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## **Invincible Investment Corporation**

### **Asset Management Report**

Fiscal Period ended June 30, 2015 (January 1, 2015 to June 30, 2015)

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

It is my pleasure to take this opportunity to express my sincere gratitude to all investors in Invincible Investment Corporation (“INV”) for your ongoing support.

We hereby provide you with a report on INV’s asset management and financial results for the 24th period (covering the period from January 1, 2015 to June 30, 2015, the “reporting period”).

With respect to the external growth of INV’s properties in the reporting period, we acquired 3 hotels (total acquisition price: JPY 13,261 million) on February 6, 2015 by utilizing excess cash-on-hand and new loans, and resolved on June 25, 2015 to acquire 11 hotels and 3 residential properties (total acquisition price: JPY 35,258 million) on July 16, 2015 with the funds raised via a global public offering of new investment units (the “Capital Increase”) and new loans.

With respect to the financial operations, we decided to refinance all existing loans on July 16, 2015 concurrently with the Capital Increase and the acquisition of the above properties in order to refinance all secured bank loans to an unsecured bank facility, lengthen and diversify the debt maturity duration, and further reduce interest rates.

For the reporting period, due to the acquisition of 3 new hotels and the acceleration of internal growth from the existing hotel portfolio backed by the significant increase in the number of inbound visitors to Japan; hotel rents increased by JPY 313 million (15.1%) from the previous period to JPY 2,382 million, and INV’s total operating revenues increased by JPY 364 million (7.9%) to JPY 4,974 million. As a result, net income increased by JPY 337 million (17.2%) to JPY 2,295 million, and DPU (distribution per unit) increased by JPY 127 (17.3%) to JPY 860.

After the reporting period, in addition to the Capital Increase, the acquisition of the above-mentioned 14 properties and the de-collateralization of loans, INV acquired 3 hotels (total acquisition price: JPY 7,369 million) on August 28, 2015 by utilizing the funds raised through new loans as well as part of the excess cash-on-hand obtained from the Capital Increase. As a result, INV’s total assets under management as of the end of August 2015 increased to JPY 173,815 million, a JPY 55,888 million (47.4%) increase compared to JPY 117,927 million as of the end of the fiscal period ended December 31, 2014 (previous period; the 23rd period). The annual DPU for 2015 is expected to increase to JPY 1,924, a 47.3% increase year-on-year. INV’s market capitalization as of August 25, 2015 was JPY 201,840 million, rising it to the 18th-largest market capitalization among the 53 listed J-REITs in Japan (market capitalization at the end of December 2013: JPY 30,566 million, which

was 40th-largest among 43 listed J-REITs).

In conjunction with the Capital Increase, INV entered into an MOU with certain Fortress-related special purpose companies, concerning preferential negotiation rights for the acquisition of 21 hotels and 9 residential properties, thereby securing a potential pipeline of assets on a scale similar to that of the existing hotel portfolio in terms of number of rooms.

We will further seek to acquire new properties, mainly hotels, by utilizing the extensive sponsor pipeline to build a portfolio that provides both strong growth and stability. In regards to internal growth, we will continue our efforts to maximize the rent revenue from the hotel portfolio which is expected to achieve significant growth in the medium to long-term. With respect to financial management, we aim to diversify financing measures, including the issuance of REIT bonds, by obtaining an external credit rating, as well as work to further broaden the investor base.

We will continue to implement and further accelerate our basic policy that we have implemented thus far, which is the “increase of distribution per unit” via accretive acquisitions and will take measures to maximize unitholders’ value.

Your continued support is highly appreciated.



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

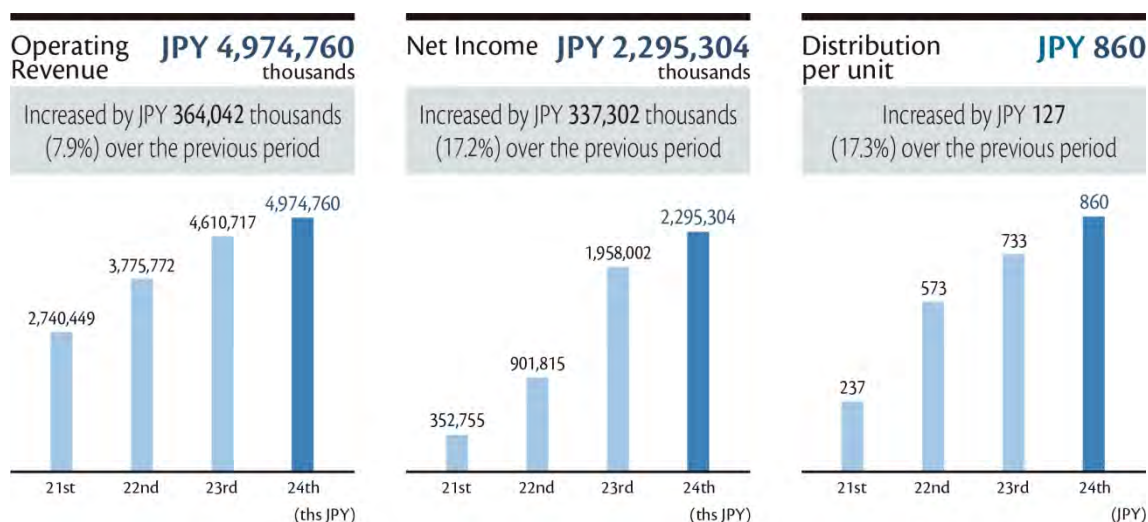
Fixed Distributions	The 24th fiscal period (the fiscal period ended June 2015)	Per investment unit JPY 860
Forecast Distributions	The 25th fiscal period (the fiscal period ending December 2015)	Per investment unit JPY 1,064
Forecast Distributions	The 26th fiscal period (the fiscal period ending June 2016)	Per investment unit JPY 1,009
Forecast Distributions	The 27th fiscal period (the fiscal period ending December 2016)	Per investment unit JPY 1,163

(Note) The forward-looking statements, forecasts and goals mentioned above are based on available information, assumptions and estimates as of August 26, 2015. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

## Summary of Financial Results

	Period from July 1, 2013 to December 31, 2013	Period from January 1, 2014 to June 30, 2014	Period from July 1, 2014 to December 31, 2014	Period from January 1, 2015 to June 30, 2015
Operating Revenue (Thousands of yen)	2,740,449	3,775,772	4,610,717	4,974,760
Ordinary Income (Thousands of yen)	353,360	902,420	1,958,607	2,295,909
Net Income (Thousands of yen)	352,755	901,815	1,958,002	2,295,304
Net Assets (Thousands of yen)	35,844,824	36,373,796	61,392,392	61,731,550
Total Assets (Thousands of yen)	79,176,632	79,261,754	130,477,232	136,299,746
Net Assets per Unit (Yen)	22,785	23,121	23,005	23,132
Net Assets/Total Assets (%)	45.3	45.9	47.1	45.3
Distribution per Unit (Yen)	237	573	733	860
Number of Units Issued (Unit)	1,573,179	1,573,179	2,668,686	2,668,686

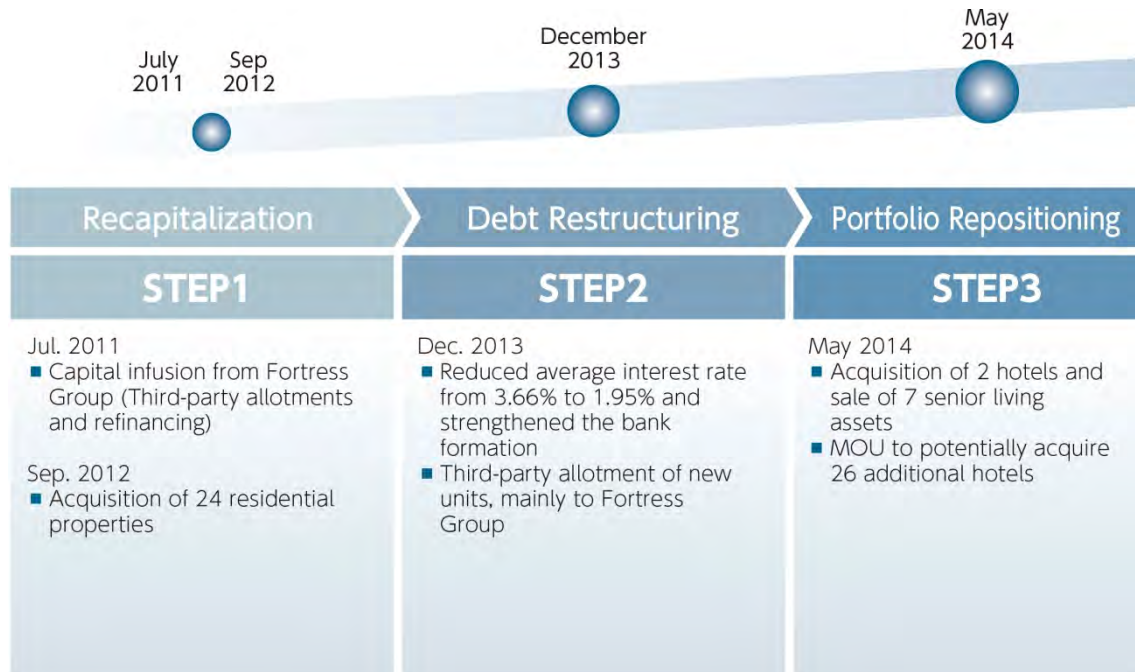
(Note) Figures are rounded down to the indicated unit and percentages are rounded to one decimal place. However, “Net Assets per Unit” are rounded to the nearest yen.



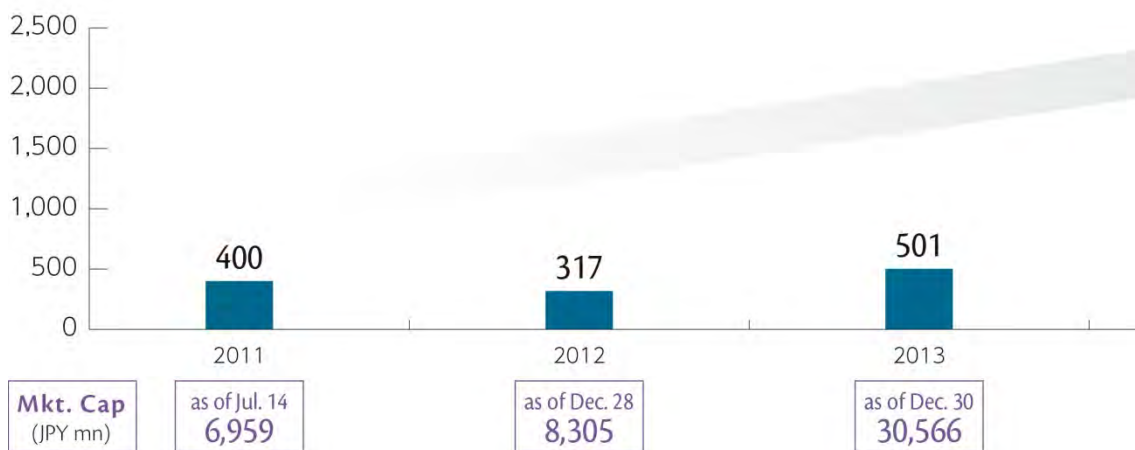
(Note) Figures are rounded down to the indicated unit and percentages are rounded to one decimal place.

## Value Creation Track Record

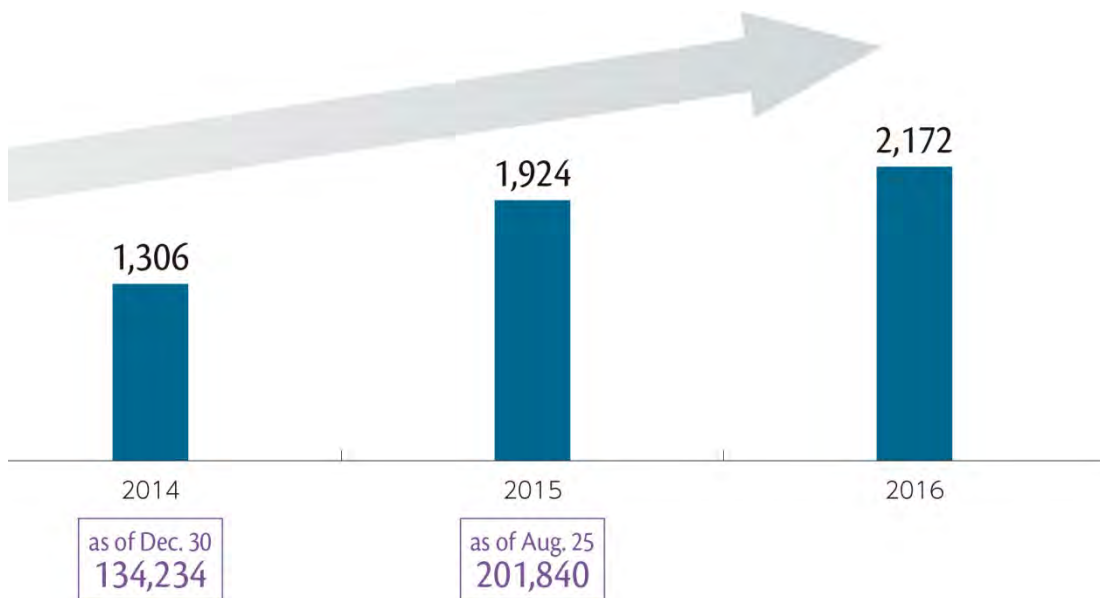
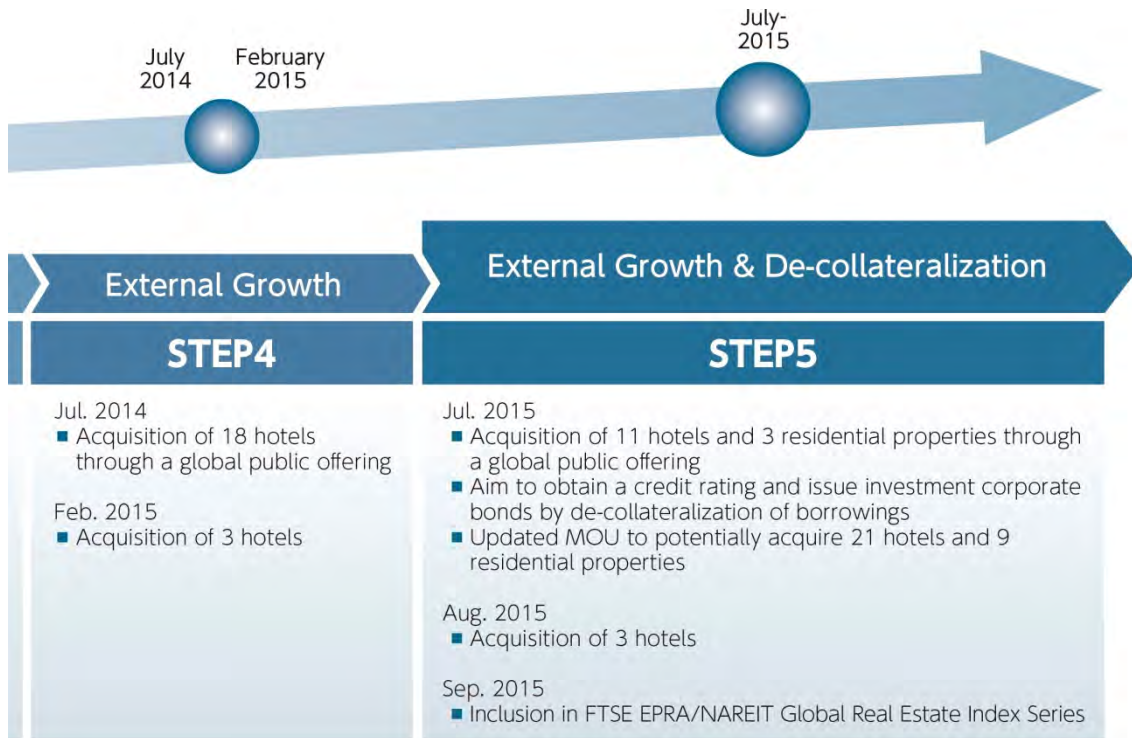
After the capital infusion from Fortress Group (July 2011), the Market Capitalization of INV increased from JPY 6,959 million, the amount just before the capital infusion (as of July 14, 2011) to JPY 201,840 million (as of August 25, 2015)



## Distribution per Unit



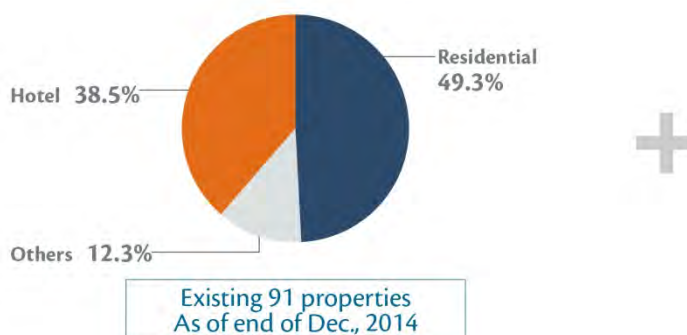




## External Growth & De-collateralization

### External Growth Supported by Stronger Sponsor Support

As of end of Dec., 2014	
# of Properties (# of Hotel Properties)	91
Acquisition Price (mn JPY)	117,927
Appraisal Value (mn JPY) <sup>(2)</sup>	133,264
NOI Yield / Appraisal <sup>(3)</sup>	6.6% / 6.4%
NOI Yield after Depreciation / Appraisal <sup>(3)</sup>	5.1% / 4.9%



- (Note 1) The total amount of 3 hotels acquired in February 2015, 11 hotels and 3 residential properties acquired in July 2015 and 3 hotels acquired in August 2015 is described. The same shall apply hereinafter.
- (Note 2) For 91 properties held as of June 30, 2015 and 3 properties acquired in February 2015, appraisal value as of June 30, 2015; for 14 properties (11 hotels and 3 residential properties) acquired July 2015, appraisal value as of May 1, 2015; for 3 properties acquired, Flexstay Inn Ekoda, appraisal value as of August 10, 2015 and other two properties, appraisal value as of July 31, 2015.
- (Note 3) The “Appraisal NOI Yield” is calculated by dividing the net operating income (NOI) using the direct capitalization method in the appraisal report, by the total anticipated acquisition price and rounding to the first decimal place. The “Appraisal NOI Yield after Depreciation” is calculated by dividing the NOI after deducting the depreciation expenses calculated by INV by the total acquisition price and rounding to the first decimal place.





## De-collateralization of Existing Debt and Reduction of Loan Cost

As of Jun. 30

Loans	Balance (JPY mn)	Interest Rate
Syndicate Loan (C)	56,100	0.93% <sup>(4)</sup>
Syndicate Loan (D)	6,241	0.93% <sup>(4)</sup>
Prudential LPS Loan B	9,960	1.90%
<b>Total / Average Interest Rate</b>	<b>72,301</b>	<b>1.06% <sup>(5)</sup></b>

### De-collateralization

As of Aug. 28

Loans	Term	Balance (JPY mn)	Interest Rate
New Syndicate Loan (E)	3yrs.	28,979	1MT+0.4%
	4yrs.	28,979	1MT+0.5%
	5yrs.	28,979	1MT+0.6%
	10mo.	1,401 <sup>(6)</sup>	1MT+0.2%
Term Loan (A)	4yrs	3,682	1MT+0.5%
<b>Total / Average Interest Rate</b>		<b>92,020</b>	<b>0.63% <sup>(7)</sup></b>

(Note 4) The interest rates applicable for the period of June 30, 2015 to July 30, 2015

(Note 5) Calculated by the weighted average interest rate based on the borrowing amount

(Note 6) The borrowings will be prepaid in the amount equivalent to the refund of consumption tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings by Syndicate Loan (E), in the case where the above-mentioned consumption tax refunds are received. The above-mentioned borrowings (JPY 1,401 million) are defined as borrowings corresponding to the expected consumption tax refund.

(Note 7) Interest rate (per annum) provided in Total debt is the weighted average interest rate based on the borrowing amount, excluding borrowings corresponding to the expected consumption tax refund, assuming that the one-month JPY TIBOR as of August 28, 2015, is applied. Regarding average interest rate of Term Loan (A), the first interest calculation period uses two-month JPY TIBOR.

## ■ Offering Overview

Offering Size (incl. Over-allotment)	· JPY 30.4 billion
Number of Units (incl. Over-allotment)	· Total: 525,000 ▶ Japanese Public Offering Units: 211,250 ▶ Over-allotment Units: 25,000 ▶ International Offering Units: 288,750
Offering Format	· Japan: Public Offering · Overseas: 144A/Regulation S
Domestic/International Split	· 45% : 55%

## Overview of Acquisition

- Acquisition of 17 hotels and 3 residential properties in and after February 2015 by August 2015
- Total acquisition value of 20 properties is JPY 55,888 million, Appraisal NOI yield is 5.9%, and the operation assets of INV increased by 47.4% from the end of December 2014.

Total Acquisition Value	55,888 mn	20 properties (17 hotels / 3 residential properties)
Total Appraisal Value	56,664 mn	
NOI yield (2015 Estimated NOI yield / Appraisal NOI yield)	5.3% / 5.9%	
Great Tokyo Area (Acquisition Value)	83.9%	

## Acquisition Summary

### Hotel

Property Name	Location	Acquisition Value (JPY mn)	Appraisal Value (JPY mn)	NOI yield <sup>(1)</sup>	
				2015 Estimated NOI yield	Appraisal NOI yield
APA Hotel Yokohama-Kannai	Yokohama City, Kanagawa	8,350	8,600	5.3%	5.2%
Hotel Nets Hakodate	Hakodate City, Hokkaido	2,792	2,870	5.9%	7.6%
Flexstay Inn Shirogane	Minato Ward, Tokyo	2,119	2,140	4.9%	6.0%
Hotel MyStays Haneda	Ota Ward, Tokyo	7,801	7,880	4.6%	5.5%
Hotel MyStays Kameido P1	Koto Ward, Tokyo	5,594	5,650	5.7%	6.2%
Hotel MyStays Ueno Iriyaguchi	Taito Ward, Tokyo	3,821	3,860	5.5%	6.2%
Hotel MyStays Kameido P2	Koto Ward, Tokyo	3,742	3,780	5.7%	6.2%
Hotel Vista Shimizu	Shizuoka City, Shizuoka Prefecture	2,198	2,220	6.2%	7.2%
Super Hotel Shinbashi/ Karasumoriguchi	Minato Ward, Tokyo	1,624	1,640	4.3%	4.4%
Flexstay Inn Higashi-Jujo	Kita Ward, Tokyo	1,277	1,290	5.8%	7.3%
Hotel MyStays Utsunomiya	Utsunomiya City, Tochigi Prefecture	1,237	1,250	9.5%	9.5%
Flexstay Inn Kawasaki-Kaizuka	Kawasaki City, Kanagawa Prefecture	980	990	6.1%	6.9%
Comfort Hotel Toyama	Toyama City, Toyama Prefecture	979	989	6.5%	6.3%
Flexstay Inn Kawasaki-Ogawacho	Kawasaki City, Kanagawa Prefecture	906	915	6.1%	6.5%
Flexstay Inn Ekoda	Nerima Ward, Tokyo	5,069	5,120	4.0%	5.9%
Super Hotel Tokyo-JR Tachikawa Kitaguchi	Tachikawa City, Tokyo	1,170	1,180	4.6%	4.6%
Super Hotel JR Ueno-iriyaguchi	Taito Ward, Tokyo	1,130	1,140	4.2%	4.2%
Subtotal / Average - Hotel		50,789	51,514	5.3%	6.0%

### Residential

Property Name	Location	Acquisition Value (JPY mn)	Appraisal Value (JPY mn)	NOI yield <sup>(1)</sup>	
				2015 Estimated NOI yield	Appraisal NOI yield
City Court Kitaichijo	Sapporo City, Hokkaido	1,782	1,800	5.2%	5.6%
Lieto Court Mukojima	Sumida Ward, Tokyo	1,683	1,700	4.7%	5.0%
Lieto Court Nishi-Ojima	Koto Ward, Tokyo	1,634	1,650	4.7%	4.8%
Subtotal / Average - Residential		5,099	5,150	4.9%	5.1%

### Grand Total / Average

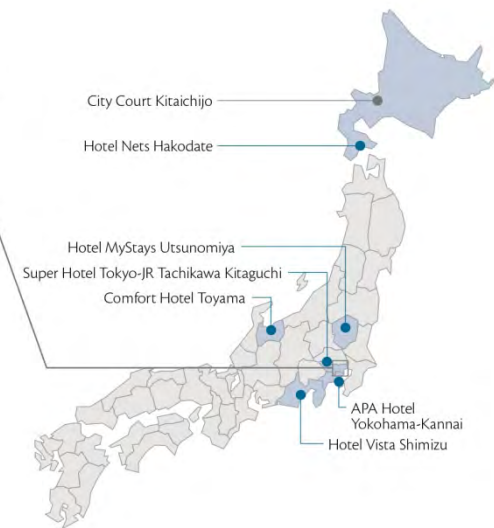
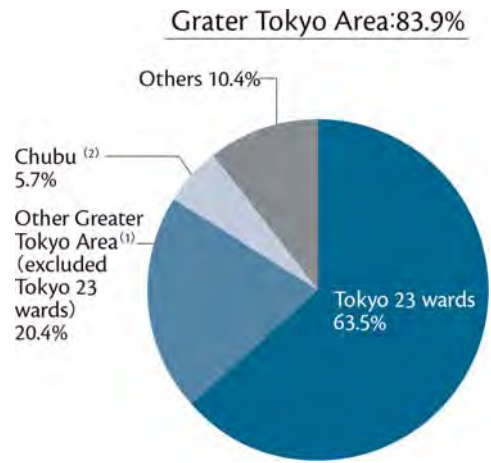
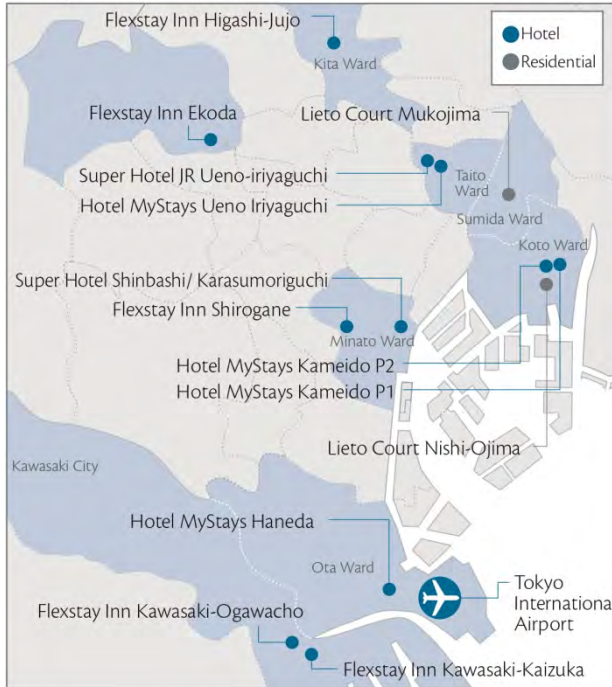
	Acquisition Value (JPY mn)	Appraisal Value (JPY mn)	NOI yield <sup>(1)</sup>	
			2015 Estimated NOI yield	Appraisal NOI yield
Grand Total / Average	55,888	56,664	5.3%	5.9%

(Note 1) The "Appraisal NOI Yield" is calculated by dividing the net operating income (NOI) using the direct

capitalization method in the appraisal report, by the total anticipated acquisition price and rounding to the first decimal place. The “Appraisal NOI Yield after Depreciation” is calculated by dividing the NOI after deducting the depreciation expenses calculated by INV by the total acquisition price and rounding to the first decimal place.

