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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2013 (January 1, 2013 to June 30, 2013)

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

It gives me much pleasure to take this opportunity to express my sincere gratitude to all investors of Invincible Investment Corporation (INV) for your ongoing support.

My name is Naoki Fukuda, and I have recently been appointed to serve as Executive Officer of INV. I look forward to this opportunity to fully utilize the work experience I have gained in both the real estate and financial industries in Japan and overseas, and to dedicating myself to INV's optimal management.

Since the merger in February 2010 and the sponsorship from July 2011 by Calliope Godo Kaisha, an affiliate company of Fortress Investment Group LLC (together with other related companies, the "Fortress Group") (Note), we have been able to achieve a financial restructuring and an improvement and strengthening of our earnings potential. We are now at a crucial point in making a leap to a new stage in our development.

INV has a highly stable portfolio with a careful balance among asset types and geographic areas. I believe we are greatly advantaged in being able to fully utilize not only the the property management, planning and financial management ability of Consonant Investment Management Co., Ltd., the Asset Manager, but also the expertize of the Fortress Group, one of the world's leading alternative investment companies, in the real estate and financial business. Under the new management structure, we will seek operations that maximize these advantages and contribute to further growth for INV and further enhancement of unitholders' value.

We hereby provide you with a report of the results of INV's financial results and operational condition for the 20st period (covering the period from January 1, 2013 to June 30, 2013).

During the 20th period, due in part to the full fiscal period contribution of the 24 residential properties acquired during the previous fiscal period, operating revenues were JPY 2,760 million, up JPY 283 million from the previous period, operating income was JPY 1,231 million, up JPY 147 million, and ordinary income and net income both increased significantly by JPY 220 million to reach JPY 335 million. In addition, making use of a portion (JPY 20 million) of the surplus of the negative goodwill attributable to the February 2010 merger, we were able to set the distribution per unit for the 20th at JPY 264, the highest post-merger level.

Going forward, we will continue to focus on internal growth, including maintaining and increasing occupancy rates and rent levels and maximizing net operating income (NOI) from our properties. In addition, in order to prepare for future refinancings of our borrowings, we will seek to increase the value of our assets, while strengthening our existing relationships with lenders and forging new relationships with other lenders.

We look forward to receiving the continued support of all of our unitholders.

Naoki Fukuda

Executive Officer

Invincible Investment Corporation

President and Representative Director

Consonant Investment Management Co., Ltd.

(Note) In July 2011, Calliope Godo Kaisha acquired 97.35% (note 3) of the outstanding shares of Consonant Investment Management Co, Ltd., and the Investment Corporation conducted a capital increase via third-party allotment with Callope Godo Kaisha as the principal investor.

| | | |
|------------------------|--|--------------------------------|
| Fixed Distributions | The 20th fiscal period (the fiscal period ended June 2013) | Per investment unit JPY 264 |
| Forecast Distributions | The 21st fiscal period (the fiscal period ending December 2013) | Per investment unit JPY 200 |

(Note) We are forecasting operating revenues of JPY 2,740 million and net income of JPY 270 million for the 21st fiscal period.

Summary of Financial Results

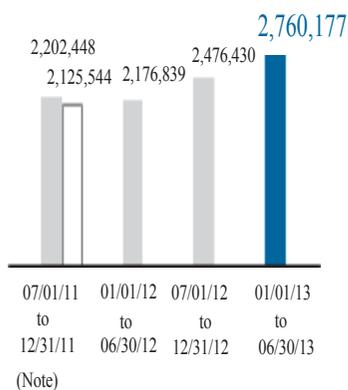
| | Period from July 1, 2011 to December 31, 2011 | Period from January 1, 2012 to June 30, 2012 | Period from July 1, 2012 to December 31, 2012 | Period from January 1, 2013 to June 30, 2013 |
|--|---|--|---|--|
| Operating Revenue (Thousands of yen) | 2,202,448 | 2,176,839 | 2,476,430 | 2,760,117 |
| Ordinary Income (Thousands of yen) | (3,466,417) | 125,981 | 114,784 | 335,683 |
| Net Income (Thousands of yen) | (2,476,155) | 128,175 | 114,179 | 335,078 |
| Net Assets (Thousands of yen) | 32,967,658 | 32,826,175 | 32,670,697 | 32,848,025 |
| Total Assets (Thousands of yen) | 68,083,586 | 67,698,887 | 80,200,022 | 80,249,063 |
| Net Assets per Unit (Thousands of yen) | 24,451 | 24,346 | 24,231 | 24,363 |
| Net Assets/Total Assets (Thousands of yen) | 48.4 | 48.5 | 40.7 | 40.9 |
| Distribution per Unit (Thousands of yen) | 200 | 200 | 117 | 264 |
| Number of Units Issued (Units) | 1,348,292 | 1,348,292 | 1,348,292 | 1,348,292 |

Note: Figures are rounded down to the indicated unit and percentages are rounded to one decimal place. However, "Net Assets per Unit" are rounded to the nearest yen.

Operating Revenue

2,760,177 thousand yen

Up **283,747 thousand yen** from previous period (11.55% increase) (Note)

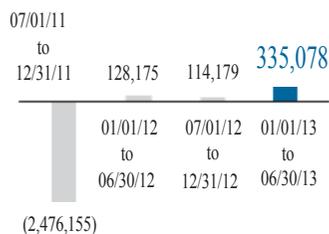


Unit: Thousand yen

Operating Income

335,078 thousand yen

Up **220,898 thousand yen** from previous period (193.5% increase)

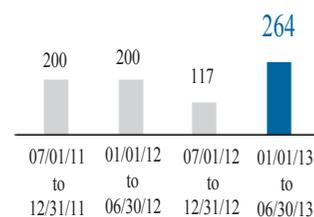


Unit: Thousand yen

Distribution per Unit

264 yen

Up **147 yen** from previous period (125.6% increase)



Unit: yen

Note: The figure in vertical axis □ of the "Operating Revenue" bar chart (07/01/11 to 12/31/11) excludes the effect of New Edobashi Building which was sold as of October 21, 2011. Figures are rounded down to the indicated unit and percentages are rounded to one decimal place.

20th Fiscal Period Results - comparison with 19th Fiscal Period

- ✓ Operating revenues grew JPY 283 million (+11.5%) due to the full period contribution from the 24 new properties acquired last period
- ✓ Occupancy for the 63 residential properties improved from 95.2% last period to 95.6%
- ✓ Net income increased approximately 2.9x from the absence of the one-off finance costs (JPY 120 million) last period (1.4x increase excluding the one-off finance costs in 19th Fiscal Period)

| (unit: mn JPY) (Note) | 19th Fiscal Period Results (Dec. 2012) | 20th Fiscal Period Results (Jun. 2013) | Changes | | Reasons for changes (unit: mn JPY) |
|------------------------------|---|---|---------|---------|--|
| Operating revenues | 2,476 | 2,760 | +283 | +11.5% | - Rent, common area fees, etc. +243 (residential +248, office -22, commercial facilities +10, parking lots, etc +6) - Key money income +12 - Restoration cost revenue +6 - Renewal fee revenue +24 |
| Operating expenses | 1,392 | 1,528 | +136 | +9.8% | - Maintenance costs +38 (PM fee +5, building and management expenses +11, repair costs -7, restoration costs +26, cost of utilities +4) - Taxes and public dues (property tax, etc.) +21 - Other expenditure +15 (advertising expenses, other fees +12) - Depreciation and amortization +63 - Asset management fees -5 - Appraisal fees +9 |
| Repair costs | 29 | 22 | -7 | -25.1% | |
| Operating Income | 1,084 | 1,231 | +147 | +13.6% | |
| Other operating expenses | 972 | 899 | -73 | -7.6% | |
| Interest Expenses | 763 | 800 | +37 | +4.9% | ✓ Increase due to new debt financing and refinancing with the increased loan amount in September 2012 |
| Finance related costs | 208 | 96 | -111 | -53.5% | ✓ Elimination of the one-off finance costs (120), etc. in 19th Fiscal Period |
| Net Income | 114 | 335 | +220 | +193.5% | |
| Net Income per Unit | 84.7 | 248.5 | +163.8 | +193.5% | |
| Reversal of Surplus per Unit | 32.3 | 15.5 | -16.8 | -52.1% | ✓ Additional dividend payout to satisfy the dividend payment requirement (conduit requirements) |
| Distribution per Unit | 117 | 264 | +147 | +125.6% | |
| NOI yield | 5.2% | 5.2% | +0.0% | - | |

(Note) Amounts listed are rounded down to the million JPY, however, the figures for "Net Income per Unit", "Reversal of Surplus per Unit" and "Distribution per Unit" are in a unit of one yen. Furthermore, percentages are rounded to one decimal place.

Achievements through 19th Fiscal Period (Dec. 2012)

Step 1 In July 2011, Calliope Godo Kaisha (Calliope), an affiliate of Fortress Investment Group LLC, became the new sponsor and recapitalized Invincible Investment Corporation (INV) through:

- Financing approximately JPY 7 billion of equity by way of third party allotment, with Calliope as the main allottee
- Refinancing majority of debt with new loans to realize **extension of loan periods with diversified maturity dates**
- Acquiring approximately 97% of shares of the asset manager (Consonant Investment Management Co., Ltd.) (Asset Manager)

Step 2 **Internal growth: Cost reductions, enhanced leasing efforts improved profitability**

- Annual savings of approximately JPY 209 million via cost reductions
- Increased portfolio occupancy from 92.9% (Note 1)(Note 2) in June 2011 to 96.4% (Note 2) in December 2012
- The above cost cutting measures along with occupancy improvements resulted in additional net income of approximately JPY 295 million

(Note 1) Occupancy at end of June 2011 is calculated excluding the impact from the sale of New Edobashi Building (sold on October 21, 2011)
 (Note 2) Occupancy based on the properties held as of the end of June 2011 (existing 54 properties) in order to show internal growth effect.

Step 3 **External growth: Acquired new properties in September 2012 without a capital increase, increasing asset size and earnings**

- Acquisition price JPY 14,043 million (24 residential properties)
- NOI yield 6.1% based on acquisition price (Note 3)
- Average age of new properties 7.7 years (Note 4)
- Occupancy of new properties 96.0% (Note 4)
- New debt procurement (duration of 5.5 years, 6.5 years, and 7.5 years with fixed interest of 1.9%) and refinanced existing loans at a higher amount allowed for acquisition of new properties

(Note 3) NOI yield assumed at the time of acquisition (September 28, 2012) of new 24 properties (Note 5)
 (Note 4) Average property age and occupancy as of the time of acquisition of new 24 properties (dated September 28, 2012)
 (Note 5) New 24 properties refer to the residential properties acquired on September 28, 2012.

STABLE DPU OF JPY 200 NOW ACHIEVABLE WITHOUT UTILIZING SURPLUS

Financial Highlights - 20th Fiscal Period (Jun. 2013)

Dividend

Highest dividend achieved since the merger

- ✓ **Distribution per Unit JPY 264**
(JPY 147 increase period-on-period, JPY 64 higher than forecast)
- ✓ **New 24 properties provided full period contribution to revenue and profit growth**
 - NOI JPY 2,008 million (period-on-period JPY 208 million increase)
 - EPS JPY 249 (period-on-period JPY 164 increase)

Internal growth

Residential occupancy reaches post-merger high

- ✓ **Residential average occupancy 95.6%** (previous period : 95.2%, +0.4%)
 - New 24 properties (residential) 96.2% (previous period 95.7%, +0.5%)
 - Existing 39 properties (residential) 95.3% (previous period 95.0%, +0.3%) (Note)
- (Note) Existing 39 properties refers to residential portion of original 54 property portfolio.

Continuous improvement in asset values

- ✓ **Appraisal value JPY 74,347 million, an increase of JPY 864 million (+1.2%)**
- ✓ **Appraisal value increased for 3rd consecutive period**

Management

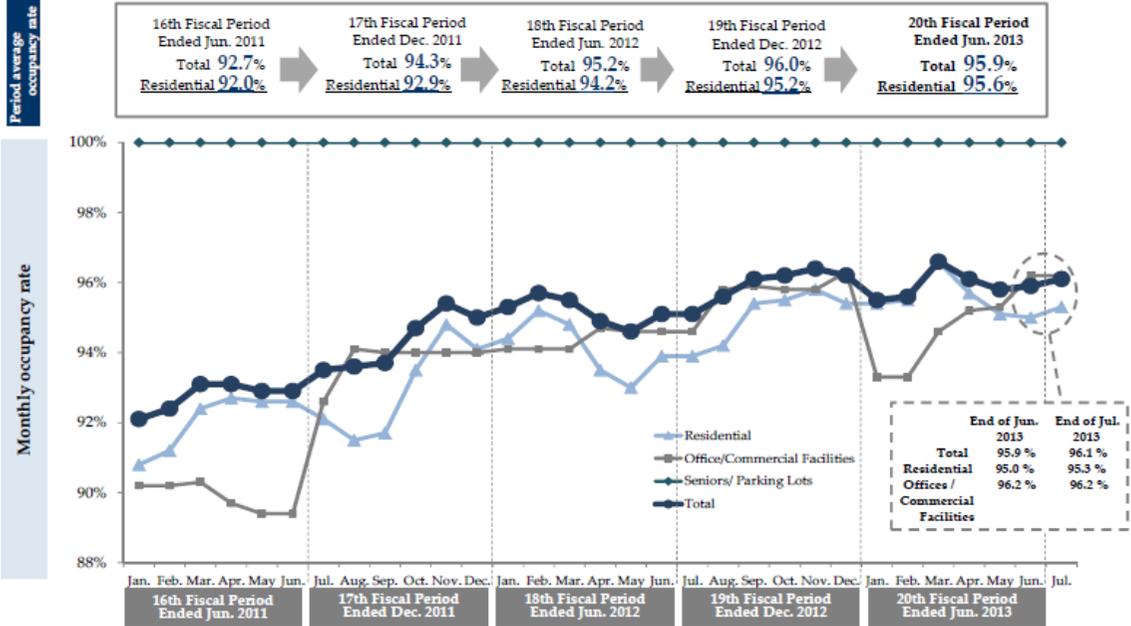
Management changes at INV and Asset Manager

- ✓ **Senior management changes at INV and Asset Manager**

Improvement of Portfolio Occupancy

- ✓ Portfolio occupancy improved by 3.2% from June 2011 Period to 95.9% (Period average)
- ✓ Notably, residential average occupancy improved by 3.6% from the Fiscal Period ended June 2011, and by 0.4% from 19th Fiscal Period to 95.6%

(Reference) The ratio of new lease contracts (residential) for which the rent level was maintained or increased from previous contracts to all new contracts increased to 63.6%, up by 27.7% from 35.9% in the previous period.

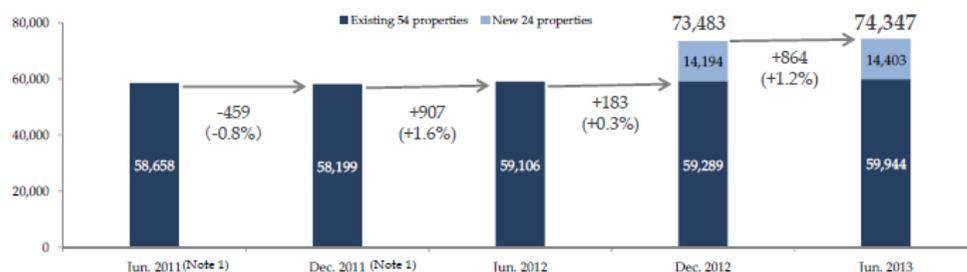


(Note) June 2011 and December 2011 period occupancy exclude the New Edobashi Building (sold October 21, 2011).

Asset Value Growth

- ✓ Appraisal value increased for the 3rd consecutive period
- ✓ Residential properties and properties located in Greater Tokyo and Hokkaido/Tohoku drove valuations JPY 864 million higher (+1.2%)

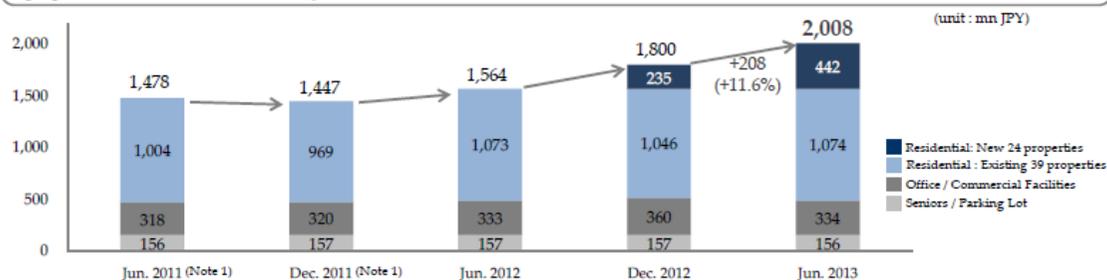
(unit : mn JPY)



(Note 1) The Jun. 2011 and Dec. 2011 Periods are calculated excluding the effect of New Edobashi Building which was sold as of October 21, 2011.
 (Note 2) Figures are rounded down to the indicated unit, percentages are rounded to one decimal place.

Improvement of Net Operating Income

- ✓ NOI (20th Fiscal Period ended Jun. 2013) increased by JPY 208 million (+11.6%) to JPY 2,008 million.
- ✓ Residential: full period contribution from new 24 properties added JPY 207 million (+87.9%), occupancy improvements at the existing 39 properties contributed an additional JPY 27 million (+2.6%) of NOI



(Note 1) The Jun. 2011 and Dec. 2011 Periods are calculated excluding the effect of New Edobashi Building which was sold as of October 21, 2011.
 (Note 2) Figures are rounded down to the indicated unit, percentages are rounded to one decimal place.

Interest-Bearing Debt Overview (Jun. 2013)

Invincible Investment Corporation

| | | |
|------------------------------------|---|--|
| ✓ Outstanding loan balance | : | JPY 43,851 mn (previous period: JPY 43,982 mn) |
| ✓ LTV | : | 57.5% (Unitholders Capital base) / 59.0% (Appraisal Value base) (Note 1) |
| ✓ Average interest rate (Note 2) | : | 3.666% (previous period: 3.964%) → Excluding Shinsei Trust Loan A / B: 2.236% |
| ✓ Interest coverage ratio (Note 3) | : | 29.0% (previous period: 30.8%) |
| ✓ Long-term debt ratio (Note 4) | : | 100.0% (previous period: 100.0%) |
| ✓ Fixed interest rate | : | 69.7% |

(Note 1) The LTV based on Unitholders' Capital is calculated based on the following formula:
LTV based on Unitholders' Capital = Interest-bearing debt / (Interest-bearing debt + unitholders' capital + unitholders' capital surplus) × 100

The LTV based on Appraisal Value is calculated based on the following formula:
LTV based on Appraisal Value = Interest-bearing debt / Appraisal Value × 100

(Note 2) The average interest rate is calculated by using weighted average by days and is rounded to three decimal places.

