3 (5,194,798)
Total deduction of unitholders' capital surplus	(1,241,148)	(5,241,128)
Capital surplus (net)	5,023,283	1,023,303
Retained earnings	7,610,548	9,140,372
Total surplus	12,633,832	10,163,675
Total unitholders' equity	181,432,288	221,256,215
Valuation and translation adjustments:		
Deferred gains or losses on hedges	90,975	108,684
Total valuation and translation adjustments	90,975	108,684
Total net assets	*1 181,523,263	*1 221,364,900
Total liabilities and net assets	374,512,988	455,362,796

III. Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Operating revenue		
Rental revenue – real estate	*1 11,122,481	*1 13,604,224
Gain on sales of properties	*2 1,249,645	-
Dividend income	732,714	846,780
Total operating revenue	13,104,841	14,451,005
Operating expenses		
Property related expenses	*1 4,136,619	*1 4,450,676
Asset management fees	275,000	275,000
Directors' compensation	4,800	5,200
Asset custody fees	18,162	18,645
Administrative service fees	39,697	52,607
Provision of allowance for doubtful accounts	2	86
Other	197,039	134,032
Total operating expenses	4,671,320	4,936,248
Operating income	8,433,520	9,514,756
Non-operating income		
Interest income	78	82
Foreign exchange gains	-	34,468
Interest on tax refund	3,086	72
Other	1,181	906
Total non-operating income	4,347	35,528
Non-operating expenses		
Interest expenses	479,456	555,811
Interest expenses on investment corporation bonds	1,216	8,490
Amortization of investment corporation bond issuance costs	379	2,625
Loan-related costs	234,197	407,683
Investment unit issuance costs	-	186,997
Other	64	3,999
Total non-operating expenses	715,314	1,165,608
Ordinary income	7,722,553	8,384,676
Income before income taxes	7,722,553	8,384,676
Income taxes	605	605
Total income taxes	605	605
Net income	7,721,948	8,384,071
Retained earnings brought forward	(111,399)	756,300
Unappropriated retained earnings	7,610,548	9,140,372

IV. Statement of Changes in Net Assets

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 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)	(1,022,263)	(1,068,593)	5,195,838
Changes during the period						
Distributions from surplus						
Other distribution in excess of retained earnings				(172,554)	(172,554)	(172,554)
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	—	—	—	(172,554)	(172,554)	(172,554)
Balance at the end of the period	168,798,455	6,264,432	(46,329)	(1,194,818)	(1,241,148)	5,023,283

	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	7,212,580	12,408,419	181,206,874	113,592	113,592	181,320,466
Changes during the period						
Distributions from surplus	(7,323,980)	(7,323,980)	(7,323,980)			(7,323,980)
Other distribution in excess of retained earnings		(172,554)	(172,554)			(172,554)
Net income	7,721,948	7,721,948	7,721,948			7,721,948
Changes other than unitholders' equity (net)				(22,616)	(22,616)	(22,616)
Total changes during the period	397,968	225,413	225,413	(22,616)	(22,616)	202,796
Balance at the end of the period	7,610,548	12,633,832	181,432,288	90,975	90,975	181,523,263

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

V. Notes

[Notes Concerning Significant Accounting Policies]

By Period Item	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)																				
1. Evaluation standards and evaluation method of assets	Other securities Those with no fair value Cost method through moving-average method is used.	Other securities Those with no fair value Cost method through moving-average method is used.																				
2. Method of depreciation of non-current assets	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">4-8 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">5-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-33 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">3-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-19 years</td> </tr> </table> <p>(b) Intangible assets The straight-line method is used. For leasehold interests (fixed-term land lease for business purposes), the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	Tools, furniture and fixtures	4-8 years	Buildings in trust	5-67 years	Buildings and accompanying facilities in trust	2-33 years	Structures in trust	3-55 years	Tools, furniture and fixtures in trust	2-19 years	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="margin-left: 20px;"> <tr> <td>Tools, furniture and fixtures</td> <td style="text-align: right;">4-8 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">5-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-33 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">3-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-19 years</td> </tr> </table> <p>(b) Intangible assets The straight-line method is used. For leasehold interests (fixed-term land lease for business purposes), the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	Tools, furniture and fixtures	4-8 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
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Structures in trust	3-55 years																					
Tools, furniture and fixtures in trust	2-19 years																					
3. Accounting treatment of deferred assets	<p>(a) Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(b) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over a period up to redemption of the investment corporation bonds.</p>	<p>(a) Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(b) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized using the straight-line method over a period up to redemption of the investment corporation bonds.</p>																				
4. Method of calculating allowances	Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.	Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.																				
5. Conversion of assets and liabilities in foreign currency into Japanese yen	Not applicable.	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	<p>Accounting treatment of property taxes and other taxes</p> <p>With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses.</p> <p>Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended June 30, 2018 is JPY 77,833 thousand.</p>	<p>Accounting treatment of property taxes and other taxes</p> <p>With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses.</p> <p>Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended December, 2018 is JPY 54,754 thousand.</p>
7. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings (Scheduled foreign currency-denominated transactions) Hedging instrument: Foreign exchange option Hedged item: Scheduled foreign currency-denominated transaction</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>
8. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust (b) Buildings in trust Buildings and accompanying facilities in trust</p>	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust (b) Buildings in trust Buildings and accompanying facilities in trust</p>

	Structures in trust Tools, furniture and fixtures in trust Land in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.	Structures in trust Tools, furniture and fixtures in trust Land in trust (c) Leasehold rights in trust (d) Tenant leasehold and security deposits in trust (2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.
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[Notes to changes in indication method]

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
<p>“Income taxes receivable” was included in “Accounts receivable” under “Current assets” in the balance sheet for the previous fiscal period. However, due to an increase in its monetary significance, it is recorded as a separate item from the Reporting Period. As a result, JPY 8,000 which was recorded under “Accounts receivable” under “Current assets” in the balance sheet for the previous fiscal period is now restated as JPY 8,000 for Income taxes receivable.</p>	<p>Not applicable.</p>

[Notes to the Balance Sheet]

Fiscal period ended June 30, 2018 (Reference) (as of June 30, 2018)	Fiscal period ended December 31, 2018 (as of December 31, 2018)																																										
<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">JPY 50,000 thousand</p>	<p>*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">JPY 50,000 thousand</p>																																										
<p>*2. Allowance for temporary differences adjustment</p> <p>Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018) (Reference)</p> <p>1. Reasons, related assets and amounts</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Related assets, etc.</th> <th style="text-align: center;">Reason</th> <th style="text-align: center;">Initial amount</th> <th style="text-align: center;">Balance at the end of previous period</th> <th style="text-align: center;">Allowance set aside during period</th> <th style="text-align: center;">Reversal during period</th> <th style="text-align: center;">Balance at the end of current period</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Leasehold rights in trust</td> <td style="text-align: center;">Amortization of leasehold rights</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(46,329)</td> </tr> <tr> <td style="text-align: center;">Total</td> <td></td> <td style="text-align: right;">(46,329)</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(46,329)</td> </tr> </tbody> </table> <p>2. Method of reversal</p> <p>(1) Leasehold rights in trust</p> <p style="padding-left: 20px;">The corresponding amount is scheduled to be reversed upon sale, etc.</p> <p>Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)</p> <p>1. Reasons, related assets and amounts</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Related assets, etc.</th> <th style="text-align: center;">Reason</th> <th style="text-align: center;">Initial amount</th> <th style="text-align: center;">Balance at the end of previous period</th> <th style="text-align: center;">Allowance set aside during period</th> <th style="text-align: center;">Reversal during period</th> <th style="text-align: center;">Balance at the end of current period</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Leasehold rights in trust</td> <td style="text-align: center;">Amortization of leasehold rights</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(46,329)</td> </tr> <tr> <td style="text-align: center;">Total</td> <td></td> <td style="text-align: right;">(46,329)</td> <td style="text-align: right;">(46,329)</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(46,329)</td> </tr> </tbody> </table> <p>2. Method of reversal</p> <p>(1) Leasehold rights in trust</p> <p style="padding-left: 20px;">The corresponding amount is scheduled to be reversed upon sale, etc.</p>		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	Amortization of leasehold rights	(46,329)	(46,329)	-	-	(46,329)	Total		(46,329)	(46,329)	-	-	(46,329)	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	Amortization of leasehold rights	(46,329)	(46,329)	-	-	(46,329)	Total		(46,329)	(46,329)	-	-	(46,329)
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	Amortization of leasehold rights	(46,329)	(46,329)	-	-	(46,329)																																					
Total		(46,329)	(46,329)	-	-	(46,329)																																					
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	Amortization of leasehold rights	(46,329)	(46,329)	-	-	(46,329)																																					
Total		(46,329)	(46,329)	-	-	(46,329)																																					
<p>Not applicable.</p>	<p>*3 Status of retirement of own investment units</p> <p style="padding-left: 20px;">Total number of units retired 81,341 units</p> <p style="padding-left: 20px;">Total amount of retirement JPY 3,999,980 thousand</p>																																										