**Good-quality Portfolio Focusing on the Great Tokyo Area**

**Tokyo**



**Hotel**



**Residential**



(Note 1) “Greater Tokyo” is “Tokyo”, “Kanagawa,” “Chiba” and “Saitama”.  
 (Note 2) “Chubu Area” is “Nagano”, “Ishikawa”, “Shizuoka”, “Toyama”, “Yamanashi”, “Ehime”, “Mie”, “Niigata”, “Gifu”, and “Fukui”.



## Continuous Improvement of Financial Conditions

- By de-collateralization of Existing Debt, INV considers obtaining credit rating and the issuance of investment corporation bonds
- INV aims for further reinforcement of financial base and improvement of stability

### De-collateralization of Existing Debt and Reduction of Loan Cost

Loans	Balance (JPY mn)	Interest Rate	De-collatera
Syndicate Loan (C)	56,100	0.93% <sup>(1)</sup>	
Syndicate Loan (D)	6,241	0.93% <sup>(1)</sup>	
Prudential LPS Loan B	9,960	1.90%	
<b>Total / Average Interest Rate</b>	<b>72,301</b>	<b>1.06% <sup>(2)</sup></b>	

As of Jun. 30

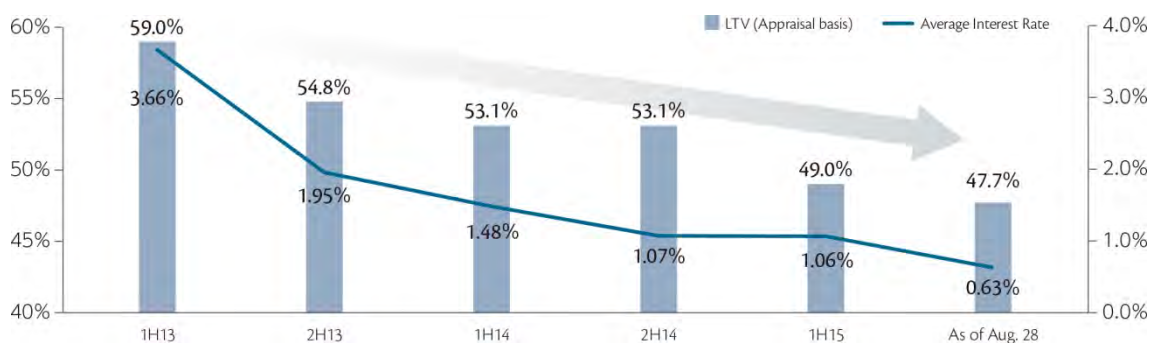
(Note 1) The interest rates applicable for the period of June 30, 2015 to July 30, 2015

(Note 2) Calculated by the weighted average interest rate based on the borrowing amount

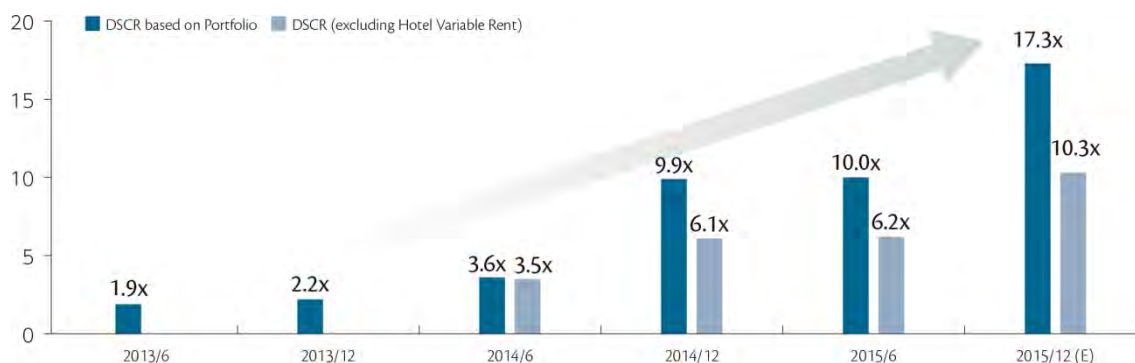
(Note 3) The borrowings will be prepaid in the amount equivalent to the refund of consumption tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings by Syndicate Loan (E), in the case where the above-mentioned consumption tax refunds are received. The above-mentioned borrowings (JPY 1,401 million) are defined as borrowings corresponding to the expected consumption tax refund.

(Note 4) Interest rate (per annum) provided in Total debt is the weighted average interest rate based on the borrowing amount, excluding borrowings corresponding to the expected consumption tax refund, assuming that the one-month JPY TIBOR as of August 28, 2015, is applied. Regarding average interest rate of Term Loan (A), the first interest calculation period uses two-month JPY TIBOR.

#### LTV (Appraisal base)<sup>(5)</sup> and Average Interest Rate<sup>(5)</sup>



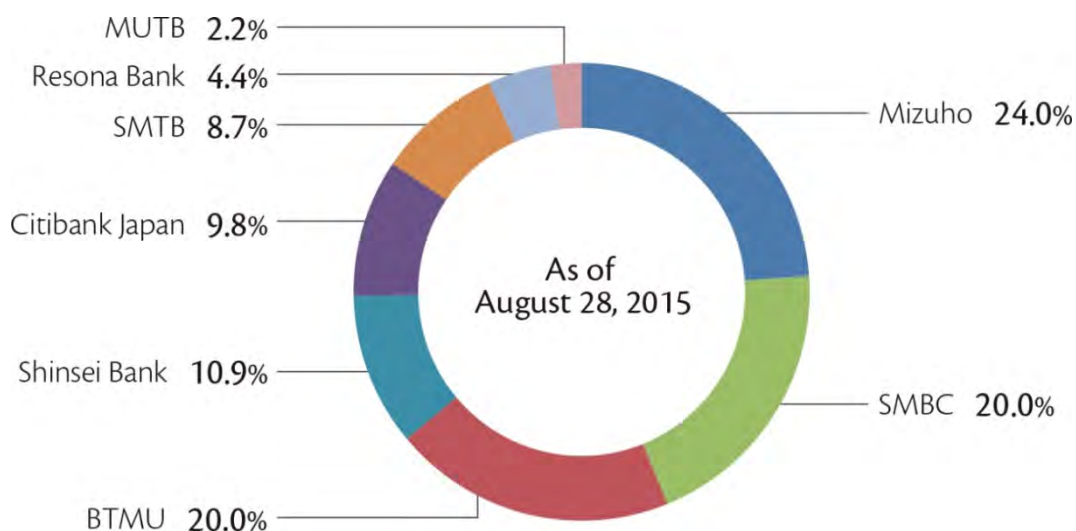
#### DSCR (Based on Portfolio) / DSCR (Excluding Hotel Variable Rent Portion)<sup>(6)(7)</sup>



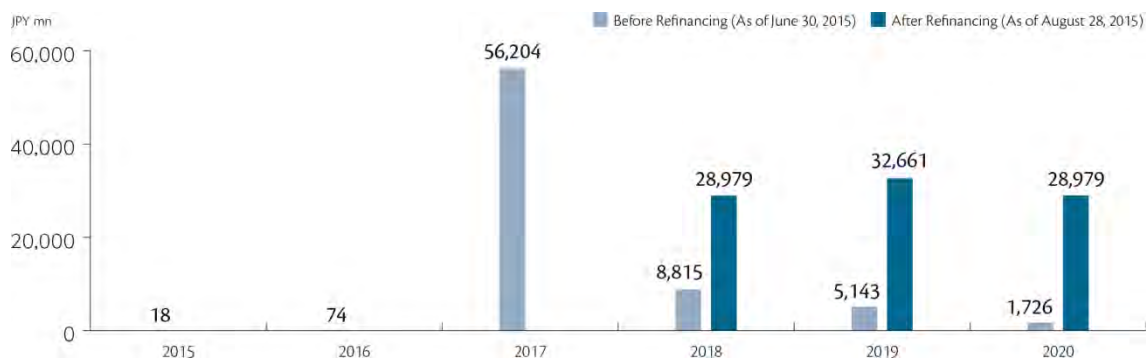
As of Aug. 28

Loans	Term	Balance (JPY mn)	Interest Rate
New Syndicate Loan (E)	3yrs.	28,979	1MT+0.4%
	4yrs.	28,979	1MT+0.5%
	5yrs.	28,979	1MT+0.6%
	10mo. <sup>(3)</sup>	1,401 <sup>(3)</sup>	1MT+0.2%
Term Loan (A)	4yrs	3,682	1MT+0.5%
Total / Average Interest Rate		92,020	0.63% <sup>(4)</sup>

### Bank Formation composed by mainly Megabanks



### Dispersion of Maturity <sup>(8)</sup>





- (Note 5) Calculated using the formula that is LTV (appraisal value basis) at each end of period = debt outstanding at the end of period / aggregate appraisal value at the end of period. LTV (appraisal value basis) as of June 30, 2015 is calculated by dividing interest-bearing debt outstanding as of June 30, 2015 (excluding JPY 321 million borrowings corresponding to the expected consumption tax refund) by aggregate appraisal value of 94 properties held as of the end of June 2015. LTV as of August 28, 2015 is calculated by dividing interest-bearing debt outstanding after refinance on July 16, 2015 and new debt financing on August 28, 2015 (excluding JPY 1,401 million borrowings corresponding to the expected consumption tax refund) by aggregate appraisal value of 94 properties held as of the end of June 2015, 14 properties acquired on July 16, 2015 and 3 properties to be acquired on August 28, 2015. Average financing rate is calculated by dividing total of product of the borrowing amount at the end of period for each financing and the interest rate applicable thereto at the end of period (provided, however, with respect to the interest rates applicable after the new debt financing on August 28, 2015, it is assumed that the one-month JPY TIBOR on that date is applied) by total debt.
- (Note 6) DSCR (based on Portfolio) is calculated using the following formula;  $(\text{Operating Income} + \text{Depreciation Expenses}) \div (\text{Contract Prepayment Amount} + \text{Interest Amount})$
- (Note 7) DSCR (excluding Hotel Variable Rent) is calculated using the following formula;  $(\text{Operating Income} - \text{Hotel Variable Rental Income} + \text{Depreciation Expenses}) \div (\text{Contract Prepayment Amount} + \text{Interest Amount})$
- (Note 8) Excluding borrowings corresponding to the expected consumption tax refund



**Robust Performance of Hotel Assets - Strong ADR / GOP Growth**

- ADR, GOP and NOI of the acquired hotels in Jan. - Jul. 2015 increased by +20.0%, +27.0% and 29.4% from the previous year, respectively and growth was accelerated
- ADR, GOP and NOI in 2014 was +11.9%, +16.6% and 18.2%, respectively and showed high growth

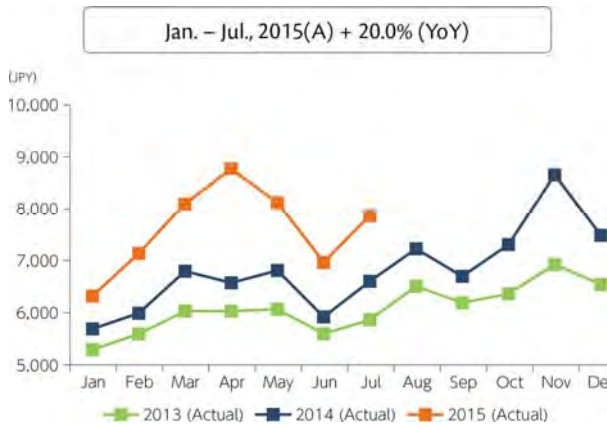
**ADR Growth (Annual) <sup>(1)</sup>**



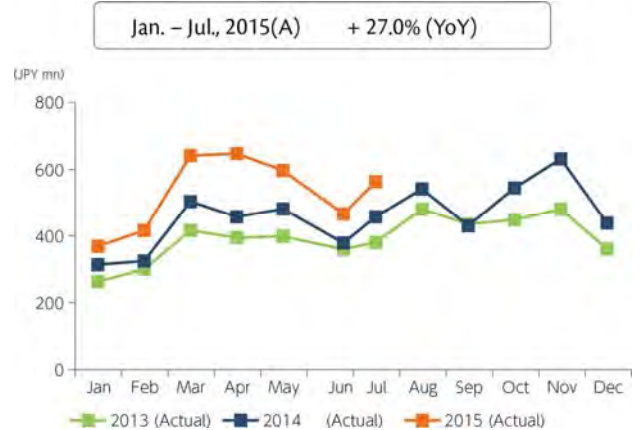
**GOP Growth (Annual) <sup>(1)(2)</sup>**



**ADR Monthly Trend <sup>(1)</sup>**

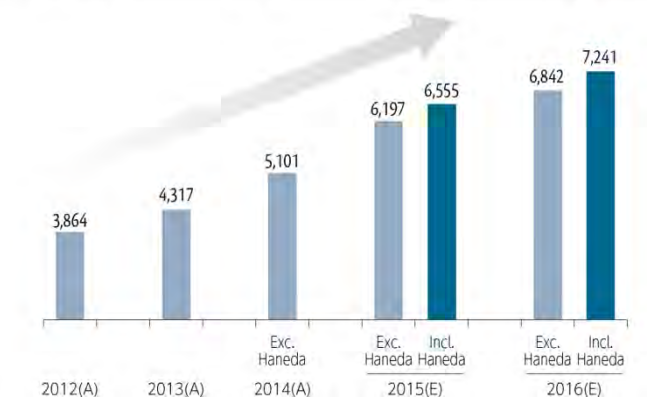


**GOP Monthly Trend <sup>(1)(2)</sup>**

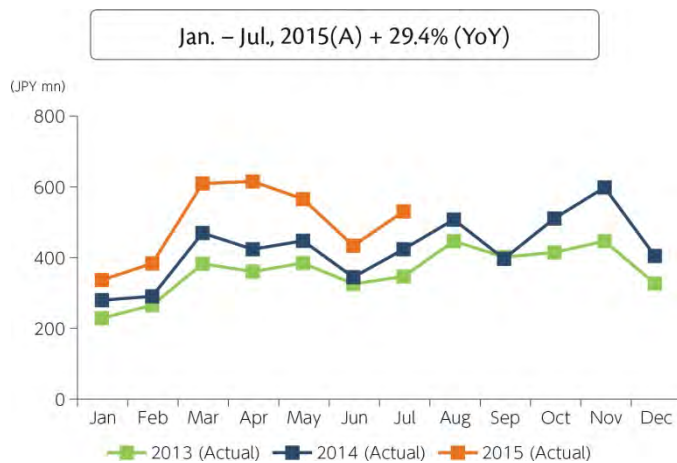


### NOI Growth (Annual) <sup>(1)(2)</sup>

JPY mn	Y-o-Y Growth Rate		
2013	2014	2015(E)	2016(E)
+11.7%	+18.2%	+21.5%	+10.4%



### NOI Monthly Trend <sup>(1)</sup>



(Note 1) Based on 33 hotels in which variable rent structures are adopted, among the 37 hotels held by INV as of Aug. 28, 2015 (except for Super Hotel Shinbashi/Karasumoriguchi, Super Hotel Tokyo - JR Tachikawa Kitaguchi, Super Hotel JR Uenoiriyaguchi and Comfort Hotel Toyama, in which fixed rent schemes are adopted). Year on year figures are based on 32 hotels, excluding Hotel MyStays Haneda whose data before September 2014 (because the hotel opened in September 26, 2014).

(Note 2) Regarding APA Yokohama - Kannai, rent income which is received by INV is added to GOP.

## I. Asset Management Report

### Overview of Asset Management

#### 1 Trends in Investment Corporation's Operating Results

By Period		20th	21st	22nd	23rd	24th	
		Fiscal Period	Fiscal Period	Fiscal Period	Fiscal Period	Fiscal Period	
Calculated period		Jan. 1, 2013 to Jun. 30, 2013	Jul. 1, 2013 to Dec. 31, 2013	Jan. 1, 2014 to Jun. 30, 2014	Jul. 1, 2014 to Dec. 31, 2014	Jan. 1, 2015 to Jun. 30, 2015	
Operating Results	Operating revenues	(Note 1) (Thousands of yen)	2,760,177	2,740,449	3,775,772	4,610,717	4,974,760
	(Rental revenues)	(Thousands of yen)	2,760,177	2,740,449	2,772,419	4,610,717	4,974,760
	Operating expenses	(Thousands of yen)	1,528,940	1,474,679	1,541,127	1,840,796	2,163,828
	(Property-related expenses)	(Thousands of yen)	1,295,403	1,261,221	1,281,791	1,586,854	1,834,039
	Operating income	(Thousands of yen)	1,231,237	1,265,770	2,234,644	2,769,920	2,810,931
	Ordinary income	(Thousands of yen)	335,683	353,360	902,420	1,958,607	2,295,909
	Net income	(Thousands of yen)	335,078	352,755	901,815	1,958,002	2,295,304
Asset Condition	Total assets	(a) (Thousands of yen)	80,249,063	79,176,632	79,261,754	130,477,232	136,299,746
	(change from last period)	(%)	0.1	(1.3)	0.1	64.6	4.5
	Interest-bearing debt	(Thousands of yen)	43,851,500	41,310,000	41,000,850	67,260,000	72,301,000
	Net assets	(b) (Thousands of yen)	32,848,025	35,844,824	36,373,796	61,392,392	61,731,550
(change from last period)	(%)	0.5	9.1	1.5	68.8	0.6	
Total contribution	(Thousands of yen)	26,134,396	29,134,389	29,134,389	53,096,413	53,096,413	
Dividend Status	Total distribution	(c) (Thousands of yen)	355,949	372,843	901,431	1,956,146	2,295,069
	Dividend payout ratio	(Note 2) (%)	106.0	105.7	100.0	99.9	100.0
Information per Unit	Number of investment units	(d) (Units)	1,348,292	1,573,179	1,573,179	2,668,686	2,668,686
	Issued and outstanding						
	Net assets per unit	(b) / (d) (yen)	24,363	22,785	23,121	23,005	23,132
		(Note 3))					
	Distribution per unit	(c) / (d) (yen)	264	237	573	733	860
(Profit distribution per unit)	(yen)	264	237	573	733	860	
(Excess profit distribution per unit)	(yen)	—	—	—	—	—	
Financial Measures	Return on assets	(Note 4) (%)	0.4	0.4	1.1	1.9	1.7
	(change over year)		0.8	0.9	2.3	3.7	3.5
	Return on equity	(Note 4) (%)	1.0	1.0	2.5	4.0	3.7
(change over year)		2.1	2.0	5.0	7.9	7.5	

Capital ratio	(b) / (a) (Note 4) (%)	40.9	45.3	45.9	47.1	45.3
(change from last period)	(%)	0.2	4.3	0.6	1.2	(1.8)
NOI (Net Operating Income)	(Note 4) (Thousands of yen)	2,008,413	2,006,648	2,018,542	3,861,122	4,127,486

(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 period after the 21st Fiscal Period, it is calculated by dividing the total profit distribution amount by net income.

(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

### (1) Main trends in the Investment Corporation

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

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

Ever since the commencement of sponsorship from the Fortress Group, INV has been focused on the improvement of occupancy rates as well as the reduction of expenditures related to its properties and investment corporations by strengthening its asset management capabilities. Furthermore, in September 2012, INV newly acquired 24 residential properties without issuing new equity, thereby improving the earning power of its portfolio and establishing a revenue base in order to implement stable

distributions.

Following such measures, INV refinanced existing bank borrowings with new borrowings through syndicate loans arranged by Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. together with funds raised via a third-party allotment mainly to the Fortress Group on December 20, 2013. Through such refinancing, INV reduced its interest-bearing debt ratio, improved its earning power due to the significant reduction in interest expenses, and strengthened its lender formation, thereby improving its financial stability and establishing a financial base for future growth.

With this platform as a base for future growth, INV acquired its first two limited-service hotel properties on May 23, 2014. On June 23, 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the "Asset Manager") revised the Investment Guidelines for INV, and added hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecast to rise going forward. In July 2014, INV acquired 18 limited-service hotels from the sponsor group using funds raised from a global public offering and the refinancing of existing loans. In the fiscal period ended June 2015 (the "Reporting Period"), INV acquired two hotels from the sponsor group and one hotel from a third-party on February 6, 2015 using the excess cash-on-hand and new loans, without issuing new equity.

INV's distributions per unit ("DPU") from July 1, 2014 to June 30, 2015 reached JPY 1,593, an increase of approximately 1.96 times year-on-year. INV's end-of-term market capitalization was JPY 174,265 million, approximately 4.56 times larger than the final day of June of the previous year.

At the board meetings of INV and the Asset Manager held on June 25, 2015, resolutions were passed to pursue a global public offering and new share issuance (collectively, the "Capital Increase"), with the funds raised through the Capital Increase and new loans to acquire 11 hotels and three residential properties (the "Acquisition"), and to refinance all existing loans (the "Refinancing"; collectively with the Capital Increase and the Acquisition, the "Measures"). In addition, on June 25, 2015, INV entered into a Memorandum of Understanding (the "MOU") with affiliates of sponsor Fortress Group, thereby acquiring preferential negotiating rights regarding the acquisition of 21 hotels and nine residential properties, securing a pipeline for external growth.

Through implementation of the Measures, INV will achieve further growth in DPU and an increase in scale for both the portfolio and market capitalization. Furthermore, the conversion of all existing loans into unsecured debt has further strengthened INV's financial soundness and stability.



The Measures are described in greater detail below in “6. Significant Subsequent Events”.

(2) Operational Environment and Performance

In the Reporting Period, real GDP growth rate for the period from April to June 2015 showed a decline of 1.6% year-on-year compared to 4.5% increase year-on-year from January to March. However, the Japanese economy saw strong corporate activity in the first half of the year, as corporate profits for the January-March 2015 quarter reached pre-Lehman bankruptcy level of 2007 and capital investment increased. As a result, the employment and wage environment showed further improvement, as the unemployment rate for June 2015 fell to 3.4%, the jobs-to-applicants ratio was 1.19x, and the number of unemployed declined for the 61st consecutive month. Going forward, it is necessary to take notice of the risk such as slowdown in overseas economies including China, but the domestic economic upswing is expected to continue due to the recovery in consumer spending on the back of the improved employment and wage environment, the impact of the government’s financial policy and the Bank of Japan’s large-scale monetary easing policy, and the increase in corporate profits in connection with the decline in the price of crude oil.

Regarding the real estate investment market, real estate transaction prices continued to rise in Tokyo and other large cities as a result of Japan’s economic recovery and expectations of an end to deflation. According to the Japanese Real Estate Investor Survey (April 2015) conducted by the Japan Real Estate Institute, investors expect capitalization rates for offices, residences, retail facilities, and hotels to continue to decline. Although investors who responded that they will make new investments over the next year dropped by 4 points to 90% from the previous survey (October 2014), investment demand remains high and maintains a positive stance.

Regarding the property rental market, Tokyo office building vacancy rates continue to decline while rates are bottoming out in parts of other major cities such as Osaka and Nagoya. Large corporations are consolidating their floor space as well as expanding leasing space in the same buildings. Rents increased mainly for newly constructed buildings and premium properties in the Tokyo area. With respect to the residential sector, market rent trends for small-type city-center properties are continually improving. In the hotel sector, the Japanese government’s promotion of tourism initiatives such as airport capacity expansion, the entry of LCC’s into the Japanese market, and the relaxation of visa requirements for some Asian countries, etc., coupled with macro structural changes such as a sharp increase in the number of cross-border travelers due to the global rise of the middle-income bracket, has led to a significant increase in the number of international visitors to Japan from China and Southeast Asian countries such as Thailand, Malaysia, the Philippines,

Indonesia and Vietnam. This robust combination helped Japan log a record high of 13.41 million visitors in 2014, providing firm demand for accommodations. In the current reporting period, this trend further accelerated and the number of international visitors to Japan from January to July 2015 increased to 11.05 million visitors (+47% year-on-year), leading to a significant increase in foreigner lodging demand.

INV implemented a rent increase program for new residential leases and renewals as well as a program to reduce leasing costs for residential properties based on a market analysis of each unit and property. As a result, in the Reporting Period, INV realized a rent increase for 68.0% of the new residential lease contracts or a rent increase of 1.9% compared to the previous rent, and a rent increase for 39.2% of contract renewals or a rent increase of 1.2% compared to the previous rent. Net leasing costs (advertising expenses + free rent – key money) were reduced to an average of 0.90 months per new lease, a reduction of 0.28 months year-on-year.

Regarding hotels, INV acquired two hotels from the sponsor group and one hotel from a third party at a total price of JPY 13,261 million on February 6, 2015. In terms of internal growth, in addition to the abovementioned external environmental factors, the hotel operators adeptly captured inbound demand through strong revenue management techniques. INV's 23 acquired hotels recorded a significant growth in the Reporting Period led by an occupancy rate (Note 1) of 91.9% (+3.4 points year-on-year), ADR (Note 2) of JPY 8,130 (+20.9% year-on-year), and RevPAR (Note 3) of JPY 7,470 (+25.4% year-on-year). The ratio of overseas sales (Note 4) at the acquired 23 hotels increased to 33.7% (+25.1 points year-on-year) (Note 5) for the Reporting Period.

As a result, INV's average occupancy rate across the entire portfolio for the Reporting Period maintained a high level of 96.8%, and the NOI increased by 6.9% year-on-year to JPY 4,127 million. At the end of the Reporting Period, the number of properties held by INV totaled 94 properties including 23 hotels, 63 residential properties, seven office buildings and retail facilities as well as one parking lot at a total acquisition price of JPY 131,188 million and total leasable area of 240,858.19 m<sup>2</sup>.

