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Invincible Investment Corporation

Asset Management Report

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

Contents

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

Summary of Financial Results

Significant Growth of AUM and DPU

Performance of Existing 20 Hotel Properties Solid Fundamentals for Hospitality Sector

Continuous Improvement of Financial Condition

External Growth from Sponsor Support – Hotel

- I. Asset Management Report
- II. Balance Sheet
- III. Statement of Income
- IV. Statement of Unitholders' Equity
- V. Notes
- VI. Statement of Cash Distribution
- VII. Audited Report
- VIII. Statement of Cash Flows (Reference Information)

Global Offering & Historical Unit Price

- Steady Expansion of Market Capitalization and Asset Size

Portfolio Data

Newly Acquired 3 Hotels (acquired on February 6, 2015)

Information for Unitholders

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

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

We hereby provide you with a report on INV’s asset management and financial results for the 23rd period (covering the period from July 1, 2014 to December 31, 2014).

First, with respect to the operation of our properties, we acquired 18 limited service hotels through the issuance of investment units via a global public offering in July 2014 to establish a portfolio that realizes both growth and stability in rent revenue from a well-positioned set of hotel and residential assets.

With respect to the financial operations, we borrowed a new JPY 57.3 billion syndicated loan at a lower interest rate than that of existing loans in order to fund the acquisition of the new properties and prepay existing loans.

For the reporting period ended December 2014, INV achieved strong earnings growth due to the expansion of assets and the robust performance from the acquired 20 hotels. Net income increased by 117.1% to JPY 1,958 million from JPY 901 million in the previous period, and DPU (distribution per unit) increased to JPY 733, 27.9% higher than the previous period (JPY 573) and 22.2% higher than the forecast (JPY 600) announced in August 2014. The market capitalization as of February 27, 2015 was JPY 142.24 billion and we achieved our mid-term market capitalization target of JPY 100 billion announced in February 2014 in a short period of time.

After the implementation of the public offering, we continue to seek additional acquisitions of limited service hotels, and acquired two hotels from the sponsor’s pipeline and one hotel from a third-party on February 6, 2015. As these acquisitions were completed using cash-on-hand and new loans without issuing new investment units, the annual DPU for 2015 is expected to increase to JPY 1,571, a 10.5% increase from the previous forecast (JPY 1,422).

We will continue to generate external growth through the acquisition of high quality assets with stable revenue and upside potential for rent by mainly utilizing the pipeline of the Fortress Group, INV’s sponsor. As for internal growth, we continue to seek rent increases and further improvement in profitability by strengthening revenue management for hotel assets, rent increase for residential assets and minimizing leasing costs. As for the financial management, we aim to obtain an external

credit rating and refinance existing debt with unsecured loans, as well as work on the further reduction of borrowing costs, diversifying loan durations and fixing portions of the interest expense of the loans.

We seek to continue maximizing unitholders' value by increasing the net income per unit and DPU, which have steadily increased since the inception of the sponsorship from the Fortress Group, by realizing continued external and internal growth as well as further improvements in the financial operations as stated above.

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

Naoki Fukuda

Executive Officer, Invincible Investment Corporation

President and Representative Director, Consonant Investment Management Co. Ltd

| | | |
|------------------------|---|-----------------------------|
| Fixed Distributions | The 23rd fiscal period (the fiscal period ended December 2014) | Per investment unit JPY 733 |
| Forecast Distributions | The 24th fiscal period (the fiscal period ending June 2015) | Per investment unit JPY 712 |
| Forecast Distributions | The 25th fiscal period (the fiscal period ending December 2015) | Per investment unit JPY 859 |

(Note) The forward-looking statements, forecasts and goals mentioned above are based on available information, assumptions and estimates as of February 25, 2015. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.

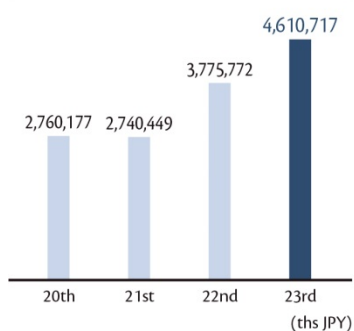
Summary of Financial Results

| | Period from January 1, 2013 to June 30, 2013 | Period from July 1, 2013 to December 31, 2013 | Period from January 1, 2014 to June 30, 2014 | Period from July 1, 2014 to December 31, 2014 |
|---|--|---|--|---|
| Operating Revenue (Thousands of yen) | 2,760,177 | 2,740,449 | 3,775,772 | 4,610,717 |
| Ordinary Income (Thousands of yen) | 335,683 | 353,360 | 902,420 | 1,958,607 |
| Net Income (Thousands of yen) | 335,078 | 352,755 | 901,815 | 1,958,002 |
| Net Assets (Thousands of yen) | 32,848,02 | 35,844,824 | 36,373,796 | 61,392,392 |
| Total Assets (Thousands of yen) | 80,249,063 | 79,176,632 | 79,261,754 | 130,477,232 |
| Net Assets per Unit (Yen) | 24,363 | 22,785 | 23,121 | 23,005 |
| Net Assets/Total Assets (%) | 40.9 | 45.3 | 45.9 | 47.1 |
| Distribution per Unit (Yen) | 264 | 237 | 573 | 733 |
| Number of Units Issued (Unit) | 1,348,292 | 1,573,179 | 1,573,179 | 2,668,686 |

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

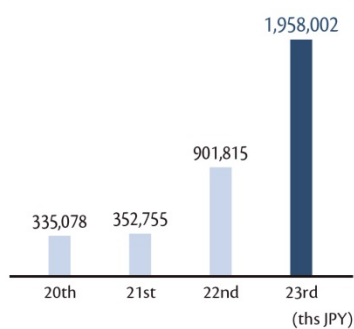
Operating Revenue **JPY 4,610,717**
thousands

Increased by JPY 834,945 thousands
(22.1%) over the previous period



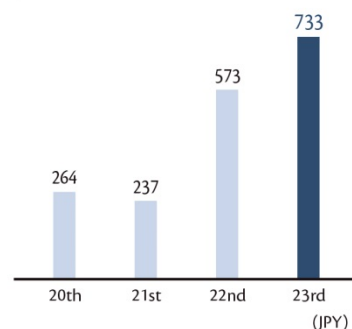
Net Income **JPY 1,958,002**
thousands

Increased by JPY 1,056,186 thousands
(117.1%) over the previous period



Distribution per unit **JPY 733**

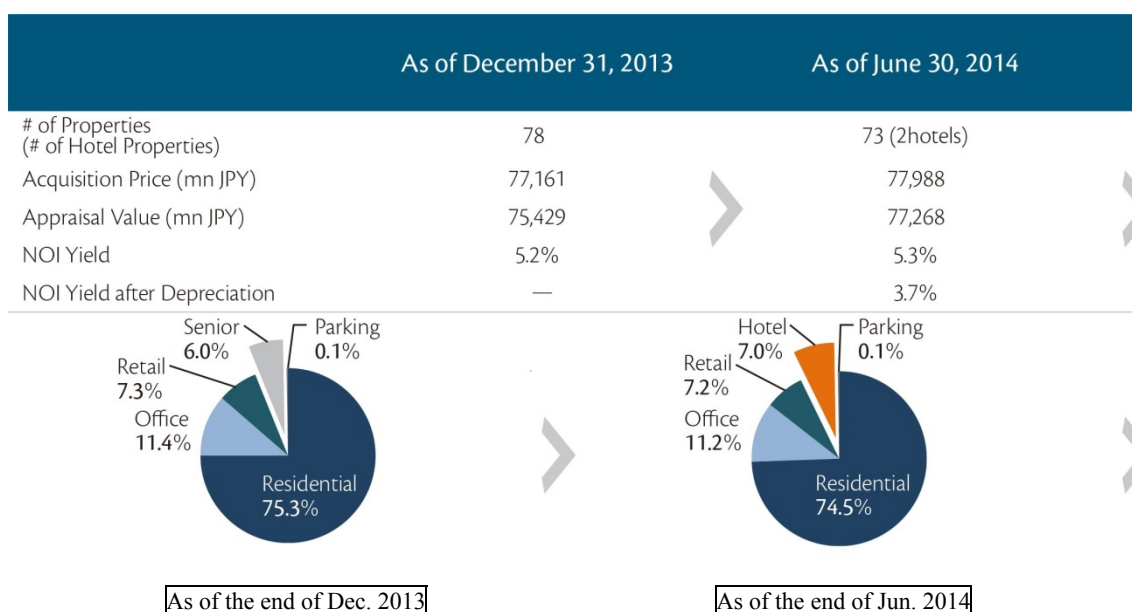
Increased by JPY 160
(27.9%) over the previous period



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

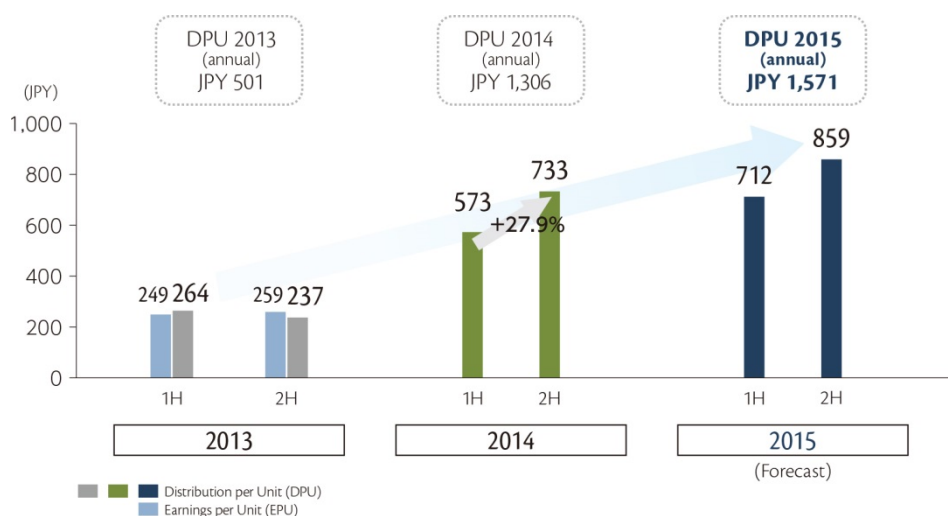
Significant Growth of AUM and DPU

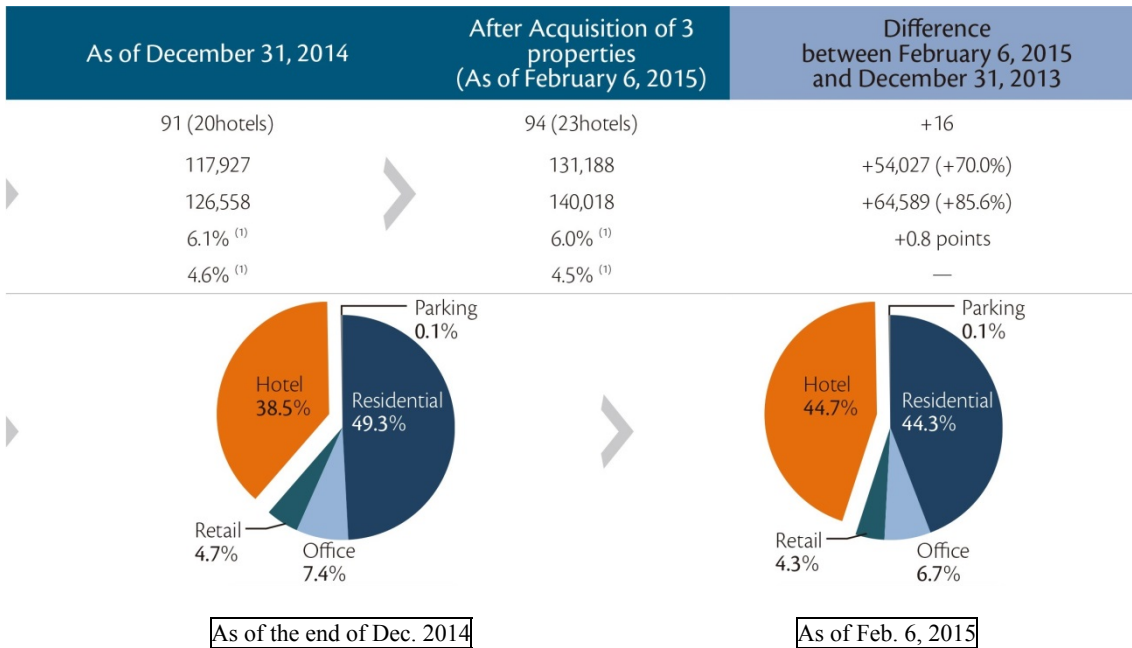
- The total assets under management (AUM) showed the substantial growth of 70.0% to JPY 131.188 billion, after acquiring the three new hotels for JPY 13.261 billion in February 2015, from JPY 77.161 billion as of December 2013. The current portfolio consists of 94 properties, expanding the composition of hotel properties to 44.7% as of February 2015 from 7.0% as of June 2014.
- The estimated portfolio NOI yield increased to 6.0% from 5.2% of actual result in 1H 2013.



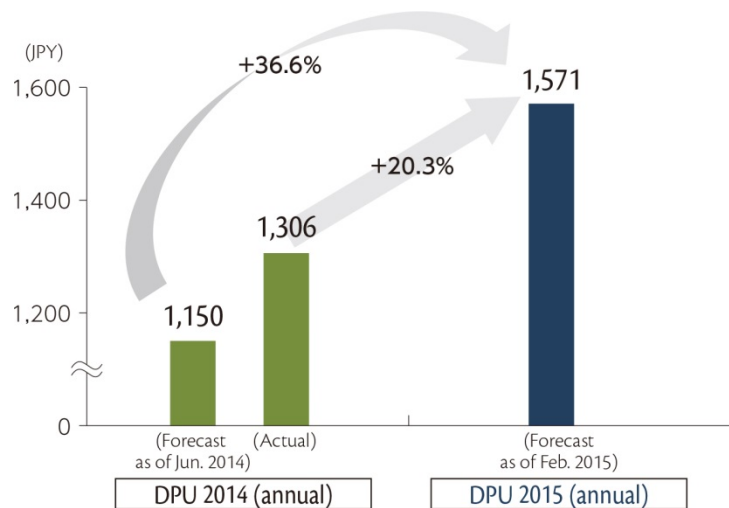
Growth of Earning and Dividends

Robust performance from the existing 20 hotels and the recent acquisition of three hotels resulted in a substantial increase in DPU





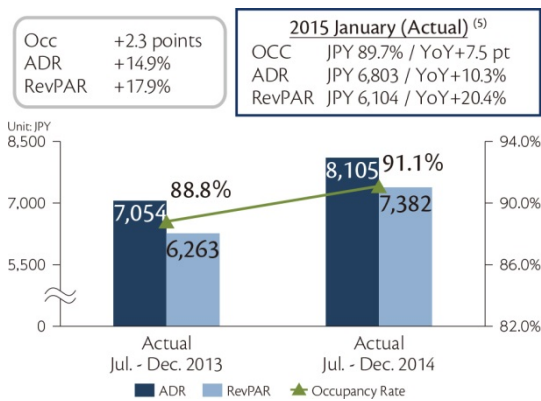
- (Note 1) NOI Yield and NOI Yield after Depreciation is calculated based on the estimated figures in 2015
- (Note 2) The calculation includes the estimated NOI in 2015 and the average unit price between January 5, 2015 and January 30, 2015.
- (Note 3) Acquisition price basis



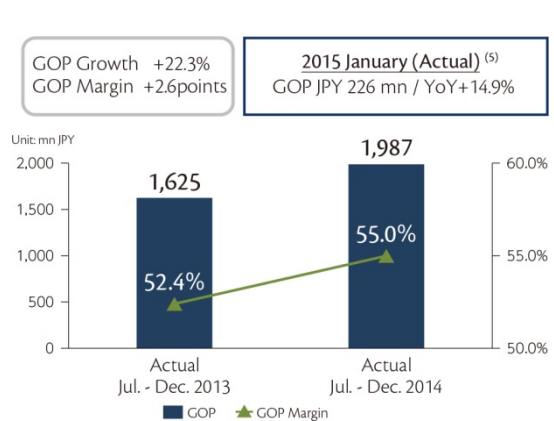
Performance of Existing 20 Hotel Properties

- The existing 20 hotels acquired in May and July 2014 exhibited robust performance with room occupancy rate (Occ) up 2.3 points, ADR up 14.9% and RevPAR up 17.9% for 2H 2014 versus 2H 2013. The solid performance has been continuing in January 2015.
- The share of overseas sales expanded to 22.7% in 2H 2014 from 4.5% in 2H 2013, resulting from continuing inbound visitors to Japan and the strategic initiatives to attract inbound demand by the hotel operator. Expanded to 28.4% in January 2015.
- The number of international visitors to Japan in 2014 reached a record level of 13.41 million, up 29.4% from the previous year, and also increased 29.1% in January 2015.

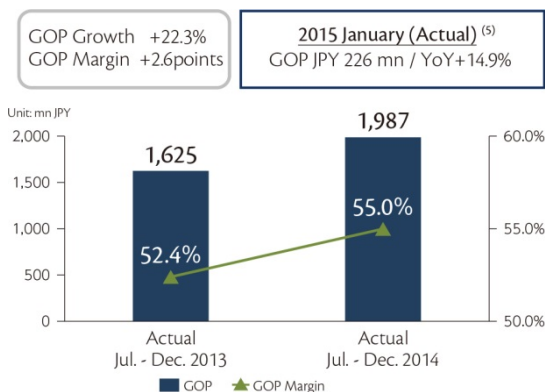
Occ⁽¹⁾ / ADR⁽¹⁾ / RevPAR⁽¹⁾ Growth Actual in 2H 2014 vs 2H 2013 (from July to December)



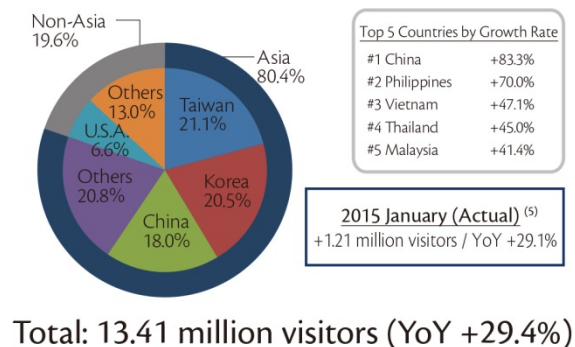
Overseas Sales Share⁽²⁾ Actual in 2H 2014 vs 2H 2013 (from July to December)



GOP Growth⁽³⁾ Actual in 2H 2014 vs 2H 2013 (from July to December)



International Visitors in Japan by Region Actual in 2014 (from January to December)⁽⁴⁾



Total: 13.41 million visitors (YoY +29.4%)

- (Note 1) Room Occupancy Rate is calculated using the following formula:
Room Occupancy Rate = Total number of rooms occupied during the relevant period ÷ (Aggregate number of rooms available during the relevant period x Number of business days during the relevant period)
ADR, or Average Daily Rate, is the total room sales for a certain period (excluding service fees) divided by the total number of rooms sold for the same period
RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of business days), and is the same figure as that of a product of room occupancy rate multiplied by ADR.
- (Note 2) Overseas sales is amount through overseas web agents
- (Note 3) GOP is calculated using the following formula; Gross Revenue from hotel operation – Operating Expenses related to hotel operation (personnel, materials, utilities and advertising expenses)
- (Note 4) Jan. – Oct. are provisional figures, while Nov. and Dec. are the preliminary figures estimated by JNTO
- (Note 5) Compared with the same month of the previous year (January 2014)

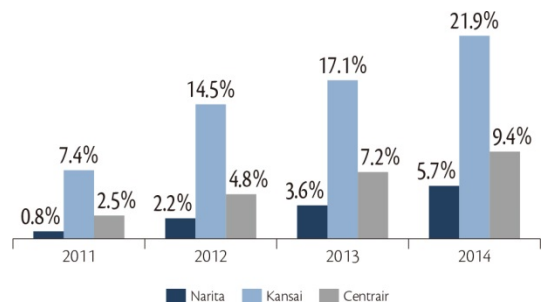
Solid Fundamentals for Hospitality Sector

- The influx of inbound visitors to Japan has been fueled by government and tourism industry led initiatives to promote tourism such as airport capacity expansion, the growth of LCC's, and the relaxation of visa requirements.
- Cumulative guest nights of inbound visitors through September in 2014 show significant double-digit increases in major regional prefectures such as Hokkaido, Kanagawa, Aichi and Fukuoka as well as Tokyo, Osaka and Kyoto.
- New hotel supply remains low with less concern about about the supply-demand balance.

Infrastructure Project in Japan

1. **Expansion of airport capacity** at Narita and Haneda Airport
 –The landing slots will be increased to 747,000 by the end of March 2015 and the advisory committee recommended that the landing slots of both airports increase by 90,000 by 2020
 –Construction of additional runway in Narita and Haneda Airport is under consideration
2. **A dedicated LCC terminal in Narita Airport and Kansai International LCC terminals** will be in opened April 2015 and 2H 2016, respectively
3. **Opening of Hokuriku and Hokkaido Shinkansen** in 2015 and 2016, respectively
4. **New railway line** between Haneda Airport and Tokyo CBD will be constructed around 2025, announced by JR East
5. **New railway route** connecting Narita and Haneda Airport via Tokyo Station is under consideration

LCC Market Share in Major Airports ⁽¹⁾



Source: Narita International Airport, Kansai International Airport and Central Japan International Airport

(Note 1) Based on the number of flights of summer schedule per week in each year

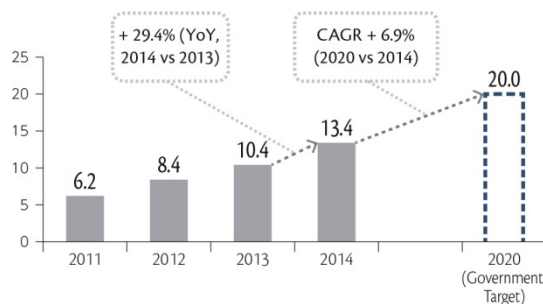
Relaxation of Visa Requirements

| | Country | Contents |
|------|---|--|
| 2014 | Indonesia | Exemption of visas (Based on prior registration) |
| | Indonesia, Philippines and Vietnam | Significant relaxation of visa requirements |
| | India | Issuance of multiple visa for short stay |
| | Myanmar | Issuance of multiple visa for short stay |
| 2013 | Cambodia, Laos | Issuance of multiple visa for short stay |
| | Indonesia, Philippines and Vietnam | Issuance of multiple visa for short stay |
| | Thailand, Malaysia | Exemption of visas |
| 2012 | China | Issuance of multiple visa for short stay (Tohoku and Okinawa region) |

Source: Ministry of Foreign Affairs of Japan

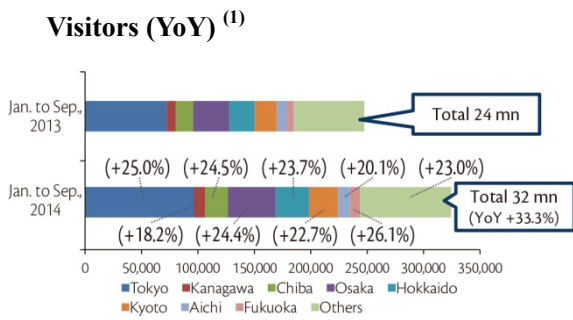
(Note) Country name in red character represents top 5 countries in terms of increase Japan of inbound visitors to Japan

Inbound Visitors to Japan



Source: Japan National Tourist Organization

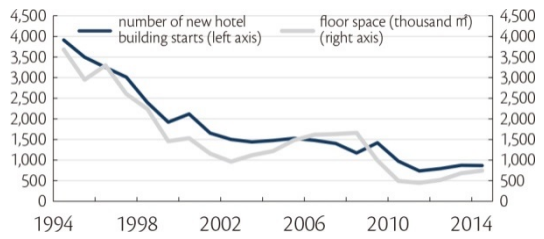
Cumulative Guest Nights of Inbound



Source: Japan Tourism Agency

(Note 1) The numbers in the brackets show increase compared with the same period of the previous year (Jan. to Sep. 2013)

Hotel New Construction Starts

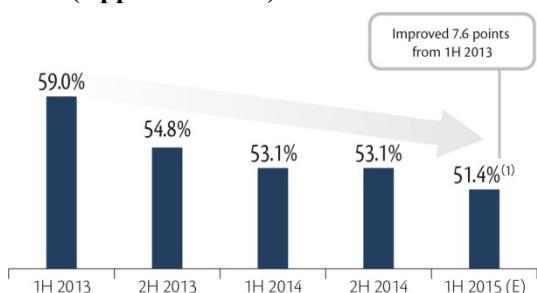


Source: Ministry of Land, Infrastructure and Transport and Tourism (MLIT)

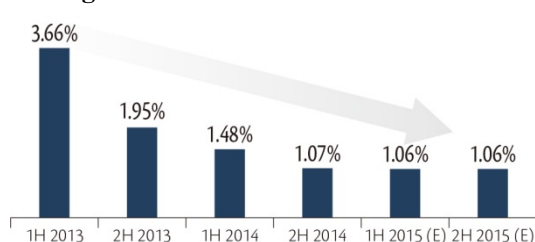
Continuous Improvement of Financial Condition

- The new acquisition with lower loan LTV and an uplift of appraisal values for the existing portfolio reduced the REIT LTV from 59.0% in June 2013 to 51.4%(1) in June 2015
- DSCR improved to 9.9x in the December 2014 period from 3.6x in the June 2014 period, due to the substantial increase in revenues from the 20 existing hotel properties, and is forecast to be approximately 9x in the June 2015 period and the December 2015 period

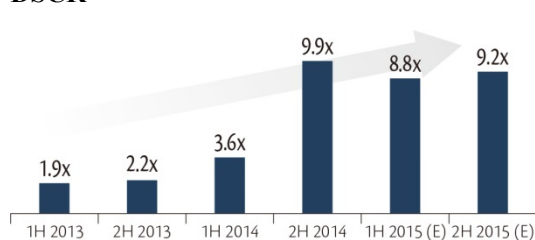
LTV (Appraisal Basis)



Average Interest Rate (2)



DSCR (3)