[Notes to Statement of Income and Retained Earnings]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues</p> <p>Rental revenue – real estate</p> <p>(Rent/common area charges) 10,769,777</p> <p>(Other revenues) 352,704</p> <p style="text-align: right;"><u>11,122,481</u></p> <p>Total 11,122,481</p> <p>B. Real estate rental expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 665,093</p> <p>(Taxes and public dues) 470,692</p> <p>(Insurance expenses) 12,845</p> <p>(Depreciation expenses) 2,772,510</p> <p>(Other expenses) 215,476</p> <p style="text-align: right;"><u>4,136,619</u></p> <p>Total 4,136,619</p> <p>C. Real estate rental income</p> <p>(A-B) 6,985,862</p> <p>(Note) Of which, revenue from variable hotel rents 3,789,484</p>	<p>*1. Real estate rental revenues and expenses (Unit: JPY thousand)</p> <p>A. Real estate rental revenues</p> <p>Rental revenue – real estate</p> <p>(Rent/common area charges) 13,258,939</p> <p>(Other revenues) 345,284</p> <p style="text-align: right;"><u>13,604,224</u></p> <p>Total 13,604,224</p> <p>B. Real estate rental expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 667,393</p> <p>(Taxes and public dues) 547,232</p> <p>(Insurance expenses) 13,817</p> <p>(Depreciation expenses) 3,039,033</p> <p>(Other expenses) 183,199</p> <p style="text-align: right;"><u>4,450,676</u></p> <p>Total 4,450,676</p> <p>C. Real estate rental income</p> <p>(A-B) 9,153,548</p> <p>(Note) Of which, revenue from variable hotel rents 4,953,767</p>
<p>*2 Gain on sales of properties (Unit: JPY thousand)</p> <p>Harmonie Ochanomizu</p> <p>Proceeds from sales of properties 1,606,646</p> <p>Cost of sales of properties 1,346,372</p> <p>Other expenses on sales of properties 38,843</p> <p style="text-align: right;"><u>221,430</u></p> <p>Gain on sales of properties 221,430</p> <p>Growth Maison Ikebukuro</p> <p>Proceeds from sales of properties 1,059,850</p> <p>Cost of sales of properties 743,659</p> <p>Other expenses on sales of properties 26,625</p> <p style="text-align: right;"><u>289,565</u></p> <p>Gain on sales of properties 289,565</p> <p>Capital Heights Kagurazaka</p> <p>Proceeds from sales of properties 734,817</p> <p>Cost of sales of properties 623,867</p> <p>Other expenses on sales of properties 20,817</p> <p style="text-align: right;"><u>90,132</u></p> <p>Gain on sales of properties 90,132</p>	

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)		Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	
Cross Square NAKANO			
Proceeds from sales of properties	1,357,090		
Cost of sales of properties	1,125,668		
Other expenses on sales of properties	23,268		
Gain on sales of properties	208,153		
Ohki Aoba Building			
Proceeds from sales of properties	728,446		
Cost of sales of properties	709,604		
Other expenses on sales of properties	11,439		
Gain on sales of properties	7,402		
Lexington Plaza Nishigotanda			
Proceeds from sales of properties	5,180,003		
Cost of sales of properties	4,632,693		
Other expenses on sales of properties	114,348		
Gain on sales of properties	432,961		

[Notes to Statement of Changes in Net Assets]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)		Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	
Number of issuable investment units and number of investment units issued and outstanding		Number of issuable investment units and number of investment units issued and outstanding	
Number of investment units authorized	10,000,000 units	Number of investment units authorized	10,000,000 units
Number of investment units issued and outstanding	4,793,181 units	Number of investment units issued and outstanding	5,666,840 units

[Notes Related to Tax Accounting]

Fiscal period ended June 30, 2018 (Reference) (as of June 30, 2018)	Fiscal period ended December 31, 2018 (as of December 31, 2018)			
1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)	1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)			
(Deferred tax assets)	(Deferred tax assets)			
Enterprise tax payable	1,325	Enterprise tax payable		1,294
Allowance for doubtful accounts	28	Allowance for doubtful accounts		27
Buildings and other (merger)	561,751	Buildings and other (merger)		549,474
Land (merger)	1,374,216	Land (merger)		1,367,722
Loss carried forward	7,200,289	Loss carried forward		7,153,149
Asset retirement obligations	10,122	Asset retirement obligations		10,142
Amortization of leasehold right	116,528	Amortization of leasehold right		153,295
Subtotal	9,264,262	Subtotal		9,235,105
(Deferred tax liabilities)	(Deferred tax liabilities)			
Removal expenses included in asset retirement obligations	9,797	Valuation allowance for tax loss carried forward		(7,153,149)
Deferred gains or losses on hedges	28,875	Valuation allowance for the total of deductible temporary differences, etc.		(2,037,871)
Subtotal	38,673	Subtotal		(9,191,020)
Valuation allowance	9,225,589	Total		44,084
Total	-	(Deferred tax liabilities)		
(Deferred tax assets, net)	-	Removal expenses included in asset retirement obligations		9,751
		Deferred gains or losses on hedges		34,333
		Total		44,084
		(Deferred tax assets, net)		-
		(Unit: JPY thousand)		
		Due within one year	Due after one to two years	Due after two to three years
Tax loss carried forward (a)	5,164,678	1,317,493	-	-
Valuation allowance	(5,164,678)	(1,317,493)	-	-
Deferred tax assets	-	-	-	-
		Due after three to four years	Due after four to five years	Due after five years
Tax loss carried forward (a)	349,185	321,791	-	7,153,149
Valuation allowance	(349,185)	(321,791)	-	(7,153,149)
Deferred tax assets	-	-	-	-
(a) Tax loss carried forward is multiplied by statutory tax rate.				

2. Significant difference between statutory tax rate and the effective tax rate		2. Significant difference between statutory tax rate and the effective tax rate	
Statutory tax rate	31.74%	Statutory tax rate	31.51%
Deductible cash distributions	(22.95)%	Deductible cash distributions	(31.84)%
Changes in valuation allowance	(8.79)%	Changes in valuation allowance	(0.35)%
Others	0.01%	Others	0.69%
Effective tax rate	0.01%	Effective tax rate	0.01%

[Notes Related to Financial Instruments]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or borrowing loans. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding market value, etc. for financial instruments.</p> <p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>	<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units 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.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding market value, etc. for financial instruments.</p> <p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)				Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)			
2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of June 30, 2018 are as follows. (Unit: JPY thousand)				2. Estimated fair value of financial instruments. Book value, fair value and the difference between value as of December 31, 2018 are as follows. (Unit: JPY thousand)			
	Book Value	Fair Value	Difference		Book Value	Fair Value	Difference
(1) Cash and bank deposits	8,505,792	8,505,792	-	(1) Cash and bank deposits	3,985,335	3,985,335	—
(2) Cash and bank deposits in trust	6,566,761	6,566,761	-	(2) Cash and bank deposits in trust	7,079,268	7,079,268	—
Total assets	15,072,553	15,072,553	-	Total assets	11,064,604	11,064,604	—
(3) Short-term loans	(2,000,000)	(2,000,000)	-	(3) Short-term loans	(1,099,000)	(1,099,000)	—
(4) Current portion of long-term loans payable	(46,663,000)	(46,663,000)	-	(4) Current portion of long-term loans payable	(54,745,000)	(54,745,000)	—
(5) Investment corporation bonds	(2,000,000)	(1,998,500)	1,500	(5) Investment corporation bonds	(4,000,000)	(3,996,500)	3,500
(6) Long-term loans	(138,752,000)	(138,752,000)	-	(6) Long-term loans	(170,029,000)	(170,029,000)	—
Total liabilities	(189,415,000)	(189,413,500)	1,500	Total liabilities	(229,873,000)	(229,869,500)	3,500
(7) Derivatives	90,975	90,975	-	(7) Derivatives	124,029	124,029	—
(*1) Items recorded in the Liabilities Section are shown in parenthesis.				(*1) Items recorded in the Liabilities Section are shown in parenthesis.			
(*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.				(*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.			
(Note 1) Methods to calculate fair value of financial instruments.				(Note 1) Methods to calculate fair value of financial instruments.			
(1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.				(1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.			
(4) Current portion of long-term loans payable (6) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.				(4) Current portion of long-term loans payable (6) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.			
(5) Investment corporation bonds Fair value is calculated using a method based on market price.				(5) Investment corporation bonds Fair value is calculated using a method based on market price.			
(7) Derivatives (a) Derivatives transactions to which hedge accounting is not applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.				(7) Derivatives (a) Derivatives transactions to which hedge accounting is not applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.			