As a result of the internal growth performance and trends in the real estate investment and rental market, as well as the strong performance of the hotels, the total appraisal value at the end of the Reporting Period was JPY 146,874 million, an increase of JPY 6,856 million (+4.9%) year-on-year (Note 6). In particular, the appraisal value of the 23 hotels increased to JPY 5,336 million (+8.1%) year-on-year (Note 6) and achieved an unrealized gain ratio of 15.4% (Note 7), significantly helping to continually enhance the overall portfolio asset value.

- (Note 1) “Occupancy rates” are calculated in accordance with the following formula:  
Occupancy rates = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days)
- (Note 2) “ADR” means average daily rate, and is calculated by dividing total room sales (except for service fee) for a certain period by the total number of days per room for which each room was occupied during the same period.
- (Note 3) “RevPar” means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying occupancy rates by ADR.
- (Note 4) “Overseas sales ratio” is the ratio of sales amount through overseas web agents to revenues. Overseas sales ratio is based on the data of 20 hotels of the existing 23 hotels, excluding Hotel Vista Premio Dojima, APA Hotel Yokohama-Kannai and Hotel Nets Hakodate, because the hotel operator is not K.K. Mystays Hotel Management (“MHM”).
- (Note 5) The performance of the same period in the previous year (from January to June 2014) is based on the operational performance data provided by the seller of the 23 hotels before INV acquired the 23 hotels. Likewise, the performance of the period from January 1, 2015 to February 5, 2015 of the three hotels INV acquired on February 6, 2015 is based on the operational performance data provided by the seller of those hotels.
- (Note 6) Of the 23 hotels, the comparison was made after the appraisal value as of December 1, 2014 of the three properties acquired as of February 6, 2015 was added to the total appraisal value of the portfolio assets of the end of the previous period.
- (Note 7) The unrealized gain ratio is calculated using the following formula: (the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period) ÷ book value as of the end of the Reporting Period.

Regarding the 11 hotels and three residential properties acquired by funds procured through a global offering and decided upon by INV’s Board of Directors on June 25, 2015, refer to “6. Significant Subsequent Events” below.

### (3) Overview of Fund Raising

In the Reporting Period, INV raised funds through a new syndicate loan (total borrowings: JPY 6,241 million; interest at time of borrowing: 0.93%) on February 6, 2015, with Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ and Mizuho Bank, Ltd. as arrangers, to acquire three new hotels and pay related expenses. Using consumption tax refunds from two hotels

acquired on May 23, 2014, INV repaid, on April 30, 2015, the portion of Syndicate Loan (C) that corresponds to the borrowings corresponding to the expected consumption tax refund (Note 1), of JPY 1,200 million.

As a result of the above measures, the outstanding balance of interest-bearing debt for INV was JPY 72,301 million, and the Loan-to-Value ratio was 52.8% (Note 2) as of the end of the Reporting Period.

As described below in “C Subsequent material events”, INV decided on June 25, 2015 to procure a new unsecured syndicate loan (total amount borrowed: JPY 88,338 million; interest at time of borrowing: 0.63%) dated July 1, 2015 and executed on July 16, 2015 for use as a portion of the funds to acquire 11 hotels and three residential properties on July 16, 2015 and repayment of all existing loans (Syndicate Loan (C), Syndicate Loan (D) and Prudential LPS Loan B).

Through the Refinancing, INV converted all debt to unsecured debt, lengthened the debt maturity duration and further reduced loan costs. Henceforth, INV moved forward with a financial strategy that takes into consideration obtaining a credit rating and the issuing investment corporation bonds.

(Note 1) Borrowings corresponding to the expected consumption tax refund mean the borrowings which will be prepaid in the amount equivalent to the refund of consumption tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings executed at the same time, in the case where the above-mentioned consumption tax refunds are received. The same shall apply hereinafter.

(Note 2) The calculation for the Loan-to-Value ratio uses the calculation formula below:

Loan-to-Value ratio = amount of interest-bearing debt (excluding JPY 321 million borrowings corresponding to the expected consumption tax refund) ÷ amount of total assets at end of the Reporting 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 by the end of the reporting 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	Unit split	215,596	269,495	—	19,134,417,100	(Note 6)

Date	Type of issue	Number of investment units issued and outstanding (units)		Unitholders' equity (yen)		Reference
		Increase	Total	Increase	Total	
1, 2010						
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)
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 9)
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 10)
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 11)

(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 yen 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 INV as the surviving entity. As a result of the merger by absorption, 4 investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.

(Note 8) New investment units were issued in a third party allotment at a price of 9,837 yen per unit to make repayment of existing debt, etc.

(Note 9) New investment units were issued in a third party allotment at a price of 13,340 yen per unit to make repayment of existing debt, etc.

(Note 10) New investment units were issued in a public offering at a price of 22,688 yen per unit (21,873 yen after deducting the underwriters' discount) to raise funds for the acquisition of new properties.

(Note 11) New investment units were issued in a third party allotment at a price of 21,873 yen per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.

## Trends in Trading Prices of Investment Securities

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

### Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: yen)

Period	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period
Closing Month	June 2013	December 2013	June 2014	December 2014	June 2015
Highest	14,480	20,000	24,760	50,900	66,400
Lowest	6,230	12,610	16,740	23,020	44,500

## 4 Distribution Performance

With respect to distributions, it was determined to distribute all net income excluding fractions of distribution per investment unit that are less than one yen. As a result, the distribution per unit for the reporting period was determined to be JPY 860.

Period	20th Fiscal	21st Fiscal	22nd Fiscal	23rd Fiscal	24th Fiscal
Calculated Period	Jan. 1, 2013 to June 30, 2013	July 1, 2013 to Dec. 31, 2013	Jan. 1, 2014 to June 30, 2014	July 1, 2014 to Dec. 31, 2014	Jan 1, 2015 to June. 30, 2015
Total unappropriated retained earnings for period (thousands of yen)	449,196	446,003	974,975	2,031,546	2,370,704
Reserved profit (thousands of yen)	93,247	73,159	73,543	75,399	75,634
Cash distribution (thousands of yen)	355,949	372,843	901,431	1,956,146	2,295,069
(Distribution per unit) (yen)	(264)	(237)	(573)	(733)	(860)



Period	20th Fiscal	21st Fiscal	22nd Fiscal	23rd Fiscal	24th Fiscal
Distribution amount (thousands of yen)	355,949	372,843	901,431	1,956,146	2,295,069
(Distribution per unit) (yen)	(264)	(237)	(573)	(733)	(860)
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

Since July 2011, when the Fortress Group became sponsor, as mentioned above, INV has enhanced unitholder value.

Going forward, INV will implement various strategies to maintain further growth, including the following measures.

- Continuous acquisition of properties from sponsor and third parties
- Further internal growth at hotel properties
- Obtain credit rating
- Diversification of financing measures, including the issuance of REIT bonds

Details of the future growth strategy are as follows.

- (i) External growth strategy

#### New Property Acquisitions

As its basic strategy, INV will move forward with acquisition of new properties focusing on hotels, where growth in portfolio revenues is anticipated. INV will also acquire a certain proportion of residential properties and hotels using fixed rent schemes, which contribute to stable revenue. This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign visitors, demands of business and leisure customers, the competitive hotel environment, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of gross operating profit (GOP) and rental revenue are forecasted to increase.

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties and other factors, and consider acquiring mainly small-type properties in large cities with strong competitiveness.

In recent years, the property acquisition environment has become increasingly severe, however, INV, as shown below, has continued to achieve steady external growth from the pipeline of the sponsor, the Fortress Group.

Properties Acquired from affiliates of the Fortress Group (including anticipated acquisitions)

Date	Details	Total acquisition price
September 2012	Acquired 24 residential properties	JPY 14,043 million
May 2014	Acquired two hotels	JPY 5,435 million
July 2014	Acquired 18 hotels	JPY 39,938 million
February 2015	Acquired two hotels	JPY 4,911 million
July 2015	Acquired 11 hotels and three residential properties	JPY 35,258 million
August 2015 (anticipated)	Acquired one hotel	JPY 5,069 million
Total	61 properties (of which 27 are residential and 34 are hotels)	JPY 104,654 million (of which residential: JPY 19,142 million; hotels: JPY 85,512 million)

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I and II. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 1,400. In order to ensure future growth options for the portfolio, INV entered into the MOU with the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 21 hotels and nine residential properties as of June 25, 2015 (see the table below) (Note 1).

In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisition of properties from third parties that will contribute to stability and growth in revenue and cash flow and an

increase in DPU.

No.	Asset Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations
1	Hotel MyStays Gotanda-Ekimae (Note 2)	Limited Service Hotel	Shinagawa-ku, Tokyo	333	✓
2	Hotel MyStays Akasaka (Note 3)	Limited Service Hotel	Minato-ku, Tokyo	327	✓
3	Hotel MyStays Kanazawa	Limited Service Hotel	Kanazawa-shi, Ishikawa	244	
4	Hotel MyStays Fukuoka-Tenjin	Limited Service Hotel	Fukuoka-shi, Fukuoka	217	✓
5	Hotel MyStays Yokohama-Kannai (Note 4)	Limited Service Hotel	Yokohama-shi, Kanagawa	166	✓
6	Hotel MyStays Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	105	✓
7	Hotel MyStays Shinsaibashi	Limited Service Hotel	Osaka-shi, Osaka	54	✓
8	Flexstay Inn Ekoda (Note 5)	Limited Service Hotel	Nerima-ku, Tokyo	210	✓
9	Rihga Royal Hotel Kyoto (Note 6)	Full Service Hotel	Kyoto-shi, Kyoto	475	✓
10	Narita Excel Hotel Tokyu	Full Service Hotel	Narita-shi, Chiba	706	✓
11	Art Hotels Sapporo	Full Service Hotel	Sapporo-shi, Hokkaido	412	✓
12	Best Western Hotel Fino Sapporo	Limited Service Hotel	Sapporo-shi, Hokkaido	242	✓
13	Best Western Hotel Fino Oita	Limited Service Hotel	Oita-shi, Oita	145	
14	Takamatsu Tokyu REI Hotel	Limited Service Hotel	Takamatsu-shi, Kagawa	191	
15	Comfort Hotel Maebashi	Limited Service Hotel	Maebashi-shi, Gunma	153	
16	Comfort Hotel Kurosaki	Limited Service Hotel	Kitakyushu-shi, Fukuoka	151	✓

No.	Asset Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations
17	Comfort Hotel Tsubame-Sanjo	Limited Service Hotel	Sanjo-shi, Niigata	132	
18	Comfort Hotel Kitami	Limited Service Hotel	Kitami-shi, Hokkaido	127	✓
19	Hotel Naqua City Hirosaki	Full Service Hotel	Hirosaki-shi, Aomori	134	
20	Beppu Kamenoi Hotel	Resort Hotel	Beppu-shi, Oita	322	
21	Fusaki Resort Village	Resort Hotel	Ishigaki-shi, Okinawa	195	✓
Hotel Subtotal				5,041	
22	Gran Charm Hiroo	Residential/Small Type (Note 7)	Shibuya-ku, Tokyo	121	
23	Plestay Win Kinshicho	Residential/Small Type (Note 7)	Sumida-ku, Tokyo	92	
24	Gran Charm Kichijoji	Residential/Small Type (Note 7)	Musashino-shi, Tokyo	28	
25	Green Patio Noda	Residential/Small Type (Note 7)	Noda-shi, Chiba	240	
26	Dainichi F-45	Residential/Small Type (Note 7)	Urayasu-shi, Chiba	54	
27	Gran Charm Urayasu	Residential/Small Type (Note 7)	Urayasu-shi, Chiba	54	
28	Gran Charm Urayasu 5	Residential/Small Type (Note 7)	Urayasu-shi, Chiba	54	
29	Gran Charm Minami Gyotoku I	Residential/Small Type (Note 7)	Ichikawa-shi, Chiba	52	
30	Gran Charm Minami Gyotoku II	Residential/Small Type (Note 7)	Ichikawa-shi, Chiba	48	
Residential Property Subtotal				743	

(Note 1) Regarding the 29 properties, excluding “Flexstay Inn Ekoda” (Note 5), from the 30 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 2) Hotel Gotanda-Ekimae partially reopened on August 24, 2015 after renewal and is scheduled to fully reopen on November 25, 2015.

(Note 3) Hotel MyStays Akasaka is scheduled to be completed in August 2016.

(Note 4) Hotel MyStays Yokohama Kannai is scheduled to be completed in August 2016.

(Note 5) Flexstay Inn Ekoda is scheduled to be acquired by INV on August 28, 2015.

(Note 6) Rihga Royal Hotel Kyoto is scheduled to partially reopen on September 1, 2016 after renewal and fully reopen on November 1, 2016.

(Note 7) “Small Type” means a residential property in which the majority of dwelling units are less than 30 m<sup>2</sup>.

### Property Sales

While INV places priority on increasing unitholders’ value through external growth by taking into account the increased level of activity in the real estate trading market, it also plans to consider the possibility of property sale upon consideration of the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate.

#### (ii) Strategy for internal growth

##### (Hotels)

Of the 37 hotels that INV owns or anticipates to acquire (including the three properties that it anticipates to acquire on August 28, 2015), 32 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives gross operating profit (GOP) after deducting management fees for the hotel operator, and INV’s variable rent scheme is set up so that INV can directly enjoy the hotel revenue upside. For 29 hotels, MHM, a hotel operator in the sponsor group, has implemented strict revenue management seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operating conferences and other contact with hotel operators and will focus on operations that maximize rent income.

##### (Residential properties and others)

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV’s residential properties, while keeping in mind the off-season in the residential rental market that occurs during the December 2015 period, INV will focus on increasing rent for new lease contracts as well as for lease renewals for each of its properties as well as formulating net leasing

management policies in order to continue maximizing profits.

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

(iii) Financial strategy

In continuation of the strengthening of the financial base via the new borrowings implemented in February 2015 and the refinancing resulting in its debt becoming unsecured borrowing implemented in July 2015, INV will promote a financial strategy which envisages to obtain a future credit rating and to issue investment corporate bonds. Also, INV seeks to maximize unitholders' value by way of lengthening and diversification of borrowing terms, further reduction of borrowing costs, adjustment of appropriate fixed/variable interest rate ratio taking into consideration the interest rate trends and strengthening of its lender formation, in order to maximize unitholders' value and increase distributions per unit.

(iv) Compliance risk management

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

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

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

## 6 Significant subsequent events

INV issued the new investment units through a global public offering and the third-party allotment (collectively, the “Capital Increase”) conducted in connection with the overallotment secondary offering for the global public offering in the fiscal period ending December 31, 2015 (25th fiscal period). INV acquired the 11 hotels and the three residential properties on July 16, 2015, from the funds procured through the Capital Increase along with the refinancing of the existing borrowings.

Furthermore, the acquisition of three hotels by utilizing cash-on-hand and new loans was decided and the sale and purchase agreement was executed on August 21, 2015.

### (a) Issuance of New Investment Units

INV resolved at its meeting of the Board of Directors held on June 25, 2015 and July 8, 2015 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on July 15, 2015, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 12, 2015. As a result, the unitholders’ equity of INV is JPY 82,465 million and the number of investment units issued and outstanding of INV increased to 3,193,686.

### (i) Issuance of new investment units through public offering

Number of New Investment Units Issued	: 500,000 units Domestic public offering: 211,250 units Overseas offering: 288,750 units
Issue Price (Offer Price)	: JPY 57,817 per unit
Amount Paid In (Issue Value)	: JPY 55,941 per unit
Total Amount Paid In (Total Issue Value)	: JPY 27,970,500,000
Payment Date	: July 15, 2015

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

Number of Investment Units Offered in the Secondary Offering	: 25,000 units
Offer Price	: JPY 57,817 per unit
Total Offer Value	: JPY 1,445,425,000
Delivery Date	: July 16, 2015



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

Number of New Investment Units Issued	: 25,000 units
Amount Paid In (Issue Value)	: JPY 55,941 per unit
Total Amount Paid In (Total Issue Value)	: JPY 1,398,525,000
Payment Date	: August 12, 2015
Allotee	: Mizuho Securities Co., Ltd.

(b) Refinancing and New Borrowing

In order to implement refinancing via unsecured lower-interest borrowings for part of the funds for the acquisition of 11 hotel properties and 3 residential properties acquired on July 16, 2015 and all of the existing secured loans (New Syndicate Loan (C), New Syndicate Loan (D) and Prudential LPS Loan B), INV entered into a loan agreement for a new syndicate loan (New Syndicate Loan (E)) at a variable interest rate of 0.40%, 0.50%, 0.60% and 0.20% plus one-month JPY TIBOR as of July 1, 2015, and implemented the borrowing on July 16, 2015.

Furthermore, in order to procure a part of funds for the acquisition of 3 hotel properties, INV resolved at its meeting of the Board of Directors held on August 21, 2015, to enter into a loan agreement (“New Borrowing”) for a new term loan (New Term Loan A) at a variable interest rate of one-month JPY TIBOR (Base Rate) + spread (0.5%) (Note) on August 26, 2015 and to implement the New Borrowing on August 28, 2015.

As a result, INV’s outstanding balance of the interest-bearing debt is to be JPY 92,020 million, INV’s interest-bearing debt ratio is to be 47.7%, and INV’s average interest rate is to be 0.63% after the implementation of the Refinancing and the New Borrowing.

(Note) The interest rate applicable for the first interest calculation period only will be two-month JPY TIBOR (Base Rate) + spread (0.5%).

(i) Overview of the Refinancing

Overview of the Refinancing implemented as of July 16, 2015 is as follows.

I. Overview of the New Borrowing

New Syndicate Loan (E)

Lender	Borrowing Date	Borrowing Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Citibank Japan Ltd. Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited Mitsubishi UFJ Trust and Banking Corporation	July 16, 2015	28,979	0.53% Variable interest rate (Note 2)	July 16, 2018	Unsecured / non guarantee
	July 16, 2015	28,979	0.63% Variable interest rate (Note 3)	July 16, 2019	Unsecured / non guarantee
	July 16, 2015	28,979	0.73% Variable interest rate (Note 4)	July 16, 2020	Unsecured / non guarantee
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.	July 16, 2015	1,401	0.33% Variable interest rate (Note 5)	May 16, 2016	Unsecured / non guarantee
Total		88,338			

(Note 1) Interest rate applicable for the period from July 31, 2015 to August 30, 2015

(Note 2) One-month JPY TIBOR + spread (0.4%)

(Note 3) One-month JPY TIBOR + spread (0.5%)

(Note 4) One-month JPY TIBOR + spread (0.6%)

(Note 5) One-month JPY TIBOR + spread (0.2%)

## II. Overview of the Prepayment of the Existing Borrowing

### New Syndicate Loan (C)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Citibank Japan Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited	July 17, 2014	56,100	0.93% Variable interest rate (Note 2)	July 14, 2017	Secured / non guarantee

(Note 1) Interest rate applicable for the period from June 30, 2015 to July 30, 2015

(Note 2) One-month JPY TIBOR + spread (0.8%)

#### New Syndicate Loan (D)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Citibank Japan Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited	February 6, 2015	6,241	0.93% Variable interest rate (Note 2)	February 6, 2018	Secured / non guarantee

(Note 1) Interest rate applicable for the period from June 30, 2015 to July 30, 2015

(Note 2) One-month JPY TIBOR + spread (0.8%)

Prudential LPS Loan B

Lender		Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	First lending	September 28, 2012	2,700	1.90% Fixed interest rate	March 31, 2018	Secured / non guarantee
	Second lending	September 28, 2012	2,860	1.90% Fixed interest rate	March 31, 2019	Secured / non guarantee
	Third lending	September 28, 2012	1,830	1.90% Fixed interest rate	March 31, 2020	Secured / non guarantee
	Fourth lending	September 28, 2012	2,570	1.90% Fixed interest rate	March 31, 2019	Secured / non guarantee
Total			9,960			

(ii) Overview of the New Borrowing

Overview of the New Borrowing to be implemented as of August 28, 2015 is as follows.

Term Loan (A)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Mizuho Bank, Ltd.	August 28, 2015	3,682	Variable interest rate (Note)	August 28, 2019	Unsecured / non guarantee

(Note) One-month JPY TIBOR + spread (0.5%)

(a) Acquisition of Assets

INV completed the Acquisition on July 16, 2015. In addition, INV decided on August 21, 2015 to acquire one hotel from properties listed in the MOU and two hotels from a third-party (collectively “Additional Acquisition”), by utilizing cash-on-hand and New Borrowing.

As a result, the total number of properties held by INV after the implementation of the Acquisition and Additional Acquisition will increase to 111 properties (66 residential properties, 37 hotels, 7 retail and office buildings as well as one parking lot) with a total acquisition price of JPY 173,815 million and total leasable area of 296,526.92 m<sup>2</sup>.

The overview of 11 hotels and three residential properties acquired in the Acquisition as of July 16, 2015 is as follows.

Use	Property Number	Property Name	Location	Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 2)	Seller	Category of Specified Assets
Hotel	D24	Hotel Mystays Haneda	Ota-ku, Tokyo	7,801	7,880	Skye TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D25	Hotel Mystays Kameido P1	Koto-ku, Tokyo	5,594	5,650	Nishi TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D26	Hotel Mystays Ueno Iriyaguchi	Taito-ku, Tokyo	3,821	3,860	Rannoch TokuteiM okuteki Kaisha	Trust Beneficial Interest

Use	Property Number	Property Name	Location	Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 2)	Seller	Category of Specified Assets
	D27	Hotel Mystays Kameido P2	Koto-ku, Tokyo	3,742	3,780	Nishi TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	2,198	2,220	Wakusei TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D29	Super Hotel Shinbashi/Karasumoriguchi	Minato-ku, Tokyo	1,624	1,640	Suisei TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D30	Flexstay Inn Higashi-Jujō	Kita-ku, Tokyo	1,277	1,290	Aki TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D31	Hotel MyStays Utsunomiya	Utsunomiya-shi, Tochigi	1,237	1,250	Zephyrus TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D32	Flexstay Inn Kawasaki-Kaizuka	Kawasaki-shi, Kanagawa	980	990	Rannoch TokuteiM okuteki Kaisha	Trust Beneficial Interest

Use	Property Number	Property Name	Location	Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 2)	Seller	Category of Specified Assets
	D33	Comfort Hotel Toyama Ekimae	Toyama-shi, Toyama	979	989	Suisei TokuteiM okuteki Kaisha	Trust Beneficial Interest
	D34	Flexstay Inn Kawasaki-Ogawacho	Kawasaki-shi, Kanagawa	906	915	Rannoch TokuteiM okuteki Kaisha	Trust Beneficial Interest
Subtotal				30,159	30,464		
Residential	A100	City Court Kitaichijo	Sapporo-shi, Hokkaido	1,782	1,800	Godo Kaisha Baretta	Trust Beneficial Interest
	A101	Lieto Court Mukojima	Sumida-ku, Tokyo	1,683	1,700	Godo Kaisha Baretta	Trust Beneficial Interest
	A102	Lieto Court Nishi-Ojima	Koto-ku, Tokyo	1,634	1,650	Godo Kaisha Baretta	Trust Beneficial Interest
Subtotal				5,099	5,150		
Total				35,258	35,614		

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

(Note 2) Based on the appraisal value as of May 1, 2015 by a report of Japan Real Estate Institute.

The overview of three hotels to be acquired in the Additional Acquisition to be completed on August

28, 2015 is as follows.

Use	Property Number	Property Name	Location	Anticipated Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 3)	Seller	Category of Specified Assets
Hotel	D35	Flexstay Inn Ekoda	Nerima-ku, Tokyo	5,069	5,120	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	Tachikawa-shi, Tokyo	1,170	1,180	Tsukiji One Godo Kaisha	Trust Beneficial Interest
	D37	Super Hotel JR Ueno-Iriyaguchi	Taito-ku, Tokyo	1,130	1,140	Tsukiji One Godo Kaisha	Trust Beneficial Interest
Total				7,369	7,440		

(Note 3) Flexstay Inn Ekoda is based on the appraisal value as of August 10, 2015 by a report of Japan Real Estate Institute. Super Hotel Tokyo-JR Tachikawa Kitaguchi and Super Hotel JR Ueno-Iriyaguchi are based on the appraisal value as of July 31, 2015 by a report of Daiwa Real Estate Appraisal Co., Ltd.



## Overview of the Investment Corporation

### 1 Overview of Investment

By Period	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period
Results Dates	As of Jun. 30, 2013	As of Dec. 31, 2013	As of Jun. 30, 2014	As of Dec. 31, 2014	As of Dec. 31, 2015
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	1,348,292	1,573,179	1,573,179	2,668,686	2,668,686
Unitholders' capital	26,134	29,134	29,134	53,096	53,096
Number of total unitholders	10,093	8,783	10,005	12,148	10,731

### 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	22.85
The Master Trust Bank of Japan, Ltd. (trust account)	417,709	15.65
Japan Trustee Services Bank, Ltd. (trust account)	393,997	14.76
Trust & Custody Services Bank, Ltd. (securities investment trust account)	261,662	9.80

Name	Number of units held	% of total number of investment units issued and outstanding
Rayo Godo Kaisha	149,925	5.61
The Nomura Trust and Banking Co., Ltd. (investment trust account)	85,410	3.20
MSIP CLIENT SECURITIES	57,474	2.15
STATE STREET BANK AND TRUST COMPANY 505225	42,993	1.61
BNP PARIBAS SECURITIES SERVICES LUXEMBOURG / JASDEC / HENDERSON HHFSICAV	31,048	1.16
STATE STREET BANK AND TRUST COMPANY	26,954	1.01
Total	2,077,114	77.83

(Note 1) 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, Consonant Investment Management Co. Ltd.	--
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	--	10,800

(Note 1) 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 2) The auditing agreement with the auditor is renewed every accounting period. Dismissals are made in accordance with the Investment Trust Act, and in addition, non-reappointments are considered by the board of directors of INV by comprehensively taking into account the auditing quality, auditor remuneration, and other various circumstances.

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

The asset management company, asset custody companies, and general administrative agents at the end of the 21st 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) (i) Tasks related to the running of general unitholders' meetings for INV (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), (ii) Tasks related to the running of the meetings of the Board of Directors of INV, and (iii) the aforementioned in (i) or tasks incidental or related to (ii) are delegated.