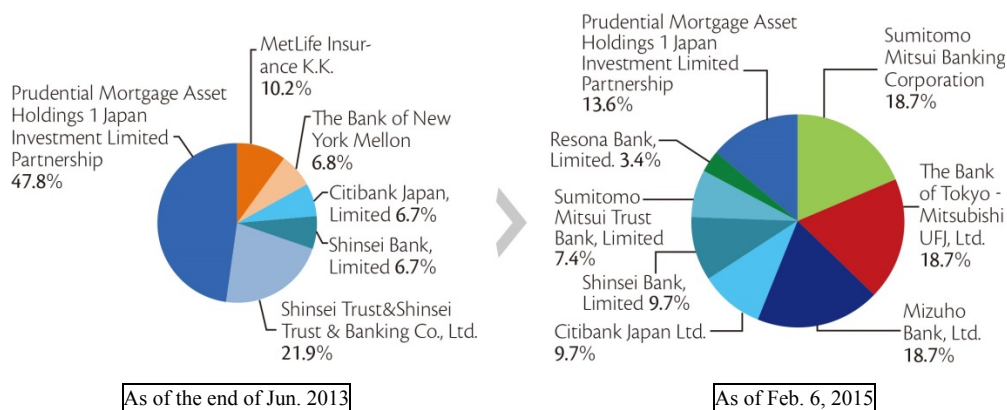


(unit: millions of yen)

| | 1H 2013 | 2H 2013 | 1H 2014 | 2H 2014 | 1H 2015 (E) | 2H 2015 (E) |
|-----------------------|---------|---------|---------|---------|------------------------|-------------|
| Interest-bearing Debt | 43,851 | 41,310 | 41,000 | 67,260 | 72,301 | 71,962 |
| Appraisal Value | 74,347 | 75,429 | 77,268 | 126,558 | 140,018 ⁽⁴⁾ | — |

- (Note 1) Calculated based on the appraisal value as of the end of December 2014 for the ninety-one properties including the twenty hotels, and based on the appraisal value as of December 1, 2014 for the new three hotels. LTV calculation assumes repayment of JPY 321 million, corresponding to the consumption tax.
- (Note 2) The average interest rate is calculated using the following formula; (the loan amount outstanding at each fiscal period * applicable interest rate at each fiscal period end) ÷ The loan amount outstanding at each fiscal period
- (Note 3) DSCR is calculated using the following formula; (Operating Income + Depreciation Expenses) ÷ (Contract Prepayment Amount + Interest Amount)
- (Note 4) The appraisal value for ninety-one properties is as of the end of December, 2014 and the appraisal value for the three new properties is as of December 1, 2014

Breakdown of Lenders



External Growth from Sponsor Support – Hotel

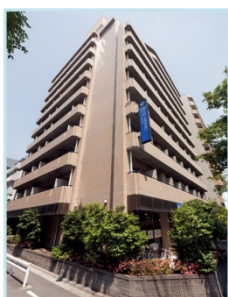
- MOU entered into on June 23, 2014 provides a potential pipeline of additional 22 hotel properties from Sponsor - related entities.
- Acquired Hotel Nets Hakodate and Flexstay Inn Shirogane from the MOU pipeline, which still has 20 hotels with 3,326 rooms.

| Property Name | Location | Number of Guest Rooms |
|--|--|-----------------------|
| Hotel MyStays Akasaka ⁽¹⁾ | Minato-ku, Tokyo | 319 |
| Hotel MyStays Kameido P1 | Koto-ku, Tokyo | 265 |
| Hotel MyStays Kanazawa | Kanazawa city, Ishikawa Pref. | 244 |
| Hotel MyStays Kameido P2 | Koto-ku, Tokyo | 175 |
| Hotel MyStays Haneda | Ota-ku, Tokyo | 174 |
| Hotel MyStays Yokohama Kannai ⁽¹⁾ | Yokohama city, Kanagawa Pref. | 166 |
| Hotel MyStays Utsunomiya | Utsunomiya city, Tochigi Pref. | 116 |
| Hotel MyStays Ueno Iriyaguchi | Taito-ku, Tokyo | 97 |
| Flexstay Inn Ekoda | Nerima-ku, Tokyo | 210 |
| Flexstay Inn Higashi-Jujo | Kita-ku, Tokyo | 88 |
| Flexstay Inn Shirogane | Minato-ku, Tokyo | 84 |
| Flexstay Inn Kawasakikaizuka | Kawasaki city, Kanagawa Pref. | 64 |
| Flexstay Inn Kawasakiogawacho | Kawasaki city, Kanagawa Pref. | 62 |
| Flexstay Inn Shinsaibashi | Osaka city, Osaka Pref. | 54 |
| Toko Hotel | Shinagawa-ku, Tokyo | 338 |
| Best Western Hotel Fino Sapporo | Sapporo city, Hokkaido | 242 |
| Hotel Nets Hakodate | Hakodate city, Hokkaido Pref. | 202 |
| Takamatsu Tokyu Inn | Kagawa city, Kanagawa Pref. | 191 |
| Hotel Vista Shimizu | Shizuoka city, Shizuoka Pref. | 152 |
| Comfort Hotel Toyama Ekimae | Toyama city, Toyama Pref. | 150 |
| Best Western Hotel Fino Oita | Oita city, Oita Pref. | 145 |
| Super Hotel Shinbashi Karasumoriguchi | Minato-ku, Tokyo | 74 |
| Total | | 3,612 |
| | (of these, 2 properties to be acquired) | (286) |
| | (of these, 20 properties, remaining in MOU) | 3,326 |

- (Note 1) Hotel MyStays Yokohama Kannai is under construction. Hotel MyStays Akasaka is currently being redeveloped.
- (Note 2) The above represents the properties covered by amended MOU. Invincible may elect to acquire only a selected number from the above or none at all.
- (Note 3) Rendering is a conceptual drawing based on design drawing and there is a potential difference with actual building.



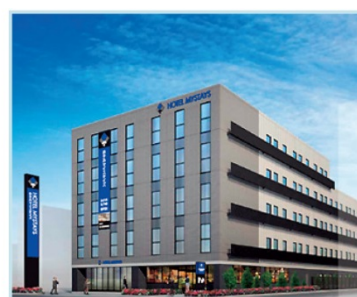
Hotel MyStays Kameido P1



Hotel MyStays Kameido P2



Hotel MyStays Akasaka
(Rendering)



Hotel MyStays Haneda

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

| By Period | | 19th | 20th | 21st | 22nd | 23rd | |
|---------------------------------------|--------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|-------------|
| | | Fiscal Period | Fiscal Period | Fiscal Period | Fiscal Period | Fiscal Period | |
| Calculated period | | Jul. 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to Jun. 30, 2013 | Jul. 1, 2013 to Dec. 31, 2013 | Jan. 1, 2014 to Jun. 30, 2014 | Jul. 1, 2014 to Dec. 31, 2014 | |
| Operating Results | Operating revenues | (Note 1) (Thousands of yen) | 2,476,430 | 2,760,177 | 2,740,449 | 3,775,772 | 4,610,717 |
| | (Rental revenues) | (Thousands of yen) | 2,476,430 | 2,760,177 | 2,740,449 | 2,772,419 | 4,610,717 |
| | Operating expenses | (Thousands of yen) | 1,392,258 | 1,528,940 | 1,474,679 | 1,541,127 | 1,840,796 |
| | (Property-related expenses) | (Thousands of yen) | 1,156,672 | 1,295,403 | 1,261,221 | 1,281,791 | 1,586,854 |
| | Operating income | (Thousands of yen) | 1,084,171 | 1,231,237 | 1,265,770 | 2,243,644 | 2,769,920 |
| | Ordinary income | (Thousands of yen) | 114,784 | 335,683 | 353,360 | 902,420 | 1,958,607 |
| | Net income | (Thousands of yen) | 114,179 | 335,078 | 352,755 | 901,815 | 1,958,002 |
| Asset Condition | Total assets | (a) (Thousands of yen) | 80,200,022 | 80,249,063 | 79,176,632 | 79,261,754 | 130,477,232 |
| | (change from last period) | (%) | 18.5 | 0.1 | (1.3) | 0.1 | 64.6 |
| | Interest-bearing debt | (Thousands of yen) | 43,982,500 | 43,851,500 | 41,310,000 | 41,000,850 | 67,260,000 |
| | Net assets | (b) (Thousands of yen) | 32,670,697 | 32,848,025 | 35,844,824 | 36,373,796 | 61,392,392 |
| (change from last period) | (%) | (0.5) | 0.5 | 9.1 | 1.5 | 68.8 | |
| Total contribution | (Thousands of yen) | 26,134,396 | 26,134,396 | 29,134,389 | 29,134,389 | 53,096,413 | |
| Dividend Status | Total distribution | (c) (Thousands of yen) | 157,750 | 355,949 | 372,843 | 901,431 | 1,956,146 |
| | Dividend payout ratio | (Note 2) (%) | 137.6 | 106.0 | 105.7 | 100.0 | 99.9 |
| Information per Unit | Number of investment units | (d) (Note 3) (Units) | 1,348,292 | 1,348,292 | 1,573,179 | 1,573,179 | 2,668,686 |
| | Issued and outstanding | | | | | | |
| | Net assets per unit | (b) / (d) (yen) | 24,231 | 24,363 | 22,785 | 23,121 | 23,005 |
| | Distribution per unit | (c) / (d) (yen) | 117 | 264 | 237 | 573 | 733 |
| | (Profit distribution per unit) | (yen) | 117 | 264 | 237 | 573 | 733 |
| (Excess profit distribution per unit) | (yen) | — | — | — | — | — | |
| Financial Measures | Return on assets | (Note 4) (%) | 0.2 | 0.4 | 0.4 | 1.1 | 1.9 |
| | (change over year) | | 0.3 | 0.8 | 0.9 | 2.3 | 3.7 |
| | Return on equity | (Note 4) (%) | 0.3 | 1.0 | 1.0 | 2.5 | 4.0 |
| (change over year) | | 0.7 | 2.1 | 2.0 | 5.0 | 7.9 | |

| | | | | | | |
|-------------------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|
| Capital ratio | (b) / (a) (Note 4) (%) | 40.7 | 40.9 | 45.3 | 45.9 | 47.1 |
| (change from last period) | (%) | (7.8) | 0.2 | 4.3 | 0.6 | (1.2) |
| NOI (Net Operating Income) | (Note 4) (Thousands of yen) | 1,800,380 | 2,008,413 | 2,006,648 | 2,018,542 | 3,861,122 |

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

(Note 2) Dividend payout ratio is calculated by dividing profit distribution by unit by net income that period. However, for the period after the 21st Fiscal Period, it is calculated by dividing the total profit distribution amount by net income.

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

(Note 4) Published benchmarks are calculated as below, and ratios are rounded to one decimal place.

Return on Assets = Ordinary Income / (Total Assets at Start of Reporting Period + Total Assets at End of Reporting Period) / 2 x 100

Return on Equity = Net Income this period / (Net Assets at Start of Reporting Period + Net Assets at End of Reporting Period) / 2 x 100

Capital Ratio = Net Assets at End of Reporting Period / Total Assets at End of Reporting Period x 100

Rental NOI = Rental Revenues – Leasing Costs + Fiscal Period Depreciation Expenses

2 Operating Conditions

(1) Main trends in the Investment Corporation

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended; hereinafter referred to as 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).

In addition, a merger with LCP Investment Corporation (“LCP”) was implemented on February 1, 2010.

Ever since the commencement of sponsorship from Calliope Godo Kaisha (“Calliope”), an affiliate of Fortress Investment Group LLC (“FIG” and together with Calliope and other affiliates of FIG, the “Fortress Group”) in July 2011, INV has been focused on the improvement of its properties’ occupancy rates, the reduction of expenditures and strengthening its asset management capabilities. Furthermore, in September 2012, INV newly acquired 24 residential properties without issuing new equity thereby improving earnings and distributions per unit through external growth.

Moreover, in December 2013, INV refinanced existing bank borrowings with new borrowings

arranged by Sumitomo Mitsui Banking Corporation (“SMBC”) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (“BTMU”) together with funds raised via third-party allotment mainly to the Fortress Group. This marked the first lending to INV from Japanese mega-banks since the new sponsorship and strengthened its lender formation, established a strong financial base for future growth and significantly reduced interest expenses.

In May 2014 (during the fiscal period ended June 30, 2014 (previous fiscal period)) and in July 2014 (during the fiscal period ended December 31, 2014 (reporting period)), INV implemented the following series of transactions (the “Transactions”) to reposition the portfolio in order to focus on an asset class with expanding market share in the hospitality market that complements the existing portfolio characterized by stable earnings.

<Outline of the Transactions>

| Date | Overview | |
|-----------|---|--|
| May 2014 | Acquisition and sale of properties | Acquisition of 2 limited service hotels and sale of 7 senior housing properties via new lending. |
| June 2014 | Revision of the Investment Guidelines | Added hotel assets to ‘core asset’ type. |
| July 2014 | Asset acquisition funded by Global Public Offering of new units | Acquisition of 18 limited service hotels by the funds procured through the global offering and new loan. |

Due to the asset expansion and the strong performance of the relevant 20 hotels, net income per unit increased substantially leading to an annual DPU for the period ended December 2014 of JPY 1,306, which increased from JPY 1,150 previously forecast on June 23, 2014. The total market value as of January 30, 2015 reached JPY 140,372 million, helping INV achieve its mid-term market capitalization target of JPY 100 billion (announced in February 2014) in less than a year.

As demonstrated by the strong income growth from its existing 20 hotel portfolio and market trends, INV acquired additional hotel properties taking into consideration the revenue potential of the properties. On February 6, 2015, INV acquired one hotel from a third-party and two from the Sponsor’s pipeline MOU. The asset acquisition was completed using cash-on-hand and new loans,

without issuing new equity. As a result of the February 2015 acquisition, INV expects the annual net income per unit and DPU for 2015 to increase to JPY 1,571 compared to the previous forecast of JPY 1,422 announced on October 31, 2014 (Note).

INV continues to pro-actively manage the portfolio by acquiring assets that produce stable income and provide upside potential, while reducing costs such as interest-bearing debt expenses. The series of deliberate steps were implemented since the Sponsorship of the Fortress Group in order to increase unitholders' value.

(Note) Please refer to "6 Significant subsequent events" below regarding the acquisition of the 3 hotels on February 6, 2015.

(2) Operational Environment and Performance

During the reporting period, although consumer spending slowed due to the consumption tax increase in April 2014, the Japanese economy showed continuous improvement on the back of strong corporate performance centered on large manufacturers. In December 2014, the unemployment rate dropped to 3.4% and the jobs-to-applicants ratio increased to 1.15 (the highest ratio in over 22 years and 9 months). In and after the fiscal period ending June 30, 2015, the economic upswing is expected to continue due to (i) the postponement of an additional increase in the consumption tax, (ii) the recovery in consumer spending on the back of the improved employment and salary environment, (iii) the impact of government's financial policy and the Bank of Japan's large scale monetary easing policy and (iv) the increase in corporate profits in connection with the decline in the price of crude oil.

Regarding the real estate investment market, real estate transaction prices continued to rise in Tokyo and other large cities as a result of Japan's economic recovery and expectations of reflation. According to the Japanese Real Estate Investor Survey (October 2014) conducted by the Japan Real Estate Institute, investors expect capitalization rates for offices, residences, retail facilities and hotels to decline. Investment demand is still high such that investors who responded that they will make new investments over the next year rose by 2 points to 94% from the previous survey (April 2014). Regarding the property rental market, the Tokyo office building vacancy rates continue to decline while rates are bottoming out in parts of other major cities. Large corporations are consolidating their floor space as well as expanding leasing space in the same buildings. Rents increased mainly for newly constructed buildings and premium properties.

With respect to the residential sector, market rent trends for small-type city-center properties are improving and the Asset Manager increased the rent from the previous fiscal period after a careful unit-by-unit analysis of the residential assets. As a result, INV realized a rent increase for 62.3% (versus 53.3% in the previous period) of the new residential lease agreements or a total rent increase of 2.1% compared to the previous rent (versus a 1.8% increase in the previous period). As part of the rent increase program, INV achieved a rent increase for 51.9% of contract renewals (versus 24.9% in the previous period); and a 1.8% increase compared to the previous rent (versus a 0.8% increase in the previous period). Net leasing costs (advertising expenses + free rent – key money), were reduced to an average of 1.18 months per new lease agreement, or a reduction of 0.33 months year-on-year, and a 0.02 month reduction compared to the budget.

The hotel sector has consistently performed well in large part due to the Japanese government's proactive stance to promote tourism initiatives such as airport capacity expansion, the entry of LCC's into the Japanese market, and the relaxation of visa requirements for some Asian countries. The number of international visitors to Japan from China and Southeast Asian countries such as Indonesia, the Philippines and Vietnam has increased significantly, helping Japan log a record high 13.4 million visitors in 2014, providing firm demand for accommodations. In addition to the above-mentioned favorable external factors and intensive revenue management actions from the hotel operators, INV's 20 hotel properties recorded strong performance led by an increase in sales to overseas guests whose share of total sales increased by 18.2 points, a 2.3 point increase in the occupancy rate (Note 2), a 14.9% increase in ADR (Note 3), and a 17.9% increase in RevPAR (Note 4), compared with the same period in the previous year.

As a result, INV's average occupancy rate across the entire portfolio increased to 96.1%, and NOI increased by 91.3% over the previous fiscal period to JPY 3,861 million.

At the end of the reporting period, the number of properties held by INV totaled 91, including 63 residential properties, 20 hotels, 7 office buildings and retail facilities as well as one parking lot at a total acquisition price of JPY 117,917 million and total leasable area of 224,574.36 m².

As a result of the above trends in real estate investment and the rental market, as well as the strong performance of the hotel properties, the total appraisal value was JPY 126,558 million, an increase of JPY 8,948 million (+7.6%) (Note 5). In particular, the appraisal value of the 20 hotel properties recorded a substantial increase of JPY 6,927 million (+15.1%) (Note 5) helping to enhance the portfolio asset value.

(Note 1) The performance of the same period in the previous year (from July 2013 to December 2013) is based on data provided by the seller of the 20 hotels before INV acquired the 20 hotels. Likewise, the performance of the period from July 1, 2014 to July 16, 2014 of the 18 hotels INV acquired on July 17, 2014 is based on data provided by the seller of those hotels.

(Note2) “Occupancy rates” are calculated in accordance with the following formula:

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

(Note 3) “ADR” means average daily rate, and is calculated by dividing total room sales (except for service fee) for a certain period by the aggregate number of days per room for which each room was occupied during the same period.

(Note 4) “RevPar” means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying occupancy rates by ADR.

(Note 5) For the 18 out of the 20 hotels, which were acquired as of July 17, 2014, the comparison was made with the appraisal value as of April 30, 2014. For the other two properties, the comparison was made with the value as of the previous fiscal period.

(3) Overview of Fund Raising

INV raised JPY 23,961 million through a Global Public Offering and third-party allotment in order to procure funds for the acquisition of 18 hotels (Global public offering, 1,040,000 new units in July 2014, paid-in JPY 22,747 million; third-party allotment, 55,507 new units in August 2014, paid-in JPY 1,214 million). INV simultaneously obtained New Syndicate Loan (C) in the amount of JPY 57,300 million in order to refinance the existing borrowings New Syndicate Loan (A) and New Syndicate Loan (B) through a syndicate arranged by SMBC, BTMU, and Mizuho Bank on July 17, 2014, which lowered interest-bearing debt costs to 1.09% (as of July 31, 2014) from 1.48% (as of June 30, 2014).

As a result of the above measures, the outstanding balance of interest-bearing debt for INV was JPY 67,260 million, and the Loan-to-Value ratio was 51.5 % (Note) as of the end of December 2014.

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

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

3 Changes in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' equity by the end of the reporting period are as follow.

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

| | | | | | | |
|-------------------|-----------------------|-----------|-----------|----------------|----------------|----------|
| 1, 2010 | | | | | | |
| July 29, 2011 | Third-party allotment | 711,597 | 1,348,292 | 6,999,979,689 | 26,134,396,789 | (Note 8) |
| December 20, 2013 | Third-party allotment | 224,887 | 1,573,179 | 2,999,992,580 | 29,134,389,369 | (Note 9) |
| July 16, 2014 | Public offering | 1,040,000 | 2,613,179 | 22,747,920,000 | 51,882,309,369 | (Note10) |
| August 13, 2014 | Third-party allotment | 55,507 | 2,668,686 | 1,214,104,611 | 53,096,413,980 | (Note11) |

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

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

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

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

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

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

(Note 7) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with INV as the surviving entity. As a result of the merger by absorption, 4 investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.

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

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

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

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

Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: yen)

| Period | 19th Fiscal Period | 20th Fiscal Period | 21st Fiscal Period | 22nd Fiscal Period | 23rd Fiscal Period |
|------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Closing Month | December 2012 | June 2013 | December 2013 | June 2014 | December 2014 |
| Highest | 6,540 | 14,480 | 20,000 | 24,760 | 50,900 |
| Lowest | 6,080 | 6,230 | 12,610 | 16,740 | 23,020 |

4 Distribution Performance

With respect to distributions, it was determined to distribute all net income excluding fractions of distribution per investment unit that are less than one yen. As a result, the distribution per unit for the reporting period was determined to be JPY 733.

| Period | 19th Fiscal | 20th Fiscal | 21st Fiscal | 22nd Fiscal | 23rd Fiscal |
|--|--|--|--|--|--|
| Calculated Period | July 1, 2012 to Dec. 31, 2012 | Jan. 1, 2013 to June 30, 2013 | July 1, 2013 to Dec. 31, 2013 | Jan. 1, 2014 to June 30, 2014 | July 1, 2014 to Dec. 31, 2014 |
| Total unappropriated retained earnings for period (thousands of yen) | 271,868 | 449,196 | 446,003 | 974,975 | 2,031,546 |
| Reserved profit (thousands of yen) | 114,118 | 93,247 | 73,159 | 73,543 | 75,399 |
| Cash distribution (thousands of | 157,750 | 355,949 | 372,843 | 901,431 | 1,956,146 |

| | | | | | |
|--|---------|---------|---------|---------|-----------|
| yen) | | | | | |
| (Distribution per unit) (yen) | (117) | (264) | (237) | (573) | (733) |
| Distribution amount (thousands of yen) | 157,750 | 355,949 | 372,843 | 901,431 | 1,956,146 |
| (Distribution per unit) (yen) | (117) | (264) | (237) | (573) | (733) |
| Contribution return (thousands of yen) | — | — | — | — | — |
| (Contribution return per unit) (yen) | (—) | (—) | (—) | (—) | (—) |

5 Future Operational Policy and Issues to be Addressed

Forecast for Next Period and Issues to be Addressed

- (i) External growth strategy

New Property Acquisitions

INV believes the strengthening of the financial base through reduction of borrowing costs, a significant improvement in the debt service coverage ratio, and further strengthening of the lender formation enhances both debt and equity fund raising capacity, thus greatly improving the external growth capability.

Although the acquisition of properties in the housing and the hotel sectors, which comprise INV's core assets, is highly competitive, Fortress Group, INV's sponsor, has established a strong track record of large-scale real estate investments in Japan providing a substantial pipeline of assets for INV. INV entered into a memorandum of understanding on June 23, 2014, giving INV preferential negotiating rights (Note 2) in respect to the acquisition of 22 limited service hotels (as described below) out of the pipeline assets held by the Fortress Group, in order to ensure further future growth.

By utilizing such pipeline support from the sponsor and the property sale information from the Asset Manager's independent network, INV plans to continue acquiring properties that contribute to stable profit and cash flow growth leading to an increase in the distribution per unit.

As described in "6 Significant subsequent events" below, on February 6, 2015, INV acquired 3 hotels, of which 2 hotels, "Hotel Nets Hakodate" and "Flexstay Inn Shirogane" were properties listed in the memorandum of understanding.

| Property Name | Location | Number of Guest Rooms |
|---|---|-----------------------|
| Hotel Mystays Akasaka (Note 1) | 2-17-54 Akasaka, Minato-ku, Tokyo | 319 |
| Hotel Mystays Kameido P1 | 6-32-1 Kameido, Koto-ku, Tokyo | 265 |
| Hotel Mystays Kanazawa | 2-13-5 Hirooka, Kanazawa, Ishikawa | 244 |
| Hotel Mystays Kameido P2 | 6-7-8 Kameido, Koto-ku, Tokyo | 175 |
| Hotel Mystays Haneda | 5-1-13 Haneda, Ota-ku, Tokyo | 174 |
| Hotel Mystays Yokohama Kannai (tentative name) (Note 1) | 5-65 Onoecho, Naka-ku, Yokohama, Kanagawa | 166 |
| Hotel Mystays Utsunomiya | 2-4-1 Higashishukugo, Utsunomiya, Tochigi | 116 |
| Hotel Mystays Ueno Iriyaguchi | 5-5-13 Higashiueno, Taito-ku, Tokyo | 97 |
| Flexstay Inn Ekoda | 8-6 Sakaecho, Nerima-ku, Tokyo | 210 |
| Flexstay Inn Higashi-Jujoh | 8-6 Sakaecho, Nerima-ku, Tokyo | 88 |
| <u>Flexstay Inn Shirogane</u> | <u>5-10-15 Shirogane, Minato-ku, Tokyo</u> | <u>84</u> |
| Flexstay Inn Kawasakikaizuka | 1-13-2 Kaizuka, Kawasaki-ku, Kawasaki, Kanagawa | 64 |
| Flexstay Inn Kawasakiogawacho | 15-9 Ogawacho, Kawasaki-ku, Kawasaki, Kanagawa | 62 |
| Flexstay Inn Shinsaibashi | 1-9-30 Nishishinsaibashi, Chuo-ku, Osaka, Osaka | 54 |
| Toko Hotel | 2-6-8 Nishigotanda, Shinagawa-ku, Tokyo | 338 |
| Best Western Hotel Fino Sapporo | 4-15 Kita8jo-Nishi, Kita-ku, Sapporo, Hokkaido | 242 |
| <u>Hotel Nets Hakodate</u> | <u>26-17 Honcho, Hakodate, Hokkaido</u> | <u>202</u> |
| Takamatsu Tokyu Inn | 9-9 Hyogomachi, Takamatsu, Kagawa | 191 |
| Hotel Vista Shimizu | 1-23 Masagocho, Shimizu-ku, Shizuoka, Shizuoka | 152 |
| Comfort Hotel Toyama Ekimae | 1-3-2 Takaramachi, Toyama, Toyama | 150 |
| Best Western Hotel Fino Oita | 1-32 Niagemachi, Oita, Oita | 145 |
| Super Hotel Shinbashi Karasumoriguchi | 5-16-4 Shinbashi, Minato-ku, Tokyo | 74 |
| Total | | 3,612 |

| | | |
|--|--|-------|
| (2 hotels acquired out of the properties listed above.) | | (286) |
| 20 properties left after the acquisition of 2 properties | | 3,326 |

(Note 1) “Hotel Mystays Akasaka” is under reconstruction, and “Hotel Mystays Yokohama Kannai (tentative name) is under construction.

(Note 2) INV has preferential negotiating rights for one year after the execution date of the memorandum of understanding (June 23, 2014) with sponsor related entities. For the 20 properties other than 2 properties already acquired, there are no specific plans to acquire, and INV cannot guarantee that INV will acquire any of these properties

Property Sales

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

(ii) Strategy for internal growth

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties.

