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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2018 (January 1, 2018 to June 30, 2018)

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

I would like to take this opportunity to express my sincere gratitude to all unitholders of Invincible Investment Corporation ("INV") for your continued support.

We hereby provide you with a report on INV's asset management and financial results for the 30th fiscal period (covering the period from January 1, 2018 to June 30, 2018; the "Reporting Period").

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

During the Reporting Period, INV continued with the Asset Recycling Program started in the previous fiscal period for further enhancement of portfolio revenues. Under the program, INV acquired 6 hotels which are highly competitive in terms of location and specifications in their respective areas and also expected to deliver high yields, while disposing a total of 6 properties (3 residential properties and 3 office buildings).

As to internal growth of existing properties, INV implemented large-scale renovations at 5 hotels to enhance competitiveness which temporarily impacted occupancy rate and revenue due to associated partial downtime. However, NOI of the existing hotel portfolio (1) excluding the 5 hotels increased 2.6% year on year, achieving solid growth. Concerning residential properties, the portfolio NOI increased 3.2% year on year as a result of successful ongoing efforts to increase rents for both new and renewal leases at each unit. Specifically, at Royal Parks Tower Minami Senju, INV's flagship residential property, INV achieved strong results with rent increases for 84.9% (based on the number of contracts) of the new/renewed lease contracts with an average unit rent increase of 10.1% compared to the previous rent across all new leases (2).

INV issued its first investment corporation bonds in May 2018 which successfully reduced financing costs, lengthened the average maturity period of its interest-bearing debt and diversified the maturity dates of its interest-bearing debt and funding sources, and provided partial funds for property acquisition.

As a result of the operations mentioned above, operating revenues reached JPY 13,104 million, operating income JPY 8,433 million and net income JPY 7,721 million. INV internally reserved JPY 756 million for stabilization of the distribution level in the future and decided on distribution per unit of JPY 1,430, an increase of 13.1% year on year (3).

In addition, INV conducted a global public offering of new investment units in August 2018 (after the end of the Reporting Period) for the fifth consecutive year to acquire 4 hotels in Japan also decided to acquire the TK interest in two overseas hotels as underlying assets, becoming the first J-REIT to do so.

The 2 overseas hotels are highly competitive and profitable and are located in the Cayman Islands which have highly stable political and economic systems. The Cayman Islands anticipate an increase in hotel demand due to higher inbound tourism and an airport expansion currently underway. The hotels thus are expected to improve and stabilize INV's revenues through the geographical diversification of investments as well as to moderate revenue fluctuations caused by seasonal effects since they have different demand peak seasons compared to hotels in Japan.

The 4 hotels which INV acquired in Japan are prime properties located in Tokyo, Osaka and central Sapporo, including 2 under the Hotel MyStays "Premier" brand. INV believes these hotels will contribute to stability and growth of quality as well as to revenue of its hotel portfolio. INV believes that the effectuation of the Private Lodging Business Act (New Private Lodging Business Act) in June 2018 will significantly decrease the number of "illegal private lodgings" operating without permission or license centering on central Tokyo where these properties are located and result in an increase in demand for existing hotels.

Domestic properties acquired by INV in the Reporting Period and after the end of the Reporting Period were all from the sponsor pipeline properties. In conjunction with the decision on acquisition of new properties, INV renewed a Memorandum of Understanding (the "MOU") with affiliates of Fortress Group with respect to preferential negotiating rights and increased the number of pipeline properties (19 hotels with 3,882 rooms, 9 residential properties with 743 units) for further growth. Going forward, INV aims to improve revenue and distribution per unit through external growth.

INV will continue to implement its basic policy to "increase distribution per unit," and will ensure the implementation of measures to maximize unitholder value.

Your continued support is highly appreciated.

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

- (1) Existing hotel portfolio refers to 40 properties among 54 properties owned by INV at the beginning of the fiscal period ended June 2018 (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of a special purpose company owned by INV), excluding the 9 properties with fixed rent and the 5 properties which went under renovation.
- (2) The comparison is made between the total of monthly rents based on new or renewed lease contracts and the total of monthly rents under previous contracts, concerning contracts which were subject to a new lease contract or contract renewal.
- (3) Comparison with the fiscal period ended June 2017. In order to eliminate the seasonal effects of hotel variable rent, which is one of the major revenues of INV, in the comparison, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended December 2017).

Distribution per unit for the 30th fiscal period (the fiscal period ended June 2018)

JPY 1,430

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of August 31, 2018. 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.

INV's Investment in Overseas Real Estate

- **Q** Why do you invest in overseas real estate?
- A INV seeks enhancement of profitability and stability of its portfolio as a whole.

INV believes that combining a portfolio of core assets consisting of hotels and residential properties in Japan, with overseas hotels will lead to higher stability of portfolio revenues. The overseas hotels are expected to be highly profitable and will reduce the impact of revenue fluctuations of domestic assets that may be caused by changes in economic situations in. In addition, INV believes that by acquiring overseas hotels with different demand peak periods from domestic hotels, the fluctuations in distribution amounts between the January to June period and the July to December period, which are attributable to seasonal factors in domestic hotels' revenues, will be moderated and thus the distribution will be levelled off.

- **Q** Which overseas areas will be the target of investment?
- A INV will invest in countries/territories with high political and economic stability.

INV intends to invest only in advanced countries and territories with stable political, economic and financial systems; and where the transparency in laws and regulations, accounting, taxation, the real estate market, etc. is ensured, or in countries and territories that are equivalent to such. Specifically, INV will target the U.S., Canada, the U.K., Cayman Islands (British Overseas Territory), Singapore, etc.

- What types of properties will be the investment target?
- A INV will invest only in high quality hotels that can expect stable demand.

INV intends to selectively invest in hotels that are operated by international hotel operators with global operational experience, strong marketing and sales capabilities or in hotels with operational knowhow, systems and brand name provided by such operators.

- **Q** Will hotels with no sponsor involvement also be a target?
- A In principle, INV will invest only in hotels with sponsor involvement.

In principle, INV will invest only in hotels developed, owned or operated by our sponsor, Fortress Group since this allows INV to ensure that it has sufficient information to make sound investment decisions and obtain adequate operational support after acquisition.

- Q Will investment in overseas real estate increase going forward?
- A INV has no plans, for the time being, of investing in overseas hotels following investments in hotels located in the Cayman Islands.

As mentioned above, INV has set strict criteria for investment target country/territory, hotel operator, involvement of the sponsor, etc. and is not currently discussing additional acquisitions after the acquisition of "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort" located in the Cayman Islands (which INV decided to invest in July 2018).

Furthermore, INV's investment policy limits the allocation of overseas real estate related assets to less than 15% of its total investment portfolio (on an acquisition price basis), and thus overseas investment ratio will not exceed the set percentage. (The investment ratio will be 8.4% after the acquisition of the aforementioned two overseas hotels (after considering exchange contracts.)

Properties Newly Acquired in Fiscal Period Ending December 2018 (Overseas)

Westin Grand Cayman Seven Mile Beach Resort & Spa (TK Interest)



A 4 star hotel fronting the Seven Mile Beach located in an extremely popular resort area in Grand Cayman





▲ An approx. US\$42 million full renovation of all guest rooms, etc. (completed in December 2017)

Ample meeting rooms, a large spa, six food and beverage outlets, etc.







▲ The hotel is adjacent to the longest private beach on the Seven Mile Beach, stretching for 700 feet (approx. 200m).







Location	30620 Seven Mile Beach Road, Grand Cayman, Cayman Islands
Interest	Leasehold (Long-term real estate leasehold rights) (Lease period: 99 years, ending in 2115)
Completion	1994
Renovation Period	May 2016 – December 2017
No. of Guest Rooms	343 rooms, including 18 suites
Land Area	Approx. 29,336 m ²
Food & Beverage	6 outlets
Meeting Space	Indoor: 861 m ² Outdoor: 6,781 m ² Reception tent: 111 m ²
Retail (Leased)	Dive shop, Jewelry shop, clothing / gift shop, car rental
Spa	Hibiscus Spa (13 treatment rooms)
Parking	220 guest spaces
Other Amenities	Westin kids club, fitness studio, watersport activities, oversized outdoor pool, beach cabanas, towel concierge
Resort Fee (Note)	US\$65

(Note) Additional fee charged per guest and per day to be paid separately from the lodging bill.

Properties Newly Acquired in Fiscal Period Ending December 2018 (Overseas)

Sunshine Suites Resort (TK Interest)



Standing next to Westin Grand Cayman Seven Mile Beach Resort & Spa, it is operated as the sister hotel. Guests are allowed to use some of the amenities and Westin's beach facilities.





All rooms are equipped with a kitchen with a full-size refrigerator, two-burner stove, microwave, toaster, coffeemaker and a full set of cookware.





The hotel has various facilities including a pool with an open feel and high quality restaurants.



Location	1465 Esterley Tibbetts Highway, Grand Cayman, Cayman Islands
Interest	Leasehold (Long-term real estate leasehold rights) (Lease period: 99 years, ending in 2115)
Completion	1999
Renovation Period	October 2016
No. of Guest Rooms	131 rooms, including 60 suites

Land Area	Approx. 25,454 m ²
Food & Beverage	Sunshine Grill, Sunshine Cafe
Meeting Space	
Parking	84 guest spaces
Other Amenities	Free breakfast, pool, business center, grab 'n go, kitchenette in bedroom,
Resort Fee	US\$35

(Note 1) Approximately 12,500 m 2 of vacant land is included. (Note 2) Additional fee charged per guest and per day to be paid separately from a lodging bill.

Overseas Real Estate Market

The Cayman Islands, highly recognized as a fascinating resort

About the Cayman Islands

- The Cayman Islands have high political and economic stability with a legal system based on the U.K. common law and an internationally high level of rating of Aa3 assigned by Moody's.
- In terms of economy, the Cayman Islands are closely tied to the U.S. due to its geographical proximity and receive a number of tourists and business visitors mainly from the U.S. The number of lodging guests is increasing year by year as they being one of the most popular resorts in the Caribbean.
- The Cayman Islands are a tax-efficient jurisdiction, with no tax on income or capital gains and no personal income tax or property tax. Tax revenue of the Cayman Islands is mostly from indirect taxes, taxes on imported goods or by stamp duties.
- The Cayman dollar is fixed against the US dollar and the exchange rate is relatively stable, allowing for efficient hedging against exchange fluctuations.
- Investment in hotels in the Cayman Islands will not only promote area diversification but also moderate revenue fluctuations from period to period attributable to seasonality since demand for hotels peaks at a different time from Japan (Note 1).

World's Best Beaches (2018 Travelers' Choice Awards) (Note 2)

#	Name	#	Name
1	Grace Bay (Turks and Caicos Islands)	6	La Concha Beach (Spain)
2	Baia do Sancho (Brazil)	7	Clearwater Beach (U.S.A.)
3	Varadero Beach (Cuba)	8	Seven Mile Beach (Jamaica)
4	Eagle Beach (Aruba)	9	Bavaro Beach (Dominican Republic)
5	Seven Mile Beach (Cayman Islands)	10	Playa Norte (Mexico)

Source: Prepared by the Asset Manager based on data from TripAdvisor

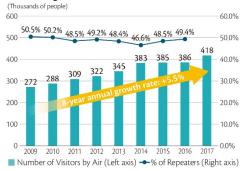
(Overview)

Country	British Overseas Territory (under the British Crown)
Land Area	264 km ²
Population	Approx. 63,000 (as of December 31, 2017)
Currency	Cayman Islands Dollar (KY\$) (US\$1.00 = KY\$0.82 Fixed Exchange Rate System)
Official Language	English
Capital	George Town
GDP	US\$3.726 billion (US\$62,132 per capita) (As of December 31, 2017)
Rating	Aa3 (Moody's Sovereign Credit Rating)

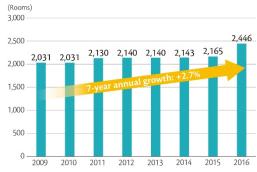
Source: Prepared by the Asset Manager based on data from UN data, ECONOMICS AND STATISTICS
OFFICE(Government of the Cayman Islands)

The Cayman Islands' Tourism Market

Number of Stay-over Visitors by Air $^{(Note\ 3)}$ / % of Repeaters $^{(Note\ 4)}$



Number of Hotel Rooms (Note 5)



Source: Prepared by the Asset Manager based on data from Government of the Cayman Islands Economics and Statistics Office, Cayman Islands Department of Tourism

- (Note 1) As demand for hotel rooms in Japan heightens during summer holiday season and autumn outing season, INV's revenues increase accordingly in the July to December period, creating likelihood of revenue fluctuations between the January to June period and the July to December period. In the Cayman Islands, however, demand tends to rise in the dry season, which is from December to April. Therefore, the investment is expected to contribute to moderating revenue fluctuations of the entire portfolio caused by seasonality.
- (Note 2) Travelers' Choice Awards are the most prestigious awards by TripAdvisor, granted annually based on millions of reviews and opinions from travelers around the world. The awards single out not just popular choices, but truly exceptional facilities and destinations that keep travelers coming back.
- (Note 3) The number reflects only the number of visitors arriving in the Cayman Islands by air among other modes of transport, and does not
- necessary move in tandem with the number of visitors arriving by cruise or the total number of visitors to the Cayman Islands. (Note 4) "% of Repeaters" indicates air arrival visitors that answered "One" or "Two or more" for "Previous visits" in an annual survey $conducted \ by \ Cayman \ Islands \ Immigration \ Department \ that \ was \ published \ on \ October \ 18,2017$
- (Note 5) Figures from 2009 to 2013 are as of the end of September each year and figures from 2014 to 2016 are as of the end of December each







Area where a number of wild rays can be seen in the shallow waters of the clear Caribbean

2 Turtle Center



Place where visitors can swim with sea turtles

3 Dolphin Discovery



Place where visitors can swim with dolphins

4 Camana Bay



Modern city within walking distance of Seven Mile Beach where visitors can enjoy shopping

5 Rum Point



Beautiful white sand beach located on the point of North Side

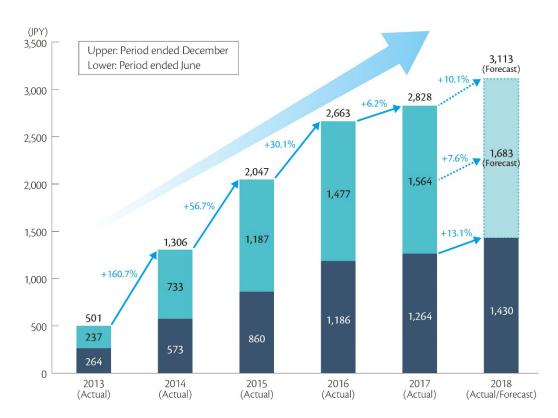
6 Kittiwake



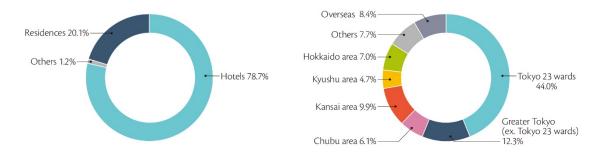
Site in North Side where visitors can enjoy diving and snorkeling

INV's Growth Track

Change in DPU



Portfolio Composition (Note 5, 6)





No. of properties (properties)	78	91	111	124	126	126	132
Of which, hotels	0	20	37	48	54	60	66
Of which, residential	63	63	66	68	67	64	64
Of which, others	15	8	8	8	5	2	2

Change in Asset Size (Note 1)

- (Note 1) Figures are calculated based on (planned) acquisition prices. As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the TK interests which hold the two overseas properties, the hotels, which are the underlying assets, are counted in the number of properties; and (planned) investment amounts in the preferred equity securities and TK interests by INV (for TK interests, exchange rate of 1US\$=JPY110.45 based on exchange contract on July 26, 2018 is used for calculation) are deemed as (planned) acquisition prices.
- (Note 2) "AUM" indicates the total acquisition price of assets owned as of the end of each year; and "Price of new acquisitions" indicates the total acquisition price of assets newly acquired out of AUM in the respective year. Furthermore, for 2014, 2017 and 2018, since asset disposition took place in those years, the sum of "AUM" for the previous year and "Price of new acquisitions" for the relevant year does not necessary match "AUM" for the relevant year.
- (Note 3) For "Jun. 30, 2018," the total acquisition price of assets owned as of June 30, 2018 is indicated as "AUM," and the total acquisition price of assets acquired between January 1, 2018 and June 30, 2018 is indicated as "Price of new acquisitions."
- (Note 4) For "Sep. $3\bar{0}$, 2018," the sum of AUM and total acquisition price of acquired assets as of June 30, 2018 is indicated as AUM; and the total (planned) acquisition price of assets (to be) acquired in the fiscal period ending December 2018 is indicated as Price of new acquisitions.
- (Note 5) Figures are indicated based on (planned) acquisition prices as of September 30, 2018. As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the TK interests which hold the two overseas properties, investment amounts in the preferred equity securities and TK interests by INV are used as acquisition prices, and are categorized based on the use and location of each underlying asset.
- (Note 6) Each area is defined as follows.

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

Properties Newly Acquired in Fiscal Period Ending December 2018 (Domestic)

Hotel MyStays Premier Akasaka









- Developed by the sponsor; opened in July 2016 after redeveloping a site previously used as a weekly mansion (a short-term rental apartment), and the first hotel under the MyStays Premier brand
- A stylish limited service hotel located a 4-minute walk from Akasaka Station on the Tokyo Metro Chiyoda Line, one of Tokyo's major stations
- Excellent location for both tourists and business travelers. Comprised of 327 rooms centering on double and twin rooms
- Pepper welcomes guests as a remote concierge

Hotel Type	Limited service hotel
Location	17-54 Akasaka 2-chome, Minato-ku, Tokyo
Access	4-minute walk from Akasaka Station (Tokyo Metro Chiyoda Line) 7-minute walk from Tameike-Sanno Station (Tokyo Metro Ginza Line and Namboku Line)
Completion	June 2016
No. of Guest Rooms	327 rooms
Number of Guest Rooms	8,620.69 m ²
Land Area	2,024.64 m ²



Hotel MyStays Premier Sapporo Park









- Ideally located in a center of Sapporo City and a 3-minute walk from Nakajima Koen Station on the Sapporo Subway Namboku Line
- Renovation completed in April 2018
- A full service hotel with a wide selection of room types, a natural hot spring, etc.
- Excellent access to sightseeing spots that are popular among tourists from within and outside Japan, such as Odori Park, Sapporo Beer Museum, Susukino entertainment district and Sapporo Clock Tower

Hotel Type	Full service hotel
Location	2-10 Nishi 2-chome, Minami 9-jo, Chuo-ku, Sapporo-shi, Hokkaido
Access	3-minute walk from Nakajima Koen Station (Sapporo Subway Namboku Line)
Completion	March 1998
Renovation Period	November 2017 - April 2018
No. of Guest Rooms	419 rooms
Number of Guest Rooms	21,670.64 m ²
Land Area	3,451.54 m ²



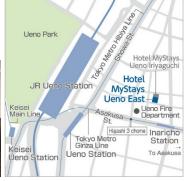
Properties Newly Acquired in Fiscal Period Ending December 2018 (Domestic)

Hotel MyStays Ueno East



Hotel Type	Limited service hotel
Location	5-6 Higashi Ueno 5-chome, Taito-ku, Tokyo
Access	2-minute walk from Inaricho Station (Tokyo Metro Ginza Line) 9-minute walk from Ueno Station (JR Yamanote Line)
Completion	September 1991
Renovation Period	December 2015 - May 2016
No. of Guest Rooms	150 rooms
Number of Guest Rooms	4,396.02 m ²
Land Area	856.48 m ²



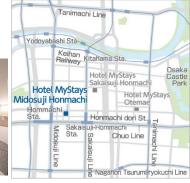


Hotel MyStaysMidosuji Honmachi



Hotel Type	Limited service hotel
Location	2-10 Honmachi 3-chome, Chuo-ku, Osaka-shi, Osaka
Access	3-minute walk from Hommachi Station (Osaka Metro Midosuji Line) 4-minute walk from Sakaisuji Hommachi Station (Osaka Metro Sakaisuji Line)
Completion	October 2017
No. of Guest Rooms	108 rooms
Number of Guest Rooms	3,429.43 m ²
Land Area	398.37 m ²





Properties Acquired in Fiscal Period Ended June 2018

(Acquired in June 2018: 2 hotels)



Hotel MyStays Gotanda

Hotel Type	Limited service hotel	
Location	2-5-4 Higashi-Gotanda, Shinagawa-ku, Tokyo	
Access	6-minute walk from Gotanda Station (JR Yamanote Line/Toei Asakusa Line)	
Completion	June 1988	
Renovation Period	August 2016	
No. of Guest Rooms	110 rooms	
Number of Guest Rooms	1,839.77 m ²	
Land Area	439.74 m ²	



Hotel MyStays Tachikawa

Hotel Type	Limited service hotel
Location	1-8-14 Nishikicho, Tachikawa-shi, Tokyo
Access	8-minute walk from South Exit of Tachikawa Station (JR Chuo Line/Nambu Line/Ome Line)
Completion	May 1991
Renovation Period	April 2016 - June 2016
No. of Guest Rooms	121 rooms
Number of Guest Rooms	$3,844.64 \text{ m}^2$
Land Area	1,179.52 m ²

(Acquired in February 2018: 4 hotels)



Hotel MyStays Yokohama-Kannai

	Limited service hotel
Location	Yokohama-shi, Kanagawa
No. of Guest Rooms	165 rooms



Art Hotel Hirosaki City

TATE HIOCCI I	III osaki City
Hotel Type	Full service hotel
Location	Hirosaki-shi, Aomori
No. of Guest Rooms	134 rooms



Art Hotel Joetsu

THE HOLE S	octsu
Hotel Type	Full service hotel
Location	Joetsu-shi, Niigata
No. of Guest Rooms	198 rooms



Hotel MyStays Oita

Hotel Type	Limited service hotel
Location	Oita-shi, Oita
No. of Guest Rooms	145 rooms

Unitholder Benefit Program

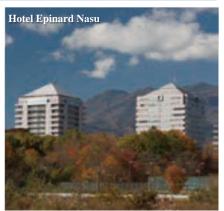
INV has introduced the unitholder benefit program to improve the satisfaction of its unitholders and expand the unitholder base. Eligible unitholders can stay at Sheraton Grande Tokyo Bay Hotel and all MyStays hotels at special discount rates.

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

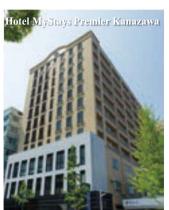
Overview of the Unitholder Benefit Program⁽¹⁾

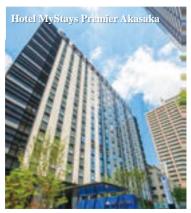
A multi-ship TT-4-1-	Sheraton Grande Tokyo Bay Hotel					
Applicable Hotels	■ All MyStays hotels ⁽²⁾					
Eligible Unithelders	Unitholders who hold 10 or more Invincible units and whose names are on					
Eligible Unitholders	Invincible's Unitholders' Registry as of these record dates:					
Record Date	The last day of every fiscal period (June 30 and December 31 of each year)					
Program Details	Stay with unitholder special discount rates at the above applicable hotels					
Hotal Dagamation	Reservation via designated website posting accommodation plans for the					
Hotel Reservation	unitholder benefit program					
Available Period ⁽³⁾	From April 1 to September 30 (eligible unitholders as of December 31)					
Avanable Period	From October 1 to March 31 (eligible unitholders as of June 30)					











- (Note 1) The details of the unitholder benefit program described above are as planned by Invincible as of September 21, 2018, and the program may be changed or abolished even after it is has been introduced.
- (Note 2) Refers to all hotels under MyStays brand managed by MHM, and hotels shown on the MyStays Hotel Group's official website (https://www.mystays.com/en-us/) will be applicable.
- (Note 3) Available Period represents a period during which you can lodge by using the unitholder benefit program. To enjoy the unitholder benefit program, you actually need to lodge during the availability period.