(Note 3) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the INV before the merger (former Tokyo Growth REIT 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)	Preceding period (as of December 31, 2014)		Reporting period (as of June 30, 2015)	
			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	710	0.5	708	0.5
		Major regional cities	—	—	—	—
		Subtotal	710	0.5	708	0.5
	Hourly parking	Greater Tokyo area	100	0.1	100	0.1
		Major regional cities	—	—	—	—
		Subtotal	100	0.1	100	0.1
	Hotel	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
Total real estate			811	0.6	809	0.6
Real estate in trust	Residential	Greater Tokyo area	43,715	33.5	43,525	31.9
		Major regional cities	11,853	9.1	11,743	8.6
		Subtotal	55,569	42.6	55,269	40.5
	Office/Retail	Greater Tokyo area	7,083	5.4	7,056	5.2
		Major regional cities	5,982	4.6	5,928	4.3
		Subtotal	13,066	10.0	12,984	9.5
	Hourly parking, etc.	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Hotel	Greater Tokyo area	27,266	20.9	37,553	27.6
		Major regional cities	18,029	13.8	20,658	15.2
		Subtotal	45,296	34.7	58,211	42.7

Type of Asset	Purpose	Geographic Area (Note 1)	Preceding period (as of December 31, 2014)		Reporting period (as of June 30, 2015)	
			Amount Held (millions of yen) (Note 2)	Ratio of Total Assets (%)	Amount Held (millions of yen) (Note 2)	Ratio of Total Assets (%)
	Total Real Estate in Trust		113,932	87.3	126,465	92.8
	Deposits and Other Assets		15,733	12.1	9,024	6.6
	Total Assets (Note 3)		130,477 (114,743)	100.0 (87.9)	136,299 (127,724)	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 deducting the accumulated depreciation from the acquisition price (including acquisition related costs).

(Note 3) The figure indicated in“( )” in “total assets” shows the amount relevant to the real estate actually held among the covered assets.

## 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 is as below.

Name of Property	Book Value (millions of yen)	Leasable Area (m <sup>2</sup> )	Leased Area (m <sup>2</sup> )	Occupancy Rate (%) (Note)	Ratio of Rental Revenue (%)	Main Use
D21 APA Hotel Yokohama-Kannai	8,341	6,568.51	6,568.51	100.0	3.8	Hotel
A75 Spacia Ebisu	6,631	7,794.91	7,296.96	93.6	4.0	Residential
D3 Hotel MyStays Kyoto-shijo	5,949	7,241.51	7,241.51	100.0	5.7	Hotel
D4 MyStays Shin-Urayasu Conference Center	4,865	6,232.30	6,232.30	100.0	3.3	Hotel
D5 Hotel MyStays Maihama	4,814	2,456.36	2,456.36	100.0	2.9	Hotel
B14 Lexington Plaza Nishigotanda	4,753	6,033.58	6,033.58	100.0	2.8	Office
D6 Hotel Vista Premio Dojima	3,792	9,445.32	9,445.32	100.0	3.8	Hotel
B17 Lexington Plaza Hachiman	3,145	8,419.15	8,419.15	100.0	3.3	Retail Facilities
A52 Winbell Kagurazaka	3,099	4,032.70	3,846.54	95.4	2.1	Residential
D7 Hotel MyStays Nagoya-Sakae	2,891	9,064.71	9,064.71	100.0	3.1	Hotel
Total	48,285	67,289.05	66,604.94	99.0	34.8	—

(Note) "Occupancy Rate" is computed by dividing the leased area by leasable area, and rounded to one decimal place.

### 3 Asset Portfolio Including Real Estate

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

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions 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	1,160	1,135
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima Ward, Tokyo	Trust beneficiary interests	2,681.94	1,260	1,112
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa Ward, Tokyo	Trust beneficiary interests	1,051.50	968	837
A29	Growth Maison Kameido	6-58-16 Kameido, Koto Ward, Tokyo	Trust beneficiary interests	1,367.96	1,100	1,001
A30	Emerald House	3-27-18 Itabashi, Itabashi Ward, Tokyo	Trust beneficiary interests	2,152.31	1,280	1,401
A31	Harmonie Ochanomizu	2-5-5 Yushima, Bunkyo Ward, Tokyo	Trust beneficiary interests	1,748.24	1,320	1,368
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima Ward, Tokyo	Trust beneficiary interests	3,029.16	1,050	1,058
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	1,858.44	1,160	983
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito Ward, Tokyo	Trust beneficiary	1,351.11	999	972

Name of Property	Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)	
		interests				
A35	Grand Rire Kameido	3-39-12 Kameido, Koto Ward, Tokyo	Trust beneficiary interests	1,562.26	949	844
A36	Growth Maison Ikebukuro	3-31-14 Nishi-Ikebukuro, Toshima Ward, Tokyo	Trust beneficiary interests	952.89	868	767
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya Ward, Tokyo	Trust beneficiary interests	1,015.34	697	758
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa City, Tokyo	Trust beneficiary interests	1,368.57	616	646
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya Ward, Tokyo	Trust beneficiary interests	1,167.50	609	656
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya Ward, Tokyo	Trust beneficiary interests	1,235.93	479	647
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi City, Saitama Prefecture	Trust beneficiary interests	1,210.74	707	561
A42	Capital Heights Kagurazaka	71-1 Enokicho, Shinjuku Ward, Tokyo	Trust beneficiary interests	1,126.65	556	616
A43	College Square Machida	3-4-4 Nakamachi, Machida City, Tokyo	Trust beneficiary interests	1,047.75	520	567
A44	Belair Meguro	1-2-15 Meguro, Meguro Ward, Tokyo	Trust beneficiary	557.05	592	568



Name of Property	Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)	
		interests				
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	907.46	511	541
A46	Foros Nakamurabashi	1-6-6 Koyama, Nerima Ward, Tokyo	Trust beneficiary interests	815.77	572	529
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi City, Chiba Prefecture	Trust beneficiary interests	2,040.27	458	528
A48	College Square Machiya	7-3-1 Arakawa, Arakawa Ward, Tokyo	Trust beneficiary interests	871.35	519	470
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato Ward, Tokyo	Trust beneficiary interests	3,364.00	2,950	2,380
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku Ward, Tokyo	Trust beneficiary interests	4,032.70	3,730	3,099
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku Ward, Tokyo	Trust beneficiary interests	4,310.77	2,310	1,879
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku Ward, Tokyo	Trust beneficiary interests	1,987.88	1,680	1,360
A56	Casa Eremitaggio	1-14-15 Nakane, Meguro Ward, Tokyo	Trust beneficiary interests	1,197.19	1,040	982
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima Ward, Tokyo	Trust beneficiary	1,627.13	1,020	825

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
			interests			
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima Ward, Tokyo	Trust beneficiary interests	1,220.24	681	557
A62	Lexel Mansion Ueno Matsugaya	3-10-2 Matsugaya, Taito Ward, Tokyo	Trust beneficiary interests	1,969.45	1,120	885
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	3,426.36	1,320	1,033
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	1,929.59	520	394
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	1,528.58	448	299
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya City, Aichi Prefecture	Trust beneficiary interests	705.75	258	237
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami Ward, Tokyo	Trust beneficiary interests	1,430.64	1,090	890
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida Ward, Tokyo	Trust beneficiary interests	784.74	576	459
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	4,460.56	1,150	1,029
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya Ward, Tokyo	Trust beneficiary	7,794.91	7,560	6,631

Name of Property	Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
		interests			
A76	Neo Prominence	Trust beneficiary interests	3,574.70	1,820	1,642
A77	Invoice Shin-Kobe Residence	Trust beneficiary interests	2,773.71	1,410	1,228
A78	Cosmo Court Motomachi	Trust beneficiary interests	2,310.49	1,050	946
A79	Revest Honjin	Trust beneficiary interests	1,933.80	761	656
A80	Revest Matsubara	Trust beneficiary interests	1,955.40	761	642
A81	Sun Terrace Minami Ikebukuro	Trust beneficiary interests	898.70	695	610
A82	Alba Noritake Shinmachi	Trust beneficiary interests	1,731.68	698	593
A83	Revest Meieki Minami	Trust beneficiary interests	1,634.60	695	583
A84	Revest Heian	Trust beneficiary interests	1,554.03	650	580
A85	Vendir Hamaotsu Ekimae	Trust beneficiary	2,670.66	684	563

Name of Property	Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
		interests			
A86	Salvo Sala	Trust beneficiary interests	1,428.12	619	532
A87	Excellente Kagurazaka	Trust beneficiary interests	701.92	598	533
A88	Luna Court Edobori	Trust beneficiary interests	1,185.50	567	511
A89	Winntage Kobe Motomachi	Trust beneficiary interests	1,433.35	585	497
A90	Queen's Court Fukuzumi	Trust beneficiary interests	765.18	538	448
A91	Corp Higashinotoin	Trust beneficiary interests	1,029.05	493	437
A92	Belair Oimachi	Trust beneficiary interests	530.60	477	406
A93	Siete Minami-Tsukaguchi	Trust beneficiary interests	1,020.86	418	367
A94	Prime Life Sannomiya Isogami Koen	Trust beneficiary interests	789.12	429	364
A95	HERMITAGE NANBA WEST	Trust beneficiary	992.76	409	349

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
			interests			
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawamachi Minato Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	1,477.62	411	330
A97	West Avenue	1-5-17 Nishi, Kunitachi City, Tokyo	Trust beneficiary interests	794.80	331	323
A98	Little River Honmachibashi	1-34 Honmachibashi Chuo Ward, Osaka City, Osaka Prefecture	Trust beneficiary interests	974.81	374	306
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi Higashi Nada Ward, Kobe City, Hyogo Prefecture	Trust beneficiary interests	761.18	333	290
Subtotal				109,584.45	62,209	55,269
B8	Kindai Kagakusha Building	2-7-15, Ichigaya Tamachi, Shinjuku Ward, Tokyo	Trust beneficiary interestst	1,451.54	1,040	1,232
B9	Shinjuku Island	6-5-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo	Real estate	526.43	512	708
B14	Lexington Plaza Nishigotanda	5-2-4 Nishigotanda, Shinagawa Ward, Tokyo	Trust beneficiary interests	6,033.58	4,020	4,753
B15	Cross Square NAKANO	5-24-18 Nakano, Nakano Ward, Tokyo	Trust beneficiary interests	2,145.00	944	1,069
B16	Ohki Aoba Building	9-7 Futsukacho, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	2,178.41	665	749
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	8,419.15	3,500	3,145

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa City, Fukushima Prefecture	Trust beneficiary interests	18,440.58	2,320	2,032
Subtotal				39,194.69	13,001	13,692
C1	Times Kanda-Sudacho4th	1-22-7, 1-22-15 Kanda sudacho, Chiyoda-ku, Tokyo	Real estate	81.04	109	100
Subtotal				81.04	109	100
D1	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interestst	2,585.72	3,560	2,878
D2	Hotel MyStays Asakusa	1-21-11 Honjyo, Sumida-ku, Tokyo	Trust beneficiary interests	3,327.38	3,480	2,593
D3	Hotel MyStays Kyoto-shijo	52, Kasaboko-cho, Higashiiru, Aburanokoji, Shijyo-dori, Shimogyo, Kyoto-shi, Kyoto Prefecture	Trust beneficiary interests	7,241.51	9,200	5,949
D4	MyStays Shin-Urayasu Conference Center	2-1-4, Akemi, Urayasu-shi, Chiba Prefecture	Trust beneficiary interests	6,232.30	5,670	4,865
D5	Hotel MyStays Maihama	3-5-1, Tekko-dori, Urayasu-shi, Chiba Prefecture	Trust beneficiary interests	2,456.36	5,220	4,814
D6	Hotel Vista Premio Dojima	2-4-1, Sonezakishinchi, Kita-ku, Osaka Prefecture	Trust beneficiary interests	9,445.32	5,200	3,792
D7	Hotel MyStays Nagoya-Sakae	2-23-22, Higashisakura, Naka-ku, Nagoya, Aichi Prefecture	Trust beneficiary interests	9,064.71	3,210	2,891
D8	Hotel MyStays Sakaisuji-Honmachi	1-4-8, Awaji-machi, Chuo-ku, Osaka-shi, Osaka Prefecture	Trust beneficiary interests	4,188.83	3,870	2,488

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
D9	Hotel MyStays Yokohama	4-81, Sueyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	7,379.43	2,680	2,082
D10	Hotel MyStays Nippori	5-43-7, Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interests	1,719.29	2,430	1,879
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka Prefecture	Trust beneficiary interests	3,412.71	2,100	1,555
D12	Flexstay Inn Iidabashi	3-26, Shin-Ogawa-cho, Shinjuku-ku, Tokyo	Trust beneficiary interests	2,953.38	1,600	1,375
D13	Hotel MyStays Ueno Inaricho	1-5-7, Matsugaya, Taito-ku, Tokyo	Trust beneficiary interests	1,150.76	1,780	1,315
D14	Flexstay Inn Shinagawa	1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interests	1,134.52	1,540	1,236
D15	Flexstay Inn Tokiwadai	1-52-5, Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interests	2,539.75	1,440	1,241
D16	Flexstay Inn Sugamo	3-6-16, Sugamo, Toshima-ku, Tokyo	Trust beneficiary interests	2,089.86	1,410	1,181
D17	Hotel MyStays Otemae	1-3-2, Tokui-cho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interests	4,956.66	1,730	1,187
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16, Tokiwa, Koto-ku, Tokyo	Trust beneficiary interests	2,673.64	848	748

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m <sup>2</sup> )	Appraisal Value as of December 31, 2014 (millions of yen) (Note 2)	Book Value (millions of yen)
D19	Flexstay Inn Nakanobu P1	4-27-12, Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	770.56	659	588
D20	Flexstay Inn Nakanobu P2	4-27-8, Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interests	391.49	318	285
D21	APA Hotel Yokohama Kannai	3-37-2, Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interests	6,568.51	8,600	8,341
D22	Hotel Nets Hakodate	26-17, Motomachi, Hakodate-shi, Hokkaido	Trust beneficiary interests	7,961.26	2,870	2,792
D23	Flexstay Inn Shirogane	5-10-15, Shirogane, Minato-ku, Tokyo	Trust beneficiary interests	1,754.06	2,140	2,122
				91,998.01	71,555	58,211
Total				240,858.19	146,874	127,274

(Note 1) “Location” is, in principle, based on the indicated address (*kyuhyoji*), except that if the *kyuhyoji* 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 of INV 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 of Property		23rd Fiscal Period (July 1, 2014 to December 31, 2014)				24th Fiscal Period (January 1, 2015 to June 30, 2015)			
		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	90.0	38,666	0.8	1	96.9	36,844	0.7
A27	Nisshin Palacestage Higashi-Nagasaki	1	96.3	45,828	1.0	1	94.9	44,729	0.9
A28	Growth Maison Gotanda	1	100.0	27,376	0.6	1	100.0	27,343	0.5
A29	Growth Maison Kameido	1	86.2	30,410	0.7	1	95.4	32,304	0.6
A30	Emerald House	1	98.0	41,741	0.9	1	100.0	49,104	1.0
A31	Harmonie Ochanomizu	1	93.5	35,263	0.8	1	88.3	39,126	0.8
A32	Suncrest Shakujii-Koen	1	97.0	36,344	0.8	1	97.4	37,730	0.8
A33	Growth Maison Shin-Yokohama	1	95.6	33,317	0.7	1	97.0	35,451	0.7
A34	Belle Face Ueno-Okachimachi	1	98.3	30,191	0.7	1	100.0	32,607	0.7
A35	Grand Rire Kameido	1	100.0	26,619	0.6	1	100.0	26,619	0.5
A36	Growth Maison Ikebukuro	1	90.5	24,272	0.5	1	88.1	22,670	0.5
A37	Growth Maison Yoga	1	94.9	21,746	0.5	1	94.9	21,633	0.4
A38	Route Tachikawa	1	96.6	20,942	0.5	1	96.6	21,399	0.4
A39	Shibuya-Honmachi Mansion	1	91.3	19,947	0.4	1	89.9	19,356	0.4
A40	City Heights Kinuta	1	100.0	17,664	0.4	1	94.6	17,773	0.4
A41	Acseeds Tower Kawaguchi-Namiki	1	86.0	23,651	0.5	1	100.0	25,008	0.5
A42	Capital Heights Kagurazaka	1	91.6	18,249	0.4	1	94.4	18,625	0.4
A43	College Square Machida	1	100.0	18,268	0.4	1	100.0	17,876	0.4
A44	Belair Meguro	1	88.1	16,195	0.4	1	100.0	15,914	0.3
A45	Wacore Tsunashima I	1	89.9	18,002	0.4	1	98.0	18,004	0.4
A46	Foros Nakamurabashi	1	88.8	17,954	0.4	1	90.5	17,217	0.3
A47	Growth Maison Kaijin	1	89.0	21,294	0.5	1	87.3	21,007	0.4
A48	College Square Machiya	1	100.0	14,706	0.3	1	100.0	14,706	0.3
A51	City House Tokyo Shinbashi	1	95.6	88,383	1.9	1	97.1	90,344	1.8

Name of Property		23rd Fiscal Period (July 1, 2014 to December 31, 2014)				24th Fiscal Period (January 1, 2015 to June 30, 2015)			
		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 (%)
A52	Winbell Kagurazaka	1	100.0	103,227	2.2	1	95.4	104,468	2.1
A53	Nishiwaseda Crescent Mansion	1	90.5	68,082	1.5	1	92.1	70,977	1.4
A54	Lexington Square Akebonobashi	1	88.8	45,511	1.0	1	93.5	48,581	1.0
A56	Casa Eremitaggio	1	91.2	30,380	0.7	1	84.2	29,901	0.6
A59	Towa City Coop Shinotsuka II	1	91.3	33,307	0.7	1	96.3	34,194	0.7
A61	Bichsel Musashiseki	1	85.8	22,012	0.5	1	98.5	24,505	0.5
A62	Lexel Mansion Ueno Matsugaya	1	96.8	33,167	0.7	1	100.0	35,737	0.7
A63	Towa City Coop Sengencho	1	80.2	54,726	1.2	1	83.0	52,944	1.1
A64	Royal Park Omachi	1	88.1	24,188	0.5	1	98.3	24,471	0.5
A65	Lexington Square Haginomachi	1	100.0	18,428	0.4	1	92.4	18,432	0.4
A66	Visconti Kakuozan	1	89.7	11,318	0.2	1	78.3	9,818	0.2
A71	Lexington Square Daitabashi	1	85.1	27,913	0.6	1	93.0	30,511	0.6
A72	Lexington Square Honjo Azumabashi	1	97.0	17,226	0.4	1	91.1	18,066	0.4
A73	AMS TOWER Minami 6-Jo	1	83.7	45,814	1.0	1	83.3	44,973	0.9
A75	Spacia Ebisu	1	93.6	187,027	4.1	1	93.6	197,748	4.0
A76	Neo Prominence	1	93.9	61,481	1.3	1	94.9	62,980	1.3
A77	Invoice Shin-Kobe Residence	1	94.0	48,843	1.1	1	88.4	46,339	0.9
A78	Cosmo Court Motomachi	1	86.6	33,405	0.7	1	96.2	34,751	0.7
A79	Revest Honjin	1	92.5	29,805	0.6	1	100.0	31,672	0.6
A80	Revest Matsubara	1	93.7	27,735	0.6	1	89.5	28,540	0.6
A81	Sun Terrace Minami Ikebukuro	1	92.1	20,277	0.4	1	97.4	22,455	0.5
A82	Alba Noritake Shinmachi	1	94.4	25,539	0.6	1	98.6	26,107	0.5
A83	Revest Meieki Minami	1	95.4	25,521	0.6	1	100.0	26,205	0.5
A84	Revest Heian	1	100.0	24,560	0.5	1	92.0	23,843	0.5
A85	Vendir Hamaotsu Ekimae	1	87.3	29,675	0.6	1	88.4	30,148	0.6
A86	Salvo Sala	1	93.5	23,253	0.5	1	94.4	23,373	0.5

Name of Property		23rd Fiscal Period (July 1, 2014 to December 31, 2014)				24th Fiscal Period (January 1, 2015 to June 30, 2015)			
		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 (%)
A87	Excellente Kagurazaka	1	88.3	16,934	0.4	1	97.1	17,033	0.3
A88	Luna Court Edobori	1	88.1	19,122	0.4	1	94.0	20,055	0.4
A89	Winntage Kobe Motomachi	1	94.8	22,200	0.5	1	94.7	22,706	0.5
A90	Queen's Court Fukuzumi	1	92.5	16,248	0.4	1	100.0	16,720	0.3
A91	Corp Higashinotoin	1	92.9	16,872	0.4	1	95.7	17,199	0.3
A92	Belair Oimachi	1	92.9	13,875	0.3	1	96.1	15,641	0.3
A93	Siete Minami-Tsukaguchi	1	97.5	16,217	0.4	1	92.6	16,097	0.3
A94	Prime Life Sannomiya Isogami Koen	1	96.9	14,360	0.3	1	93.8	14,106	0.3
A95	HERMITAGE NANBA WEST	1	100.0	15,512	0.3	1	95.7	15,596	0.3
A96	Century Park Shinkawa 1-bankan	1	95.5	18,070	0.4	1	91.0	17,322	0.3
A97	West Avenue	1	85.0	11,510	0.2	1	75.0	11,025	0.2
A98	Little River Honmachibashi	1	93.8	12,758	0.3	1	96.9	13,698	0.3
A99	Prime Life Mikage	1	93.3	11,980	0.3	1	86.8	11,367	0.2
Subtotal		63	92.7	1,965,139	42.6	63	93.7	2,013,728	40.5
B8	Kindai Kagakusha Building	1	100.0	35,405	0.8	1	100.0	38,607	0.8
B9	Shinjuku Island	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
B14	Lexington Plaza Nishigotanda	8	100.0	138,450	3.0	8	100.0	141,089	2.8
B15	Cross Square NAKANO	1	64.3	32,309	0.7	1	70.8	32,032	0.6
B16	Ohki Aoba Building	1	100.0	40,397	0.9	1	100.0	40,168	0.8
B17	Lexington Plaza Hachiman	1	100.0	167,597	3.6	1	100.0	165,200	3.3
B18	AEON TOWN Sukagawa	1	100.0	142,505	3.1	1	100.0	141,739	2.8
Subtotal		14	98.0	573,863	12.4	14	98.4	576,034	11.6
C1	Times Kanda-Sudacho4th	1	100.0	2,453	0.1	1	100.0	2,700	0.1
Subtotal		1	100.0	2,453	0.1	1	100.0	2,700	0.1
D1	Hotel MyStays Kanda	1	100.0	104,832	2.3	1	100.0	111,428	2.2
D2	Hotel MyStays Asakusa	1	100.0	108,407	2.4	1	100.0	126,298	2.5

Name of Property		23rd Fiscal Period (July 1, 2014 to December 31, 2014)				24th Fiscal Period (January 1, 2015 to June 30, 2015)			
		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 (%)
D3	Hotel MyStays Kyoto-shijo	1	100.0	310,661	6.7	1	100.0	282,858	5.7
D4	MyStays Shin-Urayasu Conference Center	1	100.0	217,607	4.7	1	100.0	164,208	3.3
D5	Hotel MyStays Maihama	1	100.0	166,812	3.6	1	100.0	142,571	2.9
D6	Hotel Vista Premio Dojima	1	100.0	160,910	3.5	1	100.0	187,248	3.8
D7	Hotel MyStays Nagoya-Sakae	1	100.0	185,561	4.0	1	100.0	155,746	3.1
D8	Hotel MyStays Sakaisuji-Honmachi	1	100.0	123,501	2.7	1	100.0	163,179	3.3
D9	Hotel MyStays Yokohama	1	100.0	124,297	2.7	1	100.0	107,111	2.2
D10	Hotel MyStays Nippori	1	100.0	72,782	1.6	1	100.0	81,080	1.6
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	90,326	2.0	1	100.0	95,816	1.9
D12	Flexstay Inn Iidabashi	1	100.0	55,564	1.2	1	100.0	54,096	1.1
D13	Hotel MyStays Ueno Inaricho	1	100.0	50,423	1.1	1	100.0	57,552	1.2
D14	Flexstay Inn Shinagawa	1	100.0	44,932	1.0	1	100.0	52,213	1.0
D15	Flexstay Inn Tokiwadai	1	100.0	57,136	1.2	1	100.0	62,141	1.2
D16	Flexstay Inn Sugamo	1	100.0	50,354	1.1	1	100.0	57,339	1.2
D17	Hotel MyStays Otomae	1	100.0	74,450	1.6	1	100.0	79,292	1.6
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	36,629	0.8	1	100.0	36,131	0.7
D19	Flexstay Inn Nakanobu P1	1	100.0	21,911	0.5	1	100.0	23,094	0.5
D20	Flexstay Inn Nakanobu P2	1	100.0	12,157	0.3	1	100.0	11,989	0.2
D21	APA Hotel Yokohama Kannai (Note 4)	—	—	—	—	1	100.0	189,256	3.8
D22	Hotel Nets Hakodate (Note 4)	—	—	—	—	1	100.0	89,046	1.8
D23	Flexstay Inn Shirogane (Note 4)	—	—	—	—	1	100.0	52,591	1.1
Subtotal		20	100.0	2,069,261	44.9	23	100.0	2,382,297	47.9
Total		98	96.1	4,610,717	100.0	101	96.9	4,974,760	100.0

(Note 1) “Occupancy Rate” is computed by dividing the leased area by leasable area, and is rounded to one decimal place.

(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) Undisclosed due to inability to gain approval from the property tenant for document

disclosure.

(Note 4) Since the property was sold during the 24th fiscal period (as of Feb 6, 2015), the calculation period of the rental revenue of the relevant property was set for the period commenced on Feb 6, 2015 and ended on June 30, 2015.

#### 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 INV 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 held by INV

#### 1 Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction, etc. as of the end of the fiscal period for the properties held by INV is as follows.

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (Thousands of yen)		
					Total	Payment for the Fiscal Period	Advance Payments
A32	Suncrest Shakujii-Koen	Nerima Ward, Tokyo	waterproofing of rooftops	From November 2015 to December 2015	16,450	—	—
B17	Lexington Plaza Hachiman	Sendai City, Miyagi Prefecture	Replacing the surface of asphalt of rooftop parking lots	From November 2015 to December 2015	15,775		

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (Thousands of yen)		
					Total	Payment for the Fiscal Period	Advance Payments
B15	Cross Square NAKANO	Nakano Ward, Tokyo	Expenses for the renovation work on the rental rooms (3 rooms)	From September 2015 to December 2015	8,100	—	—
D06	Hotel Vista Premio Dojima	Osaka-shi, Osaka	Replacing energy storage equipment	From September 2015 to October 2015	7,695	—	—
A26	Nisshin Palacestage Daitabashi	Suginami Ward, Tokyo	Replacing intercom equipment	From November 2015 to December 2015	5,400	—	—

## 2 Capital expenditures for the fiscal period ended December 31, 2014

The principal construction constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2015 is as follows. Capital expenditures for the fiscal period was 171,320 thousand yen, and together with 24,408 thousand yen of repair cost included in this fiscal period's expenses, construction work totaling 195,729 thousand yen was implemented.