With respect to INV’s residential properties, INV will focus on increasing rent for new lease contracts as well as for lease renewals while reducing net leasing costs for new lease contracts in conjunction with the peak residential leasing season that occurs during the June 2015 period in order to maximize profits.

With respect to the hotel properties, INV intends to increase rent revenue through detailed analysis and understanding of each hotel based on market trends and close communication with the hotel operators, and by continuous strategic initiatives to further enhance revenue management. The implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring stable operations and high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit.

(iii) Financial strategy

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

(iv) Compliance risk management

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

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

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

6 Significant subsequent events

INV acquired 3 high-quality limited service hotels (total acquisition price JPY 13,261 million) with stable revenue and growth potential, using its surplus of cash-on-hand and a new loan (JPY 6,241

million) without issuing new investment units in the fiscal period ending June 30, 2015 (24th fiscal period).

As a result, the total number of properties held by INV after the acquisition increased to 94 properties (of which 63 residential properties, 23 hotels properties and 8 other properties) with a total acquisition price of JPY 131,188 million (of which, JPY 58,083 million for residential properties, JPY 58,634 million for hotel properties and JPY 14,470 million for other properties).

(a) Acquisition of Assets

INV acquired the 3 limited service hotels (trust Beneficial Interests in Domestic Real Estates) (total acquisition price of JPY 13,261 million) on February 6, 2015 as follows.

| Use | Property Number | Property Name | Location | Acquisition Price (JPY million) (Note 1) | Appraisal Value at Acquisition (JPY million) (Note 2) | Seller | Category of Specified Assets |
|-------|-----------------|------------------------------|-------------------------------|--|---|-------------------------------------|------------------------------|
| Hotel | D21 | APA Hotel Yokohama Kannai | Yokohama, Kanagawa | 8,350 | 8,500 | AYK Tokutei Mokuteki Kaisha | Trust Beneficial Interest |
| | D22 | Hotel Nets Hakodate | Hakodate City, Hokkaido | 2,792 | 2,820 | Zephyrus Tokutei Mokuteki Kaisha | Trust Beneficial Interest |
| | D23 | Flexstay Inn Shirogane | Minato-ku, Tokyo | 2,119 | 2,140 | Nishi Tokutei Mokuteki Kaisha | Trust Beneficial Interest |
| Total | | | | 13,261 | 13,460 | | |

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

(Note 2) Appraisal value at Acquisition is the appraisal value as of December 1, 2014 based on the appraisal report from Japan Real Estate Institute.

(b) Financing

| Lender | Borrowing Date | Borrowing Amount | Interest Rate | Principal Maturity | Borrowing Method |
|--------|----------------|------------------|---------------|--------------------|------------------|
| | | | | | |

| | | | (annual) | Date | |
|---|------------------|-------------------|--|------------------|--------------------------------------|
| Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Citibank Japan Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited | February 6, 2015 | JPY 6,241 million | 0.93000% Variable interest rate (Note 1) | February 6, 2018 | Secured (Note 2) / with no guarantee |

(Note 1) Interest rate applicable for the period from February 6, 2015 to February 26, 2015.

One-month JPY TIBOR + spread (0.8%); however, two-month JPY TIBOR + spread (0.8%) for the first interest calculation period only

(Note 2) First priority pledges over the real estate trust beneficiary interests for 3 properties: APA Hotel Yokohama-Kannai, Hotel Nets Hakodate, Flexstay Inn Shirogane, and 65 properties: Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakujii Koen, Growth Maison Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Acseeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over 2 real estate properties: Shinjuku Island and Times Kanda-Sudacho 4th.

Overview of the Investment Corporation



1 Overview of Investment

| By Period | 19th Fiscal Period | 20th Fiscal Period | 21st Fiscal Period | 22nd Fiscal Period | 23rd Fiscal Period |
|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|
|-----------|--------------------|--------------------|--------------------|--------------------|--------------------|

| Results Dates | As of Dec. 31, 2012 | As of Jun. 30, 2013 | As of Dec. 31, 2013 | As of Jun. 30, 2014 | As of Dec. 31, 2014 |
|---------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Number of investment units authorized | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 | 10,000,000 |
| Number of investment units issued and | 1,348,292 | 1,348,292 | 1,573,179 | 1,573,179 | 2,668,686 |
| Unitholders' capital | 26,134 | 26,134 | 29,134 | 29,134 | 53,096 |
| Number of total unitholders | 10,325 | 10,093 | 8,783 | 10,005 | 12,148 |

2 Notes regarding Unitholders

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

| Name | Number of units held | % of total number of investment units issued and outstanding |
|---|----------------------|--|
| Calliope Godo Kaisha | 609,942 | 22.85 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 371,058 | 13.90 |
| Japan Trustee Services Bank, Ltd. (trust account) | 363,836 | 13.63 |
| Trust & Custody Services Bank, Ltd. (securities investment trust account) | 199,554 | 7.47 |
| Rayo Godo Kaisha | 149,925 | 5.61 |
| The Nomura Trust and Banking Co., Ltd. (investment trust account) | 74,985 | 2.80 |
| MSIP CLIENT SECURITIES | 65,337 | 2.44 |
| STATE STREET BANK AND | 61,402 | 2.30 |

| | | |
|---|-----------|-------|
| TRUST COMPANY 505225 | | |
| BNP PARIBAS SECURITIES SERVICES LUXEMBOURG / JASDEC / HENDERSON HHFSICAV | 57,293 | 2.14 |
| STATE STREET BANK AND TRUST COMPANY | 27,034 | 1.01 |
| Total | 1,980,366 | 74.20 |

(Note 1) Percentages are rounded down to two decimal places.

3 Notes regarding Directors

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

| Position | Name | Primary Responsibilities | Directors' remuneration for operating period (thousands of yen) |
|----------------------|--------------------------------|---|---|
| Executive Director | Naoki Fukuda | President and CEO, Consonant Investment Management Co. Ltd. | -- |
| Supervisory Director | Takashi Takahashi | Attorney, Ocean General Law Office | 2,400 |
| | Hiroyuki Fujimoto | Tax accountant, CPA Fujimoto Office | 2,400 |
| Auditor | Ernst & Young ShinNihon LLC | -- | 41,000 |

(Note 1) Executive and supervisory directors do not hold the Investment Corporation's units either in their names or in the names of third parties. In addition, while they may be directors of organizations not listed above, those organizations as well as those listed above have no conflicts of interest with the Investment Corporation.

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

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

Agents

The asset management company, asset custody companies, and general administrative agents at the end of the 21st Fiscal Period are as below.

| Delegation Category | Name |
|--|---|
| Asset management company | Consonant Investment Management Co., Ltd. |
| Asset custody company | Sumitomo Mitsui Trust Bank, Limited |
| General administrative agent (institutional operations (Note 1) administration of investors' registry, etc.) | Sumitomo Mitsui Trust Bank, Limited |
| General administrative agent (institutional operations (Note 2)) | Consonant Investment Management Co., Ltd. |
| General administrative agent (auditing operations, etc.) | EP Consulting Services Corporation |
| Special account management company | Mitsubishi UFJ Trust and Banking Corporation Limited (Note 3) /Sumitomo Mitsui Trust Bank, Limited (Note 4) |

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

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

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

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

Status of Investment Corporation's Assets under Management

1 Composition of Investment Corporation's Assets

| Type of Asset | Purpose | Geographic Area (Note 1) | Preceding period (as of June 30, 2014) | | Reporting period (as of December 31, 2014) | |
|----------------------|----------------------------|-----------------------------|--|------------------------------|---|------------------------------|
| | | | Amount Held (millions of yen) (Note 2) | Ratio of Total Assets (%) | Amount Held (millions of yen) (Note 2) | Ratio of Total Assets (%) |
| | | | | | | |
| Real Estate | Residential | Greater Tokyo area | — | — | — | — |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | — | — | — | — |
| | Office/Retail | Greater Tokyo area | 712 | 0.9 | 710 | 0.5 |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | 712 | 0.9 | 710 | 0.5 |
| | Hourly parking | Greater Tokyo area | 100 | 0.1 | 100 | 0.1 |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | 100 | 0.1 | 100 | 0.1 |
| | Hotel | Greater Tokyo area | — | — | — | — |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | — | — | — | — |
| | Total real estate | | | 813 | 1.0 | 811 |
| Real estate in trust | Residential | Greater Tokyo area | 43,909 | 55.4 | 43,715 | 33.5 |
| | | Major regional cities | 11,965 | 15.1 | 11,853 | 9.1 |
| | | Subtotal | 55,874 | 70.5 | 55,569 | 42.6 |
| | Office/Retail | Greater Tokyo area | 7,106 | 9.0 | 7,083 | 5.4 |
| | | Major regional cities | 6,037 | 7.6 | 5,982 | 4.6 |
| | | Subtotal | 13,143 | 16.6 | 13,066 | 10.0 |
| | Hourly parking, etc. | Greater Tokyo area | — | — | — | — |
| | | Major regional cities | — | — | — | — |
| | | Subtotal | — | — | — | — |
| | Hotel | Greater Tokyo area | 5,532 | 7.0 | 27,266 | 20.9 |
| | | Major regional cities | — | — | 18,029 | 13.8 |
| | | Subtotal | 5,532 | 7.0 | 45,296 | 34.7 |
| | Total Real Estate in Trust | | | 74,550 | 94.1 | 113,932 |

| Type of Asset | Purpose | Geographic Area (Note 1) | Preceding period (as of June 30, 2014) | | Reporting period (as of December 31, 2014) | |
|---------------------------|---------|-----------------------------|--|------------------------------|---|------------------------------|
| | | | Amount Held (millions of yen) (Note 2) | Ratio of Total Assets (%) | Amount Held (millions of yen) (Note 2) | Ratio of Total Assets (%) |
| Deposits and Other Assets | | | 3,898 | 4.9 | 15,733 | 12.1 |
| Total Assets (Note 3) | | | 79,261 (75,363) | 100.0 (95.1) | 130,477 (114,743) | 100.0 (87.9) |

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

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

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

2 Major Properties

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

| Name of Property | | Book Value (millions of yen) | Leasable Area (m ²) | Leased Area (m ²) | Occupancy Rate (%) (Note) | Ratio of Rental Revenue (%) | Main Use |
|------------------|--|------------------------------------|------------------------------------|----------------------------------|---------------------------------|--------------------------------|-------------------|
| A75 | Spacia Ebisu | 6,657 | 7,794.91 | 7,298.51 | 93.6 | 4.1 | Residential |
| D3 | Hotel MyStays Kyoto-shijo | 5,997 | 7,241.51 | 7,241.51 | 100.0 | 6.7 | Hotel |
| D4 | MyStays Shin-Urayasu Conference Center | 4,905 | 6,232.30 | 6,232.30 | 100.0 | 4.7 | Hotel |
| D5 | Hotel MyStays Maihama | 4,846 | 2,456.36 | 2,456.36 | 100.0 | 3.6 | Hotel |
| B14 | Lexington Plaza Nishigotanda | 4,776 | 6,033.58 | 6,033.58 | 100.0 | 3.0 | Office |
| D6 | Hotel Vista Premio Dojima | 3,834 | 9,445.32 | 9,445.32 | 100.0 | 3.5 | Hotel |
| B17 | Lexington Plaza Hachiman | 3,163 | 8,419.15 | 8,419.15 | 100.0 | 3.6 | Retail Facilities |
| A52 | Winbell Kagurazaka | 3,113 | 4,032.70 | 4,032.70 | 100.0 | 2.2 | Residential |
| D7 | Hotel MyStays Nagoya-Sakae | 2,929 | 9,064.71 | 9,064.71 | 100.0 | 4.0 | Hotel |
| D1 | Hotel MyStays Kanda | 2,891 | 2,585.72 | 2,585.72 | 100.0 | 2.3 | Hotel |
| Total | | 43,115 | 63,306.26 | 62,809.86 | 99.2 | 37.8 | — |

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

3 Asset Portfolio Including Real Estate

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

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--------------------------------------|---|-----------------------------|---------------------------------|--|------------------------------|
| A26 | Nisshin Palacestage Daitabashi | 1-31-2 Izumi, Suginami Ward, Tokyo | Trust beneficiary interests | 1,771.13 | 1,150 | 1,139 |
| A27 | Nisshin Palacestage Higashi-Nagasaki | 5-4-1 Nagasaki, Toshima Ward, Tokyo | Trust beneficiary interests | 2,681.94 | 1,250 | 1,112 |
| A28 | Growth Maison Gotanda | 2-26-6 Nishi-Gotanda, Shinagawa Ward, Tokyo | Trust beneficiary interests | 1,051.50 | 949 | 842 |
| A29 | Growth Maison Kameido | 6-58-16 Kameido, Koto Ward, Tokyo | Trust beneficiary interests | 1,367.96 | 1,080 | 1,007 |
| A30 | Emerald House | 3-27-18 Itabashi, Itabashi Ward, Tokyo | Trust beneficiary interests | 2,152.31 | 1,240 | 1,409 |
| A31 | Harmonie Ochanomizu | 2-5-5 Yushima, Bunkyo Ward, Tokyo | Trust beneficiary interests | 1,748.24 | 1,310 | 1,373 |
| A32 | Suncrest Shakujii-Koen | 3-15-35 Takanodai, Nerima Ward, Tokyo | Trust beneficiary interests | 3,029.16 | 1,030 | 1,064 |
| A33 | Growth Maison Shin-Yokohama | 3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture | Trust beneficiary interests | 1,858.44 | 1,140 | 989 |
| A34 | Belle Ueno-Okachimachi Face | 1-27-5 Higashi-Ueno, Taito Ward, Tokyo | Trust beneficiary | 1,351.11 | 972 | 977 |

| Name of Property | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--------------------------------|-----------------------------|---------------------------------|--|------------------------------|
| | | interests | | | |
| A35 | Grand Rire Kameido | Trust beneficiary interests | 1,562.26 | 937 | 849 |
| A36 | Growth Maison Ikebukuro | Trust beneficiary interests | 952.89 | 859 | 772 |
| A37 | Growth Maison Yoga | Trust beneficiary interests | 1,015.34 | 691 | 761 |
| A38 | Route Tachikawa | Trust beneficiary interests | 1,368.57 | 606 | 650 |
| A39 | Shibuya-Honmachi Mansion | Trust beneficiary interests | 1,167.50 | 604 | 655 |
| A40 | City Heights Kinuta | Trust beneficiary interests | 1,235.93 | 467 | 646 |
| A41 | Acseeds Tower Kawaguchi-Namiki | Trust beneficiary interests | 1,210.74 | 699 | 566 |
| A42 | Capital Heights Kagurazaka | Trust beneficiary interests | 1,126.65 | 553 | 616 |
| A43 | College Square Machida | Trust beneficiary interests | 1,047.75 | 511 | 569 |
| A44 | Belair Meguro | Trust beneficiary | 557.05 | 582 | 570 |

| Name of Property | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) | |
|------------------|-------------------------------|---|---------------------------------|--|------------------------------|-------|
| | | interests | | | | |
| A45 | Wacore Tsunashima I | 2-7-47 Tarumachi, Kohoku-ku, Yokohama City, Kanagawa Prefecture | Trust beneficiary interests | 907.46 | 508 | 543 |
| A46 | Foros Nakamurabashi | 1-6-6 Koyama, Nerima Ward, Tokyo | Trust beneficiary interests | 815.77 | 565 | 528 |
| A47 | Growth Maison Kaijin | 5-29-51 Kaijin, Funabashi City, Chiba Prefecture | Trust beneficiary interests | 2,040.27 | 458 | 527 |
| A48 | College Square Machiya | 7-3-1 Arakawa, Arakawa Ward, Tokyo | Trust beneficiary interests | 871.35 | 509 | 474 |
| A51 | City House Tokyo Shinbashi | 6-19-1 Shinbashi, Minato Ward, Tokyo | Trust beneficiary interests | 3,364.00 | 2,860 | 2,392 |
| A52 | Winbell Kagurazaka | 6-15 Shin-Ogawacho, Shinjuku Ward, Tokyo | Trust beneficiary interests | 4,032.70 | 3,630 | 3,113 |
| A53 | Nishiwaseda Mansion Crescent | 3-18-9 Nishi-Waseda, Shinjuku Ward, Tokyo | Trust beneficiary interests | 4,310.77 | 2,280 | 1,876 |
| A54 | Lexington Square Akebonobashi | 3-8 Yochomachi, Shinjuku Ward, Tokyo | Trust beneficiary interests | 1,987.88 | 1,630 | 1,368 |
| A56 | Casa Eremitaggio | 1-14-15 Nakane, Meguro Ward, Tokyo | Trust beneficiary interests | 1,197.19 | 1,020 | 990 |
| A59 | Towa City Coop Shinotsuka II | 5-49-7 Higashi-Ikebukuro, Toshima Ward, Tokyo | Trust beneficiary | 1,627.13 | 985 | 826 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|-----------------------------------|--|-----------------------------|---------------------------------|--|------------------------------|
| | | | interests | | | |
| A61 | Bichsel Musashiseki | 1-22-7 Sekimachi-Kita, Nerima Ward, Tokyo | Trust beneficiary interests | 1,220.24 | 659 | 556 |
| A62 | Lexel Mansion Ueno Matsugaya | 3-10-2 Matsugaya, Taito Ward, Tokyo | Trust beneficiary interests | 1,969.45 | 1,090 | 893 |
| A63 | Towa City Coop Sengencho | 4-338-2 Sengencho, Nishi-ku, Yokohama City, Kanagawa Prefecture | Trust beneficiary interests | 3,426.36 | 1,300 | 1,039 |
| A64 | Royal Park Omachi | 2-11-10 Omachi, Aoba-ku, Sendai City, Miyagi Prefecture | Trust beneficiary interests | 1,929.59 | 503 | 396 |
| A65 | Lexington Square Haginomachi | 1-15-16 Haginomachi, Miyagino-ku, Sendai City, Miyagi Prefecture | Trust beneficiary interests | 1,528.58 | 441 | 303 |
| A66 | Visconti Kakuozan | 2-44 Otanacho, Chikusa-ku, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 705.75 | 252 | 238 |
| A71 | Lexington Square Daitabashi | 1-33-8 Izumi, Suginami Ward, Tokyo | Trust beneficiary interests | 1,430.64 | 1,070 | 898 |
| A72 | Lexington Square Honjo Azumabashi | 4-20-6 Higashikomagata, Sumida Ward, Tokyo | Trust beneficiary interests | 784.74 | 566 | 464 |
| A73 | AMS TOWER Minami 6-Jo | 2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo City, Hokkaido | Trust beneficiary interests | 4,460.56 | 1,130 | 1,043 |
| A75 | Spacia Ebisu | 3-6-22 Higashi, Shibuya Ward, Tokyo | Trust beneficiary | 7,794.91 | 7,230 | 6,657 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|------------------------------|---|-----------------------------|---------------------------------|--|------------------------------|
| | | | interests | | | |
| A76 | Neo Prominence | 3-21-5 Shimo, Kita Ward, Tokyo | Trust beneficiary interests | 3,574.70 | 1,800 | 1,649 |
| A77 | Invoice Residence Shin-Kobe | 3-3-8 Ikutacho Chuo Ward, Kobe City, Hyogo Prefecture | Trust beneficiary interests | 2,773.71 | 1,340 | 1,239 |
| A78 | Cosmo Court Motomachi | 3-12-20 Motomachi Dori Chuo Ward, Kobe City, Hyogo Prefecture | Trust beneficiary interests | 2,310.49 | 1,040 | 956 |
| A79 | Revest Honjin | 2-13 Torii Dori Nakamura Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,933.80 | 732 | 662 |
| A80 | Revest Matsubara | 3-13-12 Matsubara Naka Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,955.40 | 743 | 646 |
| A81 | Sun Terrace Minami Ikebukuro | 2-22-6 Minami Ikebukuro, Toshima Ward, Tokyo | Trust beneficiary interests | 898.70 | 695 | 615 |
| A82 | Alba Noritake Shinmachi | 3-6-8 Noritake Shinmachi, Nishi Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,731.68 | 666 | 598 |
| A83 | Revest Meieki Minami | 2-13-33 Meiekiminami, Nakamura Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,634.60 | 674 | 587 |
| A84 | Revest Heian | 2-13-17 Heian, Kita Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,554.03 | 641 | 585 |
| A85 | Vendir Hamaotsu Ekimae | 1-2-15 Hama Otsu, Otsu City, Shiga Prefecture | Trust beneficiary | 2,670.66 | 674 | 569 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|-----------------------------------|--|-----------------------------|---------------------------------|--|------------------------------|
| | | | interests | | | |
| A86 | Salvo Sala | 2-6-21 Shimanouchi Chuo Ward, Osaka City, Osaka Prefecture | Trust beneficiary interests | 1,428.12 | 603 | 537 |
| A87 | Excellente Kagurazaka | 128-1 Yamabukicho Shinjuku Ward, Tokyo | Trust beneficiary interests | 701.92 | 593 | 537 |
| A88 | Luna Court Edobori | 3-4-11 Edobori, Nishi Ward, Osaka City, Osaka Prefecture | Trust beneficiary interests | 1,185.50 | 565 | 516 |
| A89 | Winntage Kobe Motomachi | 7-2-2 Motomachi Dori, Chuo Ward, Kobe City, Hyogo Prefecture | Trust beneficiary interests | 1,433.35 | 560 | 502 |
| A90 | Queen's Court Fukuzumi | 1-3-10 Fukuzumi, Koto Ward, Tokyo | Trust beneficiary interests | 765.18 | 528 | 451 |
| A91 | Corp Higashinotoin | 380-1 Kawaranomachi, Higashinotoin Dori Nijo Kudaru, Chukyo Ward, Kyoto City, Kyoto Prefecture | Trust beneficiary interests | 1,029.05 | 491 | 440 |
| A92 | Belair Oimachi | 5-14-17 Higashi Oi, Shinagawa Ward, Tokyo | Trust beneficiary interests | 530.60 | 476 | 408 |
| A93 | Siete Minami-Tsukaguchi | 3-18 Minami Tsukaguchimachi, Amagasaki City, Hyogo Prefecture | Trust beneficiary interests | 1,020.86 | 414 | 370 |
| A94 | Prime Life Sannomiya Isogami Koen | 4-3-23 Isogamidori ,Chuo Ward, Kobe City Hyogo Prefecture | Trust beneficiary interests | 789.12 | 397 | 368 |
| A95 | HERMITAGE WEST NANBA | 4-10-3 Sakuragawa Naniwa Ward, Osaka City, Osaka Prefecture | Trust beneficiary | 992.76 | 397 | 352 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--------------------------------|--|------------------------------|---------------------------------|--|------------------------------|
| | | | interests | | | |
| A96 | Century Park Shinkawa 1-bankan | 4-1-2 Shinkawamachi Minato Ward, Nagoya City, Aichi Prefecture | Trust beneficiary interests | 1,477.62 | 399 | 333 |
| A97 | West Avenue | 1-5-17 Nishi, Kunitachi City, Tokyo | Trust beneficiary interests | 794.80 | 344 | 325 |
| A98 | Little River Honmachibashi | 1-34 Honmachibashi Chuo Ward, Osaka City, Osaka Prefecture | Trust beneficiary interests | 974.81 | 364 | 309 |
| A99 | Prime Life Mikage | 2-25-11 Mikage Tsukamachi Higashi Nada Ward, Kobe City, Hyogo Prefecture | Trust beneficiary interests | 761.18 | 323 | 293 |
| Subtotal | | | | 109,584.45 | 60,775 | 55,569 |
| B8 | Kindai Kagakusha Building | 2-7-15, Ichigaya Tamachi, Shinjuku Ward, Tokyo | Trust beneficiary interestst | 1,451.54 | 1,040 | 1,239 |
| B9 | Shinjuku Island | 6-5-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo | Real estate | 526.43 | 574 | 710 |
| B14 | Lexington Plaza Nishigotanda | 5-2-4 Nishigotanda, Shinagawa Ward, Tokyo | Trust beneficiary interests | 6,033.58 | 4,010 | 4,776 |
| B15 | Cross Square NAKANO | 5-24-18 Nakano, Nakano Ward, Tokyo | Trust beneficiary interests | 2,145.00 | 944 | 1,067 |
| B16 | Ohki Aoba Building | 9-7 Futsukacho, Aoba-ku, Sendai City, Miyagi Prefecture | Trust beneficiary interests | 2,178.41 | 659 | 757 |
| B17 | Lexington Plaza Hachiman | 3-1-50 Hachiman, Aoba-ku, Sendai City, Miyagi Prefecture | Trust beneficiary interests | 8,419.15 | 3,440 | 3,163 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--|---|------------------------------|---------------------------------|--|------------------------------|
| B18 | AEON TOWN Sukagawa | 105 Furukawa, Sukagawa City, Fukushima Prefecture | Trust beneficiary interests | 18,440.58 | 2,250 | 2,061 |
| Subtotal | | | | 39,194.69 | 12,917 | 13,777 |
| C1 | Times Kanda-Sudacho4th | 1-22-7, 1-22-15 Kanda sudacho, Chiyoda-ku, Tokyo | Real estate | 81.04 | 107 | 100 |
| Subtotal | | | | 81.04 | 107 | 100 |
| D1 | Hotel MyStays Kanda | 1-2-2 Iwamotocho, Chiyoda-ku, Tokyo | Trust beneficiary interestst | 2,585.72 | 3,280 | 2,891 |
| D2 | Hotel MyStays Asakusa | 1-21-11 Honjyo, Sumida-ku, Tokyo | Trust beneficiary interests | 3,327.38 | 3,290 | 2,608 |
| D3 | Hotel MyStays Kyoto-shijo | 52, Kasaboko-cho, Higashiiru, Aburanokoji, Shijyo-dori, Shimogyo, Kyoto-shi, Kyoto Prefecture | Trust beneficiary interests | 7,241.51 | 8,010 | 5,997 |
| D4 | MyStays Shin-Urayasu Conference Center | 2-1-4, Akemi, Urayasu-shi, Chiba Prefecture | Trust beneficiary interests | 6,232.30 | 5,260 | 4,905 |
| D5 | Hotel MyStays Maihama | 3-5-1, Tekko-dori, Urayasu-shi, Chiba Prefecture | Trust beneficiary interests | 2,456.36 | 5,080 | 4,846 |
| D6 | Hotel Vista Premio Dojima | 2-4-1, Sonezakishinchi, Kita-ku, Osaka Prefecture | Trust beneficiary interests | 9,445.32 | 4,300 | 3,834 |
| D7 | Hotel Nagoya-Sakae MyStays | 2-23-22, Higashisakura, Naka-ku, Nagoya, Aichi Prefecture | Trust beneficiary interests | 9,064.71 | 3,040 | 2,929 |
| D8 | Hotel Sakaisuji-Honmachi MyStays | 1-4-8, Awaji-machi, Chuo-ku, Osaka-shi, Osaka Prefecture | Trust beneficiary interests | 4,188.83 | 3,250 | 2,508 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|-------------------------------------|--|-----------------------------|---------------------------------|--|------------------------------|
| D9 | Hotel MyStays Yokohama | 4-81, Sueyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa | Trust beneficiary interests | 7,379.43 | 2,590 | 2,108 |
| D10 | Hotel MyStays Nippori | 5-43-7, Higashi-Nippori, Arakawa-ku, Tokyo | Trust beneficiary interests | 1,719.29 | 2,140 | 1,891 |
| D11 | Hotel MyStays Fukuoka-Tenjin-Minami | 3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka Prefecture | Trust beneficiary interests | 3,412.71 | 1,740 | 1,567 |
| D12 | Flexstay Inn Iidabashi | 3-26, Shin-Ogawa-cho, Shinjuku-ku, Tokyo | Trust beneficiary interests | 2,953.38 | 1,560 | 1,382 |
| D13 | Hotel MyStays Inaricho Ueno | 1-5-7, Matsugaya, Taito-ku, Tokyo | Trust beneficiary interests | 1,150.76 | 1,540 | 1,326 |
| D14 | Flexstay Inn Shinagawa | 1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo | Trust beneficiary interests | 1,134.52 | 1,510 | 1,242 |
| D15 | Flexstay Inn Tokiwadai | 1-52-5, Tokiwadai, Itabashi-ku, Tokyo | Trust beneficiary interests | 2,539.75 | 1,420 | 1,244 |
| D16 | Flexstay Inn Sugamo | 3-6-16, Sugamo, Toshima-ku, Tokyo | Trust beneficiary interests | 2,089.86 | 1,370 | 1,189 |
| D17 | Hotel MyStays Otemae | 1-3-2, Tokui-cho, Chuo-ku, Osaka-shi, Osaka | Trust beneficiary interests | 4,956.66 | 1,600 | 1,192 |
| D18 | Flexstay Inn Kiyosumi Shirakawa | 1-12-16, Tokiwa, Koto-ku, Tokyo | Trust beneficiary interests | 2,673.64 | 821 | 750 |

| Name of Property | | Location (Note 1) | Type of Ownership | Leasable Area (m ²) | Appraisal Value as of December 31, 2014 (millions of yen) (Note 2) | Book Value (millions of yen) |
|------------------|--------------------------|--------------------------------------|-----------------------------|---------------------------------|--|------------------------------|
| D19 | Flexstay Inn Nakanobu P1 | 4-27-12, Futaba, Shinagawa-ku, Tokyo | Trust beneficiary interests | 770.56 | 647 | 591 |
| D20 | Flexstay Inn Nakanobu P2 | 4-27-8, Futaba, Shinagawa-ku, Tokyo | Trust beneficiary interests | 391.49 | 311 | 286 |
| | | | | 75,714.18 | 52,759 | 45,296 |
| Total | | | | 224,574.36 | 126,558 | 114,743 |

(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 (*banchi*).