Asset Management Report

Overview of Asset Management

Trends in Investment Corporation's Operating Results

			26th	27th	28th	29th	30th
	By Period			fiscal period	fiscal period	fiscal period	fiscal period
Reporting period		Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec 31, 2016	Jan. 1, 2017 to Jun. 30, 2017	Jul. 1, 2017 to Dec 31, 2017	Jan. 1, 2018 to Jun. 30, 2018	
	Operating revenue	(Note 1) (JPY thousand)	8,158,220	9,511,466	9,260,917	12,647,270	13,104,841
	(Rental revenue – real estate)	(JPY thousand)	8,158,220	9,511,466	9,260,917	11,403,236	11,122,481
Opera	Operating expenses	(JPY thousand)	3,084,315	3,577,255	3,916,456	4,423,618	4,671,320
Operating Results	(Property related expenses)	(JPY thousand)	2,697,986	3,162,067	3,518,684	3,962,183	4,136,619
esults	Operating income	(JPY thousand)	5,073,905	5,934,211	5,344,461	8,223,652	8,433,520
	Ordinary income	(JPY thousand)	4,364,025	5,431,608	4,702,678	7,303,702	7,722,553
	Net income	(JPY thousand)	4,363,420	5,431,003	4,702,073	7,303,097	7,721,948
	Total assets (change from last period)	, , , , ,		277,361,874 (2.4)	306,421,050 10.5	371,758,254 21.3	374,512,988 0.7
Ass	Interest-bearing debt	(JPY thousand)	141,917,000	142,419,000	163,990,000	186,983,000	189,415,000
Assets	Net assets (change from last period)	(b) (JPY thousand) (%)	130,005,009 41.7	131,455,278 1.1	139,062,593 5.8	181,320,466 30.4	181,523,263 0.1
	Unitholders' capital	(JPY thousand)	120,367,271	120,367,271	128,984,946	168,798,455	168,798,455
Dividend Status	Total distributions	(c) (JPY thousand)	4,359,527	5,429,192	4,880,081	7,496,535	6,854,248
dend tus	Dividend payout ratio	(Note 2) (%)	94.8	100.0	102.1	100.3	88.8
tuI	Number of investment units issued and outstanding	(d) (Units)	3,675,824	3,675,824	3,860,824	4,793,181	4,793,181
formati	Net assets per unit	(b) / (d) (JPY) (Note 3)	35,368	35,762	36,019	37,829	37,871
Information per Unit	Distributions per unit (Distributions of earnings per unit) (Distributions in excess of retained earnings per unit)	(c) / (d) (JPY) (JPY) (JPY)	1,186 1,125 61	1,477 1,477 -	1,264 1,243 21	1,564 1,528 36	1,430 1,430
	Return on assets (change over year)	(Note 4) (%)	1.9 3.7	1.9 3.8	1.6 3.2	2.2 4.3	2.1 4.2
Financial Measures	Return on equity (change over year)	(Note 4) (%)	3.9 7.9	4.2 8.2	3.5 7.0	4.6 9.0	4.3 8.6
Measures	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	45.8 (3.6)	47.4 1.6	45.4 (2.0)	48.8 3.4	48.5 (0.3)
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	7,136,971	8,414,465	8,023,607	10,008,268	9,758,373

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

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

Dividend payout ratio = Distribution amount (Excluding distributions in excess of retained earnings) ÷ Net income × 100

"Dividend payout ratio" is rounded to one decimal place.

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

(Note 4) Financial measures above are calculated as below, and ratios are rounded to one decimal place.

Return on assets = Ordinary income / (Total assets at start of reporting period + Total assets at end of reporting period) / 2) x 100.

Return on equity = Net income for period ended June 30, 2018 / (Net assets at start of reporting period + Net assets at end of reporting period) / 2) x 100.

Capital ratio = Net assets at end of reporting period / Total assets at end of reporting period x 100.

Rental NOI = Rental revenue – Leasing costs + Depreciation for period ended June 30, 2018.

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

(a) Main Trends of INV

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

After the absorption-type merger with LCP Investment Corporation ("LCP") was implemented on February 1, 2010, as specified in Article 147 of the Investment Trust Act, with LCP as the absorbed corporation, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha ("Calliope"), an affiliate of the Fortress Investment Group LLC ("FIG" and together with Calliope and other affiliates of FIG, collectively the "Fortress Group") was the main allottee, and the sponsor changed to the Fortress Group. FIG became a subsidiary of Softbank Group Corp. ("SoftBank Group"), effective December 27, 2017 (Note 1). Calliope, an affiliate of FIG, who owned 100% of issued shares of the Asset Manager, transferred 80.0% of issued shares of the Asset Manager to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group, and 20.0% to SoftBank Group on March 29, 2018, pursuant to the basic agreement which was entered into as of September 7, 2017. Although FIG is no longer an indirect parent company of the Asset Manager, FIG continues to support INV as the sponsor.

Ever since the commencement of sponsorship from the Fortress Group (Note 2), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, the Asset Manager revised the Investment Guidelines for INV, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of the external growth efforts and portfolio rebalance to be described below, INV's portfolio at the end of the previous period ended December 2017 comprised of 126 properties (54 hotels (Note 3), 67 residential properties and five others) with a total acquisition price of JPY 353,695 million. The acquisition price of the portfolio has increased a significant 4.5x, compared to May 22, 2014, which is the date immediately prior to INV's initial investment in hotels.

In the Fiscal Period ended June 30, 2018 ("Reporting Period"), INV continued to pursue its portfolio rebalancing strategy with its Asset Recycling Program which began in the fiscal period ended December 2017, selling properties at low cap rates and utilizing the funds raised to buy properties at more accretive or higher cap rates. INV sold three residential properties and three office properties for the total sale price of JPY 10,624 million which is equivalent to a weighted average 4.4% NOI yield (Note 4), and used the proceeds to acquire four hotel properties in February 2018 and two hotel properties in June 2018 for the total acquisition price of JPY 19,750 million which is equivalent to a weighted average 5.7% appraisal NOI yield (Note 5). As a result, INV's portfolio at the end of Reporting Period comprised of 126 properties (60 hotels (Note 3), 64 residential properties and two others) with a total acquisition price of JPY 363,831 million. The acquisition price of the portfolio has increased a significant 5.0x, compared to May 22, 2014.

INV revised the Investment Guidelines as of July 17, 2018, establishing a newly updated investment policy to include overseas real estate related assets and changed its domestic investment policy. Please refer to "(1) Management Policy "and "c Significant Subsequent Events (Reference Information) (b) Change in the Investment Guidelines" for more details.

INV revised the Memorandum of Understanding (the "MOU") on July 17, 2018 with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisition of hotels and residential properties, which will continue to provide INV with considerable opportunities for external growth. As of the date of this document, there are 19 hotels and nine residential properties in the MOU.

In addition to acquiring a long-term issuer credit rating (Note 6) of A (positive outlook) from Japan Credit Rating Agency, Ltd. ("JCR"), INV issued its first corporate bond for the purpose of raising a part of the funds for property acquisition, as these bonds helped to diversify the financing sources for INV, while at the same time lowering its financing costs and lengthening the average maturity period of its debt. The two Investment Corporation Bonds have five and 10 year maturities and coupon rates of 40 and 80 basis points respectively, and have an "A" credit rating from JCR.

(Note 1) US Eastern Standard Time

- (Note 2) As of July 2011, Calliope owned 97.35% of issued shares of the Asset Manager and the investment ratio reached 100% in October 2013. Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group on March 29, 2018. As of the date of this document, SoftBank Group owns 100% of issued shares of the Asset Manager directly and indirectly.
- (Note 3) The preferred equity interest is counted as a hotel property, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest. Such preferred equity interest issued by special purpose company refers to 178,458 units of preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. Moreover, INV's investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest. Hereinafter the same, unless otherwise noted. The underlying asset is the real estate or the real estate related assets to be acquired or owned by a TK operator of TK interest to INV or a TMK relating to the preferred equity interest which INV owns, thus the real estate which will be the revenue source of INV. Hereafter the same.
- (Note 4) Calculated by dividing the aggregated actual NOI for January 1, 2017 December 31, 2017 of the sold properties by the total sale price and rounded to one decimal place.
- (Note 5) Appraisal NOI yield is calculated by dividing the total NOI derived from the direct capitalization method stated in the appraisal reports by The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of January 1, 2018 or April 1, 2018 by the total of acquisition price and rounded to one decimal place.
- (Note 6) The above rating is the issuer rating granted to INV, and not a rating granted to its investment units. Furthermore, INV's investment units have no credit rating that have been or will be granted or submitted for inspection by any rating agency at the request of INV.

(b) Operational Environment and Performance

For the June 2018 period, the portfolio NOI increased by 21.6% or JPY 1,734 million to JPY 9,758 million compared to the same period in the previous year (the June 2017 period). Of the 21.6% increase in NOI, the hotel portfolio accounted for an increase of 21.2% or JPY 1,701 million, the residential portfolio accounted for an increase of 2.3% or JPY 186 million, and other portfolio assets accounted for a decrease of 1.9% or JPY 153 million due to sale of assets. In addition, the portfolio maintained a high average occupancy rate (Note 1) of 98.5%.

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

The NOI of the 45 hotels owned by INV (Note 2) decreased by 0.8% for the period compared to the same period in the previous year partially due to the renovation and associated temporary downtime of five hotels. If these five hotels were not included, NOI would have increased by 2.6%. The 45 hotels recorded an occupancy rate (Note 3) of 88.4% (-0.2 points YoY), ADR (Note 4) of JPY 10,279 (-0.7% YoY), and RevPAR (Note 5) of JPY 9,087 (-0.9% YoY). As described above, five hotels (Hotel MyStays Kyoto-Shijo, Hotel MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel MyStays Premier Dojima (Note 6) and Hotel MyStays Hakodate Goryokaku (Note 7)) were renovated during the Reporting Period at a total cost of approximately JPY 1.1 billion. Based on the

portfolio of 40 hotels excluding such five hotels under renovation, the NOI, occupancy rate, ADR and RevPAR were +2.6% YoY, +0.9 points YoY, +0.4% YoY, and +1.4% YoY, respectively. Of the total hotel revenue from the 59 hotels INV owns (Note 8), fixed rents accounted for 48.6% (JPY 3,587 million) and variable rents accounted for 51.4% (JPY 3,790 million) at the 59 hotels.

Inbound visitors reached a record high of 28.6 million (+19.3% YoY) in 2017 while government targets are 40 million in 2020 and 60 million in 2030. For year to date through July 2018, inbound visitors to Japan reached 18.7 million, or 13.9% higher than the same period of the previous year. Under such circumstances, MyStays Hotel Management Co., Ltd ("MHM"), a hotel operator in the sponsor group which operates 87 hotels nationwide, including 52 hotels in INV's portfolio as of the date of this document, is continually enhancing its operations and recently launched its new website and booking engine to increase direct bookings and reduce commissions. MHM has also recently launched a new revenue management system based on machine learning to improve the overbooking algorithms to help offset cancelations and improve revenue at the hotels overall. MHM is continuing to court the increasing foreign tourism business which accounted for 33.7% (Note 9) of hotel revenue at INV owned MyStays Hotel (Note 10) in the Reporting Period. In addition to having multi-lingual chat and staff, MHM has sought to increase its Chinese guest count by being the first Japanese hotel company to list its rooms on Fliggy, Alibaba's online marketplace in China, selling hotels, tours and other travel-related services from online travel agencies and direct travel service providers, commencing from September 2017. MHM was the top international chain by revenue on Fliggy and won an award for Single's Day in China. Aside from the topline, MHM has also been focused on expense management and cut the building management costs on 38 of INV's hotels by 13.9% and cut the elevator maintenance costs on 34 of INV's hotels by 50.4%.

The NOI (Note 11) of the 64 residential properties (Note 12) for the Reporting Period increased 3.2% compared to the same period in the previous year, and the average occupancy rate achieved a stable 95.6%, an increase of 0.5 points compared to the same period in the previous year.

Trends for rent at city-center residential properties with small-type rooms maintained a moderate increase. Due to the positive circumstances in the macro environment, INV continues to focus on its rent increase program for new leases and renewals as well as initiatives to reduce residential leasing costs based on a detailed market analysis of each property and unit. In the Reporting Period, INV realized a rent increase for 50.1% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 2.6% compared to the previous rent across all new leases (Note 13). Specifically, at Royal Parks Tower Minami-Senju, INV's flagship residential property, INV achieved strong results with rent increases for 84.9% (based on the number of contracts) of the new lease contracts with an average rent increase of 10.1% compared to the previous rent across all new leases (Note 13). INV achieved a rent increase for 54.4% (based on the number of contracts) of contract renewals for an average rent increase of 2.3% compared to the previous rent across all renewal leases (Note 14), while maintaining a high contract renewal rate of 84.9% (Note 13). Combined, new leases and renewal leases were signed at 2.4% higher than the previous leases.

The total appraisal value of 125 properties (Note 8) at the end of the Reporting Period was JPY 411,542 million. The portfolio has an unrealized gain of JPY 74,607 million (Note 15) and an unrealized gain ratio of 22.1% (Note 15). The total appraisal value of 119 properties which were owned throughout the Reporting Period, increased by 0.2% from JPY 390,955 million at the end of December 2017 period to JPY 391,542 million at the end of the Reporting Period.

Key Performance Indicators of 45 Hotel Properties (Note 2)

	June 2018 fiscal period	Year-on-year change
Occupancy Rate (Note 3)	88.4%	-0.2pt
ADR (JPY) (Note 4)	10,279	-0.7%
RevPAR (JPY) (Note 5)	9,087	-0.9%

Key Performance Indicators of 64 Residential Properties (Note 12)

	June 2018 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	95.6%	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 17)	9,737	+2.6%
NOI (JPY million) (Note 11)	2,534	+3.2%

- (Note 1) "Occupancy Rate" for the entire portfolio and for the residential properties is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.
- (Note 2) Of the 54 acquired hotels held as of the beginning of the June 2018 Fiscal Period (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/ Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. The figures assume that all properties acquired after January 2017 by INV had been owned since January 1, 2017. The actual results before acquisition by INV are based on the data provided by the sellers. Hereinafter, the same shall apply.
- (Note 3) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:

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

 Hereinafter the same shall apply.
- (Note 4) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.
- (Note 5) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.
- (Note 6) The property name was changed from "Hotel MyStays Dojima" as of March 10, 2018. Hereinafter the same shall apply.
- (Note 7) Due to an operator change, the property name was changed from "Hotel Nets Hakodate" as of May 1, 2018. Hereinafter the same shall apply.
- (Note 8) Excluding Sheraton Grande Tokyo Bay Hotel (preferred equity interest) which does not have appraisal value.
- (Note 9) The ratio of sales amount through overseas web agents to revenues.
- (Note 10) The ratio of the amount of revenues from bookings through the overseas travel agencies to total revenues for 47 hotels in INV's portfolio that MHM operates as of the end of June 2018 Fiscal Period, excluding Hotel Epinard Nasu operated by a subsidiary of MHM. The figures assume that all hotels acquired in and after January 2018 by INV had been owned since January 1, 2018. The actual results before acquisition by INV are based on the data provided by the sellers.
- (Note 11) For the comparison of NOI, insurance income and related repair expenses, which are temporary items, are

excluded.

- (Note 12) Based on the 64 residential properties; of the 67 properties owned as of the beginning of June 2018 Fiscal Period, three properties (Harmonie Ochanomizu, Growth Maison Ikebukuro and Capital Heights Kagurazaka) sold on January 31, 2018 are excluded. Hereinafter the same shall apply. In addition, the figures for the properties acquired after January 2017 are calculated on the assumption INV had acquired those properties on January 1, 2017, using the actual figures provided by the sellers of such properties for the period before the acquisition, for the purpose of comparison with previous year.
- (Note 13) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (Note 14) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period
- (Note 15) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period book value as of the end of the Reporting Period.
 The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 16) "GOP," means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. Hereinafter the same shall apply. Moreover, GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest.
- (Note 17) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue including common area charges for each month by the sum of total leased area at the end of each month during the relevant period.

(c) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 189,415 million and the Interest-Bearing Debt ratio (Note 1) and LTV (Note 2) were 50.6% and 44.1% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.52%.

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

Interest-Bearing Debt ratio = total outstanding interest-bearing debt/total assets x 100

- (Note 2) LTV uses the calculation formula below:
 - LTV = total outstanding interest-bearing debt/total appraisal value (*) x 100
 - (*) Since appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) has been added as appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest).
- (Note 3) The average interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(i) Issuance of Investment Corporation Bonds

INV issued its first investment corporation bonds issuance for the purpose of raising part of funds for property

acquisition, as these bonds helped to diversify the financing sources for INV, while at the same time lowering its financing costs and lengthening the average maturity period of its debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Security/ Guaranty
First Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	May 25, 2018	1,000	0.400%	May 25, 2023	Unsecured / Unguaranteed Rating: A (JCR)
Second Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	May 25, 2018	1,000	0.800%	May 25, 2028	Unsecured / Unguaranteed Rating: A (JCR)
Total Investment Corporation Bonds / Average Interest Rate		2,000	0.600%		

(ii) Debt Financing

INV decided on new borrowings (Term Loan (H)) on June 25, 2018 and borrowed the funds on June 27, 2018 in order to procure a portion of the acquisition price and related expenses of two hotel properties as described in "(d) Overview of Acquisition of Assets (ii) Acquisition of two hotels".

Overview of Term Loan (H)

Lender	Borrowing Date	Outstanding Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
MUFG Bank, Ltd.	June 27,	1,500	0.74950%	June 27,	Unsecured/
Shinsei Bank, Limited	2018		(Note 1)	2023	non guarantee

(Note 1) This borrowing has a floating interest rate, but the interest rate is fixed through an interest rate swap agreement as of June 25, 2018. Therefore, the interest rate stated is fixed in consideration of the swap.

(iii) Prepayment of Loan

INV's short-term consumption tax loan (Note 1) in the New Syndicate Loan (H) (in the amount of JPY 1,068 million) was prepaid on May 31, 2018 from the consumption tax refund concerning asset acquisitions on October 13, 2017 and cash on hand.

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

(d) Overview of Acquisition of Assets

(i) Acquisition of four hotels

The Asset Manager decided to acquire four hotel properties on February 5, 2018 and the acquisition was completed on February 7, 2018. The overview of four hotels acquired is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller	Category of Specified Assets
	D54	Hotel MyStays Yokohama-Kannai	Yokohama, Kanagawa	5,326	5,380	Ginga Tokutei Mokuteki Kaisha	
Hotel	D55	Art Hotel Joetsu	Joetsu, Niigata	2,772	2,800	HL Investments Tokutei Mokuteki Kaisha	Trust Beneficial
	D56	Art Hotel Hirosaki City	Hirosaki, Aomori	2,723	2,750	Monza Tokutei Mokuteki Kaisha	Interest
D57 Hotel MyStays Oita		Oita, Oita	1,604	1,620	Suisei Tokutei Mokuteki Kaisha		
Total		12,425	12,550				

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

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

(ii) Acquisition of two hotels

The Asset Manager decided to acquire two hotel properties on June 25, 2018 and the acquisition was completed on June 27, 2018. The overview of two hotels acquired is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million)	Appraisal Value (JPY million) (Note 1)	Seller	Category of Specified Assets
	D58	Hotel MyStays Gotanda	Shinagawa- ku, Tokyo	4,068	4,110	Calvis Tokutei	Trust
Hotel	D59	Hotel MyStays Tachikawa	Tachikawa, Tokyo	3,257	3,290	Mokuteki Kaisha	Beneficial Interest
	Total				7,400		

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

(e) Overview of Sale of Assets

INV sold its assets as follows for the purpose of improving the profitability of its portfolio by rebalancing of assets

and stabilizing the distribution by recognizing a gain on sales.

(i) Sale of three residential properties and two office buildings

The Asset Manager decided to sell three residential properties and two office buildings on December 21, 2017 and December 26, 2017 respectively. Sales of the five assets closed on January 31, 2018. The overview of assets sold is described below. The proceeds from the sale were used to fund the acquisition and a portion of the related expenses described in "(d) Overview of Acquisition of Assets (i) Acquisition of four hotels."

Use	Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sales Price (JPY million) (Note 2)	Difference between Sales Price and Book Value (JPY million) (Note 1)	Transferee	Category of Specified Assets
	A31	Harmonie Ochanomizu	1,428	1,346	1,603	256		
Residential	A36	Growth Maison Ikebukuro	825	743	1,057	314	Undisclosed (Note 3)	Trust Beneficiary Interest
	A42	Capital Heights Kagurazaka	604	623	732	108		(Note 4)
Office Building	B15	Cross Square NAKANO	1,060	1,125	1,350	224	Taisei-Yuraku Real Estate Co., Ltd	Trust Beneficiary
Office	B16	Ohki Aoba Building	816	709	721	11	Kubota Honten	Interest
Total		4,734	4,549	5,464	915			

- (Note 1) The difference between sales price and book value is used as an estimate for reference purposes and is calculated using the book values as of the date of sale. INV recognized a gain on sales of JPY 816 million after deducting related expenses in the fiscal period ended June 2018.
- (Note 2) Sales prices do not include adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes. Hereafter the same.
- (Note 3) The name of the transferee (a domestic TMK) is not disclosed, as the transferee's consent has not been obtained for disclosure.
- (Note 4) Each of the trust beneficiary interest of Harmonie Ochanomizu, Growth Maison Ikebukuro and Capital Heights Kagurazaka was integrated in a single trust account with other trust accounts when INV procured funds through debt financing backed by trust assets in July 2011. In transferring the sole trust beneficiary interest of the above mentioned three properties by itself, INV incurred some expenses to detach from the integrated trust account, effective as of December 22, 2017.

(ii) Sale of one office building

The Asset Manager decided to sell the following asset on February 13, 2018, and the sale of the asset closed on March 9, 2018. The overview of asset sold described below. The proceeds from the sale were used to the fund the acquisition and a portion of the related expenses described in "(d) Overview of Acquisition of Assets (ii) Acquisition of two hotels."

Use	Property Number	Property Name	Acquisition Price (JPY million)	Book Value (JPY million) (Note 1)	Sale Price (JPY million)	Difference between Sale Price and Book Value (JPY million) (Note 1)	Transferee	Category of Specified Asset
Office Building	B14	Lexington Plaza Nishi-Gotanda	4,880	4,632	5,160	527	Undisclosed (Note 2)	Trust Beneficiary Interest

(Note 1) The difference between sales price and book value is used as an estimate for reference purposes and is calculated using the book values as of the date of sale. INV recognized a gain on sales of JPY 432 million after deducting related expenses in the fiscal period ended June 2018.

(Note 2) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure.

(f) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 457 million from the previous period (+3.6%) to JPY 13,104 million, and net income increased by JPY 418 million (+5.7%) to JPY 7,721 million.

INV believes that maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period. In the Reporting Period, INV recorded a gain on sale of properties (JPY 1,249 million) and decided to retain a portion of the gains, to the extent allowed by the conduit requirement, in order to stabilize the distribution per unit ("DPU") in the future. Therefore, INV will make a distribution of profit of JPY 6,854 million, or JPY 1,430 per unit, which is equivalent to 90% of its distributable income of JPY 7,610 million (which is a total of net income and JPY 111 million of retained deficits carried forward). INV will not make an excess profit distribution in the Reporting Period.

The majority of INV's owned hotels use a variable rent scheme linked to performance of the relevant hotel. Hotel demand is affected by seasonal factors and the fiscal period ending December (from July to December) which include summer holiday and autumn outing seasons tend to record higher revenue than the fiscal period ending June (from January to June). Accordingly, INV's rental revenues tend to be higher in the fiscal period ending December than in the fiscal period ending June.

3 Changes in Total Number of Investment Units Issued and Outstanding

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

Date	Type of issue Total number of inversional issued and outstand			Unitholders'	capital (JPY)	Reference	
24.0	1,700 01 10040	Increase	Total	Increase	Total	1101010100	
February 1, 2010	Unit split	215,596	269,495	-	19,134,417,100	(Note 1)	
February 1, 2010	Merger	367,200	636,695		19,134,417,100	(Note 2)	
July 29, 2011	Third-party allotment	711,597	1,348,292	6,999,979,689	26,134,396,789	(Note 3)	
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 4)	
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 5)	
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 6)	
July 15, 2015	Public offering	500,000	3,168,686	27,970,500,000	81,066,913,980	(Note 7)	
August 12, 2015	Third-party allotment	25,000	3,193,686	1,398,525,000	82,465,438,980	(Note 8)	
March 30, 2016	Public offering	459,512	3,653,198	36,123,157,344	118,588,596,324	(Note 9)	
April 27, 2016	Third-party allotment	22,626	3,675,824	1,778,675,112	120,367,271,436	(Note 10)	
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 11)	
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 12)	
October 12, 2017	Public offering	887,959	4,748,783	37,917,625,218	166,902,571,918	(Note 13)	
November 1, 2017	Third-party allotment	44,398	4,793,181	1,895,883,396	168,798,455,314	(Note 14)	

- (Note 1) An investment unit split of five units per one unit was conducted.
- (Note 2) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with INV as the surviving entity. As a result of the merger by absorption, four investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.
- (Note 3) New investment units were issued in a third-party allotment at a price of JPY 9,837 per unit to make repayment of existing loan, etc.
- (Note 4) New investment units were issued in a third-party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.
- (Note 5) New investment units were issued in a public offering at a price of JPY 22,688 per unit (JPY 21,873 after deducting the underwriters' discount) to raise funds for the acquisition of new properties.
- (Note 6) New investment units were issued in a third-party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.
- (Note 7) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

- (Note 8) New investment units were issued in a third-party allotment at a price of JPY 55,941 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of properties.
- (Note 9) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 10) New investment units were issued in a third-party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of properties.
- (Note 11) INV has decided on Board of Directors' Meeting held on February 22, 2017, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.
- (Note 12) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 13) New investment units were issued in a public offering at a price of JPY 44,118 per unit (JPY 42,702 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 14) New investment units were issued in a third party allotment at a price of JPY 42,702 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of specified assets.

Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	26th fiscal	27th fiscal	28th fiscal	29th fiscal	30th fiscal
renou	period	period	period	period	period
Closing	June	December	June	December	June
month	2016	2016	2017	2017	2018
Highest	88,400	70,300	54,800	50,200	53,000
Lowest	61,100	49,600	41,500	44,450	46,650

4 Distribution Performance

Pursuant to the cash distribution policy set forth in Article 17, Item 4 of the Articles of Incorporation, INV has determined that the amount of distribution shall be up to the amount of profits and shall exceed 90% of the amount of "distributable income" as stipulated in Article 67, Item 15 of the Act on Special Measures Concerning Taxation.

For the Reporting Period, while distributing JPY 6,854 million, which is equivalent to 90% of distributable income (JPY 7,610 million), as distribution of profit, INV reserved JPY 756 million as internal reserve and declared distribution per unit (excluding excess profit distribution) of JPY 1,430. INV shall not make excess profit distribution for the Reporting Period.

Period	26th fiscal	27th fiscal	28th fiscal	29th fiscal	30th fiscal
Calculated Period	period Jan. 1, 2016 to Jun. 30, 2016	period Jul. 1, 2016 to Dec. 31, 2016	period Jan. 1, 2017 to Jun. 30, 2017	period Jul. 1, 2017 to Dec. 31, 2017	period Jan. 1, 2018 to Jun. 30, 2018
Unappropriated retained earnings (JPY thousand)	4,363,420	5,659,831	4,708,487	7,212,580	7,610,548
Reserved profit (JPY thousand)	228,827	6,414	-90,516	-111,399	756,300
Total cash distribution (JPY thousand)	4,359,527	5,429,192	4,880,081	7,496,535	6,854,248
(Distribution per unit) (JPY)	(1,186)	(1,477)	(1,264)	(1,564)	(1,430)
Total profit distribution (JPY thousand)	4,135,302	5,429,192	4,799,004	7,323,980	6,854,248
(Profit distribution per unit) (JPY)	(1,125)	(1,477)	(1,243)	(1,528)	(1,430)
Total refund of investment (JPY thousand)	224,225	-	81,077	172,554	-
(Refund of investment per unit) (JPY)	(61)	(-)	(21)	(36)	(-)
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	224,225	-	46,329	-	-
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	(61)	(-)	(12)	(-)	(-)
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	-	34,747	172,554	-

Period	26th fiscal	27th fiscal	28th fiscal	29th fiscal	30th fiscal
1 chou	period	period	period	period	period
	Jan. 1, 2016	Jul. 1, 2016	Jan. 1, 2017	Jul. 1, 2017	Jan. 1, 2018
Calculated Period	to Jun. 30,	to Dec. 31,	to Jun. 30,	to Dec. 31,	to Jun. 30,
	2016	2016	2017	2017	2018
Distribution from					
unitholders' equity under	()	()	(0)	(26)	()
the tax laws out of refund	(-)	(-)	(9)	(36)	(-)
of investment per unit (JPY)					

5 Future operational policy and issues to be addressed

Outlook for the Fiscal Period Ending December 31, 2018

The DPU for the December 2018 period is forecast to be JPY 1,683 (+7.6% YoY). Combined with the DPU for the June 2018 fiscal period, the full year DPU for calendar year 2018 is forecast to be JPY 3,113 (+10.1% YoY), providing steady growth.

a Future operational policy and issues to be addressed

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

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

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

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated, and residential properties especially where rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 65.9% of total revenue (Note 1). This acquisition

strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign travelers visiting Japan, demands of business and leisure customers in nearby areas, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental revenue are forecasted to increase. After the Reporting Period, on August 2, 2018, INV acquired four hotels as mentioned in below "c Significant Subsequent Events (c) Acquisition of assets." For the further achievement of the profitability and stability, INV also will acquire the TK Interest which holds two overseas hotels in Grand Cayman.

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

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

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

Date	Properties acquired	Total acquisition price		
September 2012	24 residential properties	JPY 14,043 million		
May 2014	Two hotels	JPY 5,435 million		
July 2014	18 hotels	JPY 39,938 million		
February 2015	Two hotels	JPY 4,911 million		
July 2015	11 hotels and three residential properties	JPY 35,258 million		
August 2015	One hotel	JPY 5,069 million		
January 2016	Five hotels and one residential property	JPY 10,207 million		
March 2016	Four hotels and one residential property	JPY 66,697 million		
June 2016	Two hotels	JPY 15,900 million		
March 2017	Two residential properties	JPY 24,562 million		
May 2017	One hotel	JPY 8,000 million		
October 2017	Five hotels (Note 2)	JPY 57,444 million (Note 2)		
February 2018	Four hotels	JPY 12,425 million		
June 2018	Two hotels	JPY 7,325 million		
August 2018	Four hotels	JPY 47,747 million		
Total	92 properties (of which 61 are hotels and 31 are	JPY 354,961 million (of which hotels: JPY 303,323 million;		
	residential properties)	residential: JPY 51,638 million)		

The Fortress Group manages five dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, III and IV. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 3,500. In order to ensure future growth options for the portfolio, INV entered into an updated MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 19 hotels and nine residential properties (see the table below) (Note 3). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	Asset type (Note 4)	Location	No. of rooms				
1	Rihga Royal Hotel Kyoto	Full Service Hotel Kyoto-shi, K		489				
2	Hotel MyStays Premier Narita	Full Service Hotel	Narita, Chiba	711				
3	Fusaki Resort Village	Resort Service Hotel	Ishigaki, Okinawa	188				
4	Art Hotel Asahikawa	Full Service Hotel	Asahikawa, Hokkaido	265				
5	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa, Ishikawa	206				
6	Hotel MyStays Matsuyama	Full Service Hotel	Matsuyama, Ehime	162				
7	Hotel Mystays Sapporo Nakajima Park	Limited Service Hotel	Sapporo, Hokkaido	86				
8	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama, Kanagawa	70				
9	MyCUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	161				
10	Hotel MyStays Fuji Onsen Resort	Resort Hotel	Fujiyoshida, Yamanashi	159				
11	Hotel Nord Otaru	Limited Service Hotel	Otaru, Hokkaido	98				
12	Hotel Sonia Otaru	Limited Service Hotel	Otaru, Hokkaido	94				
13	Art Hotel Niigata Station	Full Service Hotel	Niigata, Niigata	304				
14	Art Hotel Ishigakijima	Resort Hotel	Ishigaki, Okinawa	245				
15	Hotel MyStays Shinsaibashi East	Limited Service Hotel	Osaka, Osaka	85				
16	Hotel MyStays Sapporo Aspen	Limited Service Hotel	Sapporo, Hokkaido	305				
17	Hotel MyStays Sapporo Nakajima Park Annex	Limited Service Hotel	Sapporo, Hokkaido	80				
18	Hotel MyStays Sapporo Susukino	Limited Service Hotel	Sapporo, Hokkaido	104				
19	Hotel MyStays Nayoro	Limited Service Hotel	Nayoro, Hokkaido	70				
		Hotel subtotal		3,882				
20	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121				
21	Plestay Win Kinshicho	Residential/Small Type	Sumida-ku, Tokyo	92				
22	Gran Charm Kichijoji	Residential/Small Type	Musashino, Tokyo	28				
23	Green Patio Noda	Residential/Small Type	Noda, Chiba	240				
24	Dainichi F 45	Residential/Small Type	Urayasu, Chiba	54				
25	Gran Charm Urayasu	Residential/Small Type	Urayasu, Chiba	54				
26	Gran Charm Urayasu 5	Residential/Small Type	Urayasu, Chiba	54				
27	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa, Chiba	52				
28	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa, Chiba	48				
	Residential property subtotal							
		Total		4,625				

- (Note 1) The percentage indicates composition of rent revenue based on the actual results for the fiscal period ended June 2018. Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is excluded.
- (Note 2) Sheraton Grande Tokyo Bay Hotel acquired by a special purpose company, of which INV owns the preferred equity interest, is counted as one property and the INV's investment amount to the preferred equity interest is counted as the acquisition price of the preferred equity interest.
- (Note 3) The term of validity of the MOU is from July 17, 2018, the date of execution of the updated MOU, to July

16, 2019. Regarding the 28 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 4) Each "Asset Type" above is as follows:

"Limited Service Hotel" refers to a hotel focusing on revenues from room stay and offer limited service regarding foods and beverages, banquet, spa or gymnasium facilities.

"Full Service Hotel" refers to a hotel having segments of stay, foods and beverages, and banquet.

"Resort Hotel" refers to a hotel located at tourist destinations or recreational lots, having segments of stay, foods and beverages, and incidental facilities.

"Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m².

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 59 hotels (Note 1) owned by INV as of the end of the Reporting Period, 50 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting management fees for the hotel operator as rents, and as a result INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 48 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

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

(Residential properties and others)

INV will continue to strengthen its collaborative ties with PM and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the low-season in the residential rental market that occurs during the December 2018 period, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

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

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

(iii) Financial strategy

In the Reporting Period, INV issued its first investment corporation bonds and lowered its financing costs while at the same time lengthened the average maturity period of its debt and diversified the maturity date of its debt and funding sources. Going forward, INV seeks to maximize unitholders' value by way of further reduction of borrowing costs, diversification of loan maturity dates and financing measures, and improvement of its credit rating.

(iv) Compliance risk management

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

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

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

c Significant Subsequent Events

(a) Issuance of New Investment Units

On July 17, 2018, INV launched its fifth Global Share Offering, and sixth share offering in total since Fortress became its Sponsor. The offering size and funds raised are described below. The funds used from the issuance of new units were used to procure a portion of acquisition price for four domestic hotels and TK Interest with two overseas hotels as underlying assets defined in "(c) Acquisition of assets". Payment for the issuance of new investment units and for the third-party allotment in connection with overallotment secondary offering were completed on August 1, 2018 and August 21, 2018 respectively. As a result, total equity for INV is JPY 211,092 million, total number of issued investment units is 5,748,181 units.

(i) Issuance of new investment units through Public Offering

Number of investment : 909,524 investment units

units to be offered Domestic public offering: 432,024 investment units

Overseas offering: 477,500 investment units

Issue price : JPY 45,776 per unit

(offer price)

Total issue price JPY 41,634,370,624

(total offer price)

Amount to be paid : JPY 44,287 per unit

(issue value)

Total amount to be paid : JPY 40,280,089,388

(total issue value)

Payment date : August 1, 2018

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

Number of Investment : 45,476 investment units

Units to be offered in the

secondary offering

Offer price : JPY 45,776 per unit
Total offer price : JPY 2,081,709,376
Delivery date : August 2, 2018

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

Number of investment : 45,476 investment units

units to be offered

Amount to be paid : JPY 44,287per unit

(issue value)

Total amount to be paid : JPY2,013,995,612

(total issue value)

Payment date : August 21, 2018

Allottee : Mizuho Securities Co., Ltd.

(b) Debt Financing

Along with equity finance defined in "(a) Issuance of New Investment Units", INV has decided to execute new borrowings (New Syndicate Loan (J)) on July 17, 2018 in order to fund a portion of the acquisition price of four domestic hotel properties and TK Interest with two overseas hotels as underlying assets later described in "(c) Acquisition of assets".

New Syndicate Loan (J)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd.			Variable	September 12,	
Sumitomo Mitsui Banking		13,119	interest rate	2023	
Corporation			(Note 2)	(Note 1)	
MUFG Bank, Ltd.	September		Variable	September 12,	
Shinsei Bank, Limited	12,	13,120	interest rate	2022	
Citibank, N.A., Tokyo Branch	2018		(Note 3)	(Note 1)	
Development Bank of Japan, Inc.	(Note 1)		Variable	September 12,	
The Nomura Trust and Banking		10,761	interest rate	2021	
Co., Ltd.		10,701			
AEON Bank, Ltd.			(Note 4)	(Note 1)	Unsecured/
Mizuho Bank, Ltd.					
Sumitomo Mitsui Banking					non
Corporation					guarantee
MUFG Bank, Ltd.			Variable	A 2	
Shinsei Bank, Limited		2,359	interest rate	August 2, 2021	
Citibank, N.A., Tokyo Branch	August 2,		(Note 4)	2021	
The Nomura Trust and Banking	2018				
Co., Ltd.					
AEON Bank, Ltd.					
Mizuho Bank, Ltd.			Variable	A 4 2	
Sumitomo Mitsui Banking		1,099	interest rate	August 2,	
MUFG Bank, Ltd.			(Note 5)	2019	
Total Debt	40,458			-	

- (Note 1) Borrowing Date and Maturity Date is scheduled as of the date of this document, and it may be changed in the future.
- (Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.50%)

 (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.50%))
- (Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.40%)

 (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.40%))
- (Note 4) 1-month JPY TIBOR (Base Rate) + spread (0.30%)

 (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.30%))
- (Note 5) 1-month JPY TIBOR (Base Rate) + spread (0.20%)

 (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.20%))

(c) Acquisition of assets

(i) Acquisition of four domestic hotel properties

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

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

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

(ii) Acquisition of TK Interest with two Overseas Real Estate as Underlying Assets The Asset Manager decided to acquire TK Interest as follows on July 17, 2018 and executed the TK Agreement on the same date.

(1) Asset to be acquired	TK interest in a Cayman Islands special purpose company that plans to acquire 99-year Leasehold Interests (Note 1) (with a lease payment of USD 1 or KYD 1 per year) in overseas real estate as underlying assets (the "Cayman Hotel TK Interest")
(2) Anticipated acquisition price	USD 339,836,000 (JPY 37,534 million) (Note 2) for 100.0% of the Cayman Hotel TK
	Interest (Note 3)
(3) Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort
	(each an "Underlying Asset", and collectively the "Underlying Assets", or the "Two
	Overseas Hotel Assets")
(4) Anticipated acquisition date	One business day prior to the acquisition date of the underlying assets, which is
	expected to close by October 31, 2018 or the date separately agreed (Note 4)
(5) TK operator	Seven Mile Resort Holdings Ltd (the "Cayman SPC").

- (Note 1) Rights equivalent to long-term real estate leasehold rights in Japan (hereinafter referred to collectively as the "Leasehold"). The TK operator will also acquire some movables including FF&E pertaining to hotel operations. "FF&E" is an abbreviation for furniture, fixtures and equipment, which are the assets necessary for hotel operation, such as furniture, fixtures, equipment and kitchen equipment (hereinafter the same)
- (Note 2) The anticipated investment amount is fixed by the foreign exchange forward contract executed on July 26, 2018 in Japanese Yen denomination which were calculated using an exchange rate of 1 USD=110.45. Hereinafter the same.
- (Note 3) The anticipated acquisition price is INV's anticipated investment amount for the Cayman Hotel TK Interest. The amount does not include any taxes payable including consumption tax and is rounded down.
- (Note 4) The "anticipated acquisition date" (hereinafter the same) will be one business day prior to the date when the Cayman SPC (TK operator) will acquire the underlying assets, which will be (a) as soon as possible, using commercially reasonable efforts, after all conditions to closing have been satisfied or waived, and in any event by October 31, 2018, or (b) such other date as may be agreed upon with the sellers. Conditions precedent to closing under the purchase and sale agreement include, among others, obtaining (i) governmental approvals relating to the transfer of the Leasehold and (ii) permits under the laws of the Cayman Islands required for the operation of the two Overseas Hotel Assets (including operation by the Special Purpose Company to which the Cayman SPC entrusts the hotel operation).

(Reference Information)

(a) Debt Financing

INV has decided to execute new borrowings (New Syndicate Loan (I)) on July 12, 2018 in order to repay a portion of New Syndicate Loan (E) in the amount of JPY 28,979 million which was due on July 17, 2018.

New Syndicate Loan (I)

Lender	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking		9,659	Variable interest rate (Note 1)	July 14, 2023	
Corporation Sumitomo Mitsui Trust Bank, Limited	July 17, 2018	9,660	Variable interest rate (Note 2)	July 17, 2022	Unsecured/ non guarantee
Shinsei Bank, Limited Citibank, N.A., Tokyo Branch		9,660	Variable interest rate (Note 3)	July 17, 2021	

Total Debt 28,979

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.50%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.50%))

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.40%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.40%))

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.30%)

(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.30%))

(b) Change in the Investment Guidelines

The Asset Manager decided to revise the Investment Guidelines as of July 17, 2018, prior to the anticipated acquisition of overseas assets. Such revision is intended to establish an investment policy and asset management structure regarding investments in overseas assets, and also to change the investment policy regarding domestic hotels to focus on (i) Limited service hotels, which feature relatively higher profit margins and potential for revenue growth backed by increasing demand for accommodations, and (ii) Full-service and Resort hotels, which have a variety of revenue sources, including rooms, food and beverage and banquet facilities, that are expected to achieve stable growth in overall hotel revenues. Please refer to the press release entitled "Notice concerning Partial Change in Investment Policy due to Revision of Internal Rules (the "Investment Guidelines") of the Asset Manager" dated July 17, 2018.

Overview of the Investment Corporation

1 Overview of Investment

By Period	26th fiscal	27th fiscal	28th fiscal	29th fiscal	30th fiscal
	period	period	period	period	period
Results Dates	As of Jun. 30,	As of Dec. 31,	As of Jun. 30,	As of Dec. 31,	As of Jun. 30,
Results Dates	2016	2016	2017	2017	2018
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	3,675,824	3,675,824	3,860,824	4,793,181	4,793,181
Unitholders' capital (JPY million)	120,367	120,367	128,984	168,798	168,798
Number of total unitholders	12,135	15,634	17,493	26,761	27,960

2 Notes regarding Unitholders

Major unitholders at the end of the reporting period are as below.

Name	Number of units held	% of total number of investment units issued and outstanding
The Master Trust Bank of Japan, Ltd. (trust account)	697,842	14.55
Japan Trustee Services Bank, Ltd. (trust account)	581,368	12.12
Trust & Custody Services Bank, Ltd. (securities investment trust account)	214,511	4.47
The Nomura Trust and Banking Co., Ltd. (investment trust account)	165,938	3.46
Mizuho Trust & Banking Co., Ltd.	131,076	2.73
Calliope Godo Kaisha	98,918	2.06
THE BANK OF NEW YORK MELLON SA/NV 10	96,213	2.00
JP MORGAN CHASE BANK 385628	74,626	1.55
STATE STREET BANK AND TRUST COMPANY	74,185	1.54
STATE STREET BANK WEST CLIENT-TREATY 505234	66,065	1.37
Total	2,200,742	45.91

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

3 Notes regarding Directors

Directors at the end of the reporting period are as below.

Position	Name	Primary responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd.	-
	Takashi Takahashi	Attorney, Ocean General Law Office	2,400
Supervisory Director	Hiroyuki Fujimoto	Tax accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position)	2,400
Auditor	Ernst & Young ShinNihon LLC (Note 1)	-	15,900

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

Determination policy for dismissal or non-reappointment of Auditor

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

⁽Note 2) Executive and supervisory directors do not hold INV's units either in their names or in the names of third parties. In addition, while they may be directors of organizations not listed above, those organizations as well as those listed above have no conflicts of interest with INV.

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

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

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

- (Note 1) Of the administrative tasks for the INV's institutional operations, tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms are delegated.
- (Note 2) (i) Tasks related to the running of general unitholders' meetings for INV (excluding tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms), (ii) Tasks related to the running of the meetings of the Board of Directors of INV, and (iii) the aforementioned in (i) or tasks incidental or related to (ii) are delegated.
- (Note 3) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the INV before the merger (former Tokyo Growth REIT Investment Inc.) as well as tasks related to other transfer savings account registers.
- (Note 4) Conducts administrative tasks related to the creation, maintenance, and disposition of transfer savings account registers for special accounts of unitholders of the former LCP as well as tasks related to other transfer savings account registers.

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

	Composition of		Fiscal period ended (as of December)		Fiscal period ended June 30, 2018 (as of June 30, 2018)		
Type of	Purpose	Geographic area (Note 1)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)	
asset		Greater Tokyo Area (Note 3)	2	0.0	2	0.0	
	Hotels	Major regional cities	-	-	-	-	
		Subtotal	2	0.0	2	0.0	
	Total real esta		2	0.0	2	0.0	
	Residences	Greater Tokyo area	74,091	19.9	70,877	18.9	
		Major regional cities	15,858	4.3	15,691	4.2	
		Subtotal	89,949	24.2	86,569	23.1	
Real	Offices/Commercial Facilities	Greater Tokyo area	5,765	1.6	-	-	
estate in trust		Major regional cities	5,666	1.5	4,912	1.3	
		Subtotal	11,432	3.1	4,912	1.3	
		Greater Tokyo area	121,225	32.6	133,640	35.7	
	Hotels	Major regional cities	105,099	28.3	111,809	29.9	
		Subtotal	226,325	60.9	245,450	65.5	
Total real estate in trust		327,706	88.2	336,932	90.0		
]	Preferred equity interest (Note 4)		17,854	4.8	17,856	4.8	
Deposits and other assets		26,193	7.0	19,721	5.3		
	-		371,758	100.0	374,512	100.0	
	Total assets (No	ie 3)	(327,709)	(88.2)	(336,934)	(90.0)	

- (Note 1) "Greater Tokyo area" refers to Tokyo, Kanagawa, Chiba and Saitama.
- (Note 2) "Amount held" is from the balance sheet as of the end of the reporting period and is calculated by deducting accumulated depreciation from the acquisition price (including acquisition related costs).
- (Note 3) Part of Hotel MyStays Haneda falls under this category.
- (Note 4) Preferred equity interest issued by Kingdom Special Purpose Company, with the Sheraton Grande Tokyo Bay Hotel as an underlying asset (asset in trust of trust beneficiary interest acquired by Kingdom Special Purpose Company, which is the real estate that serves as the main source of revenue for Kingdom Special Purpose Company).
- (Note 5) The figures indicated in parenthesis under "Total assets" show the amounts related to owned real estate (excluding the amount of preferred equity securities owned).

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 (JPY million)	Leasable area (m²)	Leased area (m ²)	Occupancy rate (%) (Note 1) (Note 2)	Ratio of rental revenue (%) (Note 2)	Main use
D43	Hotel MyStays Gotanda Station	26,464	10,137.88	10,137.88	100.0	4.3	Hotel
A105	Royal Parks Tower Minami-Senju	22,388	39,113.46	36,405.23	93.1	6.9	Residence
D44	Hotel Epinard Nasu	20,218	37,702.33	37,702.33	100.0	5.2	Hotel
D47	Hotel MyStays Premier Kanazawa	13,339	13,250.03	13,250.03	100.0	2.8	Hotel
D50	Hotel MyStays Shin Osaka Conference Center	13,039	13,026.99	13,026.99	100.0	3.5	Hotel
D51	Hotel MyStays Premier Omori	9,746	11,849.61	11,849.61	100.0	2.5	Hotel
D52	Beppu Kamenoi Hotel	8,689	19,422.08	19,422.08	100.0	3.1	Hotel
D49	Hotel MyStays Premier Hamamatsucho	7,980	6,151.93	6,151.93	100.0	2.0	Hotel
D45	Hotel MyStays Fukuoka Tenjin	7,911	5,083.06	5,083.06	100.0	2.0	Hotel
D21	APA Hotel Yokohama-Kannai	7,897	6,568.51	6,568.51	100.0	2.1	Hotel
	Total	137,676	162,305.88	159,597.65	98.3	34.3	-

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

⁽Note 2) "Occupancy rate" and "Ratio of rental revenue" are rounded to one decimal place.