Name of Property		Location	Purpose	Time of Implementation	Payment (Thousands of yen)
B15	Cross Square NAKANO	Nakano Ward, Tokyo	Expenses for the renovation work on the rental rooms (2 rooms)	From May 2015 to June 2015	5,019
D07	Hotel MyStays Nagoya-Sakae	Nagoya, Aichi Prefecture	Replacing energy storage equipment	From June 2015 to June 2015	4,500
D15	Flexstay Inn Tokiwadai	Itabashi-ku, Tokyo	Replacing hot water supply system	From May 2015 to May 2015	4,950
D17	Hotel MyStays Otamae	Osaka-shi, Osaka	Installation of a wireless local area network for guest rooms	From April 2015 to April 2015	3,900
D18	Flexstay Inn Kiyosumi	Koto-ku, Tokyo	Replacing hot water supply system	From June 2015 to June 2015	4,950

Name of Property	Location	Purpose	Time of Implementation	Payment (Thousands of yen)
Shirakawa				
Other construction				148,001
Total				171,320

### 3 Reserved funds for long-term maintenance plan (repair reserves)

INV 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	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period
	From January 1, 2013 to June 30, 2013	From July 1, 2013 to December 31, 2013	From January 1, 2014 to June 30, 2014	From July 1, 2014 to December 31, 2014	From January 1, 2015 to June 30, 2015
Reserved funds at beginning of period	541,609 thousand yen	571,543 thousand yen	524,730 thousand yen	579,682 thousand yen	738,365 thousand yen
Amount reserved (Note)	165,233 thousand yen	165,271 thousand yen	199,177 thousand yen	268,495 thousand yen	283,147 thousand yen
Amount reversed (Note)	135,298 thousand yen	212,084 thousand yen	144,225 thousand yen	109,812 thousand yen	168,813 thousand yen
Amount carried over for next fiscal period	571,543 thousand yen	524,730 thousand yen	579,682 thousand yen	738,365 thousand yen	852,699 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	23rd Fiscal Period	24th Fiscal Period
	Jul 1, 2014 to December 31, 2014	Jan. 1, 2015 to June 30, 2015
(a) Asset management fees	125,000	180,000
(b) Asset custodian fees	3,976	6,342
(c) Administrative services fees	26,672	22,055
(d) Directors' remuneration	4,800	4,800
(e) Other operating expenses	93,493	116,590
Total	253,942	329,789

### 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	Balance at End	Average	Repayment Date	Payment Method	Purpose	Notes
			of Reporting Period (Thousands of yen)	of Reporting Period (Thousands of yen)	Interest Rate (%) (Note 1)				
Long-term Debt (Note 2)	Sumitomo Mitsui Banking Corporation	Jul. 17, 2014	12,400,000	12,000,000	0.930	Jul. 14, 2017	(Note 4)	(Note 6)	Secured Conventional
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		12,400,000	12,000,000					
	Mizuho Bank, Ltd.		12,400,000	12,000,000					
	Shinsei Bank, Limited.		6,500,000	6,500,000					
	Citibank Japan Ltd.		6,500,000	6,500,000					
	Sumitomo Mitsui Trust & Banking Co., Ltd.		5,000,000	5,000,000					
	Resona Bank, Limited..		2,100,000	2,100,000					
	Sumitomo Mitsui Banking Corporation	Feb. 6, 2015	—	1,357,000	0.930	Feb. 6, 2018	(Note 5)	(Note 6)	Secured Conventional
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		—	1,357,000					



Type	Lender	Borrowing Date	Balance at Start	Balance at End	Average	Repayment Date	Payment Method	Purpose	Notes
			of Reporting Period (Thousands of yen)	of Reporting Period (Thousands of yen)	Interest Rate (%) (Note 1)				
	Mizuho Bank, Ltd.		—	1,357,000					
	Shinsei Bank, Limited.		—	650,000					
	Citibank Japan Ltd.		—	650,000					
	Sumitomo Mitsui Trust Bank, Limited		—	470,000					
	Resona Bank, Limited.		—	400,000					
Subtotal			57,300,000	62,341,000					
Long-term Debt in trust (Note 3)	Mitsubishi UFJ Trust and Banking Corporation (Note 7)	Sep. 28, 2012	2,700,000	2,700,000	1.900	Mar. 31, 2018	(Note 5)	(Note 6)	Secured Conventional
			2,860,000	2,860,000	1.900	Mar. 31, 2019			
			1,830,000	1,830,000	1.900	Mar. 31, 2020			
			2,570,000	2,570,000	1.900	Mar. 31, 2019			
Subtotal			9,960,000	9,960,000					
Total			67,260,000	72,301,000					

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

(Note 2) Includes long-term debt scheduled to be repaid within 1 year.

(Note 3) Includes long-term debt in trust scheduled to be repaid within 1 year.

(Note 4) INV repaid the portion of the principal (JPY 1,200 million) accompanied with the receipt of consumption tax refund. INV prepaid the balance at the end of the period on July 16, 2015.

(Note 5) INV prepaid the balance at the end of the period on July 16, 2015.

(Note 6) The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interests.

(Note 7) 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.

**3 Investment Corporation Bonds**

Nothing applicable.

**4 Short-Term Investment Corporation Bonds**

Nothing applicable.

**5 Investment Unit Options**

Nothing applicable.

## Buying and Selling for the Fiscal Period Ended June 30, 2015

### 1 Buying and Selling, etc. of Real Estate and Asset-Backed Securities, etc.

Name of Property		Acquisition	
		Acquisition Date	Acquisition Price (Thousands of yen)
D21	APA Hotel Yokohama Kannai	Feb. 26, 2015	8,350,000
D22	Hotel Nets Hakodate	Feb. 26, 2015	2,792,000
D23	Flexstay Inn Shirogane	Feb. 26, 2015	2,119,000
Total			13,261,000

(Note) Acquisition price do not include various costs (brokerage commissions, taxes and other public charges) required for acquisition or transfer of the property, and indicate the purchase and sale price of the property as described in the the trust beneficiary purchase agreement.

### 2 Buying and Selling, etc. of Other Assets

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

### 3 Survey of Prices, etc. of Specified Assets

#### Real Estate Transactions

Acquisition / Disposal	Name of Property		Specified Assets Type	Transaction Date	Acquisition / or Disposal Price (Thousands of yen)	Real Estate Appraisal Value (Thousands of yen)	Name of Appraiser	Date of Appraisal
Acquisition	D21	APA Hotel Yokohama Kannai	Real Estate, Trust Beneficiary Interests	Feb. 26, 2015	8,350,000	8,600,000	Japan Real Estate Institute	Jun. 30, 2015
	D22	Hotel Nets Hakodate			2,792,000	2,870,000		
	D23	Flexstay Inn Shirogane			2,119,000	2,140,000		

(Note 1) Acquisition price do not include various costs (brokerage commissions, taxes and other public charges) required for acquisition of the property, and indicate the purchase and sale price of the property as described in the the trust beneficiary purchase agreement.

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

#### **4 Transactions with Interested Parties**

(1) Transactions

Nothing applicable.

(2) Commissions Paid

Nothing applicable.

#### **5 Transactions between the Asset Manager in Other Businesses of the Asset Manager**

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

### **Financial Condition**

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#### **1 Assets, Liabilities, Principal, and Profit and Loss**

Please refer to “II. Balance Sheet,” “III. Statement of Income,” “IV. Statement of Unitholders’ Equity,” “V. Notes” and “VI. Statement of Cash Distribution”.

#### **2 Changes in the Calculation Method of Depreciation Expenses**

Nothing applicable.

#### **3 Changes in the Evaluation Method of Real Estate, etc.**

Nothing applicable.

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

Nothing applicable.

## Other

### 1 Notice

#### (1) General Meeting of Unitholders

INV's General Meeting of Unitholders was held on November 28, 2014. The agenda which were approved at the General Meeting of Unitholders are as follows.

Approval Date	Proposal	Overview
June, 25 2015	Conclusion of the New Underwriting Agreement related to the issuance of new investment units etc.	INV approved that INV would entrust underwriters (Note) with the service related to the issuance of new investment units through public offering and secondary distribution of investment units which was approved at meetings of the board of directors of INV held on June 25, 2015.

(Note) Domestic underwriters are Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Nomura Securities Co., Ltd. Overseas underwriters are Morgan Stanley & Co. International plc, SMBC Nikko Capital Markets Limited, Mizuho International plc and Citigroup Global Markets Limited.

#### (2) Board of Directors of Investment Corporation

There are no execution and amendment of the principal agreement approved by the Board of Directors of the Investment Corporation in the fiscal period ended December 31, 2014.

### 2 Disclosure of companies owing real estate overseas

Nothing applicable.

### 3 Disclosure of real estate owned by companies owing real estate overseas

Nothing applicable.

#### **4 Risk Factors**

An investment in our units involves significant risks. The principal risks with respect to investment in Invincible Investment Corporation are as follows.

##### **Property and Business Risks**

- Any adverse conditions in the Japanese economy could adversely affect our properties.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings.
- Our reliance on Fortress Group could have a material adverse effect on our business.
- Because of our repositioning of our portfolio in 2014 to include hotels, which include lease terms that contain a variable rent structure, our results of operations will be inherently more volatile and not comparable to previous fiscal periods, and we may not be able to effectively manage our hotel portfolio.
- Increases in prevailing market interest rates, particularly following the Bank of Japan's announcement of a major new policy for monetary easing, would increase our interest expense and may result in a decline in the market price of our units.
- The high geographic concentration of our real estate portfolio in the greater Tokyo area and other major cities could have a material adverse effect on our business.
- Competition for tenants and hotel guests may adversely affect our ability to retain our current tenants and find new tenants, and to maintain occupancy rates and revenue.
- Our hotels are subject to the operating risks common to the hospitality industry, which have a direct effect on the variable rent component of our portfolio's revenue.
- The cyclical and seasonal nature of the hospitality industry may cause fluctuations in our operating performance, which could have a material adverse effect on us and our variable rent revenues.
- We may incur unexpected expenses, expenditure or other losses for repair or maintenance of our properties, and our hotels require periodic capital reinvestment for renovation.
- Substantially all of our hotels are leased to MyStays Hotel Management and subject to the risk of default under its hotel lease agreements.
- Our focus on residential properties could have a material adverse effect on our business.
- We may lose rental revenues in the event of defaults by end-tenants under their lease agreements for properties other than hotels.
- Master leases may give rise to certain risks.
- We may suffer large losses if any of our properties incur damage from a natural or man-made disaster or acts of violence.
- We may be strictly liable for an unforeseen loss, damage or injury suffered by a third party at our properties.
- Because most of our operating expenses are largely fixed, we may suffer adverse consequences if our rental revenues decline.
- We may not be able to promptly acquire suitable properties or sell those in our portfolio on acceptable terms in response to changing economic, financial or investment conditions.

- Defects relating to our properties may adversely affect our financial condition and results of operations.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- The environmental assessments of our properties made prior to our ownership may not have uncovered all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Decreases in tenant leasehold and/or security deposits would increase our funding costs.
- Any inability to obtain financing for future acquisitions, or any restrictions on our activities under our financing arrangements, could adversely affect us.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations.
- We may suffer impairment losses relating to our properties and may also suffer adverse tax effects upon recognizing impairments.
- The performance of Fortress Group is not an indicator or guarantee of our future results.
- Our financial statements are prepared in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions.
- We rely on industry and market data that are subject to significant uncertainties.

#### **Management and Governance Risks**

- Our success depends on the performances of service providers to which we are required to assign various key functions.
- There are potential conflicts of interest between us and certain Fortress Group affiliates or Fortress Group-related companies including the Asset Manager and MyStays Hotel Management
- We depend on the efforts of our executive director and key personnel of the Asset Manager.
- Unitholders have limited control over our policies.
- The Japanese regulatory authorities have tightened regulatory supervision of J-REITs and their asset managers and their corporate governance.
- If unitholders do not exercise their voting rights, we may count their votes in favor of proposals at a general meeting of unitholders.

#### **Taxation Risks**

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.

- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2016.

### **Legal and Regulatory Risks**

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Acquisition of properties for which third parties hold leasehold interests in the land and own the buildings may subject us to various risks.
- Our leasehold interests may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- We currently hold several properties in the form of compartmentalized ownership interests (*kubun shoyu-ken*) and our rights relating to such properties may be affected by the intentions of other owners
- We may acquire properties in the form of co-ownership (*kyoyu*) and our rights relating to such properties may be affected by the intentions of other owners.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.
- Compliance with energy conservation regulations in Japan may adversely affect our financial results.
- Our costs of complying with regulations applicable to our properties could adversely affect our results of operations.
- We own a substantial portion of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- The Alternative Investment Fund Managers Directive may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute “plan assets” for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

## **5 Other**

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



## II. Balance Sheet

(Unit: thousands of yen)

	Fiscal Period ended December 31, 2014 (as of December 31, 2014)	Fiscal Period ended June 30, 2015 (as of June 30, 2015)
Assets		
Current assets		
Cash and deposits	※1 9,153,872	※1 2,691,921
Cash and deposits in trust	※1 4,011,521	※1 4,822,622
Accrued revenue	82	190
Accounts receivables	644,552	637,813
Prepaid expenses	233,324	260,394
Consumption tax receivable	1,319,253	316,413
Others	0	0
Allowance for doubtful accounts	(1,968)	(2,436)
<b>Total current assets</b>	<b>15,360,637</b>	<b>8,726,919</b>
Non-current assets		
Property, plant and equipment		
Buildings	※1 85,914	※1 85,914
Accumulated depreciation	(8,324)	(8,866)
Buildings, net	77,589	77,048
Equipment	※1 38,862	※1 38,862
Accumulated depreciation	(18,548)	(19,774)
Equipment, net	20,314	19,117
Building improvements	※1 2,779	※1 2,779
Accumulated depreciation	(1,204)	(1,270)
Building improvements, net	1,574	1,509
Land	※1 711,834	※1 711,834
Buildings in trust	※1 45,227,883	※1 49,657,804
Accumulated depreciation	(3,136,903)	(3,726,114)
Buildings in trust, net	42,090,979	45,931,690
Equipment in trust	※1 10,400,867	※1 12,748,349
Accumulated depreciation	(2,186,062)	(2,551,810)
Equipment in trust, net	8,214,804	10,196,539
Building improvements in trust	※1 321,799	※1 323,594
Accumulated depreciation	(118,744)	(128,347)
Building improvements in trust, net	203,054	195,246
Tools, furniture and fixtures in trust	※1 268,476	※1 302,397
Accumulated depreciation	(103,974)	(124,376)
Tools, furniture and fixtures in trust, net	164,502	178,020
Land in trust	※1 63,258,940	※1 69,963,823
<b>Total property, plant and equipment</b>	<b>114,743,593</b>	<b>127,274,829</b>
Intangible assets		
Others	76	45
<b>Total intangible assets</b>	<b>76</b>	<b>45</b>
Total investment and other assets		
Guarantee deposits	10,000	10,035

(Unit: thousands of yen)

	Fiscal Period ended December 31, 2014 (as of December 31, 2014)	Fiscal Period ended June 30, 2015 (as of June 30, 2015)
Long-term prepaid expenses	328,159	251,697
Others	34,765	36,218
Total investments and other assets	372,924	297,951
Total non-current assets	115,116,594	127,572,826
Total assets	130,477,232	136,299,746

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2014 (as of December 31, 2014)	Fiscal Period ended June 30, 2015 (as of June 30, 2015)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable	141,428	168,742
Current portion of long-term debts	※1 1,200,000	※1 62,341,000
Current portion of long-term debts in trust	※1 18,167	※1 9,960,000
Accrued liabilities	22,872	43,752
Accrued expenses	127,170	174,711
Accrued income taxes	578	542
Advances received	371,084	420,660
Deposits received	23,896	10,108
<b>Total current liabilities</b>	<b>1,905,197</b>	<b>73,119,517</b>
<b>Non-current liabilities</b>		
Long-term debts	※1 56,100,000	-
Long-term debts in trust	※1 9,941,832	-
Tenant leasehold and security deposits in trust	1,109,146	1,420,014
Tenant leasehold and security deposits	28,663	28,663
<b>Total non-current liabilities</b>	<b>67,179,642</b>	<b>1,448,677</b>
<b>Total liabilities</b>	<b>69,084,839</b>	<b>74,568,195</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	53,096,413	53,096,413
<b>Surplus</b>		
Capital surplus	6,264,432	6,264,432
Unappropriated retained earnings/loss	2,031,546	2,370,704
<b>Total surplus</b>	<b>8,295,978</b>	<b>8,635,136</b>
<b>Total unitholders' equity</b>	<b>61,392,392</b>	<b>61,731,550</b>
<b>Total net assets</b>	<b>※2 61,392,392</b>	<b>※2 61,731,550</b>
<b>Total liabilities and net assets</b>	<b>130,477,232</b>	<b>136,299,746</b>

### III. Statement of Income

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
Operating revenues		
Rental revenues	※1 4,610,717	※1 4,974,760
Total operating revenues	4,610,717	4,974,760
Operating expenses		
Property related expenses	※1 1,586,854	※1 1,834,039
Asset management fees	125,000	180,000
Directors' remuneration	4,800	4,800
Asset custodian fees	3,976	6,342
Administrative service fees	26,672	22,055
Provision of allowance for doubtful accounts	1,527	467
Other operating expenses	91,966	116,123
Total operating expenses	1,840,796	2,163,828
Operating income	2,769,920	2,810,931
Non-operating revenues		
Interest revenues	537	1,242
Interest on refund	-	3,098
Miscellaneous income	483	307
Total non-operating revenues	1,021	4,648
Non-operating expenses		
Interest expenses	365,480	379,341
Finance related costs	294,738	140,328
Investment unit issuance expenses	152,101	-
Miscellaneous losses	14	-
Total non-operating expenses	812,334	519,670
Ordinary income	1,958,607	2,295,909
Net income before taxes	1,958,607	2,295,909
Corporate tax, etc.	605	605
Total corporate tax, etc.	605	605
Net income	1,958,002	2,295,304
Retained earnings at the beginning of the period	73,543	75,399
Unappropriated retained earnings/Loss at the end of the period	2,031,546	2,370,704

#### IV. Statement of Unitholders' Equity

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)

(Unit: thousands of yen)

	Unitholders' Equity					Total Net Assets
	Unitholders' Capital	Surplus			Total Unitholders' Equity	
		Capital Surplus	Unappropriated Retained Earnings/Loss	Total Surplus		
Balance at the beginning of the period	29,134,389	6,264,432	974,975	7,239,407	36,373,796	36,373,796
Change during the period						
Issuance of new investment units	23,962,024				23,962,024	23,962,024
Distributions from surplus			(901,431)	(901,431)	(901,431)	(901,431)
Net income			1,958,002	1,958,002	1,958,002	1,958,002
Total change during the period	23,962,024	-	1,056,571	1,056,571	25,018,595	25,018,595
Balance at the end of the period	53,096,413	6,264,432	2,031,546	8,295,978	61,392,392	61,392,392

Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)

(Unit: thousands of yen)

	Unitholders' Equity					Total Net Assets
	Unitholders' Capital	Surplus			Total Unitholders' Equity	
		Capital Surplus	Unappropriated Retained Earnings/Loss	Total Surplus		
Balance at the beginning of the period	53,096,413	6,264,432	2,031,546	8,295,978	61,392,392	61,392,392
Change during the period						
Issuance of new investment units					-	-
Distributions from surplus			(1,956,146)	(1,956,146)	(1,956,146)	(1,956,146)
Net income			2,295,304	2,295,304	2,295,304	2,295,304
Total change during the period	-	-	339,157	339,157	339,157	339,157
Balance at the end of the period	53,096,413	6,264,432	2,370,704	8,635,136	61,731,550	61,731,550

## V. Notes

### [Notes Concerning Significant Accounting Policies]

By Period Item	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended rJanuary 1, 2015 (from January 1, 2015 to June 30, 2015)																												
1. Method of depreciation of non-current assets	<p>(a)Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2-66 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">2-32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">4-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-15 years</td> </tr> </table> <p>(b)Intangible assets The straight-line method is used.</p> <p>(c)Long-term prepaid expenses The straight-line method is used.</p>	Buildings	77 years	Equipment	8-24 years	Building improvements	7-18 years	Buildings in trust	2-66 years	Equipment in trust	2-32 years	Building improvements in trust	4-55 years	Tools, furniture and fixtures in trust	2-15 years	<p>(a)Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2-67 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">2-32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">4-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-15 years</td> </tr> </table> <p>(b)Intangible assets The straight-line method is used.</p> <p>(c)Long-term prepaid expenses The straight-line method is used.</p>	Buildings	77 years	Equipment	8-24 years	Building improvements	7-18 years	Buildings in trust	2-67 years	Equipment in trust	2-32 years	Building improvements in trust	4-55 years	Tools, furniture and fixtures in trust	2-15 years
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Building improvements in trust	4-55 years																													
Tools, furniture and fixtures in trust	2-15 years																													
2. Method of calculating allowances	<p>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.</p>	<p>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.</p>																												
3. Revenue and expense recognition	<p>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 or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is JPY 76,921 thousand.</p>	<p>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 or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is JPY 42,497 thousand.</p>																												

By Period Item	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended rJanuary 1, 2015 (from January 1, 2015 to June 30, 2015)
4. Other significant matters which constitute the basis for preparation of financial statements	<p>(1)Accounting treatment of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a)Cash and deposits in trust (b)Buildings in trust Equipment in trust Building improvements in trust Tools, furniture and fixtures in trust Land in trust (c)Tenant leasehold and security deposits in trust (d)Long-term debts in trust</p> <p>(2)Accounting treatment of deferred charges (a)Investment unit issuance expenses The full amount is recorded as expense at the time of expenditure.</p> <p>(3)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 in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a)Cash and deposits in trust (b)Buildings in trust Equipment in trust Building improvements in trust Tools, furniture and fixtures in trust Land in trust (c)Tenant leasehold and security deposits in trust (d)Current portion of long-term debts in trust Long-term debts in trust</p> <p>(2)Accounting treatment of deferred charges Investment unit issuance expenses The full amount is recorded as expense at the time of expenditure.</p> <p>(3)Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p>

[Notes to the Balance Sheets]

Fiscal Period ended December 31, 2014 (as of December 31, 2014)	Fiscal Period ended June 30, 2015 (as of June 30, 2015)																																																																				
<p>※1. Assets pledged as collateral and liabilities with collateral Assets pledged as collateral are as follows.</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">4,262,187 thousand yen</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">4,011,521 thousand yen</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">77,589 thousand yen</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">20,314 thousand yen</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">1,574 thousand yen</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">711,834 thousand yen</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">42,090,979 thousand yen</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">8,214,804 thousand yen</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">203,054 thousand yen</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">164,502 thousand yen</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">63,258,940 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">123,017,302 thousand yen</td> </tr> </table> <p>Liabilities with collateral are as follows.</p> <table> <tr> <td>Current portion of long-term debts</td> <td style="text-align: right;">1,200,000 thousand yen</td> </tr> <tr> <td>Current portion of long-term debts in trust</td> <td style="text-align: right;">18,167 thousand yen</td> </tr> <tr> <td>Long-term debts</td> <td style="text-align: right;">56,100,000 thousand yen</td> </tr> <tr> <td style="text-align: right;">Long-term debts in trust</td> <td style="text-align: right;">9,941,832 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">67,260,000 thousand yen</td> </tr> </table>	Cash and deposits	4,262,187 thousand yen	Cash and deposits in trust	4,011,521 thousand yen	Buildings	77,589 thousand yen	Equipment	20,314 thousand yen	Building improvements	1,574 thousand yen	Land	711,834 thousand yen	Buildings in trust	42,090,979 thousand yen	Equipment in trust	8,214,804 thousand yen	Building improvements in trust	203,054 thousand yen	Tools, furniture and fixtures in trust	164,502 thousand yen	Land in trust	63,258,940 thousand yen	Total	123,017,302 thousand yen	Current portion of long-term debts	1,200,000 thousand yen	Current portion of long-term debts in trust	18,167 thousand yen	Long-term debts	56,100,000 thousand yen	Long-term debts in trust	9,941,832 thousand yen	Total	67,260,000 thousand yen	<p>※1. Assets pledged as collateral and liabilities with collateral Assets pledged as collateral are as follows.</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">312,245 thousand yen</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">4,822,622 thousand yen</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">77,048 thousand yen</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">19,117 thousand yen</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">1,509 thousand yen</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">711,834 thousand yen</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">45,931,690 thousand yen</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">10,196,539 thousand yen</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">195,246 thousand yen</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">178,020 thousand yen</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">69,963,823 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">132,409,697 thousand yen</td> </tr> </table> <p>Liabilities with collateral are as follows.</p> <table> <tr> <td>Current portion of long-term debts</td> <td style="text-align: right;">62,341,000 thousand yen</td> </tr> <tr> <td>Current portion of long-term debts in trust</td> <td style="text-align: right;">9,960,000 thousand yen</td> </tr> <tr> <td>Long-term debts</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">Long-term debts in trust</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;">72,301,000 thousand yen</td> </tr> </table>	Cash and deposits	312,245 thousand yen	Cash and deposits in trust	4,822,622 thousand yen	Buildings	77,048 thousand yen	Equipment	19,117 thousand yen	Building improvements	1,509 thousand yen	Land	711,834 thousand yen	Buildings in trust	45,931,690 thousand yen	Equipment in trust	10,196,539 thousand yen	Building improvements in trust	195,246 thousand yen	Tools, furniture and fixtures in trust	178,020 thousand yen	Land in trust	69,963,823 thousand yen	Total	132,409,697 thousand yen	Current portion of long-term debts	62,341,000 thousand yen	Current portion of long-term debts in trust	9,960,000 thousand yen	Long-term debts	-	Long-term debts in trust	-	Total	72,301,000 thousand yen
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<p>※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>	<p>※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p>																																																																				