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

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

| Name of Property | | 22nd Fiscal Period (January 1, 2014 to June 30, 2014) | | | | 23rd Fiscal Period (July 1, 2014 to December 31, 2014) | | | |
|------------------|--------------------------------------|--|--|--|-----------------------------|---|--|--|-----------------------------|
| | | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) |
| A26 | Nisshin Palacestage Daitabashi | 1 | 94.1 | 39,801 | 1.4 | 1 | 90.0 | 38,666 | 0.8 |
| A27 | Nisshin Palacestage Higashi-Nagasaki | 1 | 97.7 | 46,420 | 1.7 | 1 | 96.3 | 45,828 | 1.0 |
| A28 | Growth Maison Gotanda | 1 | 100.0 | 27,344 | 1.0 | 1 | 100.0 | 27,376 | 0.6 |
| A29 | Growth Maison Kameido | 1 | 89.3 | 32,376 | 1.2 | 1 | 86.2 | 30,410 | 0.7 |
| A30 | Emerald House | 1 | 100.0 | 49,348 | 1.8 | 1 | 98.0 | 41,741 | 0.9 |
| A31 | Harmonie Ochanomizu | 1 | 91.2 | 39,809 | 1.4 | 1 | 93.5 | 35,263 | 0.8 |
| A32 | Suncrest Shakujii-Koen | 1 | 97.0 | 35,961 | 1.3 | 1 | 97.0 | 36,344 | 0.8 |

| Name of Property | | 22nd Fiscal Period (January 1, 2014 to June 30, 2014) | | | | 23rd Fiscal Period (July 1, 2014 to December 31, 2014) | | | |
|------------------|------------------------------------|--|--|--|-----------------------------------|---|--|--|-----------------------------------|
| | | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) |
| | | A33 | Growth Maison Shin-Yokohama | 1 | 86.9 | 33,246 | 1.2 | 1 | 95.6 |
| A34 | Belle Face Ueno-Okachimachi | 1 | 98.3 | 33,576 | 1.2 | 1 | 98.3 | 30,191 | 0.7 |
| A35 | Grand Rire Kameido | 1 | 100.0 | 26,619 | 1.0 | 1 | 100.0 | 26,619 | 0.6 |
| A36 | Growth Maison Ikebukuro | 1 | 90.4 | 26,208 | 0.9 | 1 | 90.5 | 24,272 | 0.5 |
| A37 | Growth Maison Yoga | 1 | 97.3 | 22,653 | 0.8 | 1 | 94.9 | 21,746 | 0.5 |
| A38 | Route Tachikawa | 1 | 96.6 | 20,293 | 0.7 | 1 | 96.6 | 20,942 | 0.5 |
| A39 | Shibuya-Honmachi Mansion | 1 | 100.0 | 20,105 | 0.7 | 1 | 91.3 | 19,947 | 0.4 |
| A40 | City Heights Kinuta | 1 | 100.0 | 17,629 | 0.6 | 1 | 100.0 | 17,664 | 0.4 |
| A41 | Acseeds Tower Kawaguchi- Namiki | 1 | 93.0 | 25,146 | 0.9 | 1 | 86.0 | 23,651 | 0.5 |
| A42 | Capital Heights Kagurazaka | 1 | 90.5 | 18,000 | 0.6 | 1 | 91.6 | 18,249 | 0.4 |
| A43 | College Square Machida | 1 | 100.0 | 18,268 | 0.7 | 1 | 100.0 | 18,268 | 0.4 |
| A44 | Belair Meguro | 1 | 100.0 | 15,901 | 0.6 | 1 | 88.1 | 16,195 | 0.4 |
| A45 | Wacore Tsunashima I | 1 | 94.1 | 17,314 | 0.6 | 1 | 89.9 | 18,002 | 0.4 |
| A46 | Foros Nakamurabashi | 1 | 100.0 | 17,958 | 0.6 | 1 | 88.8 | 17,954 | 0.4 |
| A47 | Growth Maison Kaijin | 1 | 90.0 | 21,922 | 0.8 | 1 | 89.0 | 21,294 | 0.5 |
| A48 | College Square Machiya | 1 | 100.0 | 14,706 | 0.5 | 1 | 100.0 | 14,706 | 0.3 |
| A51 | City House Tokyo Shinbashi | 1 | 94.5 | 89,437 | 3.2 | 1 | 95.6 | 88,383 | 1.9 |
| A52 | Winbell Kagurazaka | 1 | 98.6 | 105,410 | 3.8 | 1 | 100.0 | 103,227 | 2.2 |
| A53 | Nishiwaseda Crescent Mansion | 1 | 92.5 | 70,931 | 2.6 | 1 | 90.5 | 68,082 | 1.5 |
| A54 | Lexington Square Akebonobashi | 1 | 93.3 | 47,715 | 1.7 | 1 | 88.8 | 45,511 | 1.0 |
| A56 | Casa Eremitaggio | 1 | 97.0 | 28,492 | 1.0 | 1 | 91.2 | 30,380 | 0.7 |
| A59 | Towa City Coop Shinotsuka II | 1 | 92.8 | 33,315 | 1.2 | 1 | 91.3 | 33,307 | 0.7 |
| A61 | Bichsel Musashiseki | 1 | 94.3 | 24,028 | 0.9 | 1 | 85.8 | 22,012 | 0.5 |
| A62 | Lexel Mansion Ueno Matsugaya | 1 | 96.3 | 33,839 | 1.2 | 1 | 96.8 | 33,167 | 0.7 |
| A63 | Towa City Coop Sengencho | 1 | 89.1 | 59,396 | 2.1 | 1 | 80.2 | 54,726 | 1.2 |
| A64 | Royal Park Omachi | 1 | 90.6 | 24,956 | 0.9 | 1 | 88.1 | 24,188 | 0.5 |

| Name of Property | | 22nd Fiscal Period (January 1, 2014 to June 30, 2014) | | | | 23rd Fiscal Period (July 1, 2014 to December 31, 2014) | | | |
|------------------|-----------------------------------|--|--|--|-----------------------------|---|--|--|-----------------------------|
| | | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) |
| A65 | Lexington Square Haginomachi | 1 | 97.4 | 18,023 | 0.7 | 1 | 100.0 | 18,428 | 0.4 |
| A66 | Visconti Kakuoan | 1 | 100.0 | 11,774 | 0.4 | 1 | 89.7 | 11,318 | 0.2 |
| A71 | Lexington Square Daitabashi | 1 | 90.9 | 31,377 | 1.1 | 1 | 85.1 | 27,913 | 0.6 |
| A72 | Lexington Square Honjo Azumabashi | 1 | 96.9 | 17,881 | 0.6 | 1 | 97.0 | 17,226 | 0.4 |
| A73 | AMS TOWER Minami 6-Jo | 1 | 91.8 | 50,486 | 1.8 | 1 | 83.7 | 45,814 | 1.0 |
| A75 | Spacia Ebisu | 1 | 90.0 | 186,312 | 6.7 | 1 | 93.6 | 187,027 | 4.1 |
| A76 | Neo Prominence | 1 | 88.9 | 63,037 | 2.3 | 1 | 93.9 | 61,481 | 1.3 |
| A77 | Invoice Shin-Kobe Residence | 1 | 94.4 | 45,927 | 1.7 | 1 | 94.0 | 48,843 | 1.1 |
| A78 | Cosmo Court Motomachi | 1 | 90.4 | 36,802 | 1.3 | 1 | 86.6 | 33,405 | 0.7 |
| A79 | Revest Honjin | 1 | 95.0 | 31,304 | 1.1 | 1 | 92.5 | 29,805 | 0.6 |
| A80 | Revest Matsubara | 1 | 91.2 | 28,954 | 1.0 | 1 | 93.7 | 27,735 | 0.6 |
| A81 | Sun Terrace Minami Ikebukuro | 1 | 89.5 | 21,891 | 0.8 | 1 | 92.1 | 20,277 | 0.4 |
| A82 | Alba Noritake Shinmachi | 1 | 91.7 | 25,422 | 0.9 | 1 | 94.4 | 25,539 | 0.6 |
| A83 | Revest Meieki Minami | 1 | 93.6 | 24,919 | 0.9 | 1 | 95.4 | 25,521 | 0.6 |
| A84 | Revest Heian | 1 | 98.4 | 23,570 | 0.9 | 1 | 100.0 | 24,560 | 0.5 |
| A85 | Vendir Hamaotsu Ekimae | 1 | 94.2 | 32,426 | 1.2 | 1 | 87.3 | 29,675 | 0.6 |
| A86 | Salvo Sala | 1 | 91.5 | 23,992 | 0.9 | 1 | 93.5 | 23,253 | 0.5 |
| A87 | Excellente Kagurazaka | 1 | 97.1 | 17,842 | 0.6 | 1 | 88.3 | 16,934 | 0.4 |
| A88 | Luna Court Edobori | 1 | 88.1 | 20,912 | 0.8 | 1 | 88.1 | 19,122 | 0.4 |
| A89 | Winntage Kobe Motomachi | 1 | 91.1 | 22,148 | 0.8 | 1 | 94.8 | 22,200 | 0.5 |
| A90 | Queen's Court Fukuzumi | 1 | 100.0 | 16,521 | 0.6 | 1 | 92.5 | 16,248 | 0.4 |
| A91 | Corp Higashinotoin | 1 | 90.3 | 16,980 | 0.6 | 1 | 92.9 | 16,872 | 0.4 |
| A92 | Belair Oimachi | 1 | 96.1 | 15,415 | 0.6 | 1 | 92.9 | 13,875 | 0.3 |
| A93 | Siete Minami-Tsukaguchi | 1 | 92.5 | 16,437 | 0.6 | 1 | 97.5 | 16,217 | 0.4 |
| A94 | Prime Life Sannomiya Isogami Koen | 1 | 100.0 | 14,640 | 0.5 | 1 | 96.9 | 14,360 | 0.3 |
| A95 | HERMITAGE NANBA WEST | 1 | 92.0 | 14,842 | 0.5 | 1 | 100.0 | 15,512 | 0.3 |

| Name of Property | | 22nd Fiscal Period (January 1, 2014 to June 30, 2014) | | | | 23rd Fiscal Period (July 1, 2014 to December 31, 2014) | | | |
|------------------|---|--|--|--|-----------------------------|---|--|--|-----------------------------|
| | | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) |
| A96 | Century Park Shinkawa 1-bankan | 1 | 100.0 | 17,190 | 0.6 | 1 | 95.5 | 18,070 | 0.4 |
| A97 | West Avenue | 1 | 85.0 | 12,666 | 0.5 | 1 | 85.0 | 11,510 | 0.2 |
| A98 | Little River Honmachibashi | 1 | 93.9 | 12,971 | 0.5 | 1 | 93.8 | 12,758 | 0.3 |
| A99 | Prime Life Mikage | 1 | 93.4 | 11,809 | 0.4 | 1 | 93.3 | 11,980 | 0.3 |
| Subtotal | | 63 | 93.8 | 2,022,623 | 73.0 | 63 | 92.7 | 1,965,139 | 42.6 |
| B8 | Kindai Kagakusha Building | 1 | 95.0 | 38,735 | 1.4 | 1 | 100.0 | 35,405 | 0.8 |
| B9 | Shinjuku Island | 1 | 100.0 | (Note 3) | (Note 3) | 1 | 100.0 | (Note 3) | 0.4 |
| B14 | Lexington Plaza Nishigotanda | 8 | 100.0 | 126,690 | 4.6 | 8 | 100.0 | 138,450 | 3.0 |
| B15 | Cross Square NAKANO | 1 | 64.3 | 28,685 | 1.0 | 1 | 64.3 | 32,309 | 0.7 |
| B16 | Ohki Aoba Building | 1 | 100.0 | 40,559 | 1.5 | 1 | 100.0 | 40,397 | 0.9 |
| B17 | Lexington Plaza Hachiman | 1 | 100.0 | 163,313 | 5.9 | 1 | 100.0 | 167,597 | 3.6 |
| B18 | AEON TOWN Sukagawa | 1 | 100.0 | 142,116 | 5.1 | 1 | 100.0 | 142,505 | 3.1 |
| Subtotal | | 14 | 97.9 | 557,297 | 20.1 | 14 | 98.0 | 573,863 | 12.4 |
| C1 | Stop Parking Kanda-Sudacho | 1 | 100.0 | 2,443 | 0.1 | 1 | 100.0 | 2,443 | 0.1 |
| C21 | Bon Sejour Chitose Funabashi (Note 4) | — | — | 18,592 | 0.7 | — | — | — | — |
| C22 | Bon Sejour Yotsugi (Note 4) | — | — | 17,485 | 0.6 | — | — | — | — |
| C23 | Bon Sejour Hino (Note 4) | — | — | 16,639 | 0.6 | — | — | — | — |
| C24 | Bon Sejour Musashi Shinjo (Note 4) | — | — | 13,809 | 0.5 | — | — | — | — |
| C25 | Bon Sejour Komaki (Note 4) | — | — | 35,226 | 1.3 | — | — | — | — |
| C26 | Bon Sejour Hadano Shibusawa (Note 4) | — | — | 18,441 | 0.7 | — | — | — | — |
| C27 | Bon Sejour Itami (Note 4) | — | — | 12,442 | 0.4 | — | — | — | — |
| Subtotal | | 1 | 100.0 | 135,081 | 4.9 | 1 | 100.0 | 2,453 | 0.1 |
| D1 | Hotel MyStays Kanda (Note 5) | 1 | 100.0 | 27,512 | 1.0 | 1 | 100.0 | 104,832 | 2.3 |
| D2 | Hotel MyStays Asakusa (Note 5) | 1 | 100.0 | 29,903 | 1.1 | 1 | 100.0 | 108,407 | 2.4 |
| D3 | Hotel MyStays Kyoto-shijo (Note 6) | — | — | — | — | 1 | 100.0 | 310,661 | 6.7 |
| D4 | MyStays Shin-Urayasu Conference Center (Note 6) | — | — | — | — | 1 | 100.0 | 217,607 | 4.7 |

| Name of Property | | 22nd Fiscal Period (January 1, 2014 to June 30, 2014) | | | | 23rd Fiscal Period (July 1, 2014 to December 31, 2014) | | | |
|------------------|---|--|--|--|-----------------------------------|---|--|--|-----------------------------------|
| | | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) | Number of Tenants (at end of period) (unit) | Occupancy Rate (at end of period) (%) (Note 1) | Rental Revenue (during period) (Thousands of yen) (Note 2) | Ratio of Rental Revenue (%) |
| D5 | Hotel MyStays Maihama (Note 6) | — | — | — | — | 1 | 100.0 | 166,812 | 3.6 |
| D6 | Hotel Vista Premio Dojima (Note 6) | — | — | — | — | 1 | 100.0 | 160,910 | 3.5 |
| D7 | Hotel MyStays Nagoya-Sakae (Note 6) | — | — | — | — | 1 | 100.0 | 185,561 | 4.0 |
| D8 | Hotel MyStays Sakaisuji-Honmachi (Note 6) | — | — | — | — | 1 | 100.0 | 123,501 | 2.7 |
| D9 | Hotel MyStays Yokohama (Note 6) | — | — | — | — | 1 | 100.0 | 124,297 | 2.7 |
| D10 | Hotel MyStays Nippori (Note 6) | — | — | — | — | 1 | 100.0 | 72,782 | 1.6 |
| D11 | Hotel MyStays Fukuoka-Tenjin-Minami (Note 6) | — | — | — | — | 1 | 100.0 | 90,326 | 2.0 |
| D12 | Flexstay Inn Iidabashi (Note 6) | — | — | — | — | 1 | 100.0 | 55,564 | 1.2 |
| D13 | Hotel MyStays Ueno Inaricho (Note 6) | — | — | — | — | 1 | 100.0 | 50,423 | 1.1 |
| D14 | Flexstay Inn Shinagawa (Note 6) | — | — | — | — | 1 | 100.0 | 44,932 | 1.0 |
| D15 | Flexstay Inn Tokiwadai (Note 6) | — | — | — | — | 1 | 100.0 | 57,136 | 1.2 |
| D16 | Flexstay Inn Sugamo (Note 6) | — | — | — | — | 1 | 100.0 | 50,354 | 1.1 |
| D17 | Hotel MyStays Otemae (Note 6) | — | — | — | — | 1 | 100.0 | 74,450 | 1.6 |
| D18 | Flexstay Inn Kiyosumi Shirakawa (Note 6) | — | — | — | — | 1 | 100.0 | 36,629 | 0.8 |
| D19 | Flexstay Inn Nakanobu P1 (Note 6) | — | — | — | — | 1 | 100.0 | 21,911 | 0.5 |
| D20 | Flexstay Inn Nakanobu P2 (Note 6) | — | — | — | — | 1 | 100.0 | 12,157 | 0.3 |
| Subtotal | | 2 | 100.0 | 57,416 | 2.1 | 20 | 100.0 | 2,069,261 | 44.9 |
| Total | | 80 | 95.1 | 2,772,419 | 100.0 | 98 | 96.1 | 4,610,717 | 100.0 |

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

(Note 2) “Rental Revenue (during period)” indicates each property’s leasing operation revenues during the fiscal period, and has been rounded down to the nearest thousand yen.

(Note 3) Undisclosed due to inability to gain approval from the property tenant for document disclosure.

(Note 4) Since the property was sold during the 22nd fiscal period (as of May 22, 2014), the calculation period of the rental revenue of the relevant property was set for the period commenced on January 1, 2014 and ended on May 22, 2014.

(Note 5) Since the two (2) properties were acquired as of May 23, 2014, the calculation period of the rental revenue of the relevant properties during the 22th fiscal period was set for the period commenced on May 23, 2014 and ended on June 30, 2014.

(Note 6) Since the eighteen (18) properties were acquired as of July 7, 2014, the calculation period of the rental revenue of the relevant properties during the 23th fiscal period was set for the period commenced on July 17, 2014 and ended on December 31, 2014.

4 Status of Size and Market Value of Trading Assets

No relevant items

5 Status of Other Assets

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

6 Asset Holdings Outside of Japan or the Region

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

Capital expenditures for properties held by INV

1 Schedule for capital expenditures

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

| Name of Property | | Location | Purpose | Scheduled Time of Implementation | Estimated Cost (Thousands of yen) | | |
|------------------|--------------------------------|----------------------|---|----------------------------------|-----------------------------------|-------------------------------|------------------|
| | | | | | Total | Payment for the Fiscal Period | Advance Payments |
| A26 | Nisshin Palacestage Daitabashi | Suginami Ward, Tokyo | Intercom renovation work | From June 2015 to June 2015 | 5,303 | — | — |
| A32 | Suncrest Shakujii-Koen | Nerima Ward, Tokyo | Renewal work on backup power generators | From June 2015 to June 2015 | 8,824 | — | — |

| | | | | | | | |
|-----|------------------------------|--------------------------------------|--|------------------------------------|--------|---|---|
| B15 | Cross Square NAKANO | Nakano Ward, Tokyo | Renovation work on the 8th – 10th floors | From February 2015 to June 2015 | 8,100 | — | — |
| B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | Maintenance work on exterior walls | From May 2015 to June 2015 | 40,000 | — | — |
| B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | Work corresponding to a tenant on the 6th floor | From April 2015 to April 2015 | 5,000 | — | — |
| D06 | Hotel Vista Premio Dojima | Osaka-shi, Osaka | Renewal work on storage battery equipment | From April 2015 to April 2015 | 9,140 | — | — |
| D17 | Hotel MyStays Otemae | Osaka-shi, Osaka | Installation of a wireless local area network for guest rooms | From April 2015 to April 2015 | 7,200 | — | — |

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

The principal construction constituting capital expenditures for the real estate assets for the fiscal period ended December 31, 2014 is as follows. Capital expenditures for the fiscal period was 116,923 thousand yen, and together with 29,710 thousand yen of repair cost included in this fiscal period's expenses, construction work totaling 146,633 thousand yen was implemented.

| Name of Property | | Location | Purpose | Time of Implementation | Payment (Thousands of yen) |
|------------------|--------------------------------------|--------------------------------------|--|--|----------------------------|
| A26 | Nisshin Palacestage Daitabashi | Suginami Ward, Tokyo | Renewal work on prepaid hot water units | From December 2014 to December 2014 | 6,258 |
| A53 | Nishiwaseda Crescent Mansion | Shinjuku Ward, Tokyo | Maintenance work on miscellaneous drainage pipe | From September 2014 to December 2014 | 28,080 |
| A64 | Royal Park Omachi | Sendai City, Miyagi Prefecture | Renewal work on air conditioning system | From December 2014 to December 2014 | 4,500 |
| B8 | Kindai Kagakusha Building | Shinjuku Ward, Tokyo | Renewal work on air conditioning system | From September 2014 to October 2014 | 15,573 |

| | | | | | | |
|--------------------|---------------|------|--------------------------------------|--|-------------------------------------|---------|
| B16 | Ohki Building | Aoba | Sendai City, Miyagi Prefecture | Maintenance work on electrical installations | From December 2014 to December 2014 | 3,605 |
| Other construction | | | | | | 58,907 |
| Total | | | | | | 116,923 |

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

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

| Fiscal period | 19th Fiscal Period | 20th Fiscal Period | 21st Fiscal Period | 22nd Fiscal Period | 23rd Fiscal Period |
|--|--|---------------------------------------|--|---------------------------------------|--|
| | From July 1, 2012 to December 31, 2012 | From January 1, 2013 to June 30, 2013 | From July 1, 2013 to December 31, 2013 | From January 1, 2014 to June 30, 2014 | From July 1, 2014 to December 31, 2014 |
| Reserved funds at beginning of period | 487,561 thousand yen | 541,609 thousand yen | 571,543 thousand yen | 524,730 thousand yen | 579,682 thousand yen |
| Amount reserved (Note) | 151,076 thousand yen | 165,233 thousand yen | 165,271 thousand yen | 199,177 thousand yen | 268,495 thousand yen |
| Amount reversed (Note) | 97,028 thousand yen | 135,298 thousand yen | 212,084 thousand yen | 144,225 thousand yen | 109,812 thousand yen |
| Amount carried over for next fiscal period | 541,609 thousand yen | 571,543 thousand yen | 524,730 thousand yen | 579,682 thousand yen | 738,365 thousand yen |

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

Overview of Liabilities and Expenses

1 Statement of Operating Expenses

(Thousands of yen)

| Item | 22nd Fiscal Period | 23rd Fiscal Period |
|----------------------------------|-------------------------------|----------------------------------|
| | Jan. 1, 2014 to June 30, 2014 | Jul 1, 2014 to December 31, 2014 |
| (a) Asset management fees | 125,000 | 125,000 |
| (b) Asset custodian fees | 3,906 | 3,976 |
| (c) Administrative services fees | 18,224 | 26,672 |
| (d) Directors' remuneration | 4,800 | 4,800 |
| (e) Other operating expenses | 107,404 | 93,493 |
| Total | 259,336 | 253,942 |

2 Borrowing Conditions

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

| | Type | Borrowing Date | Balance at Start | Balance at End | Average | Repayment Date | Payment Method | Purpose | Notes |
|----------------------------|--|----------------|---|---|-------------------------------|----------------|----------------|----------|-------------------------|
| | Lender | | of Reporting Period (Thousands of yen) | of Reporting Period (Thousands of yen) | Interest Rate (%) (Note 1) | | | | |
| Short-term Debt | Sumitomo Mitsui Banking Corporation | May. 23, 2014 | 3,497,083 | — | 0.946 | May. 22, 2015 | (Note 4) | (Note 5) | Secured Conventional |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | | 3,497,083 | — | | | | | |
| | Mizuho Bank, Ltd. | | 3,497,083 | — | | | | | |
| | Sumitomo Mitsui Trust Bank, Limited | | 2,997,500 | — | | | | | |
| Subtotal | | | 13,488,750 | — | | | | | |
| Long-term Debt (Note 2) | Sumitomo Mitsui Banking Corporation | Dec. 20, 2013 | 4,743,811 | — | 1.646 | Dec. 20, 2016 | (Note 4) | (Note 5) | Secured Conventional |
| | The Bank of Tokyo-Mitsubishi UFJ, Ltd. | | 4,743,811 | — | | | | | |
| | Shinsei Bank, Limited. | | 3,450,044 | — | | | | | |
| | Citibank Japan Ltd. | | 1,725,022 | — | | | | | |

| | | | | | | | | | |
|---|---------------|------------|------------|-------|---------------|-------------|----------|--------------------------------|------------|
| Shinsei Trust & Banking Co., Ltd. | | 1,725,022 | — | | | | | | |
| Aozora Bank, Ltd. | | 1,164,389 | — | | | | | | |
| Sumitomo Mitsui Banking Corporation | Jul. 17, 2014 | — | 12,400,000 | 0.951 | Jul. 14, 2017 | (Note 6) | (Note 7) | Secured Conventi- i-onal | |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd. | | — | 12,400,000 | | | | | | |
| Mizuho Bank, Ltd. | | — | 12,400,000 | | | | | | |
| Shinsei Bank, Limited. | | — | 6,500,000 | | | | | | |
| Citibank Japan Ltd. | | — | 6,500,000 | | | | | | |
| Sumitomo Mitsui Trust Bank, Limited | | — | 5,000,000 | | | | | | |
| Resona Bank, Limited. | | — | 2,100,000 | | | | | | |
| Subtotal | | | 17,552,100 | | | | | | 57,300,000 |
| Mitsubishi UFJ Trust and Banking Corporation (Note 10) | Sep. 28, 2012 | 2,700,000 | 2,700,000 | 1.900 | Mar. 31, 2018 | Lump Sum | (Note 7) | Secured Conventi- i-onal | |
| | | 2,860,000 | 2,860,000 | 1.900 | Mar. 31, 2019 | (Note 9) | | | |
| | | 1,830,000 | 1,830,000 | 1.900 | Mar. 31, 2020 | | | | |
| | | 2,570,000 | 2,570,000 | 1.900 | Mar. 31, 2019 | (Note 10) | | | |
| Subtotal | | 9,960,000 | 9,960,000 | | | | | | |
| Total | | 41,000,850 | 67,260,000 | | | | | | |

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

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

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

(Note 4) Prepaid on July 17, 2014

(Note 5) Used for purposes including repayment of existing debt

(Note 6) Paid in one lump sum on the principal maturity date

(Note 7) The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interests.