3 Asset Portfolio of Real Estate, etc.

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

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest (Note 3)	1,771.13	1,210	1,112
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest (Note 3)	2,681.94	1,330	1,076
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest (Note 3)	1,051.50	1,040	848
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 3)	1,367.96	1,140	968
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest (Note 3)	2,152.31	1,430	1,353
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	3,029.16	1,090	1,073
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	1,858.44	1,180	952
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 3)	1,351.11	1,090	940
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 3)	1,562.26	1,010	813
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,015.34	747	739

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest (Note 3)	1,368.57	669	637
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,167.50	638	664
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,235.93	499	654
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 3)	1,210.74	746	532
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 3)	1,047.75	535	557
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 3)	557.05	621	556
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	907.46	515	523
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	815.77	573	515
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 3)	2,040.27	486	513
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 3)	871.35	554	450
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,270	2,305
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,032.70	4,150	3,027
A53	Nishiwaseda Cresent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,590	1,878

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,910	1,313
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,110	817
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	722	551
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,370	1,012
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	574	386
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	453	280
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	281	230
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,240	845
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	640	432
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,290	949
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest	7,794.91	8,110	6,463
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	2,050	1,610
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,400	1,164
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,100	890
A79	Revest Honjin	2-13 Toriidori, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	816	613
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	800	603

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	743	554
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	734	544
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	709	543
A85	Véndir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	717	522
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	637	499
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	635	510
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	573	482
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	615	465
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	619	430
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudaru, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	530	415
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	530	391
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	438	350
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	447	345
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	439	329
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	436	321
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	320	312

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	389	289
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	327	273
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	1,990	1,770
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,760	1,693
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,770	1,637
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,080	2,865
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,510	5,015
A105	Royal Parks Tower Minami-Senju	4-7-3 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	39,113.46	22,700	22,388
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	2,760	2,756
		Subtotal		182,093.86	100,387	86,569
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,720	3,056
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,450	1,855
		Subtotal		26,859.73	6,170	4,912
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	4,920	3,003
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	4,670	2,553
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	15,100	5,821
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,140	4,730

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
D05	Hotel MyStays Maihama	3-5-1 Tekkodori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,580	4,848
D06	Hotel MyStays Premier Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka	Trust beneficiary interest	9,445.32	7,340	3,810
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	6,290	2,717
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	7,240	2,414
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,500	1,999
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	2,960	1,821
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	5,460	1,507
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	1,980	1,366
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,240	1,262
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	1,950	1,212
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,090	1,217
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,050	1,137
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	4,530	1,153
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,270	729
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	763	573
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	367	290

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,650	7,897
D22	Hotel MyStays Hakodate-Goryokaku	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,640	2,848
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,220	2,101
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,160	7,470
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,020	5,454
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	3,900	3,728
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,670	3,649
D28	Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,430	2,082
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,790	1,604
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,340	1,268
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interest	11,733.23	1,540	1,230
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,150	936
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,090	941
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	1,030	884
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	4,800	4,939
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,230	1,131

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,220	1,102
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	3,220	3,095
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,220	1,096
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,160	1,084
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,070	975
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	905	812
D43	Hotel MyStays Gotanda Station (Note 4)	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	10,137.88	27,500	26,464
D44	Hotel Epinard Nasu	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	23,100	20,218
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,740	7,911
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	7,480	7,865
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	14,500	13,339
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,220	2,106
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	8,270	7,980
D50	Hotel MyStays Shin Osaka Conference Center	6-2-4 Nishinakashima, Yodogawa-ku, Osaka-shi, Osaka and two other lots	Trust beneficiary interest	13,026.99	13,200	13,039
D51	Hotel MyStays Premier Omori	6-11-2 Minami Oi, Shinagawa-ku, Tokyo and 13 other lots	Trust beneficiary interest	11,849.61	9,930	9,746
D52	Beppu Kamenoi Hotel	2160-1 Chuocho, Beppu-shi, Oita and 12 other lots	Trust beneficiary interest	19,422.08	9,010	8,689

	Name of property	Location (Note 1)	Legal form of asset	Leasable area (m²)	Appraisal value as of June 30, 2018 (JPY million) (Note 2)	Book value (JPY million)
D53	Hotel MyStays Sapporo Station	4-15 Kita Hachijyo Nishi, Sapporo-shi, Hokkaido	Trust beneficiary interest	7,267.88	8,140	7,811
D54	Hotel MyStays Yokohama Kannai	5-65, Onoe-cho, Naka-ku, Yokohama-shi, Kanagawa and 3 other lots	Trust beneficiary interest	4,501.18	5,380	5,324
D55	Art Hotel Joetsu	5-1-11, Hon-cho Joetsu-shi, Niigata	Trust beneficiary interest	7,563.60	2,810	2,769
D56	Art Hotel Hirosaki City	1-1-2, 1-6, 1-7, 2-1, Omachi, Hirosaki-shi, Aomori	Trust beneficiary interest	14,826.30	2,760	2,730
D57	Hotel MyStays Oita	1-32, Niagemachi Oita-shi, Oita	Trust beneficiary interest	3,254.69	1,640	1,600
D58	Hotel MyStays Gotanda	2-5-4, Higashigotanda Shinagawa-ku, Tokyo	Trust beneficiary interest	1,839.77	4,120	4,077
D59	Hotel MyStays Tachikawa	Trust beneficiary interest	3,844.64	3,290	3,268	
		Subtotal		321,210.09	304,985	245,453
		Total		530,163.68	411,542	336,934

- (Note 1) "Location" is, in principle, based on the indicated address (*jyukyohyoji*), except that if the *jyukyohyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).
- (Note 2) "Appraisal value" is the value appraised or researched as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of The Investment Trusts Association, Japan by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd.
- (Note 3) Individual trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. The grouping of trust beneficiary interests at the end of the fiscal period ended June 30, 2018 is as follows:

Group 1

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

Group 2

Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Route Tachikawa, College Square Machida, Belair Meguro, and Wacore Tsunashima I.

Group 3

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

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

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

			29th fisc	al period			30th fisc	al period		
		(July	1, 2017 to D	-	017)	(January 1, 2018 to June 30, 2018)				
			Occupancy	Rental		Ì	Occupancy	Rental		
		Number of	rate	revenue	Ratio of	Number of	rate	revenue	Ratio of	
	Name of property	tenants	(at end of	(during	rental	tenants	(at end of	(during	rental	
		(at end of	period)	period)	revenue	(at end of	period)	period)	revenue	
		period)	(%)	(JPY	(%)	period)	(%)	(JPY	(%)	
		(unit)	(Note 1)	thousand)	(Note 3)	(unit)	(Note 1)	thousand)	(Note 3)	
		(unit)	(Note 3)	(Note 2)	(11016 3)	(unit)	(Note 3)	(Note 2)	(11010 3)	
A26	Nisshin Palacestage Daitabashi	1	92.9	37,935	0.3	1	95.1	38,880	0.3	
A27	Nisshin Palacestage Higashi- Nagasaki	1	97.2	44,936	0.4	1	100.0	47,087	0.4	
A28	Growth Maison Gotanda	1	100.0	27,429	0.2	1	100.0	27,485	0.2	
A29	Growth Maison Kameido	1	94.0	34,006	0.3	1	95.4	35,011	0.3	
A30	Emerald House	1	96.8	42,569	0.4	1	100.0	49,218	0.4	
A31	Harmonie Ochanomizu (Note 5)	1	97.4	40,327	0.4	-	-	6,624	0.1	
A32	Suncrest Shakujii-Koen	1	100.0	36,146	0.3	1	97.1	37,634	0.3	
A33	Growth Maison Shin-Yokohama	1	95.5	33,518	0.3	1	98.5	36,661	0.3	
A34	Belle Face Ueno-Okachimachi	1	87.5	29,347	0.3	1	96.9	33,499	0.3	
A35	Grand Rire Kameido	1	100.0	26,619	0.2	1	100.0	26,619	0.2	
A36	Growth Maison Ikebukuro (Note 5)	1	97.6	25,913	0.2	-	-	4,168	0.0	
A37	Growth Maison Yoga	1	97.4	22,004	0.2	1	97.4	22,616	0.2	
A38	Route Tachikawa	1	100.0	20,357	0.2	1	100.0	21,540	0.2	
A39	Shibuya-Honmachi Mansion	1	91.3	19,610	0.2	1	92.2	19,472	0.2	
A40	City Heights Kinuta	1	94.6	16,499	0.1	1	100.0	18,102	0.2	
A41	Acseeds Tower Kawaguchi- Namiki	1	96.5	24,680	0.2	1	98.2	24,754	0.2	
A42	Capital Heights Kagurazaka (Note 5)	1	97.2	19,656	0.2	-	-	3,226	0.0	
A43	College Square Machida	1	100.0	17,484	0.2	1	100.0	17,484	0.2	
A44	Belair Meguro	1	92.1	15,462	0.1	1	96.1	16,143	0.1	
A45	Wacore Tsunashima I	1	94.1	17,879	0.2	1	96.0	18,127	0.2	
A46	Foros Nakamurabashi	1	97.5	18,730	0.2	1	95.1	18,716	0.2	
A47	Growth Maison Kaijin	1	96.7	23,510	0.2	1	93.5	22,200	0.2	
A48	College Square Machiya	1	100.0	14,706	0.1	1	100.0	14,706	0.1	
A51	City House Tokyo Shinbashi	1	96.5	91,869	0.8	1	98.0	92,985	0.8	

			29th fisc	al period			30th fisc	al period	
		(July	7 1, 2017 to De	-	017)	(Jai	nuary 1, 2018	-	18)
	Name of property	Number of tenants (at end of	Occupancy rate (at end of period)	Rental revenue (during period)	Ratio of rental revenue	Number of tenants (at end of	Occupancy rate (at end of period)	Rental revenue (during period)	Ratio of rental revenue
		period)	(%)	(JPY	(%)	period)	(%)	(JPY	(%)
		(unit)	(Note 1) (Note 3)	thousand) (Note 2)	(Note 3)	(unit)	(Note 1) (Note 3)	thousand) (Note 2)	(Note 3)
A52	Winbell Kagurazaka	1	97.9	106,463	0.9	1	98.2	109,221	1.0
A53	Nishiwaseda Cresent Mansion	1	98.8	73,034	0.6	1	98.4	74,348	0.7
A54	Lexington Square Akebonobashi	1	96.5	50,044	0.4	1	99.0	51,097	0.5
A56	Casa Eremitaggio (Note 5)	-	-	32,725	0.3	-	-	-	-
A59	Towa City Coop Shinotsuka II	1	98.8	35,011	0.3	1	96.1	35,917	0.3
A61	Bichsel Musashiseki	1	94.4	23,557	0.2	1	98.5	24,762	0.2
A62	Lexel Mansion Ueno Matsugaya (Note 5)	-	-	33,795	0.3	-	-	-	-
A63	Towa City Coop Sengencho	1	84.2	54,095	0.5	1	93.1	54,977	0.5
A64	Royal Park Omachi	1	94.5	26,790	0.2	1	96.4	27,001	0.2
A65	Lexington Square Haginomachi	1	94.8	16,671	0.1	1	97.4	18,145	0.2
A66	Visconti Kakuozan	1	83.8	10,327	0.1	1	100.0	11,157	0.1
A71	Lexington Square Daitabashi	1	100.0	31,873	0.3	1	97.9	33,079	0.3
A72	Lexington Square Honjo Azumabashi	1	97.0	18,108	0.2	1	100.0	18,426	0.2
A73	AMS TOWER Minami 6-Jo	1	81.2	42,888	0.4	1	82.9	42,761	0.4
A75	Spacia Ebisu	1	91.2	208,979	1.8	1	95.6	208,597	1.9
A76	Neo Prominence	1	100.0	64,935	0.6	1	98.3	67,322	0.6
A77	Invoice Shin-Kobe Residence	1	100.0	49,889	0.4	1	99.1	50,828	0.5
A78	Cosmo Court Motomachi	1	98.7	37,732	0.3	1	98.7	38,268	0.3
A79	Revest Honjin	1	91.2	29,712	0.3	1	93.7	31,286	0.3
A80	Revest Matsubara	1	94.4	28,388	0.2	1	98.1	30,439	0.3
A81	Sun Terrace Minami Ikebukuro (Note 5)	-	-	22,533	0.2	-	-	-	-
A82	Alba Noritake Shinmachi	1	93.7	25,132	0.2	1	95.1	28,107	0.3
A83	Revest Meieki Minami	1	90.9	24,979	0.2	1	90.5	25,584	0.2
A84	Revest Heian	1	95.2	23,656	0.2	1	96.8	23,865	0.2
A85	Vendir Hamaotsu Ekimae	1	97.7	33,279	0.3	1	91.2	33,886	0.3
A86	Salvo Sala	1	100.0	25,620	0.2	1	92.6	25,210	0.2

			29th fisc	al period		30th fiscal period				
		(July	1, 2017 to De	ecember 31, 2	017)	(Jai	nuary 1, 2018	to June 30, 20	18)	
	Name of property	Number of tenants (at end of period) (unit)	occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	
A87	Excellente Kagurazaka	1	94.1	17,974	0.2	1	94.1	19,969	0.2	
A88	Luna Court Edobori	1	94.0	20,768	0.2	1	96.0	21,320	0.2	
A89	Winntage Kobe Motomachi	1	94.8	20,880	0.2	1	98.3	22,778	0.2	
A90	Queen's Court Fukuzumi	1	89.7	17,200	0.2	1	100.0	18,525	0.2	
A91	Corp Higashinotoin	1	97.7	19,847	0.2	1	100.0	19,154	0.2	
A92	Belair Oimachi	1	92.9	14,697	0.1	1	100.0	15,490	0.1	
A93	Siete Minami-Tsukaguchi	1	90.1	16,625	0.1	1	100.0	17,437	0.2	
A94	Prime Life Sannomiya Isogami Koen	1	100.0	15,321	0.1	1	100.0	15,488	0.1	
A95	HERMITAGE NANBA WEST	1	100.0	15,767	0.1	1	100.0	16,083	0.1	
A96	Century Park Shinkawa 1-bankan	1	95.4	17,018	0.1	1	88.6	20,955	0.2	
A97	West Avenue	1	87.5	10,715	0.1	1	97.5	12,185	0.1	
A98	Little River Honmachibashi	1	90.7	12,838	0.1	1	100.0	14,005	0.1	
A99	Prime Life Mikage	1	96.7	12,209	0.1	1	100.0	12,672	0.1	
A100	City Court Kitaichijo	1	96.1	66,200	0.6	1	98.4	66,770	0.6	
A101	Lieto Court Mukojima	1	99.0	54,091	0.5	1	99.0	55,654	0.5	
A102	Lieto Court Nishi-Ojima	1	99.0	48,298	0.4	1	99.0	48,968	0.4	
A103	Royal Parks Momozaka	4	93.6	148,512	1.3	4	90.0	155,151	1.4	
A104	Royal Parks Shinden	4	100.0	215,752	1.9	4	100.0	217,076	2.0	
A105	Royal Parks Tower Minami-Senju	1	94.1	744,215	6.5	1	93.1	763,803	6.9	
A106	Royal Parks Seasir Minami-Senju	1	95.7	96,186	0.8	1	96.9	113,119	1.0	
	Subtotal	73	95.3	3,416,550	30.0	70	95.8	3,363,873	30.2	
B08	Kindai Kagaku Sha Building (Note 5)	-	-	6,827	0.1	-	-	-	-	
B09	Shinjuku Island (Note 5)	-	1	(Note 4)	(Note 4)	-	-	-	1	
B14	Lexington Plaza Nishigotanda (Note 5)	7	100.0	152,362	1.3	-	-	59,893	0.5	
B15	Cross Square NAKANO (Note 5)	1	95.2	46,566	0.4	-	-	7,963	0.1	

			29th fisc	al period		30th fiscal period				
		(July	y 1, 2017 to D	-	017)	(Jai		to June 30, 20	18)	
			Occupancy	Rental			Occupancy	Rental		
		Number of	rate	revenue	Ratio of	Number of	rate	revenue	Ratio of	
	Name of property	tenants	(at end of	(during	rental	tenants	(at end of	(during	rental	
		(at end of	period)	period)	revenue	(at end of	period)	period)	revenue	
		period)	(%)	(JPY	(%)	period)	(%)	(JPY	(%)	
		(unit)	(Note 1)	thousand)	(Note 3)	(unit)	(Note 1)	thousand)	(Note 3)	
		()	(Note 3)	(Note 2)	(= 1000 0)	(4,223)	(Note 3)	(Note 2)	(= 1010 =)	
B16	Ohki Aoba Building (Note 5)	1	88.7	35,318	0.3	-	-	6,862	0.1	
B17	Lexington Plaza Hachiman	1	100.0	165,805	1.5	1	100.0	164,195	1.5	
B18	AEON TOWN Sukagawa	1	100.0	141,886	1.2	1	100.0	141,593	1.3	
	Subtotal	11	99.1	567,259	5.0	2	100.0	380,507	3.4	
C01	Times Kanda-Sudacho 4 th (Note 5)	-	-	435	0.0	-	-	-	-	
	Subtotal	-	-	435	0.0	-	-	-	-	
D01	Hotel MyStays Kanda	1	100.0	111,117	1.0	1	100.0	111,338	1.0	
D02	Hotel MyStays Asakusa	1	100.0	106,946	0.9	1	100.0	106,530	1.0	
D03	Hotel MyStays Kyoto-Shijo	1	100.0	315,937	2.8	1	100.0	190,995	1.7	
D04	MyStays Shin-Urayasu Conference Center	1	100.0	187,712	1.6	1	100.0	170,174	1.5	
D05	Hotel MyStays Maihama	1	100.0	160,018	1.4	1	100.0	110,898	1.0	
D06	Hotel MyStays Premier Dojima	1	100.0	231,470	2.0	1	100.0	180,563	1.6	
D07	Hotel MyStays Nagoya-Sakae	1	100.0	220,601	1.9	1	100.0	189,920	1.7	
D08	Hotel MyStays Sakaisuji-Honmachi	1	100.0	176,288	1.5	1	100.0	134,391	1.2	
D09	Hotel MyStays Yokohama	1	100.0	127,889	1.1	1	100.0	118,488	1.1	
D10	Hotel MyStays Nippori	1	100.0	61,152	0.5	1	100.0	61,962	0.6	
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	167,915	1.5	1	100.0	145,371	1.3	
D12	Flexstay Inn Iidabashi	1	100.0	52,682	0.5	1	100.0	53,416	0.5	
D13	Hotel MyStays Ueno Inaricho	1	100.0	50,462	0.4	1	100.0	49,251	0.4	
D14	Flexstay Inn Shinagawa	1	100.0	42,955	0.4	1	100.0	43,770	0.4	
D15	Flexstay Inn Tokiwadai	1	100.0	53,861	0.5	1	100.0	55,215	0.5	
D16	Flexstay Inn Sugamo	1	100.0	49,654	0.4	1	100.0	55,232	0.5	
D17	Hotel MyStays Otemae	1	100.0	127,898	1.1	1	100.0	94,122	0.8	
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	36,933	0.3	1	100.0	36,792	0.3	
D19	Flexstay Inn Nakanobu P1	1	100.0	17,374	0.2	1	100.0	22,984	0.2	

			29th fisc	al period			30th fisc	30th fiscal period				
		(July	1, 2017 to D	•	017)	(Jai		to June 30, 20	18)			
			Occupancy	Rental			Occupancy	Rental				
		Number of	rate	revenue	Ratio of	Number of	rate	revenue	Ratio of			
	Name of property	tenants	(at end of	(during	rental	tenants	(at end of	(during	rental			
	r r r	(at end of	period)	period)	revenue	(at end of	period)	period)	revenue			
		(-			* ′					
		period)	(%)	(JPY	(%)	period)	(%)	(JPY	(%)			
		(unit)	(Note 1)	thousand)	(Note 3)	(unit)	(Note 1)	thousand)	(Note 3)			
			(Note 3)	(Note 2)			(Note 3)	(Note 2)				
D20	Flexstay Inn Nakanobu P2	1	100.0	10,199	0.1	1	100.0	11,873	0.1			
D21	APA Hotel	1	100.0	229,958	2.0	1	100.0	229,000	2.1			
	Yokohama-Kannai											
D22	Hotel MyStays	1	100.0	148,450	1.3	1	100.0	76,850	0.7			
	Hakodate-Goryokaku			-,	-			,				
D23	Flexstay Inn Shirogane	1	100.0	50,788	0.4	1	100.0	55,163	0.5			
D24	Hotel MyStays Haneda	1	100.0	187,483	1.6	1	100.0	183,749	1.7			
D25	Hotel MyStays Kameido P1	1	100.0	180,675	1.6	1	100.0	183,133	1.6			
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	92,202	0.8	1	100.0	95,011	0.9			
D27	Hotel MyStays Kameido P2	1	100.0	123,808	1.1	1	100.0	120,229	1.1			
D28	Hotel Vista Shimizu	1	100.0	82,140	0.7	1	100.0	61,652	0.6			
D29	Super Hotel	1	100.0	39,426	0.3	1	100.0	39,426	0.4			
	Shinbashi/Karasumoriguchi			,				,				
D30	Flexstay Inn Higashi-Jujo	1	100.0	37,747	0.3	1	100.0	38,349	0.3			
D31	Hotel MyStays Utsunomiya	1	100.0	95,975	0.8	1	100.0	99,599	0.9			
D32	Flexstay Inn	1	100.0	32,833	0.3	1	100.0	32,101	0.3			
D33	Kawasaki-Kaizuka Comfort Hotel Toyama	1	100.0	35,928	0.3	1	100.0	35,928	0.3			
		-	- 30.0	,>=0	0.5	•	- 30.3	22,723	0.5			
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	29,409	0.3	1	100.0	25,463	0.2			
D35	Flexstay Inn Ekoda	1	100.0	104,046	0.9	1	100.0	115,864	1.0			
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.3	1	100.0	31,787	0.3			
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.2	1	100.0	27,275	0.2			
D38	Hotel MyStays Shinsaibashi	1	100.0	88,880	0.8	1	100.0	67,682	0.6			
D39	Comfort Hotel Kurosaki	1	100.0	37,894	0.3	1	100.0	37,894	0.3			
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.4	2	100.0	43,811	0.4			
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.3	2	100.0	34,949	0.3			
D42	Comfort Hotel Kitami	1	100.0	30,300	0.3	1	100.0	30,300	0.3			
D43	Hotel MyStays Gotanda Station	1	100.0	427,047	3.7	1	100.0	482,750	4.3			
D44	Hotel Epinard Nasu	1	100.0	1,103,226	9.7	1	100.0	576,941	5.2			

			29th fisc	al period		30th fiscal period				
		(July	1, 2017 to D	ecember 31, 2	017)	(January 1, 2018 to June 30, 2018)				
			Occupancy	Rental			Occupancy	Rental		
		Number of	rate	revenue	Ratio of	Number of	rate	revenue	Ratio of	
	Name of property	tenants	(at end of	(during	rental	tenants	(at end of	(during	rental	
		(at end of	period)	period)	revenue	(at end of	period)	period)	revenue	
		period)	(%)	(JPY	(%)	period)	(%)	(JPY	(%)	
		(unit)	(Note 1)	thousand)	(Note 3)	(unit)	(Note 1)	thousand)	(Note 3)	
			(Note 3)	(Note 2)			(Note 3)	(Note 2)		
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	237,370	2.1	1	100.0	218,700	2.0	
D46	Hotel MyStays Hamamatsucho	1	100.0	114,084	1.0	1	100.0	112,104	1.0	
D47	Hotel MyStays Kanazawa	1	100.0	368,625	3.2	1	100.0	306,064	2.8	
D48	Takamatsu Tokyu REI Hotel	3	100.0	106,156	0.9	3	100.0	105,549	0.9	
D49	Hotel MyStays Premier Hamamatsucho	1	100.0	228,976	2.0	1	100.0	223,983	2.0	
D50	Hotel MyStays Shin Osaka Conference Center	1	100.0	267,910	2.3	1	100.0	393,186	3.5	
D51	Hotel MyStays Premier Omori	1	100.0	160,256	1.4	1	100.0	273,325	2.5	
D52	Beppu Kamenoi Hotel	1	100.0	221,531	1.9	1	100.0	347,901	3.1	
D53	Hotel MyStays Sapporo Station	1	100.0	108,954	1.0	1	100.0	221,703	2.0	
D54	Hotel MyStays Yokohama Kannai	-	-	-	-	1	100.0	133,413	1.2	
D55	Art Hotel Joetsu	-	-	-	=	1	100.0	145,193	1.3	
D56	Art Hotel Hirosaki City	-	-	-	-	1	100.0	152,005	1.4	
D57	Hotel MyStays Oita	-	-	-	-	1	100.0	69,444	0.6	
D58	Hotel MyStays Gotanda	-	-	-	-	1	100.0	3,843	0.0	
D59	Hotel MyStays Tachikawa	-	-	-	-	1	100.0	3,472	0.0	
	Subtotal	57	100.0	7,418,990	65.1	63	100.0	7,378,100	66.3	
	Total	141	98.2	11,403,236	100.0	135	98.6	11,122,481	100.0	

- (Note 1) "Occupancy rate" is calculated by dividing the leased area by leasable area.
- (Note 2) "Rental revenue (during period)" indicates each property's leasing operation revenues during the fiscal period and has been rounded down to the nearest thousand yen.
- (Note 3) "Occupancy rate" and "Ratio of rental revenue" are rounded off to one decimal place.
- (Note 4) Not disclosed because the consent of the tenant was not obtained.
- (Note 5) Kindai Kagaku Sha Building and Times Kanda Sudacho 4th were sold on July 31, 2017; Shinjuku Island was sold on December 26, 2017; Casa Eremitaggio, Lexel Mansion Ueno Matsugaya and Sun Terrace Minami Ikebukuro were sold on December 28, 2017; Harmonie Ochanomizu, Growth Maison Ikebukuro, Capital Heights Kagurazaka, Cross Square NAKANO and Ohki Aoba Building were sold on January 31, 2018; and Lexington Plaza Nishi-Gotanda was sold on March 9, 2018.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

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

Not applicable

6 Asset Portfolio of Securities

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

Name	Туре	Quantity	Book value (JPY million)		Fair value (J	PY million)	Valuation gain or loss	Notes
	31	(units)	Unit price	Amount	Unit price	Amount	(JPY million)	
Preferred equity securities in Kingdom Special Purpose Company	Preferred equity securities	178,458	-	17,856	-	17,856	-	(Note 1) (Note 2)
Tota	1	178,458	-	17,856	-	17,856	-	

⁽Note 1) Fair value of the preferred equity securities indicates the acquisition cost.