(Note 3) Interest coverage ratio is calculated based on the following formula:
Interest coverage ratio = Interest Expenses / Operating Revenues

(Note 4) 'Current portion of long term debts on "Syndicate Loan A" and "Shinsei Trust Loan B"' are included in "Long term Debt".

(Note 5) JPY 150 million a year (JPY 37.5 million every three months) with respect to Syndicate Loan A and JPY 112 million a year (JPY 28 million every three months) with respect to Shinsei Trust Loan B, are repaid by the scheduled repayments. Also, regarding each Prudential LPS Loans (i.e. the first lending through the third lending), on each principal and interest payment date (every three months) after three years have passed since the borrowing date (Jul. 28, 2011).

INV will pay the amount calculated on the assumption that the remaining principal as of the date is repaid in equal installments of the principal and the interest over 20 years (80 times in total). With respect to the second lending and the third ending of Prudential LPS Loan B, on each principal and interest payment date (every three months)

after five years have passed since the borrowing date (Sep. 28, 2012).

INV will pay the amount calculated on the assumption that the remaining principal as of the date is repaid in equal installments of the principal and the interest over 30 years (120 times in total).

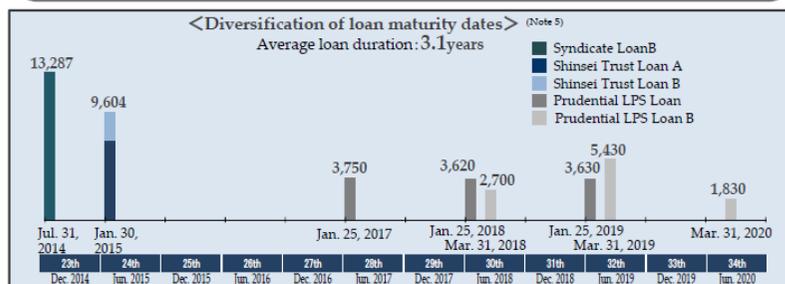
On the maturity date, INV will make a lump sum repayment of the remaining amount after such payments are made.

As for the fourth lending, on each principal and interest payment date (every three months) after three years have passed since the borrowing date (Sep. 28, 2012), INV will pay the amount calculated on the assumption that the remaining principal as of the date is repaid in equal installments of the principal and the interest over 27 years (108 times in total).

On the maturity date, INV will make a lump sum repayment of the remaining amount after such payments are made.

(Note 6) Figures are rounded down to the indicated unit.

Percentages are rounded to one decimal place. However, average interest rates are rounded to three decimal places.

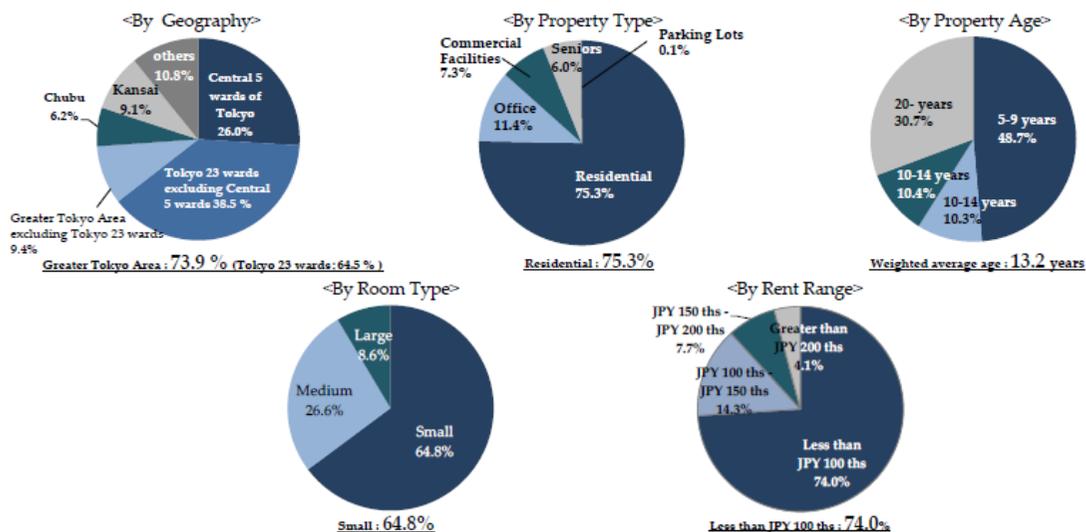


Portfolio Characteristics

Invincible Investment Corporation

(as of the end of Jun. 2013)

✓ No. of Properties : 78 (Residential : 63)
 ✓ Asset Size : JPY 77.1 billion (Residential : JPY 58 billion)
 ✓ Total Rentable Units : 4,007 unit (Residential : 3,413 units)
 ✓ Total Leasable Area : 171,285.50 m² (Residential : 109,585.98 m²)



(Note 1) Central 5 wards, Greater Tokyo Area excluding Tokyo 23 wards, Kansai Area, Chubu Area and other are defined as follows:
 Central 5 wards: Chiyoda-ku, Chuo-ku, Minato-ku, Shibuya-ku and Shinjuku-ku
 Greater Tokyo Area excluding Tokyo 23 wards: Tokyo excluding Tokyo 23 wards, Kanagawa, Chiba and Saitama
 Kansai Area: Osaka, Hyogo, Kyoto, Nara, Shiga and Wakayama
 Chubu Area: Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa and Fukui
 Other: Miyagi, Fukushima and Hokkaido

(Note 2) INV defines as "Small" a rentable unit with an area of less than 30m², "Medium" as a rentable unit with an area of 30m² to 60m² and "Large" as a rentable unit with an area of 60m² or more.

(Note 3) <By Age>, <By Geography>, <By property Type> are calculated based on the acquisition price.

(Note 4) Percentages are rounded to one decimal place.

Portfolio Overview

(as of June 30, 2013)

| Property Number | Name of Property | Location | Leasable Area (m ²) | Rentable Units | Acquisition Price (JPY mn) | Appraisal Value (JPY mn) | Book Value (JPY mn) | Investment Ratio | Occupancy Rate | |
|-----------------|-----------------------------------|-------------------------------------|------------------------------------|----------------|----------------------------|--------------------------|---------------------|------------------|----------------|-------|
| Residential | A26 | Nissin Palacestage Daitabashi | Suginami Ward, Tokyo | 1,771.13 | 98 | 1,251 | 1,120 | 1,153 | 1.6 | 98.0 |
| | A27 | Nissin Palacestage Higashi-Nagasaki | Toshima Ward, Tokyo | 2,681.94 | 60 | 1,229 | 1,220 | 1,100 | 1.6 | 98.4 |
| | A28 | Growth Maison Gotanda | Shinagawa Ward, Tokyo | 1,051.50 | 48 | 888 | 916 | 855 | 1.2 | 100.0 |
| | A29 | Growth Maison Kameido | Koto Ward, Tokyo | 1,367.96 | 66 | 1,070 | 1,040 | 1,024 | 1.4 | 94.0 |
| | A30 | Emerald House | Itabashi Ward, Tokyo | 2,152.31 | 96 | 1,505 | 1,170 | 1,436 | 2.0 | 100.0 |
| | A31 | Harmonie Ochanomizu | Bunkyo Ward, Tokyo | 1,748.24 | 65 | 1,428 | 1,210 | 1,391 | 1.9 | 88.2 |
| | A32 | Suncrest Shakujii-Koen | Nerima Ward, Tokyo | 3,029.16 | 29 | 1,088 | 997 | 1,051 | 1.4 | 95.6 |
| | A33 | Growth Maison Shin-Yokohama | Yokohama City, Kanagawa Prefecture | 1,858.44 | 68 | 1,059 | 1,040 | 1,006 | 1.4 | 97.1 |
| | A34 | Belle Face Ueno-Okachimachi | Taito Ward, Tokyo | 1,351.11 | 64 | 1,023 | 918 | 993 | 1.3 | 100.0 |
| | A35 | Grand Rire Kameido | Koto Ward, Tokyo | 1,562.26 | 72 | 906 | 895 | 866 | 1.2 | 100.0 |
| | A36 | Growth Maison Ikebukuro | Toshima Ward, Tokyo | 952.89 | 42 | 825 | 798 | 787 | 1.1 | 88.2 |
| | A37 | Growth Maison Yoga | Setagaya Ward, Tokyo | 1,015.34 | 39 | 795 | 669 | 771 | 1.0 | 97.3 |
| | A38 | Route Tachikawa | Tachikawa City, Tokyo | 1,368.57 | 24 | 676 | 584 | 655 | 0.9 | 76.7 |
| | A39 | Shibuya-Honmachi Mansion | Shibuya Ward, Tokyo | 1,167.50 | 25 | 651 | 579 | 657 | 0.8 | 80.8 |
| | A40 | City Heights Kinuta | Setagaya Ward, Tokyo | 1,235.93 | 19 | 646 | 448 | 648 | 0.8 | 94.6 |
| | A41 | Acseeds Tower Kawaguchi-Namiki | Kawaguchi City, Saitama Prefecture | 1,210.74 | 57 | 620 | 666 | 581 | 0.8 | 93.0 |
| | A42 | Capital Heights Kagurazaka | Shinjuku Ward, Tokyo | 1,126.65 | 26 | 604 | 528 | 619 | 0.8 | 97.2 |
| | A43 | College Square Machida | Machida City, Tokyo | 1,047.75 | 62 | 589 | 519 | 575 | 0.8 | 100.0 |
| | A44 | Belair Meguro | Meguro Ward, Tokyo | 557.05 | 25 | 589 | 529 | 576 | 0.8 | 96.0 |
| | A45 | Wacore Tsunashima I | Yokohama City, Kanagawa Prefecture | 908.99 | 50 | 572 | 491 | 554 | 0.7 | 90.0 |
| | A46 | Foros Nakamurahashi | Nerima Ward, Tokyo | 815.77 | 37 | 566 | 526 | 538 | 0.7 | 92.0 |
| | A47 | Growth Maison Kaijin | Funabashi City, Chiba Prefecture | 2,040.27 | 34 | 557 | 451 | 527 | 0.7 | 94.4 |
| | A48 | College Square Machiya | Arakawa Ward, Tokyo | 871.35 | 43 | 510 | 487 | 484 | 0.7 | 100.0 |
| | A51 | City House Tokyo Shinbashi | Minato Ward, Tokyo | 3,364.00 | 86 | 2,520 | 2,610 | 2,431 | 3.3 | 100.0 |
| | A52 | Winbell Kagurazaka | Shinjuku Ward, Tokyo | 4,032.70 | 118 | 3,260 | 3,400 | 3,156 | 4.2 | 96.9 |
| | A53 | Nishiwaseda Crescent Mansion | Shinjuku Ward, Tokyo | 4,310.77 | 69 | 1,880 | 2,010 | 1,852 | 2.4 | 98.5 |
| | A54 | Lexington Square Akebonobashi | Shinjuku Ward, Tokyo | 1,987.88 | 88 | 1,450 | 1,550 | 1,393 | 1.9 | 94.4 |
| | A56 | Casa Eremitaggio | Meguro Ward, Tokyo | 1,197.19 | 17 | 1,070 | 996 | 1,014 | 1.4 | 90.0 |
| | A59 | Towa City Coop Shinotsuka II | Toshima Ward, Tokyo | 1,627.13 | 58 | 866 | 930 | 837 | 1.1 | 94.9 |
| A61 | Bichsel Musashiseki | Nerima Ward, Tokyo | 1,220.24 | 70 | 577 | 595 | 563 | 0.7 | 95.7 | |
| A62 | Lexel Mansion Ueno Matsugaya | Taito Ward, Tokyo | 1,969.45 | 29 | 970 | 1,050 | 915 | 1.3 | 86.8 | |
| A63 | Towa City Coop Sengencho | Yokohama City, Kanagawa Prefecture | 3,426.36 | 154 | 1,110 | 1,210 | 1,058 | 1.4 | 94.9 | |
| A64 | Royal Park Omachi | Sendai City, Miyagi Prefecture | 1,929.59 | 51 | 415 | 450 | 398 | 0.5 | 100.0 | |
| A65 | Lexington Square Haginomachi | Sendai City, Miyagi Prefecture | 1,528.58 | 39 | 330 | 391 | 313 | 0.4 | 100.0 | |
| A66 | Visconti Kakuzan | Nagoya City, Aichi Prefecture | 705.75 | 8 | 255 | 226 | 243 | 0.3 | 100.0 | |
| A71 | Lexington Square Daitabashi | Suginami Ward, Tokyo | 1,430.64 | 43 | 977 | 995 | 922 | 1.3 | 95.1 | |
| A72 | Lexington Square Honjo Azumabashi | Sumida Ward, Tokyo | 784.74 | 33 | 511 | 516 | 477 | 0.7 | 93.9 | |
| A73 | AMS TOWER Minami 6-Jo | Sapporo City, Hokkaido | 4,460.56 | 120 | 1,180 | 1,050 | 1,084 | 1.5 | 88.2 | |
| A75 | Spacia Ebisu | Shibuya Ward, Tokyo | 7,794.91 | 109 | 7,010 | 6,810 | 6,765 | 9.1 | 90.2 | |
| A76 | Neo Prominence | Kita Ward, Tokyo | 3,574.70 | 52 | 1,660 | 1,680 | 1,668 | 2.2 | 96.6 | |
| A77 | Invoice Shin-Kobe Residence | Kobe City, Hyogo Prefecture | 2,773.71 | 81 | 1,260 | 1,280 | 1,273 | 1.6 | 98.6 | |
| A78 | Cosmo Court Motomachi | Kobe City, Hyogo Prefecture | 2,310.49 | 82 | 973 | 1,000 | 986 | 1.3 | 92.7 | |
| A79 | Revest Honjin | Nagoya City, Aichi Prefecture | 1,933.80 | 80 | 674 | 697 | 684 | 0.9 | 98.8 | |

(as of June 30, 2013)

| Property Number | Name of Property | Location | Leasable Area (m2) | Rentable Units | Acquisition Price (JPY mn) | Appraisal Value (JPY mn) | Book Value (JPY mn) | Investment Ratio | Occupancy Rate | |
|------------------------------------|-------------------|-----------------------------------|-------------------------------------|----------------|----------------------------|--------------------------|---------------------|------------------|----------------|-------|
| Residential | A80 | Revest Matsubara | Nagoya City, Aichi Prefecture | 1,955.40 | 70 | 657 | 684 | 666 | 0.9 | 95.7 |
| | A81 | Sun Terrace Minami Ikebukuro | Toshima Ward, Tokyo | 898.70 | 38 | 625 | 631 | 629 | 0.8 | 97.4 |
| | A82 | Alba Noritake Shinmachi | Nagoya City, Aichi Prefecture | 1,731.68 | 64 | 608 | 626 | 618 | 0.8 | 93.8 |
| | A83 | Revest Meieki Minami | Nagoya City, Aichi Prefecture | 1,634.60 | 61 | 597 | 609 | 607 | 0.8 | 100.0 |
| | A84 | Revest Heian | Nagoya City, Aichi Prefecture | 1,554.03 | 40 | 595 | 605 | 604 | 0.8 | 100.0 |
| | A85 | Vendir Hamaotsu Ekimae | Otsu City, Shiga Prefecture | 2,670.66 | 81 | 581 | 645 | 590 | 0.8 | 95.4 |
| | A86 | Salvo Sala | Osaka City, Osaka Prefecture | 1,428.12 | 54 | 544 | 557 | 553 | 0.7 | 98.0 |
| | A87 | Excellente Kagurazaka | Shinjuku Ward, Tokyo | 701.92 | 33 | 543 | 552 | 550 | 0.7 | 97.1 |
| | A88 | Luna Court Edobori | Osaka City, Osaka Prefecture | 1,185.50 | 50 | 525 | 538 | 532 | 0.7 | 98.0 |
| | A89 | Winntage Kobe Motomachi | Kobe City, Hyogo Prefecture | 1,433.35 | 57 | 512 | 537 | 520 | 0.7 | 94.9 |
| | A90 | Queen's Court Fukuzumi | Koto Ward, Tokyo | 765.18 | 25 | 456 | 468 | 460 | 0.6 | 100.0 |
| | A91 | Corp Higashinotoin | Kyoto City, Kyoto Prefecture | 1,029.05 | 42 | 446 | 457 | 451 | 0.6 | 97.7 |
| | A92 | Belair Oimachi | Shinagawa Ward, Tokyo | 530.60 | 26 | 412 | 420 | 416 | 0.5 | 100.0 |
| | A93 | Siete Minami-Tsukaguchi | Amagasaki City, Hyogo Prefecture | 1,020.86 | 40 | 374 | 388 | 380 | 0.5 | 100.0 |
| | A94 | Prime Life Sannomiya Isogami Koen | Kobe City, Hyogo Prefecture | 789.12 | 32 | 373 | 375 | 378 | 0.5 | 100.0 |
| | A95 | HERMITAGE NANBA WEST | Osaka City, Osaka Prefecture | 992.76 | 21 | 355 | 366 | 361 | 0.5 | 86.9 |
| | A96 | Century Park Shinkawa 1-bankan | Nagoya City, Aichi Prefecture | 1,477.62 | 44 | 335 | 337 | 340 | 0.4 | 90.9 |
| | A97 | West Avenue | Kunitachi City, Tokyo | 794.80 | 40 | 331 | 330 | 333 | 0.4 | 82.5 |
| | A98 | Little River Honmachibashi | Osaka City, Osaka Prefecture | 974.81 | 31 | 310 | 321 | 315 | 0.4 | 93.8 |
| A99 | Prime Life Mikage | Kobe City, Hyogo Prefecture | 761.18 | 28 | 297 | 300 | 301 | 0.4 | 100.0 | |
| Subtotal | | | 109,585.98 | 3,413 | 58,083 | 56,993 | 56,520 | 75.3 | 95.0 | |
| Office Buildings/Retail Facilities | B8 | Kindai Kagakusha Building | Shinjuku Ward, Tokyo | 1,451.54 | 13 | 1,301 | 1,010 | 1,226 | 1.7 | 100.0 |
| | B9 | Shinjuku Island | Shinjuku Ward, Tokyo | 526.43 | 1 | 715 | 531 | 715 | 0.9 | 100.0 |
| | B14 | Lexington Plaza Nishigotanda | Shinagawa Ward, Tokyo | 6,033.58 | 11 | 4,880 | 4,070 | 4,820 | 6.3 | 90.1 |
| | B15 | Cross Square NAKANO | Nakano Ward, Tokyo | 2,145.00 | 45 | 1,060 | 938 | 1,046 | 1.4 | 57.6 |
| | B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | 2,178.41 | 13 | 816 | 602 | 758 | 1.1 | 100.0 |
| | B17 | Lexington Plaza Hachiman | Sendai City, Miyagi Prefecture | 8,419.15 | 18 | 3,280 | 3,210 | 3,202 | 4.3 | 100.0 |
| | B18 | AEON TOWN Sukagawa | Sukagawa City, Fukushima Prefecture | 18,440.58 | 1 | 2,320 | 2,150 | 2,150 | 3.0 | 100.0 |
| | Subtotal | | | 39,194.69 | 102 | 14,372 | 12,511 | 13,920 | 18.6 | 96.2 |
| Parking Lots/Sensors | C1 | Stop Parking Kanda-Sudacho | Kanda sudacho, Chiyoda-ku, Tokyo | 81.04 | 1 | 97 | 92 | 100 | 0.1 | 100.0 |
| | C21 | Bon Sejour Chitose Funabashi | Setagaya Ward, Tokyo | 2,342.17 | 42 | 685 | 747 | 662 | 0.9 | 100.0 |
| | C22 | Bon Sejour Yotsugi | Katsushika Ward, Tokyo | 1,962.87 | 62 | 652 | 692 | 628 | 0.8 | 100.0 |
| | C23 | Bon Sejour Hino | Hino City, Tokyo | 1,984.17 | 56 | 574 | 651 | 555 | 0.7 | 100.0 |
| | C24 | Bon Sejour Musashi Shinjo | Kawasaki City, Kanagawa Prefecture | 1,710.43 | 46 | 486 | 552 | 471 | 0.6 | 100.0 |
| | C25 | Bon Sejour Komaki | Komaki City, Aichi Prefecture | 8,858.49 | 123 | 1,050 | 1,060 | 996 | 1.4 | 100.0 |
| | C26 | Bon Sejour Hadano Shibusawa | Hadano City, Kanagawa Prefecture | 3,435.79 | 100 | 681 | 616 | 641 | 0.9 | 100.0 |
| | C27 | Bon Sejour Itami | Itami City, Hyogo Prefecture | 2,129.87 | 62 | 480 | 433 | 455 | 0.6 | 100.0 |
| Subtotal | | | 22,504.83 | 492 | 4,705 | 4,843 | 4,513 | 6.1 | 100.0 | |
| Total | | | 171,285.50 | 4,007 | 77,161 | 74,347 | 74,954 | 100.0 | 95.9 | |

(Note): Figures are rounded down to the indicated unit and percentages are rounded to one decimal place.