(Note 8) Mitsubishi UFJ Trust and Banking Corporation is the trustee of the REIT of which the Investment Corporation is the beneficiary, and has borrowed funds on Sep. 28, 2012 from Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership of Prudential Financial Inc. Group. The Investment Corporation received said loan (after deduction of reserves) as grant of trust principal of said REIT from Mitsubishi UFJ Trust and Banking Corporation on the same date.

(Note 9) On each principal and interest payment date (every 3 months) that occurs after 5 years from the borrowing date, amounts paid will be those calculated under the assumption that the

repayment of the balance of the principal will be by the equal payment method for a term of 30 years (total 120 payments). The balance remaining after the payments above will be repaid in one lump sum on the principal maturity date.

(Note 10) On each principal and interest payment date (every 3 months) that occurs after 3 years from the borrowing date, amounts paid will be those calculated under the assumption that the repayment of the balance of the principal will be by the equal payment method for a term of 27 years (total 108 payments). The balance remaining after the payments above will be repaid in one lump sum on the principal maturity date.

3 Investment Corporation Bonds

Nothing applicable.

4 Short-Term Investment Corporation Bonds

Nothing applicable.

5 Investment Unit Options

Nothing applicable.

Buying and Selling for the Fiscal Period Ended June 30, 2014

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

| Name of Property | | Acquisition | |
|------------------|--|------------------|---|
| | | Acquisition Date | Acquisition Price (Thousands of yen) |
| D3 | Hotel MyStays Kyoto-shijo | Jul. 17, 2014 | 6,024,460 |
| D4 | MyStays Shin-Urayasu Conference Center | Jul. 17, 2014 | 4,930,200 |
| D5 | Hotel MyStays Maihama | Jul. 17, 2014 | 4,870,312 |
| D6 | Hotel Vista Premio Dojima | Jul. 17, 2014 | 3,845,400 |
| D7 | Hotel MyStays Nagoya-Sakae | Jul. 17, 2014 | 2,958,000 |
| D8 | Hotel MyStays Sakaisuji-Honmachi | Jul. 17, 2014 | 2,514,820 |
| D9 | Hotel MyStays Yokohama | Jul. 17, 2014 | 2,119,900 |
| D10 | Hotel MyStays Nippori | Jul. 17, 2014 | 1,898,540 |
| D11 | Hotel MyStays Fukuoka-Tenjin-Minami | Jul. 17, 2014 | 1,570,520 |
| D12 | Flexstay Inn Iidabashi | Jul. 17, 2014 | 1,381,660 |
| D13 | Hotel MyStays Ueno Inaricho | Jul. 17, 2014 | 1,331,960 |
| D14 | Flexstay Inn Shinagawa | Jul. 17, 2014 | 1,242,500 |
| D15 | Flexstay Inn Tokiwadai | Jul. 17, 2014 | 1,242,500 |
| D16 | Flexstay Inn Sugamo | Jul. 17, 2014 | 1,192,800 |
| D17 | Hotel MyStays Otemae | Jul. 17, 2014 | 1,192,800 |
| D18 | Flexstay Inn Kiyosumi Shirakawa | Jul. 17, 2014 | 749,476 |
| D19 | Flexstay Inn Nakanobu P1 | Jul. 17, 2014 | 589,442 |
| D20 | Flexstay Inn Nakanobu P2 | Jul. 17, 2014 | 283,290 |
| Total | | | 39,938,580 |

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

2 Buying and Selling, etc. of Other Assets

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

3 Survey of Prices, etc. of Specified Assets

Real Estate Transactions

| Acquisition / Disposal | Name of Property | | Specified Assets Type | Transaction Date | Acquisition / or Disposal Price (Thousands of yen) | Real Estate Appraisal Value (Thousands of yen) | Name of Appraiser | Date of Appraisal |
|------------------------|------------------|--|--|------------------|--|--|-----------------------------|-------------------|
| Acquisition | D3 | Hotel MyStays Kyoto-shijo | Real Estate, Trust Beneficiary Interests | Jul. 17, 2014 | 6,024,460 | 6,110,000 | Japan Real Estate Institute | Apr. 30, 2014 |
| | D4 | MyStays Shin-Urayasu Conference Center | | | 4,930,200 | 4,980,000 | | |
| | D5 | Hotel MyStays Maihama | | | 4,870,312 | 4,920,000 | | |
| | D6 | Hotel Vista Premio Dojima | | | 3,845,400 | 3,900,000 | | |
| | D7 | Hotel MyStays Nagoya-Sakae | | | 2,958,000 | 3,000,000 | | |
| | D8 | Hotel MyStays Sakaisuji-Honmachi | | | 2,514,820 | 2,530,000 | | |
| | D9 | Hotel MyStays Yokohama | | | 2,119,900 | 2,150,000 | | |
| | D10 | Hotel MyStays Nippori | | | 1,898,540 | 1,910,000 | | |
| | D11 | Hotel MyStays Fukuoka-Tenjin-Minami | | | 1,570,520 | 1,580,000 | | |
| | D12 | Flexstay Inn Iidabashi | | | 1,381,660 | 1,390,000 | | |
| | D13 | Hotel MyStays Ueno Inaricho | | | 1,331,960 | 1,340,000 | | |
| | D14 | Flexstay Inn Shinagawa | | | 1,242,500 | 1,250,000 | | |
| | D15 | Flexstay Inn Tokiwadai | | | 1,242,500 | 1,250,000 | | |
| | D16 | Flexstay Inn Sugamo | | | 1,192,800 | 1,200,000 | | |
| | D17 | Hotel MyStays Otemae | | | 1,192,800 | 1,200,000 | | |
| | D18 | Flexstay Inn Kiyosumi Shirakawa | | | 749,476 | 754,000 | | |
| | D19 | Flexstay Inn Nakanobu P1 | | | 589,442 | 593,000 | | |
| | D20 | Flexstay Inn Nakanobu P2 | | | 283,290 | 285,000 | | |

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

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

4 Transactions with Interested Parties

(1) Transactions

Nothing applicable.

(2) Commissions Paid

Nothing applicable.

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

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

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

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

2 Changes in the Calculation Method of Depreciation Expenses

Nothing applicable.

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

Nothing applicable.

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

Nothing applicable.

Other

1 Notice

(1) General Meeting of Unitholders

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

| Proposal | | Overview |
|----------------|--|---|
| Proposal No. 1 | Partial Amendment to Articles of Incorporation | <p>(1) In order to allow the Investment Corporation to entrust the management of the real estate that belongs to the investment assets of the Investment Corporation, the Investment Corporation amended the relevant article as necessary.</p> <p>(2) In order to clarify, in light of the recent trends in the economic environment, the real estate market, the leasing market, the real estate investment trust market and other markets, the standard for distributions in excess of the amount of distributable profit under the policy on the distribution of funds was amended.</p> <p>(3) In order to promptly hold board of directors meetings whenever urgently necessary, the Investment Corporation amended the relevant article to permit a shortening of the delivery period of the convocation notice of such meetings, in case of urgency, without the consent of all of the executive directors and supervisory directors.</p> <p>(4) With the consent of the asset management company, the asset management fees for the period from January 2013 to December 2014 have been decreased. However, considering the expansion of the Investment Corporation's asset scale, profit level and other factors caused by its internal and external growth, the Investment Corporation has obtained the consent of the asset management company that the amount of the asset management fees for the period from January 2015 to December 2015 will be increased from the amount in 2014, but will be less than the amount of the asset management fees if an amendment was not made and the current asset management fees are applied, for the purpose of paying an appropriate amount of the asset management fees. Accordingly, the Investment Corporation amended the standards concerning the amount</p> |

| | | |
|----------------|--|---|
| | | and payment of the asset management fees for the period from January 2015 to December 2015. (5) With amendments to the Enforcement Ordinance of the Act Concerning Investment Trusts and Investment Corporations, the Investment Corporation provides that its purpose shall be to manage assets mainly as investment in Real Estate, etc. Assets defined in the Enforcement Ordinance of the Act Concerning Investment Trusts and Investment Corporations. In addition, corresponding to the amendments above, the Investment Corporation added or removed provisions as necessary, change or clarify expressions or otherwise alter wordings of the relevant articles. |
| Proposal No. 2 | Appointment of One (1) Executive Director | Naoki Fukuda was appointed. |
| Proposal No. 3 | Appointment of One (1) Substitute Executive Director | Christopher Reed was appointed. |
| Proposal No. 4 | Appointment of Two (2) Supervisory Directors | Takashi Takahashi and Hiroyuki Fujimoto were appointed. |

(2) Board of Directors of Investment Corporation

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

2 Disclosure of companies owing real estate overseas

Nothing applicable.

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

Nothing applicable.

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

Property and Business Risks

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

- We may be strictly liable for an unforeseen loss, damage or injury suffered by a third party at our properties.
- Because most of our operating expenses are largely fixed, we may suffer adverse consequences if our rental revenues decline.
- We may not be able to promptly acquire suitable properties or sell those in our portfolio on acceptable terms in response to changing economic, financial or investment conditions.
- Defects relating to our properties may adversely affect our financial condition and results of operations.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- The environmental assessments of our properties made prior to our ownership may not have uncovered all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Decreases in tenant leasehold and/or security deposits would increase our funding costs.
- Any inability to obtain financing for future acquisitions, or any restrictions on our activities under our financing arrangements, could adversely affect us.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations.
- We may suffer impairment losses relating to our properties and may also suffer adverse tax effects upon recognizing impairments.
- The performance of Fortress Group is not an indicator or guarantee of our future results.
- Our financial statements are prepared in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions.
- We rely on industry and market data that are subject to significant uncertainties.

Management and Governance Risks

- Our success depends on the performances of service providers to which we are required to assign various key functions.
- There are potential conflicts of interest between us and certain Fortress Group affiliates or Fortress Group-related companies including the Asset Manager and MyStays Hotel Management.
- We depend on the efforts of our executive director and key personnel of the Asset Manager.
- Unitholders have limited control over our policies.
- The Japanese regulatory authorities have tightened regulatory supervision of J-REITs and their asset managers and their corporate governance.

- If unitholders do not exercise their voting rights, we may count their votes in favor of proposals at a general meeting of unitholders.

Taxation Risks

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2016.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Acquisition of properties for which third parties hold leasehold interests in the land and own the buildings may subject us to various risks.
- Our leasehold interests may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- We currently hold several properties in the form of compartmentalized ownership interests (*kubun shoyu-ken*) and our rights relating to such properties may be affected by the intentions of other owners.
- We may acquire properties in the form of co-ownership (*kyoyu*) and our rights relating to such properties may be affected by the intentions of other owners.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.
- Compliance with energy conservation regulations in Japan may adversely affect our financial results.
- Our costs of complying with regulations applicable to our properties could adversely affect our results of operations.

- We own a substantial portion of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- The Alternative Investment Fund Managers Directive may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute “plan assets” for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

5 Other

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

II. Balance Sheet

| (Unit: thousands of yen) | | |
|---|---|---|
| | Fiscal Period ended June 30, 2014 (as of June 30, 2014) | Fiscal Period ended December 31, 2014 (as of December 31, 2014) |
| Assets | | |
| Current assets | | |
| Cash and deposits | ※1 759,058 | ※1 9,153,872 |
| Cash and deposits in trust | ※1 2,765,504 | ※1 4,011,521 |
| Accrued revenue | 2,574 | 82 |
| Accounts receivables | 71,193 | 644,552 |
| Prepaid expenses | 120,941 | 233,324 |
| Consumption tax receivable | - | 1,319,253 |
| Advance payment | 17,138 | - |
| Others | 0 | 0 |
| Allowance for doubtful accounts | (1,391) | (1,968) |
| Total current assets | 3,735,018 | 15,360,637 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings | ※1 85,914 | ※1 85,914 |
| Accumulated depreciation | (7,783) | (8,324) |
| Buildings, net | 78,131 | 77,589 |
| Equipment | ※1 38,862 | ※1 38,862 |
| Accumulated depreciation | (17,352) | (18,548) |
| Equipment, net | 21,510 | 20,314 |
| Building improvements | ※1 2,779 | ※1 2,779 |
| Accumulated depreciation | (1,138) | (1,204) |
| Building improvements, net | 1,640 | 1,574 |
| Land | ※1 711,834 | ※1 711,834 |
| Buildings in trust | ※1 31,162,188 | ※1 45,227,883 |
| Accumulated depreciation | (2,623,404) | (3,136,903) |
| Buildings in trust, net | 28,538,783 | 42,090,979 |
| Equipment in trust | ※1 7,151,824 | ※1 10,400,867 |
| Accumulated depreciation | (1,891,879) | (2,186,062) |
| Equipment in trust, net | 5,259,944 | 8,214,804 |
| Building improvements in trust | ※1 321,317 | ※1 321,799 |
| Accumulated depreciation | (109,047) | (118,744) |
| Building improvements in trust, net | 212,270 | 203,054 |
| Tools, furniture and fixtures in trust | ※1 177,438 | ※1 268,476 |
| Accumulated depreciation | (85,898) | (103,974) |
| Tools, furniture and fixtures in trust, net | 91,540 | 164,502 |
| Land in trust | ※1 40,447,565 | ※1 63,258,940 |
| Total property, plant and equipment | 75,363,220 | 114,743,593 |
| Intangible assets | | |
| Others | 106 | 76 |
| Total intangible assets | 106 | 76 |
| Total investment and other assets | | |

(Unit: thousands of yen)

| | Fiscal Period ended June 30, 2014 (as of June 30, 2014) | Fiscal Period ended December 31, 2014 (as of December 31, 2014) |
|------------------------------------|---|---|
| Guarantee deposits | 10,000 | 10,000 |
| Long-term prepaid expenses | 119,338 | 328,159 |
| Others | 34,070 | 34,765 |
| Total investments and other assets | 163,409 | 372,924 |
| Total non-current assets | 75,526,736 | 115,116,594 |
| Total assets | 79,261,754 | 130,477,232 |

(Unit: thousands of yen)

| | Fiscal Period ended June 30, 2014 (as of June 30, 2014) | Fiscal Period ended December 31, 2014 (as of December 31, 2014) |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Accounts payable | 143,439 | 141,428 |
| Short-term debts | ※1 13,488,750 | - |
| Current portion of long-term debts | ※1 17,552,100 | ※1 1,200,000 |
| Current portion of long-term debts in trust | - | ※1 18,167 |
| Accrued liabilities | 32,733 | 22,872 |
| Accrued expenses | 121,934 | 127,170 |
| Accrued income taxes | 520 | 578 |
| Accrued consumption taxes | 143,637 | - |
| Advances received | 357,522 | 371,084 |
| Deposits received | 32,927 | 23,896 |
| Total current liabilities | 31,873,567 | 1,905,197 |
| Non-current liabilities | | |
| Long-term debts | - | ※1 156,100,000 |
| Long-term debts in trust | ※1 9,960,000 | ※1 9,941,832 |
| Tenant leasehold and security deposits in trust | 1,025,726 | 1,109,146 |
| Tenant leasehold and security deposits | 28,663 | 28,663 |
| Total non-current liabilities | 11,014,390 | 67,179,642 |
| Total liabilities | 42,887,957 | 69,084,839 |
| Net assets | | |
| Unitholders' equity | | |
| Unitholders' capital | 29,134,389 | 53,096,413 |
| Surplus | | |
| Capital surplus | 6,264,432 | 6,264,432 |
| Unappropriated retained earnings/loss | 974,975 | 2,031,546 |
| Total surplus | 7,239,407 | 8,295,978 |
| Total unitholders' equity | 36,373,796 | 61,392,392 |
| Total net assets | ※2 36,373,796 | ※2 61,392,392 |
| Total liabilities and net assets | 79,261,754 | 130,477,232 |

III. Statement of Income

| | (Unit: thousands of yen) | |
|--|--|---|
| | Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
| Operating revenues | | |
| Rental revenues | ※1 2,772,419 | ※1 4,610,717 |
| Gain on sales of properties | ※2 1,003,352 | - |
| Total operating revenues | 3,775,772 | 4,610,717 |
| Operating expenses | | |
| Property related expenses | ※1 1,281,791 | ※1 1,586,854 |
| Asset management fees | 125,000 | 125,000 |
| Directors' remuneration | 4,800 | 4,800 |
| Asset custodian fees | 3,906 | 3,976 |
| Administrative service fees | 18,224 | 26,672 |
| Provision of allowance for doubtful accounts | - | 1,527 |
| Other operating expenses | 107,404 | 91,966 |
| Total operating expenses | 1,541,127 | 1,840,796 |
| Operating income | 2,234,644 | 2,769,920 |
| Non-operating revenues | | |
| Interest revenues | 404 | 537 |
| Reversal of allowance for doubtful accounts | 475 | - |
| Miscellaneous income | 898 | 483 |
| Total non-operating revenues | 1,777 | 1,021 |
| Non-operating expenses | | |
| Interest expenses | 376,514 | 365,480 |
| Finance related costs | 842,043 | 294,738 |
| Investment unit issuance expenses | 115,438 | 152,101 |
| Miscellaneous losses | 5 | 14 |
| Total non-operating expenses | 1,334,001 | 812,334 |
| Ordinary income | 902,420 | 1,958,607 |
| Net income before taxes | 902,420 | 1,958,607 |
| Corporate tax, etc. | 605 | 605 |
| Total corporate tax, etc. | 605 | 605 |
| Net income | 901,815 | 1,958,002 |
| Retained earnings at the beginning of the period | 73,159 | 73,543 |
| Unappropriated retained earnings/Loss at the end of the period | 974,975 | 2,031,546 |

IV. Statement of Unitholders' Equity

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

(Unit: thousands of yen)

| | Unitholders' Equity | | | | | Total Net Assets |
|--|----------------------|-----------------|---------------------------------------|---------------|---------------------------|------------------|
| | Unitholders' Capital | Surplus | | | Total Unitholders' Equity | |
| | | Capital Surplus | Unappropriated Retained Earnings/Loss | Total Surplus | | |
| Balance at the beginning of the period | 29,134,389 | 6,264,432 | 446,003 | 6,710,435 | 35,844,824 | 35,844,824 |
| Change during the period | | | | | | |
| Distributions from surplus | | | (372,843) | (372,843) | (372,843) | (372,843) |
| Net income | | | 901,815 | 901,815 | 901,815 | 901,815 |
| Total change during the period | - | - | 528,972 | 528,972 | 528,972 | 528,972 |
| Balance at the end of the period | 29,134,389 | 6,264,432 | 974,975 | 7,239,407 | 36,373,796 | 36,373,796 |

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

(Unit: thousands of yen)

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

V. Notes

[Notes Concerning Significant Accounting Policies]

| By Period Item | Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|---|-------------|-----------|------------|-----------------------|------------|--------------------|------------|--------------------|------------|--------------------------------|------------|--|------------|--|-----------|----------|-----------|------------|-----------------------|------------|--------------------|------------|--------------------|------------|--------------------------------|------------|--|------------|
| 1. Method of depreciation of non-current assets | <p>(a)Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">40-77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">6-66 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">2-32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">4-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-15 years</td> </tr> </table> <p>(b)Intangible assets The straight-line method is used.</p> <p>(c)Long-term prepaid expenses The straight-line method is used.</p> | Buildings | 40-77 years | Equipment | 8-24 years | Building improvements | 7-18 years | Buildings in trust | 6-66 years | Equipment in trust | 2-32 years | Building improvements in trust | 4-55 years | Tools, furniture and fixtures in trust | 2-15 years | <p>(a)Property, plant and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2-66 years</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">2-32 years</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">4-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-15 years</td> </tr> </table> <p>(b)Intangible assets The straight-line method is used.</p> <p>(c)Long-term prepaid expenses The straight-line method is used.</p> | Buildings | 77 years | Equipment | 8-24 years | Building improvements | 7-18 years | Buildings in trust | 2-66 years | Equipment in trust | 2-32 years | Building improvements in trust | 4-55 years | Tools, furniture and fixtures in trust | 2-15 years |
| Buildings | 40-77 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 8-24 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 7-18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 6-66 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 2-32 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 4-55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 2-15 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 77 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 8-24 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 7-18 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 2-66 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 2-32 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 4-55 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 2-15 years | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2. Method of calculating allowances | <p>Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.</p> | <p>Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 3. Revenue and expense recognition | <p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is JPY 10,574 thousand.</p> | <p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is JPY 76,921 thousand.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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

[Notes to the Balance Sheets]

| Fiscal Period ended June 30, 2014 (as of June 30, 2014) | Fiscal Period ended December 31, 2014 (as of December 31, 2014) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|----------------------|----------------------------|------------------------|-----------|---------------------|-----------|---------------------|-----------------------|--------------------|------|----------------------|--------------------|-------------------------|--------------------|------------------------|--------------------------------|----------------------|--|---------------------|---------------|-------------------------|-------|--------------------------------|------------------|-------------------------|------------------------------------|-------------------------|--------------------------|------------------------|-------|--------------------------------|---|-------------------|------------------------|----------------------------|------------------------|-----------|---------------------|-----------|---------------------|-----------------------|--------------------|------|----------------------|--------------------|-------------------------|--------------------|------------------------|--------------------------------|----------------------|--|----------------------|---------------|-------------------------|-------|---------------------------------|------------------------------------|------------------------|---|---------------------|-----------------|-------------------------|--------------------------|------------------------|-------|--------------------------------|
| <p>※1. Assets pledged as collateral and liabilities with collateral Assets pledged as collateral are as follows.</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">153,187 thousand yen</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">2,765,504 thousand yen</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">78,131 thousand yen</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">21,510 thousand yen</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">1,640 thousand yen</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">711,834 thousand yen</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">28,538,783 thousand yen</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">5,259,944 thousand yen</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">212,270 thousand yen</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">91,540 thousand yen</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">40,447,565 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;"><u>78,281,912 thousand yen</u></td> </tr> </table> <p>Liabilities with collateral are as follows.</p> <table> <tr> <td>Short-term debts</td> <td style="text-align: right;">13,488,750 thousand yen</td> </tr> <tr> <td>Current portion of long-term debts</td> <td style="text-align: right;">17,552,100 thousand yen</td> </tr> <tr> <td>Long-term debts in trust</td> <td style="text-align: right;">9,960,000 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;"><u>41,000,850 thousand yen</u></td> </tr> </table> | Cash and deposits | 153,187 thousand yen | Cash and deposits in trust | 2,765,504 thousand yen | Buildings | 78,131 thousand yen | Equipment | 21,510 thousand yen | Building improvements | 1,640 thousand yen | Land | 711,834 thousand yen | Buildings in trust | 28,538,783 thousand yen | Equipment in trust | 5,259,944 thousand yen | Building improvements in trust | 212,270 thousand yen | Tools, furniture and fixtures in trust | 91,540 thousand yen | Land in trust | 40,447,565 thousand yen | Total | <u>78,281,912 thousand yen</u> | Short-term debts | 13,488,750 thousand yen | Current portion of long-term debts | 17,552,100 thousand yen | Long-term debts in trust | 9,960,000 thousand yen | Total | <u>41,000,850 thousand yen</u> | <p>※1. Assets pledged as collateral and liabilities with collateral Assets pledged as collateral are as follows.</p> <table> <tr> <td>Cash and deposits</td> <td style="text-align: right;">4,262,187 thousand yen</td> </tr> <tr> <td>Cash and deposits in trust</td> <td style="text-align: right;">4,011,521 thousand yen</td> </tr> <tr> <td>Buildings</td> <td style="text-align: right;">77,589 thousand yen</td> </tr> <tr> <td>Equipment</td> <td style="text-align: right;">20,314 thousand yen</td> </tr> <tr> <td>Building improvements</td> <td style="text-align: right;">1,574 thousand yen</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">711,834 thousand yen</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">42,090,979 thousand yen</td> </tr> <tr> <td>Equipment in trust</td> <td style="text-align: right;">8,214,804 thousand yen</td> </tr> <tr> <td>Building improvements in trust</td> <td style="text-align: right;">203,054 thousand yen</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">164,502 thousand yen</td> </tr> <tr> <td>Land in trust</td> <td style="text-align: right;">63,258,940 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;"><u>123,017,302 thousand yen</u></td> </tr> </table> <p>Liabilities with collateral are as follows.</p> <table> <tr> <td>Current portion of long-term debts</td> <td style="text-align: right;">1,200,000 thousand yen</td> </tr> <tr> <td>Current portion of long-term debts in trust</td> <td style="text-align: right;">18,167 thousand yen</td> </tr> <tr> <td>Long-term debts</td> <td style="text-align: right;">56,100,000 thousand yen</td> </tr> <tr> <td>Long-term debts in trust</td> <td style="text-align: right;">9,941,832 thousand yen</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: right;"><u>67,260,000 thousand yen</u></td> </tr> </table> | Cash and deposits | 4,262,187 thousand yen | Cash and deposits in trust | 4,011,521 thousand yen | Buildings | 77,589 thousand yen | Equipment | 20,314 thousand yen | Building improvements | 1,574 thousand yen | Land | 711,834 thousand yen | Buildings in trust | 42,090,979 thousand yen | Equipment in trust | 8,214,804 thousand yen | Building improvements in trust | 203,054 thousand yen | Tools, furniture and fixtures in trust | 164,502 thousand yen | Land in trust | 63,258,940 thousand yen | Total | <u>123,017,302 thousand yen</u> | Current portion of long-term debts | 1,200,000 thousand yen | Current portion of long-term debts in trust | 18,167 thousand yen | Long-term debts | 56,100,000 thousand yen | Long-term debts in trust | 9,941,832 thousand yen | Total | <u>67,260,000 thousand yen</u> |
| Cash and deposits | 153,187 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and deposits in trust | 2,765,504 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 78,131 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 21,510 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 1,640 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 711,834 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 28,538,783 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 5,259,944 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 212,270 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 91,540 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land in trust | 40,447,565 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>78,281,912 thousand yen</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Short-term debts | 13,488,750 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current portion of long-term debts | 17,552,100 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long-term debts in trust | 9,960,000 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>41,000,850 thousand yen</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and deposits | 4,262,187 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and deposits in trust | 4,011,521 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings | 77,589 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | 20,314 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements | 1,574 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land | 711,834 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Buildings in trust | 42,090,979 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment in trust | 8,214,804 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building improvements in trust | 203,054 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tools, furniture and fixtures in trust | 164,502 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Land in trust | 63,258,940 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>123,017,302 thousand yen</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current portion of long-term debts | 1,200,000 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Current portion of long-term debts in trust | 18,167 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long-term debts | 56,100,000 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Long-term debts in trust | 9,941,832 thousand yen | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | <u>67,260,000 thousand yen</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p> | <p>※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p style="text-align: right;">50,000 thousand yen</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