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)						Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)	Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (*1)		Fair value (*2)
				Amount due after one year						Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	100,619,000	67,390,000	90,975	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	4,444,000	1,903,000	(87,318)
							Currency option transaction USD/Put (Option fees)	currency-denominated transactions	4,444,000	1,903,000	(162,566)
(*1) The contract amount, etc. is stated based on a notional principal. (*2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.						(*1) The contract amount, etc. for interest rate swap are stated based on a notional principal. (*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.					
(Note 2) Financial instruments for which fair value is extremely difficult to value.						(Note 2) Financial instruments for which fair value is extremely difficult to value.					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Category			Book value			Category			Book value		
Tenant leasehold and security deposits in trust			2,026,400			Tenant leasehold and security deposits in trust			2,009,816		
Investment securities			17,856,387			Investment securities			54,640,213		
Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.						Tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.					
Since quoted market prices are not available for investment securities (preferred equity interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.						Since quoted market prices are not available for investment securities (preferred equity interest and TK interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.					
(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period						(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period					

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)				Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)			
As of June 30, 2018 (Unit: JPY thousand)				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 within one year	Due after one to two years	Due after two to three years
Cash and bank deposits	8,505,792	-	-	Cash and bank deposits	3,985,335	-	-
Cash and bank deposits in trust	6,566,761	-	-	Cash and bank deposits in trust	7,079,268	-	-
Total	15,072,553	-	-	Total	11,064,604	-	-
	Due after three to four years	Due after four to five years	Due after five years		Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	-	-	-	Cash and bank deposits	-	-	-
Cash and bank deposits in trust	-	-	-	Cash and bank deposits in trust	-	-	-
Total	-	-	-	Total	-	-	-
(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period				(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period			
As of June 30, 2018 (Unit: JPY thousand)				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 within one year	Due after one to two years	Due after two to three years
Short-term loans	2,000,000	-	-	Short-term loans	1,099,000	-	-
Current portion of long-term loans payable	46,663,000	-	-	Current portion of long-term loans payable	54,745,000	-	-
Investment corporation bonds	-	-	-	Investment corporation bonds	-	-	-
Long-term loans	-	51,744,000	57,380,000	Long-term loans	-	50,130,000	55,601,000
Total	48,663,000	51,744,000	57,380,000	Total	55,844,000	50,130,000	55,601,000
	Due after three to four years	Due after four to five years	Due after five years		Due after three to four years	Due after four to five years	Due after five years
Short-term loans	-	-	-	Short-term loans	-	-	-
Current portion of long-term loans payable	-	-	-	Current portion of long-term loans payable	-	-	-
Investment corporation bonds	-	1,000,000	1,000,000	Investment corporation bonds	-	3,000,000	1,000,000
Long-term loans	15,638,000	6,865,000	7,125,000	Long-term loans	32,895,000	27,843,000	3,560,000
Total	15,638,000	7,865,000	8,125,000	Total	32,895,000	30,843,000	4,560,000

[Notes Related to Asset Retirement Obligations]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)																
<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">31,680</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">210</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,891</td> </tr> </table>	Balance at the beginning of the period	31,680	Increase due to the acquisition of properties	-	Accretion expense	210	Balance at the end of the period	31,891	<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">31,891</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">215</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">32,107</td> </tr> </table>	Balance at the beginning of the period	31,891	Increase due to the acquisition of properties	-	Accretion expense	215	Balance at the end of the period	32,107
Balance at the beginning of the period	31,680																
Increase due to the acquisition of properties	-																
Accretion expense	210																
Balance at the end of the period	31,891																
Balance at the beginning of the period	31,891																
Increase due to the acquisition of properties	-																
Accretion expense	215																
Balance at the end of the period	32,107																

[Notes Related to Rental Properties]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)					Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)				
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.					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)					(Unit: JPY thousand)				
Use	Book value			Fair value at the end of the period	Use	Book value			Fair value at the end of the period
	Balance at the beginning of the period	Change during the period	Balance at the end of the period			Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Residences	89,949,664	(3,380,554)	86,569,109	100,387,000	Residences	86,569,109	(660,828)	85,908,280	102,044,000
Offices	6,474,931	(6,474,931)	-	-	Commercial facilities	4,912,468	(45,728)	4,866,739	6,170,000
Commercial facilities	4,957,292	(44,824)	4,912,468	6,170,000	Hotels	245,453,345	46,421,563	291,874,909	354,366,000
Hotels	226,328,017	19,125,328	245,453,345	304,985,000	Total	336,934,923	45,715,006	382,649,930	462,580,000
Total	327,709,905	9,225,018	336,934,923	411,542,000					
<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended June 30, 2018 were new acquisition of hotels and capital expenditure-related construction work.</p> <p>(Note 3) The major factors of the decrease were sale of residential properties and office properties; and recording of depreciation.</p> <p>(Note 4) The fair value as of the end of the Reporting Period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended June 30, 2018, please refer to “Notes to Statement of Income and Retained Earnings.”</p>					<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended December 31, 2018 were new acquisition of hotels and capital expenditure-related construction work.</p> <p>(Note 3) The major factor of the decrease was recording of depreciation.</p> <p>(Note 4) The fair value as of the end of the Reporting Period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended December 31, 2018, please refer to “Notes to Statement of Income and Retained Earnings.”</p>				

[Notes Related to Restriction on Asset Management]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018) (Reference)

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand)
Interested party of the Asset Manager	Ginga Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,326,000	-	-
	HL Investments Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	2,772,000	-	-
	Monza Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	2,723,000	-	-
	Suisei Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	1,604,000	-	-
	Calvis Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	7,325,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	576,941	Accounts receivable	221,582
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	5,324,738	Accounts receivable	1,387,974

(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 the sponsor company.

(Note 3) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, (i) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares) upon transactions with the Tokutei Mokuteki Kaisha, (ii) Calvis Tokutei Mokuteki Kaisha has 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) upon transactions with the Tokutei Mokuteki Kaisha, and (iii) Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares until March 29, 2018; a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares on and after March 29, 2018). Accordingly, INV treats Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

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

Property number	Name of property	Counterparty	Purchase price (JPY thousand)
D54	Hotel MyStays Yokohama Kannai	Ginga Tokutei Mokuteki Kaisha	5,326,000
D55	Art Hotel Joetsu	HL Investments Tokutei Mokuteki Kaisha	2,772,000
D56	Art Hotel Hirosaki City	Monza Tokutei Mokuteki Kaisha	2,723,000
D57	Hotel MyStays Oita	Suisei Tokutei Mokuteki Kaisha	1,604,000
D58	Hotel MyStays Gotanda	Calvis Tokutei. Mokuteki Kaisha	4,068,000
D59	Hotel MyStays Tachikawa	Calvis Tokutei. Mokuteki Kaisha	3,257,000
Total			19,750,000

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for short-term loan	356,000	Short-term loans payable	666,000
				Borrowing for long-term loan	-	Long-term loans payable	23,976,000
				Finance related fees (Note 2)	-	Prepaid expenses	44,600
						Long-term prepaid expenses	57,993
Interest expenses (Note 2)	70,227	Accrued expenses	768				

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

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

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

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Interested party of the Asset Manager	Aki Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	20,691,000	-	-
	Raetia Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	16,731,000	-	-
	HL Investments 2 Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,286,000	-	-
	Dogo Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 4)	5,039,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	1,112,683	Accounts receivable	141,119
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	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 the sponsor company.

(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

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand) (Note 1)	Account	Balance at the end of the period (JPY thousand) (Note 1)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Repayment of short-term loan	666,000	Short-term loans payable	-
				Borrowing of long-term loan	5,670,000	Long-term loans payable	26,976,000
				Repayment of long-term loan	2,670,000		
				Finance related fees (Note 2)	50,122	Prepaid expenses	47,254
						Long-term prepaid expenses	76,544
Interest expenses (Note 2)	75,568	Accrued expenses	1,694				

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

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

[Notes Related to Per Unit Information]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)		Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)	
Net assets per unit	JPY 37,871	Net assets per unit	JPY 39,063
Net income per unit	JPY 1,611	Net income per unit	JPY 1,504
Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.	