Introduction of New Executive Members

During Fiscal Period June 2013, there was a change of directors of Consonant Investment Management Co., Ltd. On May 31, 2013, the previous President and CEO Naoki Shibatsuji resigned and Naoki Fukuda was appointed as President and CEO.

Furthermore, as of June 28, 2013 Naoki Fukuda was appointed Executive Director of Invincible Investment Corporation.

| Position | Name | Brief personal history |
|--|------------------|--|
| Executive Director of Invincible Investment Corporation. President and CEO of Consonant Investment Management Co., Ltd. | Naoki Fukuda | <p>Apr. 1985 Joined Dai-ichi Mutual Life Insurance Company (current: The Dai-ichi Life Insurance Company, Limited)</p> <p>Apr. 2004 Deputy General Manager, Real Estate Department, Real Estate Planning and Accounting Group of the same</p> <p>Apr. 2006 Seconded to Dai-ichi Life International (U.S.A.), Inc. as President</p> <p>Apr. 2008 Seconded to Japan Excellent Asset Management Co., Ltd as a Director, Division Manager of Real Estate Investment Division</p> <p>Apr. 2011 Seconded to SOHGO HOUSING CO., Ltd. as Executive Officer</p> <p>Apr. 2012 Joined Prologis, Inc. as Senior Vice President, Finance Director, Asia</p> <p>Apr. 2013 Joined Fortress Real Estate (Asia) GK as a Managing Director</p> <p>May 2013 Seconded to Calliope Godo Kaisha</p> <p>May 2013 Seconded to Consonant Investment Management, Co., Ltd. as President and CEO, Chief Planning and Financial Officer (current position)</p> <p>Jun. 2013 Executive Director of Invincible Investment Corporation (current position)</p> |
| Director and Compliance Officer of Consonant Investment Management Co., Ltd. | Noburu Yokoyama | <p>Apr. 1975 Joined the Industrial Bank of Japan, Limited (current: Mizuho Bank, Ltd.)</p> <p>Sep. 1997 Deputy General Manager of Foreign Bond Department of the same</p> <p>Apr. 1998 Seconded to Wako Securities co., Ltd. (current: Mizuho Securities Co., Ltd.) as Head of Foreign Exchange Department</p> <p>Oct. 1999 Joined the Dai-ichi Mutual Life Insurance Company (current: The Dai-ichi Life Insurance Company, Limited) as a Deputy Director General of the Security Department</p> <p>Jun. 2005 Head of the Bond Department of the same</p> <p>Apr. 2007 Head of the Foreign Bond Department of the same</p> <p>Apr. 2009 Seconded to SOHGO HOUSING CO., Ltd. as a Standing Statutory Auditor</p> <p>Jun. 2013 Director and Compliance Officer of Consonant Investment Management Co., Ltd. (current position)</p> |
| Director (part-time) of Consonant Investment Management Co., Ltd. | Christopher Reed | <p>Jan. 2001 Joined Prospect Asset Management, Inc.</p> <p>Mar. 2011 Seconded to PROSPECT Corporation Ltd. as a Director</p> <p>Oct. 2005 Research Director of the same</p> <p>Apr. 2006 Joined the same as a Director</p> <p>Sep. 2012 Joined Fortress Real Estate (Asia) GK as a Director (current position)</p> <p>Oct. 2012 Advisor of Consonant Investment Management Co., Ltd.</p> <p>May 2013 Director (part-time) of the same (current position)</p> |

The executive team of Invincible Investment Corporation is provided in the following table.

I . Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

| By Period | | 16th Fiscal Period | 17th Fiscal Period | 18th Fiscal Period | 19th Fiscal Period | 20th Fiscal Period | |
|-------------------|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|----------------|
| Calculated period | | Jan. 1, 2011 to Jun. 30, 2011 | Jul. 1, 2011 to Dec. 31, 2011 | Jan. 1, 2012 to Jun. 30, 2012 | Jul. 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to Jun. 30, 2013 | |
| Operating Results | Operating revenues | Note 1 (Thousands of yen) | 2,277,374 | 2,202,448 | 2,176,839 | 2,476,430 | 2,760,177 |
| | (Rental revenues) | (Thousands of yen) | 2,277,374 | 2,202,448 | 2,176,839 | 2,476,430 | 2,760,177 |
| | Operating expenses | (Thousands of yen) | 1,477,031 | 2,612,417 | 1,282,766 | 1,392,258 | 1,528,940 |
| | (Property-related expenses) | (Thousands of yen) | 1,151,606 | 1,137,994 | 1,024,277 | 1,156,672 | 1,295,403 |
| | Operating income | (Thousands of yen) | 800,343 | (409,968) | 894,072 | 1,084,171 | 1,231,237 |
| | Ordinary income | (Thousands of yen) | (52,342) | (3,466,417) | 125,981 | 114,784 | 335,683 |
| | Net income | (Thousands of yen) | (1,308,522) | (2,476,155) | 128,175 | 114,179 | 335,078 |
| Asset Condition | Total assets (change from last period) | (a) (Thousands of yen) (%) | 73,165,258 (3.6) | 68,083,586 (6.9) | 67,698,887 (0.6) | 80,200,022 18.5 | 80,249,063 0.1 |
| | Interest-bearing debt | (Thousands of yen) | 42,596,425 | 31,734,500 | 31,603,500 | 43,982,500 | 43,851,500 |
| | Net assets (change from last period) | (b) (Thousands of yen) (%) | 28,571,173 (5.3) | 32,967,658 15.4 | 32,826,175 (0.4) | 32,670,697 (0.5) | 32,848,025 0.5 |
| | Total contribution | (Thousands of yen) | 19,134,417 | 26,134,396 | 26,134,396 | 26,134,396 | 26,134,396 |
| Divide | Total distribution | (c) (Thousands of yen) | 127,339 | 269,658 | 269,658 | 157,750 | 355,949 |
| | Dividend payout ratio | (Note 2) (Thousands of yen) | — | — | 210.5 | 137.6 | 106.0 |
| Information per | Number of investment units Issued and outstanding | (d) (Units) | 636,695 | 1,348,292 | 1,348,292 | 1,348,292 | 1,348,292 |
| | Net assets per unit | (b) / (d) (yen) (Note 3) | 44,874 | 24,451 | 24,346 | 24,231 | 24,363 |
| | Distribution per unit (Profit distribution per unit) | (c) / (d) (yen) (yen) | 200 | 200 | 200 | 117 | 264 |
| | (Excess profit distribution per unit) | (yen) | 200 | 200 | 200 | 117 | 264 |
| Financial | Return on assets (change over year) | (Note 4) (%) | (0.1) | (4.9) | 0.2 | 0.2 | 0.4 |
| | Return on equity (change over year) | (Note 4) (%) | (4.5) | (8.0) | 0.4 | 0.3 | 1.0 |
| | Capital ratio | (b) / (a) (%) (Note 4) (%) | 39.1 | 48.4 | 48.5 | 40.7 | 40.9 |
| | (change from last period) | (Note 4) (%) | (0.7) | 9.4 | 0.1 | (7.8) | 0.2 |
| | NOI (Net Operating Income) | (Note 4) (Thousands of yen) | 1,554,015 | 1,486,538 | 1,564,247 | 1,800,380 | 2,008,413 |

(Note 1) Consumption taxes etc. are not included in operating income.

(Note 2) Dividend payout ratio is calculated by dividing profit distribution by unit by net income that period. However, for the 20th Fiscal Period, it is calculated by dividing the total profit distribution amount by net income. Dividend payout ratio for the 16th and 17th Fiscal Period is not indicated because distribution by unit that period was a negative figure.

(Note 3) Distribution by unit is rounded to the nearest unit.

(Note 4) Published benchmarks 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 this period / (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 Revenues – Leasing Costs + Fiscal Period Depreciation Expenses

2 Operating Conditions

a. Main trends in the Investment Corporation

The investment corporation (the “Investment Corporation” or “INV”) was established in January 2002 based on the Investment Trust and Investment Corporation Act (Law No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trust Act”). In May 2004, the Investment Corporation was listed on the Osaka Securities Exchange (application for delisting was made in August 2007), and in August 2006 it was listed on the Real Estate Investment and Trust Securities Section of the Tokyo Securities Exchange (Ticker Code: 8963).

In order to address refinancing concerns and other financial problems, after conducting a merger (“the Merger”) with LCP Investment Corporation (“LCP”) on February 1, 2010, the Investment Corporation issued new investment units through third-party allotment to Calliope Godo Kaisha (“Calliope”), an affiliate of Fortress Investment Group LLC (“FIG” and together with Calliope and its other affiliates, the “Fortress”), acting as the principal investor, and conducted a refinancing.

Ever since the sponsorship from Fortress, the Investment Corporation has been dedicating itself to the improvement of occupancy rates and the reduction of its and its properties’ expenditures by strengthening its asset management, planning and financial management capabilities. Furthermore, in September 2012, it newly acquired 24 properties (trust beneficiary interest in Japanese real estate) without issuing any equity, thus achieving external growth.

As a result of these efforts, the Investment Corporation’s financial condition and its portfolio earnings capacity has substantially improved, and combined with the expansion in assets under management and revenues resulting from the new property acquisitions described above and the expansion of revenue from the operation of properties, the Investment Corporation believes that a stable revenue base has been established.

b. Operational Environment and Performance

For the reporting period ended June, 2013 (the “reporting period”), Japan’s economy saw a continued weakening yen and higher stock values amid the background of expectations for various policy measures aimed at overcoming deflation through the so-called “Abenomics,” and the realization of sustained economic growth. Notwithstanding a temporary rise in long-term interest rates and adjustments in stock-prices, real GDP growth rate for the January through March period continued upwards to 4.1%. Moreover, the trend of economic recovery trend is reflected in the Bank of Japan’s “Tankan” (survey of June, 2013) in which, among other things, the business conditions diffusion index (DI) registered for June 2013, as compared to March 2013, showed an improvement in the manufacturing sector of 4%, and in the non-manufacturing sector 12%.

Regarding the real estate investment market, total asset acquisitions by J-REITs from January to June were approximately JPY 1.4 trillion, significantly exceeding the transaction total for last year (about JPY 804.8 billion). With Japan’s recovering economy and the weakening yen in the background, there is a recover in transactions by foreign companies, and the market condition is becoming more active.

On the other hand, regarding the real estate rental market, although demand continues to be strong and occupancy rates are stable in the residential sectors of large metropolitan regions, including Tokyo, in regional areas where the employment situation remains difficult or in the case of older buildings which are becoming outdated in terms of specifications, vacancy periods are lengthening, rent levels continue to drop and the rental market still continues to be weak. Regarding the upscale residential leasing sector, which worsened after the Lehman Shock, we see a trend emerging towards improvement in occupancy rates and rent levels concentrated in prime properties in central Tokyo. Regarding the office sector, we see an improvement in the vacancy rate of high-end properties in central Tokyo, and a tendency towards improvement of rent levels in newly constructed large buildings, and as the overall economic situation has turned favorable, there are signs that certain businesses with strong operations results are increasing floor use and expanding.

In such an environment, in the reporting period the Investment Corporation did not engage in any acquisitions or sales of properties, focusing attention instead on improved profitability through internal growth.

The average occupancy rate for the overall portfolio of the Investment Corporation held steady at a stable 95.9% through the reporting period, with 96.0% for the fiscal period ended December 31, 2012, and 95.2% for the previous fiscal period ended in June 30, 2012.

With respect to residential properties in particular, efforts to strengthen direct sales to property management (PM) companies and brokers as well as the emphasis on implementing occupancy-rate improvement measures, including original-state-restoration period management, have made it possible to raise the average occupancy rate up to 95.6% (as compared to 95.2% for the fiscal period ended December 31, 2012, and 94.2% for the fiscal period ended June 30, 2012).

As of the end of the reporting period, the Investment Corporation's properties are comprised of 63 residential units, 7 office buildings and retail facilities, 7 senior facilities and one parking lot – a total of 78 properties, with a total acquisition value of JPY 77,161 million and with total rentable floor space of 171,285.50 square meters.

c. Overview of Fund Raising

During the reporting period, no new fund-raising was undertaken.

The Investment Corporation made scheduled repayments of borrowings of JPY 131 million during the reporting period (Note 1), and as a result, at the end of the reporting period, the interest-bearing debt of the Investment Corporation was JPY 43,851 million and the interest-bearing debt ratio was 54.6% (Note 2).

(Note 1) Scheduled repayments include partial repayment of the Syndicate Loan B of JPY 150 million per year (JPY 17 million per quarter) and the Shinsei Trust Loan B of JPY 112 million per year (JPY 28 million per quarter).

(Note 2) The calculation for the interest-bearing debt ratio uses the calculation formula below:

Interest-bearing ratio = amount of interest-bearing debt ÷ total amount of assets at end of period x 100

3 Changes in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' equity from the date of establishment to the end of the reported fiscal period are as follow.

| Date | Type of issue | Number of investment units issued and outstanding (units) | | Unitholders' equity (yen) | | Reference |
|-------------------|-------------------------------------|---|-----------|---------------------------|----------------|-----------|
| | | Increase | Total | Increase | Total | |
| January 18, 2002 | Private placement for incorporation | 400 | 400 | 200,000,000 | 200,000,000 | (Note 1) |
| December 26, 2003 | Private placement | 2,700 | 3,100 | 1,012,500,000 | 1,212,500,000 | (Note 2) |
| January 9, 2004 | Private Placement | 1,350 | 4,450 | 506,250,000 | 1,718,750,000 | (Note 2) |
| January 21, 2004 | Private placement | 1,333 | 5,783 | 499,875,000 | 2,218,625,000 | (Note 2) |
| January 27, 2004 | Private placement | 267 | 6,050 | 100,125,000 | 2,318,750,000 | (Note 2) |
| January 28, 2004 | Private placement | 800 | 6,850 | 300,000,000 | 2,618,750,000 | (Note 2) |
| January 31, 2004 | Private placement | 266 | 7,116 | 99,750,000 | 2,718,500,000 | (Note 2) |
| February 5, 2004 | Private placement | 800 | 7,916 | 300,000,000 | 3,018,500,000 | (Note 2) |
| February 7, 2004 | Private placement | 1,333 | 9,249 | 499,875,000 | 3,518,375,000 | (Note 2) |
| May 17, 2004 | Public offering | 9,000 | 18,249 | 3,377,250,000 | 6,895,625,000 | (Note 3) |
| February 7, 2005 | Public offering | 10,650 | 28,899 | 3,937,667,100 | 10,833,292,100 | (Note 4) |
| July 31, 2006 | Public offering | 25,000 | 53,899 | 8,301,125,000 | 19,134,417,100 | (Note 5) |
| February 1, 2010 | Unit split | 215,596 | 269,495 | — | 19,134,417,100 | (Note 6) |
| February 1, 2010 | Merger | 367,200 | 636,695 | — | 19,134,417,100 | (Note 7) |
| July 29, 2011 | Third-party allotment | 711,597 | 1,348,292 | 6,999,979,689 | 26,134,396,789 | (Note 8) |

(Note 1) The Investment Corporation was incorporated through a private placement at a price of 500,000 yen per unit.

(Note 2) New investment units were issued in a private placement at a price of 375,000 yen per unit to raise funds for the acquisition of new properties.

(Note 3) New investment units were issued in a public offering at a price of 395,000 per unit (375,250) yen after deducting the underwriters' discount) to raise funds for the acquisition of new properties.

(Note 4) New investment units were issued in a public offering at a price of 385,140 yen per unit (369,734 yen after deducting the underwriters' discount) to raise funds for the acquisition of new properties.

(Note 5) New investment units were issued in a public offering at a price of 348,740 yen per unit (332,045 yen after deducting the underwriters' discount) to raise funds for the acquisition of new properties.

(Note 6) An investment unit split of 5 units per 1 unit was conducted.

(Note 7) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with the Investment Corporation as the surviving entity. As a result of the merger by absorption, 4 investment units of the Investment Corporation (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 8) New investment units were issued in a third party allotment at a price of 9,387 yen per unit to make repayment of existing debt, etc.

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 the Investment Corporation are listed are as follow.

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: yen)

| Period | 16 th Fiscal Period | 17 th Fiscal Period | 18 th Fiscal Period | 19 th Fiscal Period | 20 th Fiscal Period |
|---------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Closing Month | June 2011 | December 2011 | June 2012 | December 2012 | June 2013 |
| Highest | 13,280 | 12,830 | 7,160 | 6,540 | 14,480 |
| Lowerst | 9,380 | 6,200 | 6,060 | 6,080 | 6,230 |

4 Distribution Performance

As a result of the above operational management, for the reporting period, operating revenue was JPY 2,760 million, operating income was JPY 1,231 million, ordinary income was JPY 335 million, and net income was JPY 335 million, showing significant improvement from the prior fiscal period.