[Notes to Statement of Income]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended January 1, 2015 (from January 1, 2015 to June 30, 2015)
<p>※1. Rental revenues and property related expenses (Unit: thousands of yen)</p> <p>A. Real property rental revenues</p> <p>Rental revenues</p> <p>(Rent/common area charges) 4,408,874</p> <p>(Other revenues) 201,843</p> <hr/> <p>Total rental revenues 4,610,717</p> <p>B. Real property related expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 460,196</p> <p>(Taxes and public dues) 163,789</p> <p>(Insurance expenses) 6,084</p> <p>(Depreciation expenses) 837,259</p> <p>(Other expenses) 119,524</p> <hr/> <p>Total real property related expenses 1,586,854</p> <p>C. Operating income from rental revenues (A-B) 3,023,863</p>	<p>※1. Rental revenues and property related expenses (Unit: thousands of yen)</p> <p>A. Real property rental revenues</p> <p>Rental revenues</p> <p>(Rent/common area charges) 4,738,713</p> <p>(Other revenues) 236,047</p> <hr/> <p>Total rental revenues 4,974,760</p> <p>B. Real property related expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 468,393</p> <p>(Taxes and public dues) 201,860</p> <p>(Insurance expenses) 7,061</p> <p>(Depreciation expenses) 986,765</p> <p>(Other expenses) 169,957</p> <hr/> <p>Total real property related expenses 1,834,039</p> <p>C. Operating income from rental revenues (A-B) 3,140,721</p>
-	

[Notes to Statement of Unitholders' Equity]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
Number of investment units authorized and number of investment units issued and outstanding	Number of investment units authorized and number of investment units issued and outstanding
Number of investment units authorized      10,000,000 units	Number of investment units authorized      10,000,000 units
Number of investment units issued and outstanding      2,668,686 units	Number of investment units issued and outstanding      2,668,686 units

[Notes Related to Tax Accounting]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
1. Significant components of deferred tax assets and liabilities (Deferred tax assets - current assets)	1. Significant components of deferred tax assets and liabilities (Deferred tax assets - current assets)
Enterprise tax payable      - thousand yen	Enterprise tax payable      489 thousand yen
Accounts receivable (merger)      197 thousand yen	Accounts receivable (merger)      186 thousand yen
Allowance for doubtful accounts      672 thousand yen	Allowance for doubtful accounts      787 thousand yen
Subtotal      870 thousand yen	Subtotal      1,463 thousand yen
Valuation allowance      870 thousand yen	Valuation allowance      1,463 thousand yen
Total      - thousand yen	Total      - thousand yen
(Net deferred tax assets - current)      - thousand yen	(Net deferred tax assets - current)      - thousand yen
(Deferred tax assets - non-current assets)	(Deferred tax assets - non-current assets)
Buildings and other (merger)      801,025 thousand yen	Buildings and other (merger)      746,394 thousand yen
Land (merger)      2,251,597 thousand yen	Land (merger)      2,129,657 thousand yen
Long-term accrued expenses      7,749,271 thousand yen	Long-term accrued expenses      7,329,595 thousand yen
Subtotal      10,801,895 thousand yen	Subtotal      10,205,647 thousand yen
Valuation allowance      10,801,895 thousand yen	Valuation allowance      10,205,647 thousand yen
Total      - thousand yen	Total      - thousand yen
(Net deferred tax assets - non-current)      - thousand yen	(Net deferred tax assets - non-current)      - thousand yen
2. Significant difference between statutory tax rate and the effective tax rate	2. Significant difference between statutory tax rate and the effective tax rate
Statutory tax rate      34.16%	Statutory tax rate      34.15%
Deductible cash distributions      (33.54)%	Deductible cash distributions      (33.80)%
Provision of reserve for reduction entry      (0.46)%	Provision of reserve for reduction entry      0.63%
Others      (0.13)%	Others      (0.95)%
Effective tax rate      0.03%	Effective tax rate      0.03%

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
<p>3. Revision of the amounts of deferred tax assets and liabilities due to changes in rate of any Corporation Tax, etc.</p> <p>As a result of the promulgation of the “Local Corporation Tax Act” (Act No. 11 of 2014) and the “Act on Partial Revision of the Local Tax Act, etc.” (Act No. 4 of 2014) on March 31, 2014, a “Local Corporation Tax” will be created and a portion of the Local Corporation Special Tax will be restored in the Corporation Enterprise Tax for fiscal periods starting after October 1, 2014, and therewith the statutory tax rate used to calculate deferred tax assets and liabilities will be changed to 34.16% for temporary differences, etc. which are expected to be eliminated in the fiscal period starting after January 1, 2015. This change in tax rate has no effect on the amounts of deferred tax assets and liabilities, and deferred income taxes.</p>	<p>3. Revision of the amounts of deferred tax assets and liabilities due to changes in rate of any Corporation Tax, etc.</p> <p>As a result of the promulgation of the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 9 of 2015) on March 31, 2015, the statutory tax rate used to calculate deferred tax assets and liabilities will be changed to 32.31% for temporary differences, etc. which are expected to be eliminated in the fiscal period starting after July 1, 2015. This change in tax rate has no effect on the amounts of deferred tax assets and liabilities, and deferred income taxes.</p>

[Notes Related to Lease Contracts]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)																																				
<p>Operating lease transactions (as lessee) (Unit: thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Due within one year</td> <td style="text-align: right;">112,249</td> </tr> <tr> <td>Remaining lease payments</td> <td style="text-align: right;">Due after one year</td> <td style="text-align: right;">2,224,164</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>Total</u></td> <td style="text-align: right;"><u>2,336,413</u></td> </tr> </table> <p>(as lessor) (Unit: thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Due within one year</td> <td style="text-align: right;">1,843,409</td> </tr> <tr> <td>Remaining lease payments</td> <td style="text-align: right;">Due after one year</td> <td style="text-align: right;">15,485,197</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>Total</u></td> <td style="text-align: right;"><u>17,328,607</u></td> </tr> </table>		Due within one year	112,249	Remaining lease payments	Due after one year	2,224,164		<u>Total</u>	<u>2,336,413</u>		Due within one year	1,843,409	Remaining lease payments	Due after one year	15,485,197		<u>Total</u>	<u>17,328,607</u>	<p>Operating lease transactions (as lessee) (Unit: thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Due within one year</td> <td style="text-align: right;">112,249</td> </tr> <tr> <td>Remaining lease payments</td> <td style="text-align: right;">Due after one year</td> <td style="text-align: right;">2,168,039</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>Total</u></td> <td style="text-align: right;"><u>2,280,288</u></td> </tr> </table> <p>(as lessor) (Unit: thousands of yen)</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="text-align: right;">Due within one year</td> <td style="text-align: right;">2,413,667</td> </tr> <tr> <td>Remaining lease payments</td> <td style="text-align: right;">Due after one year</td> <td style="text-align: right;">21,199,677</td> </tr> <tr> <td></td> <td style="text-align: right;"><u>Total</u></td> <td style="text-align: right;"><u>23,613,345</u></td> </tr> </table>		Due within one year	112,249	Remaining lease payments	Due after one year	2,168,039		<u>Total</u>	<u>2,280,288</u>		Due within one year	2,413,667	Remaining lease payments	Due after one year	21,199,677		<u>Total</u>	<u>23,613,345</u>
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[Notes Related to Financial Instruments]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
<p>1. Status of financial instruments (1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.</p> <p>The policy for raising funds is principally through issuing new investment units or entering into debt.</p> <p>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</p>	<p>1. Status of financial instruments (1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.</p> <p>The policy for raising funds is principally through issuing new investment units or entering into debt.</p> <p>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</p>

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Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)				Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)			
Long-term debts	-	-	-	Long-term debts	-	-	-
Current portion of long-term debts in trust	-	-	-	Current portion of long-term debts in trust	-	-	-
Long-term debts in trust	2,894,530	5,143,274	1,725,963	Long-term debts in trust	-	-	-
Total	2,894,530	5,143,274	1,725,963	Total	-	-	-

[Notes Related to Rental Properties]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)					Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)				
<p>INV owns residential properties and hotels as core assets and owns other various properties including offices and retails principally in the Tokyo area and major regional cities in order to aim for the establishment of the portfolio which focuses on both improvement of stability and growth potential. The book value, amount changed during the period and balance at the end of the period are as follows. (Unit: thousands of yen)</p>					<p>INV 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)</p>				
Use	Book Value			Fair Value at the End of the Period	Use	Book Value			Fair Value at the End of the Period
	Balance at the Beginning of the Period	Change during the Period	Balance at the End of the Period			Balance at the Beginning of the Period	Change during the Period	Balance at the End of the Period	
Residential	55,874,464	△304,706	55,569,758	60,775,000	Residential	55,569,758	△300,354	55,269,403	62,209,000
Office	8,579,951	△28,342	8,551,609	7,227,000	Office	8,551,609	△36,906	8,514,702	7,181,000
Retail	5,275,638	△50,243	5,225,394	5,690,000	Retail	5,225,394	△47,106	5,178,288	5,820,000
Parking	100,825	△1	100,823	107,000	Parking	100,823	△1	100,822	109,000
Hotel	5,532,341	39,763,665	45,296,007	52,759,000	Hotel	45,296,007	12,915,605	58,211,612	71,555,000
Total	75,363,220	39,380,372	114,743,593	126,558,000	Total	114,743,593	12,531,236	127,274,829	146,874,000
<p>(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, 2014 was acquisition of new hotels and capital expenditures related to construction work. (Note 3) The major factor of the decrease was depreciation. (Note 4) 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 &amp; Investment Consulting Inc. and Tanizawa Sogo Appraisal Co., Ltd.  For information related to profits and losses from rental properties in the fiscal period ended December 31, 2014, please refer to “Notes to Statement of Income.”</p>					<p>(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 June 30, 2015 was acquisition of new hotels and capital expenditures related to construction work. (Note 3) The major factor of the decrease was sale of senior housing properties and depreciation. (Note 4) 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 &amp; Investment Consulting Inc. and Tanizawa Sogo Appraisal Co., Ltd.  For information related to profits and losses from rental properties in the fiscal period ended June 30, 2015, please refer to “Notes to Statement of Income.”</p>				

[Notes Related to Restriction on Asset Management]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
Nothing applicable.	Nothing applicable.

[Notes Related to Transactions with Related Parties]

Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)

## 1 Interested parties of the Asset Manager

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned (%)	Type of Transaction	Transaction Amount (Thousands of yen) (Note 1)	Account	Balance at the End of the Period (Thousands of yen) (Note 1)
Interested party of the Asset Manager	Zephyrus Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	14,878,412	-	-
	Nishi Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	4,473,000	-	-
	Shijodori Holding Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	7,594,980	-	-
	Danube Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	3,845,400	-	-
	Nagahoribashi Holding Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,514,820	-	-
	Aki Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	6,631,968	-	-
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	1,722,789	Accounts receivables	540,064

(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 the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 3) Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Shijodori Holding Tokutei Mokuteki Kaisha, Danube Tokutei Mokuteki Kaisha, Nagahoribashi Holding Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. have no capital relationship with the Asset Manager to be disclosed. The Tokutei Mokuteki Kaisha or the lessee and operator have received an anonymous partnership investment or investment through funds that are managed by FIG, an affiliate of Calliope. Accordingly, INV treats Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Shijodori Holding Tokutei Mokuteki Kaisha, Danube Tokutei Mokuteki Kaisha, Nagahoribashi Holding Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. as the equivalent of interested party.

(Note 4) Calliope holds 609,942 units (holding ratio: 22.85%) of the issued investment units of INV.

(Note 5) The purchase of trust beneficiary interests pertains to following properties. The



transaction amount is the purchase price stated in the trust beneficiary purchase agreement, in which other expenses on acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (Thousands of yen)
D3	Hotel MyStays Kyoto-Shijo	Shijodori Holding Tokutei Mokuteki Kaisha	6,024,460
D4	MyStays Shin-Urayasu Conference Center	Zephyrus Tokutei Mokuteki Kaisha	4,930,200
D5	Hotel MyStays Maihama	Zephyrus Tokutei Mokuteki Kaisha	4,870,312
D6	Hotel Vista Premio Dojima	Danube Tokutei Mokuteki Kaisha	3,845,400
D7	Hotel MyStays Nagoya-Sakae	Zephyrus Tokutei Mokuteki Kaisha	2,958,000
D8	Hotel MyStays Sakaisuji-Honmachi	Nagahoribashi Holding Tokutei Mokuteki Kaisha	2,514,820
D9	Hotel MyStays Yokohama	Zephyrus Tokutei Mokuteki Kaisha	2,119,900
D10	Hotel MyStays Nippori	Nishi Tokutei Mokuteki Kaisha	1,898,540
D11	Hotel MyStays Fukuoka-Tenjin-Minami	Shijodori Holding Tokutei Mokuteki Kaisha	1,570,520
D12	Flexstay Inn Iidabashi	Aki Tokutei Mokuteki Kaisha	1,381,660
D13	Hotel MyStays Ueno Inaricho	Nishi Tokutei Mokuteki Kaisha	1,331,960
D14	Flexstay Inn Shinagawa	Nishi Tokutei Mokuteki Kaisha	1,242,500
D15	Flexstay Inn Tokiwadai	Aki Tokutei Mokuteki Kaisha	1,242,500
D16	Flexstay Inn Sugamo	Aki Tokutei Mokuteki Kaisha	1,192,800
D17	Hotel MyStays Otemae	Aki Tokutei Mokuteki Kaisha	1,192,800
D18	Flexstay Inn Kiyosumi-Shirakawa	Aki Tokutei Mokuteki Kaisha	749,476
D19	Flexstay Inn Nakanobu P1	Aki Tokutei Mokuteki Kaisha	589,442
D20	Flexstay Inn Nakanobu P2	Aki Tokutei Mokuteki Kaisha	283,290
Total			39,938,580

## 2 Asset Custody Companies

Classification	Name	Business or Occupation	Ratio of Voting Rights (%)	Type of Transaction	Transaction Amount (Thousands of yen)	Account	Balance at the End of the Period (Thousands of yen)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Repayment of short-term debt	2,997,500	Long-term debt	5,000,000
				Loan for short-term debt	5,000,000		
				Finance related fees	7,919	Prepaid expenses	17,205
						Long-term Prepaid expenses	26,444
Interest expenses	21,889	Accrued expenses	255				

(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 conditions.

Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)

## 1 Interested parties of the Asset Manager

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned (%)	Type of Transaction	Transaction Amount (Thousands of yen) (Note 1)	Account	Balance at the End of the Period (Thousands of yen) (Note 1)
Interested party of the Asset Manager	Zephyrus Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,792,000	-	-
	Nishi Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,119,000	-	-
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	1,760,999	Accounts receivables	501,272

(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 the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 3) Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. have no capital relationship with the Asset Manager to be disclosed. The Tokutei Mokuteki Kaisha or the lessee and operator have received an anonymous partnership investment or investment through funds that are managed by FIG, an affiliate of Calliope. Accordingly, INV treats Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. as the equivalent of interested party.

(Note 4) Calliope holds 609,942 units (holding ratio: 22.85%) of the issued investment units of INV.

(Note 5) The purchase of trust beneficiary interests pertains to following properties. The transaction amount is the purchase price stated in the trust beneficiary purchase agreement, in which other expenses on acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (Thousands of yen)
D22	Hotel Nets Hakodate	Zephyrus Tokutei Mokuteki Kaisha	2,792,000
D23	Flexstay Inn Shirogane	Nishi Tokutei Mokuteki Kaisha	2,119,000
Total			4,911,000

## 2 Asset Custody Companies

Classification	Name	Business or Occupation	Ratio of Voting Rights (%)	Type of Transaction	Transaction Amount (Thousands of yen)	Account	Balance at the End of the Period (Thousands of yen)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Loan for short-term debt	470,000	Short-term debt	5,470,000
				Finance related fees	9,171	Prepaid expenses	39,318
				Interest expenses	24,918	Accrued expenses	139

(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 conditions.

[Notes Related to Per Unit Information]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)		Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)	
Net assets per unit	23,005 yen	Net assets per unit	23,132 yen
Net income per unit	762 yen	Net income per unit	860 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 per unit is not stated as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.	

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

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)		Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)	
Net income for the fiscal period (thousands of yen)	1,958,002	Net income for the fiscal period (thousands of yen)	2,295,304
Amounts not attributable to common unit holders (thousands of yen)	-	Amounts not attributable to common unit holders (thousands of yen)	-
Net income attributable to common unit holders (thousands of yen)	1,958,002	Net income attributable to common unit holders (thousands of yen)	2,295,304

Average number of investment units during the period (units)	2,570,932	Average number of investment units during the period (units)	2,668,686
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[Notes Related to Significant Subsequent Events]

Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1 2015 to June 30, 2015)																																		
	<p>INV resolved at its meetings of the Board of Directors held on June 25, 2015 and July 8, 2015 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on July 15, 2015, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 12, 2015. As a result, the unitholders' equity of INV is JPY 82,465 million and the number of investment units issued and outstanding of INV increased to 3,193,686</p> <p>(i) Issuance of new investment units through public offering</p> <table border="1"> <tr> <td>Number of New Investment Units Issued</td> <td>: 500,000 units</td> </tr> <tr> <td>Domestic public offering</td> <td>: 211,250 units</td> </tr> <tr> <td>Overseas offering</td> <td>: 288,750 units</td> </tr> <tr> <td>Issue Price (Offer Price)</td> <td>: JPY 57,817 per unit</td> </tr> <tr> <td>Total Issue Price (Total Offer Price)</td> <td>: JPY 28,908,500,000</td> </tr> <tr> <td>Amount Paid In (Issue Value)</td> <td>: JPY 55,941 per unit</td> </tr> <tr> <td>Total Amount Paid In (Total Issue Value)</td> <td>: JPY 27,970,500,000</td> </tr> <tr> <td>Payment Date</td> <td>: Wednesday, July 15, 2015</td> </tr> </table> <p>(ii) Secondary offering of investment units outside Japan</p> <table border="1"> <tr> <td>Number of Investment Units Offered in the Secondary Offering</td> <td>: 25,000 units</td> </tr> <tr> <td>Offer Price</td> <td>: JPY 57,817 per unit</td> </tr> <tr> <td>Total Offer Value</td> <td>: JPY 1,445,425,000</td> </tr> <tr> <td>Delivery Date</td> <td>: Wednesday, July 16, 2015</td> </tr> </table> <p>(iii) Secondary offering of investment units (overallotment secondary offering)</p> <table border="1"> <tr> <td>Number of Investment Units Offered in the Secondary Offering</td> <td>: 25,000 units</td> </tr> <tr> <td>Offer Price</td> <td>: JPY 55,941 per unit</td> </tr> <tr> <td>Total Offer Value</td> <td>: JPY 1,398,525,000</td> </tr> <tr> <td>Payment Date</td> <td>: Wednesday, August 12, 2015</td> </tr> <tr> <td>Allotee</td> <td>: Mizuho Securities Co., Ltd</td> </tr> </table> <p>2. Borrowing of Funds</p>	Number of New Investment Units Issued	: 500,000 units	Domestic public offering	: 211,250 units	Overseas offering	: 288,750 units	Issue Price (Offer Price)	: JPY 57,817 per unit	Total Issue Price (Total Offer Price)	: JPY 28,908,500,000	Amount Paid In (Issue Value)	: JPY 55,941 per unit	Total Amount Paid In (Total Issue Value)	: JPY 27,970,500,000	Payment Date	: Wednesday, July 15, 2015	Number of Investment Units Offered in the Secondary Offering	: 25,000 units	Offer Price	: JPY 57,817 per unit	Total Offer Value	: JPY 1,445,425,000	Delivery Date	: Wednesday, July 16, 2015	Number of Investment Units Offered in the Secondary Offering	: 25,000 units	Offer Price	: JPY 55,941 per unit	Total Offer Value	: JPY 1,398,525,000	Payment Date	: Wednesday, August 12, 2015	Allotee	: Mizuho Securities Co., Ltd
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Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1 2015 to June 30, 2015)																																								
<p>1. Borrowing of Funds</p> <p>INV completed new debt financing in order to procure funds for the acquisition of the trust beneficiary interests for the 3 hotel properties, which INV acquired on February 6, 2015 (see “2. Acquisition of Assets” below), and related costs.</p> <p>New Syndicate Loan (D)</p> <table border="1" data-bbox="245 1032 778 1787"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY6,241 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (One-month JPY TIBOR) + 0.80%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (1) the last Japanese business day of each month before the principal maturity date, beginning with February 27, 2015, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: In accordance with the “Individual Loan Agreement” dated February 4, 2015. Secured (Note 1) / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: February 6, 2015</td> </tr> <tr> <td>Maturity Date</td> <td>: February 6, 2018</td> </tr> </table> <p>(Note 1) First priority pledges over three real estate properties, Apa Hotel Yokohama-Kannai, Hotel Nets Hakodate and Flexstay Inn Shirogane; and the real estate trust beneficiary interests for 65 properties, Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakujii Koen, Growth Maison</p>	Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited	Borrowing amount	: JPY6,241 million	Interest rate, etc.	: Base Rate (One-month JPY TIBOR) + 0.80%	Interest payment date	: On (1) the last Japanese business day of each month before the principal maturity date, beginning with February 27, 2015, and (2) the principal maturity date	Principal repayment method	: Lump-sum repayment	Borrowing method	: In accordance with the “Individual Loan Agreement” dated February 4, 2015. Secured (Note 1) / with no guarantee	Borrowing date	: February 6, 2015	Maturity Date	: February 6, 2018	<p>In order to implement refinancing via unsecured lower-interest borrowings for part of the funds to be used for the acquisition of trust beneficiary interests for 11 hotel properties and 3 residential properties acquired on July 16, 2015 (see “4. Acquisition of Assets” below) and all of the existing syndicate loans (New Syndicate Loan (C), New Syndicate Loan (D)) and Prudential LPS Loan B, INV implemented the following borrowing on July 16, 2015.</p> <p>New Syndicate Loan (E)</p> <table border="1" data-bbox="836 701 1385 1440"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY88,338 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (One-month JPY TIBOR) + 0.20%, 0.40%, 0.50%, 0.60%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (1) the last Japanese business day of each month before the principal maturity date, beginning with July 31, 2015, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment for each individual loan</td> </tr> <tr> <td>Borrowing method</td> <td>: Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: July 16, 2015</td> </tr> <tr> <td>Maturity date</td> <td>: May 16, 2016, July 16, 2018, July 16, 2019 and July 16, 2020</td> </tr> </table> <p>INV also intends to acquire trust beneficiary interests in real estate for 3 hotel properties on August 28, 2015 (see “4. Acquisition of Assets” below), and resolved at its meeting of the Board of Directors held on August 21, 2015 to implement the following borrowing in order to procure part of the funds for the acquisition of the trust beneficiary interests.</p> <p>Term Loan (A)</p> <table border="1" data-bbox="836 1742 1385 1995"> <tr> <td>Lender</td> <td>: Mizuho Bank, Ltd.</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY3,682 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (One-month JPY TIBOR; however, two-month JPY TIBOR for the first interest calculation period only) + 0.50%</td> </tr> <tr> <td>Interest</td> <td>: On (i) the last Japanese business</td> </tr> </table>	Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation	Borrowing amount	: JPY88,338 million	Interest rate, etc.	: Base Rate (One-month JPY TIBOR) + 0.20%, 0.40%, 0.50%, 0.60%	Interest payment date	: On (1) the last Japanese business day of each month before the principal maturity date, beginning with July 31, 2015, and (2) the principal maturity date	Principal repayment method	: Lump-sum repayment for each individual loan	Borrowing method	: Unsecured / with no guarantee	Borrowing date	: July 16, 2015	Maturity date	: May 16, 2016, July 16, 2018, July 16, 2019 and July 16, 2020	Lender	: Mizuho Bank, Ltd.	Borrowing amount	: JPY3,682 million	Interest rate, etc.	: Base Rate (One-month JPY TIBOR; however, two-month JPY TIBOR for the first interest calculation period only) + 0.50%	Interest	: On (i) the last Japanese business
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Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Acseeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over two real estate properties, Shinjuku Island and Times Kanda-Sudacho 4th.	<table border="1"> <tr> <td>payment date</td> <td>day of each month before the principal maturity date, beginning with September 30, 2015, and (ii) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: August 28, 2015</td> </tr> <tr> <td>Maturity date</td> <td>: August 28, 2019</td> </tr> </table>	payment date	day of each month before the principal maturity date, beginning with September 30, 2015, and (ii) the principal maturity date	Principal repayment method	: Lump-sum repayment	Borrowing method	: Unsecured / with no guarantee	Borrowing date	: August 28, 2015	Maturity date	: August 28, 2019								
	payment date	day of each month before the principal maturity date, beginning with September 30, 2015, and (ii) the principal maturity date																	
	Principal repayment method	: Lump-sum repayment																	
	Borrowing method	: Unsecured / with no guarantee																	
	Borrowing date	: August 28, 2015																	
	Maturity date	: August 28, 2019																	
		3. Prepayment of Borrowings																	
		INV implemented refinancing in order to procure the funds for acquisition of 11 hotel properties and 3 residential properties on July 16, 2015 and to reduce loan costs, and prepaid the borrowings as follows.																	
		New Syndicate Loan (C)																	
		<table border="1"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited</td> </tr> <tr> <td>Balance of borrowing</td> <td>: JPY56,100 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (One-month JPY TIBOR) + 0.80%</td> </tr> <tr> <td>Borrowing method</td> <td>: Secured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: July 17, 2014</td> </tr> <tr> <td>Maturity date</td> <td>: July 14, 2017</td> </tr> <tr> <td>Prepayment date</td> <td>: July 16, 2015</td> </tr> <tr> <td>Repayment amount</td> <td>: JPY56,100 million</td> </tr> <tr> <td>Balance after repayment</td> <td>: JPY 0</td> </tr> </table>	Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited	Balance of borrowing	: JPY56,100 million	Interest rate, etc.	: Base Rate (One-month JPY TIBOR) + 0.80%	Borrowing method	: Secured / with no guarantee	Borrowing date	: July 17, 2014	Maturity date	: July 14, 2017	Prepayment date	: July 16, 2015	Repayment amount	: JPY56,100 million	Balance after repayment
Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited																		
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Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1 2015 to June 30, 2015)																																																				
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Borrowing method	: Secured / with no guarantee																																																				
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Location	6-32-8, Kameido, Koto-Ku,																																																				
<p>2. Acquisition of Assets INV decided to acquire the following 3 properties (total acquisition price of JPY 13,261 million) on February 4, 2015, and completed the acquisition of all of the 3 properties on February 6, 2015.</p> <p>Property number: D21 Name of property: APA Hotel Yokohama-Kannai</p>																																																					



Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)		Fiscal Period ended June 30, 2015 (from January 1 2015 to June 30, 2015)	
Acquisition Date	February 6, 2015		Tokyo
Acquisition Price (Note 1)	JPY8,350 million	Construction Date	March 1991
Location	3-37-2, Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Category of Assets	Trust Beneficiary Interest
		Seller	Nishi Tokutei Mokuteki Kaisha
Construction Date	April 2005	Total Floor Area	4,349.67m <sup>2</sup>
Category of Assets	Trust Beneficial Interest	Total Leasable Area	4,349.67m <sup>2</sup>
Seller	AYK Tokutei Mokuteki Kaisha	Property number: D26 Name of property: Hotel MyStays Ueno Iriyaguchi	
Total Floor Area	6,568.51m <sup>2</sup>	Acquisition Date	July 16, 2015
Total Leasable Area	6,568.51m <sup>2</sup>	Acquisition Price (Note )	JPY3,821 million
Property number: D22 Name of property: Hotel Nets Hakodate		Location	5-61, Ueno, Taito-Ku, Tokyo
Acquisition Date	February 6, 2015	Construction Date	November 1985
Acquisition Price (Note 1)	JPY2,792 million	Category of Assets	Trust Beneficiary Interest
Location	26-17, Motomachi, Hakodate-shi, Hokkaido	Seller	Rannoch Tokutei Mokuteki Kaisha
Construction Date	February 2008	Total Floor Area	2,247.92m <sup>2</sup>
Category of Assets	Trust Beneficial Interest	Total Leasable Area	2,247.92m <sup>2</sup>
Seller	Zephyrus Tokutei Mokuteki Kaisha	Property number: D27 Name of property: Hotel MyStays Kameido P2	
Total Floor Area	7,961.26m <sup>2</sup>	Acquisition Date	July 16, 2015
Total Leasable Area	7,961.26m <sup>2</sup>	Acquisition Price (Note )	JPY3,742 million
Property number: D23 Name of property: Flexstay Inn Shirogane		Location	6-7-2, Kameido, Koto-Ku, Tokyo
Acquisition Date	February 6, 2015	Construction Date	March 1991
Acquisition Price (Note 1)	JPY2,119 million	Category of Assets	Trust Beneficiary Interest
Location	5-10-15, Shirokane, Minato-ku, Tokyo	Seller	Nishi Tokutei Mokuteki Kaisha
Construction Date	December 1984	Total Floor Area	2,793.99m <sup>2</sup>
Category of Assets	Trust Beneficial Interest	Total Leasable Area	2,793.99m <sup>2</sup>
Seller	Nishi Tokutei Mokuteki Kaisha	Property number: D28 Name of property: Hotel Vista Shimizu	
Total Floor Area	1,754.06m <sup>2</sup>	Acquisition Date	July 16, 2015
Total Leasable Area	1,754.06m <sup>2</sup>	Acquisition Price (Note )	JPY2,198 million
(Note) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition costs, property taxes, city planning taxes and consumption taxes, etc.		Location	101-2, Masago-Cho, Shimizu-Ku, Shizuoka city, Shizuoka
		Construction Date	January 2007
		Category of Assets	Trust Beneficiary Interest
		Seller	Wakusei Tokutei Mokuteki Kaisha
		Total Floor Area	3,559.81m <sup>2</sup>
		Total Leasable Area	3,559.81m <sup>2</sup>
		Property number: D29 Name of property: Super Hotel Shinbashi/Karasumoriguchi	
		Acquisition Date	July 16, 2015
		Acquisition Price (Note )	JPY1,624 million
		Location	5-112-7, Shinbashi,

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## VI. Statement of Cash Distribution

	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
I. Unappropriated retained earnings	2,031,546,537 yen	2,370,704,364 yen
II. Distribution Amount (Distribution per Unit)	1,956,146,838 yen (733 yen)	2,295,069,960 yen (860 yen)
III. Retained earnings carried forward	75,399,699 yen	75,634,404 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 Investment Corporation, 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 Investment Corporation. Pursuant to this policy, Investment Corporation determined the distribution amount to be 1,956,146,838	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of Investment Corporation, 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 Investment Corporation. Pursuant to this policy, Investment Corporation determined the distribution amount to be 2,295,069,960

	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
	yen, out of net income of 1,958,002,616 yen. Investment Corporation did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation.	yen out of the net income of 2,295,304,665 yen. Investment Corporation 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 December 31, 2014 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, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
Cash flows from operating activities		
Net income before taxes	1,958,607	2,295,909
Depreciation expenses	837,289	986,795
Investment unit issuance expenses	152,101	-
Finance related costs	294,738	140,328
Amortization of tenant leasehold and security deposits in trust	(378)	-
Interest received	(537)	(1,242)
Interest paid	365,480	379,341
Increase (decrease) in allowance for doubtful accounts	577	467
Decrease (increase) in accounts receivable	(573,359)	6,739
Decrease (increase) in consumption tax receivable	(1,319,253)	1,002,839
Increase (decrease) in accrued consumption tax payable	(143,637)	-
Increase (decrease) in accounts payable	(673)	21,539
Increase (decrease) in accrued liabilities	(10,409)	17,865
Increase (decrease) in accrued expenses	2,933	49,396
Increase (decrease) in advances received	13,561	49,576
Increase (decrease) in deposits received	(9,776)	(13,787)
Others	5,533	(9,953)
Subtotal	1,572,798	4,925,816
Proceeds of interest	537	1,242
Payment of interest	(363,177)	(381,197)
Payment of corporate taxes, etc.	(547)	(640)
Cash flows from operating activities	1,209,610	4,545,220
Cash flows from investing activities		
Payment for acquisition of tangible assets in trust	(40,203,087)	(13,512,228)
Repayment of tenant leasehold and security deposits in trust	(47,787)	(95,186)
Proceeds of tenant leasehold and security deposits in trust	131,585	406,054
Others	(694)	(1,487)
Cash flows from investing activities	(40,119,985)	(13,202,847)
Cash flows from financing activities		
Repayment of short-term debt	(13,488,750)	-
Proceeds from long-term debt	57,300,000	6,241,000
Repayment of long-term debt	(17,552,100)	(1,200,000)
Finance related costs	(618,099)	(81,398)
Payment of distributions	(900,512)	(1,952,824)
Proceeds from issuance of investment units	23,962,024	-
Payment of investment unit issuance expenses	(151,356)	-

(Unit: thousands of yen)

	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)
Cash flows from financing activities	48,551,206	3,006,776
Increase (decrease) in cash and cash equivalents	9,640,831	(5,650,850)
Beginning balance of cash and cash equivalents	3,524,562	13,165,393
Closing balance of cash and cash equivalents	※1 13,165,393	※1 7,514,543

## [Notes Concerning Significant Accounting Policies (Reference Information)]

Item	By Period	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1 to June 30, 2015)
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.

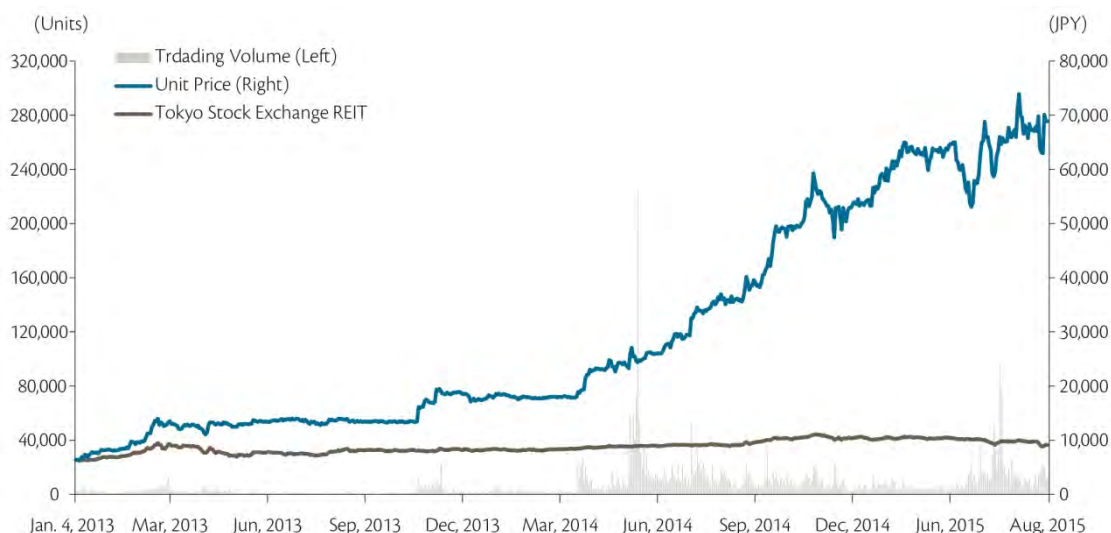
## [Notes to Statement of Cash Flow (Reference Information)]

Item	By Period	Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)	Fiscal Period ended June 30, 2015 (from January 1 to June 30, 2015)
※1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet		(As of December 31, 2014) (Unit: thousands of yen)	(As of June 30, 2015) (Unit: thousands of yen)
		Cash and deposits 9,153,872	Cash and deposits 2,691,921
		Cash and deposits in trust 4,011,521	Cash and deposits in trust 4,822,622
		Cash and cash equivalents 13,165,393	Cash and cash equivalents 7,514,543



## Overview of Unitholders/Investment Units

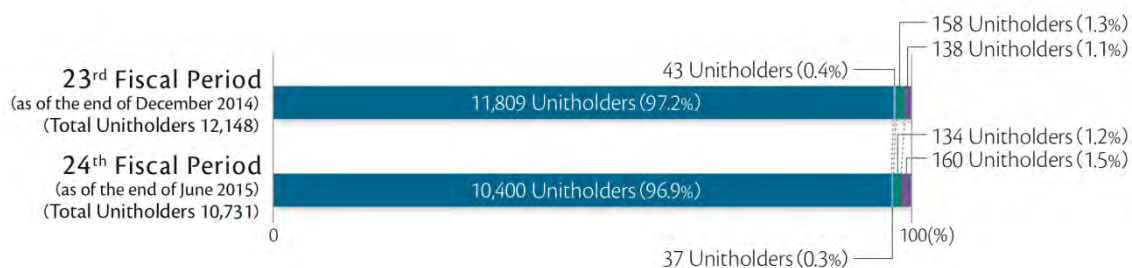
### Historical Unit Price



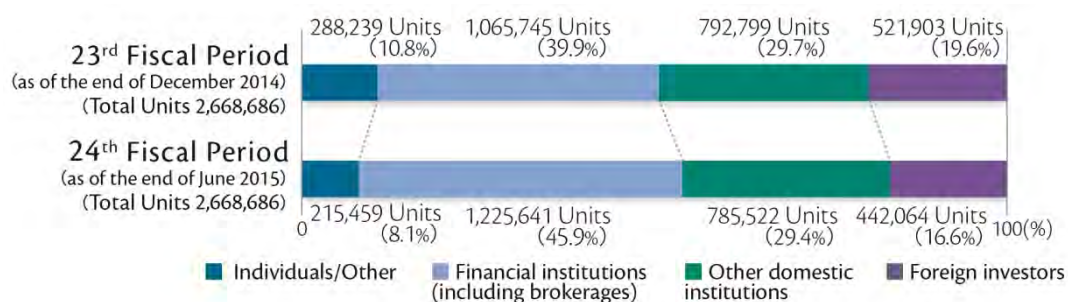
(Note) Unit prices indicate the closing price on the TSE market. Development of Tokyo Stock Exchange REIT Index indicates on or after January 4, 2013 on the assumption that the closing price of INV's unit price is deemed as identical to the closing price of Tokyo Stock Exchange REIT index as of January 4, 2013.

### Distribution of Unitholders

#### Number of Unitholders by Owner



#### Number of Investment Units by Owner



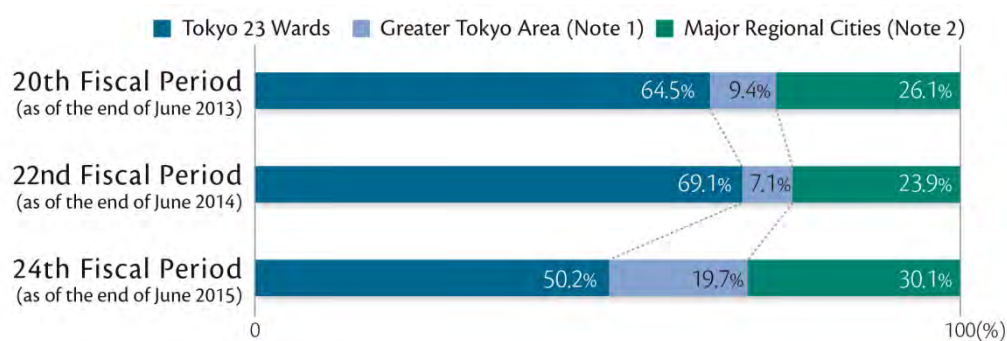
## Portfolio Data as of the end of 24<sup>th</sup> Fiscal Period (ended June 30, 2015)

### Portfolio Characteristics

At the end of the reporting period, the number of properties held by the Investment Corporation totaled 94, including 63 residential properties, 23 hotels, 7 retail and office buildings, and as well as one parking lot with a total acquisition value of JPY 131,188 million and a total leasable area of 240,858.19 m<sup>2</sup>.

### Investment Ratio by Region

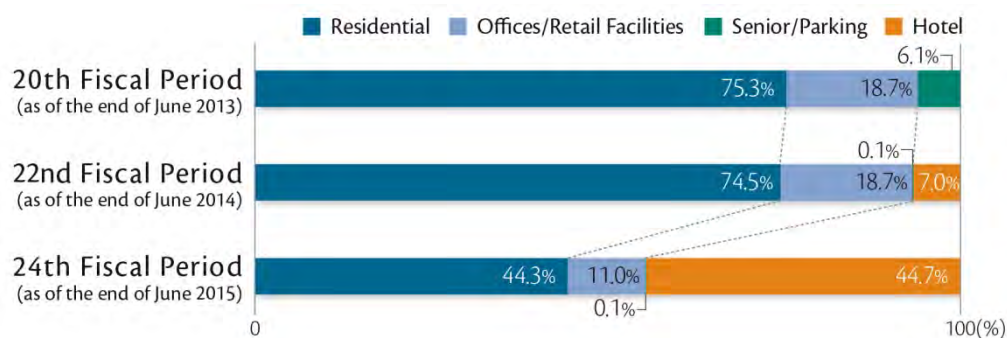
(Note) The ratios below are indicated are based on the acquisition price and are rounded to one decimal place.



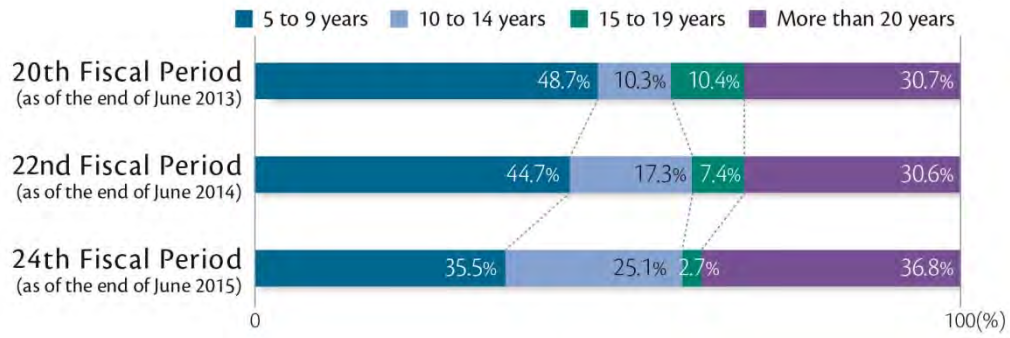
(Note 1) Greater Tokyo Area indicates Tokyo excluding 23 Wards, Kanagawa, Chiba, and Saitama.

(Note 2) Major Regional Cities indicates “areas surrounding Tokyo” and “major cities including ordinance designated cities and surrounding areas.”

### By Property Type



## By Property Age



(Note) Open parking lots are not counted in the property age distribution since they lack building structures.

## Portfolio Overview

(as of July 30, 2015)

Purpose	Property Number	Name of Property	Location	Leasable Area (m <sup>2</sup> )	Rentable Units	Acquisition Price (JPY mn)	Appraisal Value (JPY mn)	Book Value (JPY mn)	Investment Ratio (%)	Occupancy Rate (%)
Residential	A26	Nisshin Palacestage Daitabashi	Suginami Ward, Tokyo	1,771.13	98	1,251	1,160	1,135	1.0	96.9
	A27	Nisshin Palacestage Higashi-Nagasaki	Toshima Ward, Tokyo	2,681.94	60	1,229	1,260	1,112	0.9	94.9
	A28	Growth Maison Gotanda	Shinagawa Ward, Tokyo	1,051.50	48	888	968	837	0.7	100.0
	A29	Growth Maison Kameido	Koto Ward, Tokyo	1,367.96	66	1,070	1,100	1,001	0.8	95.4
	A30	Emerald House	Itabashi Ward, Tokyo	2,152.31	96	1,505	1,280	1,401	1.1	100.0
	A31	Harmonie Ochanomizu	Bunkyo Ward, Tokyo	1,748.24	65	1,428	1,320	1,368	1.1	88.3
	A32	Suncrest Shakujii-Koen	Nerima Ward, Tokyo	3,029.16	29	1,088	1,050	1,058	0.8	97.4
	A33	Growth Maison Shin-Yokohama	Yokohama City, Kanagawa Prefecture	1,858.44	68	1,059	1,160	983	0.8	97.0
	A34	Belle Face Ueno-Okachimachi	Taito Ward, Tokyo	1,351.11	64	1,023	999	972	0.8	100.0
	A35	Grand Rire Kameido	Koto Ward, Tokyo	1,562.26	72	906	949	844	0.7	100.0
	A36	Growth Maison Ikebukuro	Toshima Ward, Tokyo	952.89	42	825	868	767	0.6	88.1
	A37	Growth Maison Yoga	Setagaya Ward, Tokyo	1,015.34	39	795	697	758	0.6	94.9
	A38	Route Tachikawa	Tachikawa City, Tokyo	1,368.57	24	676	616	646	0.5	96.6
	A39	Shibuya-Honmachi Mansion	Shibuya Ward, Tokyo	1,167.50	25	651	609	656	0.5	89.9
	A40	City Heights Kinuta	Setagaya Ward, Tokyo	1,235.93	19	646	479	647	0.5	94.6
	A41	Acseeds Tower Kawaguchi-Namiki	Kawaguchi City, Saitama Prefecture	1,210.74	57	620	707	561	0.5	100.0
	A42	Capital Heights Kagurazaka	Shinjuku Ward, Tokyo	1,126.65	26	604	556	616	0.5	94.4
	A43	College Square Machida	Machida City, Tokyo	1,047.75	62	589	520	567	0.4	100.0
	A44	Belair Meguro	Meguro Ward, Tokyo	557.05	25	589	592	568	0.4	100.0
	A45	Wacore Tsunashima I	Yokohama City, Kanagawa Prefecture	907.46	50	572	511	541	0.4	98.0
	A46	Foros Nakamurabashi	Nerima Ward, Tokyo	815.77	37	566	572	529	0.4	90.5
	A47	Growth Maison Kaijin	Funabashi City, Chiba Prefecture	2,040.27	34	557	458	528	0.4	87.3
	A48	College Square Machiya	Arakawa Ward, Tokyo	871.35	43	510	519	470	0.4	100.0
	A51	City House Tokyo Shinbashi	Minato Ward, Tokyo	3,364.00	86	2,520	2,950	2,380	1.9	97.1
	A52	Winbell Kagurazaka	Shinjuku Ward, Tokyo	4,032.70	118	3,260	3,730	3,099	2.5	95.4
	A53	Nishiwaseda Crescent Mansion	Shinjuku Ward, Tokyo	4,310.77	69	1,880	2,310	1,879	1.4	92.1
	A54	Lexington Square Akebonobashi	Shinjuku Ward, Tokyo	1,987.88	88	1,450	1,680	1,360	1.1	93.5
	A56	Casa Eremitaggio	Meguro Ward, Tokyo	1,197.19	17	1,070	1,040	982	0.8	84.2
	A59	Towa City Coop Shinotsuka II	Toshima Ward, Tokyo	1,627.13	58	866	1,020	825	0.7	96.3
A61	Bichsel Musashiseki	Nerima Ward, Tokyo	1,220.24	70	577	681	557	0.4	98.5	
A62	Lexel Mansion Ueno Matsugaya	Taito Ward, Tokyo	1,969.45	29	970	1,120	885	0.7	100.0	
A63	Towa City Coop Sengencho	Yokohama City, Kanagawa Prefecture	3,426.36	154	1,110	1,320	1,033	0.8	83.0	
A64	Royal Park Omachi	Sendai City, Miyagi Prefecture	1,929.59	51	415	520	394	0.3	98.3	
A65	Lexington Square Haginomachi	Sendai City, Miyagi Prefecture	1,528.58	39	330	448	299	0.3	92.4	
A66	Visconti Kakuzan	Nagoya City, Aichi Prefecture	705.75	8	255	258	237	0.2	78.3	
A71	Lexington Square Daitabashi	Suginami Ward, Tokyo	1,430.64	43	977	1,090	890	0.7	93.0	
A72	Lexington Square Honjo Azumabashi	Sumida Ward, Tokyo	784.74	33	511	576	459	0.4	91.1	
A73	AMS TOWER Minami 6-Jo	Sapporo City, Hokkaido	4,460.56	120	1,180	1,150	1,029	0.9	83.3	
A75	Spacia Ebisu	Shibuya Ward, Tokyo	7,794.91	109	7,010	7,560	6,631	5.3	93.6	
A76	Neo Prominence	Kita Ward, Tokyo	3,574.70	52	1,660	1,820	1,642	1.3	94.9	
A77	Invoice Shin-Kobe Residence	Kobe City, Hyogo Prefecture	2,773.71	81	1,260	1,410	1,228	1.0	88.4	
A78	Cosmo Court Motomachi	Kobe City, Hyogo Prefecture	2,310.49	82	973	1,050	946	0.7	96.2	
A79	Revest Honjin	Nagoya City, Aichi Prefecture	1,933.80	80	674	761	656	0.5	100.0	

Residential	A80	Revest Matsubara	Nagoya City, Aichi Prefecture	1,955.40	70	657	761	642	0.5	89.5
	A81	Sun Terrace Minami Ikebukuro	Toshima Ward, Tokyo	898.70	38	625	695	610	0.5	97.4
	A82	Alba Noritake Shinmachi	Nagoya City, Aichi Prefecture	1,731.68	64	608	698	593	0.5	98.6
	A83	Revest Meieki Minami	Nagoya City, Aichi Prefecture	1,634.60	61	597	695	583	0.5	100.0
	A84	Revest Heian	Nagoya City, Aichi Prefecture	1,554.03	40	595	650	580	0.5	92.0
	A85	Vendir Hamaotsu Ekimae	Otsu City, Shiga Prefecture	2,670.66	81	581	684	563	0.4	88.4
	A86	Salvo Sala	Osaka City, Osaka Prefecture	1,428.12	54	544	619	532	0.4	94.4
	A87	Excellente Kagurazaka	Shinjuku Ward, Tokyo	701.92	33	543	598	533	0.4	97.1
	A88	Luna Court Edobori	Osaka City, Osaka Prefecture	1,185.50	50	525	567	511	0.4	94.0
	A89	Winntage Kobe Motomachi	Kobe City, Hyogo Prefecture	1,433.35	57	512	585	497	0.4	94.7
	A90	Queen's Court Fukuzumi	Koto Ward, Tokyo	765.18	25	456	538	448	0.3	100.0
	A91	Corp Higashinotoin	Kyoto City, Kyoto Prefecture	1,029.05	42	446	493	437	0.3	95.7
	A92	Belair Oimachi	Shinagawa Ward, Tokyo	530.60	26	412	477	406	0.3	96.1
	A93	Siete Minami-Tsukaguchi	Amagasaki City, Hyogo Prefecture	1,020.86	40	374	418	367	0.3	92.6
	A94	Prime Life Sannomiya Isogami Koen	Kobe City, Hyogo Prefecture	789.12	32	373	429	364	0.3	93.8
	A95	HERMITAGE NANBA WEST	Osaka City, Osaka Prefecture	992.76	21	355	409	349	0.3	95.7
	A96	Century Park Shinkawa I-bankan	Nagoya City, Aichi Prefecture	1,477.62	44	335	411	330	0.3	91.0
	A97	West Avenue	Kunitachi City, Tokyo	794.80	40	331	331	323	0.3	75.0
	A98	Little River Honmachibashi	Osaka City, Osaka Prefecture	974.81	31	310	374	306	0.2	96.9
	A99	Prime Life Mikage	Kobe City, Hyogo Prefecture	761.18	28	297	333	290	0.2	86.8
Subtotal				109,584.45	3,413	58,083	62,209	55,269	44.3	93.7
Office Buildings/Retail Facilities	B8	Kindai Kagakusha Building	Shinjuku Ward, Tokyo	1,451.54	13	1,301	1,040	1,232	1.0	100.0
	B9	Shinjuku Island	Shinjuku Ward, Tokyo	526.43	1	715	512	708	0.5	100.0
	B14	Lexington Plaza Nishigotanda	Shinagawa Ward, Tokyo	6,033.58	11	4,880	4,020	4,753	3.7	100.0
	B15	Cross Square NAKANO	Nakano Ward, Tokyo	2,145.00	45	1,060	944	1,069	0.8	70.8
	B16	Ohki Aoba Building	Sendai City, Miyagi Prefecture	2,178.41	13	816	665	749	0.6	100.0
	B17	Lexington Plaza Hachiman	Sendai City, Miyagi Prefecture	8,419.15	18	3,280	3,500	3,145	2.5	100.0
	B18	AEON TOWN Sukagawa	Sukagawa City, Fukushima Prefecture	18,440.58	1	2,320	2,320	2,032	1.8	100.0
	Subtotal				39,194.69	102	14,372	13,001	13,692	11.0
Parking Lots	C1	Stop Parking Kanda-Sudacho	Chiyoda Ward Tokyo	81.04	1	97	109	100	0.1	100.0
	Subtotal				81.04	1	97	109	100	0.1
Hotels	D1	Hotel MyStays Kanda	Chiyoda Ward, Tokyo	2,585.72	126	2,851	3,280	2,891	2.4	100.0
	D2	Hotel MyStays Asakusa	Sumida Ward, Tokyo	3,327.38	160	2,584	3,290	2,608	2.2	100.0
	D3	Hotel MyStays Kyoto-shijo	Kyoto-shi, Kyoto Prefecture	7,241.51	224	6,024	8,010	5,997	5.1	100.0
	D4	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba Prefecture	6,232.30	175	4,930	5,260	4,905	4.2	100.0
	D5	Hotel MyStays Maihama	Urayasu-shi, Chiba Prefecture	2,456.36	90	4,870	5,080	4,846	4.1	100.0
	D6	Hotel Vista Premio Dojima	Osaka-shi, Osaka Prefecture	9,445.32	141	3,845	4,300	3,834	3.3	100.0
	D7	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi Prefecture	9,064.71	270	2,958	3,040	2,929	2.5	100.0
	D8	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka Prefecture	4,188.83	190	2,514	3,250	2,508	2.1	100.0
	D9	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa Prefecture	7,379.43	190	2,119	2,590	2,108	1.8	100.0
	D10	Hotel MyStays Nippori	Arakawa Ward, Tokyo	1,719.29	93	1,898	2,140	1,891	1.6	100.0
	D11	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka-shi, Fukuoka Prefecture	3,412.71	177	1,570	1,740	1,567	1.3	100.0

D12	Flexstay Inn Iidabashi	Shinjuku Ward, Tokyo	2,953.38	59	1,381	1,600	1,375	1.1	100.0
D13	Hotel MyStays Ueno Inaricho	Taito Ward, Tokyo	1,150.76	72	1,331	1,780	1,315	1.0	100.0
D14	Flexstay Inn Shinagawa	Shinagawa Ward, Tokyo	1,134.52	55	1,242	1,540	1,236	0.9	100.0
D15	Flexstay Inn Tokiwadai	Itabashi Ward, Tokyo	2,539.75	129	1,242	1,440	1,241	0.9	100.0
D16	Flexstay Inn Sugamo	Toshima Ward, Tokyo	2,089.86	104	1,192	1,410	1,181	0.9	100.0
D17	Hotel MyStays Otemae	Osaka-shi, Osaka	4,956.66	110	1,192	1,730	1,187	0.9	100.0
D18	Flexstay Inn Kiyosumi Shirakawa	Koto Ward, Tokyo	2,673.64	55	749	848	748	0.6	100.0
D19	Flexstay Inn Nakanobu P1	Shinagawa Ward, Tokyo	770.56	39	589	659	588	0.4	100.0
D20	Flexstay Inn Nakanobu P2	Shinagawa Ward, Tokyo	391.49	22	283	318	285	0.2	100.0
D21	APA Hotel Yokohama-Kannai	Yokohama City, Kanagawa Prefecture	6,568.51	451	8,350	8,600	8,341	6.4	100.0
D22	Hotel Nets Hakodate	Hakodate City, Hokkaido	7,961.26	202	2,792	2,870	2,792	2.1	100.0
D23	Flexstay Inn Shirogane	Minato Ward, Tokyo	1,754.06	84	2,119	2,140	2,122	1.6	100.0
Subtotal			91,998.01	3,218	58,634	71,555	58,211	44.7	100.0
Total			240,858.19	6,734	131,188	146,874	127,274	100.0	96.9

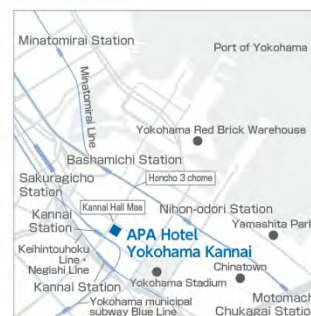
(Note) Figures are rounded down to the indicated unit and percentages are rounded to one decimal place.