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

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)		Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)		
Net income for the fiscal period (JPY thousand)	7,721,948	Net income for the fiscal period (JPY thousand)	8,384,071	7,721,94
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-	
Net income attributable to common units (JPY thousand)	7,721,948	Net income attributable to common units (JPY thousand)	8,384,071	7,721,94
Average number of investment units during the period (units)	4,793,181	Average number of investment units during the period (units)	5,575,457	4,793,18

[Notes Related to Significant Subsequent Events]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
<p>1. Issuance of new investment units INV resolved at its meetings of the Board of Directors held on July 17, 2018 and July 25, 2018 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on August 1, 2018, 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 21, 2018. As a result, the unitholders' capital of INV is JPY 211,092 million and the number of investment units issued and outstanding of INV increased to 5,748,181.</p> <p>(1) Issuance of new investment units through public offering</p> <p>Number of investment units offered : 909,524 investment units offered Of which domestic public offering : 432,024 investment units overseas offering : 477,500 investment units Issue price (offer price) : JPY 45,776 per unit Total issue price (offer price) : JPY 41,634,370,624 Paid amount (issue value) : JPY 44,287 per unit Total paid amount (total issue value) : JPY 40,280,089,388 Payment date : August 1, 2018</p> <p>(2) Secondary offering of investment units (overallotment secondary offering)</p> <p>Number of Investment Units offered in the secondary offering : 45,476 investment units offered in the secondary offering Offer price : JPY 45,776 per unit Total offer price : JPY 2,081,709,376 Delivery date : August 2, 2018</p> <p>(3) Issuance of new investment units through third-party allotment</p> <p>Number of investment units offered : 45,476 investment units offered Amount to be paid (issue value) : JPY 44,287 per unit Total paid amount (total issue value) : JPY 2,013,995,612 Payment date : August 21, 2018 Allottee : Mizuho Securities Co., Ltd.</p>	<p>Not applicable</p>

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
<p>2. Debt Financing</p> <p>In order to fund a portion of acquisition price of four domestic hotel properties (domestic trust beneficiary interests) acquired on August 2, 2018 and TK Interest with overseas real estate as underlying assets to be acquired on October 31, 2018 or on a date to be separately agreed, INV resolved the following debt financing at its meetings of the Board of Directors held on July 17, 2018 and entered into a loan agreement on July 31, 2018.</p> <p>New Syndicate Loan (J)</p> <p>Lender : Syndicate of lenders arranged by Mizuho Bank, Ltd.</p> <p>Outstanding balance : JPY 40,458 million</p> <p>Interest rate, etc. : Base Rate (1-month JPY TIBOR; however, 2-month JPY TIBOR for the first calculation period) + 0.50%, 0.40%, 0.30%, 0.30%, 0.20%</p> <p>Interest payment date : The last Japanese business day of each month before the principal maturity date with September 28, 2018 as the first payment date, and the principal maturity date The last Japanese business day of each month before the principal maturity date with October 31, 2018 (Note 1) as the first payment date, and the principal maturity date</p> <p>Principal repayment method : Lump-sum repayment</p> <p>Borrowing method : Unsecured / Unguaranteed</p> <p>Borrowing date : August 2, 2018, September 12, 2018 (Note 1)</p> <p>Maturity date : August 2, 2019, August 2, 2021, September 12, 2021 (Note 1), September 12, 2022 (Note 1), September 12, 2023 (Note 1)</p> <p>(Note 1) Borrowing date, interest payment date and maturity date are those expected as of the date of this document and are subject to change.</p> <p>3. Acquisition of assets (properties)</p> <p>INV resolved acquisition of the following four hotel properties (total acquisition price: JPY 47,747 million) on July 17, 2018 and completed the acquisition on August 2, 2018.</p>	

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)																
<p>Property Number: D60 Property Name: Hotel MyStays Premier Akasaka</p> <table border="1"> <tr> <td>Acquisition date</td> <td>August 2, 2018</td> </tr> <tr> <td>Acquisition price (Note 1)</td> <td>JPY 20,691 million</td> </tr> <tr> <td>Location</td> <td>Minato-ku, Tokyo</td> </tr> <tr> <td>Completion date</td> <td>June 2016</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>Aki Tokutei Mokuteki Kaisha</td> </tr> <tr> <td>Total floor area</td> <td>8,620.69m²</td> </tr> <tr> <td>Total leasable area</td> <td>8,620.69m²</td> </tr> </table>	Acquisition date	August 2, 2018	Acquisition price (Note 1)	JPY 20,691 million	Location	Minato-ku, Tokyo	Completion date	June 2016	Legal form of asset	Trust beneficiary interest	Seller	Aki Tokutei Mokuteki Kaisha	Total floor area	8,620.69m ²	Total leasable area	8,620.69m ²	
Acquisition date	August 2, 2018																
Acquisition price (Note 1)	JPY 20,691 million																
Location	Minato-ku, Tokyo																
Completion date	June 2016																
Legal form of asset	Trust beneficiary interest																
Seller	Aki Tokutei Mokuteki Kaisha																
Total floor area	8,620.69m ²																
Total leasable area	8,620.69m ²																
<p>Property Number: D61 Property Name: Hotel MyStays Premier Sapporo Park</p> <table border="1"> <tr> <td>Acquisition date</td> <td>August 2, 2018</td> </tr> <tr> <td>Acquisition price (Note 1)</td> <td>JPY 16,731 million</td> </tr> <tr> <td>Location</td> <td>Sapporo-shi, Hokkaido</td> </tr> <tr> <td>Completion date</td> <td>March 1998</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>Raetia Tokutei Mokuteki Kaisha</td> </tr> <tr> <td>Total floor area</td> <td>21,670.64m²</td> </tr> <tr> <td>Total leasable area</td> <td>21,670.64m²</td> </tr> </table>	Acquisition date	August 2, 2018	Acquisition price (Note 1)	JPY 16,731 million	Location	Sapporo-shi, Hokkaido	Completion date	March 1998	Legal form of asset	Trust beneficiary interest	Seller	Raetia Tokutei Mokuteki Kaisha	Total floor area	21,670.64m ²	Total leasable area	21,670.64m ²	
Acquisition date	August 2, 2018																
Acquisition price (Note 1)	JPY 16,731 million																
Location	Sapporo-shi, Hokkaido																
Completion date	March 1998																
Legal form of asset	Trust beneficiary interest																
Seller	Raetia Tokutei Mokuteki Kaisha																
Total floor area	21,670.64m ²																
Total leasable area	21,670.64m ²																
<p>Property Number: D62 Property Name: Hotel MyStays Ueno East</p> <table border="1"> <tr> <td>Acquisition date</td> <td>August 2, 2018</td> </tr> <tr> <td>Acquisition price (Note 1)</td> <td>JPY 5,286 million</td> </tr> <tr> <td>Location</td> <td>Taito-ku, Tokyo</td> </tr> <tr> <td>Completion date</td> <td>September 1991</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>HL Investments 2 Tokutei Mokuteki Kaisha</td> </tr> <tr> <td>Total floor area</td> <td>4,396.02m²</td> </tr> <tr> <td>Total leasable area</td> <td>4,396.02m²</td> </tr> </table>	Acquisition date	August 2, 2018	Acquisition price (Note 1)	JPY 5,286 million	Location	Taito-ku, Tokyo	Completion date	September 1991	Legal form of asset	Trust beneficiary interest	Seller	HL Investments 2 Tokutei Mokuteki Kaisha	Total floor area	4,396.02m ²	Total leasable area	4,396.02m ²	
Acquisition date	August 2, 2018																
Acquisition price (Note 1)	JPY 5,286 million																
Location	Taito-ku, Tokyo																
Completion date	September 1991																
Legal form of asset	Trust beneficiary interest																
Seller	HL Investments 2 Tokutei Mokuteki Kaisha																
Total floor area	4,396.02m ²																
Total leasable area	4,396.02m ²																

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Property Number: D63	
Property Name: Hotel MyStays Midosuji Honmachi	
Acquisition date	August 2, 2018
Acquisition price (Note 1)	JPY 5,039 million
Location	Osaka-shi, Osaka
Completion date	October 2017
Legal form of asset	Trust beneficiary interest
Seller	Dogo Tokutei Mokuteki Kaisha
Total floor area	3,429.43m ²
Total leasable area	3,429.43m ²
<p>(Note 1) Acquisition price is based on the purchase price indicated in the relevant purchase and sale agreement and does not include acquisition-related expenses, property taxes, city planning taxes or consumption taxes.</p>	
<p>4. Acquisition of assets (TK interest with overseas real estate as underlying assets) INV resolved acquisition of the following TK interest on July 17, 2018 and concluded a TK agreement on the same date.</p>	
Overview of acquisition	
Asset to be acquired	TK interest in a Cayman Islands special purpose company that plans to acquire Leasehold Interests in overseas real estate as underlying assets
Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort
Anticipated acquisition date	One business day prior to the acquisition date of the underlying assets, which is expected to close by October 31, 2018 or the date separately agreed
Anticipated acquisition price	USD 339,836,000 (JPY 37,534 million) (Note 1) for 100.0% of the Cayman Hotel TK Interest
TK operator	Seven Mile Resort Holdings Ltd.