With respect to distributions, by utilizing a portion (JPY 20 million) of the surplus resulting from the negative goodwill (the “Surplus”) from the Merger on top of net income, it has been decided to set total distributions at JPY 355 million, or distribution per unit of JPY 264.

For the reporting period, comprehensively taking into account factors such as the Investment Corporation’s financial condition, the liquidity of cash in hand and the amount of the Surplus, it was decided to establish a distribution level that would satisfy the requirements for distribution payment. Accordingly, with respect to distributions for the reporting period, pursuant to the Investment Corporation’s distribution policy set forth in its articles of incorporation, the distribution was set at above the 90% of distributable profit as set forth in Article 67-15 of the Special Taxation Measures Act, with distribution per unit of JPY 117.

(Note) The amount of distributable profit (JPY 394 million (*)) x 90% = JPY 355.4 million

The total amount of distributions for the period ended June 2013 was JPY 355.9 million, which exceeded the above calculation of JPY 355.4 million.

(*) The amount of distributable profit (JPY 394 million) = fiscal period net profit before taxes (JPY 335 million) + the sum of negative goodwill amortization (JPY 59 million) ** for each period.

(**) The negative goodwill amortization for each period (JPY 59 million) = extraordinary gain resulting from negative goodwill from the Merger (JPY 11,843) x (net number of months divided by 1200 months (***)).

(***) 1,200 months = a period of 100 years x 12 months (a one-year period)

| Period | 16 th Fiscal Period | 17 th Fiscal Period | 18 th Fiscal Period | 19 th Fiscal Period | 20 th Fiscal Period |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Calculated Period | Jan. 1, 2011 to Jun. 30, 2011 | Jul. 1, 2011 to Dec. 31, 2011 | Jan. 1, 2012 to Jun. 30, 2012 | Jul. 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to Jun. 30, 2013 |
| Total unappropriated retained earnings for period (thousands of yen) | 3,172,324 | 568,830 | 427,346 | 271,868 | 449,196 |
| Reserved profit (thousands of yen) | 3,044,985 | 299,171 | 157,688 | 114,118 | 93,247 |
| Cash distribution (thousands of yen) | 127,339 | 269,658 | 269,658 | 157,750 | 355,949 |
| (Distribution per unit) (yen) | (200) | (200) | (200) | (117) | (264) |
| Distribution amount (thousands of yen) | 127,339 | 269,658 | 269,658 | 157,750 | 355,949 |
| (Distribution per unit) (yen) | (200) | (200) | (200) | (117) | (264) |
| Contribution return (thousands of yen) | – | – | – | – | – |
| (Contribution return per unit) (yen) | (–) | (–) | (–) | (–) | (–) |

5 Future Operational Policy and Issues to be Addressed

Forecast for Next Period and Issues to be Addressed

(i) External growth strategy

New Property Acquisitions

Going forward, the Investment Corporation will seek external growth with an emphasis on stable earnings in the medium to long term. Acquisitions of properties with a wide variety of uses, including residential properties, office buildings, retail facilities, hotels, senior facilities, parking facilities, etc. will be considered in light of market conditions, expected earnings, stable cash flows, the portfolio composition ratio, the effect on portfolio composition by geographic area, and so on.

In addition, in order to further enhance the capacity to collect information about property transactions, the Investment Corporation will explore a wide variety of acquisition opportunities in the market will work diligently to expand the independent information network of Consonant Investment Management (“the Asset Manager”), to whom the Investment Corporation entrusts its operations. Furthermore, the Investment Corporation will create opportunities to regularly trade information with Fortress, and collect information in multifaceted ways.

Property Sales

The Investment Corporation will make appropriate reviews for selecting potential candidates for sales in consideration of factors such as the portfolio composition, geographic diversification, medium to long term earnings potential, changes in the market competitiveness, and additional investments for maintaining competitiveness and profitability. In addition, with respect to property sales as well, the Investment Corporation will collect information through a wide variety of disposition opportunities, and at the same time work diligently to expand the Asset Manager’s independent network, while creating opportunities to regularly trade information with Fortress, and will consider appropriate property dispositions.

(ii) Strategy for internal growth

The Investment Corporation continues to make efforts to maintain and improve occupancy rates and rent levels in view of securing stable cash flows. Through leasing strategy meetings that are held every week and otherwise as appropriate, the Investment Corporation considers concrete measures for strengthening sales by utilizing the information network of the PM and Asset Manager, taking preventative measures to eliminate vacancies exceeding 30 days, completion of original state repair construction to within a 20-day period after the exit of a tenant in order to quickly lease a unit to a new tenant, and to manage the timely implementation of such measures. For the next fiscal period and beyond, the Investment Corporation will continue to prepare leasing strategies that take into consideration the market and competing properties, and take thorough and flexible measures.

Regarding management of PM companies, the Investment Corporation will continue endeavors to maintain and improve management quality and achieve further profitability through daily supervision and directions, regular reviews of management capacity, the selection of PM companies that appropriately match each property’s unique characteristics, and so on.

Because the preparation and execution of maintenance and repair plans is an important factor in improving portfolio earnings potential, maintaining and increasing property value and gaining still greater tenant satisfaction and trust, the Investment Corporation will continue to prepare plans that seek to maximize of property value through product quality, market competitiveness, improvement of occupancy rates and enhanced profitability. In addition, regarding specifications and room layout, in order to make it possible to flexibly accommodate diversifying tenant needs, and to provide differentiation with respect to design and functionality, the Investment Corporation will prepare and implement plans that include tie-ups with specialized companies.

Through adequate implementation of these objectives, the Investment Corporation will seek as its long-term objective the maximization of cash flow and the improvement of asset value.

As a result of executing the internal growth strategies discussed above, the appraisal value of the Investment Corporation's properties at the end of the reporting period rose to JPY 74,347 million from JPY 73,483 million, showing an increase of JPY 864 million, thus realizing growth in asset value for three consecutive periods.

(iii) Financial strategy

In principle, the Investment Corporation will seek to target the total of its borrowings and investment corporation bonds to be no higher than 60% of its total assets (note).

Going forward, when the Investment Corporation engages in fund-raising through borrowings from financial institutions and raising equity for the purpose of repaying existing borrowings and acquiring new properties, the Investment Corporation will carefully consider the trends in the capital and financial markets and decide upon the appropriate way of raising funds accordingly.

In addition to continuing to maintain relationships that have been developed with existing lenders, the Investment Corporation will consider opportunities for improving unitholders' value by diligently considering fund-raising not only from existing lenders but from other lenders, including not only domestic but overseas lenders, as well as different fund-raising techniques. In addition, by utilizing the relationship with Fortress, efforts will be made to gather information from a variety of sources.

Based on such measures, the Investment Corporation will seek to further enhance unitholders' value through achieving an even more stable financial structure.

(Note) However, interest-bearing liabilities may temporarily exceed 60% in connection with the acquisition of properties.

(iv) Compliance risk management

While the executive officer of the Investment Corporation 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 the Investment Corporation.

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 fundamental items related to compliance with laws, regulations and other relevant matters 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, contributes to the Asset Manager's compliance by ensuring the compliance of related party transactions from the standpoint of such expert's expertise and experience and promoting restraint in decision-making as a third party.

The Investment Corporation will take steps to further strengthen its compliance structure to contribute to the transparency and health of its operations.

6 Significant subsequent events

Nothing applicable.

Overview of the Investment Corporation

1 Overview of Investment

| By Period | 16th Fiscal Period | 17th Fiscal Period | 18th Fiscal Period | 19th Fiscal Period | 20th Fiscal Period |
|---------------------------------------|----------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Results Dates | Jan. 1, 2011 to Jun. 30, 2011 | Jul. 1, 2011 to Dec. 31, 2011 | Jan 1, 2012 to Jun. 30, 2012 | Jul. 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to Jun. 30, 2013 |
| Number of investment units authorized | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Number of investment units issued and | 636,695 | 1,348,292 | 1,348,292 | 1,348,292 | 1,348,292 |
| Unitholders' capital | 19,134 | 26,134 | 26,134 | 26,134 | 26,134 |
| Number of total unitholders | 11,151 | 10,793 | 10,703 | 10,325 | 10,093 |

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 |
|---|----------------------|--|
| Calliope Godo Kaisha | 609,942 | 45.23 |
| New Mission Funding Co., Ltd | 129,400 | 9.59 |
| JP MORGAN CHASE BANK 380180 | 98,125 | 7.27 |
| GOLDMAN SACHS INTERNATONAL | 67,126 | 4.97 |
| Japan Trustee Services Bank, Ltd. (trust account) | 55,964 | 4.15 |
| INFINITE VALUE INVESTMENT LTD. | 52,448 | 3.88 |
| The Nomura Trust and Banking Co., Ltd. (investment trust account) | 41,267 | 3.06 |
| Trust & Custody Services Bank, Ltd. (securities investment account) | 23,760 | 1.76 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 21,977 | 1.62 |
| kabu.com Securities Co., Ltd. | 8,036 | 0.59 |
| Total | 1,108,045 | 82.18 |

(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 (thousands of yen) |
|----------------------|-----------------------------|--|---|
| Executive Director | Naoki Fukuda | President and CEO, Chief Planning and Financial Officer, Consonant Investment Management Co. Ltd. (Note 1) | -- |
| Supervisory Director | Takashi Takahashi | Attorney, Ocean General Law Office | 2,400 |
| | Hiroyuki Fujimoto | Tax accountant, CPA Fujimoto Office | 2,400 |
| Auditor | Ernst & Young ShinNihon LLC | -- | 7,300 |

(Note 1) As of June 28, 2013, Naoki Shibatsuji resigned as executive director, and Naoki Fukuda was elected as executive director. Naoki Shibatsuji's director remuneration amount during the attributable period in which he was in office is JPY 0. Furthermore, as of May 31, 2013, Naoki Shibatsuji resigned as President and CEO, Chief Planning and Financial Officer of Consonant Investment Management Co. Ltd. and Naoki Fukuda was elected for this position on the same day.

(Note 2) Executive and supervisory directors do not hold the Investment Corporation'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 the Investment Corporation.

(Note 3) 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 the Investment Corporation 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 20th Fiscal 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 investors' registry, etc.) | Sumitomo Mitsui Trust Bank, Limited |
| General administrative agent (institutional operations (Note 2)) | Consonant Investment Management Co., Ltd. |
| General administrative agent (auditing 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) |

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

(Note 2) ① Tasks related to the running of general unitholders' meetings for the Investment Corporation (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), ② Tasks related to the running of the meetings of the Board of Directors of the Investment Corporation, and ③ the aforementioned in ① or tasks incidental or related to ② 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 Investment Corporation before the merger (former Tokyo Growth REIT Fund) 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 Investment Corporation's Assets

| Type of Asset | Purpose | Geographic area (Note 1) | Fiscal Period ended December 31, 2012 (as of December 31, 2012) | | Fiscal Period ended June 30, 2013 (as of June 30, 2013) | |
|----------------------------|-------------------------------|--------------------------|---|---------------------------|---|---------------------------|
| | | | Amount held (millions of yen) (Note 2) | Ratio of total assets (%) | Amount held (millions of yen) (Note 2) | Ratio of total assets (%) |
| Real estate | Residential | Greater Tokyo area | — | — | — | — |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | — | — | — | — |
| | Office/Retail | Greater Tokyo area | 717 | 0.9 | 715 | 0.9 |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | 717 | 0.9 | 715 | 0.9 |
| | Seniors, hourly parking, etc. | Greater Tokyo area | 3,078 | 3.8 | 3,061 | 3.8 |
| | | Major regional cities | 1,463 | 1.8 | 1,452 | 1.8 |
| | | Subtotal | 4,542 | 5.7 | 4,513 | 5.6 |
| Total real estate | | | 5,259 | 6.6 | 5,229 | 6.5 |
| Real estate in trust | Residential | Greater Tokyo area | 44,512 | 55.5 | 44,312 | 55.2 |
| | | Major regional cities | 12,333 | 15.4 | 12,208 | 15.2 |
| | | Subtotal | 56,845 | 70.9 | 56,520 | 70.4 |
| | Office/Retail | Greater Tokyo area | 7,089 | 8.8 | 7,092 | 8.8 |
| | | Major regional cities | 6,147 | 7.7 | 6,111 | 7.6 |
| | | Subtotal | 13,237 | 16.5 | 13,204 | 16.5 |
| | Seniors, hourly parking, etc. | Greater Tokyo area | — | — | — | — |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | — | — | — | — |
| Total real estate in trust | | | 70,083 | 87.4 | 69,724 | 86.9 |
| Deposits and other assets | | | 4,857 | 6.1 | 5,294 | 6.6 |
| Total assets (Note 3) | | | 80,200 (75,342) | 100.0 (93.9) | 80,249 (74,954) | 100.0 (93.4) |

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

(Note 2) "Amount held" is from the balance sheet as of the end of the reporting period and is calculated by decreasing accumulated depreciation from the acquisition price (including acquisition related costs).

(Note 3) The figure indicated in“()” in “total assets” shows the amount related to actual owned real estate.

2 Major Properties

The overview of the Investment Corporation's major properties (top 10 properties by book value) at the end of the reporting period are as below.

| Name of Property | | Book Value (millions of yen) | Leasable Area (m ²) | Leased Area (m ²) | Occupancy rate (%) (Note) | Ratio of rental revenue (%) | Main Use |
|------------------|-------------------------------|------------------------------|---------------------------------|-------------------------------|---------------------------|-----------------------------|-------------------|
| A75 | Spacia Ebisu | 6,765 | 7,794.91 | 7,030.36 | 90.2 | 6.8 | Residential |
| B14 | Lexington Plaza Nishigotanda | 4,820 | 6,033.58 | 5,437.21 | 90.1 | 4.9 | Office |
| B17 | Lexington Plaza Hachiman | 3,202 | 8,419.15 | 8,419.15 | 100.0 | 5.6 | Retail Facilities |
| A52 | Winbell Kagurazaka | 3,156 | 4,032.70 | 3,908.60 | 96.9 | 3.7 | Residential |
| A51 | City House Tokyo Shinbashi | 2,431 | 3,364.00 | 3,364.00 | 100.0 | 3.2 | Residential |
| B18 | AEON Town Sukagawa | 2,150 | 18,440.58 | 18,440.58 | 100.0 | 5.1 | Retail Facilities |
| A53 | Nishiwaseda Crescent Mansion | 1,852 | 4,310.77 | 4,245.84 | 98.5 | 2.7 | Residential |
| A76 | Neo Prominence | 1,668 | 3,574.70 | 3,451.60 | 96.6 | 2.3 | Residential |
| A30 | Emerald House | 1,436 | 2,152.31 | 2,152.31 | 100.0 | 1.8 | Residential |
| A31 | Lexington Square Akebonobashi | 1,393 | 1,987.88 | 1,875.75 | 94.4 | 1.7 | Residential |
| Total | | 28,877 | 60,110.58 | 58,325.40 | 97.0 | 37.8 | — |

(Note) "Occupancy Rate" is computed by dividing the leased area by leasable area, and rounded to the second digit.

3 Asset Portfolio Including Real Estate

The portfolio of held properties (real estate and accounts of assets and liabilities within assets in trust) of the Investment Corporation at the end of the reporting period are as below.