[Notes to Statement of Income]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|
| <p>※1. Rental revenues and property related expenses (Unit: thousands of yen)</p> <p>A. Real property rental revenues</p> <p>Rental revenues</p> <p>(Rent/common area charges) 2,555,746</p> <p>(Other revenues) 216,673</p> <hr/> <p>Total rental revenues 2,772,419</p> <p>B. Real property related expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 446,688</p> <p>(Taxes and public dues) 174,451</p> <p>(Insurance expenses) 4,952</p> <p>(Other expenses) 127,784</p> <p>(Depreciation expenses) 527,914</p> <hr/> <p>Total real property related expenses 1,281,791</p> <p>C. Operating income from rental revenues (A-B) 1,490,627</p> | <p>※1. Rental revenues and property related expenses (Unit: thousands of yen)</p> <p>A. Real property rental revenues</p> <p>Rental revenues</p> <p>(Rent/common area charges) 4,408,874</p> <p>(Other revenues) 201,843</p> <hr/> <p>Total rental revenues 4,610,717</p> <p>B. Real property related expenses</p> <p>Property related expenses</p> <p>(Maintenance costs) 460,196</p> <p>(Taxes and public dues) 163,789</p> <p>(Insurance expenses) 6,084</p> <p>(Other expenses) 119,524</p> <p>(Depreciation expenses) 837,259</p> <hr/> <p>Total real property related expenses 1,586,854</p> <p>C. Operating income from rental revenues (A-B) 3,023,863</p> |
| <p>※2. Gain on sales of properties (Unit: thousands of yen)</p> <p style="text-align: center;">Bon Sejour Chitose Funabashi</p> <hr/> <p>Proceeds from sales of properties 832,153</p> <p>Cost of sales of properties 657,193</p> <p>Other expenses on sales of properties 6,623</p> <hr/> <p>Gain on sales of properties 168,337</p> <hr/> <p style="text-align: center;">Bon Sejour Yotsugi</p> <hr/> <p>Proceeds from sales of properties 777,256</p> <p>Cost of sales of properties 622,386</p> <p>Other expenses on sales of properties 5,450</p> <hr/> <p>Gain on sales of properties 149,419</p> <hr/> <p style="text-align: center;">Bon Sejour Hino</p> <hr/> <p>Proceeds from sales of properties 730,459</p> <p>Cost of sales of properties 551,565</p> <p>Other expenses on sales of properties 5,414</p> <hr/> <p>Gain on sales of properties 173,480</p> | |

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|---|
| Bon Sejour Musashi Shinjo | |
| Proceeds from sales of properties | 587,138 |
| Cost of sales of properties | 468,167 |
| Other expenses on sales of properties | 4,363 |
| Gain on sales of properties | 114,607 |
| Bon Sejour Komaki | |
| Proceeds from sales of properties | 1,280,824 |
| Cost of sales of properties | 984,869 |
| Other expenses on sales of properties | 12,563 |
| Gain on sales of properties | 283,391 |
| Bon Sejour Hadano Shibusawa | |
| Proceeds from sales of properties | 735,268 |
| Cost of sales of properties | 633,486 |
| Other expenses on sales of properties | 6,243 |
| Gain on sales of properties | 95,539 |
| Bon Sejour Itami | |
| Proceeds from sales of properties | 472,718 |
| Cost of sales of properties | 449,783 |
| Other expenses on sales of properties | 4,357 |
| Gain on sales of properties | 18,577 |

[Notes to Statement of Unitholders' Equity]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|---|---|
| Number of investment units authorized and number of investment units issued and outstanding | Number of investment units authorized and number of investment units issued and outstanding |
| Number of investment units authorized 10,000,000 units | Number of investment units authorized 10,000,000 units |
| Number of investment units issued and outstanding 1,573,179 units | Number of investment units issued and outstanding 2,668,686 units |

[Notes Related to Tax Accounting]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|
| 1. Significant components of deferred tax assets and liabilities (Deferred tax assets - current assets) | 1. Significant components of deferred tax assets and liabilities (Deferred tax assets - current assets) |
| Enterprise tax payable 517 thousand yen | Enterprise tax payable - thousand yen |
| Accounts receivable (merger) 197 thousand yen | Accounts receivable (merger) 197 thousand yen |
| Allowance for doubtful accounts 475 thousand yen | Allowance for doubtful accounts 672 thousand yen |
| Subtotal 1,190 thousand yen | Subtotal 870 thousand yen |
| Valuation allowance 1,190 thousand yen | Valuation allowance 870 thousand yen |
| Total - thousand yen | Total - thousand yen |
| (Net deferred tax assets - current) - thousand yen | (Net deferred tax assets - current) - thousand yen |
| (Deferred tax assets - non-current assets) | (Deferred tax assets - non-current assets) |
| Buildings and other (merger) 812,820 thousand yen | Buildings and other (merger) 801,025 thousand yen |
| Land (merger) 2,251,597 thousand yen | Land (merger) 2,251,597 thousand yen |
| Long-term accrued expenses 7,746,144 thousand yen | Long-term accrued expenses 7,749,271 thousand yen |
| Subtotal 10,810,561 thousand yen | Subtotal 10,801,895 thousand yen |
| Valuation allowance 10,810,561 thousand yen | Valuation allowance 10,801,895 thousand yen |
| Total - thousand yen | Total - thousand yen |
| (Net deferred tax assets - non-current) - thousand yen | (Net deferred tax assets - non-current) - thousand yen |
| 2. Significant difference between statutory tax rate and the effective tax rate | 2. Significant difference between statutory tax rate and the effective tax rate |
| Statutory tax rate 36.59% | Statutory tax rate 34.16% |
| Deductible cash distributions -% | Deductible cash distributions (33.54)% |
| Provision of reserve for reduction entry (34.98)% | Provision of reserve for reduction entry (0.46)% |
| Others (1.54)% | Others (0.13)% |
| Effective tax rate 0.07% | Effective tax rate 0.03% |
| 3. Revision of the amounts of deferred tax assets and liabilities due to changes in rate of any Corporation Tax, etc. As a result of the promulgation of the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) on March 31, 2014, the statutory tax rate used to calculate deferred tax assets and liabilities is changed from 36.59% to | 3. Revision of the amounts of deferred tax assets and liabilities due to changes in rate of any Corporation Tax, etc. As a result of the promulgation of the "Local Corporation Tax Act" (Act No. 11 of 2014) and the "Act on Partial Revision of the Local Tax Act, etc." (Act No. 4 of 2014) on March 31, 2014, a "Local Corporation Tax" will be created |

| | |
|---|--|
| 34.16% for temporary differences expected to be eliminated in the fiscal period ended December 31, 2014 (23rd fiscal period) and the fiscal period ending June 30, 2015 (24th fiscal period). This change in tax rate has no effect on the amounts of deferred tax assets and liabilities, and deferred income taxes. | and a portion of the Local Corporation Special Tax will be restored in the Corporation Enterprise Tax for fiscal periods starting after October 1, 2014, and therewith the statutory tax rate used to calculate deferred tax assets and liabilities will be changed to 34.16% for temporary differences, etc. which are expected to be eliminated in the fiscal period starting after January 1, 2015. This change in tax rate has no effect on the amounts of deferred tax assets and liabilities, and deferred income taxes. |
|---|--|

[Notes Related to Lease Contracts]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | |
|--|---------------------|-----------|---|---------------------|------------|
| Operating lease transactions (as lessee) (Unit: thousands of yen) | | | Operating lease transactions (as lessee) (Unit: thousands of yen) | | |
| | Due within one year | 112,249 | | Due within one year | 112,249 |
| Remaining lease payments | Due after one year | 2,280,288 | Remaining lease payments | Due after one year | 2,224,164 |
| | Total | 2,392,537 | | Total | 2,336,413 |
| (as lessor) (Unit: thousands of yen) | | | (as lessor) (Unit: thousands of yen) | | |
| | Due within one year | 507,089 | | Due within one year | 1,843,409 |
| Remaining lease payments | Due after one year | 4,342,958 | Remaining lease payments | Due after one year | 15,485,197 |
| | Total | 4,850,048 | | Total | 17,328,607 |

[Notes Related to Financial Instruments]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|
| <p>1. Status of financial instruments</p> <p>(1)Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.</p> <p>The policy for raising funds is principally through issuing new investment units or entering into debt.</p> <p>Derivative transactions are to be entered into for the purpose of hedging against the rate of future interest rate increases, etc. and not for speculation. There are currently no derivative transactions that have been entered into.</p> <p>Surplus funds are managed carefully after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2)Nature and extent of risks arising from financial instruments and risk management</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or properties in trust (including related acquisition costs) and for the repayment of existing debt. Liquidity risks relating to debt are managed by the</p> | <p>1. Status of financial instruments</p> <p>(1)Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term.</p> <p>The policy for raising funds is principally through issuing new investment units or entering into debt.</p> <p>Derivative transactions are to be entered into for the purpose of hedging against the rate of future interest rate increases, etc. and not for speculation. There are currently no derivative transactions that have been entered into.</p> <p>Surplus funds are managed carefully after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2)Nature and extent of risks arising from financial instruments and risk management</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or properties in trust (including related acquisition costs) and for the repayment of existing debt. Liquidity risks relating to debt are managed by the</p> |

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|------------|--|------------|--|----------|------------|--|--------------------------------|-----------|-----------|---|--------------|-----------|-----------|---|----------------------|------------|------------|---|--|------------|------------|---|---------------------|---|---|---|---|---|---|---|------------------------------|-----------|------------|---------|-------------------|------------|------------|---------|---|--|------------|------------|------------|-----------------------|-----------|-----------|---|--------------------------------|-----------|-----------|---|--------------|------------|------------|---|----------------------|---|---|---|--|-----------|-----------|---|---------------------|------------|------------|---|---|--------|--------|----|------------------------------|-----------|------------|---------|-------------------|------------|------------|---------|
| <p>finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3)Supplemental information regarding market value, etc. for financial instruments The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.</p> | <p>finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3)Supplemental information regarding market value, etc. for financial instruments The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. Estimated fair value of financial instruments Book value, fair value and the difference between values as of June 30, 2014 are as follows. (Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Book Value</th> <th>Fair Value</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Cash and deposits</td> <td style="text-align: right;">759,058</td> <td style="text-align: right;">759,058</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and deposits in trust</td> <td style="text-align: right;">2,765,504</td> <td style="text-align: right;">2,765,504</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Total assets</td> <td style="text-align: right;">3,524,562</td> <td style="text-align: right;">3,524,562</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Short-term debts</td> <td style="text-align: right;">13,488,750</td> <td style="text-align: right;">13,488,750</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Current portion of long-term debts</td> <td style="text-align: right;">17,552,100</td> <td style="text-align: right;">17,552,100</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(5) Long-term debts</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(6) Current portion of long-term debts in trust</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(7) Long-term debts in trust</td> <td style="text-align: right;">9,960,000</td> <td style="text-align: right;">10,122,527</td> <td style="text-align: right;">162,527</td> </tr> <tr> <td style="text-align: center;">Total liabilities</td> <td style="text-align: right;">41,000,850</td> <td style="text-align: right;">41,163,378</td> <td style="text-align: right;">162,527</td> </tr> </tbody> </table> | | Book Value | Fair Value | Difference | (1) Cash and deposits | 759,058 | 759,058 | - | (2) Cash and deposits in trust | 2,765,504 | 2,765,504 | - | Total assets | 3,524,562 | 3,524,562 | - | (3) Short-term debts | 13,488,750 | 13,488,750 | - | (4) Current portion of long-term debts | 17,552,100 | 17,552,100 | - | (5) Long-term debts | - | - | - | (6) Current portion of long-term debts in trust | - | - | - | (7) Long-term debts in trust | 9,960,000 | 10,122,527 | 162,527 | Total liabilities | 41,000,850 | 41,163,378 | 162,527 | <p>2. Estimated fair value of financial instruments Book value, fair value and the difference between values as of December 31, 2014 are as follows. (Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Book Value</th> <th>Fair Value</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Cash and deposits</td> <td style="text-align: right;">9,153,872</td> <td style="text-align: right;">9,153,872</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and deposits in trust</td> <td style="text-align: right;">4,011,521</td> <td style="text-align: right;">4,011,521</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Total assets</td> <td style="text-align: right;">13,165,393</td> <td style="text-align: right;">13,165,393</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Short-term debts</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Current portion of long-term debts</td> <td style="text-align: right;">1,200,000</td> <td style="text-align: right;">1,200,000</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(5) Long-term debts</td> <td style="text-align: right;">56,100,000</td> <td style="text-align: right;">56,100,000</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(6) Current portion of long-term debts in trust</td> <td style="text-align: right;">18,167</td> <td style="text-align: right;">18,251</td> <td style="text-align: right;">84</td> </tr> <tr> <td>(7) Long-term debts in trust</td> <td style="text-align: right;">9,941,832</td> <td style="text-align: right;">10,156,234</td> <td style="text-align: right;">214,401</td> </tr> <tr> <td style="text-align: center;">Total liabilities</td> <td style="text-align: right;">67,260,000</td> <td style="text-align: right;">67,474,486</td> <td style="text-align: right;">214,486</td> </tr> </tbody> </table> | | Book Value | Fair Value | Difference | (1) Cash and deposits | 9,153,872 | 9,153,872 | - | (2) Cash and deposits in trust | 4,011,521 | 4,011,521 | - | Total assets | 13,165,393 | 13,165,393 | - | (3) Short-term debts | - | - | - | (4) Current portion of long-term debts | 1,200,000 | 1,200,000 | - | (5) Long-term debts | 56,100,000 | 56,100,000 | - | (6) Current portion of long-term debts in trust | 18,167 | 18,251 | 84 | (7) Long-term debts in trust | 9,941,832 | 10,156,234 | 214,401 | Total liabilities | 67,260,000 | 67,474,486 | 214,486 |
| | Book Value | Fair Value | Difference | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) Cash and deposits | 759,058 | 759,058 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Cash and deposits in trust | 2,765,504 | 2,765,504 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 3,524,562 | 3,524,562 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Short-term debts | 13,488,750 | 13,488,750 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Current portion of long-term debts | 17,552,100 | 17,552,100 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (5) Long-term debts | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (6) Current portion of long-term debts in trust | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (7) Long-term debts in trust | 9,960,000 | 10,122,527 | 162,527 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 41,000,850 | 41,163,378 | 162,527 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Book Value | Fair Value | Difference | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (1) Cash and deposits | 9,153,872 | 9,153,872 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (2) Cash and deposits in trust | 4,011,521 | 4,011,521 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total assets | 13,165,393 | 13,165,393 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (3) Short-term debts | - | - | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (4) Current portion of long-term debts | 1,200,000 | 1,200,000 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (5) Long-term debts | 56,100,000 | 56,100,000 | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (6) Current portion of long-term debts in trust | 18,167 | 18,251 | 84 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (7) Long-term debts in trust | 9,941,832 | 10,156,234 | 214,401 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total liabilities | 67,260,000 | 67,474,486 | 214,486 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(Note 1) Methods to calculate fair values of financial instruments (1) Cash and deposits (2) Cash and deposits in trust (3) Short-term debts 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 debts (5) Long-term debts (6) Current portion of long-term debts in trust (7) Long-term debts in trust The fair values of long-term debt with fixed interest rates are determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new debt with the same amount. Long-term debt with floating interest rates reflecting changes in market rates within a short term period are stated at their book value as their book values approximate their fair values.</p> | <p>(Note 1) Methods to calculate fair values of financial instruments (1) Cash and deposits (2) Cash and deposits in trust (3) Short-term debts 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 debts (5) Long-term debts (6) Current portion of long-term debts in trust (7) Long-term debts in trust The fair values of long-term debt with fixed interest rates are determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new debt with the same amount. Long-term debt with floating interest rates reflecting changes in market rates within a short term period are stated at their book value as their book values approximate their fair values.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(Note 2) Financial instruments for which fair value is extremely difficult to value (Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Book Value</th> </tr> </thead> <tbody> <tr> <td>Tenant leasehold and security deposits</td> <td style="text-align: right;">28,663</td> </tr> </tbody> </table> | Category | Book Value | Tenant leasehold and security deposits | 28,663 | <p>(Note 2) Financial instruments for which fair value is extremely difficult to value (Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th>Category</th> <th>Book Value</th> </tr> </thead> <tbody> <tr> <td>Tenant leasehold and security deposits</td> <td style="text-align: right;">28,663</td> </tr> </tbody> </table> | Category | Book Value | Tenant leasehold and security deposits | 28,663 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category | Book Value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant leasehold and security deposits | 28,663 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Category | Book Value | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant leasehold and security deposits | 28,663 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | |
|--|-------------------------------|--|------------------------------|
| Tenant leasehold and security deposits in trust | 1,025,726 | Tenant leasehold and security deposits in trust | 1,109,146 |
| <p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to reasonably estimate their future cash flows because it because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p> | | <p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to reasonably estimate their future cash flows because it because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p> | |
| (Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period | | (Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period | |
| (Unit: thousands of yen) | | (Unit: thousands of yen) | |
| | Due within One Year | Due after One to Two Years | Due after Two to Three Years |
| Cash and deposits | 759,058 | - | - |
| Cash and deposits in trust | 2,765,504 | - | - |
| Total | 3,524,562 | - | - |
| | Due after Three to Four Years | Due after Four to Five Years | Due after Five Years |
| Cash and deposits | - | - | - |
| Cash and deposits in trust | - | - | - |
| Total | - | - | - |
| (Note 4) Redemption schedule of long-term debts and other interest-bearing indebtedness after the closing date of the fiscal period | | (Note 4) Redemption schedule of long-term debts and other interest-bearing indebtedness after the closing date of the fiscal period | |
| (Unit: thousands of yen) | | (Unit: thousands of yen) | |
| | Due within One Year | Due after One to Two Years | Due after Two to Three Years |
| Current portion of long-term debts | 17,552,100 | - | - |
| Long-term debts | - | - | - |
| Current portion of long-term debts in trust | - | - | - |
| Long-term debts in trust | - | 54,894 | 74,639 |
| Total | 17,552,100 | 54,894 | 74,639 |
| | Due after Three to Four Years | Due after Four to Five Years | Due after Five Years |
| Current portion of long-term debts | - | - | - |
| Long-term debts | - | - | - |
| Current portion of long-term debts in trust | - | - | - |
| Long-term debts in trust | 2,863,679 | 5,217,347 | 1,749,439 |
| Total | 2,863,679 | 5,217,347 | 1,749,439 |
| | Due within One Year | Due after One to Two Years | Due after Two to Three Years |
| Current portion of long-term debts | 1,200,000 | - | - |
| Long-term debts | - | - | 56,100,000 |
| Current portion of long-term debts in trust | 18,167 | - | - |
| Long-term debts in trust | - | 73,807 | 104,256 |
| Total | 1,218,167 | 73,807 | 56,204,256 |
| | Due after Three to Four Years | Due after Four to Five Years | Due after Five Years |
| Current portion of long-term debts | - | - | - |
| Long-term debts | - | - | - |
| Current portion of long-term debts in trust | - | - | - |
| Long-term debts in trust | 2,894,530 | 5,143,274 | 1,725,963 |
| Total | 2,894,530 | 5,143,274 | 1,725,963 |

[Notes Related to Rental Properties]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | | | | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--------------------------|----------------------------------|-------------------------------------|--|------------|--|--|-------------------------------------|--|--------------------------|----------------------------------|-------------|------------|----------|------------|------------|--------|-----------|--------|-----------|-----------|--------|-----------|---------|-----------|-----------|---------|---------|-----|---------|---------|--------|-----------|------------|---|---|-------|---|-----------|-----------|-----------|-------|------------|---------|------------|------------|--|--|--|--|--|-----|------------|--|--|-------------------------------------|--|--------------------------|----------------------------------|-------------|------------|----------|------------|------------|--------|-----------|---------|-----------|-----------|--------|-----------|---------|-----------|-----------|---------|---------|----|---------|---------|-------|-----------|------------|------------|------------|-------|------------|------------|-------------|-------------|
| <p>INV owns residential and other properties principally in the Tokyo area and major regional cities for the purpose of earning stable rental revenues. The book value, amount changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: center;">(Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="3">Book Value</th> <th rowspan="2">Fair Value at the End of the Period</th> </tr> <tr> <th>Balance at the Beginning of the Period</th> <th>Change during the Period</th> <th>Balance at the End of the Period</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>56,192,804</td> <td>Δ318,340</td> <td>55,874,464</td> <td>58,865,000</td> </tr> <tr> <td>Office</td> <td>8,585,639</td> <td>Δ5,687</td> <td>8,579,951</td> <td>7,288,000</td> </tr> <tr> <td>Retail</td> <td>5,318,657</td> <td>Δ43,018</td> <td>5,275,638</td> <td>5,520,000</td> </tr> <tr> <td>Parking</td> <td>100,838</td> <td>Δ13</td> <td>100,825</td> <td>105,000</td> </tr> <tr> <td>Senior</td> <td>4,385,522</td> <td>Δ4,385,522</td> <td>—</td> <td>—</td> </tr> <tr> <td>Hotel</td> <td>—</td> <td>5,532,341</td> <td>5,532,341</td> <td>5,490,000</td> </tr> <tr> <td>Total</td> <td>74,583,461</td> <td>779,759</td> <td>75,363,220</td> <td>77,268,000</td> </tr> </tbody> </table> | | | | | Use | Book Value | | | Fair Value at the End of the Period | Balance at the Beginning of the Period | Change during the Period | Balance at the End of the Period | Residential | 56,192,804 | Δ318,340 | 55,874,464 | 58,865,000 | Office | 8,585,639 | Δ5,687 | 8,579,951 | 7,288,000 | Retail | 5,318,657 | Δ43,018 | 5,275,638 | 5,520,000 | Parking | 100,838 | Δ13 | 100,825 | 105,000 | Senior | 4,385,522 | Δ4,385,522 | — | — | Hotel | — | 5,532,341 | 5,532,341 | 5,490,000 | Total | 74,583,461 | 779,759 | 75,363,220 | 77,268,000 | <p>INV owns residential properties and hotels as core assets and owns other various properties including offices and retails principally in the Tokyo area and major regional cities in order to aim for the establishment of the portfolio which focuses on both improvement of stability and growth potential. The book value, amount changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: center;">(Unit: thousands of yen)</p> <table border="1"> <thead> <tr> <th rowspan="2">Use</th> <th colspan="3">Book Value</th> <th rowspan="2">Fair Value at the End of the Period</th> </tr> <tr> <th>Balance at the Beginning of the Period</th> <th>Change during the Period</th> <th>Balance at the End of the Period</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>55,874,464</td> <td>Δ304,706</td> <td>55,569,758</td> <td>60,775,000</td> </tr> <tr> <td>Office</td> <td>8,579,951</td> <td>Δ28,342</td> <td>8,551,609</td> <td>7,227,000</td> </tr> <tr> <td>Retail</td> <td>5,275,638</td> <td>Δ50,243</td> <td>5,225,394</td> <td>5,690,000</td> </tr> <tr> <td>Parking</td> <td>100,825</td> <td>Δ1</td> <td>100,823</td> <td>107,000</td> </tr> <tr> <td>Hotel</td> <td>5,532,341</td> <td>39,763,665</td> <td>45,296,007</td> <td>52,759,000</td> </tr> <tr> <td>Total</td> <td>75,363,220</td> <td>39,380,372</td> <td>114,743,593</td> <td>126,558,000</td> </tr> </tbody> </table> | | | | | Use | Book Value | | | Fair Value at the End of the Period | Balance at the Beginning of the Period | Change during the Period | Balance at the End of the Period | Residential | 55,874,464 | Δ304,706 | 55,569,758 | 60,775,000 | Office | 8,579,951 | Δ28,342 | 8,551,609 | 7,227,000 | Retail | 5,275,638 | Δ50,243 | 5,225,394 | 5,690,000 | Parking | 100,825 | Δ1 | 100,823 | 107,000 | Hotel | 5,532,341 | 39,763,665 | 45,296,007 | 52,759,000 | Total | 75,363,220 | 39,380,372 | 114,743,593 | 126,558,000 |
| Use | Book Value | | | Fair Value at the End of the Period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance at the Beginning of the Period | Change during the Period | Balance at the End of the Period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential | 56,192,804 | Δ318,340 | 55,874,464 | 58,865,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office | 8,585,639 | Δ5,687 | 8,579,951 | 7,288,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retail | 5,318,657 | Δ43,018 | 5,275,638 | 5,520,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking | 100,838 | Δ13 | 100,825 | 105,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Senior | 4,385,522 | Δ4,385,522 | — | — | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hotel | — | 5,532,341 | 5,532,341 | 5,490,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 74,583,461 | 779,759 | 75,363,220 | 77,268,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Use | Book Value | | | Fair Value at the End of the Period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Balance at the Beginning of the Period | Change during the Period | Balance at the End of the Period | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Residential | 55,874,464 | Δ304,706 | 55,569,758 | 60,775,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Office | 8,579,951 | Δ28,342 | 8,551,609 | 7,227,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Retail | 5,275,638 | Δ50,243 | 5,225,394 | 5,690,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking | 100,825 | Δ1 | 100,823 | 107,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hotel | 5,532,341 | 39,763,665 | 45,296,007 | 52,759,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total | 75,363,220 | 39,380,372 | 114,743,593 | 126,558,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(Note 1) Book value is the figure calculated by decreasing the amount of depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factor of the increase for the fiscal period ended June 30, 2014 was acquisition of new hotels and capital expenditures related to construction work.</p> <p>(Note 3) The major factor of the decrease was sale of senior housing properties and depreciation.</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc. and Tanizawa Sogo Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended June 30, 2014, please refer to “Notes to Statement of Income.”</p> | | | | | <p>(Note 1) Book value is the figure calculated by decreasing the amount of depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factor of the increase for the fiscal period ended December 31, 2014 was acquisition of new hotels and capital expenditures related to construction work.</p> <p>(Note 3) The major factor of the decrease was depreciation.</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc. and Tanizawa Sogo Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended December 31, 2014, please refer to “Notes to Statement of Income.”</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

[Notes Related to Restriction on Asset Management]

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

[Notes Related to Transactions with Related Parties]

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

1 Interested parties of the Asset Manager

| Classification | Name | Business or Occupation | Ratio of Voting Rights (%) | Type of Transaction | Transaction Amount (Thousands of yen) (Note 1) | Account | Balance at the End of the Period (Thousands of yen) (Note 1) |
|---------------------------------------|--|--------------------------------|----------------------------|--|--|---------|--|
| Interested party of the Asset Manager | Zephyrus Tokutei Mokuteki Kaisha (Note 3). | Investment management business | - | Purchase of trust beneficiary interests in real estate (Note 2) (Note 5) | 2,851,000 | - | - |
| | Nishi Tokutei Mokuteki Kaisha (Note 3) | Investment management business | - | Purchase of trust beneficiary interests in real estate (Note 2) (Note 5) | 2,584,000 | - | - |

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

(Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

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

(Note 4) Calliope holds 609,942 units (holding ratio: 38.77%) of the issued investment units of INV.