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)		
Overview of underlying assets			
<table border="1"> <tr> <td>Name of asset</td> <td>Westin Grand Cayman Seven Mile Beach Resort & Spa</td> </tr> </table>	Name of asset	Westin Grand Cayman Seven Mile Beach Resort & Spa	
Name of asset	Westin Grand Cayman Seven Mile Beach Resort & Spa		
<table border="1"> <tr> <td>Anticipated acquisition price (Note 1) (Note 2)</td> <td>USD 255,300,000 (JPY 28,197 million)</td> </tr> </table>	Anticipated acquisition price (Note 1) (Note 2)	USD 255,300,000 (JPY 28,197 million)	
Anticipated acquisition price (Note 1) (Note 2)	USD 255,300,000 (JPY 28,197 million)		
<table border="1"> <tr> <td>Location</td> <td>Seven Mile Beach Road, Grand Cayman, Cayman Islands</td> </tr> </table>	Location	Seven Mile Beach Road, Grand Cayman, Cayman Islands	
Location	Seven Mile Beach Road, Grand Cayman, Cayman Islands		
<table border="1"> <tr> <td>Completion date</td> <td>1994</td> </tr> </table>	Completion date	1994	
Completion date	1994		
<table border="1"> <tr> <td>Total floor area</td> <td>231,728 ft² (approx. 21,528m²)</td> </tr> </table>	Total floor area	231,728 ft ² (approx. 21,528m ²)	
Total floor area	231,728 ft ² (approx. 21,528m ²)		
<table border="1"> <tr> <td>Name of asset</td> <td>Sunshine Suites Resort</td> </tr> </table>	Name of asset	Sunshine Suites Resort	
Name of asset	Sunshine Suites Resort		
<table border="1"> <tr> <td>Anticipated acquisition price (Note 1) (Note 2)</td> <td>USD 49,700,000 (JPY 5,489 million)</td> </tr> </table>	Anticipated acquisition price (Note 1) (Note 2)	USD 49,700,000 (JPY 5,489 million)	
Anticipated acquisition price (Note 1) (Note 2)	USD 49,700,000 (JPY 5,489 million)		
<table border="1"> <tr> <td>Location</td> <td>Esterley Tibbetts Highway, Grand Cayman, Cayman Islands</td> </tr> </table>	Location	Esterley Tibbetts Highway, Grand Cayman, Cayman Islands	
Location	Esterley Tibbetts Highway, Grand Cayman, Cayman Islands		
<table border="1"> <tr> <td>Completion date</td> <td>1999</td> </tr> </table>	Completion date	1999	
Completion date	1999		
<table border="1"> <tr> <td>Total floor area</td> <td>72,367 ft² (approx. 6,723m²)</td> </tr> </table>	Total floor area	72,367 ft ² (approx. 6,723m ²)	
Total floor area	72,367 ft ² (approx. 6,723m ²)		
<p>(Note 1) The anticipated investment amount is fixed by the foreign exchange forward contract executed on July 26, 2018 in Japanese Yen denomination which were calculated using an exchange rate of USD 1 = JPY 110.45.</p>			
<p>(Note 2) This price is not the anticipated acquisition price of the Cayman Hotel TK Interest acquired by INV but the anticipated acquisition price of the Leasehold, etc. of the Underlying Asset acquired by the Cayman SPC.</p>			

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

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)										
Not applicable	<p>The following provision was made in the statement of cash distribution:</p> <p>1. Reasons, related assets and amounts (Unit: JPY thousand)</p> <table border="1" data-bbox="890 539 1465 674"> <thead> <tr> <th data-bbox="890 539 1043 618">Related assets, etc.</th> <th data-bbox="1043 539 1254 618">Reason</th> <th data-bbox="1254 539 1465 618">Allowance for temporary differences adjustment</th> </tr> </thead> <tbody> <tr> <td data-bbox="890 618 1043 674">Leasehold rights in trust</td> <td data-bbox="1043 618 1254 674">Depreciation of leasehold rights</td> <td data-bbox="1254 618 1465 674">85,002</td> </tr> </tbody> </table> <p>2. Method of reversal</p> <table border="1" data-bbox="890 734 1465 846"> <thead> <tr> <th data-bbox="890 734 1043 790">Related assets, etc.</th> <th data-bbox="1043 734 1465 790">Method of reversal</th> </tr> </thead> <tbody> <tr> <td data-bbox="890 790 1043 846">Leasehold rights in trust</td> <td data-bbox="1043 790 1465 846">The corresponding amount is scheduled to be reversed upon sale, etc.</td> </tr> </tbody> </table>	Related assets, etc.	Reason	Allowance for temporary differences adjustment	Leasehold rights in trust	Depreciation of leasehold rights	85,002	Related assets, etc.	Method of reversal	Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.
Related assets, etc.	Reason	Allowance for temporary differences adjustment									
Leasehold rights in trust	Depreciation of leasehold rights	85,002									
Related assets, etc.	Method of reversal										
Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.										

VI. Statement of Cash Distribution

	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
I. Unappropriated retained earnings	JPY 7,610,548,999	JPY 9,140,372,069
II. Distribution in excess of retained earnings		
Allowance for temporary differences adjustment	-	JPY 85,002,600
Other deduction of capital surplus	-	JPY 204,006,240
III. Distributions	JPY 6,854,248,830	JPY 9,537,291,720
(Distribution per unit)	(JPY 1,430)	(JPY 1,683)
Of which, distribution of earnings	JPY 6,854,248,830	JPY 9,248,282,880
(Distribution of earnings per unit)	(JPY 1,430)	(JPY 1,632)
Of which, allowance for temporary differences adjustment	-	JPY 85,002,600
(Excess profit distribution per unit (Allowance for temporary differences adjustment))	(-)	(JPY 15)
Of which, other distribution in excess of retained earnings	-	JPY 204,006,240
(Distribution in excess of retained earnings per unit (Other distribution in excess of retained earnings))	(-)	(JPY 36)
IV. Retained earnings (deficit) carried forward	JPY 756,300,169	- JPY 107,910,811

<p>Calculation method of distribution amount</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 income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 6,854,248,830 out of net income of JPY 7,721,948,639. Moreover, INV does not make Excess Profit Distribution set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p>	<p>As shown above, the distribution per unit for the Reporting Period is JPY 1,683. 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>For the Reporting Period, there arose deferred gain on hedges of JPY 108 million, which is regarded as profit as stipulated in Article 136, Paragraph 1 of the Investment Trust Act, and INV decided to distribute almost the entire amount of profit stipulated in Article 136, Paragraph 1 of the Investment Trust Act. As a result, INV recorded retained deficit carried forward of JPY 107 million for the next fiscal period.</p>
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Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended December 31, 2018 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution is unaudited.

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

VII. Statement of Cash Flows (Reference Information)

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Net income before taxes	7,722,553	8,384,676
Depreciation and amortization	2,772,510	3,039,033
Investment unit issuance costs	-	186,997
Amortization of investment corporation bond issuance costs	379	2,625
Loan-related costs	234,197	407,683
Interest income	(78)	(82)
Interest expenses	480,672	564,302
Foreign exchange losses (gains)	-	(7,261)
Increase (decrease) in allowance for doubtful accounts	0	(3)
Decrease (increase) in rental receivable	158,132	(764,772)
Decrease (increase) in refundable income taxes	(149,624)	(23,292)
Decrease (increase) in consumption taxes receivable	661,287	(434,326)
Increase (decrease) in accounts payable	39,752	(32,970)
Increase (decrease) in consumption taxes payable	(32,819)	(14,902)
Increase (decrease) in accounts payable-other	49,627	(49,755)
Increase (decrease) in accrued expenses	(75,177)	(2,611)
Increase (decrease) in advances received	(49,246)	20,161
Increase (decrease) in deposits received	(47,348)	(75,818)
Decrease from sales of property, plant and equipment in trust	9,181,866	-
Others, net	20,177	9,283
Subtotal	20,966,865	11,208,966
Interest income received	78	82
Interest expenses paid	(483,261)	(553,985)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	20,483,077	10,654,458
Cash flows from investing activities		
Purchases of property and equipment in trust	(20,847,991)	(45,485,560)
Purchases of leasehold rights in trust	-	(3,421,194)
Purchase of investment securities	(1,927)	-
Repayments of tenant leasehold and security deposits in trust	(320,542)	(64,862)
Proceeds from tenant leasehold and security deposits in trust	132,593	49,032
Payments of tenant leasehold and security deposits	(30,000)	(19,105)
Payments of TK investment	-	(37,534,886)
Proceeds from withdrawal of TK investment	-	751,060
Other, net	47,201	(12,784)
Net cash used in investing activities	(21,020,665)	(85,738,300)
Cash flows from financing activities		
Proceeds from short-term loans payable	-	1,099,000
Repayments of short-term loans payable	(1,068,000)	(2,000,000)
Proceeds from long-term loans payable	1,500,000	68,338,000
Repayments of long-term loans payable	-	(28,979,000)
Proceeds from issuance of investment corporation bonds	1,977,436	1,980,352
Payment for loan-related expenses	(40,494)	(804,736)
Payments for acquisition of own investment units	-	(3,999,980)
Payment of distributions of earnings	(7,280,040)	(6,664,830)
Payment of other distributions in excess of earnings	(172,554)	-
Proceeds from issuance of investment units	-	42,107,087

(Unit: JPY thousand)

	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Net cash provided by (used in) financing activities	(5,083,652)	71,075,892
Net increase (decrease) in cash and cash equivalents	(5,621,240)	(4,007,949)
Cash and cash equivalents at beginning of period	20,693,794	15,072,553
Cash and cash equivalents at end of period	*1 15,072,553	*1 11,064,604

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

[Notes Concerning Significant Accounting Policies (Reference Information)]

Item	By Period	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
Cash and cash equivalents as stated in Statement of Cash Flows		Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.