| Name of property | | Location (Note 1) | Type of ownership | Leasable Area (m ²) | Appraisal value as of June 30, 2013 (million of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--------------------------------------|---|-----------------------------|---------------------------------|---|------------------------------|
| A26 | Nisshin Palacestage Daitabashi | 1-31-2 Izumi, Suginami Ward, Tokyo | Trust beneficiary interests | 1,771.13 | 1,120 | 1,153 |
| A27 | Nisshin Palacestage Higashi-Nagasaki | 5-4-1 Nagasaki, Toshima Ward, Tokyo | Trust beneficiary interests | 2,681.94 | 1,220 | 1,100 |
| A28 | Growth Maison Gotanda | 2-26-6 Nishi-Gotanda, Shimagawa Ward, Tokyo | Trust beneficiary interests | 1,051.50 | 916 | 855 |
| A29 | Growth Maison Kameido | 6-58-16 Kameido, Koto Ward, Tokyo | Trust beneficiary interests | 1,367.96 | 1,040 | 1,024 |
| A30 | Emerald House | 3-27-18 Itabashi, Itabashi Ward, Tokyo | Trust beneficiary interests | 2,152.31 | 1,170 | 1,436 |
| A31 | Harmonie Ochanomizu | 2-5-5 Yushima, Bunkyo Ward, Tokyo | Trust beneficiary interests | 1,748.24 | 1,210 | 1,391 |
| A32 | Suncrest Shakujii-Koen | 3-15-35 Takanodai, Nerima Ward, Tokyo | Trust beneficiary interests | 3,029.16 | 997 | 1,051 |
| A33 | Growth Maison Shin-Yokohama | 3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama City, | Trust beneficiary interests | 1,858.44 | 1,040 | 1,006 |
| A34 | Belle Face Ueno-Okachimachi | 1-27-5 Higashi-Ueno, Taito Ward, Tokyo | Trust beneficiary interests | 1,351.11 | 918 | 993 |
| A35 | Grand Rire Kameido | 3-39-12 Kameido, Koto Ward, Tokyo | Trust beneficiary interests | 1,562.26 | 895 | 866 |
| A36 | Growth Maison Ikebukuro | 3-31-14 Nishi-Ikebukuro, Toshima Ward, Tokyo | Trust beneficiary interests | 952.89 | 798 | 787 |
| A37 | Growth Maison Yoga | 1-15-15 Okamoto, Setagaya Ward, Tokyo | Trust beneficiary interests | 1,015.34 | 669 | 771 |
| A38 | Route Tachikawa | 3-7-6 Nishikicho, Tachikawa City, Tokyo | Trust beneficiary interests | 1,368.57 | 584 | 655 |
| A39 | Shibuya-Honmachi Mansion | 2-35-2 Honmachi, Shibuya Ward, Tokyo | Trust beneficiary interests | 1,167.50 | 579 | 657 |
| A40 | City Heights Kinuta | 4-13-15 Kinuta, Setagaya Ward, Tokyo | Trust beneficiary interests | 1,235.93 | 448 | 648 |
| A41 | Acseeds Tower Kawaguchi- Namiki | 2-5-13 Namiki, Kawaguchi City, Saitama Prefecture | Trust beneficiary interests | 1,210.74 | 666 | 581 |
| A42 | Capital Heights Kagurazaka | 71-1 Enokicho, Shinjuku Ward, Tokyo | Trust beneficiary interests | 1,126.65 | 528 | 619 |
| A43 | College Square Machida | 3-4-4 Nakamachi, Machida City, Tokyo | Trust beneficiary interests | 1,047.75 | 519 | 575 |
| A44 | Belair Meguro | 1-2-15 Meguro, Meguro Ward, Tokyo | Trust beneficiary interests | 557.05 | 529 | 576 |
| A45 | Wacore Tsunashima I | 2-7-47 Tarumachi, Kohoku-ku, Yokohama City, Kanagawa | Trust beneficiary interests | 908.99 | 491 | 554 |
| A46 | Foros Nakamurabashi | 1-6-6 Koyama, Nerima Ward, Tokyo | Trust beneficiary interests | 815.77 | 526 | 538 |
| A47 | Growth Maison Kaijin | 5-29-51 Kaijin, Funabashi City, Chiba Prefecture | Trust beneficiary interests | 2,040.27 | 451 | 527 |
| A48 | College Square Machiya | 7-3-1 Arakawa, Arakawa Ward, Tokyo | Trust beneficiary interests | 871.35 | 487 | 484 |
| A51 | City House Tokyo Shinbashi | 6-19-1 Shinbashi, Minato Ward, Tokyo | Trust beneficiary interests | 3,364.00 | 2,610 | 2,431 |
| A52 | Winbell Kagurazaka | 6-15 Shin-Ogawacho, Shinjuku Ward, Tokyo | Trust beneficiary interests | 4,032.70 | 3,400 | 3,156 |
| A53 | Nishiwaseda Crescent Mansion | 3-18-9 Nishi-Waseda, Shinjuku Ward, Tokyo | Trust beneficiary interests | 4,310.77 | 2,010 | 1,852 |
| A54 | Lexington Square Akebonobashi | 3-8 Yochomachi, Shinjuku Ward, Tokyo | Trust beneficiary interests | 1,987.88 | 1,550 | 1,393 |
| A56 | Casa Eremitaggio | 1-14-15 Nakane, Meguro Ward, Tokyo | Trust beneficiary interests | 1,197.19 | 996 | 1,014 |
| A59 | Towa City Coop Shinotsuka II | 5-49-7 Higashi-Ikebukuro, Toshima Ward, Tokyo | Trust beneficiary interests | 1,627.13 | 930 | 837 |
| A61 | Bichsel Musashiseki | 1-22-7 Sekimachi-Kita, Nerima Ward, Tokyo | Trust beneficiary interests | 1,220.24 | 595 | 563 |
| A62 | Lexel Mansion Ueno Matsugaya | 3-10-2 Matsugaya, Taito Ward, Tokyo | Trust beneficiary interests | 1,969.45 | 1,050 | 915 |
| A63 | Towa City Coop Sengencho | 4-338-2 Sengencho, Nishi-ku, Yokohama City, Kanagawa | Trust beneficiary interests | 3,426.36 | 1,210 | 1,058 |
| A64 | Royal Park Omachi | 2-11-10 Omachi, Aoba-ku, Sendai City, Miyagi Prefecture | Trust beneficiary interests | 1,929.59 | 450 | 398 |
| A65 | Lexington Square Haginomachi | 1-15-16 Haginomachi, Miyagino-ku, Sendai City, | Trust beneficiary interests | 1,528.58 | 391 | 313 |
| A66 | Visconti Kakuozan | 2-44 Otamacho, Chikusa-ku, Nagoya City, Aichi | Trust beneficiary interests | 705.75 | 226 | 243 |
| A71 | Lexington Square Daitabashi | 1-33-8 Izumi, Suginami Ward, Tokyo | Trust beneficiary interests | 1,430.64 | 995 | 922 |
| A72 | Lexington Square Honjo Azumabashi | 4-20-6 Higashikomagata, Sumida | Trust beneficiary interests | 784.74 | 516 | 477 |
| A73 | AMS TOWER Minami 6-Jo | 2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo City, | Trust beneficiary interests | 4,460.56 | 1,050 | 1,084 |
| A75 | Spacia Ebisu | 3-6-22 Higashi, Shibuya Ward, Tokyo | Trust beneficiary interests | 7,794.91 | 6,810 | 6,765 |

| | | | | | | |
|----------|-----------------------------------|---|-----------------------------|------------|--------|--------|
| A76 | Neo Prominence | 3-21-5 Shimo, Kita Ward, Tokyo | Trust beneficiary interests | 3,574.70 | 1,680 | 1,668 |
| A77 | Invoice Shin-Kobe Residence | 3-3-8 Ikutacho Chuo Ward, Kobe City, Hyogo | Trust beneficiary interests | 2,773.71 | 1,280 | 1,273 |
| A78 | Cosmo Court Motomachi | 3-12-20 Motomachi Dori Chuo Ward, Kobe City, Hyogo | Trust beneficiary interests | 2,310.49 | 1,000 | 986 |
| A79 | Revest Honjin | 2-13 Torii Dori Nakamura Ward, Nagoya City, Aichi | Trust beneficiary interests | 1,933.80 | 697 | 684 |
| A80 | Revest Matsubara | 3-13-12 Matsubara Naka Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,955.40 | 684 | 666 |
| A81 | Sun Terrace Minami Ikebukuro | 2-22-6 Minami Ikebukuro, Toshima Ward, Tokyo | Trust beneficiary interests | 898.70 | 631 | 629 |
| A82 | Alba Noritake Shinmachi | 3-6-8 Noritake Shinmachi, Nishi Ward, Nagoya City, | Trust beneficiary interests | 1,731.68 | 626 | 618 |
| A83 | Revest Meieki Minami | 2-13-33 Meiekiminami, Nakamura Ward, Nagoya City, | Trust beneficiary interests | 1,634.60 | 609 | 607 |
| A84 | Revest Heian | 2-13-17 Heian, Kita Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,554.03 | 605 | 604 |
| A85 | Vendir Hamaotsu Ekimae | 1-2-15 Hama Otsu, Otsu City, Shiga Prefecture | Trust beneficiary interests | 2,670.66 | 645 | 590 |
| A86 | Salvo Sala | 2-6-21 Shimanouchi Chuo Ward, Osaka City, Osaka | Trust beneficiary interests | 1,428.12 | 557 | 553 |
| A87 | Excellente Kagurazaka | 128-1 Yamabukicho Shinjuku Ward, Tokyo | Trust beneficiary interests | 701.92 | 552 | 550 |
| A88 | Luna Court Edobori | 3-4-11 Edobori, Nishi Ward, Osaka City, Osaka Prefecture | Trust beneficiary interests | 1,185.50 | 538 | 532 |
| A89 | Winntage Kobe Motomachi | 7-2-2 Motomachi Dori, Chuo Ward, Kobe City, Hyogo | Trust beneficiary interests | 1,433.35 | 537 | 520 |
| A90 | Queen's Court Fukuzumi | 1-3-10 Fukuzumi, Koto Ward, Tokyo | Trust beneficiary interests | 765.18 | 468 | 460 |
| A91 | Corp Higashinotoin | 380-1 Kawaranomachi, Higashinotoin Dori Nijo | Trust beneficiary interests | 1,029.05 | 457 | 451 |
| A92 | Belair Oimachi | 5-14-17 Higashi Oi, Shinagawa Ward, Tokyo | Trust beneficiary interests | 530.60 | 420 | 416 |
| A93 | Siete Minami-Tsukaguchi | 3-18 Minami Tsukaguchimachi, Amagasaki | Trust beneficiary interests | 1,020.86 | 388 | 380 |
| A94 | Prime Life Sannomiya Isogami Koen | 4-3-23 Isogamidori, Chuo Ward, Kobe City Hyogo | Trust beneficiary interests | 789.12 | 375 | 378 |
| A95 | HERMITAGE NANBA WEST | 4-10-3 Sakuragawa Naniwa Ward, Osaka City, Osaka | Trust beneficiary interests | 992.76 | 366 | 361 |
| A96 | Century Park Shinkawa 1-bankan | 4-1-2 Shinkawamachi Minato Ward, Nagoya City, Aichi | Trust beneficiary interests | 1,477.62 | 337 | 340 |
| A97 | West Avenue | 1-5-17 Nishi, Kunitachi City, Tokyo | Trust beneficiary interests | 794.80 | 330 | 333 |
| A98 | Little River Honmachibashi | 1-34 Honmachibashi Chuo Ward, Osaka City, Osaka | Trust beneficiary interests | 974.81 | 321 | 315 |
| A99 | Prime Life Mikage | 2-25-1 Mikage Tsukamachi Higashi Nada Ward, Kobe City, Hyogo Prefecture | Trust beneficiary interests | 761.18 | 300 | 301 |
| Subtotal | | | | 109,585.98 | 56,993 | 56,520 |
| B8 | Kindai Kagakusha Building | 2-7-15, Ichigaya Tamachi, Shinjuku Ward, | Trust beneficiary interests | 1,451.54 | 1,010 | 1,226 |
| B9 | Shinjuku Island | 6-5-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo | Real estate | 526.43 | 531 | 715 |
| B14 | Lexington Plaza Nishigotanda | 5-2-4 Nishigotanda, Shinagawa Ward, Tokyo | Trust beneficiary interests | 6033.58 | 4,070 | 4,820 |
| B15 | Cross Square NAKANO | 5-24-18 Nakano, Nakano Ward, Tokyo | Trust beneficiary interests | 2145.00 | 938 | 1,046 |
| B16 | Ohki Aoba Building | 9-7 Futsukacho, Aoba-ku, Sendai City, Miyagi | Trust beneficiary interests | 2,178.41 | 602 | 758 |
| B17 | Lexington Plaza Hachiman | 3-1-50 Hachiman, Aoba-ku, Sendai City, Miyagi | Trust beneficiary interests | 8,419.15 | 3,210 | 3,202 |
| B18 | AEON TOWN Sukagawa | 105 Furukawa, Sukagawa City, Fukushima Prefecture | Trust beneficiary interests | 18,440.58 | 2,150 | 2,150 |
| Subtotal | | | | 39,194.69 | 12,511 | 13,920 |
| C1 | Stop Parking Kanda-Sudacho | 1-22-7 1-22-15 Kanda Sudacho, Chiyoda-ku, Tokyo | Real estate | 81.04 | 92 | 100 |
| C21 | Bon Sejour Chitose Funabashi | 1-37-3 Funabashi, Setagaya Ward, Tokyo | Real estate | 2,342.17 | 747 | 662 |
| C22 | Bon Sejour Yotsugi | 3-1-11 Higashi-Yotsugi, Katsushika Ward, Tokyo | Real estate | 1,962.87 | 692 | 628 |
| C23 | Bon Sejour Hino | 438-1 Ochigawa, Hino City, Tokyo | Real estate | 1,984.17 | 651 | 555 |
| C24 | Bon Sejour Musashi Shinjo | 773-2 Chitose, Takatsu-ku, Kawasaki City, Kanagawa | Real estate | 1,710.43 | 552 | 471 |
| C25 | Bon Sejour Komaki | 3-1 Shiroyama, Komaki City, Aichi Prefecture | Real estate | 8,858.49 | 1,060 | 996 |
| C26 | Bon Sejour Hadano Shibusawa | 1-6-60 Shibusawa-Kami, Hadano City, Kanagawa | Real estate | 3,435.79 | 616 | 641 |
| C27 | Bon Sejour Itami | 1-2-25 Chuo, Itami City, Hyogo Prefecture | Real estate | 2,129.87 | 433 | 455 |
| Subtotal | | | | 22,504.83 | 4,843 | 4,513 |
| Total | | | | 171,285.50 | 74,347 | 74,954 |

(Note 1) "Location" is in principle based on the indicated address (*jukohyoji*), except that if the yukohyoji system has not been implemented for such property, the location is based on the land number (*banchi*).

(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 and the regulations of the Investment Trust Association, Japan by Asset Research and Development Inc., the Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., or Tanizawa Sogo Appraisal Co., Ltd.

Occupancy trends for the leasing operations of the real estate and accounts of assets and liabilities within assets in trust that the Investment Corporation holds are as below.

| Name | 19 th Fiscal Period (July 1, 2012 to December 31, 2012) | | | | 20 th Fiscal Period (January 1, 2013 to June 30, 2013) | | | | |
|------|---|--|--|-----------------------------|--|--|--|-----------------------------|-----|
| | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) | Rental revenue (during period) (Thousands of yen) (Note 2) | Ratio of rental revenue (%) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) | Rental revenue (during period) (Thousands of yen) (Note 2) | Ratio of rental revenue (%) | |
| A26 | Nisshin Palacestage Daitabashi | 1 | 96.9 | 41,031 | 1.7 | 1 | 98.0 | 40,694 | 1.5 |
| A27 | Nisshin Palacestage Higashi-Nagasaki | 1 | 90.3 | 46,864 | 1.9 | 1 | 98.4 | 46,495 | 1.7 |
| A28 | Growth Maison Gotanda | 1 | 100.0 | 27,399 | 1.1 | 1 | 100.0 | 27,481 | 1.0 |
| A29 | Growth Maison Kameido | 1 | 94.0 | 33,066 | 1.3 | 1 | 94.0 | 33,015 | 1.2 |
| A30 | Emerald House | 1 | 99.0 | 42,027 | 1.7 | 1 | 100.0 | 50,083 | 1.8 |
| A31 | Harmonie Ochanomizu | 1 | 100.0 | 40,401 | 1.6 | 1 | 88.2 | 41,051 | 1.5 |
| A32 | Suncrest Shakujii-Koen | 1 | 94.7 | 35,273 | 1.4 | 1 | 95.6 | 37,025 | 1.3 |
| A33 | Growth Maison Shin-Yokohama | 1 | 98.5 | 35,184 | 1.4 | 1 | 97.1 | 35,753 | 1.3 |
| A34 | Belle Face Ueno-Okachimachi | 1 | 98.4 | 30,593 | 1.2 | 1 | 100.0 | 32,762 | 1.2 |
| A35 | Grand Rire Kameido | 1 | 100.0 | 26,619 | 1.1 | 1 | 100.0 | 26,619 | 1.0 |
| A36 | Growth Maison Ikebukuro | 1 | 90.6 | 25,016 | 1.0 | 1 | 88.2 | 23,607 | 0.9 |
| A37 | Growth Maison Yoga | 1 | 92.2 | 22,964 | 0.9 | 1 | 97.3 | 21,693 | 0.8 |
| A38 | Route Tachikawa | 1 | 100.0 | 20,021 | 0.8 | 1 | 76.7 | 20,364 | 0.7 |
| A39 | Shibuya-Honmachi Mansion | 1 | 100.0 | 19,691 | 0.8 | 1 | 80.8 | 19,238 | 0.7 |
| A40 | City Heights Kinuta | 1 | 89.2 | 16,876 | 0.7 | 1 | 94.6 | 17,112 | 0.6 |
| A41 | Acceeds Tower Kawaguchi- Namiki | 1 | 100.0 | 25,138 | 1.0 | 1 | 93.0 | 26,096 | 0.9 |
| A42 | Capital Heights Kagurazaka | 1 | 92.5 | 18,276 | 0.7 | 1 | 97.2 | 18,127 | 0.7 |
| A43 | College Square Machida | 1 | 100.0 | 18,268 | 0.7 | 1 | 100.0 | 18,268 | 0.7 |
| A44 | Belair Meguro | 1 | 92.1 | 15,463 | 0.6 | 1 | 96.0 | 16,304 | 0.6 |
| A45 | Wacore Tsunashima I | 1 | 96.1 | 16,969 | 0.7 | 1 | 90.0 | 18,235 | 0.7 |
| A46 | Foros Nakamurabashi | 1 | 100.0 | 17,094 | 0.7 | 1 | 92.0 | 17,550 | 0.6 |
| A47 | Growth Maison Kaijin | 1 | 97.1 | 23,017 | 0.9 | 1 | 94.4 | 22,249 | 0.8 |
| A48 | College Square Machiya | 1 | 100.0 | 14,706 | 0.6 | 1 | 100.0 | 14,706 | 0.5 |
| A51 | City House Tokyo Shinbashi | 1 | 90.8 | 84,981 | 3.4 | 1 | 100.0 | 87,840 | 3.2 |
| A52 | Winbell Kagurazaka | 1 | 96.4 | 98,837 | 4.0 | 1 | 96.9 | 102,111 | 3.7 |
| A53 | Nishiwaseda Crescent Mansion | 1 | 100.0 | 68,772 | 2.8 | 1 | 98.5 | 73,895 | 2.7 |
| A54 | Lexington Square Akebonobashi | 1 | 93.1 | 47,536 | 1.9 | 1 | 94.4 | 47,818 | 1.7 |
| A56 | Casa Eremitaggio | 1 | 92.9 | 29,761 | 1.2 | 1 | 90.0 | 27,934 | 1.0 |
| A59 | Towa City Coop Shinotsuka II | 1 | 97.3 | 33,612 | 1.4 | 1 | 94.9 | 34,269 | 1.2 |
| A61 | Bichsel Musashiseki | 1 | 97.1 | 24,418 | 1.0 | 1 | 95.7 | 25,714 | 0.9 |
| A62 | Lexel Mansion Ueno Matsugaya | 1 | 93.2 | 33,276 | 1.3 | 1 | 86.8 | 32,021 | 1.2 |
| A63 | Towa City Coop Sengencho | 1 | 94.3 | 60,001 | 2.4 | 1 | 94.9 | 61,782 | 2.2 |
| A64 | Royal Park Omachi | 1 | 96.4 | 24,448 | 1.0 | 1 | 100.0 | 25,936 | 0.9 |
| A65 | Lexington Square Haginomachi | 1 | 100.0 | 17,468 | 0.7 | 1 | 100.0 | 18,166 | 0.7 |
| A66 | Visconti Kakuozan | 1 | 88.6 | 11,680 | 0.5 | 1 | 100.0 | 10,515 | 0.4 |
| A71 | Lexington Square Daitabashi | 1 | 95.1 | 29,171 | 1.2 | 1 | 95.1 | 32,140 | 1.2 |
| A72 | Lexington Square Honjo Azumabashi | 1 | 100.0 | 17,529 | 0.7 | 1 | 93.9 | 18,498 | 0.7 |
| A73 | AMS TOWER Minami 6-Jo | 1 | 90.0 | 47,194 | 1.9 | 1 | 88.2 | 48,065 | 1.7 |
| A75 | Spacia Ebisu | 1 | 92.2 | 186,857 | 7.5 | 1 | 90.2 | 187,658 | 6.8 |
| A76 | Neo Prominence ※ | 1 | 94.8 | 31,424 | 1.3 | 1 | 96.6 | 62,498 | 2.3 |
| A77 | Invoice Shin-Kobe Residence ※ | 1 | 99.1 | 25,296 | 1.0 | 1 | 98.6 | 48,133 | 1.7 |
| A78 | Cosmo Court Motomachi ※ | 1 | 97.5 | 19,528 | 0.8 | 1 | 92.7 | 37,187 | 1.3 |