## Overview of the properties acquired in 2015 (20 properties)

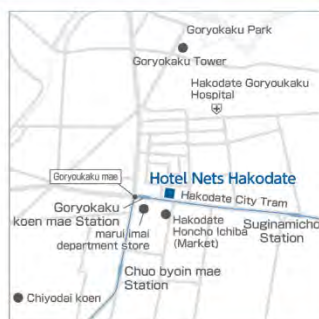
### 3 Hotels Acquired in February

#### APA Hotel Yokohama-Kannai



Name of Property	APA Hotel Yokohama-Kannai
Location	3-37-2 Sumiyoshi, Naka-ku, Yokohama City, Kanagawa
Access	About 3 minute's walk from JR Line Kannai Station
Date of Construction	April 2005
Number of Guest Rooms	451
Total Floor Area	6,568.51m <sup>2</sup>
Land Area	831.88m <sup>2</sup>
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	JPY 7,151
Occupancy Rate (2014) <sup>(3)(5)</sup>	94.5%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 6,758
Gross Revenue (2014)	JPY 1,175mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 770mn / 65.5%
NOI (2014)	JPY 440mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed rent plus variable rent type

#### Hotel Nets Hakodate



Name of Property	Hotel Nets Hakodate
Location	26-17 Motomachi Hakodate City, Hokkaido
Access	About 1 minute walk from Goryokakukouenmae Station
Date of Construction	February 2008
Number of Guest Rooms	202
Total Floor Area	7,961.26m <sup>2</sup>
Land Area	1,843.03m <sup>2</sup>
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	JPY 6,355
Occupancy Rate (2014) <sup>(3)(5)</sup>	77.1%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 4,897
Gross Revenue (2014)	JPY 406mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 162mn / 39.9%
NOI (2014)	JPY 139mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed rent plus variable rent type

#### Flexstay Inn Shirogane



Name of Property	Flexstay Inn Shirogane
Location	5-10-15 Shirogane, Minato Ward, Tokyo
Access	About 12 minute's walk from Tokyo Metro Hibiya Line, Hiroo Station
Date of Construction	December 1984
Number of Guest Rooms	84
Total Floor Area	1,754.06m <sup>2</sup>
Land Area	528.73m <sup>2</sup>
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	48.7% / 23.4% / 28.0%
ADR (2014) <sup>(2)(5)</sup>	JPY 5,883
Occupancy Rate (2014) <sup>(3)(5)</sup>	86.7%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 5,099
Gross Revenue (2014)	JPY 163mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 95mn / 58.2%
NOI (2014)	JPY 90mn
Overseas Sales Share (2014)	3.9%
Renovation Date	March 2013
Leasing Contract	Fixed rent plus variable rent type

(Note 1) Types of accommodations (Daily, Weekly and Monthly) are based on the gross revenue from January 2014 to December 2014 (full year). (Daily = 1 ~6 days, Weekly = 7~29 days and Monthly = 30 days or more)

(Note 2) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period.

(Note3) "Occupancy rates" are calculated in accordance with the following formula:

Occupancy rates = total number of occupied rooms during a certain period / (the total number of rooms available during the same period x

total operating days during the same period)

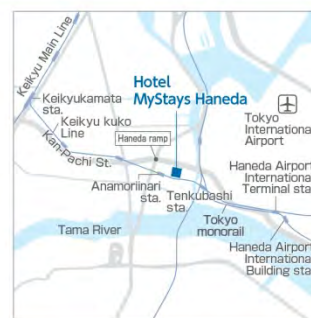
(Note 4) RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate multiplied with ADR.

(Note 5) Calculated based on the actual results from January 1, 2014 to December 31, 2014.



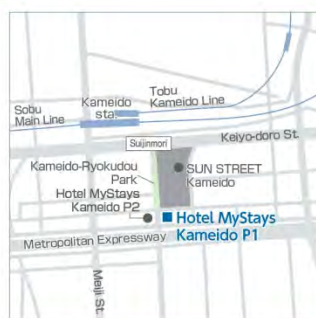
## 11 Hotels Acquired in July

### Hotel MyStays Haneda



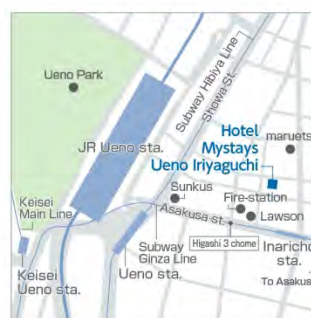
Name of Property	Hotel MyStays Haneda
Location	5-1-13 Haneda, Ota Ward, Tokyo
Access	About 4 minute's from Anamorinari station on Keihin-Kyuko Line
Date of Construction	April 2001
Number of Guest Rooms	174
Total Floor Area	5,400.16mf
Land Area	2,226.95mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	94.6% / 3.1% / 2.4%
ADR (2014) <sup>(2)(5)</sup>	JPY 9,567
Occupancy Rate (2014) <sup>(3)(5)</sup>	93.3%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 8,925
Gross Revenue (2014)	JPY 159mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 94mn / 59.3%
NOI (2014)	JPY 90mn
Overseas Sales Share (2014)	13.6%
Conversion Date	November 2013 - August 2014
Leasing Contract	Fixed rent plus variable rent type

### Hotel MyStays Kameido P1



Name of Property	Hotel MyStays Kameido P1
Location	6-32-1 Kameido, Koto Ward, Tokyo
Access	About 5 minute's from Kameido station on JR Sobu Line
Date of Construction	March 1991
Number of Guest Rooms	265
Total Floor Area	4,349.67mf
Land Area	1,615.30mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	55.9% / 15.9% / 28.2%
ADR (2014) <sup>(2)(5)</sup>	JPY 5,391
Occupancy Rate (2014) <sup>(3)(5)</sup>	82.6%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 4,455
Gross Revenue (2014)	JPY 467mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 285mn / 61.0%
NOI (2014)	JPY 270mn
Overseas Sales Share (2014)	3.7%
Renovation Date	January 2012 - March 2012
Leasing Contract	Fixed rent plus variable rent type

### Hotel MyStays Ueno Iriyaguchi



Name of Property	Hotel MyStays Ueno Iriyaguchi
Location	5-5-13 Higashi-Ueno, Taito Ward, Tokyo
Access	About 5 minute's from Ueno station on JR Yamanote/Keihin-Tohoku Lines etc.
Date of Construction	November 1985
Number of Guest Rooms	97
Total Floor Area	2,247.92mf
Land Area	402.21mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	92.8% / 1.2% / 6.0%
ADR (2014) <sup>(2)(5)</sup>	JPY 8,941
Occupancy Rate (2014) <sup>(3)(5)</sup>	85.8%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 7,675
Gross Revenue (2014)	JPY 278mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 164mn / 59.3%
NOI (2014)	JPY 156mn
Overseas Sales Share (2014)	47.2%
Renovation Date	January 2014 - March 2014
Leasing Contract	Fixed rent plus variable rent type

(Note 1) Types of accommodations (Daily, Weekly and Monthly) are based on the gross revenue from January 2014 to December 2014 (full year). (Daily = 1 ~6 days, Weekly = 7~29 days and Monthly = 30 days or more)

(Note 2) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period.

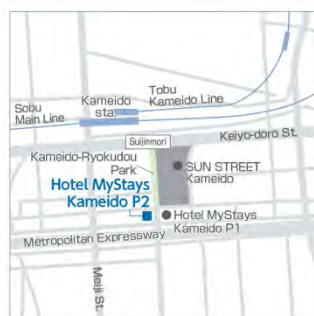
(Note3) "Occupancy rates" are calculated in accordance with the following formula:

Occupancy rates = total number of occupied rooms during a certain period / (the total number of rooms available during the same period x total operating days during the same period)

(Note 4) RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate multiplied with ADR.

(Note 5) Calculated based on the actual results from January 1, 2014 to December 31, 2014.

### Hotel MyStays Kameido P2



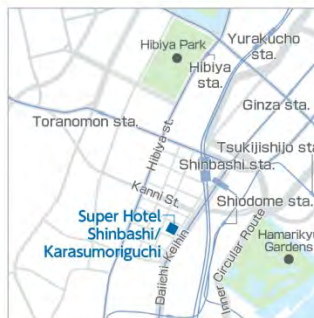
Name of Property	Hotel MyStays Kameido P2
Location	6-7-8 Kameido, Koto Ward, Tokyo
Access	About 5 minute's from Kameido station on JR Sobu Line
Date of Construction	March 1991
Number of Guest Rooms	175
Total Floor Area	2,793.99mf
Land Area	652.82mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	59.4% / 10.9% / 29.7%
ADR (2014) <sup>(2)(5)</sup>	JPY 5,010
Occupancy Rate(2014) <sup>(3)(5)</sup>	89.2%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 4,469
Gross Revenue (2014)	JPY 306mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 190mn / 62.3%
NOI (2014)	181mn
Overseas Sales Share (2014)	6.4%
Renovation Date	January 2013 - March 2013
Leasing Contract	Fixed rent plus variable rent type

### Hotel Vista Shimizu



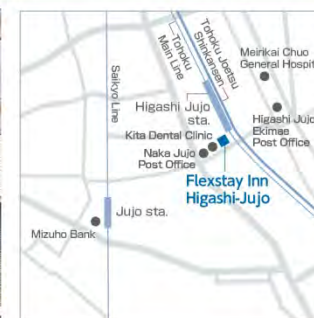
Name of Property	Hotel Vista Shimizu
Location	1-23 Masagomachi, Shimizu-Ku, Shizuoka City, Shizuoka Prefecture
Access	About 3 minute's from Shimizu station on JR Tokaido Line
Date of Construction	January 2007
Number of Guest Rooms	152
Total Floor Area	3,559.81mf
Land Area	999.17mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	JPY 6,300
Occupancy Rate(2014) <sup>(3)(5)</sup>	78.0%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 4,916
Gross Revenue (2014)	JPY 301mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 127mn / 42.3%
NOI (2014)	JPY 120mn
Overseas Sales Share (2014)	0.4%
Renovation Date	—
Leasing Contract	Fixed rent plus variable rent type

### Super Hotel Shinbashi/ Karasumoriguchi



Name of Property	Super Hotel Shinbashi/ Karasumoriguchi
Location	5-16-4 Shinbashi, Minato Ward, Tokyo
Access	About 5 minute's from Shinbashi station on JR Yamanote/Kehin-Tohoku Lines etc.
Date of Construction	February 2008
Number of Guest Rooms	74
Total Floor Area	1,403.89mf
Land Area	234.96mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	—
Occupancy Rate(2014) <sup>(3)(5)</sup>	—
RevPAR (2014) <sup>(4)(5)</sup>	—
Gross Revenue (2014)	—
GOP / GOP % (2014) <sup>(5)</sup>	— / —
NOI (2014)	JPY 70mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed rent

### Flexstay Inn Higashi-Jujo



Name of Property	Flexstay Inn Higashi-Jujo
Location	2-10-2 nakajujo, Kita Ward, Tokyo
Access	About 2 minute's from Higashijujo station on JR Keihin-Tohoku Line
Date of Construction	June 1986
Number of Guest Rooms	88
Total Floor Area	1,714.53mf
Land Area	826.31mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	52.7% / 13.2% / 34.1%
ADR (2014) <sup>(2)(5)</sup>	JPY 4,165
Occupancy Rate(2014) <sup>(3)(5)</sup>	84.3%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 3,512
Gross Revenue (2014)	JPY 123mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 62mn / 51.0%
NOI (2014)	JPY 57mn
Overseas Sales Share (2014)	11.6%
Renovation Date	March 2013
Leasing Contract	Fixed rent plus variable rent type

(Note 1) Types of accommodations (Daily, Weekly and Monthly) are based on the gross revenue from January 2014 to December 2014 (full year). (Daily = 1 ~6 days, Weekly = 7~29 days and Monthly = 30 days or more)

(Note 2) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period.

(Note3) "Occupancy rates" are calculated in accordance with the following formula:

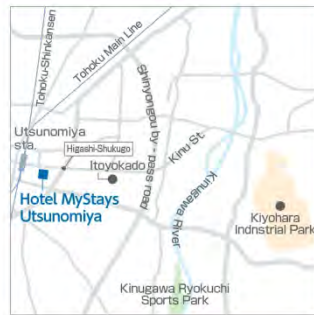
Occupancy rates = total number of occupied rooms during a certain period / (the total number of rooms available during the same period x total operating days during the same period)

(Note 4) RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate multiplied with ADR.

(Note 5) Calculated based on the actual results from January 1, 2014 to December 31, 2014.



### Hotel MyStays Utsunomiya



Name of Property	Hotel MyStays Utsunomiya
Location	2-4-1 Higashishukugo, Utsunomiya City, Tochigi Prefecture
Access	About 2 minutes from Utsunomiya station on JR Tohoku Shinkansen/Tohoku Hoken/Nikei Line
Date of Construction	January 1990
Number of Guest Rooms	116
Total Floor Area	11,733.23mf
Land Area	1,430.78mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	89.5% / 6.2% / 4.4%
ADR (2014) <sup>(2)(5)</sup>	JPY 6,550
Occupancy Rate(2014) <sup>(3)(5)</sup>	83.8%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 5,487
Gross Revenue (2014)	JPY 459mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 122mn / 26.7%
NOI (2014)	JPY 91mn
Overseas Sales Share (2014)	1.7%
Renovation Date	November 2013 - January 2014
Leasing Contract	Fixed rent plus variable rent type

### Flexstay Inn Kawasaki-Kaizuka



Name of Property	Flexstay Inn Kawasaki-Kaizuka
Location	1-13-2 Kaizuka, Kawasaki-Ku, Kawasaki City, Kanagawa Prefecture
Access	About 10 minutes from Kawasaki station on JR Keihin-Tohoku/Nambu Line
Date of Construction	April 1990
Number of Guest Rooms	64
Total Floor Area	1,190.57mf
Land Area	785.94mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	21.5% / 21.5% / 57.0%
ADR (2014) <sup>(2)(5)</sup>	JPY 4,642
Occupancy Rate(2014) <sup>(3)(5)</sup>	86.0%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 3,990
Gross Revenue (2014)	JPY 101mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 55mn / 55.4%
NOI (2014)	JPY 51mn
Overseas Sales Share (2014)	0.1%
Renovation Date	January 2014 - March 2014
Leasing Contract	Fixed rent plus variable rent type

### Comfort Hotel Toyama



Name of Property	Comfort Hotel Toyama
Location	1-3-2 Takara-machi, Toyama City, Toyama Prefecture
Access	About 2 minutes from Toyama station on JR Hokuriku-Honsen
Date of Construction	March 2007
Number of Guest Rooms	150
Total Floor Area	3,305.64mf
Land Area	547.81mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	JPY 5,930
Occupancy Rate(2014) <sup>(3)(5)</sup>	76.5%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 4,539
Gross Revenue (2014)	—
GOP / GOP % (2014) <sup>(5)</sup>	— / —
NOI (2014)	JPY 63mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed rent

### Flexstay Inn Kawasaki-Ogawacho



Name of Property	Flexstay Inn Kawasaki-Ogawacho
Location	15-9 Ogawa-cho, Kawasaki-Ku, Kawasaki City, Kanagawa Prefecture
Access	About 6 minutes from Kawasaki station on JR Tokaido/Keihin-Tohoku/Nambu Line
Date of Construction	April 1989
Number of Guest Rooms	62
Total Floor Area	725.60mf
Land Area	319.56mf
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	17.2% / 29.7% / 53.1%
ADR (2014) <sup>(2)(5)</sup>	JPY 4,045
Occupancy Rate(2014) <sup>(3)(5)</sup>	86.0%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 3,479
Gross Revenue (2014)	JPY 86mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 45mn / 52.2%
NOI (2014)	JPY 42mn
Overseas Sales Share (2014)	0.8%
Renovation Date	February 2014 - March 2014
Leasing Contract	Fixed rent plus variable rent type

(Note 1) Types of accommodations (Daily, Weekly and Monthly) are based on the gross revenue from January 2014 to December 2014 (full year). (Daily = 1 ~6 days, Weekly = 7~29 days and Monthly = 30 days or more)

(Note 2) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period.

(Note3) "Occupancy rates" are calculated in accordance with the following formula:

Occupancy rates = total number of occupied rooms during a certain period / (the total number of rooms available during the same period x total operating days during the same period)

(Note 4) RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate multiplied with ADR.

(Note 5) Calculated based on the actual results from January 1, 2014 to December 31, 2014.

### 3 Residential Properties Acquired in July

#### City Court Kitaichijo



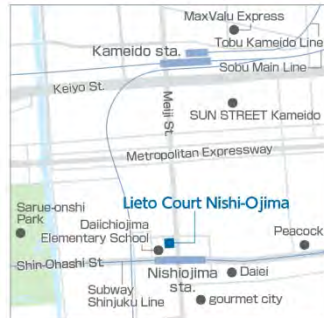
Name of Property	City Court Kitaichijo
Location	1-6-3 Kitaichijohigashi, Chuo-Ku, Sapporo City, Hokkaido
Access	5 minutes walk from Bus Center mae Station on Sapporo Metro Line
Date of Construction	November 2007
Structure & Floors	Reinforced concrete, roof deck, 15 stories with basement
Total Leasable Units	127
Total Leasable Area	5,230.18sqm
Land Area	920.62sqm
Occupancy Rate (Jul. 31, 2015)	98.1%
NOI (2014)	JPY93mn
JPY per Tsubo (2014) (YoY)	JPY6,304 (+1.20%)
Leasing Contract	Pass through master lease

#### Lieto Court Mukojima



Name of Property	Lieto Court Mukojima
Location	5-45-10 Mukojima, Sumida Ward, Tokyo
Access	9 minutes walk from Hikifune Station on Tobu Iseaki Line
Date of Construction	February 2008
Structure & Floors	Reinforced concrete, roof deck, 8 stories
Total Leasable Units	82
Total Leasable Area	2,940.20sqm
Land Area	817.71sqm
Occupancy Rate (Jul. 31, 2015)	94.3%
NOI (2014)	JPY79mn
JPY per Tsubo (2014) (YoY)	JPY9,693 (+0.54%)
Leasing Contract	Pass through master lease

#### Lieto Court Nishi-Ojima



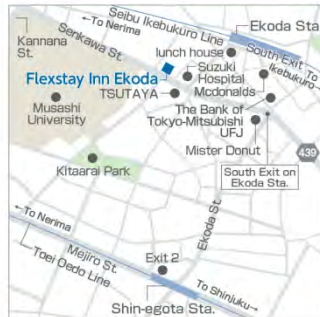
Name of Property	Lieto Court Nishi-Ojima
Location	2-41-14 Oshima, Koto Ward, Tokyo
Access	1 minute walk from Nishi-Ojima Station on Toei Line
Date of Construction	February 2008
Structure & Floors	Steel-reinforced concrete, roof deck, 14 stories
Total Leasable Units	91
Total Leasable Area	2,048.28sqm
Land Area	440.07sqm
Occupancy Rate (Jul. 31, 2015)	97.7%
NOI (2014)	JPY77mn
JPY per Tsubo (2014) (YoY)	JPY13,041 (+0.03%)
Leasing Contract	Pass through master lease

(Note) Pre-acquisition NOI is based on the actual results or forecast provided by seller, and has been adjusted by trust fees and insurance premiums as well as management services fee assuming this property had been held by Invincible



### 3 Hotels Acquired in August

#### Flexstay Inn Ekoda



Name of Property	Flexstay Inn Ekoda
Location	8-6, Sakaecho, Nerima-ku, Tokyo
Access	4 minutes walk from Seibu-Ikebukuro Line, Ekoda Station
Date of Construction	January 1989
Number of Guest Rooms	210
Total Floor Area	3,932.93㎡
Land Area	761.18㎡
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	32.8% / 23.3% / 43.9%
ADR (2014) <sup>(2)(5)</sup>	JPY 4,438
Occupancy Rate(2014) <sup>(3)(5)</sup>	88.4%
RevPAR (2014) <sup>(4)(5)</sup>	JPY 3,923
Gross Revenue (2014)	JPY 322mn
GOP / GOP % (2014) <sup>(5)</sup>	JPY 201mn / 62.3%
NOI (2014)	JPY 190mn
Overseas Sales Share (2014)	2.0%
Renovation Date	January 2013 - March 2013
Leasing Contract	Fixed rent plus variable rent type

#### Super Hotel Tokyo-JR Tachikawa Kitaguchi



Name of Property	Super Hotel Tokyo-JR Tachikawa Kitaguchi
Location	2-21-9, Akebonocho, Tachikawa City, Tokyo
Access	5 minutes walk from JR Chuo Line, Tachikawa Station
Date of Construction	January 2007
Number of Guest Rooms	96
Total Floor Area	1,832.97㎡
Land Area	379.63㎡
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	—
Occupancy Rate(2014) <sup>(3)(5)</sup>	—
RevPAR (2014) <sup>(4)(5)</sup>	—
Gross Revenue (2014)	—
GOP / GOP % (2014) <sup>(5)</sup>	—
NOI (2014)	JPY 54mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed rent

#### Super Hotel JR Ueno-iriyaguchi



Name of Property	Super Hotel JR Ueno-iriyaguchi
Location	7-9-14, Ueno, Taito-ku, Tokyo
Access	3 minutes walk from JR Yamanote/Keihin-Tohoku Lines etc, Ueno station
Date of Construction	March 2006
Number of Guest Rooms	69
Total Floor Area	1,279.16㎡
Land Area	178.49㎡
Daily / Weekly / Monthly % <sup>(1)(5)</sup> (2014 Actual)	—
ADR (2014) <sup>(2)(5)</sup>	—
Occupancy Rate(2014) <sup>(3)(5)</sup>	—
RevPAR (2014) <sup>(4)(5)</sup>	—
Gross Revenue (2014)	—
GOP / GOP % (2014) <sup>(5)</sup>	—
NOI (2014)	JPY 47mn
Overseas Sales Share (2014)	—
Renovation Date	—
Leasing Contract	Fixed Rent

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(Note 5) Calculated based on the actual results from January 1, 2014 to December 31, 2014.

## **Information for Unitholders**

### **Notification Process for Address Changes**

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

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

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

### **Dividends**

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

(Bank Transfers)

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

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

### **Notification**

(Notice of Dividend Payment)

The 2008 amendment of the Special Taxation Measures Law (Act No. 23 of April 30, 2008) mandated the sending to unitholders a “Notice of Dividend Payment” stating the dividend amount, amount of taxes withheld, and the like. If you collect dividends via a “Dividends Receipt,” please view the “Notice of Dividend Payment” sent alongside it. If you have specified a wire transfer, the

“Dividend Statement” delivered with the dividend payment is the “Notice of Dividend Payment.” Both documents may be used as supporting documents when filing income tax returns.

(Characters for Addresses and Names of Unitholders)

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

**Annual Schedule**



**Inquiries**

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

TEL: 03-5411-2731 (Main)

Weekdays 9:30-17:30



## Website

**What's New**  
This page describes updated information in addition press releases.

**Portfolio**  
Portfolio MAP and Portfolio List provides summaries of particular properties. Occupancy Rates and Hotel Performance is renewed toward the end of each month.

**Investor Relations**  
This page describes Financial Results Information, Financial Information, Disclosure Materials, and the IR Schedule.

**RSS**  
Through the RSS system INV provides updated information on this website.

**Distribution Per Unit**  
This page describes the latest information about distribution.

**Inquiries**

INV Website

<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	Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 8-4, Izumi 2-chome, Suginami-ku, Tokyo, 168-0063
(Telephone Assistance)	Toll-free Telephone Number 0120-782-031 Administrative services are available at the main and branch offices throughout Japan of Sumitomo Mitsui Trust Bank, Limited