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

| Property Number | Name of Property | Purchase Price (Thousands of yen) |
|-----------------|-----------------------|-----------------------------------|
| D1 | Hotel MyStays Kanda | 2,851,000 |
| D2 | Hotel MyStays Asakusa | 2,584,000 |
| Total | | 5,435,000 |

2 Asset Custody Companies

| Classification | Name | Business or Occupation | Ratio of Voting Rights Owned (%) | Type of Transaction | Transaction Amount (Thousands of yen) | Account | Balance at the End of the Period (Thousands of yen) |
|-----------------------|-------------------------------------|----------------------------|----------------------------------|------------------------------|---------------------------------------|------------------|---|
| Asset Custody Company | Sumitomo Mitsui Trust Bank, Limited | Banking and trust business | - | Repayment of short-term debt | 2,500 | Short-term debt | 2,997,500 |
| | | | | Loan for short-term debt | 3,000,000 | | |
| | | | | Finance related fees | 923 | Prepaid expenses | 5,630 |
| | | | | Interest expenses | 3,138 | Accrued expenses | 77 |

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

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

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

1 Interested parties of the Asset Manager

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

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

(Note 2) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 3) Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Shijodori Holding Tokutei Mokuteki Kaisha, Danube Tokutei Mokuteki Kaisha, Nagahoribashi Holding Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. have no capital relationship with the Asset Manager to be disclosed. The Tokutei Mokuteki Kaisha or the

lessee and operator have received an anonymous partnership investment or investment through funds that are managed by FIG, an affiliate of Calliope. Accordingly, INV treats Zephyrus Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Shijodori Holding Tokutei Mokuteki Kaisha, Danube Tokutei Mokuteki Kaisha, Nagahoribashi Holding Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha and MyStays Hotel Management Co., Ltd. as the equivalent of interested party.

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

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

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

2 Asset Custody Companies

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

| | | | | | | | |
|--|--|--|--|-------------------|--------|----------------------------|--------|
| | | | | | | Long-term prepaid expenses | 26,444 |
| | | | | Interest expenses | 21,889 | Accrued expenses | 255 |

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

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

[Notes Related to Per Unit Information]

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | |
|---|------------|---|------------|
| Net assets per unit | 23,121 yen | Net assets per unit | 23,005 yen |
| Net income per unit | 573 yen | Net income per unit | 762 yen |
| Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units. | | Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units. | |

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

| Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | |
|--|-----------|---|-----------|
| Net income for the fiscal period (thousands of yen) | 901,815 | Net income for the fiscal period (thousands of yen) | 1,958,002 |
| Amounts not attributable to common unit holders (thousands of yen) | - | Amounts not attributable to common unit holders (thousands of yen) | - |
| Net income attributable to common unit holders (thousands of yen) | 901,815 | Net income attributable to common unit holders (thousands of yen) | 1,958,002 |
| Average number of investment units during the period (units) | 1,573,179 | Average number of investment units during the period (units) | 2,570,932 |

[Notes Related to Significant Subsequent Events]

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | | | | | | | | | | | |
|---|---|--|-------------------|--------------------------|-----------------------|-------------------|---------------------|---------------------------|----------------------------------|---------------------------------------|----------------------|------------------------------|-----------------------|--|----------------------|--------------|----------------------------|
| <p>1. Issuance of New Investment Units</p> <p>INV resolved at its meeting of the Board of Directors held on June 23, 2014 and July 9, 2014 respectively to conduct the issuance of new investment units and secondary distribution of investment units. The payment for the new investment units issued through the public offering was completed on July 16, 2014, and the new investment units were issued 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 13, 2014. As a result, the unitholders' equity of INV is JPY 53,096 million and the number of investment units issued and outstanding of INV increased to 2,668,686.</p> | | | | | | | | | | | | | | | | | |
| <p>(i) Issuance of new investment units through public offering</p> <table border="1"> <tr> <td>Number of New Investment Units Issued</td> <td>: 1,040,000 units</td> </tr> <tr> <td>Domestic public offering</td> <td>: 527,322 units</td> </tr> <tr> <td>Overseas offering</td> <td>: 512,678 units</td> </tr> <tr> <td>Issue Price (Offer Price)</td> <td>: JPY 22,688 per unit</td> </tr> <tr> <td>Total Issue Price (Total Offer Price)</td> <td>: JPY 23,595,520,000</td> </tr> <tr> <td>Amount Paid In (Issue Value)</td> <td>: JPY 21,873 per unit</td> </tr> <tr> <td>Total Amount Paid In (Total Issue Value)</td> <td>: JPY 22,747,920,000</td> </tr> <tr> <td>Payment Date</td> <td>: Wednesday, July 16, 2014</td> </tr> </table> | | Number of New Investment Units Issued | : 1,040,000 units | Domestic public offering | : 527,322 units | Overseas offering | : 512,678 units | Issue Price (Offer Price) | : JPY 22,688 per unit | Total Issue Price (Total Offer Price) | : JPY 23,595,520,000 | Amount Paid In (Issue Value) | : JPY 21,873 per unit | Total Amount Paid In (Total Issue Value) | : JPY 22,747,920,000 | Payment Date | : Wednesday, July 16, 2014 |
| Number of New Investment Units Issued | : 1,040,000 units | | | | | | | | | | | | | | | | |
| Domestic public offering | : 527,322 units | | | | | | | | | | | | | | | | |
| Overseas offering | : 512,678 units | | | | | | | | | | | | | | | | |
| Issue Price (Offer Price) | : JPY 22,688 per unit | | | | | | | | | | | | | | | | |
| Total Issue Price (Total Offer Price) | : JPY 23,595,520,000 | | | | | | | | | | | | | | | | |
| Amount Paid In (Issue Value) | : JPY 21,873 per unit | | | | | | | | | | | | | | | | |
| Total Amount Paid In (Total Issue Value) | : JPY 22,747,920,000 | | | | | | | | | | | | | | | | |
| Payment Date | : Wednesday, July 16, 2014 | | | | | | | | | | | | | | | | |
| <p>(ii) Secondary offering of investment units outside Japan</p> <table border="1"> <tr> <td>Number of Investment Units Offered in the Secondary Offering</td> <td>: 70,151 units</td> </tr> <tr> <td>Offer Price</td> <td>: JPY 22,688 per unit</td> </tr> <tr> <td>Total Offer Value</td> <td>: JPY 1,591,585,888</td> </tr> <tr> <td>Seller</td> <td>: Infinite Value Investment Ltd.</td> </tr> </table> | | Number of Investment Units Offered in the Secondary Offering | : 70,151 units | Offer Price | : JPY 22,688 per unit | Total Offer Value | : JPY 1,591,585,888 | Seller | : Infinite Value Investment Ltd. | | | | | | | | |
| Number of Investment Units Offered in the Secondary Offering | : 70,151 units | | | | | | | | | | | | | | | | |
| Offer Price | : JPY 22,688 per unit | | | | | | | | | | | | | | | | |
| Total Offer Value | : JPY 1,591,585,888 | | | | | | | | | | | | | | | | |
| Seller | : Infinite Value Investment Ltd. | | | | | | | | | | | | | | | | |
| <p>(iii) Secondary offering of investment units (overallotment secondary offering)</p> <table border="1"> <tr> <td>Number of Investment Units Offered in the Secondary Offering</td> <td>: 55,507 units</td> </tr> <tr> <td>Offer Price</td> <td>: JPY 22,688 per unit</td> </tr> <tr> <td>Total Offer Value</td> <td>: JPY 1,259,342,816</td> </tr> <tr> <td>Delivery Date</td> <td>: Thursday, July 17, 2014</td> </tr> </table> | | Number of Investment Units Offered in the Secondary Offering | : 55,507 units | Offer Price | : JPY 22,688 per unit | Total Offer Value | : JPY 1,259,342,816 | Delivery Date | : Thursday, July 17, 2014 | | | | | | | | |
| Number of Investment Units Offered in the Secondary Offering | : 55,507 units | | | | | | | | | | | | | | | | |
| Offer Price | : JPY 22,688 per unit | | | | | | | | | | | | | | | | |
| Total Offer Value | : JPY 1,259,342,816 | | | | | | | | | | | | | | | | |
| Delivery Date | : Thursday, July 17, 2014 | | | | | | | | | | | | | | | | |
| <p>(iv) Issuance of new investment units through third-party</p> | | | | | | | | | | | | | | | | | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|------------------------------|-----------------------|--|---|-----------------------|---|----------------------------|------------------------------|------------------|---------------------------------------|----------------|-----------------|---------------|-----------------|---|--------|--|------------------|--------------------|---------------------|---|-----------------------|---|----------------------------|----------------------|------------------|---|----------------|--------------------|---------------|--------------------|
| <p>allotment</p> <table border="1"> <tr> <td>Number of New Investment Units Issued</td> <td>: 55,507 units</td> </tr> <tr> <td>Amount Paid In (Issue Value)</td> <td>: JPY 21,873 per unit</td> </tr> <tr> <td>Total Amount Paid In (Total Issue Value)</td> <td>: JPY 1,214,104,611</td> </tr> <tr> <td>Payment Date</td> <td>: Wednesday, August 13, 2014</td> </tr> <tr> <td>Allottee</td> <td>: SMBC Nikko Securities Inc.</td> </tr> </table> | Number of New Investment Units Issued | : 55,507 units | Amount Paid In (Issue Value) | : JPY 21,873 per unit | Total Amount Paid In (Total Issue Value) | : JPY 1,214,104,611 | Payment Date | : Wednesday, August 13, 2014 | Allottee | : SMBC Nikko Securities Inc. | | | | | | | | | | | | | | | | | | | | | | | |
| Number of New Investment Units Issued | : 55,507 units | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount Paid In (Issue Value) | : JPY 21,873 per unit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total Amount Paid In (Total Issue Value) | : JPY 1,214,104,611 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Payment Date | : Wednesday, August 13, 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Allottee | : SMBC Nikko Securities Inc. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>2. Borrowing of Funds</p> <p>In order to fund a portion of the acquisition of the trust beneficiary interests for the 18 hotel properties, which INV acquired on July 17, 2014 (see “4. Acquisition of Assets” below), and to refinance the existing syndicate loan (New Syndicate Loan (A)) at a more lower interest rate, INV completed the following new borrowing as of July 17, 2014, in addition to the existing borrowing (New Syndicate Loan (B)).</p> | <p>1. Borrowing of Funds</p> <p>INV completed new debt financing in order to procure funds for the acquisition of the trust beneficiary interests for the 3 hotel properties, which INV acquired on February 6, 2015 (see “2. Acquisition of Assets” below), and related costs.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>New Syndicate Loan (C)</p> | <p>New Syndicate Loan (D)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY57,300 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (one-month JPY TIBOR) + 0.80%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (1) the last Japanese business day of each month before the principal maturity date, beginning with August 29, 2014, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: Secured (Note1) / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: July 17, 2014</td> </tr> <tr> <td>Maturity Date</td> <td>: July 14, 2017</td> </tr> </table> | Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited | Borrowing amount | : JPY57,300 million | Interest rate, etc. | : Base Rate (one-month JPY TIBOR) + 0.80% | Interest payment date | : On (1) the last Japanese business day of each month before the principal maturity date, beginning with August 29, 2014, and (2) the principal maturity date | Principal repayment method | : Lump-sum repayment | Borrowing method | : Secured (Note1) / with no guarantee | Borrowing date | : July 17, 2014 | Maturity Date | : July 14, 2017 | <table border="1"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY6,241 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (One-month JPY TIBOR) + 0.80%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (1) the last Japanese business day of each month before the principal maturity date, beginning with February 27, 2015, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: In accordance with the “Individual Loan Agreement” dated February 4, 2015. Secured (Note 1) / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: February 6, 2015</td> </tr> <tr> <td>Maturity Date</td> <td>: February 6, 2018</td> </tr> </table> | Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited | Borrowing amount | : JPY6,241 million | Interest rate, etc. | : Base Rate (One-month JPY TIBOR) + 0.80% | Interest payment date | : On (1) the last Japanese business day of each month before the principal maturity date, beginning with February 27, 2015, and (2) the principal maturity date | Principal repayment method | : Lump-sum repayment | Borrowing method | : In accordance with the “Individual Loan Agreement” dated February 4, 2015. Secured (Note 1) / with no guarantee | Borrowing date | : February 6, 2015 | Maturity Date | : February 6, 2018 |
| Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing amount | : JPY57,300 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest rate, etc. | : Base Rate (one-month JPY TIBOR) + 0.80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest payment date | : On (1) the last Japanese business day of each month before the principal maturity date, beginning with August 29, 2014, and (2) the principal maturity date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Principal repayment method | : Lump-sum repayment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing method | : Secured (Note1) / with no guarantee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing date | : July 17, 2014 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maturity Date | : July 14, 2017 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing amount | : JPY6,241 million | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest rate, etc. | : Base Rate (One-month JPY TIBOR) + 0.80% | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest payment date | : On (1) the last Japanese business day of each month before the principal maturity date, beginning with February 27, 2015, and (2) the principal maturity date | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Principal repayment method | : Lump-sum repayment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing method | : In accordance with the “Individual Loan Agreement” dated February 4, 2015. Secured (Note 1) / with no guarantee | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Borrowing date | : February 6, 2015 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Maturity Date | : February 6, 2018 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>(Note 1) The following assets are pledged as collateral for the borrowings.</p> <p>First priority pledges over the real estate trust beneficiary interests for 65 properties: Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakuji Koen, Growth Maison Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth</p> | <p>(Note 1) First priority pledges over three real estate properties, Apa Hotel Yokohama-Kannai, Hotel Nets Hakodate and Flexstay Inn Shirogane; and the real estate trust beneficiary interests for 65 properties, Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakuji Koen, Growth Maison</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | | | | | | |
|--|--|--|-----------------------|----------------------|---------------------|----------------------|--|
| <p>Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Aceeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over two real estate properties: Shinjuku Island and Times Kanda-Sudacho 4th. Floating lien over nine properties: Hotel MyStays Kanda, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama and Hotel MyStays Fukuoka-Tenjin-Minami.</p> <p>3. Prepayment of Borrowings</p> <p>In order to complete the acquisition of the 18 hotel properties on July 17, 2014, reduce borrowing costs further and strengthen lender formation, INV completed the refinancing and the prepayment of the following borrowings.</p> <p>New Syndicate Loan (A)</p> <table border="1" data-bbox="245 1693 778 1995"> <tr> <td data-bbox="245 1693 400 1888">Lender</td> <td data-bbox="400 1693 778 1888">: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Shinsei Trust & Banking Co., Ltd. and Aozora Bank, Ltd.</td> </tr> <tr> <td data-bbox="245 1888 400 1944">Balance of Borrowings</td> <td data-bbox="400 1888 778 1944">: JPY 17,552 million</td> </tr> <tr> <td data-bbox="245 1944 400 1995">Initial Loan Amount</td> <td data-bbox="400 1944 778 1995">: JPY 20,350 million</td> </tr> </table> | Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Shinsei Trust & Banking Co., Ltd. and Aozora Bank, Ltd. | Balance of Borrowings | : JPY 17,552 million | Initial Loan Amount | : JPY 20,350 million | <p>Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Aceeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over two real estate properties, Shinjuku Island and Times Kanda-Sudacho 4th.</p> |
| Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Shinsei Trust & Banking Co., Ltd. and Aozora Bank, Ltd. | | | | | | |
| Balance of Borrowings | : JPY 17,552 million | | | | | | |
| Initial Loan Amount | : JPY 20,350 million | | | | | | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|--|
| Interest Rate, Etc. | : Base Rate (one-month JPY TIBOR) + 1.50% | |
| Borrowing Method | : Borrowing based on the term loan agreement dated as of December 17, 2013 Secured / with no guarantee | |
| Borrowing Date | : December 20, 2013 | |
| Maturity Date | : December 20, 2016 | |
| Prepayment Date | : July 17, 2014 | |
| Repayment Amount | : JPY 17,552 million | |
| Borrowing Amount Outstanding After Repayment | : JPY 0 million | |
| New Syndicate Loan (B) | | |
| Lender | : Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited | |
| Balance of Borrowings | : JPY 13,448 million | |
| Initial Loan Amount | : JPY 13,500 million | |
| Interest Rate, Etc. | : Base Rate (one-month JPY TIBOR) + 0.80% | |
| Borrowing Method | : Borrowing based on the term loan agreement dated as of May 21, 2014 Secured / with no guarantee | |
| Borrowing Date | : May 23, 2014 | |
| Maturity Date | : May 22, 2015 | |
| Prepayment Date | : July 17, 2014 | |
| Repayment Amount | : JPY 13,488 million | |
| Borrowing Amount Outstanding After Repayment | : JPY 0 million | |
| 4. Acquisition of Assets | | |
| INV decided to acquire the following 18 properties (total acquisition price of JPY 39,938 million) on June 23, 2014, and completed the acquisition of all of the 18 properties on July 17, 2014. | | 2. Acquisition of Assets |
| Property number: D3 Name of property: Hotel MyStays | | INV decided to acquire the following 3 properties (total acquisition price of JPY 13,261 million) on February 4, 2015, and completed the acquisition of all of the 3 properties on February 6, 2015. |
| | | Property number: D21 Name of property: APA Hotel Yokohama-Kannai |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) | |
|---|--|---|--|
| Kyoto-Shijo | | Acquisition Date | February 6, 2015 |
| Acquisition Date | July 17, 2014 | Acquisition Price (Note 1) | JPY8,350 million |
| Acquisition Price (Note 1) | JPY6,024 million | Location | 3-37-2, Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa |
| Location | 52, Kasaboko-cho, Higashiiru, Aburanokoji, Shijyo-dori, Shimogyo, Kyoto-shi | Construction Date | April 2005 |
| Construction Date | January 2008 | Category of Assets | Trust Beneficial Interest |
| Category of Assets | Trust Beneficial Interest | Seller | AYK Tokutei Mokuteki Kaisha |
| Seller | Shijodori Holding Tokutei Mokuteki Kaisha | Total Floor Area | 6,568.51m ² |
| Total Floor Area | 7,241.51m ² | Total Leasable Area | 6,568.51m ² |
| Total Leasable Area | 7,241.51m ² | Property number: D22 Name of property: Hotel Nets Hakodate | |
| Property number: D4 Name of property: MyStays Shin-Urayasu Conference Center | | Acquisition Date | February 6, 2015 |
| Acquisition Date | July 17, 2014 | Acquisition Price (Note 1) | JPY2,792 million |
| Acquisition Price (Note 1) | JPY4,930 million | Location | 26-17, Motomachi, Hakodate-shi, Hokkaido |
| Location | 2-1-4, Akemi, Urayasu-shi, Chiba | Construction Date | February 2008 |
| Construction Date | March 2009 | Category of Assets | Trust Beneficial Interest |
| Category of Assets | Trust Beneficial Interest | Seller | Zephyrus Tokutei Mokuteki Kaisha |
| Seller | Zephyrus Tokutei Mokuteki Kaisha | Total Floor Area | 7,961.26m ² |
| Total Floor Area | 6,232.30m ² | Total Leasable Area | 7,961.26m ² |
| Total Leasable Area | 6,232.30m ² | Property number: D23 Name of property: Flexstay Inn Shirogane | |
| Property number: D5 Name of property: Hotel MyStays Maihama | | Acquisition Date | February 6, 2015 |
| Acquisition Date | July 17, 2014 | Acquisition Price (Note 1) | JPY2,119 million |
| Acquisition Price (Note 1) | JPY4,870 million | Location | 5-10-15, Shirokane, Minato-ku, Tokyo |
| Location | 3-5-1, Tekko-dori, Urayasu-shi, Chiba | Construction Date | December 1984 |
| Construction Date | June 2005 | Category of Assets | Trust Beneficial Interest |
| Category of Assets | Trust Beneficial Interest | Seller | Nishi Tokutei Mokuteki Kaisha |
| Seller | Zephyrus Tokutei Mokuteki Kaisha | Total Floor Area | 1,754.06m ² |
| Total Floor Area | 2,456.36m ² | Total Leasable Area | 1,754.06m ² |
| Total Leasable Area | 2,456.36m ² | (Note) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition costs, property taxes, city planning taxes and consumption taxes, etc. | |
| Property number: D6 Name of property: Hotel Vista Premio Dojima | | Acquisition Date | July 17, 2014 |
| Acquisition Date | July 17, 2014 | Acquisition Price (Note 1) | JPY3,845 million |
| Acquisition Price (Note 1) | JPY3,845 million | Location | 2-4-1, Sonezakishinchi, Kita-ku, Osaka |
| Location | 2-4-1, Sonezakishinchi, Kita-ku, Osaka | | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|---|
| Construction Date | August 1990 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Danube Tokutei Mokuteki Kaisha | |
| Total Floor Area | 9,445.32m ² | |
| Total Leasable Area | 9,445.32m ² | |
| Property number: D7 Name of property: Hotel MyStays Nagoya-Sakae | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY2,958 million | |
| Location | 2-23-22, Higashisakura, Naka-ku, Nagoya, Aichi | |
| Construction Date | November 1979 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Zephyrus Tokutei Mokuteki Kaisha | |
| Total Floor Area | 9,064.71m ² | |
| Total Leasable Area | 9,064.71m ² | |
| Property number: D8 Name of property: Hotel MyStays Sakaisuji-Honmachi | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY2,514 million | |
| Location | 1-4-8, Awaji-machi, Chuo-ku, Osaka-shi, Osaka | |
| Construction Date | July 2008 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Nagahoribashi Holding Tokutei Mokuteki Kaisha | |
| Total Floor Area | 4,188.83m ² | |
| Total Leasable Area | 4,188.83m ² | |
| Property number: D9 Name of property: Hotel MyStays Yokohama | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY2,119 million | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|---|
| 1) | | |
| Location | 4-81, Sueyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa | |
| Construction Date | October 1974 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Zephyrus Tokutei Mokuteki Kaisha | |
| Total Floor Area | 7,379.43m ² | |
| Total Leasable Area | 7,379.43m ² | |
| Property number: D10 Name of property: Hotel MyStays Nippori | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,898 million | |
| Location | 5-43-7, Higashi-Nippori, Arakawa-ku, Tokyo | |
| Construction Date | April 1987 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Nishi Tokutei Mokuteki Kaisha | |
| Total Floor Area | 1,719.29m ² | |
| Total Leasable Area | 1,719.29m ² | |
| Property number: D11 Name of property: Hotel MyStays Fukuoka-Tenjin-Minami | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,570 million | |
| Location | 3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka | |
| Construction Date | February 2008 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Shijodori Holding Tokutei Mokuteki Kaisha | |
| Total Floor Area | 3,412.71m ² | |
| Total Leasable Area | 3,412.71m ² | |
| Property number: D12 Name of property: Flexstay Inn Iidabashi | | |
| Acquisition | July 17, 2014 | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|---|
| Date | | |
| Acquisition Price (Note 1) | JPY1,381 million | |
| Location | 3-26, Shin-Ogawa-cho, Shinjuku-ku, Tokyo | |
| Construction Date | December 1990 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Aki Tokutei Mokuteki Kaisha | |
| Total Floor Area | 2,953.38m ² | |
| Total Leasable Area | 2,953.38m ² | |
| Property number: D13 Name of property: Hotel MyStays Ueno Inaricho | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,331 million | |
| Location | 1-5-7, Matsugaya, Taito-ku, Tokyo | |
| Construction Date | December 1986 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Nishi Tokutei Mokuteki Kaisha | |
| Total Floor Area | 1,150.76m ² | |
| Total Leasable Area | 1,150.76m ² | |
| Property number: D14 Name of property: Flexstay Inn Shinagawa | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,242 million | |
| Location | 1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo | |
| Construction Date | October 1986 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Nishi Tokutei Mokuteki Kaisha | |
| Total Floor Area | 1,134.52m ² | |
| Total Leasable Area | 1,134.52m ² | |
| Property number: D15 Name of property: Flexstay Inn Tokiwadai | | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|---|---|
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,242 million | |
| Location | 1-52-5, Tokiwadai, Itabashi-ku, Tokyo | |
| Construction Date | December 1989 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Aki Tokutei Mokuteki Kaisha | |
| Total Floor Area | 2,539.75m ² | |
| Total Leasable Area | 2,539.75m ² | |
| Property number: D16 Name of property: Flexstay Inn Sugamo | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,192 million | |
| Location | 3-6-16, Sugamo, Toshima-ku, Tokyo | |
| Construction Date | January 1992 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Aki Tokutei Mokuteki Kaisha | |
| Total Floor Area | 2,089.86m ² | |
| Total Leasable Area | 2,089.86m ² | |
| Property number: D17 Name of property: Hotel MyStays Otemae | | |
| Acquisition Date | July 17, 2014 | |
| Acquisition Price (Note 1) | JPY1,192 million | |
| Location | 1-3-2, Tokui-cho, Chuo-ku, Osaka-shi, Osaka | |
| Construction Date | December 1986 | |
| Category of Assets | Trust Beneficial Interest | |
| Seller | Aki Tokutei Mokuteki Kaisha | |
| Total Floor Area | 4,956.66m ² | |
| Total Leasable Area | 4,956.66m ² | |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|---|
| Property number: D18 Name of property: Flexstay Inn Kiyosumi Shirakawa | |
| Acquisition Date | July 17, 2014 |
| Acquisition Price (Note 1) | JPY749 million |
| Location | 1-12-16, Tokiwa, Koto-ku, Tokyo |
| Construction Date | May 1992 |
| Category of Assets | Trust Beneficial Interest |
| Seller | Aki Tokutei Mokuteki Kaisha |
| Total Floor Area | 2,673.64m ² |
| Total Leasable Area | 2,673.64m ² |
| Property number: D19 Name of property: Flexstay Inn Nakanobu P1 | |
| Acquisition Date | July 17, 2014 |
| Acquisition Price (Note 1) | JPY589 million |
| Location | 4-27-12, Futaba, Shinagawa-ku, Tokyo |
| Construction Date | September 1986 |
| Category of Assets | Trust Beneficial Interest |
| Seller | Aki Tokutei Mokuteki Kaisha |
| Total Floor Area | 770.56m ² |
| Total Leasable Area | 770.56m ² |
| Property number: D20 Name of property: Flexstay Inn Nakanobu P2 | |
| Acquisition Date | July 17, 2014 |
| Acquisition Price (Note 1) | JPY283 million |
| Location | 4-27-8, Futaba, Shinagawa-ku, Tokyo |
| Construction Date | March 1989 |
| Category of Assets | Trust Beneficial Interest |
| Seller | Aki Tokutei Mokuteki Kaisha |
| Total Floor Area | 319.49m ² |
| Total Leasable Area | 319.49m ² |

| Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|---|
| (Note 1) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition costs, property taxes, city planning taxes and consumption taxes, etc. | |

VI. Statement of Cash Distribution

| | Preceding Period (Reference) Fiscal Period ended December 31, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|---|---|--|
| I. Unappropriated retained earnings | 974,975,488 yen | 2,031,546,537 yen |
| II. Distribution Amount | 901,431,567 yen | 1,956,146,838 yen |
| (Distribution per Unit) | (573 yen) | (733 yen) |
| III. Retained earnings carried forward | 73,543,921 yen | 75,399,699 yen |
| Calculation method of distribution amount | In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of Investment Corporation, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by Investment Corporation. Pursuant to this policy, Investment Corporation determined the distribution amount to be 901,431,567 yen, | In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of Investment Corporation, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by Investment Corporation. Pursuant to this policy, Investment Corporation determined the distribution amount to be 1,956,146,838 |

| | | |
|--|---|--|
| | <p>out of net income of 901,815,748 yen. Investment Corporation did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p> | <p>yen, out of net income of 1,958,002,616 yen. Investment Corporation did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p> |
|--|---|--|

Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended December 31, 2014 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income, Statements of Unitholders' Equity, Notes to financial statements and Statement of Cash Distribution are unaudited.