| Name | 19 th Fiscal Period (July 1, 2012 to December 31, 2012) | | | | 20 th Fiscal Period (January 1, 2013 to June 30, 2013) | | | | |
|----------|---|--|--|---|--|--|---|--|----------|
| | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) | Rental revenue (during period) (Thousands of yen) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) | Rental revenue (during period) (Thousands of yen) (Note 2) | Number of tenants (at end of period) (unit) | Occupancy rate (at end of period) (%) (Note 1) | |
| A79 | Revest Honjin ※ | 1 | 93.8 | 15,724 | 0.6 | 1 | 98.8 | 31,100 | 1.1 |
| A80 | Revest Matsubara ※ | 1 | 91.9 | 15,031 | 0.6 | 1 | 95.7 | 28,957 | 1.0 |
| A81 | Sun Terrace Minami Ikebukuro ※ | 1 | 100.0 | 10,867 | 0.4 | 1 | 97.4 | 22,001 | 0.8 |
| A82 | Alba Noritake Shinmachi ※ | 1 | 98.6 | 13,104 | 0.5 | 1 | 93.8 | 25,407 | 0.9 |
| A83 | Revest Meieki Minami ※ | 1 | 97.0 | 12,852 | 0.5 | 1 | 100.0 | 25,512 | 0.9 |
| A84 | Revest Heian ※ | 1 | 95.2 | 11,283 | 0.5 | 1 | 100.0 | 23,227 | 0.8 |
| A85 | Vendir Hamaotsu Ekimae ※ | 1 | 93.3 | 16,600 | 0.7 | 1 | 95.4 | 31,352 | 1.1 |
| A86 | Salvo Sala ※ | 1 | 89.9 | 10,958 | 0.4 | 1 | 98.0 | 24,272 | 0.9 |
| A87 | Excellente Kagurazaka ※ | 1 | 100.0 | 8,945 | 0.4 | 1 | 97.1 | 18,157 | 0.7 |
| A88 | Luna Court Edobori ※ | 1 | 96.0 | 10,787 | 0.4 | 1 | 98.0 | 21,571 | 0.8 |
| A89 | Wintage Kobe Motomachi ※ | 1 | 98.2 | 11,636 | 0.5 | 1 | 94.9 | 24,092 | 0.9 |
| A90 | Queen's Court Fukuzumi ※ | 1 | 100.0 | 8,191 | 0.3 | 1 | 100.0 | 16,712 | 0.6 |
| A91 | Corp Higashinotoin ※ | 1 | 100.0 | 9,189 | 0.4 | 1 | 97.7 | 17,929 | 0.6 |
| A92 | Belair Oimachi ※ | 1 | 92.6 | 7,351 | 0.3 | 1 | 100.0 | 14,640 | 0.5 |
| A93 | Siete Minami-Tsukaguchi ※ | 1 | 94.9 | 8,935 | 0.4 | 1 | 100.0 | 17,140 | 0.6 |
| A94 | Prime Life Sannomiya Isogami Koen ※ | 1 | 100.0 | 7,741 | 0.3 | 1 | 100.0 | 14,804 | 0.5 |
| A95 | HERMITAGE NANBA WEST ※ | 1 | 91.2 | 7,889 | 0.3 | 1 | 86.9 | 14,732 | 0.5 |
| A96 | Century Park Shinkawa 1-bankan ※ | 1 | 100.0 | 9,010 | 0.4 | 1 | 90.9 | 16,940 | 0.6 |
| A97 | West Avenue ※ | 1 | 90.0 | 6,787 | 0.3 | 1 | 82.5 | 12,652 | 0.5 |
| A98 | Little River Honmachibashi ※ | 1 | 96.9 | 6,685 | 0.3 | 1 | 93.8 | 12,986 | 0.5 |
| A99 | Prime Life Mikage ※ | 1 | 85.5 | 6,292 | 0.3 | 1 | 100.0 | 12,315 | 0.4 |
| Subtotal | | 63 | 95.4 | 1,719,628 | 69.4 | 63 | 95.0 | 2,033,237 | 73.7 |
| B8 | Kindai Kagakusha Building | 1 | 100.0 | 37,386 | 1.5 | 1 | 100.0 | 37,890 | 1.4 |
| B9 | Shinjuku Island | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| B14 | Lexington Plaza Nishigotanda | 8 | 100.0 | 157,111 | 6.3 | 8 | 90.1 | 134,136 | 4.9 |
| B15 | Cross Square NAKANO | 1 | 54.2 | 29,234 | 1.2 | 1 | 57.6 | 28,611 | 1.0 |
| B16 | Ohki Aoba Building | 1 | 100.0 | 39,761 | 1.6 | 1 | 100.0 | 40,249 | 1.5 |
| B17 | Lexington Plaza Hachiman | 1 | 94.6 | 158,959 | 6.4 | 1 | 100.0 | 155,659 | 5.6 |
| B18 | AEON TOWN Sukagawa | 1 | 100.0 | 143,761 | 5.8 | 1 | 100.0 | 140,817 | 5.1 |
| Subtotal | | 14 | 96.3 | 583,412 | 23.6 | 14 | 96.2 | 556,123 | 20.1 |
| C1 | Stop Parking Kanda-Sudacho | 1 | 100.0 | 2,443 | 0.1 | 1 | 100.0 | 2,443 | 0.1 |
| C21 | Bon Sejour Chitose Funabashi | 1 | 100.0 | 23,906 | 1.0 | 1 | 100.0 | 23,544 | 0.9 |
| C22 | Bon Sejour Yotsugi | 1 | 100.0 | 22,528 | 0.9 | 1 | 100.0 | 22,208 | 0.8 |
| C23 | Bon Sejour Hino | 1 | 100.0 | 21,405 | 0.9 | 1 | 100.0 | 21,197 | 0.8 |
| C24 | Bon Sejour Musashi Shinjo | 1 | 100.0 | 17,747 | 0.7 | 1 | 100.0 | 17,606 | 0.6 |
| C25 | Bon Sejour Komaki | 1 | 100.0 | 45,582 | 1.8 | 1 | 100.0 | 44,479 | 1.6 |
| C26 | Bon Sejour Hadano Shibusawa | 1 | 100.0 | 23,802 | 1.0 | 1 | 100.0 | 23,371 | 0.8 |
| C27 | Bon Sejour Itami | 1 | 100.0 | 15,971 | 0.6 | 1 | 100.0 | 15,963 | 0.6 |
| Subtotal | | 8 | 100.0 | 173,388 | 7.0 | 8 | 100.0 | 170,816 | 6.2 |
| Total | | 85 | 96.2 | 2,476,430 | 100.0 | 85 | 95.9 | 2,760,177 | 100.0 |

(Note 1) "Occupancy rate" is computed by dividing the leased area by leasable area, and is rounded to the second digit.

(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) The properties indicated with a "※" were acquired on September 28, 2012, and thus the condition of income, etc. covers the period from September 28, 2012 to December 31, 2012.

(Note 4) Undisclosed due to inability to gain approval from the property tenant for document disclosure.

4 Status of Size and Market Value of Trading Assets

No relevant items

5 Status of Other Assets

Trust beneficiary interests in real estate and real estate held in trust are listed together in the **3 Asset Portfolio Including Real Estate** above. As of the end of this reporting period, there are no investments in specified assets that are significant investment targets for the Investment Corporation outside of the above **3**.

6 Asset Holdings Outside of Japan or the Region

There are no relevant items outside of Japan or the region.

Capital expenditures for properties

1 Schedule for capital expenditures

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

| Property | Location | Purpose | Scheduled time of implementation | Estimated cost (thousands of yen) | | | |
|----------|--------------------------------------|--------------------------------|---|---------------------------------------|---|------------------|---|
| | | | | Total | Payment for the fiscal period ended June 30, 2013 | Advance payments | |
| A27 | Nisshin Palacestage Higashi-Nagasaki | Toshima Ward, Tokyo | Large-scale maintenance construction | From December 2013 to December 2013 | 42,500 | — | — |
| B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | Renewal construction of air conditioning system on the 6 th and 7 th floors | From October 2013 to October 2013 | 15,450 | — | — |
| B14 | Lexington Plaza Nishigotanda | Shinagawa Ward, Tokyo | Renewal of central monitoring device | From November 2013 to November 2013 | 8,690 | — | — |
| B17 | Lexington Plaza Hachiman | Sendai City, Miyagi Prefecture | Pavement construction on slopes, etc. | From September 2013 to September 2013 | 8,486 | — | — |
| B15 | Cross Square NAKANO | Nakano Ward, Tokyo | Renovation construction | From August 2013 to November 2013 | 8,100 | — | — |
| B8 | Kindai Kagakusha Building | Shinjuku Ward, Tokyo | Renewal construction of air conditioning system | From November 2013 to November 2013 | 7,874 | — | — |
| A76 | Neo Prominence | Kita Ward, Tokyo | Maintenance construction of mechanical parking lot | From September 2013 to September 2013 | 6,000 | — | — |

2 Capital expenditures for the fiscal period ended June 30, 2013

The principal construction constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2013 is as follows. Capital expenditures for the fiscal period was 154,997 thousand yen, and together with 22,416 of repair cost include in this fiscal period's expenses, construction work totaling 177,414 thousand yen was implemented.

| Property | Location | Purpose | Time of implementation | Payment (thousands of yen) | |
|--------------------|--------------------------------------|--------------------------------|---|-------------------------------|---------|
| B14 | Lexington Plaza Nishigotanda | Shinagawa Ward, Tokyo | Renewal costs of automatic fire alarm | From June 2013 to June 2013 | 16,880 |
| B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | Renewal construction of air conditioning system on the 3 rd and 5 th floors | From May 2013 to May 2013 | 14,952 |
| B8 | Kindai Kagakusha Building | Shinjuku Ward, Tokyo | Renewal construction of air conditioning system on the 7 th , 8 th and 9 th floors | From May 2013 to May 2013 | 11,120 |
| A27 | Nisshin Palacestage Higashi-Nagasaki | Toshima Ward, Tokyo | Replacement construction of water heater | From March 2013 to March 2013 | 9,464 |
| B15 | Cross Square NAKANO | Nakano Ward, Tokyo | Renovation construction of Room 704, Room 705 and Room 706 | From May 2013 to June 2013 | 8,398 |
| Other construction | | | | | 94,180 |
| Total | | | | | 154,997 |

3 Reserved funds for long-term maintenance plan

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

| Fiscal period | 16 th Period | 17 th Period | 18 th Period | 19 th Period | 20 th Period |
|--|---------------------------------------|--|---------------------------------------|--|---------------------------------------|
| | From January 1, 2011 to June 30, 2011 | From July 1, 2011 to December 31, 2011 | From January 1, 2012 to June 30, 2012 | From July 1, 2012 to December 31, 2012 | From January 1, 2013 to June 30, 2013 |
| Reserved funds at beginning of period | 489,033 thousand yen | 551,103 thousand yen | 356,408 thousand yen | 487,561 thousand yen | 541,609 thousand yen |
| Amount reserved (Note) | 85,250 thousand yen | 238,107 thousand yen | 163,931 thousand yen | 151,076 thousand yen | 165,233 thousand yen |
| Amount reversed (Note) | 23,180 thousand yen | 432,803 thousand yen | 32,777 thousand yen | 97,028 thousand yen | 135,298 thousand yen |
| Amount carried over for next fiscal period | 551,103 thousand yen | 356,408 thousand yen | 487,561 thousand yen | 541,609 thousand yen | 571,543 thousand yen |

(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 Liabilities and Expenses

1 Statement of Operating Expenses

(Thousands of yen)

| Item | 19 th Fiscal Period | 20 th Fiscal Period |
|----------------------------------|--------------------------------|--------------------------------|
| | Jul. 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to Jun. 30, 2013 |
| (a) Asset management fees | 130,067 | 125,000 |
| (b) Asset custodian fees | 3,351 | 3,911 |
| (c) Administrative services fees | 24,781 | 21,531 |
| (d) Directors' remuneration | 4,800 | 4,800 |
| (e) Other operating expenses | 72,584 | 78,293 |
| | 235,585 | 233,536 |

2 Borrowing Conditions

Borrowing conditions by financial institution at the end of this reporting period are as below.

| Type | Lender | Borrowing Date | Balance at Start of Reporting Period (Thousands of yen) | Balance at End of Reporting Period (Thousands of yen) | Average Interest Rate (%) (Note 1) | Repayment Date | Payment Method | Purpose | Notes |
|-----------------------------------|--|----------------|---|---|------------------------------------|----------------|----------------|----------------------|----------------------|
| Long-term Debts (Note 11) | MetLife Alico | Sep. 28, 2012 | 4,487,406 | 4,462,220 | 2.269 | Jul. 31, 2014 | (Note 4) | (Note 2) (Note 3) | Secured Conventional |
| | The Bank of New York Mellon Trust (Japan), Ltd. | | 2,991,604 | 2,974,813 | 2.269 | Jul. 31, 2014 | | | |
| | Citibank Japan Ltd. | | 2,941,744 | 2,925,233 | 2.269 | Jul. 31, 2014 | | | |
| | Shinsei Bank, Limited. | 2,941,744 | 2,925,233 | 2.269 | Jul. 31, 2014 | | | | |
| | Shinsei Trust & Banking Co., Ltd. | Jul. 29, 2011 | 7,100,000 | 7,100,000 | 8.500 | Jan. 30, 2015 | Lump Sum | (Note 3) | |
| Shinsei Trust & Banking Co., Ltd. | Jul. 29, 2011 | 2,560,000 | 2,504,000 | 9.500 | Jan. 30, 2015 | (Note 5) | (Note 3) | | |
| Subtotal | | | 23,022,500 | 22,891,500 | | | | | |
| Long-term Debts in Trust (Note 2) | Mizuho Trust & Banking Co., Ltd. (Note 9) | Jul. 29, 2011 | 3,750,000 | 3,750,000 | 2.500 | Jan. 25, 2017 | (Note 6) | (Note 3) | Secured Conventional |
| | | | 3,620,000 | 3,620,000 | 2.500 | Jan. 25, 2018 | | | |
| | | | 3,630,000 | 3,630,000 | 2.500 | Jan. 25, 2019 | | | |
| | Mitsubishi UFJ Trust and Banking Corporation (Note 10) | Sep. 28, 2012 | 2,700,000 | 2,700,000 | 1.900 | Mar. 31, 2018 | Lump Sum | (Note 2) | |
| | | | 2,860,000 | 2,860,000 | 1.900 | Mar. 31, 2019 | (Note 7) | | |
| | | | 1,830,000 | 1,830,000 | 1.900 | Mar. 31, 2020 | (Note 7) | | |
| | | | 2,570,000 | 2,570,000 | 1.900 | Mar. 31, 2019 | (Note 8) | | |
| Subtotal | | | 20,960,000 | 20,960,000 | | | | | |
| Subtotal | | | 43,982,500 | 43,851,500 | | | | | |

(Note 1) Average interest rate is the daily weighted average number of the period according to the number of days, and is rounded to one decimal place.

(Note 2) The funds raised through borrowings are mainly used to acquire real estate properties or properties in trust.

(Note 3) Used for purposes including repayment of existing debt.

(Note 4) Portion of principal (37 million yen) repaid on same day as coupon payment date (every 3 months), and lump-sum payment of balance to be made on principal maturity date.

(Note 5) Portion of principal (28 million yen) repaid on same day as coupon payment date (every 3 months), and lump-sum payment of balance to be made on principal maturity date.

(Note 6) On each principal and interest payment date (every 3 months) that occurs after 3 years from the borrowing date, amounts paid will be those calculated under the assumption that the repayment of the balance of the principal will be by the equal payment method for a term of 20 years (total 80 payments). The balance remaining after the payments above will be repaid in one lump sum on the principal maturity date.

(Note 7) On each principal and interest payment date (every 3 months) that occurs after 5 years from the borrowing date, amounts paid will be those calculated under the assumption that the repayment of the balance of the principal will be by the equal payment method for a term of 30 years (total 120 payments). The balance remaining after the payments above will be repaid in one lump sum on the principal maturity date.

(Note 8) On each principal and interest payment date (every 3 months) that occurs after 3 years from the borrowing date, amounts paid will be those calculated under the assumption that the repayment of the balance of the principal will be by the equal payment method for a term of 27 years (total 108 payments). The balance remaining after the payments above will be repaid in one lump sum on the principal maturity date.

(Note 9) Mizuho Trust & Banking Co., Ltd. is the trustee of the REIT of which the Investment Corporation is the beneficiary, and has borrowed funds on Jul. 29, 2011 from Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership of Prudential Financial Inc. Group. The Investment Corporation received said loan (after deduction of reserves) as grant of trust principal of said REIT from Mizuho Trust & Banking Co. Ltd. on the same date.

(Note 10) Mitsubishi UFJ Trust and Banking Corporation is the trustee of the REIT of which the Investment Corporation is the beneficiary, and has borrowed funds on Sep. 28, 2012 from Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership of Prudential Financial Inc. Group. The Investment Corporation received said loan (after deduction of reserves) as grant of trust principal of said REIT from Mitsubishi UFJ Trust and Banking Corporation on the same date.

(Note 11) Includes long-term debt scheduled to be repaid within 1 year.

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.

The following is a summary English language translation of original Japanese audited financial statements. However, no assurance or warranties are given with respect to the accuracy or completeness of this summary English language translation, and it should be noted that this translation has not been audited or reviewed by our auditor. The Japanese original shall prevail in the case of any discrepancies between this summary English language translation and the Japanese original.