7 Status of Contract Amount and Fair Value of Specified Transaction

As of June 30, 2018, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

				\ /	
Catagory	Towns of an fam.	Contrac (No	Fair value		
Category	Transaction type, etc.		Amounts due after one year	(Note 2)	
Non-market transaction	Interest rate swap Receive floating rate/pay fixed rate	100,619,000	67,390,000	90,975	

⁽Note 1) The contract amount is stated based on a notional principal

8 Status of Other Assets

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

9 Asset Owned Outside of Japan or the Region

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

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

⁽Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions

Capital Expenditures for Properties Held by INV

1 Schedule for Capital Expenditures

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

					Estimat	ted cost (JPY the	ousand)
Name of property		Location Purpose		Scheduled time of implementation	Total	Payment for the fiscal period ended June 30, 2018	Advance payments
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Renovation work	From July 2018 To December 2018	390,000	-	-
D51	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Renovation work	From July 2018 To December 2018	90,000	-	-
D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	Renovation work	From July 2018 To December 2018	40,000	-	1
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Renovation work	From July 2018 To December 2018	22,500	1	-
A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	Outer wall repair work	From July 2018 To December 2018	19,570	-	-

2 Capital Expenditures for the Fiscal Period Ended June 30, 2018

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2018 is as follows. Capital expenditures for the fiscal period totaled JPY 1,315,508 thousand, and together with JPY 24,050 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 1,339,558 thousand was implemented.

	Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)
D22	Hotel MyStays Hakodate-Goryokaku	Hakodate-shi, Hokkaido	Renovation work From January 2018 To June 2018		225,642
D05	Hotel MyStays Maihama	Urayasu-shi, Chiba	Renovation work	From January 2018 To June 2018	219,683
D06	Hotel MyStays Premier Dojima	Osaka-shi, Osaka	Renovation work	From January 2018 To June 2018	183,241
D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	Renovation work	From January 2018 To June 2018	102,308
D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	Renovation work	From January 2018 To June 2018	69,592
Other	construction				515,039
			Total		1,315,508

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

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

(Unit: JPY thousand)

	26th	27th	28th	29th	30th	
	fiscal period	fiscal period	fiscal period	fiscal period	fiscal period	
Fiscal period	From January 1,	From July 1, 2016	From January 1,	From July 1, 2017	From January 1,	
	2016 to June 30,	to December 31,	2017 to June 30,	to December 31,	2018 to June 30,	
	2016	2016	2017	2017	2018	
Reserved funds at beginning of period	982,750	1,303,685	1,397,286	1,397,243	1,566,108	
Amount reserved (Note)	543,275	446,066	468,145	697,444	468,448	
Amount reversed (Note)	222,339	352,464	468,189	528,579	422,728	
Amount carried over for next fiscal period	1,303,685	1,397,286	1,397,243	1,566,108	1,611,828	

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

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

Item	29th fiscal period July 1, 2017 to December 31, 2017	30th fiscal period January 1, 2018 to June 30, 2018		
(a) Asset management fees	250,000	275,000		
(b) Asset custody fees	15,230	18,162		
(c) Administrative services fees	37,347	39,697		
(d) Directors' compensation	4,800	4,800		
(e) Other	154,055	197,041		
Total	461,434	534,701		

2 Borrowing Conditions

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

	Туре	Borrowing	Balance at beginning of	Balance at end of	Average interest	Repayment	Repayment	Purpose	Notes
	Lender	date	Reporting Period (JPY thousand)	Reporting Period (JPY thousand)	rate (%) (Note 1)	date	method		
	Mizuho Bank, Ltd.		1,023,000	667,000					
Short-term loans	Sumitomo Mitsui Trust Bank, Limited	Oct. 13, 2017	1,022,000	666,000	0.253	Oct. 13, 2018	(Note 3)	(Note 2)	Unsecured / with no
ioans	Sumitomo Mitsui Banking Corporation	2017	1,023,000	667,000		2018			guarantee
	Subtotal		3,068,000	2,000,000					
	Sumitomo Mitsui Banking Corporation		5,992,000	5,992,000					
	MUFG Bank, Ltd. (Note 5)	Jul. 16, 2015	5,992,000	5,992,000	0.375				Unsecured / with no guarantee
	Mizuho Bank, Ltd.		5,992,000	5,992,000				(Note 2)	
	Shinsei Bank, Limited		3,330,000	3,330,000		Jul. 16,	(Note 3)		
	Citibank, N.A., Tokyo Branch		3,000,000	3,000,000		2018	(11010 3)		
Long-term	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
loans (Note 4)	Resona Bank, Limited		1,335,000	1,335,000					
(Note 4)	MUFG Bank, Ltd. (Note 6)		668,000	668,000					
	Sumitomo Mitsui Banking Corporation		5,992,000	5,992,000					TT 1/
	MUFG Bank, Ltd. (Note 5)	Jul. 16,	5,992,000	5,992,000	0.480	Jul. 16,	(NI-4- 2)	(NI-4- 2)	Unsecured / with no
	Mizuho Bank, Ltd.	2015	5,992,000	5,992,000	0.480	2019	(Note 3)	(Note 2)	guarantee
	Shinsei Bank, Limited		3,330,000	3,330,000					guarantee
	Citibank, N.A., Tokyo Branch		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited	Jul. 16,	2,670,000	2,670,000	0.400	Jul. 16,	01.4.2)	01.4.2)	Unsecured /
Long-term	Resona Bank, Limited	2015	1,335,000	1,335,000	0.480	2019	(Note 3)	(Note 2)	
loans	MUFG Bank, Ltd. (Note 6)	2013	668,000	668,000					guarantee
(Note 4)	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.590	Jul. 16, 2020	(Note 3)	(Note 2)	Unsecured / with no
	MUFG Bank, Ltd. (Note 5)	2013	5,992,000	5,992,000		2020			guarantee

Mizuho Bank, Ltd. 5,992 Shinsei Bank, Limited 3,330	d Period (JPY thousand 2,000 5,992,000 0,000 3,330,000		date	method		
Mizuho Bank, Ltd. 5,992 Shinsei Bank, Limited 3,330	2,000 5,992,000 0,000 3,330,000					
Shinsei Bank, Limited 3,330	0,000 3,330,000	'				
	0,000 3,000,000					
Sumitomo Mitsui Trust Bank, Jul. 16,	0,000 2,670,000		Jul. 16,	(Note 3)	Note 2)	Unsecured / with no
Limited 2015 2,070	5,000 1,225,000	_	2020		1	guarantee
	5,000 1,335,000	_				
MUFG Bank, Ltd. (Note 6) 668	8,000 668,000	'				Unsecured /
Mizuho Bank, Ltd Aug. 28, 2015 3,682	2,000 3,682,000	0.480	Aug. 28, 2019	(Note 3)	(Note 2)	with no guarantee
Sumitomo Mitsui Trust Bank, Limited Jan. 22, 2016	0,000 3,400,000	0.343	Jan. 22, 2019	(Note 3)	(Note 2)	Unsecured / with no
MUFG Bank, Ltd. (Note 6)	0,000 850,000	1	2019			guarantee
I Limited I 1	0,000 3,400,000	0.600	Jan. 22,	(Note 3)	(Note 2)	Unsecured / with no
MUFG Bank, Ltd. (Note 6) 2016 850	0,000 850,000		2021			guarantee
	5,000 465,000	1				
MUFG Bank, Ltd. (Note 5) 1,125	5,000 1,125,000					
Sumitomo Mitsui Trust Bank, Limited 2,18	1,000 2,181,000					
	0,000 570,000					
	0,000 570,000	0.453	Mar. 30,			Unsecured /
	0,000 650,000		2019	(Note 3)	(Note 2)	with no
	0,000 2,000,000					guarantee
Development Bank of Japan, Long-term Inc.	0,000 1,000,000					
18	3,000 333,000					
	0,000 1,270,000	-				
The Daishi Bank Ltd 1 000	0,000 1,000,000		14 20			Unsecured /
The Nomura Trust and Banking Co., Limited Mar. 31, 2016 270	0,000 270,000	0.453	Mar. 30, 2019	(Note 3)	(Note 2)	with no guarantee
	5,000 965,000	1				
MUFG Bank, Ltd. (Note 5) 1,125	5,000 1,125,000					
Sumitomo Mitsui Trust Bank, Limited 2,180	0,000 2,180,000					
Shinsei Bank, Limited 570	0,000 570,000					
Resona Bank, Limited 570	0,000 570,000					T.T. 1.7
MUFG Bank, Ltd. (Note 6) Mar. 31, 650	0,000 650,000	0.553	Mar. 30,	(Note 3)	(Note 2)	Unsecured / with no
Japan Post Bank Co., Ltd. 2016 2,000	0,000 2,000,000	0.555	2020	(Note 3)	(Note 2)	guarantee
The Bank of Fukuoka, Ltd. 333	3,000 333,000					guarantee
The Shizuoka Bank, Ltd. 270	0,000 270,000	1				
	0,000 500,000					
	0,000 1,000,000					
The Nomura Trust and Banking Co., Limited	0,000 270,000	F				
	5,000 1,965,000					
	5,000 1,125,000	1				
Sumitomo Mitsui Trust Bank, Limited Mar. 31, 2,180	0,000 2,180,000	0.653	Mar. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no
2016	0,000 570,000					guarantee
	0,000 570,000					guarantee
	0,000 650,000					

	Туре	Borrowing	Balance at beginning of	Balance at end of	Average interest	Repayment	Repayment	Purpose	Notes
	Lender	date	Reporting Period	Reporting Period	rate (%)	date	method		
	The Dank of Euleralia Ltd		(JPY thousand)	1,333,000	(Note 1)				
	The Bank of Fukuoka, Ltd. The Shizuoka Bank, Ltd.	1	1,333,000 270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Hiroshima Bank, Ltd.	Mar. 31,	1,000,000	1,000,000		Mar. 30,			Unsecured /
	The Nomura Trust and	2016			0.653	2021	(Note 3)	(Note 2)	with no
	Banking Co., Limited		270,000	270,000					guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.453	Jun. 15, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.553	Jun. 15, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank, N.A., Tokyo Branch	Jun. 15, 2016	1,000,000	1,000,000	0.653	Jun. 15, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.	Jun. 30, 2016	1,000,000	1,000,000	0.453	Jun. 30, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jun. 30, 2016	3,000,000	3,000,000	0.653	Jun. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	700,000	700,000	0.453	Jul. 20, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
Long-term	Tokyo Star Bank, Limited	Jul. 20, 2016	1,600,000	1,600,000	0.553	Jul. 20, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
loans (Note 4)	Tokyo Star Bank, Limited	Jul. 20, 2016	1,700,000	1,700,000	0.653	Jul. 20, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.		634,000	634,000					
	Development Bank of Japan,		1,000,000	1,000,000					
	Inc.	4							
	Resona Bank, Limited	N 14	333,000	333,000		M 14			Unsecured /
	The Bank of Fukuoka, Ltd. The Nomura Trust and	Mar. 14, 2017	333,000	333,000	0.453	Mar. 14, 2020	(Note 3)	(Note 2)	with no
	Banking Co., Limited	2017	333,000	333,000		2020			guarantee
	The Towa Bank, Ltd.	1	252,000	252,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Gunma Bank, Ltd.	1	165,000	165,000					
	Mizuho Bank, Ltd.		1,633,000	1,633,000					
	Resona Bank, Limited		333,000	333,000					Unsecured /
	The Bank of Fukuoka, Ltd.	1	333,000	333,000					with no
	The Nomura Trust and Banking Co., Limited	Mar. 14, 2017	333,000		0.553	Mar. 14, 2021	(Note 3)	(Note 2)	guarantee
	The Towa Bank, Ltd.	1	253,000	253,000					Unsecured /
	The Shizuoka Bank, Ltd.	1	200,000	200,000					with no
	The Gunma Bank, Ltd.		165,000	165,000					guarantee
	Mizuho Bank, Ltd.	-	1,733,000	1,733,000					**
	Resona Bank, Limited	Mar. 14,	333,000	333,000	0.653	Mar. 14,	Ol-4: 2	OI-C O	Unsecured /
	The Bank of Fukuoka, Ltd.	2017	333,000	333,000	0.653	Mar. 14, 2022	(Note 3)	(Note 2)	with no
	The Nomura Trust and Banking Co., Limited		333,000	333,000					guarantee
L	Danking Co., Littineu						<u> </u>	l	l l

	Туре	Borrowing	Balance at beginning of	Balance at end of	Average interest	Repayment	Repayment	Purpose	Notes
	Lender	date	Reporting Period (JPY thousand)	Reporting Period (JPY thousand)	rate (%) (Note 1)	date	method		
	AEON Bank, Ltd.		900,000	900,000	(2.000 2)				
	The Towa Bank, Ltd.		253,000	253,000					
	The Shizuoka Bank, Ltd.		200,000	200,000					
	The Daiichi Life Insurance Co., Ltd.	Mar. 14,	500,000	500,000	0.653	Mar. 14,	(Note 3)	(Note 2)	Unsecured / with no
	The Gunma Bank, Ltd.	2017	165,000	165,000		2022		Ì	guarantee
	Sumitomo Mitsui Banking Corporation	Mar. 14, 2017	3,000,000	3,000,000	0.503	Sept. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.		4,321,000	4,321,000		37 40			Unsecured /
	The Daiichi Life Insurance Co., Ltd.	May 29, 2017	3,000,000	3,000,000	0.603	Nov. 29, 2021	(Note 3)	(Note 2)	with no guarantee
	Shinsei Bank, Limited		355,000	355,000					
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited		334,000	334,000					
	The Bank of Fukuoka, Ltd.	Oct. 13,	300,000	300,000		Oct. 13	ar . a		Unsecured /
	AEON Bank, Ltd.	2017	190,000	190,000	0.353	2020	(Note 3)	(Note 2)	
	The Nomura Trust and Banking Co., Limited		167,000	167,000					guarantee
	The Hiroshima Bank, Ltd.		167,000	167,000					
	Shinsei Bank, Limited		355,000	355,000	0.453				
	Citibank, N.A., Tokyo Branch		355,000	355,000					
	Resona Bank, Limited	Oct. 13, 2017	333,000	333,000					
	The Bank of Fukuoka, Ltd.		300,000	300,000		Oct. 13	ar . a	ar . a	Unsecured /
	AEON Bank, Ltd.		190,000	190,000		2021	(Note 3)	(Note 2)	
Long-term	The Nomura Trust and Banking Co., Limited		167,000	167,000					guarantee
loans	The Hiroshima Bank, Ltd.		167,000	167,000					
(Note 4)	Mizuho Bank, Ltd.		500,000	500,000					
	Sumitomo Mitsui Trust Bank,		500,000	500,000					
	Sumitomo Mitsui Banking	_	500,000	500,000					
	Corporation		,						
	Shinsei Bank, Limited		355,000	355,000					
	Citibank, N.A., Tokyo Branch		355,000	355,000					**
	Resona Bank, Limited	Oct. 13,	333,000	333,000	0.652	Oct. 13	01 + 2)	OI (2)	Unsecured / with no
	Development Bank of Japan, Inc.	2017	1,500,000	1,500,000	0.653	2022	(Note 3)	(Note 2)	guarantee
	The Bank of Fukuoka, Ltd.	_	300,000	300,000			1		
	AEON Bank, Ltd.		190,000	190,000					
	The Nomura Trust and Banking Co., Limited		166,000	166,000					
	The Hiroshima Bank, Ltd.		166,000	166,000			1		
	The Daiichi Life Insurance Co., Ltd.		500,000	500,000					
	Mizuho Bank, Ltd.		1,250,000	1,250,000					
S L S	Sumitomo Mitsui Trust Bank, Limited	Oct. 13,	1,065,000	1,065,000	0.753	Oct. 13 2023	(Note 3)	(Note 2)	Unsecured / with no
	Sumitomo Mitsui Banking Corporation	2017	1,250,000	1,250,000				,	guarantee
	Mizuho Bank, Ltd.	Oct. 13,	1,250,000	1,250,000	0.853	Oct. 11	(Note 3)	(Note 2)	Unsecured /

	Туре		Balance at	Balance at	Average	_		_	
		Borrowing	beginning of	end of	interest	Repayment	Repayment	Purpose	Notes
		date	Reporting	Reporting	rate	date	method		
	Lender		Period	Period	(%)				
			(JPY thousand)	(JPY thousand)	(Note 1)				
	Sumitomo Mitsui Trust Bank,	2017				2024			with no
	Limited		1,060,000	1,060,000					guarantee
	Sumitomo Mitsui Banking Corporation		1,250,000	1,250,000					
	Mizuho Bank, Ltd.	0 . 12	1,850,000	1,850,000		0 + 12			Unsecured /
T	Sumitomo Mitsui Banking	Oct. 13,	1.050.000	1.050.000	0.303	Oct. 13	(Note 3)	(Note 2)	with no
Long-term	Corporation	2017	1,850,000	1,850,000		2019			guarantee
loans (Note 4)	Shinsei Bank, Limited	J 27	-	1,000,000		I 27			Unsecured /
(Note 4)	MUTCO D. 1. 14.1	Jun. 27,		500,000	0.750	Jun. 27	(Note 3)	(Note 2)	with no
	MUFG Bank, Ltd.	2017	-	500,000		2023			guarantee
	Subtotal		183,915,000	185,415,000					
	Total		186,983,000	187,415,000	•		•	•	

- (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 places. In regards to borrowings which interest rate swap transactions are entered into for the purpose of avoiding risk from interest rate fluctuation, interest rates reflecting the interest rate swap are shown.
- (Note 2) The funds raised through borrowings are mainly used to acquire trust beneficiary interests in real estate and to prepay the borrowings.
- (Note 3) The balance at the end of the period will be repaid in full on the repayment date.
- (Note 4) Long-term loans includes current portion of long term loans payable.
- (Note 5) The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its name to MUFG Bank, Ltd. on April 1, 2018.
- (Note 6) In line with the transfer of corporate lending service, etc. from Mitsubishi UFJ Trust and Banking Corporation to MUFG Bank, Ltd. on April 16, 2018, MUFG Bank, Ltd. succeeded the status as a lender from Mitsubishi UFJ Trust and Banking Corporation.

3 Investment Corporation Bonds

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

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

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

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

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

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

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

Name of property		Acquisition		Sale				
		Acquisition date	Acquisition price (JPY million) (Note 1)	Sales date	Sales price (JPY million) (Note 2)	Book value (JPY million)	Gain/loss on sales (JPY million)	
D54	Hotel MyStays Yokohama Kannai (Note 3)	February 7, 2018	5,326	-	-	-	-	
D55	Art Hotel Joetsu (Note 3)	February 7, 2018	2,772	-	-	-	-	
D56	Art Hotel Hirosaki City (Note 3)	February 7, 2018	2,723	-	-	-	-	
D57	Hotel MyStays Oita (Note 3)	February 7, 2018	1,604	-	-	-	-	
D58	Hotel MyStays Gotanda (Note 3)	June 27, 2018	4,068	-	-	-	1	
D59	Hotel MyStays Tachikawa (Note 3)	June 27, 2018	3,257	-	-	-	-	
A31	Harmonie Ochanomizu	-	-	January 31, 2018	1,603	1,346	221	
A36	Growth Maison Ikebukuro	-	-	January 31, 2018	1,057	743	289	
A42	Capital Heights Kagurazaka	-	-	January 31, 2018	732	623	90	
B14	Lexington Plaza Nishi-Gotanda	-	-	March 9, 2018	5,160	4,632	432	
B15	Cross Square NAKANO	-	-	January 31, 2018	1,350	1,125	208	
B16	Ohki Aoba Building	-	-	January 31, 2018	721	709	7	
Total			19,750	-	10,624	9,181	1,249	

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

2 Acquisitions and Sales of Other Assets

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

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

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

3 Transaction Price Verifications of Specified Assets

(1) Real Estate Transactions

Acquisition or sale		Name of property	Category of specified asset	Transaction date	Acquisition or sales price (JPY million) (Note 1)	Appraisal value (JPY million)	Appraiser	Appraisal date				
	A31	Harmonie Ochanomizu			1,603	1,420	Asset Research and Development Inc.	December 1, 2017				
	A36	Growth Maison Ikebukuro		January 31, 2018	1,057	915	Asset Research and Development Inc.	December 1, 2017				
Sale	A42	Capital Heights Kagurazaka			732	587	Asset Research and Development Inc.	December 1, 2017				
Sale	B14	Lexington Plaza Nishi-Gotanda	Real estate Trust beneficiary interest	Trust beneficiary	Ja Real estate Trust beneficiary interest	J Real estate Trust beneficiary interest	Real estate Trust beneficiary interest Tebruary Tebruary Trust February	,	5,160	4,250	Japan Real Estate Institute	December 31, 2017
	B15	Cross Square NAKANO						Real estate 2018	1,350	1,170	Japan Real Estate Institute	December 1, 2017
	B16	Ohki Aoba Building							721	710	The Tanizawa Sogo Appraisal Co., Ltd	December 1, 2017
	D54	Hotel MyStays Yokohama Kannai						, ,	5,326	5,380	The Tanizawa Sogo Appraisal Co., Ltd	January 1, 2018
	D55	Art Hotel Joetsu						February 7,	2,772	2,800	The Tanizawa Sogo Appraisal Co., Ltd	January 1, 2018
Ai-i4i	D56	Art Hotel Hirosaki City						2018	2,723	2,750	The Tanizawa Sogo Appraisal Co., Ltd	January 1, 2018
Acquisition	D57	Hotel MyStays Oita			1,604	1,620	The Tanizawa Sogo Appraisal Co., Ltd	January 1, 2018				
	D58	Hotel MyStays Gotanda		June 7,	4,068	4,110	The Tanizawa Sogo Appraisal Co., Ltd	April 1, 2018				
	D59	Hotel MyStays Tachikawa		2018	3,257	3,290	Daiwa Real Estate Appraisal Co., Ltd.	April 1, 2018				

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

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between the Asset Manager and Its Other Businesses

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

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

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

Please refer to "Audited Financial Statements for the Fiscal Period ended June 30, 2018 (January 1, 2018 to June 30, 2018)."

2 Changes in the Calculation Method of Depreciation

Not applicable

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

Not applicable

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

Not applicable

Other

1 Notice

Board of Directors of Investment Corporation

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

Approval date	Item	Summary
April 26, 2018	Comprehensive resolution on issuance of investment corporation bonds	Board of Directors passed a comprehensive resolution on issuance of investment corporation bonds with a maximum total issue amount of JPY 2.0 billion and an issuance period from April 30, 2018 to May 31, 2018; and entrustment of administrative duties concerning offering of investment corporation bonds and general administrative duties as an issuing agent, fiscal agent, paying agent, etc. to a prescribed general administrative agent.

2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

4 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.
- As a large portion of our hotels are subject to a variable rent structure, our results of operations are inherently more volatile than the results of properties with fixed-lease arrangements, and we may not be able to effectively manage our hotel portfolio due to our relatively limited operating history in owning full service hotels, resort hotels and other non-limited service hotels that we may decide to acquire in greater numbers in the future.
- 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.
- The majority of our hotels are leased to MyStays Hotel Management, which is owned by Fortress Group-managed funds, 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.
- We may be exposed to risks relating to investments in the operators or master lessees of our properties.

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, 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.
- The shareholder benefit plan that we intend to introduce may be cancelled, changed or abolished.

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 2018.