[Notes to changes in indication method (Reference Information)]

Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)
“Decrease (increase) in retainable income taxes” was included in “Others, net” under “Cash flows from operating activities” in the Statement of Cash Flows for the previous fiscal period. However, due to an increase in its monetary significance, it is recorded as a separate item from the Reporting Period. As a result, JPY 1,274,000 which was recorded under “Others, net” under “Cash flows from operating activities” in the Statement of Cash Flows for the previous fiscal period is now restated as JPY 2,000 for Decrease (increase) in retainable income taxes and (JPY 1,277,000) for Others, net.	Not applicable.

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

Item \ By Period	Fiscal period ended June 30, 2018 (Reference) (from January 1, 2018 to June 30, 2018)	Fiscal period ended December 31, 2018 (from July 1, 2018 to December 31, 2018)		
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of June 30, 2018) (Unit: JPY thousand)	(As of December 31, 2018) (Unit: JPY thousand)		
	Cash and bank deposits	8,505,792	Cash and bank deposits	3,985,335
	Cash and bank deposits in trust	6,566,761	Cash and bank deposits in trust	7,079,268
	Cash and cash equivalents	15,072,553	Cash and cash equivalents	11,064,604

“My Number” informed by municipalities is necessary for taxation procedure on investment units. Thus, it is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Usage of “My Number” in investment units related affairs

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

Major payment record	*Payment record regarding cash distribution
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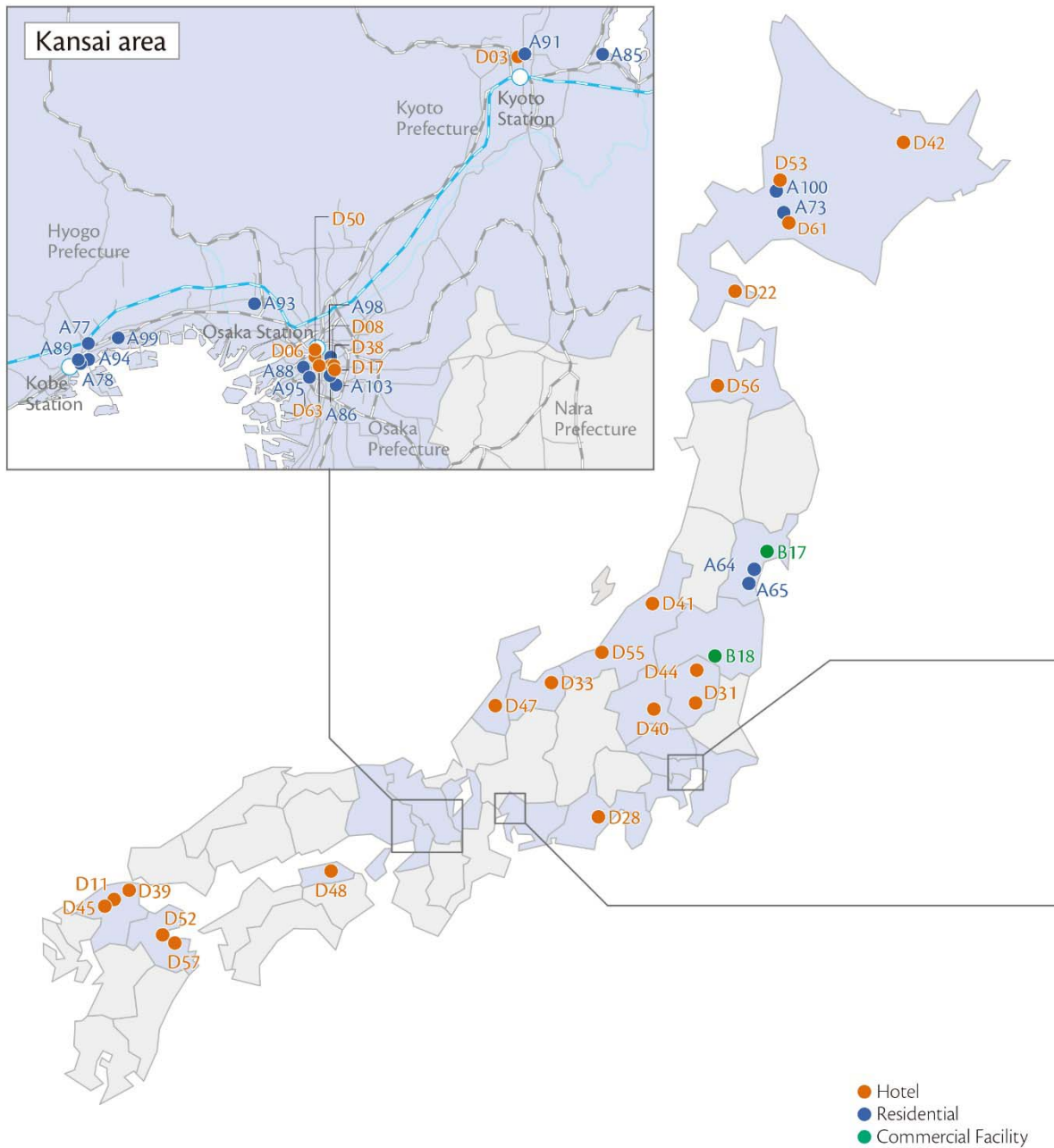
Usage of “My Number” also includes taxation related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

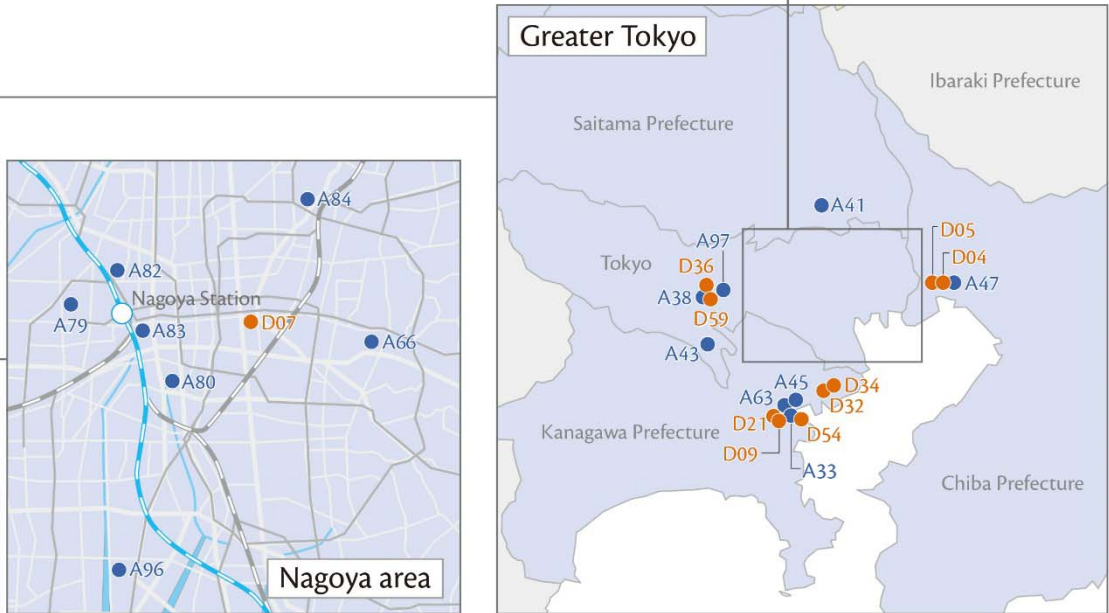
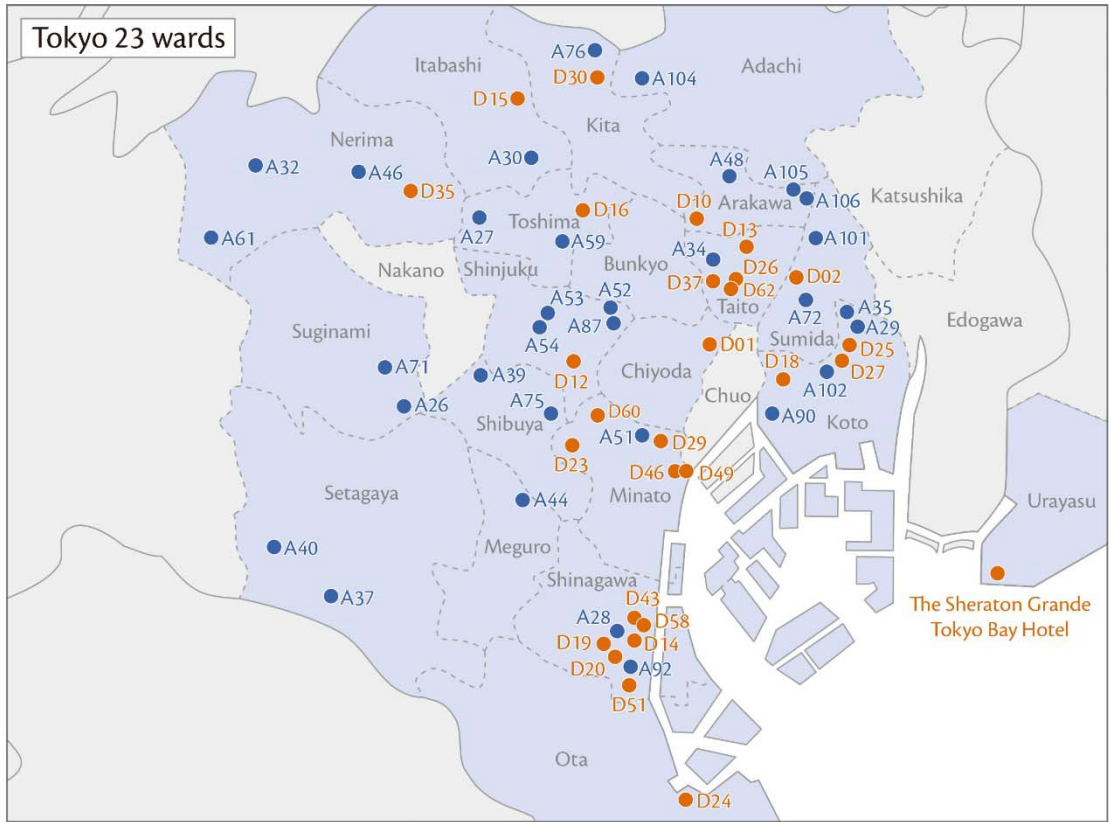
- Unitholders whose investment units are managed in brokerage accounts
Each brokerage
- Unitholders who have no brokerage account
Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited
Toll-free Telephone Number 0120-782-031