II. Balance Sheet

(Unit: thousands of yen)

| | | Fiscal Period ended December 31, 2012 (As of December 31, 2012) | Fiscal Period ended June 30, 2013 (As of June 30, 2013) |
|--|----|---|---|
| Assets | | | |
| Current Assets | | | |
| Cash and deposits | | 745,429 | 1,427,483 |
| Cash and deposits in trust | ※1 | 2,786,480 | 2,690,331 |
| Accounts receivables | | 18,370 | 17,407 |
| Advances paid | | 664 | 139 |
| Deposits paid | ※2 | 690,495 | 748,197 |
| Prepaid expenses | | 208,056 | 211,587 |
| Consumption tax receivable | | 115,447 | - |
| Allowance for doubtful accounts | | (797) | (1,528) |
| Total Current Assets | | 4,564,147 | 5,093,620 |
| Non-current Assets | | | |
| Property, plant and equipment | | | |
| Buildings | ※1 | 2,680,174 | 2,680,174 |
| Accumulated depreciation | | (163,166) | (190,772) |
| Buildings, net | | 2,517,007 | 2,489,402 |
| Equipment | ※1 | 50,691 | 50,691 |
| Accumulated depreciation | | (24,125) | (26,789) |
| Equipment, net | | 26,566 | 23,902 |
| Building improvements | ※1 | 3,848 | 3,848 |
| Accumulated depreciation | | (1,261) | (1,397) |
| Building improvements, net | | 2,587 | 2,451 |
| Land | ※1 | 2,713,620 | 2,713,620 |
| Buildings in trust | ※1 | 29,664,262 | 29,677,895 |
| Accumulated depreciation | | (1,782,176) | (2,060,616) |
| Buildings in trust, net | | 27,882,085 | 27,617,278 |
| Equipment in trust | ※1 | 6,608,496 | 6,713,907 |
| Accumulated depreciation | | (1,280,186) | (1,493,122) |
| Equipment in trust, net | | 5,328,309 | 5,220,784 |
| Building improvements in trust | ※1 | 294,542 | 312,020 |
| Accumulated depreciation | | (73,848) | (85,630) |
| Building improvements in trust, net | | 220,693 | 226,389 |
| Tools, furniture and fixtures in trust | ※1 | 123,699 | 142,175 |
| Accumulated depreciation | | (54,255) | (64,333) |
| Tools, furniture and fixtures in trust, net | | 69,443 | 77,842 |
| Land in trust | ※1 | 36,582,527 | 36,582,527 |
| Total property, plant and equipment | | 75,342,842 | 74,954,199 |
| Intangible assets | | | |
| Others | | 244 | 167 |
| Total intangible assets | | 244 | 167 |
| Total investment and other assets | | | |
| Guarantee deposits | | 10,000 | 10,000 |
| Long-term prepaid expenses | | 253,406 | 158,394 |
| Others | | 29,381 | 32,680 |
| Total investments and other assets | | 292,787 | 201,075 |
| Total non-current Assets | | 75,635,874 | 75,155,443 |
| Total Assets | | 80,200,022 | 80,249,063 |

(Unit: thousands of yen)

| | | Fiscal Period ended December 31, 2012 (As of December 31, 2012) | Fiscal Period ended June 30, 2013 (As of June 30, 2013) |
|---|----|---|---|
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | 133,791 | 151,861 |
| Current portion of long-term debts | ※1 | 262,000 | 262,000 |
| Accrued liabilities | | 18,748 | 4,375 |
| Accrued expenses | | 362,514 | 354,066 |
| Accrued income taxes | | 503 | 527 |
| Accrued consumption taxes | | - | 24,902 |
| Advances received | | 378,770 | 377,475 |
| Deposits received | | 5,268 | 8,601 |
| Total Current Liabilities | | 1,161,597 | 1,183,809 |
| Non-current Liabilities | | | |
| Long-term debts | ※1 | 22,760,500 | 22,629,500 |
| Long-term debts in trust | ※1 | 20,960,000 | 20,960,000 |
| Tenant leasehold and security deposits in trust | | 1,059,315 | 1,048,635 |
| Tenant leasehold and security deposits | | 183,579 | 183,579 |
| Long-term accrued expenses | | 1,404,333 | 1,395,513 |
| Total Non-current Liabilities | | 46,367,728 | 46,217,228 |
| Total Liabilities | | 47,529,325 | 47,401,038 |
| Net Assets | | | |
| Unitholders' Equity | | | |
| Unitholders' Capital | | 26,134,396 | 26,134,396 |
| Surplus | | | |
| Capital Surplus | | 6,264,432 | 6,264,432 |
| Unappropriated retained earnings/loss | | 271,868 | 449,196 |
| Total Surplus | | 6,536,300 | 6,713,628 |
| Total Unitholders' Equity | | 32,670,697 | 32,848,025 |
| Total Net Assets | ※3 | 32,670,697 | 32,848,025 |
| Total Liabilities and Net Assets | | 80,200,022 | 80,249,063 |

III. Statement of Income

(Unit: thousands of yen)

| | | Fiscal Period ended December 31, 2012 (from July 1, 2012 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1, 2013 to June 30, 2013) |
|---|----|---|--|
| Operating Revenues | | | |
| Rental revenues | ※1 | 2,476,430 | 2,760,177 |
| Total Operating Revenues | | 2,476,430 | 2,760,177 |
| Operating Expenses | | | |
| Property related expenses | ※1 | 1,156,672 | 1,295,403 |
| Directors' remuneration | | 4,800 | 4,800 |
| Asset management fees | | 130,067 | 125,000 |
| Asset custodian fees | | 3,351 | 3,911 |
| Administrative service fees | | 24,781 | 21,531 |
| Provision of allowance for doubtful accounts | | 797 | 730 |
| Other operating expenses | | 71,786 | 77,562 |
| Total Operating Expenses | | 1,392,258 | 1,528,940 |
| Operating Income | | 1,084,171 | 1,231,237 |
| Non-operating Revenues | | | |
| Interest revenues | | 487 | 383 |
| Miscellaneous income | | 2,904 | 3,088 |
| Total Non-operating Revenues | | 3,391 | 3,472 |
| Non-operating Expenses | | | |
| Interest expenses | | 763,201 | 800,615 |
| Finance related costs | | 208,347 | 96,816 |
| Investment unit issuance expenses | | 1,230 | 1,300 |
| Miscellaneous losses | | - | 293 |
| Total Non-operating Expenses | | 972,778 | 899,026 |
| Ordinary Income | | 114,784 | 335,683 |
| Income Before Income Taxes | | 114,784 | 335,683 |
| Corporate Tax, etc. | | 604 | 605 |
| Total Corporate Tax, etc. | | 604 | 605 |
| Net Income | | 114,179 | 335,078 |
| Retained Earnings at the Beginning of the Period | | 157,688 | 114,118 |
| Unappropriated Retained Earnings/Loss at the End of the Period | | 271,868 | 449,196 |

IV. Statement of Unitholders' Equity

(Unit: thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1, 2012 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1, 2013 to June 30, 2013) |
|--|---|--|
| Unitholders' Equity | | |
| Unitholders' Capital | | |
| Balance at the beginning of the period | 26,134,396 | 26,134,396 |
| Change during the period | | |
| Total change during the period | - | - |
| Balance at the end of the period | 26,134,396 | 26,134,396 |
| Surplus | | |
| Capital Surplus | | |
| Balance at the beginning of the period | 6,264,432 | 6,264,432 |
| Change during the period | | |
| Total change during the period | - | - |
| Balance at the end of the period | 6,264,432 | 6,264,432 |
| Unappropriated Retained Earnings/Loss | | |
| Balance at the beginning of the period | 427,346 | 271,868 |
| Change during the period | | |
| Distributions from surplus | (269,658) | (157,750) |
| Net income | 114,179 | 335,078 |
| Total change during the period | (155,478) | 177,328 |
| Balance at the end of the period | 271,868 | 449,196 |
| Total Surplus | | |
| Balance at the beginning of the period | 6,691,778 | 6,536,300 |
| Change during the period | | |
| Distributions from surplus | (269,658) | (157,750) |
| Net income | 114,179 | 335,078 |
| Total change during the period | (155,478) | 177,328 |
| Balance at the end of the period | 6,536,300 | 6,713,628 |
| Total Unitholders' Equity | | |
| Balance at the beginning of the period | 32,826,175 | 32,670,697 |
| Change during the period | | |
| Distributions from surplus | (269,658) | (157,750) |
| Net income | 114,179 | 335,078 |
| Total change during the period | (155,478) | 177,328 |
| Balance at the end of the period | 32,670,697 | 32,848,025 |
| Total Net Assets | | |
| Balance at the beginning of the period | 32,826,175 | 32,670,697 |
| Change during the period | | |
| Distributions from surplus | (269,658) | (157,750) |
| Net income | 114,179 | 335,078 |
| Total change during the period | (155,478) | 177,328 |
| Balance at the end of the period | 32,670,697 | 32,848,025 |

V. Notes

[Notes Concerning Significant Accounting Policies]

| By Period Item | For the Fiscal Period ended July 1, 2012 (from July 1 to December 31, 2012) | For the Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|---------------|-----------|--------------|-----------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------------------|--------------|--------------------------------------|--------------|--|-----------|---------------|-----------|--------------|-----------------------|--------------|--------------------|--------------|--------------------|--------------|--------------------------------|--------------|--------------------------------------|--------------|
| 1. Method of depreciation of non-current assets | 1. Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Buildings</td> <td style="text-align: right;">40 - 77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">3 - 24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">3 - 18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">6 - 66 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">3 - 32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">3 - 55 years</td> </tr> <tr> <td>Tools, furniture & fixtures in trust</td> <td style="text-align: right;">2 - 15 years</td> </tr> </table> 2. Intangible assets The straight-line method is used. 3. Long-term prepaid expenses The straight-line method is used. | Buildings | 40 - 77 years | Equipment | 3 - 24 years | Building improvements | 3 - 18 years | Buildings in trust | 6 - 66 years | Equipment in trust | 3 - 32 years | Building improvements in trust | 3 - 55 years | Tools, furniture & fixtures in trust | 2 - 15 years | 1. Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows. <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Buildings</td> <td style="text-align: right;">40 - 77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">3 - 24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">3 - 18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">6 - 66 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">3 - 32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">3 - 55 years</td> </tr> <tr> <td>Tools, furniture & fixtures in trust</td> <td style="text-align: right;">2 - 15 years</td> </tr> </table> 2. Intangible assets The straight-line method is used. 3. Long-term prepaid expenses The straight-line method is used. | Buildings | 40 - 77 years | Equipment | 3 - 24 years | Building improvements | 3 - 18 years | Buildings in trust | 6 - 66 years | Equipment in trust | 3 - 32 years | Building improvements in trust | 3 - 55 years | Tools, furniture & fixtures in trust | 2 - 15 years |
| Buildings | 40 - 77 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 3 - 24 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 3 - 18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 6 - 66 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 3 - 32 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 3 - 55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture & fixtures in trust | 2 - 15 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 40 - 77 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 3 - 24 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 3 - 18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 6 - 66 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 3 - 32 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 3 - 55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture & fixtures in trust | 2 - 15 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. 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. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Revenue and expense recognition | Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is 16,270 thousand yen. | Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate instead of being charged as expense. There was no such amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period. | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Item | By Period For the Fiscal Period ended July 1, 2012 (from July 1 to December 31, 2012) | For the Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|--|---|---|
| <p>4. Other significant matters which constitute the basis for preparation of financial statements</p> | <p>(1) Accounting treatment of trust beneficiary interests of real estate As to trust beneficiary interests of 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. Cash and deposits in trust Buildings in trust Equipment in trust Building improvements in trust Tools, furniture and fixtures in trust Land in trust Tenant leasehold and security deposits in trust Long-term debts in trust</p> <p>(2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p> | <p>(1) Accounting treatment of trust beneficiary interests of real estate As to trust beneficiary interests of 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. Cash and deposits in trust Buildings in trust Equipment in trust Building improvements in trust Tools, furniture and fixtures in trust Land in trust Tenant leasehold and security deposits in trust Long-term debts in trust</p> <p>(2) Accounting treatment of consumption taxes (a) Investment unit issuance expenses Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p> |

(Notes to the Balance Sheets)

※1. Assets pledged as collateral and liabilities with collateral
Assets pledged as collateral are as follows.

(Unit : thousands of yen)

| | Fiscal Period ended Dec. 31, 2012 (as of Dec. 31, 2012) | Fiscal Period ended Jun. 30, 2013 (as of Jun. 30, 2013) |
|--|--|--|
| Cash and deposits in trust | 2,786,480 | 2,690,331 |
| Buildings | 2,517,007 | 2,489,402 |
| Equipment | 26,566 | 23,902 |
| Building improvements | 2,587 | 2,451 |
| Land | 2,713,620 | 2,713,620 |
| Buildings in trust | 27,882,085 | 27,617,278 |
| Equipment in trust | 5,328,309 | 5,220,784 |
| Building improvements in trust | 220,693 | 226,389 |
| Tools, furniture and fixtures in trust | 69,443 | 77,842 |
| Land in trust | 36,582,527 | 36,582,527 |
| Total | 78,129,323 | 77,644,531 |

Liabilities with collateral are as follows.

(Unit : thousands of yen)

| | Fiscal Period ended Dec. 31, 2012 (as of Dec. 31, 2012) | Fiscal Period ended Jun. 30, 2013 (as of Jun. 30, 2013) |
|------------------------------------|--|--|
| Current portion of long-term debts | 262,000 | 262,000 |
| Long-term debts | 22,760,500 | 22,629,500 |
| Long-term debts in trust | 20,960,000 | 20,960,000 |
| Total | 43,982,500 | 43,851,500 |

※2. Represents amounts entrusted to financial institutions for the purpose of repayment of borrowings in trust from such financial institutions.

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

(Unit : thousands of yen)

| Fiscal Period ended Dec. 31, 2012 (as of Dec. 31, 2012) | Fiscal Period ended Jun. 30, 2013 (as of Jun. 30, 2013) |
|--|--|
| 50,000 | 50,000 |

(Notes to Statement of Income)

※1. Rental revenues and property related expenses are as follows:

(Unit : thousands of yen)

| | For the Fiscal Period ended July 1, 2012 (from July 1 to December 31, 2012) | For the Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|--|--|--|
| A. Rental revenues | | |
| Rent/common area charges | 2,300,764 | 2,537,676 |
| Other revenues | 175,665 | 222,500 |
| Total | 2,476,430 | 2,760,177 |
| B. Property related expenses | | |
| Maintenance costs | 403,390 | 441,633 |
| Taxes and public dues | 141,455 | 162,456 |
| Insurance expenses | 4,677 | 5,160 |
| Other expenses | 126,526 | 142,512 |
| Depreciation expenses | 480,622 | 543,640 |
| Total | 1,156,672 | 1,295,403 |
| C. Operating income from rental revenues A-B) | 1,319,757 | 1,464,773 |

(Notes to Statement of Unitholders' Equity)
Number of investment units authorized and number of investment units issued and outstanding

| | For the Fiscal Period ended July 1, 2012 (from July 1 to December 31, 2012) | For the Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---|--|--|
| Number of investment units authorized | 10,000,000 units | 10,000,000 units |
| Number of investment units issued and outstanding | 1,348,292 units | 1,573,179 units |

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

(Unit : thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|--|---|--|
| Deferred tax assets - current assets | | |
| Enterprise tax payable | 564 | 590 |
| Rental receivables(merger) | 211 | 211 |
| Allowance for doubtful accounts | 291 | 559 |
| Accrued expenses | 6,454 | 6,454 |
| Subtotal | 7,522 | 7,815 |
| Valuation allowance | 7,522 | 7,815 |
| Total | — | — |
| Net deferred tax assets – current | — | — |
| Deferred tax assets – non-current assets | | |
| Buildings and other(merger) | 1,208,736 | 1,194,346 |
| Land(merger) | 2,547,099 | 2,547,099 |
| Long-term accrued expenses | 513,845 | 510,618 |
| Net loss carried forward | 7,023,707 | 7,023,707 |
| Subtotal | 11,293,388 | 11,275,771 |
| Valuation allowance | 11,293,388 | 11,275,771 |
| Total | — | — |
| Net deferred tax assets – non-current | — | — |

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

(Unit: %)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|--|---|--|
| Statutory tax rate | 36.59 | 36.59 |
| Deductible cash distributions | (17.47) | (31.40) |
| Provision of reserve for reduction entry | (19.22) | (5.19) |
| Others | 0.63 | 0.18 |
| Effective tax rate | 0.53 | 0.18 |

(Notes Related to Lease Contracts)

Operating lease transactions(as lessee)Remaining lease payments

(Unit : thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---------------------|---|--|
| Due within one year | 112,249 | 112,249 |
| Due after one year | 2,448,662 | 2,392,537 |
| Total | 2,560,911 | 2,504,787 |

Operating lease transactions(as lessor)Remaining lease payments

(Unit : thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---------------------|---|--|
| Due within one year | 674,516 | 674,516 |
| Due after one year | 7,595,851 | 7,258,593 |
| Total | 8,270,367 | 7,933,109 |

(Notes Related to Financial Instruments)

1. Status of Financial Instruments

(1) Policy for Financial Instruments

The Investment Corporation 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 entering into debt.

Derivative transactions are to be entered into for the purpose of hedging against the rate of future interest rate increases, etc. and not for speculation. There are currently no derivative transactions that have been entered into.

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

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

The funds raised through borrowings are mainly used to acquire real estate properties or properties in trust (including related acquisition costs) and for the repayment of existing debt. Liquidity risks relating to debt 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.

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

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

2. Estimated Fair Value of Financial Instruments

Book value, fair value and the difference between values as of December 31, 2012 are as follows.

(Unit : thousands of yen)

| | Book value | Fair value | Difference |
|--|------------|------------|------------|
| (1) Cash and deposits | 745,429 | 745,429 | — |
| (2) Cash and deposits in trust | 2,786,480 | 2,786,480 | — |
| Total assets | 3,531,910 | 3,531,910 | — |
| (3) Current portion of long-term debts | 262,000 | 262,039 | 39 |
| (4) Long-term debts | 22,760,500 | 22,788,497 | 27,997 |
| (5) Long-term debts in trust | 20,960,000 | 21,195,979 | 235,979 |
| Total liabilities | 43,982,500 | 44,246,517 | 264,017 |

Book value, fair value and the difference between values as of June 30, 2013 are as follow.

(Unit : thousands of yen)

| | Book value | Fair value | Difference |
|--|------------|------------|------------|
| (1) Cash and deposits | 1,427,483 | 1,427,483 | — |
| (2) Cash and deposits in trust | 2,690,331 | 2,690,331 | — |
| Total assets | 4,117,815 | 4,117,815 | — |
| (3) Current portion of long-term debts | 262,000 | 263,952 | 1,952 |
| (4) Long-term debts | 22,629,500 | 22,932,788 | 303,288 |
| (5) Long-term debts in trust | 20,960,000 | 21,117,642 | 157,642 |
| Total liabilities | 43,851,500 | 44,314,382 | 462,882 |

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

(1) Cash and deposits (2) Cash and deposits in trust

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.

(3) Current portion of long-term debts (4) Long-term debts (5) Current portion of long-term debts in trust

The fair values of long-term debt with fixed interest rates are determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new debt with the same amount. Long-term debt with floating interest rates reflecting changes in market rates within a short term period are stated at their book value as their book values approximate their fair values.

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

(Unit : thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---|---|--|
| Tenant leasehold and security deposits | 183,579 | 183,579 |
| Tenant leasehold and security deposits in trust | 1,059,315 | 1,048,635 |

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to reasonably estimate their future cash flows because it 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.