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 may hold interests in some properties through preferred equities of a TMK (*tokutei mokuteki kaisha*), and illiquidity in the market for such equities may limit our ability to sell our interests, and we may be exposed to risks unique to this investments structure.
- 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

	Eigenl nowind and al	(Unit: JPY thousand)
	Fiscal period ended	Fiscal period ended
	December 31, 2017 (Reference) (as of December 31, 2017)	June 30, 2018 (as of June 30, 2018)
Assets	(as of December 31, 2017)	(as 01 June 30, 2018)
Current assets:		
	14,367,140	8,505,792
Cash and bank deposits Cash and bank deposits in trust	6,326,653	6,566,761
Accounts receivable	0,320,033	6,483
Income taxes receivable	1,984,728	1,826,596
Rental receivables	489,098	428,536
Prepaid expenses	467,076	149,632
Consumption taxes receivable	613,566	149,032
Other	013,300	(
Allowance for doubtful accounts	(89)	(89
Total current assets	23,781,107	17,483,714
Non-current assets:	23,761,107	17,485,71
Property and equipment		
Tools, furniture and fixtures, at cost	3,192	3,192
Accumulated depreciation	(218)	(444
Tools, furniture and fixtures, net	2,973	2,748
Buildings in trust, at cost	128,867,905	133,579,099
Accumulated depreciation	(9,412,123)	(10,479,742
Buildings in trust, net	119,455,782	123,099,35
	28,454,395	28,918,14
Buildings' accompanying facilities in trust, at cost Accumulated depreciation	(5,758,755)	(6,237,852
	22,695,639	22,680,292
Buildings' accompanying facilities in trust, net		
Structures in trust, at cost	262,372	225,353
Accumulated depreciation	(112,316)	(86,498
Structures in trust, net	150,055	138,854
Tools, furniture and fixtures in trust, at cost	1,065,760	1,395,339
Accumulated depreciation	(335,109)	(392,369
Tools, furniture and fixtures in trust, net	730,651	1,002,969
Land in trust	167,845,958	173,298,06
Total property and equipment, net	310,881,062	320,222,283
Intangible assets	4 6 000 040	1 6 710 60
Leasehold rights in trust	16,828,843	16,712,63
Total intangible assets	16,828,843	16,712,63
Investment and other assets		
Investment securities	17,854,460	17,856,38
Guarantee deposits	1,651,565	1,681,565
Long-term prepaid expenses	587,753	426,222
Derivatives assets	113,592	92,56
Others	59,869	12,66
Total investments and other assets	20,267,241	20,069,404
Total non-current assets	347,977,146	357,004,32
Deferred assets		
Investment corporation bond issuance costs		24,94
Total deferred assets		24,94
Total assets	371,758,254	374,512,988

(Unit: JPY thousand)

Short-term loans payable 3,068,000 2,000 Current portion of long term loans payable 28,979,000 46,660 Accounts payable-other 51,836 13 Accrued expenses 270,486 15 Income taxes payable 605	usand)
Liabilities Current liabilities: Accounts payable 254,936 59 Short-term loans payable 3,068,000 2,00 Current portion of long term loans payable 28,979,000 46,66 Accounts payable-other 51,836 13 Accrued expenses 270,486 19 Income taxes payable 605	
Current liabilities: 254,936 59 Accounts payable 3,068,000 2,00 Short-term loans payable 28,979,000 46,66 Accounts payable-other 51,836 13 Accrued expenses 270,486 19 Income taxes payable 605	·)
Accounts payable 254,936 59 Short-term loans payable 3,068,000 2,00 Current portion of long term loans payable 28,979,000 46,66 Accounts payable-other 51,836 13 Accrued expenses 270,486 19 Income taxes payable 605	
Short-term loans payable 3,068,000 2,000 Current portion of long term loans payable 28,979,000 46,660 Accounts payable-other 51,836 13 Accrued expenses 270,486 19 Income taxes payable 605	98,870
Current portion of long term loans payable28,979,00046,66Accounts payable-other51,83613Accrued expenses270,48619Income taxes payable605	
Accounts payable-other 51,836 13 Accrued expenses 270,486 19 Income taxes payable 605	
Accrued expenses 270,486 19 Income taxes payable 605	03,000 31,783
Income taxes payable 605	95,481
* *	605
Consumption taxes payable - 1	14,902
	51,506
	21,697
·	77,846
Non-current liabilities:	77,040
	00 000
	00,000 52,000
Tenant leasehold and security deposits in trust 2,215,299 2,02 Derivatives liabilities -	26,400 1,586
	1,380 31,891
	11,878
	89,724
Net assets	
Unitholders' equity:	00 455
	98,455
Surplus:	C 1 . 122
	64,432
Deduction of unitholders' capital surplus	46.220
	46,329
	94,818
	41,148
	23,283
	10,548
	33,832
	32,288
Valuation and translation adjustments:	
	90,975
Total valuation and translation adjustments 113,592	90,975
Total net assets *1 181,320,466 *1 181,52	23,263
Total liabilities and net assets 371,758,254 374,51	12,988

III. Statement of Income and Retained Earnings

(Unit: JPY thousand) Fiscal period ended Fiscal period ended December 31, 2017 (Reference) June 30, 2018 (from January 1, 2018 to (from July 1, 2017 to December 31, 2017) June 30, 2018) Operating revenue Rental revenue - real estate *1 11,403,236 *1 11,122,481 Gain on sales of properties *2 1,244,033 *2 1,249,645 Dividend income 732,714 12,647,270 13,104,841 Total operating revenue Operating expenses Property related expenses *1 3,962,183 *1 4,136,619 Impairment loss *3 15,677 *3 -275,000 Asset management fees 250,000 4,800 Directors' compensation 4,800 Asset custody fees 15,230 18,162 Administrative service fees 37,347 39,697 Provision of allowance for doubtful accounts 89 Other 138,288 197,039 Total operating expenses 4,423,618 4,671,320 8,223,652 Operating income 8,433,520 Non-operating income Interest income 54 78 Interest on tax refund 234 3,086 Other 507 1,181 796 4,347 Total non-operating income Non-operating expenses Interest expenses 445,855 479,456 Interest expenses on investment corporation bonds 1,216 Amortization of investment corporation bond issuance 379 costs 234,197 304,073 Loan-related costs 170,817 Investment unit issuance costs Other 64 920,746 715,314 Total non-operating expenses 7,303,702 7,722,553 Ordinary income Income before income taxes 7,303,702 7,722,553 605 605 Income taxes 605 605 Total income taxes 7,303,097 7,721,948 Net income Retained earnings brought forward (90,516)(111,399)7,212,580 7,610,548 Unappropriated retained earnings

IV. Statement of Changes in Net Assets

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

(Unit: JPY thousand)

	Unitholders' equity						
				Surplus			
		Capital surplus					
	Unitholders'			uction of capital sur	plus		
	capital	0	Capital surplus	Allowance for temporary differences adjustment	Other deduction of capital surplus	Total deduction of capital surplus	Capital surplus (net)
Balance at the beginning of the period	128,984,946	6,264,432	I	(987,516)	(987,516)	5,276,915	
Changes during the period							
Issuance of new investment units	39,813,508						
Distributions from surplus							
Distributions in excess of retained earnings from allowance for temporary differences adjustment			(46,329)		(46,329)	(46,329)	
Other distribution in excess of retained earnings				(34,747)	(34,747)	(34,747)	
Net income							
Changes other than unitholders' equity (net)							
Total changes during the period	39,813,508	_	(46,329)	(34,747)	(81,077)	(81,077)	
Balance at the end of the period	168,798,455	6,264,432	(46,329)	(1,022,263)	(1,068,593)	5,195,838	

	Uni	tholders' equit	у		d translation stments	
	Surp! Retained	lus	Total unitholders'	Deferred gains or	Total valuation and	Total net assets
	earnings	Total surplus	equity	losses on hedges	translation adjustments	
Balance at the beginning of the period	4,708,487	9,985,403	138,970,350	92,243	92,243	139,062,593
Changes during the period						
Issuance of new investment units			39,813,508			39,813,508
Distributions from surplus	(4,799,004)	(4,799,004)	(4,799,004)			(4,799,004)
Distributions in excess of retained earnings from allowance for temporary differences adjustment		(46,329)	(46,329)			(46,329)
Other distribution in excess of retained earnings		(34,747)	(34,747)			(34,747)
Net income	7,303,097	7,303,097	7,303,097			7,303,097
Changes other than unitholders' equity (net)		_		21,348	21,348	21,348
Total changes during the period	2,504,093	2,423,015	42,236,524	21,348	21,348	42,257,873
Balance at the end of the period	7,212,580	12,408,419	181,206,874	113,592	113,592	181,320,466

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

(Unit: JPY thousand)

	Unitholders' equity							
		Surplus						
			Capital surplus					
	Unitholders' capital			uction of capital sur	plus			
		Capital surplus	Allowance for temporary differences adjustment	Other deduction of capital surplus	Total deduction of capital surplus	Capital surplus (net)		
Balance at the beginning of the period	168,798,455	6,264,432	(46,329)	(1,022,263)	(1,068,593)	5,195,838		
Changes during the period								
Distributions from surplus								
Other distribution in excess of retained earnings				(172,554)	(172,554)	(172,554)		
Net income								
Changes other than unitholders' equity (net)				_				
Total changes during the period	_	I	_	(172,554)	(172,554)	(172,554)		
Balance at the end of the period	168,798,455	6,264,432	(46,329)	(1,194,818)	(1,241,148)	5,023,283		

	Uni	tholders' equit	у		d translation tments	
	Surplus		Total	Deferred	Total	Total net
	Retained earnings	Total surplus	unitholders' equity	gains or losses on hedges	valuation and translation adjustments	assets
Balance at the beginning of the period	7,212,580	12,408,419	181,206,874	113,592	113,592	181,320,466
Changes during the period						
Distributions from surplus	(7,323,980)	(7,323,980)	(7,323,980)			(7,323,980)
Other distribution in excess of retained earnings		(172,554)	(172,554)			(172,554)
Net income	7,721,948	7,721,948	7,721,948			7,721,948
Changes other than unitholders' equity (net)				(22,616)	(22,616)	(22,616)
Total changes during the period	397,968	225,413	225,413	(22,616)	(22,616)	202,796
Balance at the end of the period	7,610,548	12,633,832	181,432,288	90,975	90,975	181,523,263

V. Notes

[Notes Concerning Significant Accounting Policies]

	F: 1 : 1 1 1	F: 1 : 1 1 1		
By Period	Fiscal period ended	Fiscal period ended		
,	December 31, 2017 (Reference)	June 30, 2018		
Item	(from July 1, 2017 to December 31, 2017)	(from January 1, 2018 to June 30, 2018)		
Evaluation standards and				
evaluation method of	Other securities	Other securities		
assets	Those with no fair value	Those with no fair value		
	Cost method through moving-average method	Cost method through moving-average method		
	is used.	is used.		
2. Method of depreciation	(a) Property and equipment	(a) Property and equipment		
of non-current assets	The straight-line method is used.	The straight-line method is used.		
	The useful lives of major property, plant	The useful lives of major property, plant		
	and equipment are as follows.	and equipment are as follows.		
	Buildings 77 years	Tools, furniture and fixtures 4-8 years		
	Buildings and accompanying facilities	Buildings in trust 5-67 years		
	8-24 years	Buildings and accompanying facilities in		
	Structures 18 years	trust 2-33 years		
	Tools, furniture and fixtures 4-8 years	Structures in trust 3-55 years		
	Buildings in trust 5-67 years	Tools, furniture and fixtures in trust		
	Buildings and accompanying facilities in trust 2-33 years	2-19 years		
	Structures in trust 2-35 years			
	Tools, furniture and fixtures in trust			
	2-19 years			
	(b) Intangible assets	(b) Intangible assets		
	The straight-line method is used. For	The straight-line method is used. For		
	leasehold interests (fixed-term land lease	leasehold interests (fixed-term land lease		
	for business purposes), the straight-line	for business purposes), the straight-line		
	method based on the lease period is used.	method based on the lease period is used.		
	(c) Long-term prepaid expenses	(c) Long-term prepaid expenses		
	The straight-line method is used.	The straight-line method is used.		
3. Accounting treatment of	(a) Investment unit issuance costs	(a) Investment unit issuance costs		
deferred assets	The full amount is recorded as expense at	The full amount is recorded as expense at		
	the time of expenditure.	the time of expenditure.		
		(b) Investment corporation bond issuance costs		
		Investment corporation bond issuance costs		
		are amortized using the straight-line method over a period up to redemption of		
		the investment corporation bonds.		
4. Method of calculating	Allowance for doubtful accounts	Allowance for doubtful accounts		
allowances	To reserve for losses on doubtful accounts,	To reserve for losses on doubtful accounts,		
	allowances are provided for normal	allowances are provided for normal		
	receivables using a rate determined based on	receivables using a rate determined based on		
	past bad debt experiences, and specific	past bad debt experiences, and specific		
	allowances are provided for accounts with a	allowances are provided for accounts with a		
	possibility of default based on the estimated	possibility of default based on the estimated		
	amounts considered to be uncollectible by	amounts considered to be uncollectible by		
	considering the collectability of accounts on	considering the collectability of accounts on		
	an individual basis.	an individual basis.		

5. Revenue and expense	Accounting treatment of property taxes and other taxes	Accounting treatment of property taxes and other taxes
recognition	With respect to property taxes, city planning	With respect to property taxes, city planning
	taxes and depreciable asset taxes, of the tax	taxes and depreciable asset taxes, of the tax
	amount assessed and determined, the amount	amount assessed and determined, the amount
	corresponding to the relevant fiscal period is	corresponding to the relevant fiscal period is
	accounted for as property related expenses.	accounted for as property related expenses.
	Of the amounts paid to the seller for	Of the amounts paid to the seller for
	acquisitions of real estate, the amount equivalent to property taxes is capitalized as	acquisitions of real estate, the amount equivalent to property taxes is capitalized as
	part of the acquisition cost of the real estate or	part of the acquisition cost of the real estate or
	trust beneficiary interests in real estate instead	trust beneficiary interests in real estate instead
	of being charged as expense. The amount	of being charged as expense. The amount
	equivalent to property taxes that was included as part of the acquisition of real estate during	equivalent to property taxes that was included as part of the acquisition of real estate during
	the fiscal period ended December 31, 2017 is	the fiscal period ended June 30, 2018 is JPY
	JPY 24,256 thousand.	77,833 thousand.
6. Method of hedge	(a) Method of hedge accounting	(a) Method of hedge accounting Deferred hedge accounting is used.
accounting	Deferred hedge accounting is used.	Deferred nedge accounting is used.
	(b) Hedging instrument and hedged item	(b) Hedging instrument and hedged item
	Hedging instrument: interest rate swap	Hedging instrument: interest rate swap
	Hedged item: interest on borrowings	Hedged item: interest on borrowings
	(c) Hedge policy	(c) Hedge policy
	INV enters into derivatives transactions for the purpose of hedging against the risks set	INV enters into derivatives transactions for the purpose of hedging against the risks set
	forth in INV's Articles of Incorporation in	forth in INV's Articles of Incorporation in
	accordance with its risk management	accordance with its risk management
	policy.	policy.
	(d) Method of evaluating hedge effectiveness	(d) Method of evaluating hedge effectiveness
	Hedge effectiveness is evaluated by	Hedge effectiveness is evaluated by
	comparing the cumulative amount of	comparing the cumulative amount of
	changes in cash flows of the hedging instrument and the cumulative amount of	changes in cash flows of the hedging instrument and the cumulative amount of
	changes in cash flows of the hedged item	changes in cash flows of the hedged item
	and verifying the difference in the amounts	and verifying the difference in the amounts
	of change of both the hedged item and the	of change of both the hedged item and the
7 Other significant	hedging instrument.	hedging instrument.
7. Other significant matters which constitute	(1) Accounting treatment policy of trust beneficiary interests in real estate	(1) Accounting treatment policy of trust beneficiary interests in real estate
the basis for preparation	As to trust beneficiary interests in real	As to trust beneficiary interests in real
of financial statements	estate, all accounts of assets and liabilities	estate, all accounts of assets and liabilities
	within assets in trust, as well as all income	within assets in trust, as well as all income
	generated and expenses incurred from assets in trust, are recorded in the relevant	generated and expenses incurred from assets in trust, are recorded in the relevant
	balance sheets and income statement	balance sheets and income statement
	accounts. Of such items, the following	accounts. Of such items, the following
	significant trust assets and liabilities are shown separately on the balance sheet.	significant trust assets and liabilities are shown separately on the balance sheet.
	(a) Cash and bank deposits in trust	(a) Cash and bank deposits in trust
	(b) Buildings in trust	(b) Buildings in trust
	Buildings and accompanying facilities	Buildings and accompanying facilities
	in trust Structures in trust	in trust Structures in trust
	Tools, furniture and fixtures in trust	Tools, furniture and fixtures in trust
	Land in trust	Land in trust
	(c) Leasehold rights in trust	(c) Leasehold rights in trust

(d) Tenant leasehold and security deposits in trust	(d) Tenant leasehold and security deposits in trust
(2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.	(2) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

[Notes to changes in indication method]

Fiscal period ended	Fiscal period ended
December 31, 2017	June 30, 2018
(from July 1, 2017 to	(from January 1, 2018 to
December 31, 2017)	June 30, 2018)
	"Income taxes receivable" was included in "Accounts receivable"
	under "Current assets" in the balance sheet for the previous fiscal
	period. However, due to an increase in its monetary significance, it
Not applicable.	is recorded as a separate item from the Reporting Period. As a
Not applicable.	result, JPY 8,000 which was recorded under "Accounts
	receivable" under "Current assets" in the balance sheet for the
	previous fiscal period is now restated as JPY 8,000 for Income
	taxes receivable.

[Notes to the Balance Sheet]

Fiscal period ended December 31, 2017 (Reference) (as of December 31, 2017)	Fiscal period ended June 30, 2018 (as of June 30, 2018)
*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations	*1. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations
JPY 50,000 thousand	JPY 50,000 thousand

*2. Allowance for temporary differences adjustment

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017) (Reference)

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

- 2. Method of reversal
- (1) Leasehold rights in trust

The corresponding amount is scheduled to be reversed upon sale, etc.

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

1. Reasons, related assets and amounts

(Unit: JPY thousand)

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

- 2. Method of reversal
- (1) Leasehold rights in trust

The corresponding amount is scheduled to be reversed upon sale, etc.

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 3		Fiscal period ended June 30, 20 (from January 1, 2018 to June 30,	
*1. Real estate rental revenues and expenses	S	*1. Real estate rental revenues and expenses	
(Uı	nit: JPY thousand)	(Uni	t: JPY thousand)
A. Real estate rental revenues		A. Real estate rental revenues	
Rental revenue – real estate		Rental revenue – real estate	
(Rent/common area charges)	11,060,128	(Rent/common area charges)	10,769,777
(Other revenues)	343,107	(Other revenues)	352,704
Total	11,403,236	Total	11,122,481
B. Real estate rental expenses		B. Real estate rental expenses	
Property related expenses		Property related expenses	
(Maintenance costs)	707,458	(Maintenance costs)	665,093
(Taxes and public dues)	470,600	(Taxes and public dues)	470,692
(Insurance expenses)	11,499	(Insurance expenses)	12,845
(Depreciation expenses)	2,567,215	(Depreciation expenses)	2,772,510
(Other expenses)	205,408	(Other expenses)	215,476
Total	3,962,183	Total	4,136,619
C. Real estate rental income		C. Real estate rental income	
(A-B)	7,441,052	(A-B)	6,985,862
(Note) Of which, revenue from variable hotel rents	3,741,186	(Note) Of which, revenue from variable hotel rents	3,789,484
*2 Gain on sales of properties	(Unit: JPY thousand)	*2 Gain on sales of properties	(Unit: JPY thousand)
Kindai Kagaku Sha Building	,	Harmonie Ochanomizu	,
Proceeds from sales of properties	1,364,791	Proceeds from sales of properties	1,606,646
Cost of sales of properties	1,197,764	Cost of sales of properties	1,346,372
Other expenses on sales of properties	51,333	Other expenses on sales of properties	38,843
Gain on sales of properties	115,693	Gain on sales of properties	221,430
Times Kanda-Sudacho 4th		Growth Maison Ikebukuro	
Proceeds from sales of properties	130,217	Proceeds from sales of properties	1,059,850
Cost of sales of properties	100,818	Cost of sales of properties	743,659
Other expenses on sales of properties	3,658	Other expenses on sales of properties	26,625
Gain on sales of properties	25,740	Gain on sales of properties	289,565
Shinjuku Island		Capital Heights Kagurazaka	
Proceeds from sales of properties	705,102	Proceeds from sales of properties	734,817
Cost of sales of properties	701,931	Cost of sales of properties	623,867
Other expenses on sales of properties	10,228	Other expenses on sales of properties	20,817
Gain on sales of properties	(7,057)	Gain on sales of properties	90,132

Fiscal period ended December 3 (from July 1, 2017 to Decer		Fiscal period ended June 30, 201 (from January 1, 2018 to June 30, 20	
Casa Eremitaggio		Cross Square NAKANO	
Proceeds from sales of propertie	s 1,312,035	Proceeds from sales of properties	1,357,090
Cost of sales of properties	948,287	Cost of sales of properties	1,125,668
Other expenses on sales of proper	•	Other expenses on sales of properties	23,268
Gain on sales of properties	335,004	Gain on sales of properties	208,153
Gain on sales of properties	333,004	Gain on sales of properties	208,133
Lexel Mansion Ueno Matsugaya		Ohki Aoba Building	
Proceeds from sales of propertie	s 1,329,240	Proceeds from sales of properties	728,446
Cost of sales of properties	853,265	Cost of sales of properties	709,604
Other expenses on sales of prope	erties 26,547	Other expenses on sales of properties	11,439
Gain on sales of properties	449,428	Gain on sales of properties	7,402
Sun Terrace Minami Ikebukuro		Lexington Plaza Nishigotanda	
Proceeds from sales of propertie	s 934,980	Proceeds from sales of properties	5,180,003
Cost of sales of properties	591,335	Cost of sales of properties	4,632,693
Other expenses on sales of prope		Other expenses on sales of properties	114,348
Gain on sales of properties	325,224	Gain on sales of properties	432,961
*3. Impairment loss			
Name of property	: Ohki Aoba Building		
Use	: Retail facility		
Location	: Sendai-shi, Miyagi		
Туре	: Land in trust		
Impairment loss	: JPY 15,677 thousand		
Upon calculating impairment loss, book value of the asset sold was reduced to recoverable value and the amount reduced was			
posted in operating expenses as impairment loss for the land in			
trust. The net sales price which is ob-	tained by subtracting		
expected sales expenses from actual se	lling price is deemed as		
recoverable value.			

[Notes to Statement of Changes in Net Assets]

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)		Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)	
Number of issuable investment units and number of investment units issued and outstanding		Number of issuable investment units and number of investmen units issued and outstanding	
Number of investment units authorized 10,000,000 units		Number of investment units authorized	10,000,000 units
Number of investment units issued and outstanding	4,793,181 units	Number of investment units issued and outstanding	4,793,181 units

[Notes Related to Tax Accounting]

Fiscal period ended December 3 (as of December 31		Fiscal period ended Jun (as of June 30, 20	018)	
Significant components of deferred	d tax assets and liabilities (Unit: JPY thousand)	(Unit: JPY thousand)		
(Deferred tax assets - current assets)		(Deferred tax assets - current assets)		
Enterprise tax payable	1,331	Enterprise tax payable	1,325	
Impairment loss	2,367	Allowance for doubtful accounts	28	
Allowance for doubtful accounts	28	Subtotal	1,354	
Subtotal	3,726	Valuation allowance	1,354	
Valuation allowance	3,726	Total	-	
Total	-	(Deferred tax assets - current)	-	
(Deferred tax assets - current)	-			
(Deferred tax assets - non-current ass	ets)	(Deferred tax assets - non-current asset	· 1	
Buildings and other (merger)	730,990	Buildings and other (merger)	561,751	
Land (merger)	1,918,655	Land (merger)	1,374,216	
Loss carried forward	7,200,289	Loss carried forward	7,200,289	
Asset retirement obligations	10,055	Asset retirement obligations	10,122	
Amortization of leasehold right	79,644	Amortization of leasehold right	116,528	
Subtotal	9,939,635	Subtotal	9,262,907	
(Deferred tax liabilities –		(Deferred tax liabilities – non-current liabilities)	_	
non-current liabilities) Removal expenses included in asset	9,797	Removal expenses included in asset retirement obligations	9,797	
retirement obligations	ŕ	Deferred gains or losses on hedges	28,875	
Deferred gains or losses on hedges	36,054	Subtotal	38,673	
Subtotal	45,851	_		
Valuation allowance	9,893,783	Valuation allowance	9,224,234	
Total		Total		
(Deferred tax assets - non-current)	-	(Deferred tax assets - non-current)	-	
Significant difference between star effective tax rate	tutory tax rate and the	2. Significant difference between stat effective tax rate	utory tax rate and the	
Statutory tax rate	31.74%	Statutory tax rate	31.74%	
Deductible cash distributions	(30.49)%	Deductible cash distributions	(22.95)%	
Changes in valuation allowance	(1.25)%	Changes in valuation allowance	(8.79)%	
Others	0.01%	Others	0.01%	
Effective tax rate	0.01%	Effective tax rate	0.01%	

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

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

1. Status of financial instruments

(1)Policy for financial instruments

INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.

The policy for raising funds is principally through issuing new investment units or borrowing loans.

Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation.

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

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

The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.

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

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.

 Estimated fair value of financial instruments.
 Book value, fair value and the difference between value as of December 31, 2017 are as follows.

(Unit: JPY thousand)

	(Circ. 91 1 thousand)				
	Book Value	Fair Value	Difference		
(1) Cash and bank deposits	14,367,140	14,367,140	-		
(2) Cash and bank deposits in trust	6,326,653	6,326,653	-		
Total assets	20,693,794	20,693,794	-		
(3) Short-term loans	(3,068,000)	(3,068,000)	1		
(4) Current portion of long term loans payable	(28,979,000)	(28,979,000)	-		
(5) Long-term loans	(154,936,000)	(154,936,000)	-		
Total liabilities	(186,983,000)	(186,983,000)	-		
(6) Derivatives	113,592	113,592	-		

1. Status of financial instruments

(1)Policy for financial instruments

INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.