Domestic Portfolio Map (As of December 31, 2018)

No. of Properties	No. of Hotels	No. of Residential Properties	Others
130	64	64	2



(Note) For properties corresponding to the number and overview, please refer to pages 24-26.



Sponsor Pipeline (As of February 28, 2019)

Strong pipeline of 27 assets continue to provide stable growth opportunities.

■ Properties Covered by the MOU ⁽¹⁾

Hotels

No.	Property name	Location	Type ⁽²⁾	# of Rooms	Status
1	Rihga Royal Hotel Kyoto	Kyoto, Kyoto	Full	489	In operation
2	Hotel MyStays Premier Narita	Narita, Chiba	Full	711	In operation
3	Fusaki Resort Village	Ishigaki, Okinawa	Resort	188	In operation
4	Art Hotel Asahikawa	Asahikawa, Hokkaido	Full	265	In operation
5	Hotel MyStays Kanazawa Castle	Kanazawa, Ishikawa	Limited	206	In operation
6	Hotel MyStays Matsuyama	Matsuyama, Ehime	Full	162	In operation
7	Hotel Mystays Sapporo Nakajima Park	Sapporo, Hokkaido	Limited	86	In operation
8	Flexstay Inn Sakuragicho	Yokohama, Kanagawa	Limited	70	In operation
9	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Limited	161	In operation
10	Hotel MyStays Fuji Onsen Resort	Fujiyoshida, Yamanashi	Resort	159	In operation
11	Hotel Nord Otaru	Otaru, Hokkaido	Limited	98	In operation
12	Hotel Sonia Otaru	Otaru, Hokkaido	Limited	149	In operation
13	Art Hotel Niigata Station	Niigata, Niigata	Full	304	In operation
14	Art Hotel Ishigakijima	Ishigaki, Okinawa	Resort	245	In operation
15	Hotel MyStays Shinsaibashi East	Osaka, Osaka	Limited	85	In operation
16	Hotel MyStays Sapporo Aspen	Sapporo, Hokkaido	Limited	305	In operation
17	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo, Hokkaido	Limited	80	In operation
18	Hotel MyStays Sapporo Susukino	Sapporo, Hokkaido	Limited	104	In operation
19	Hotel MyStays Nayoro	Nayoro, Hokkaido	Limited	70	In operation

Residential properties

No.	Property name	Location	# of Rooms
20	Gran Charm Hiroo	Shibuya-ku, Tokyo	121
21	Gran Charm Kichijoji	Musashino, Tokyo	28
22	Green Patio Noda	Noda, Chiba	240
23	Dainichi F-45	Urayasu, Chiba	54
24	Gran Charm Urayasu	Urayasu, Chiba	54
25	Gran Charm Urayasu 5	Urayasu, Chiba	54
26	Gran Charm Minami Gyotoku I	Ichikawa, Chiba	52
27	Gran Charm Minami Gyotoku II	Ichikawa, Chiba	48

No. of Hotel Rooms

3,937

No. of Apartment Units

651

(Note 1) The above is a list of properties for which INV shall be granted an opportunity to consider the acquisition in priority to a third party when affiliates of Fortress Group intend to sell any of the properties. Regarding the properties in the list, the said affiliates do not intend to sell any of the properties and INV does not intend to acquire any of the properties as of February 28, 2019. Therefore, there is no assurance that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties. INV does not hold preferential negotiation rights to acquire any overseas properties.

(Note 2) Each "Type" above is as follows: "Limited Service" refers to a hotel focusing on revenues from room stay and offer limited service regarding foods and beverages, banquet, spa or gymnasium facilities. "Full Service" refers to a hotel having segments of stay, foods and beverages, and banquet. "Resort" refers to a hotel located at tourist destinations or recreational lots, having segments of stay, foods and beverages, and incidental facilities.

Rihga Royal Hotel Kyoto



Hotel MyStays Fuji Onsen Resort



Fusaki Resort Village



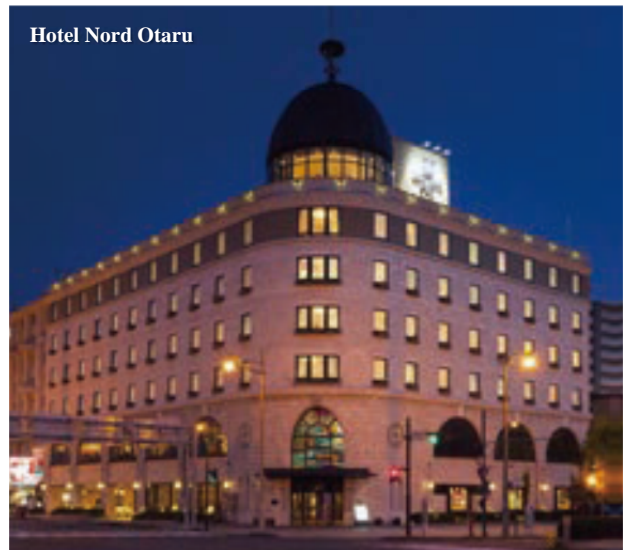
Hotel MyStays Sapporo Aspen



Hotel MyStays Premier Narita



Hotel Nord Otaru



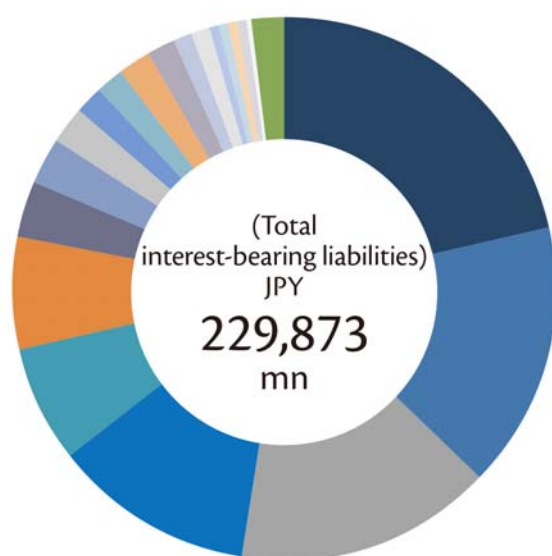
Financial Conditions

Issued INV's third Investment Corporation Bonds to diversify the financing sources of INV, while maintaining its sound financial base and good relationship with its lenders.

Investment Corporation Bonds

Bond Series	Date of issuance	Term	Total issue amount (JPY million)	Interest rate (per annum)	Rating
First Series Unsecured Investment Corporation Bonds	May 25, 2018	5 years	1,000	0.40%	A (JCR)
Second Series Unsecured Investment Corporation Bonds	May 25, 2018	10 years	1,000	0.80%	A (JCR)
Third Series Unsecured Investment Corporation Bonds	October 12, 2018	5 years	2,000	0.55%	A (JCR)
Total/Average			4,000		