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

As of December 31, 2012

(Unit : thousands of yen)

| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
|----------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| Cash and deposits | 745,429 | — | — | — | — | — |
| Cash and deposits in trust | 2,786,480 | — | — | — | — | — |
| Total | 3,531,910 | — | — | — | — | — |

As of June 30, 2013

(Unit : thousands of yen)

| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
|----------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| Cash and deposits | 1,427,483 | — | — | — | — | — |
| Cash and deposits in trust | 2,690,331 | — | — | — | — | — |
| Total | 4,117,815 | — | — | — | — | — |

(Note 4) Redemption schedule of long-term debts and other interest-bearing indebtedness after the closing date of the fiscal period

As of December 31, 2012

(Unit : thousands of yen)

| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
|------------------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| Current portion of long-term debts | 262,000 | — | — | — | — | — |
| Long-term debts | — | 13,324,500 | 9,436,000 | — | — | — |
| Long-term debts in trust | — | 105,833 | 450,442 | 516,273 | 3,819,427 | 16,068,022 |
| Total | 262,000 | 13,430,333 | 9,886,442 | 516,273 | 3,819,427 | 16,068,022 |

As of June 30, 2013

(Unit : thousands of yen)

| | Due within one year | Due after one to two years | Due after two to three years | Due after three to four years | Due after four to five years | Due after five years |
|------------------------------------|---------------------|----------------------------|------------------------------|-------------------------------|------------------------------|----------------------|
| Current portion of long-term debts | 262,000 | — | — | — | — | — |
| Long-term debts | — | 22,629,500 | — | — | — | — |
| Long-term debts in trust | — | 320,981 | 491,866 | 3,861,986 | 6,238,387 | 10,046,777 |
| Total | 262,000 | 22,950,481 | 491,866 | 3,861,986 | 6,238,387 | 10,046,777 |

(Notes Related to Rental Properties)

The Investment Corporation owns residential and other properties principally in the Tokyo area and major regional cities for the purpose of earning stable rental revenues. The book value, amount changed during the period and balance at the end of the period are as follows.

(Unit : thousands of yen)

| | | | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|-------------|-------------------------------------|--|---|--|
| Residential | Book value | Balance at the beginning of the period | 42,701,472 | 56,845,746 |
| | | Change during the period | 14,144,274 | (325,585) |
| | | Balance at the end of the period | 56,845,746 | 56,520,161 |
| | Fair value at the end of the period | 56,237,000 | 56,993,000 | |
| Office | Book value | Balance at the beginning of the period | 8,567,280 | 8,557,382 |
| | | Change during the period | (9,898) | 10,367 |
| | | Balance at the end of the period | 8,557,382 | 8,567,749 |
| | Fair value at the end of the period | 7,237,000 | 7,151,000 | |
| Retail | Book value | Balance at the beginning of the period | 5,442,452 | 5,397,628 |
| | | Change during the period | (44,824) | (44,821) |
| | | Balance at the end of the period | 5,397,628 | 5,352,806 |
| | Fair value at the end of the period | 5,210,000 | 5,360,000 | |
| Parking | Book value | Balance at the beginning of the period | 100,878 | 100,865 |
| | | Change during the period | (13) | (13) |
| | | Balance at the end of the period | 100,865 | 100,851 |
| | Fair value at the end of the period | 91,300 | 92,300 | |
| Seniors | Book value | Balance at the beginning of the period | 4,470,123 | 4,441,219 |
| | | Change during the period | (28,903) | (28,590) |
| | | Balance at the end of the period | 4,441,219 | 4,412,629 |
| | Fair value at the end of the period | 4,708,000 | 4,751,000 | |
| Total | Book Value | Balance at the beginning of the period | 61,282,207 | 75,342,842 |
| | | Change during the period | 14,060,634 | (388,642) |
| | | Balance at the end of the period | 75,342,842 | 74,954,199 |
| | Fair value at the end of the period | 73,483,300 | 74,347,300 | |

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

(Note 2) The major factor of the increase for the fiscal period ended December 31, 2012 was acquisition of new properties and the major factor of the decrease was depreciation. The major factor of the increase for the fiscal period ended June 30, 2013 was capital expenditures related to construction work, and the major factor of the decrease was depreciation.

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

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

(Notes Related to Related Party Transactions)

1. Transactions with Parent Company and Major Unitholders

Fiscal Period ended December 31, 2012 (from July 1, 2012 to December 31, 2012)

| Classification | Name | Type of business | % of voting rights owned | Type of transaction | Transaction amount (thousands of yen) | Account | Ending balance (thousands of yen) |
|--|-------------------------------------|--------------------|--------------------------|---|---------------------------------------|------------------------------|-----------------------------------|
| Interested Party of the Asset Manager | Shinsei Trust and Banking Co., Ltd. | Financial Business | — | Repayment of long-term debts (Note 2) (Note 3) | 56,000 | Repayment of long-term debts | 9,660,000 |
| | | | | Finance related fees | 45,506 | Long-term prepaid expenses | 97,690 |
| | | | | | | Prepaid expenses | 90,270 |
| | | | | | | Long-term accrued expenses | 1,404,333 |
| | | | | | | Accrued expenses | 17,640 |
| Interest expenses | 428,601 | Accrued expenses | 141,503 | | | | |
| Interested Party of the Asset Manager (Note 5) | Rhodia Godo Kaisha (Note 5) | Financial Business | — | Acquisition of trust beneficiary interests of properties in trust (Note 6) (Note 7) | 14,043,000 | — | — |

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

(Note 2) For borrowing conditions, see “I. Asset Management Report - Overview of Liabilities and Expenses - 2. Borrowing Conditions”.

(Note 3) The financing includes transactions for which Calliope, which became the parent company of the Asset Manager on July 29, 2011, had a portion of the economic benefit.

(Note 4) Calliope holds 609,942 units (holding ratio: 45.23%) of the issued investment units of the Company.

(Note 5) The seller, Rhodia Godo Kaisha, receives an anonymous partnership investment through funds that are managed by FIG, an affiliate of Calliope. Accordingly, the Investment Corporation treats Rhodia Godo Kaisha as a related party.

(Note 6) The acquisition of the trust beneficiary interests relates to the properties below. Transaction amount is the purchase amount set forth in the trust beneficiary purchase agreement, and does not include other acquisition-related expenses, such as real property and city planning tax, as well as consumption taxes.

(Note 7) The terms and conditions have been determined based on the Asset Manager’s internal rules and manual regarding transactions with the sponsor company.

| Property number | Name of property | Purchase and Sale Price (thousands of yen) |
|-----------------|-----------------------------------|--|
| A76 | Neo Prominence | 1,660,000 |
| A77 | Invoice Shin-Kobe Residence | 1,260,000 |
| A78 | Cosmo Court Motomachi | 973,000 |
| A79 | Revest Honjin | 674,000 |
| A80 | Revest Matsubara | 657,000 |
| A81 | Sun Terrace Minami Ikebukuro | 625,000 |
| A82 | Alba Noritake Shinmachi | 608,000 |
| A83 | Revest Meieki Minami | 597,000 |
| A84 | Revest Heian | 595,000 |
| A85 | Vendir Hamaotsu Ekimae | 581,000 |
| A86 | Salvo Sala | 544,000 |
| A87 | Excellente Kagurazaka | 543,000 |
| A88 | Luna Court Edobori | 525,000 |
| A89 | Winntage Kobe Motomachi | 512,000 |
| A90 | Queen's Court Fukuzumi | 456,000 |
| A91 | Corp Higashinotoin | 446,000 |
| A92 | Belair Oimachi | 412,000 |
| A93 | Siete Minami-Tsukaguchi | 374,000 |
| A94 | Prime Life Sannomiya Isogami Koen | 373,000 |
| A95 | HERMITAGE NANBA WEST | 355,000 |
| A96 | Century Park Shinkawa 1-bankan | 335,000 |
| A97 | West Avenue | 331,000 |
| A98 | Little River Honmachibashi | 310,000 |
| A99 | Prime Life Mikage | 297,000 |
| Total | | 14,043,000 |

2. Asset Custodian

| Classification | Name | Type of business | % of voting rights | Type of transaction | Transaction amount (thousands of yen) | Account | Ending balance (thousands of yen) |
|-------------------|-------------------------------------|----------------------------|--------------------|---|---------------------------------------|------------------------------------|-----------------------------------|
| Asset Custodian | Sumitomo Mitsui Trust Bank, Limited | Banking and Trust business | — | General Custodian Fees | 19,599 | Accrued expenses | 731 |
| | | | | Trust Fees | 3,351 | Accrued expenses | 866 |
| | | | | Repayment of current portion of long-term debts | 27,272 | Current portion of long-term debts | — |
| | | | | Repayment of long-term debts | 1,951,665 | Repayment of long-term debts | — |
| | | | | Finance related fees | 14,482 | Prepaid expenses | — |
| | | | | | | Long-term prepaid expenses | — |
| Interest expenses | 12,260 | Accrued expenses | — | | | | |

(Note 1) Consumption taxes 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 market prices.

Fiscal Period ended January 1, 2013 (from January 1, 2013 to June 30, 2013)

1. Transactions with Parent Company and Major Unitholders

| Classification | Name | Type of business | % of voting rights | Type of transaction | Transaction amount (thousands of yen) | Account | Ending balance (thousands of yen) |
|--|-------------------------------------|--------------------|--------------------|--|---------------------------------------|------------------------------|-----------------------------------|
| Interested business of the Asset Manager | Shinsei Trust and Banking Co., Ltd. | Financial business | — | Repayment of long-term debts (Note 2) (Note 3) | 56,000 | Repayment of long-term debts | 9,604,000 |
| | | | | Finance related fees | 44,764 | Long-term prepaid expenses | 52,925 |
| | | | | | | Prepaid expenses | 90,270 |
| | | | | | | Long-term accrued expenses | 1,395,513 |
| | | | | | | Accrued expenses | 17,640 |
| Interest expenses | 418,332 | Accrued expenses | 140,614 | | | | |

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

(Note 2) For borrowing conditions, see “I. Asset Management Report - Overview of Liabilities and Expenses - 2. Borrowing Conditions”

(Note 3) The financing includes transactions for which Calliope, which became the parent company of the Asset Manager on July 29, 2011, had a portion of the economic benefit.

(Note 4) Calliope holds 609,942 units (holding ratio: 45.23%) of the issued investment units of the Company.

(Notes Related to Per Unit Information)

| | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---------------------|--|--|
| Net assets per unit | 24,231 yen | 24,363 yen |
| Net income per unit | 85 yen | 249 yen |
| | 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 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 is not stated as there are no diluted units. |

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

| | Fiscal Period ended December 31, 2012 (July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (January 1 to June 30, 2013) |
|--|--|---|
| Net income for the fiscal period (thousands of yen) | 114,179 | 335,078 |
| Net income not attributable to common unit holders (thousands of yen) | — | — |
| Net income attributable to common unit holders (thousands of yen) | 114,179 | 335,078 |
| Average number of investment units during the period (unit) | 1,348,292 | 1,348,292 |

| Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|---|--|
| — | — |

VI. Statement of Cash Distribution

| | Fiscal Period ended December 31, 2012 (from July 1, 2012 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1, 2013 to June 30, 2013) |
|---|---|---|
| I Unappropriated retained earnings | 271,868,258 yen | 449,196,371 yen |
| II Distribution Amount | 157,750,164 yen | 355,949,088 yen |
| (Distribution per Unit) | (117 yen) | (264 yen) |
| III Retained earnings carried forward | 114,118,094 yen | 93,247,283 yen |
| Calculation method of distribution amount | In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax issues 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 157,750,164 yen, which is the sum of net income of 114,179,864 yen and reversal of surplus of 43,570,300 yen. INV did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation. | In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be 355,949,088 yen, which is the sum of net income of 335,078,277 yen and reversal of surplus of 20,870,811 yen. INV did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation. |

Note

Accompanying English financial information, comprising Balance Sheet, Statement of Income, Statement of Unitholders' Equity, Notes to financial statements and statement of Cash Distribution, have been translated from the Japanese financial statements of the Investment Corporation prepared in accordance with the Act on Investment Trusts and Investment Corporations of Japan.

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2013 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, Statements of Unitholders' Equity, Notes to financial statements and Statement of Cash Distribution are 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 Flow (Reference Information)

(Unit: thousands of yen)

| | Fiscal Period ended December 31, 2012 (from July 1, 2012 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1, 2013 to June 30, 2013) |
|---|---|--|
| Cash Flows from Operating Activities | | |
| Net income before taxes | 114,784 | 335,683 |
| Depreciation expenses | 481,000 | 543,717 |
| Investment unit issuance expenses | 1,230 | 1,300 |
| Finance related costs | 208,347 | 96,816 |
| Amortization of tenant leasehold and security deposits | (1,354) | (433) |
| Interest received | (487) | (383) |
| Interest paid | 763,201 | 800,615 |
| Increase (decrease) in allowance for doubtful accounts | (33) | 730 |
| Decrease (increase) in accounts receivable | 733 | 962 |
| Decrease (increase) in deposit payments | 6,308 | (57,701) |
| Decrease (increase) in consumption tax receivable | (92,135) | 115,447 |
| Increase (decrease) in accrued consumption tax payable | - | 24,902 |
| Increase (decrease) in accounts payable | 62,798 | 17,493 |
| Increase (decrease) in accrued liabilities | 13,696 | (13,571) |
| Increase (decrease) in accrued expenses | (31,930) | 9,112 |
| Increase (decrease) in advances received | 90,607 | (1,294) |
| Increase (decrease) in deposits received | 1,960 | 3,333 |
| Others | 714 | (3,756) |
| Subtotal | 1,619,439 | 1,872,971 |
| Proceeds of interest | 487 | 383 |
| Payment of interest | (740,409) | (818,164) |
| Payment of corporate taxes, etc. | (608) | (581) |
| Cash Flows from Operating Activities | 878,909 | 1,054,609 |
| Cash Flows from Investing Activities | | |
| Payment for acquisition of tangible assets in trust | (14,547,093) | (154,421) |
| Payment of tenant leasehold and security deposits in trust | (39,366) | (93,409) |
| Proceeds of tenant leasehold and security deposits in trust | 174,339 | 83,162 |
| Others | (694) | (3,298) |
| Cash Flows from Investing Activities | (14,412,815) | (167,967) |
| Cash Flows from Financing Activities | | |
| Proceeds from long-term debt | 13,400,000 | - |
| Repayment of long-term debt | (10,981,000) | (131,000) |
| Proceeds from long-term debt in trust | 9,960,000 | - |
| Costs from issuance of investment units | (1,230) | (1,300) |
| Finance related costs | (251,904) | (10,636) |
| Payment of distributions | (270,196) | (157,800) |
| Cash Flows from Financing Activities | 11,855,670 | (300,737) |
| Increase (decrease) in cash and cash equivalents | (1,678,236) | 585,905 |
| Beginning balance of cash and cash equivalents | 5,210,146 | 3,531,910 |
| Closing balance of cash and cash equivalents | ※1 3,531,910 | 4,117,815 |

Notes Concerning Significant Accounting Policies

| Item \ By Period | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|--|---|---|
| Cash and cash equivalents as stated in Statement of Cash Flows | Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value. | Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value. |

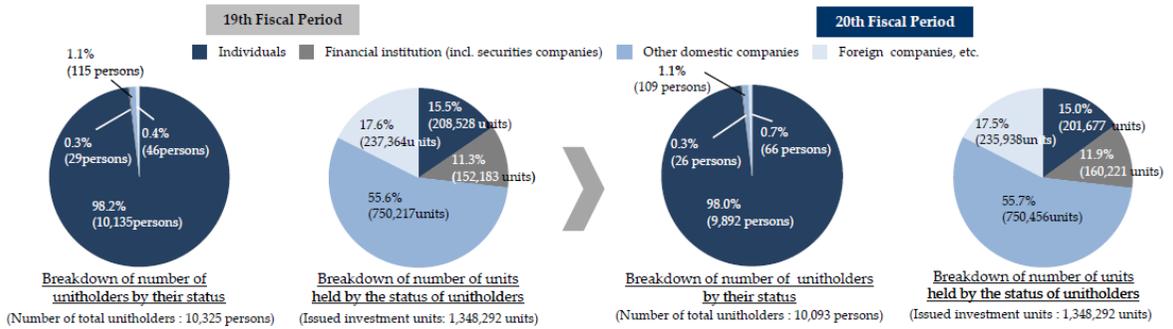
Notes to Statement of Cash Flow

※ 1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet

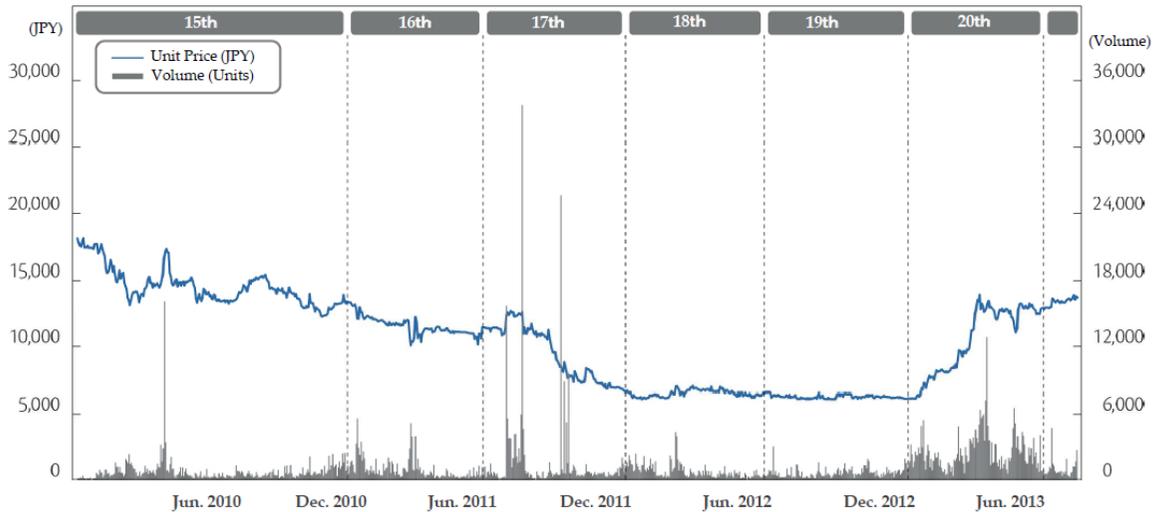
(unit : thousands of yen)

| Item \ Period | Fiscal Period ended December 31, 2012 (from July 1 to December 31, 2012) | Fiscal Period ended June 30, 2013 (from January 1 to June 30, 2013) |
|----------------------------|---|--|
| Cash and deposits | 745,429 | 1,427,483 |
| Cash and deposits in trust | 2,786,480 | 2,690,331 |
| Cash and cash equivalents | 3,531,910 | 4,117,815 |

Overview of Unitholders



Historical Unit Price



(Note 1) The unit price indicates the closing price on the TSE market.

(Note 2) Former TGR (INV) merged with former LCP effective on Feb. 1, 2010 and split its investment units with one investment unit into five unit.

(Note 3) For the purpose of providing continuity to the unit prices, the unit prices on or before Jan. 31, 2010 as indicated in the above chart are the figures adjusted by dividing the actual unit prices by five.

TSE Code: 8963

<http://www.invincible-inv.co.jp/>

For Unitholders

| | |
|--|---|
| Investors' Registry Administrator | Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Special Account Management Institution | <Unitholders of the former Tokyo Growth REIT Fund> Mitsubishi UFJ Trust and Banking Corporation Limited 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo <Unitholders of the forme LCP Investment Corporation> Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome Chiyoda-ku, Tokyo |
| Correspondence (Telephone Assistance) | Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063 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 |