The policy for raising funds is principally through issuing new investment units or borrowing loans.

Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation.

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

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

The funds raised through borrowings and issuing investment corporation bonds are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loans. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.

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

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.

Estimated fair value of financial instruments.
 Book value, fair value and the difference between value as of June 30, 2018 are as follows.

(Unit: JPY thousand)

	(Clift, 31.1 tilousa					
	Book Value	Fair Value	Difference			
(1) Cash and bank deposits	8,505,792	8,505,792	-			
(2) Cash and bank deposits in trust	6,566,761	6,566,761	-			
Total assets	15,072,553	15,072,553	-			
(3) Short-term loans	(2,000,000)	(2,000,000)	-			
(4) Current portion of long term loans payable	(46,663,000)	(46,663,000)	-			
(5) Investment corporation bonds	(2,000,000)	(1,998,500)	1,500			
(6) Long-term loans	(138,752,000)	(138,752,000)	-			

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

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

Total liabilities	(189,415,000)	(189,413,500)	1,500
(7) Derivatives	90,975	90,975	-

- (*1) Items recorded in the Liabilities Section are shown in parenthesis.
- (*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.
- (Note 1) Methods to calculate fair value of financial instruments.
- (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans

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

(4) Current portion of long term loans payable (5) Long-term loans

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

(6) Derivatives

- (a) Derivatives transactions to which hedge accounting is not applied
 - Not applicable
- (b) Derivatives transactions to which hedge accounting is applied

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

(Unit: JPY thousand)

	(======================================				
			Contract as	mount, etc.	Fair value
Method of	Derivative	Primary	(Note 1)		(Note 2)
hedge	transaction	hedged		Amount due	
accounting	type, etc.	item		after	
				one year	
	Interest rate swap				
Principle accounting method	Receive floating rate/pay	Long- term loans	99,119,000	70,140,000	113,592
	fixed rate				

- (*1) The contract amount, etc. is stated based on a notional principal.
- (*2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.
- (Note 2) Financial instruments for which fair value is extremely difficult to value.

- (*1) Items recorded in the Liabilities Section are shown in parenthesis.
- (*2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis.
- (Note 1) Methods to calculate fair value of financial instruments.
- (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans

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

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

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

(5) Investment corporation bonds

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

- (7) Derivatives
 - (a) Derivatives transactions to which hedge accounting is not applied

Not applicable

(b) Derivatives transactions to which hedge accounting is applied

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

(Unit: JPY thousand)

Mada da C	Daviostics	D.:		Contract amount, etc.	
Method of	Derivative	Primary	(No	te 1)	(Note 2)
hedge	transaction	hedged		Amount due	
accounting	type, etc.	item		after	
				one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long- term loans	100,619,000	67,390,000	90,975

- (*1) The contract amount, etc. is stated based on a notional principal.
- (*2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.
- (Note 2) Financial instruments for which fair value is extremely difficult to value.

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

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

(Unit: JPY thousand)

Category	Book value
Tenant leasehold and security deposits in trust	2,215,299
Investment securities	17,854,460

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.

Since quoted market prices are not available for investment securities (preferred equity interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.

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

As of December 31, 2017

(Unit: IPV thousand)

	Due within one year		Due after two to three years
Cash and bank deposits	14,367,140	-	-
Cash and bank deposits in trust	6,326,653	-	-
Total	20,693,794	-	-

	Due after three	Due after four	Due after five
	to four years	to five years	years
Cash and bank deposits	-	-	-
Cash and bank deposits in trust	-	-	-
Total	-	-	1

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

As of December 31, 2017

	(Unit: JF	Y thousand	
	Due within	Due after one	Due after two
	one year	to two years	to three years
Short-term loans	3,068,000	-	-
Current portion of longterm loans payable	28,979,000	-	-
Long-term loans	1	54,745,000	50,130,000
Total	32,047,000	54,745,000	50,130,000

(Unit: JPY thousand)

Category	Book value
Tenant leasehold and security deposits in trust	2,026,400
Investment securities	17,856,387

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.

Since quoted market prices are not available for investment securities (preferred equity interest), fair value is deemed extremely difficult to value. Thus, prices are not subject to the disclosure of fair value.

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

As of June 30, 2018

	(Unit: JPY thousa						
	Due within	Due after one	Due after two				
	one year	to two years	to three years				
Cash and bank deposits	8,505,792	-	-				
Cash and bank deposits in trust	6,566,761	1	-				
Total	15,072,553	-	-				

	Due after three to four years	Due after four to five years	Due after five years
Cash and bank deposits	-	-	-
Cash and bank deposits in trust	-	-	-
Total	-	-	-

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

As of June 30, 2018

		(Unit: JP	Y thousand)
	Due within one year	Due after one to two years	Due after two to three years
Short-term loans	2,000,000	-	-
Current portion of longterm loans payable	46,663,000	-	-
Investment corporation bonds	-	-	-
Long-term loans	-	51,744,000	57,380,000
Total	48,663,000	51,744,000	57,380,000

Fiscal period end (from July 1	ed December :	,	,			riod ended June 30, 2018 ry 1, 2018 to June 30, 2018)		
	Due after three to four years	Due after four to five years	Due after five years			Due after three to four years	Due after four to five years	Due after five years
Short-term loans	-	-	-		Short-term loans	-	-	-
Current portion of longterm loans payable	-	-	-		Current portion of longterm loans payable	-	-	-
Long-term loans	32,821,000	10,115,000	7,125,000		Investment corporation bonds	-	1,000,000	1,000,000
Total	32,821,000	10,115,000	7,125,000		Long-term loans	15,638,000	6,865,000	7,125,000
					Total	15,638,000	7,865,000	8,125,000

[Notes Related to Asset Retirement Obligations]

Fiscal period ende	ed December 31, 2017 (Reference)	
(from July 1	2017 to December 31, 2017)	

1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.

- Calculation method for asset retirement obligations for the period
 - The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.
- 3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period

(Unit: JPY thousand)

Balance at the beginning of the period	31,468
Increase due to the acquisition of properties	-
Accretion expense	212
Balance at the end of the period	31,680

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

- Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.
- Calculation method for asset retirement obligations for the period
 - The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1 342%
- 3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period

(Unit: JPY thousand)

Balance at the beginning of the period	31,680
Increase due to the acquisition of properties	
Accretion expense	210
Balance at the end of the period	31,891

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

INV owns residential properties and hotels as core assets as well as other various properties including offices and commercial facilities principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.

(Unit: JPY thousand)

	(Cint. 51 1 thousand)					
		Book value				
Use	Balance at the beginning of the period	Change during the period	Balance at the end of the period	the end of the period		
Residences	93,113,195	(3,163,531)	89,949,664	102,353,000		
Offices	8,424,734	(1,949,803)	6,474,931	6,130,000		
Commercial facilities	5,001,269	(43,977)	4,957,292	6,100,000		
Parking lot	100,818	(100,818)	-	-		
Hotels	185,897,957	40,430,059	226,328,017	285,424,000		
Total	292,537,976	35,171,929	327,709,905	400,007,000		

- (Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).
- (Note 2) The major factors for the increase for the fiscal period ended December 31, 2017 were new acquisition of hotels and capital expenditure-related construction work.
- (Note 3) The major factors of the decrease were sale of residential properties, office properties and parking; and recording of depreciation and impairment loss.
- (Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.

For information related to profits and losses from rental properties in the fiscal period ended December 31, 2017, please refer to "Notes to Statement of Income and Retained Earnings."

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

INV owns residential properties and hotels as core assets principally in the Tokyo area and major regional cities with an aim to establish a portfolio focusing on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.

(Unit: JPY thousand)

		Fair value at		
Use	Balance at the beginning of the period Change during the period		Balance at the end of the period	the end of the period
Residences	89,949,664	(3,380,554)	86,569,109	100,387,000
Offices	6,474,931	(6,474,931)	-	-
Commercial facilities	4,957,292	(44,824)	4,912,468	6,170,000
Hotels	226,328,017	19,125,328	245,453,345	304,985,000
Total	327,709,905	9,225,018	336,934,923	411,542,000

- (Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).
- (Note 2) The major factors for the increase for the fiscal period ended June 30, 2018 were new acquisition of hotels and capital expenditure-related construction work.
- (Note 3) The major factors of the decrease were sale of residential properties and office properties; and recording of depreciation.
- (Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value or survey value provided by Asset Research and Development Inc., Japan Real Estate Institute, JLL Morii Valuation & Advisory K.K., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.

For information related to profits and losses from rental properties in the fiscal period ended June 30, 2018, please refer to "Notes to Statement of Income and Retained Earnings."

[Notes Related to Restriction on Asset Management]

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31, 2017) (Reference)

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
	HL Investments Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	13,068,000	-	-
	Septentrio3 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	9,781,000	-	-
Interested party of	Monza Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	8,870,000	-	-
the Asset Manager	Suisei Tokutei Mokuteki Kaisha	Investment management business		Purchase of trust beneficiary interests in real estate	7,880,000		
	Naqua Hotel & Resorts Management Co., Ltd.	Hotel business	-	Rental revenues	1,103,226	Accounts receivable	130,953
	MyStays Hotel Management Co., Ltd.	Hotel business	-	Rental revenues	4,794,080	Accounts receivable	1,551,920

- (Note 1) Consumption taxes, etc., are not included in transaction amounts, but are included in the balance at the end of the period.
- (Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with the sponsor company.
- (Note 3) HL Investments Tokutei Mokuteki Kaisha, Septentrio3 Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha and Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, these Tokutei Mokuteki Kaisha or the tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope. Accordingly, INV treats HL Investments Tokutei Mokuteki Kaisha, Septentrio3 Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha and Naqua Hotel & Resorts Management Co., Ltd. and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.
- (Note 4) Calliope holds 609,942 units (holding percentage: 12.7%) of the issued investment units of INV.
- (Note 5) The purchase of trust beneficiary interests pertains to the following properties. The transaction amount is the purchase price stated in the trust beneficiary purchase agreement, to which other expenses for acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property number	Name of property	Counterparty	Purchase price (JPY thousand)
D50	Hotel MyStays Shin Osaka Conference Center	HL Investments Tokutei Mokuteki Kaisha	13,068,000
D51	Hotel MyStays Premier Omori	Septentrio3 Tokutei Mokuteki Kaisha	9,781,000
D52	Beppu Kamenoi Hotel	Monza Tokutei Mokuteki Kaisha	8,870,000
D53	Hotel MyStays Sapporo Station	Suisei Tokutei Mokuteki Kaisha	7,880,000
	39,599,000		

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)				
				Borrowing for short-term loan	1,022,000	Short-term loans payable	1,022,000				
	Cumitana Mitani			Borrowing for long-term loan	2,625,000	Long-term loans payable	23,976,000				
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business		-	-	-	-	-	Finance related fees	20.202	Prepaid expenses
Limited			Finance related lees	38,303	Long-term prepaid expenses	77,317					
				Interest expenses	61,771	Accrued expenses	1,139				

- (Note 1) Consumption taxes, etc., are not included in transaction amounts, but are included in the balance at the end of the period.
- (Note 2) The terms and conditions have been determined based on actual market conditions.

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

1 Interested parties of the Asset Manager

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

- (Note 1) Consumption taxes, etc., are not included in transaction amounts, but are included in the balance at the end of the period.
- (Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with the sponsor company.
- (Note 3) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. However, (i) Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares) upon transactions with the Tokutei Mokuteki Kaisha, (ii) Calvis Tokutei Mokuteki Kaisha has received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares) upon transactions with the Tokutei Mokuteki Kaisha, and (iii) Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have received an anonymous partnership investment or investment through funds that are managed by affiliates of FIG (an affiliate of Calliope, which is a parent company of the Asset Manager directly owning 100% of its issued shares until March 29, 2018; a subsidiary of SoftBank Group Corp., which is a parent company of the Asset Manager directly/indirectly owning 100% of its issued shares on and after March 29, 2018). Accordingly, INV treats Ginga Tokutei Mokuteki Kaisha, HL Investments Tokutei Mokuteki Kaisha, Monza Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Calvis Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel

Management Co., Ltd. as the equivalent to interested parties.

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

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

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)		Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)		
				Borrowing for short-term loan	356,000	Short-term loans payable	666,000		
	Sumitomo Mitovi			Borrowing for long-term loan	-	Long-term loans payable	23,976,000		
Asset Custody Company		-	-	-	-	Finance related fees		Prepaid expenses	44,600
Eninted			Finance related lees	-	Long-term prepaid expenses	57,993			
				Interest expenses	70,227	Accrued expenses	768		

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

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

[Notes Related to Per Unit Information]

Fiscal period ended December 31, 2017 (from July 1, 2017 to December 31		Fiscal period ended Jur (from January 1, 2018 to J	
Net assets per unit	JPY 37,829	Net assets per unit	JPY 37,871
Net income per unit	JPY 1,712	Net income per unit	JPY 1,611
Net income per unit is calculated by dividing the period by the daily weighted averance investment units issued and outstanding. Deper unit is not stated, as there are no diluted to	rage number of Diluted net income	the period by the daily weighte	ed average number of ing. Diluted net income

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

Fiscal period ended December 31, 2017 (Ref (from July 1, 2017 to December 31, 20		Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)	
Net income for the fiscal period (JPY thousand)	7,303,097	Net income for the fiscal period (JPY thousand)	7,721,948
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-
Net income attributable to common units (JPY thousand)	7,303,097	Net income attributable to common units (JPY thousand)	7,721,948
Average number of investment units during the period (units)	4,266,437	Average number of investment units during the period (units)	4,793,181

[Notes Related to Significant Subsequent Events]

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

1. Sale of Assets

INV completed sale of the following five properties on January 31, 2018.

Property Number: A31

Property Name: Harmonie Ochanomizu

- F	
Sale date	July 31, 2018
Location	Bunkyo-ku, Tokyo
Book value (Note 1)	JPY 1,346 million
Sales price (Note 2)	JPY 1,603 million
Expected gain on sales (Note 3)	JPY 220 million
Transferee	Not disclosed (Note 4)
Legal form of asset	Trust beneficiary interest

Property Number: A36

Property Name: Growth Maison Ikebukuro

Sale date	July 31, 2018
Location	Toshima-ku, Tokyo
Book value (Note 1)	JPY 743 million
Sales price (Note 2)	JPY 1,057 million
Expected gain on sales (Note 3)	JPY 288 million
Transferee	Not disclosed (Note 4)
Legal form of asset	Trust beneficiary interest

Property Number: A42

Property Name: Capital Heights Kagurazaka

Troperty realists. Cupitari	Terginis Tragarazana	
Sale date	July 31, 2018	
Location	Shinjuku-ku, Tokyo	
Book value (Note 1)	JPY 623 million	
Sales price (Note 2)	JPY 732 million	
Expected gain on sales (Note 3)	JPY 87 million	
Transferee	Not disclosed (Note 4)	
Legal form of asset	Trust beneficiary interest	

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

1. Issuance of new investment units

INV resolved at its meetings of the Board of Directors held on July 17, 2018 and July 25, 2018 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on August1, 2018, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 21, 2018. As a result, the unitholders' capital of INV is JPY 211,092 million and the number of investment units issued and outstanding of INV increased to 5,748,181.

(1) Issuance of new investment units through public offering

Number of investment units : 909,524 investment units

offered Of which

domestic public offering : 432,024 investment units overseas offering : 477,500 investment units Issue price : JPY 45,776 per unit

JPY 41,634,370,624

(offer price)

Total issue price

(offer price)

Paid amount (issue value) : JPY 44,287 per unit Total paid amount : JPY 40,280,089,388

(total issue value)

Payment date : August 1, 2018

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

Number of Investment Units : 45.476 investment units

offered in the secondary

offering

Offer price : JPY 45,776 per unit
Total offer price : JPY 2,081,709,376
Delivery date : August 2, 2018

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

Number of investment units : 45,476 investment units

offered

Amount to be paid : JPY 44,287per unit

(issue value)

Total paid amount : JPY 2,013,995,612

(total issue value)

Payment date : August 21, 2018 Allottee : Mizuho Securities Co.,

Ltd.

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

Property Number: B15

Property Name: Cross Square NAKANO

Troperty runne: cross sq	quare 10 He ii 10	
Sale date	January 31, 2018	
Location	Nakano-ku, Tokyo	
Book value (Note 1)	JPY 1,125 million	
Sales price (Note 2)	JPY 1,350 million	
Expected gain on sales (Note 3)	JPY 199 million	
Transferee	Taisei-Yuraku Real Estate Co., Ltd.	
Legal form of asset	Trust beneficiary interest	

Property Number: B16

Property Name: Ohki Aoba Building

Sale date	January 31, 2018
Location	Sendai-shi, Miyagi
Book value (Note 1)	JPY 709 million
Sales price (Note 2)	JPY 721 million
Expected gain on sales (Note 3)	-
Transferee	Kubota Honten
Legal form of asset	Trust beneficiary interest

In addition, INV decided on February 13, 2018 to sell the following one property and completed its sale on March 9, 2018.

Property Number: B14

Property Name: Lexington Plaza Nishigotanda

- Top tity - times		
Sale date	March 9, 2018	
Location	Shinagawa-ku, Tokyo	
Book value (Note 1)	JPY 4,639 million	
Sales price (Note 2)	JPY 5,160 million	
Expected gain on sales (Note 3)	JPY 431 million	
Transferee	Not disclosed (Note 4)	
Legal form of asset	Trust beneficiary interest	

The book value is as of December 31, 2017. (Note 1)

(Note 2) Sales price does not include sales-related expenses, adjustments for property taxes or city planning taxes, national or local

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

2. Debt Financing

In order to fund a portion of acquisition price of four domestic hotel properties (domestic trust beneficiary interests) acquired on August 2, 2018 and TK Interest with overseas real estate as underlying assets to be acquired on October 31, 2018 or on a date to be separately agreed, INV resolved the following debt financing at its meetings of the Board of Directors held on July 17, 2018 and entered into a loan agreement on July 31, 2018.

New Syndicate Loan (J)

Lender Syndicate of lenders

arranged by Mizuho Bank,

Ltd.

Outstanding balance JPY 40,458 million Interest rate, etc. Base Rate (1-month JPY

TIBOR; however, 2-month JPY TIBOR for the first calculation period) + 0.50%, 0.40%, 0.30%,

0.30%, 0.20%

Interest payment The last Japanese business

day of each month before the principal maturity date with September 28, 2018

as the first payment date, and the principal maturity

date

The last Japanese business day of each month before the principal maturity date with October 31, 2018 (Note 1) as the first payment date, and the principal maturity date

Lump-sum repayment

Principal repayment

method

date

Borrowing method Unsecured / Unguaranteed

Borrowing date August 2, 2018,

September 12, 2018 (Note 1)

Maturity date August 2, 2019, August 2,

> 2021, September 12, 2021 (Note 1), September 12, 2022 (Note 1), September

12, 2023 (Note 1)

(Note 1) Borrowing date, interest payment date and maturity date are those expected as of the date of this document and are subject to change.

3. Acquisition of assets (properties)

INV resolved acquisition of the following four hotel properties (total acquisition price: JPY 47,747 million) on July 17, 2018 and completed the acquisition on August 2, 2018

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

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

consumption taxes.

(Note 3) The amount of difference between sales price and book value, and after deducting expected sales-related expenses is indicated.

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

(Note 5) For details of the sales assets, please refer to "I.

Asset Management Report; Status of Investment Corporations' Assets under Management; 3 Asset Portfolio of Real Estate, etc." earlier in this document.

2. Acquisition of Assets

On February 5, 2018, INV decided to acquire the following four hotel properties and concluded a purchase and sale agreement on the same day. INV completed the acquisition on February 7, 2018, using the proceeds from the sales outlined in "1. Sale of Assets" to fund part of the acquisition.

Property Number: D54

Property Name: Hotel MyStays Yokohama Kannai

Acquisition date	February 7, 2018
Acquisition price (Note)	JPY 5,326 million
Location	Yokohama-shi, Kanagawa
Completion date	August 2016
Legal form of asset	Trust beneficiary interest
Seller	Ginga Tokutei Mokuteki Kaisha
Total floor area	4,567.24m ²
Total leasable area	4,567.24m ²

Property Number: D55

Property Name: Art Hotel Joetsu

Acquisition date	February 7, 2018
Acquisition price (Note)	JPY 2,772 million
Location	Joetsu, Niigata
Completion date	November 1993
Legal form of asset	Trust beneficiary interest
Seller	HL Investments Tokutei Mokuteki Kaisha
Total floor area	7,551.78m ²

Property Number: D60

Property Name: Hotel MyStays Premier Akasaka

Acquisition date	August 2, 2018
Acquisition price (Note 1)	JPY 20,691 million
Location	Minato-ku, Tokyo
Completion date	June 2016
Legal form of asset	Trust beneficiary interest
Seller	Aki Tokutei Mokuteki Kaisha
Total floor area	8,620.69m ²
Total leasable area	8,620.69m ²

Property Number: D61

Property Name: Hotel MyStays Premier Sapporo Park

Acquisition date	August 2, 2018
Acquisition price (Note 1)	JPY 16,731 million
Location	Sapporo-shi, Hokkaido
Completion date	March 1998
Legal form of asset	Trust beneficiary interest
Seller	Raetia Tokutei Mokuteki Kaisha
Total floor area	21,670.64m ²
Total leasable area	21,670.64m ²

Property Number: D62

Property Name: Hotel MyStays Ueno East

Acquisition date	August 2, 2018
Acquisition price (Note 1)	JPY 5,286 million
Location	Taito-ku, Tokyo
Completion date	September 1991
Legal form of asset	Trust beneficiary interest
Seller	HL Investments 2 Tokutei Mokuteki Kaisha
Total floor area	4,396.02m ²
Total leasable area	4,396.02m ²

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)

Total leasable area 7,551.78m²

Property Number: D56

Property Name: Art Hotel Hirosaki City

Troperty Traine: Titt Hotel Hillosaki City	
Acquisition date	February 7, 2018
Acquisition price (Note)	JPY 2,723 million
Location	Hirosaki-shi, Aomori
Completion date	August 1989
Legal form of asset	Trust beneficiary interest
Seller	Monza Tokutei Mokuteki Kaisha
Total floor area	18,889.26m ²
Total leasable area	18,889.26m ²

Property Number: D57

Property Name: Hotel MyStays Oita

Acquisition date	February 7, 2018
Acquisition price (Note)	JPY 1,604 million
Location	Oita-shi, Oita
Completion date	July 2007
Legal form of asset	Trust beneficiary interest
Legal form of asset Seller	Trust beneficiary interest Suisei Tokutei Mokuteki Kaisha
	Suisei Tokutei Mokuteki

(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.

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

Property Number: D63

Property Name: Hotel MyStays Midosuji Honmachi

Acquisition date	August 2, 2018
Acquisition price (Note 1)	JPY 5,039 million
Location	Osaka-shi, Osaka
Completion date	October 2017
Legal form of asset	Trust beneficiary interest
Seller	Dogo Tokutei Mokuteki Kaisha
Total floor area	3,429.43m ²
Total leasable area	3,429.43m ²

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

 Acquisition of assets (TK interest with overseas real estate as underlying assets)
 INV resolved acquisition of the following TK interest on July 17, 2018 and concluded a TK agreement on the same

Overview of acquisition

date.

Asset to be acquired	TK interest in a Cayman Islands special purpose company that plans to acquire Leasehold Interests in overseas real estate as underlying assets
Anticipated acquisition price	USD 339,836,000 (JPY 37,534 million) (Note 1) for 100.0% of the Cayman Hotel TK Interest
Name of underlying asset	Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort
Anticipated acquisition date Anticipated acquisition date One business day prior the acquisition date of the underlying assets, which expected to close by October 31, 2018 or the date separately agreed	
TK operator	Seven Mile Resort Holdings Ltd.

Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)	Fiscal period er (from January 1, 2	nded June 30, 2018 018 to June 30, 2018)
	Overview of underlying asset	s
	Name of asset	Westin Grand Cayman Seven Mile Beach Resort & Spa
	Anticipated acquisition price (Note 1) (Note 2)	USD 255,300,000 (JPY 28,197 million)
	Location	Seven Mile Beach Road, Grand Cayman, Cayman Islands
	Completion date	1994
	Total floor area	231,728 ft ² (approx. 21,528m ²)
	Name of asset	Sunshine Suites Resort
	Anticipated acquisition price (Note 1) (Note 2)	USD 49,700,000 (JPY 5,489 million)
	Location	Esterley Tibbetts Highway, Grand Cayman, Cayman Islands
	Completion date	1999
	Total floor area	72,367 ft ² (approx. 6,723m ²)
	the foreign excl executed on Jul denomination v	investment amount is fixed by nange forward contract y 26, 2018 in Japanese Yen which were calculated using an f 1 USD=110.45.
	price of the Cay acquired by IN acquisition pric	t the anticipated acquisition yman Hotel TK Interest V but the anticipated e of the Leasehold, etc. of the et acquired by the Cayman

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

Fiscal period ended December 31, 2017 (Reference)	Fiscal period ended June 30, 2018
(from July 1, 2017 to December 31, 2017)	(from January 1, 2018 to June 30, 2018)
Not applicable	Not applicable

VI. Statement of Cash Distribution

Fiscal period ended Fiscal period ended December 31, 2017 (Reference) June 30, 2018 (from July 1, 2017 to (from January 1, 2018 to December 31, 2017) June 30, 2018) Unappropriated retained JPY 7,610,548,999 JPY 7,212,580,928 earnings II. Distribution in excess of retained earnings Allowance for temporary differences adjustment Other deduction of JPY 172,554,516 capital surplus III. Distributions JPY 7,496,535,084 JPY 6,854,248,830 (Distribution per unit) (JPY 1,564) (JPY 1,430) Of which, JPY 7,323,980,568 JPY 6,854,248,830 distribution of earnings (Distribution of earnings (JPY 1,528) (JPY 1,430) per unit) Of which, JPY 172,554,516 other distribution in excess of retained earnings (Distribution in excess of retained earnings per unit (JPY 36) (-) (Other distribution in excess of retained earnings)) IV. Retained earnings (deficit) (JPY 111,399,640) JPY 756,300,169 carried forward

Calculation method of distribution amount

As shown above, the distribution per unit for the Reporting Period is JPY 1,564.

With respect to profit distributions including Excess **Profit** Distribution), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,528.

In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines (the "Excess Profit Distribution"). For the Reporting Period, INV decided also to make Excess Profit Distribution of JPY 172 million as refund of investment in order to level distributions, making other Excess Profit Distribution of JPY 36 per unit.

For the Reporting Period, there arose deferred gain on hedges of JPY 113 million, which is regarded as profit as stipulated in Article 136, Paragraph 1 of the Investment Trust Act, and INV decided to distribute almost the entire amount of profit stipulated in Article 136, Paragraph 1 of the Investment Trust Act. As a result, INV recorded retained deficit carried forward) of JPY 111 million for the next fiscal period.

accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable income as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 6,854,248,830 out of net income of JPY 7,721,948,639. Moreover, INV does not make Excess Profit Distribution set forth in Article 17. Paragraph 4 of the Articles of Incorporation.

Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2018 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution is unaudited.

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

VII. Statement of Cash Flows (Reference Information)

(Unit: JPY thousand) Fiscal period ended Fiscal period ended December 31, 2017 (Reference) June 30, 2018 (from July 1, 2017 to (from January 1, 2018 to June 30, 2018) December 31, 2017) Cash flows from operating activities Net income before taxes 7,303,702 7,722,553 2,567,215 Depreciation and amortization 2,772,510 Impairment loss 15,677 Investment unit issuance costs 170.817 Amortization of investment corporation bond 379 issuance costs 304,073 234,197 Loan-related costs (78)Interest income (54)445,855 480,672 Interest expenses Increase (decrease) in allowance for doubtful accounts 0 55 Decrease (increase) in rental receivable (564,535)158,132 (149,624)Decrease (increase) in refundable income taxes 2 (640,464)Decrease (increase) in consumption taxes receivable 661,287 Increase (decrease) in accounts payable 39,752 (7,867)Increase (decrease) in consumption taxes payable 47,721 (32,819)Increase (decrease) in accounts payable-other (67,922)49,627 Increase (decrease) in accrued expenses 98,065 (75,177)Increase (decrease) in advances received 60,077 (49,246)Increase (decrease) in deposits received (7,567)(47,348)Decrease from sales of property, plant and 802,750 equipment Decrease from sales of property, plant and 9,181,866 3,590,653 equipment in trust Others, net (1,277)20,177 Subtotal 14,116,980 20,966,865 Interest income received 54 78 Interest expenses paid (439,861)(483, 261)Income taxes paid (605)(605)Net cash provided by operating activities 13,676,568 20,483,077 Cash flows from investing activities Purchases of property and equipment (797)Purchases of property and equipment in trust (20,847,991)(42,111,738)Purchase of investment securities (17,854,460)(1,927)Repayments of tenant leasehold and security (28,663)deposits Repayments of tenant leasehold and security (139,629)(320,542)deposits in trust Proceeds from tenant leasehold and security 115,173 132,593 deposits in trust Payments of tenant leasehold and security deposits (30,000)(14,807)47,201 Other, net (60,034,922)(21,020,665)Net cash used in investing activities Cash flows from financing activities Proceeds from short-term loans payable 3,068,000 (1,068,000)Repayments of short-term loans payable Proceeds from long-term loans payable 19,925,000 1,500,000 Proceeds from issuance of investment corporation 1,977,436 bonds Payment for loan-related expenses (325,727)(40,494)Payment of distributions of earnings (4,776,561)(7,280,040)Payment of distributions in excess of earnings from (46,329)

(Unit: JPY thousand)

		(Unit: JPY thousand)
	Fiscal period ended	Fiscal period ended
	December 31, 2017 (Reference)	June 30, 2018
	(from July 1, 2017 to	(from January 1, 2018 to
	December 31, 2017)	June 30, 2018)
allowance for temporary differences adjustment		
Payment of other distributions in excess of earnings	(34,747)	(172,554)
Proceeds from issuance of investment units	39,644,352	<u> </u>
Net cash provided by (used in) financing activities	57,453,986	(5,083,652)
Net increase (decrease) in cash and cash equivalents	11,095,633	(5,621,240)
Cash and cash equivalents at beginning of period	9,598,161	20,693,794
Cash and cash equivalents at end of period	20,693,794	15,072,553

[Notes Concerning Significant Accounting Policies (Reference Information)]

By Period Item	Fiscal period ended December 31, 2017 (Reference) (from July 1, 2017 to December 31, 2017)	Fiscal period ended June 30, 2018 (from January 1, 2018 to June 30, 2018)
Cash and cash equivalents as stated in Statement of Cash Flows	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject	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.	to insignificant risks of changes in value.

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

Fiscal period ended	Fiscal period ended
December 31, 2017	June 30, 2018
(from July 1, 2017 to	(from January 1, 2018 to
December 31, 2017)	June 30, 2018)
	"Decrease (increase) in retainable income taxes" was
	included in "Others, net" under "Cash flows from operating
	activities" in the Statement of Cash Flows for the previous
	fiscal period. However, due to an increase in its monetary
	significance, it is recorded as a separate item from the
Not applicable.	Reporting Period. As a result, JPY 1,274,000 which was
	recorded under "Others, net" under "Cash flows from
	operating activities" in the Statement of Cash Flows for the
	previous fiscal period is now restated as JPY 2,000 for
	Decrease (increase) in retainable income taxes and (JPY
	1,277,000) for Others, net.

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

By Period Item	Fiscal period December 31, 202 (from July 1 December 3	17 (Reference) , 2017 to	Fiscal period June 30, 2 (from January June 30, 2	2018 1, 2018 to
*1. Relationship between cash and cash equivalents in Statement of	`	ember 31, 2017) : JPY thousand)	(June 30, 2018) JPY thousand)
Cash Flows and amounts in accompanying balance sheet	Cash and bank deposits	14,367,140	Cash and bank deposits	8,505,792
	Cash and bank deposits in trust	6,326,653	Cash and bank deposits in trust	6,566,761
	Cash and cash equivalents	20,693,794	Cash and cash equivalents	15,072,553

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

Usage of "My Number" in investment units related affairs

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

Major payment record *Payment record regarding cash distribution

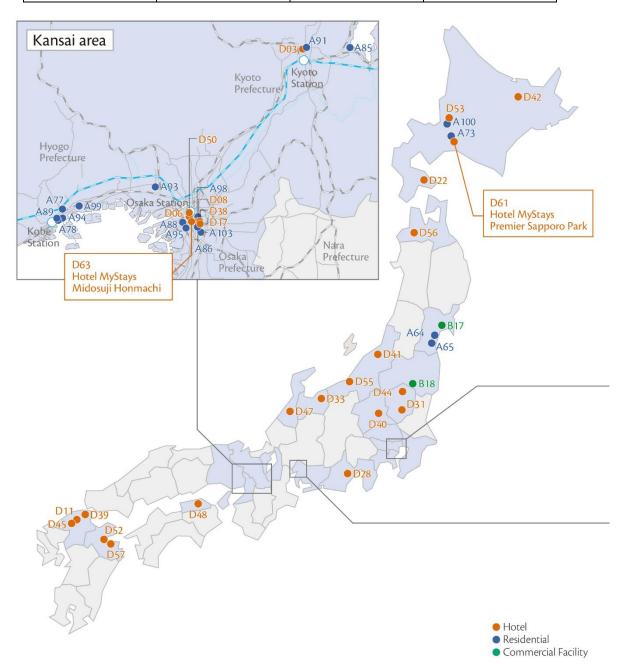
Usage of "My Number" includes taxation related procedures on investment units. It is necessary for unitholders to notify your "My Number" to your brokerage, etc.

Inquiries regarding notifying "My Number"

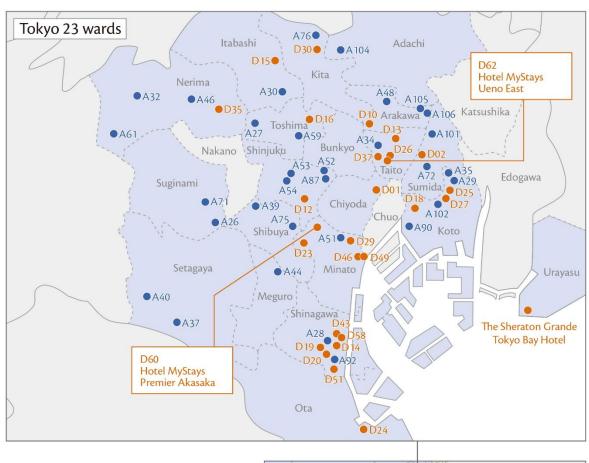
- Unitholders whose investment units are managed in brokerage accounts Each brokerage
- Unitholders who have no brokerage account Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited Toll-free Telephone Number 0120-782-031

Domestic Portfolio Map (As of August 2, 2018)

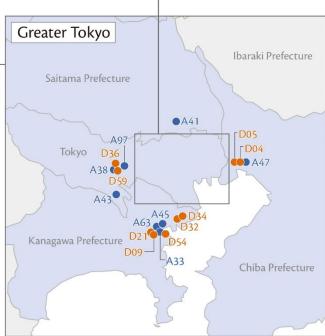
No. of Properties	No. of Hotels	No. of Residential Properties	Others
130	64	64	2



(Note) For properties corresponding to the number and overview, please refer to pages 32-34.







Sponsor Pipeline

Strong pipeline of 28 assets continues to secure stable growth opportunity.

■ Properties Covered by the MOU ⁽¹⁾

Hotels

No.	Property name	Location	Type (2)	# of Rooms	Status
1	Rihga Royal Hotel Kyoto	Kyoto, Kyoto	Full	489	In operation
2	Hotel MyStays Premier Narita	Narita, Chiba	Full	711	In operation
3	Fusaki Resort Village	Ishigaki, Okinawa	Resort	188	In operation
4	Art Hotel Asahikawa	Asahikawa, Hokkaido	Full	265	In operation
5	Hotel MyStays Kanazawa Castle	Kanazawa, Ishikawa	Limited	206	In operation
6	Hotel MyStays Matsuyama	Matsuyama, Ehime	Full	162	In operation
7	Hotel Mystays Sapporo Nakajima Park	Sapporo, Hokkaido	Limited	86	In operation
8	Flexstay Inn Sakuragicho	Yokohama, Kanagawa	Limited	70	In operation
9	MyCUBEby MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Limited	161	In operation
10	Hotel MyStays Fuji Onsen Resort	Fujiyoshida, Yamanashi	Resort	159	In operation
11	Hotel Nord Otaru	Otaru, Hokkaido	Limited	98	In operation
12	Hotel Sonia Otaru	Otaru, Hokkaido	Limited	94	In operation
13	Art Hotel Niigata Station	Niigata, Niigata	Full	304	In operation
14	Art Hotel Ishigakijima	Ishigaki, Okinawa	Resort	245	In operation
15	Hotel MyStays Shinsaibashi East	Osaka, Osaka	Limited	85	In operation
16	Hotel MyStays Sapporo Aspen	Sapporo, Hokkaido	Limited	305	In operation
17	HotelMyStays Sapporo Nakajima Park Annex	Sapporo, Hokkaido	Limited	80	In operation
18	Hotel MyStays Sapporo Susukino	Sapporo, Hokkaido	Limited	104	In operation
19	Hotel MyStays Nayoro	Nayoro, Hokkaido	Limited	70	In operation

Residential properties

No.	Property name	Location	# of Rooms
20	Gran Charm Hiroo	Shibuya-ku, Tokyo	121
21	Plestay Win Kinshicho	Shibuya-ku, Tokyo	92
22	Gran Charm Kichijoji	Musashino, Tokyo	28
23	Green Patio Noda	Noda, Chiba	240
24	Dainichi F-45	Urayasu, Chiba	54
25	Gran Charm Urayasu	Urayasu, Chiba	54
26	Gran Charm Urayasu 5	Urayasu, Chiba	54
27	Gran Charm Minami Gyotoku I	Ichikawa, Chiba	52
28	Gran Charm Minami Gvotoku II	Ichikawa, Chiba	48

No. of Hotel Rooms	No. of Apartment Units
3,882	743

(Note 1) The above is a list of properties for which INV shall be granted an opportunity to consider the acquisition in priority to a third party when affiliates of Fortress Group intend to sell any of the properties. Regarding the properties in the list, the said affiliates do not intend to sell any of the properties and INV does not intend to acquire any of the properties as of September 21, 2018. Therefore, there is no assurance that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties. INV does not hold preferential negotiation rights to acquire any overseas properties.

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











Hotel Nord Otaru



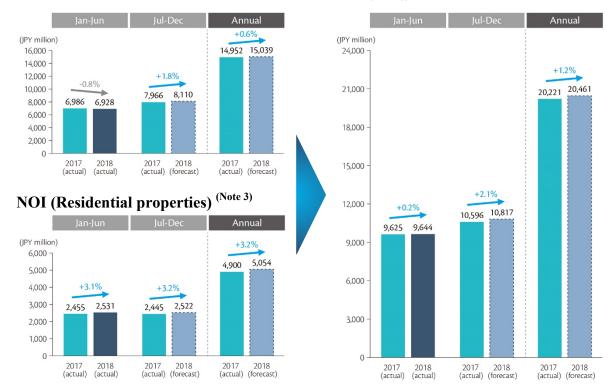
Internal Growth

Hotels + Residential properties

A well diversifiend portfolio consisting of core assets of hotel and residential properties located throughout highly visible tourist destinations and dense urban centers, help to recude the impact from revenue fluctuations of and one property.

NOI (Hotels) (Note 1, 2)

Portfolio NOI (Hotels + Residential properties + Others (Note 4))



Residential properties

2013

2014

A countinuous effort to increase rent for both new leases and at lease renewals has reulted in a noticable improvement in average rent.

Change in Rent for All Contracts (New Contracts and Renewal Contracts) (Note 7)



2015

Average Rent Increase / Decrease (Note 8)



- (Note 1) Based on 45 hotel properties; of the 54 hotel properties in our portfolio at the beginning of June 2018 fiscal period, 9 hotels with fixed-rent lease agreements are excluded.
- (Note 2) Includes the dividends from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel, assuming INV owned the preferred equity interest of TMK from the beginning of 2017.
- (Note 3) Based on the 64 residential properties owned as of the date of this document. Excludes one-off insurance-related revenues and expenses.
- (Note 4) Based on two commercial properties owned by INV as of the date of this document.

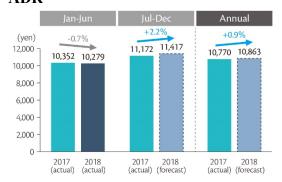
2017

2016

Hotels

■ Although the June 2018 period was impacted from large-scale renovations, INV expects full year 2018 results to achieve a year-on-year increase in occupancy rate, ADR, RevPAR, and GOP by 0.3pt, 0.9%, 1.2%, and 1.3% respectively over the previous year.

ADR (Note 1)



RevPAR (Note 1)



Occupancy Rate (Note 1)



GOP (Note 1, 6)



Case Example of Internal Growth

Among the domestic hotel portfolio, INV renovated five properties (Hotel MyStays Kyoto-Shijo, MyStays Shinurayasu Conference Center, Hotel MyStays Maihama, Hotel MyStays Premier Dojima and Hotel MyStays Hakodate-Goryokaku) in 2018 to raise the asset value and to improve profitability.

Guest room at Hotel MyStays Hakodate-Goryokaku







- (Note 5) Concerning all properties mentioned in (Note 1) through (Note 4), the actual results before acquisition by INV are calculated based on the data provided by the sellers.
- (Note 6) In calculating the GOP, added the 49% of GOP for Sheraton Grande Tokyo Bay Hotel, which means INV's pro rata portion of the amount of JV TMK's preferred equity owned by INV. The rent paid for APA Hotel Yokohama-Kannai, is regarded as GOP of the hotel.
- (Note 7) Data are prepared based on actual figures of residential properties owned by INV for the relevant period (only after INV's acquisition regarding properties acquired during the relevant period).
- (Note 8) "Average Rent Increase / Decrease" indicates the increase/decrease rate of the total of monthly rents compared with the total of rents in the previous contracts, for new contracts or renewal contracts, or the total of both.

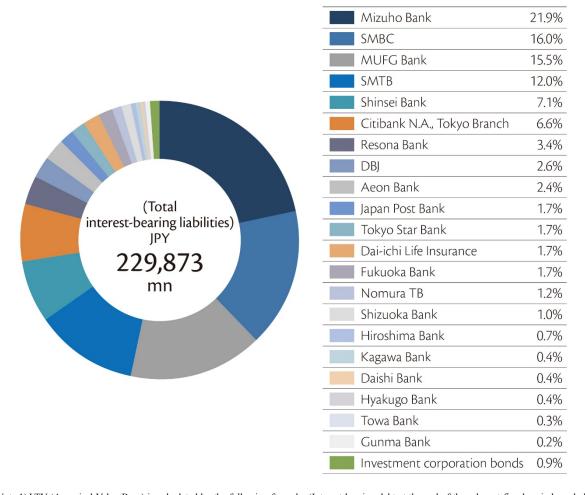
Financial Conditions

Issued INV's first Investment Corporation Bonds to diversify financing sources while lowering borrowing costs and extending the maturity of its debt

■ **Investment Corporation Bonds** (issued on May 25, 2018)

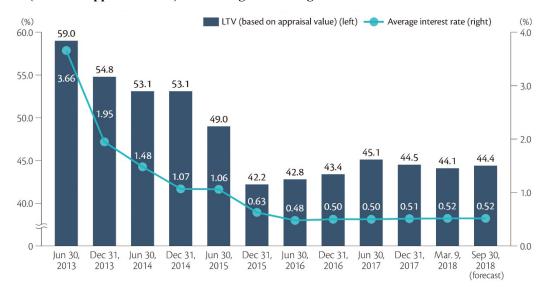
Bond Series	Term	Total issue amount (JPY million)	Interest rate (per annum)	Rating
First Series Unsecured Investment Corporation Bonds	5 years	1,000	0.40%	A (JCR)
Second Series Unsecured Investment Corporation Bonds	10 years	1,000	0.80%	A (JCR)
Total/Average	7.5 years	2,000	0.60%	

■ Lender Formation (as of September 30, 2018 (planned))

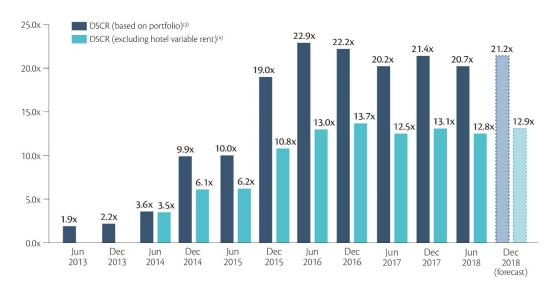


(Note 1) LTV (Appraisal Value Base) is calculated by the following formula: (Interest-bearing debt at the end of the relevant fiscal period, excluding short-term consumption tax loan) / (Total appraisal value as of the end of the same period). For Sep. 30, 2018 (Forecast), it is calculated by the following formula: (Expected interest-bearing debt on September 30, 2018, excluding short-term consumption tax loan of 1,099 million yen) / (Appraisal value of InV's portfolio as of the end of the fiscal period (June 30, 2018) + Total appraisal value of properties (to be) acquired in August 2018 or after). As to preferred equity securities in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset and the TK interests which hold overseas properties, since no appraisal value is available, LTV after the acquisition is calculated using INV's (planned) acquisition prices of the preferred equity securities and TK interests as appraisal values.

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



■ DSCR



Rating

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

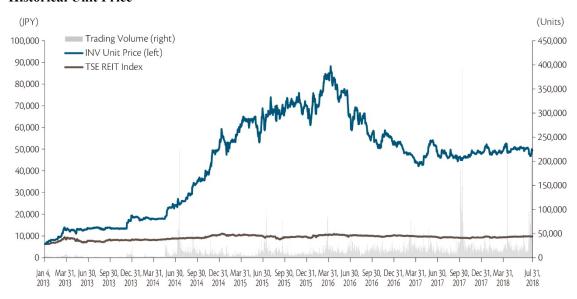
(Note 2) Average interest rate is calculated by the following formula: [Sum total of (Each loan's loan amount outstanding at the end of the fiscal period multiplied by applicable interest rate at the end of the fiscal period)] / (Total loan amount outstanding at the end of the fiscal period). For "Sep. 30, 2018 (E)", calculated by following formula: (Total anticipated loan amount outstanding as of September 30, 2018 multiplied by applicable interest rate assuming 1 month TIBOR as of July 27, 2018 was applied as base rate) / (The loan amount outstanding at September 30, 2018).

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

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

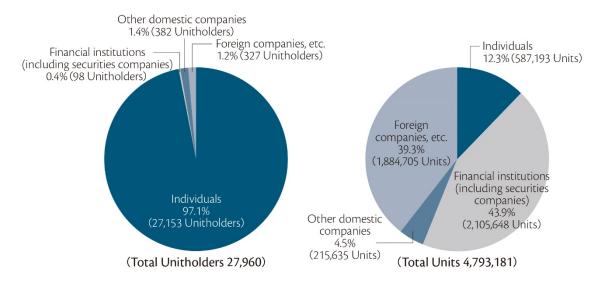
Overview of Unitholders/Investment Units

Historical Unit Price



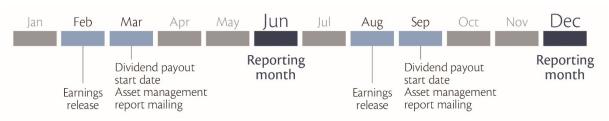
(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013 was the same as the closing price of INV unit on the same day.

Distribution of Unitholders



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

Annual Schedule



Information for Unitholders

For Unitholders

Investors' Registry	Sumitomo Mitsui Trust Bank, Limited	
Administrator	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	
Special Account Management	<unitholders former="" growth="" inc.="" investment="" of="" reit="" the="" tokyo=""></unitholders>	
Institution	Mitsubishi UFJ Trust and Banking Corporation	
	1-4-5, Marunouchi, Chiyoda-ku, Tokyo	
	<unitholders corporation="" former="" investment="" lcp="" of="" the=""></unitholders>	
	Sumitomo Mitsui Trust Bank, Limited	
	1-4-1, Marunouchi, Chiyoda-ku, Tokyo	
Correspondence	Transfer Agent Department, Sumitomo Mitsui Trust Bank,	
	Limited	
	2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063	
(Telephone Assistance)	Toll-free Telephone Number 0120-782-031	
	Administrative services are available at the main and branch	
	offices throughout Japan of Sumitomo Mitsui Trust Bank,	
	Limited	

Notification Process for Address Changes

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

Unitholders of the pre-merger Investment Corporation (former Tokyo Growth REIT Investment Inc.)

Mitsubishi UFJ Trust and Banking Corporation Toll-free Number: 0120-255-100

Unitholders of the former LCP Investment Corporation

Sumitomo Mitsui Trust Bank, Limited Toll-free Number: 0120-782-031

Dividends

Unitholders may collect "dividends" by submitting the "Dividends Receipt" at your local Japan Post Bank or at the deposit teller of a post office. In the case that the collection period is past, 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 for dividends payable in and after January 2009. If you collect dividends via a "Dividends Receipt," please view the "Notice of Dividend Payment" sent alongside it. If you have specified a wire transfer, the "Dividend Statement" delivered with the dividend payment is the "Notice of Dividend Payment." Both documents may be used as supporting documents when filing income tax returns.

(Characters for Addresses and Names of Unitholders)

With the digitization of investment securities, if there are Chinese characters in your address or names that the Japan Securities Depository Center (JASDEC) has not included in the transfer system, 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.

Inquiries

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

TEL: 03-5411-2731 (Main) Weekdays 9:30-17:30