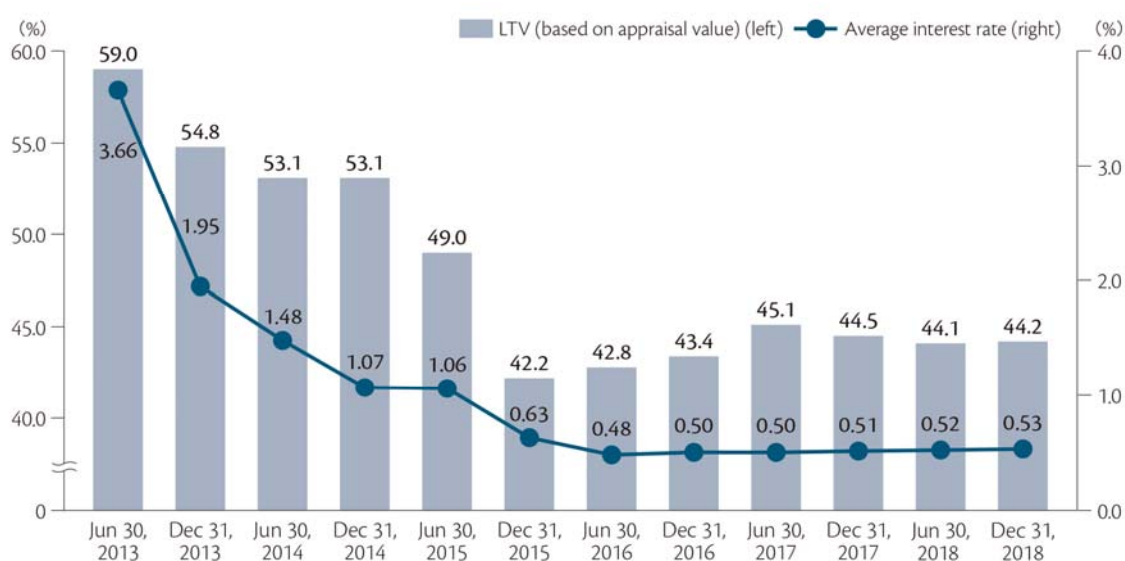
Lender Formation (as of February 28, 2019)



Mizuho Bank	21.7%
SMBC	15.7%
MUFG Bank	15.5%
SMTB	11.7%
Shinsei Bank	7.1%
Citibank N.A., Tokyo Branch	6.6%
Resona Bank	3.4%
DBJ	2.6%
Aeon Bank	2.4%
Japan Post Bank	1.7%
Tokyo Star Bank	1.7%
Dai-ichi Life Insurance	1.7%
Fukuoka Bank	1.7%
Nomura TB	1.2%
Shizuoka Bank	1.0%
Hiroshima Bank	0.7%
Kagawa Bank	0.4%
Daishi Bank	0.4%
Hyakugo Bank	0.4%
Towa Bank	0.3%
Gunma Bank	0.2%
Investment corporation bonds	1.7%

(Note 1) LTV (Appraisal Value Base) is calculated by the following formula: (Interest-bearing debt at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset and the TK interests which hold overseas properties, since no appraisal value is available, LTV after the acquisition is calculated using INV's acquisition prices of the preferred equity securities and TK interests as appraisal values. For the TK interests, the acquisition price (INV's TK investment amount) of such TK interest, which is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract (implemented as of September 26, 2018) entered into on July 26, 2018, is deemed as the appraisal value and included. The amount of TK investment has changed from the initial amount due to a partial refund of the TK investment on December 10, 2018. (Using exchange rate above, the initial investment amount in Japanese Yen denomination was JPY 37,534 million, while the investment amount after the refund was JPY 36,783 million.)

■ LTV (based on appraisal value)⁽¹⁾ and Weighted Average Interest Rate⁽²⁾



■ DSCR



■ Rating

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

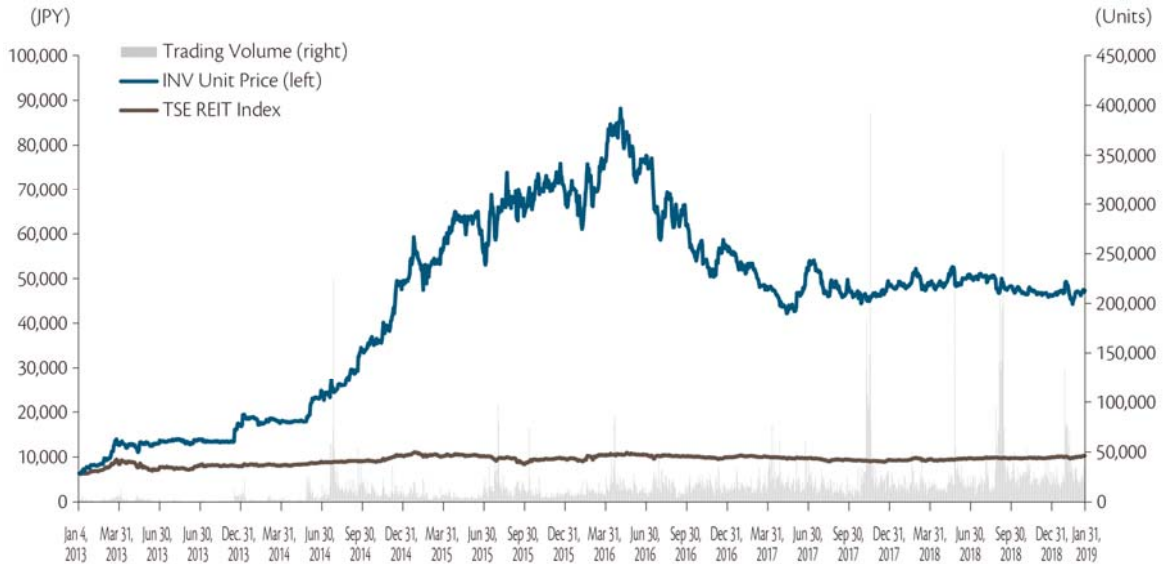
(Note 2) Average interest rate is calculated by the following formula: [Sum total of (Each loan's loan amount outstanding at the end of the fiscal period multiplied by applicable interest rate at the end of the fiscal period)] / (Total loan amount outstanding at the end of the fiscal period).

(Note 3) DSCR is calculated by dividing (i) by (ii) for the relevant period; (i) operating income, as adjusted for depreciation expenses from property rental business and any gain (loss) on sales of property (ii) scheduled repayments of loans payable, interest expense, the amount of redemption of bond and bond interest.

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

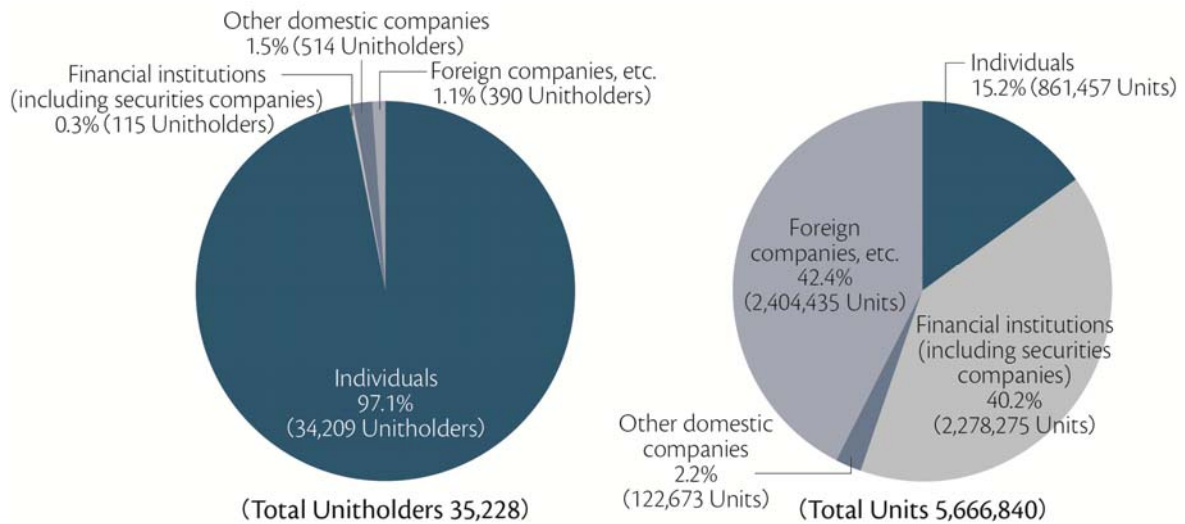
Overview of Unitholders/Investment Units

Historical Unit Price



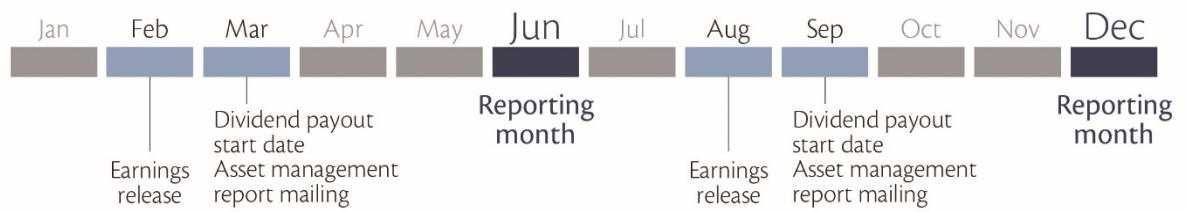
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013 was the same as the closing price of INV unit on the same day.

Distribution of Unitholders



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

■ Annual Schedule



Information for Unitholders

For Unitholders

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

Notification Process for Address Changes

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

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

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

Dividends

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

(Bank Transfers)

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

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

Notification

(Notice of Dividend Payment)

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

(Characters for Addresses and Names of Unitholders)

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

Inquiries

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

TEL: 03-5411-2731 (Main)

Weekdays 9:30-17:30