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

VII. Statement of Cash Flow (Reference Information)

| | (Unit: thousands of yen) | |
|---|--|---|
| | Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
| Cash flows from operating activities | | |
| Net income before taxes | 902,420 | 1,958,607 |
| Depreciation expenses | 527,945 | 837,289 |
| Investment unit issuance expenses | 115,438 | 152,101 |
| Finance related costs | 842,043 | 294,738 |
| Amortization of tenant leasehold and security deposits in trust | (435) | (378) |
| Interest received | (404) | (537) |
| Interest paid | 376,514 | 365,480 |
| Increase (decrease) in allowance for doubtful accounts | (1,181) | 577 |
| Decrease (increase) in accounts receivable | (60,244) | (573,359) |
| Decrease (increase) in consumption tax receivable | 7,419 | (1,319,253) |
| Increase (decrease) in accrued consumption tax payable | 143,637 | (143,637) |
| Increase (decrease) in accounts payable | (87,869) | (673) |
| Increase (decrease) in accrued liabilities | (1,613) | (10,409) |
| Increase (decrease) in accrued expenses | 18,110 | 2,933 |
| Increase (decrease) in advances received | (28,364) | 13,561 |
| Increase (decrease) in deposits received | 10,909 | (9,776) |
| Decrease in property and equipment due to sale | 4,367,451 | - |
| Others | (6,762) | 5,533 |
| Subtotal | 7,125,015 | 1,572,798 |
| Proceeds of interest | 404 | 537 |
| Payment of interest | (502,533) | (363,177) |
| Payment of corporate taxes, etc. | (609) | (547) |
| Cash flows from operating activities | 6,622,276 | 1,209,610 |
| Cash flows from investing activities | | |
| Payment for acquisition of tangible assets in trust | (5,618,018) | (40,203,087) |
| Repayment of tenant leasehold and security deposits | (154,916) | - |
| Repayment of tenant leasehold and security deposits in trust | (93,087) | (47,787) |
| Proceeds of tenant leasehold and security deposits in trust | 81,527 | 131,585 |
| Others | (17,833) | (694) |
| Cash flows from investing activities | (5,802,328) | (40,119,985) |
| Cash flows from financing activities | | |
| Proceeds from short-term debt | 13,500,000 | - |
| Repayment of short-term debt | (11,250) | (13,488,750) |
| Proceeds from long-term debt | - | 57,300,000 |
| Repayment of long-term debt | (2,797,899) | (17,552,100) |
| Repayment of long-term debt in trust | (11,000,000) | - |
| Finance related costs | (732,126) | (618,099) |

(Unit: thousands of yen)

| | Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|---|
| Payment of distributions | (342,802) | (900,512) |
| Proceeds from issuance of investment units | - | 23,962,024 |
| Payment of investment unit issuance expenses | (98,468) | (151,356) |
| Cash flows from financing activities | (1,482,546) | 48,551,206 |
| Increase (decrease) in cash and cash equivalents | (662,597) | 9,640,831 |
| Beginning balance of cash and cash equivalents | 4,187,160 | 3,524,562 |
| Closing balance of cash and cash equivalents ※1 | 3,524,562 | 13,165,393 |

[Notes Concerning Significant Accounting Policies (Reference Information)]

| Item \ By Period | Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|---|--|--|
| Cash and cash equivalents as stated in Statement of Cash Flows | Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value. | Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value. |

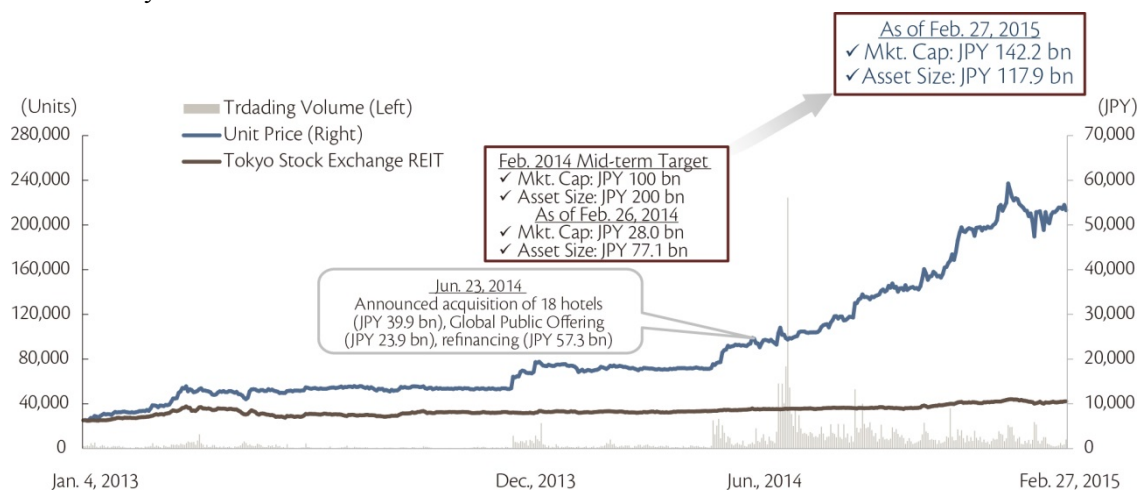
[Notes to Statement of Cash Flow (Reference Information)]

| Item \ By Period | Fiscal Period ended June 30, 2014 (from January 1 to June 30, 2014) | Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014) |
|--|--|--|
| ※1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet | (As of June 30, 2014) (Unit: thousands of yen) | (As of December 31, 2014) (Unit: thousands of yen) |
| | Cash and deposits 759,058 | Cash and deposits 9,153,872 |
| | Cash and deposits in trust 2,765,504 | Cash and deposits in trust 4,011,521 |
| | Cash and cash equivalents 3,524,562 | Cash and cash equivalents 13,165,393 |

Global Offering & Historical Unit Price

- Steady Expansion of Market/Capitalization and Asset Size

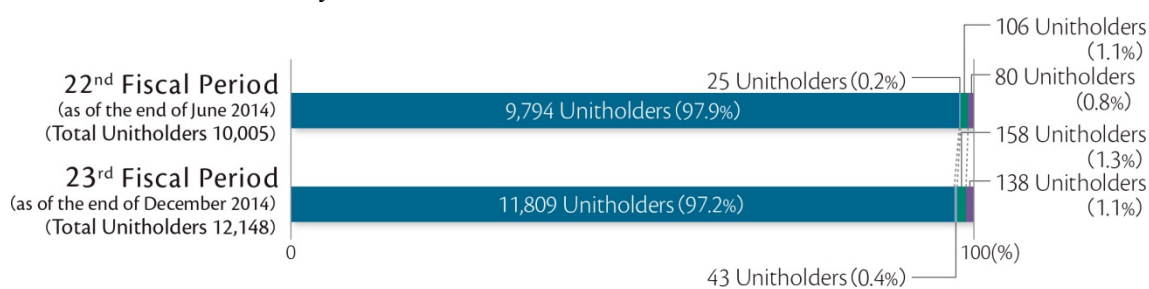
- Continued focus on unitholder value through accretive acquisitions, debt refinancing to lower interest costs, increasing rents and RevPAR as well as accretive equity offerings
- Market capitalization target of JPY 100 billion, announced in February 2014, was achieved in less than one year



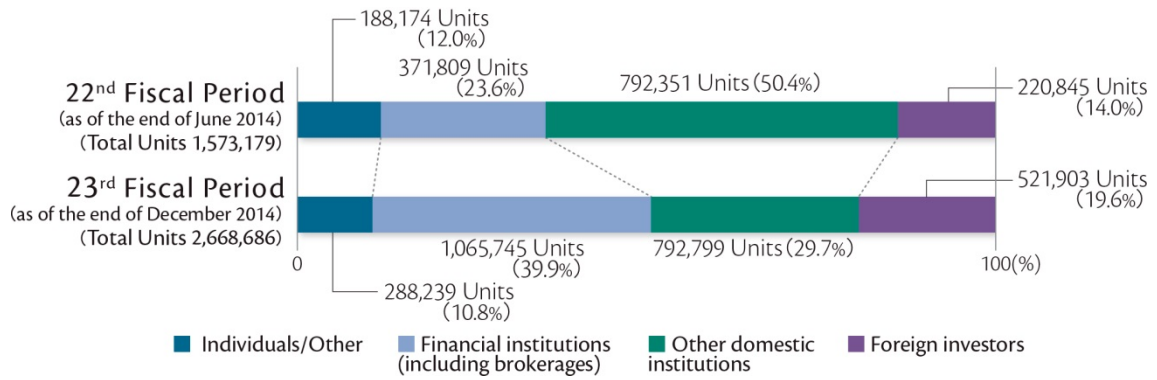
(Note) Unit prices indicate the closing price on the TSE market. Development of Tokyo Stock Exchange REIT Index indicates on or after January 4, 2013 on the assumption that the closing price of INV's unit price is deemed as identical to the closing price of Tokyo Stock Exchange REIT index as of January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

■ Overview of Unitholders/Investment Units

■ Number of Unitholders by Owner



■ Number of Investment Units by Owner



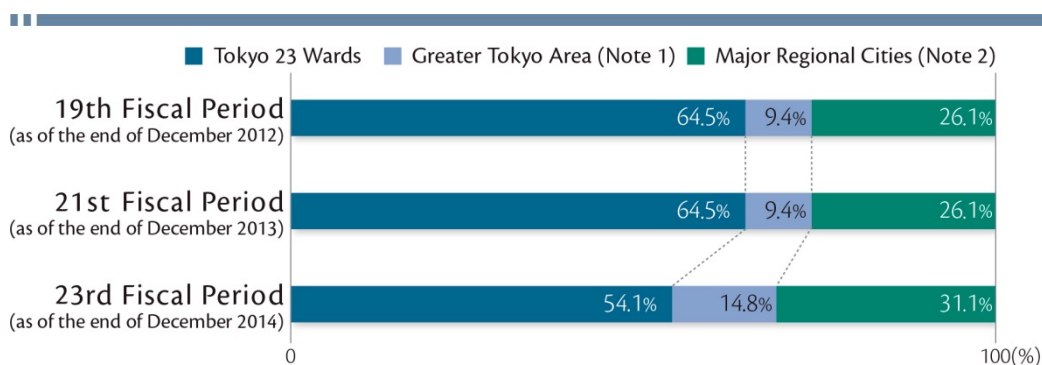
Portfolio Data

Portfolio Characteristics

At the end of the reporting period, the number of properties held by the Investment Corporation totaled 91, including 63 residential properties, 20 hotels, 7 retail and office buildings, and as well as one parking lot with a total acquisition value of JPY 117,927 million and a total leasable area of 224,574.36 m².

Investment Ratio by Region

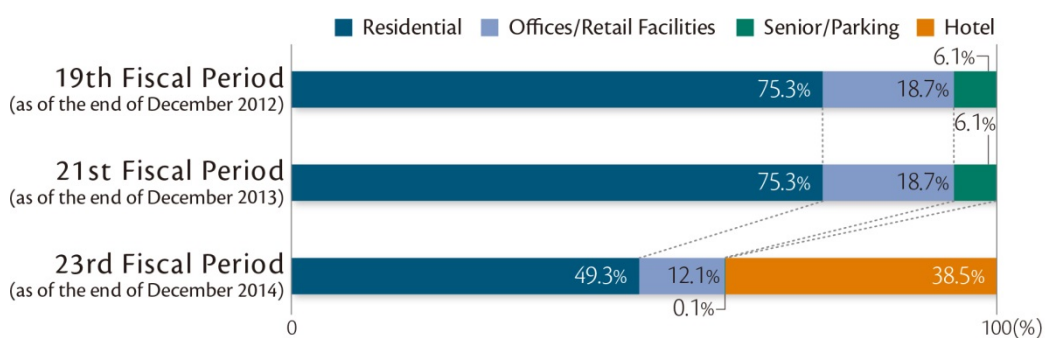
(Note) The ratios below are indicated are based on the acquisition price and are rounded to one decimal place.



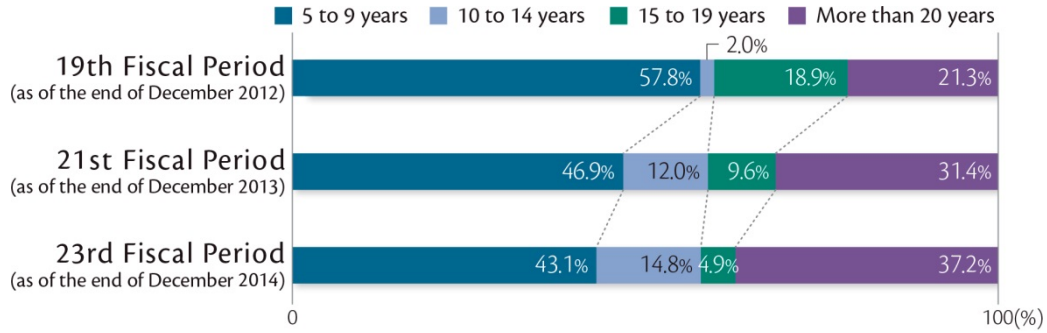
(Note 1) Greater Tokyo Area indicates Tokyo excluding 23 Wards, Kanagawa, Chiba, and Saitama.

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

By Property Type



By Property Age



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

Portfolio Overview

(as of December 31, 2014)

| Purpose | Property Number | Name of Property | Location | Leasable Area (m ²) | Rentable Units | Acquisition Price (JPY mn) | Appraisal Value (JPY mn) | Book Value (JPY mn) | Investment Ratio (%) | Occupancy Rate (%) |
|-------------|-----------------------------------|--------------------------------------|------------------------------------|---------------------------------|----------------|----------------------------|--------------------------|---------------------|----------------------|--------------------|
| Residential | A26 | Nisshin Palacestage Daitabashi | Suginami Ward, Tokyo | 1,771.13 | 98 | 1,251 | 1,150 | 1,139 | 1.1 | 90.0 |
| | A27 | Nisshin Palacestage Higashi-Nagasaki | Toshima Ward, Tokyo | 2,681.94 | 60 | 1,229 | 1,250 | 1,112 | 1.0 | 96.3 |
| | A28 | Growth Maison Gotanda | Shinagawa Ward, Tokyo | 1,051.50 | 48 | 888 | 949 | 842 | 0.8 | 100.0 |
| | A29 | Growth Maison Kameido | Koto Ward, Tokyo | 1,367.96 | 66 | 1,070 | 1,080 | 1,007 | 0.9 | 86.2 |
| | A30 | Emerald House | Itabashi Ward, Tokyo | 2,152.31 | 96 | 1,505 | 1,240 | 1,409 | 1.3 | 98.0 |
| | A31 | Harmonie Ochanomizu | Bunkyo Ward, Tokyo | 1,748.24 | 65 | 1,428 | 1,310 | 1,373 | 1.2 | 93.5 |
| | A32 | Suncrest Shakujii-Koen | Nerima Ward, Tokyo | 3,029.16 | 29 | 1,088 | 1,030 | 1,064 | 0.9 | 97.0 |
| | A33 | Growth Maison Shin-Yokohama | Yokohama City, Kanagawa Prefecture | 1,858.44 | 68 | 1,059 | 1,140 | 989 | 0.9 | 95.6 |
| | A34 | Belle Face Ueno-Okachimachi | Taito Ward, Tokyo | 1,351.11 | 64 | 1,023 | 972 | 977 | 0.9 | 98.3 |
| | A35 | Grand Rire Kameido | Koto Ward, Tokyo | 1,562.26 | 72 | 906 | 937 | 849 | 0.8 | 100.0 |
| | A36 | Growth Maison Ikebukuro | Toshima Ward, Tokyo | 952.89 | 42 | 825 | 859 | 772 | 0.7 | 90.5 |
| | A37 | Growth Maison Yoga | Setagaya Ward, Tokyo | 1,015.34 | 39 | 795 | 691 | 761 | 0.7 | 94.9 |
| | A38 | Route Tachikawa | Tachikawa City, Tokyo | 1,368.57 | 24 | 676 | 606 | 650 | 0.6 | 96.6 |
| | A39 | Shibuya-Honmachi Mansion | Shibuya Ward, Tokyo | 1,167.50 | 25 | 651 | 604 | 655 | 0.6 | 91.3 |
| | A40 | City Heights Kinuta | Setagaya Ward, Tokyo | 1,235.93 | 19 | 646 | 467 | 646 | 0.5 | 100.0 |
| | A41 | Aceeds Tower Kawaguchi-Namiki | Kawaguchi City, Saitama Prefecture | 1,210.74 | 57 | 620 | 699 | 566 | 0.5 | 86.0 |
| | A42 | Capital Heights Kagurazaka | Shinjuku Ward, Tokyo | 1,126.65 | 26 | 604 | 553 | 616 | 0.5 | 91.6 |
| | A43 | College Square Machida | Machida City, Tokyo | 1,047.75 | 62 | 589 | 511 | 569 | 0.5 | 100.0 |
| | A44 | Belair Meguro | Meguro Ward, Tokyo | 557.05 | 25 | 589 | 582 | 570 | 0.5 | 88.1 |
| | A45 | Wacore Tsunashima I | Yokohama City, Kanagawa Prefecture | 907.46 | 50 | 572 | 508 | 543 | 0.5 | 89.9 |
| | A46 | Foros Nakamurabashi | Nerima Ward, Tokyo | 815.77 | 37 | 566 | 565 | 528 | 0.5 | 88.8 |
| | A47 | Growth Maison Kaijin | Funabashi City, Chiba Prefecture | 2,040.27 | 34 | 557 | 458 | 527 | 0.5 | 89.0 |
| | A48 | College Square Machiya | Arakawa Ward, Tokyo | 871.35 | 43 | 510 | 509 | 474 | 0.4 | 100.0 |
| | A51 | City House Tokyo Shinbashi | Minato Ward, Tokyo | 3,364.00 | 86 | 2,520 | 2,860 | 2,392 | 2.1 | 95.6 |
| | A52 | Winbell Kagurazaka | Shinjuku Ward, Tokyo | 4,032.70 | 118 | 3,260 | 3,630 | 3,113 | 2.8 | 100.0 |
| | A53 | Nishiwaseda Crescent Mansion | Shinjuku Ward, Tokyo | 4,310.77 | 69 | 1,880 | 2,280 | 1,876 | 1.6 | 90.5 |
| | A54 | Lexington Square Akebonobashi | Shinjuku Ward, Tokyo | 1,987.88 | 88 | 1,450 | 1,630 | 1,368 | 1.2 | 88.8 |
| | A56 | Casa Eremitaggio | Meguro Ward, Tokyo | 1,197.19 | 17 | 1,070 | 1,020 | 990 | 0.9 | 91.2 |
| | A59 | Towa City Coop Shinotsuka II | Toshima Ward, Tokyo | 1,627.13 | 58 | 866 | 985 | 826 | 0.7 | 91.3 |
| A61 | Bichsel Musashiseki | Nerima Ward, Tokyo | 1,220.24 | 70 | 577 | 659 | 556 | 0.5 | 85.8 | |
| A62 | Lexel Mansion Ueno Matsugaya | Taito Ward, Tokyo | 1,969.45 | 29 | 970 | 1,090 | 893 | 0.8 | 96.8 | |
| A63 | Towa City Coop Sengencho | Yokohama City, Kanagawa Prefecture | 3,426.36 | 154 | 1,110 | 1,300 | 1,039 | 0.9 | 80.2 | |
| A64 | Royal Park Omachi | Sendai City, Miyagi Prefecture | 1,929.59 | 51 | 415 | 503 | 396 | 0.4 | 88.1 | |
| A65 | Lexington Square Haginomachi | Sendai City, Miyagi Prefecture | 1,528.58 | 39 | 330 | 441 | 303 | 0.3 | 100.0 | |
| A66 | Visconti Kakuzan | Nagoya City, Aichi Prefecture | 705.75 | 8 | 255 | 252 | 238 | 0.2 | 89.7 | |
| A71 | Lexington Square Daitabashi | Suginami Ward, Tokyo | 1,430.64 | 43 | 977 | 1,070 | 898 | 0.8 | 85.1 | |
| A72 | Lexington Square Honjo Azumabashi | Sumida Ward, Tokyo | 784.74 | 33 | 511 | 566 | 464 | 0.4 | 97.0 | |
| A73 | AMS TOWER Minami 6-Jo | Sapporo City, Hokkaido | 4,460.56 | 120 | 1,180 | 1,130 | 1,043 | 1.0 | 83.7 | |
| A75 | Spacia Ebisu | Shibuya Ward, Tokyo | 7,794.91 | 109 | 7,010 | 7,230 | 6,657 | 5.9 | 93.6 | |
| A76 | Neo Prominence | Kita Ward, Tokyo | 3,574.70 | 52 | 1,660 | 1,800 | 1,649 | 1.4 | 93.9 | |
| A77 | Invoice Shin-Kobe Residence | Kobe City, Hyogo Prefecture | 2,773.71 | 81 | 1,260 | 1,340 | 1,239 | 1.1 | 94.0 | |
| A78 | Cosmo Court Motomachi | Kobe City, Hyogo Prefecture | 2,310.49 | 82 | 973 | 1,040 | 956 | 0.8 | 86.6 | |
| A79 | Revest Honjin | Nagoya City, Aichi Prefecture | 1,933.80 | 80 | 674 | 732 | 662 | 0.6 | 92.5 | |

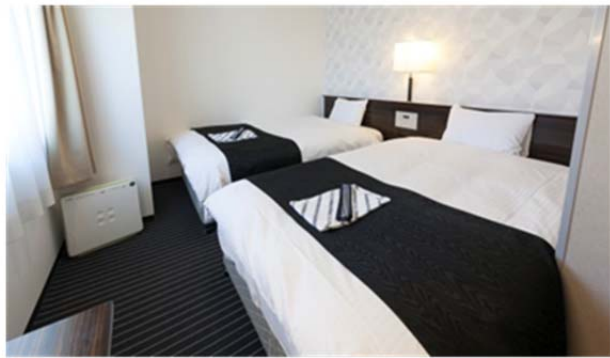
| | | | | | | | | | | |
|------------------------------------|-------------------|--|-------------------------------------|------------|-------|--------|--------|--------|------|-------|
| Residential | A80 | Revest Matsubara | Nagoya City, Aichi Prefecture | 1,955.40 | 70 | 657 | 743 | 646 | 0.6 | 93.7 |
| | A81 | Sun Terrace Minami Ikebukuro | Toshima Ward, Tokyo | 898.70 | 38 | 625 | 695 | 615 | 0.5 | 92.1 |
| | A82 | Alba Noritake Shinmachi | Nagoya City, Aichi Prefecture | 1,731.68 | 64 | 608 | 666 | 598 | 0.5 | 94.4 |
| | A83 | Revest Meieki Minami | Nagoya City, Aichi Prefecture | 1,634.60 | 61 | 597 | 674 | 587 | 0.5 | 95.4 |
| | A84 | Revest Heian | Nagoya City, Aichi Prefecture | 1,554.03 | 40 | 595 | 641 | 585 | 0.5 | 100.0 |
| | A85 | Vendir Hamaotsu Ekimae | Otsu City, Shiga Prefecture | 2,670.66 | 81 | 581 | 674 | 569 | 0.5 | 87.3 |
| | A86 | Salvo Sala | Osaka City, Osaka Prefecture | 1,428.12 | 54 | 544 | 603 | 537 | 0.5 | 93.5 |
| | A87 | Excellente Kagurazaka | Shinjuku Ward, Tokyo | 701.92 | 33 | 543 | 593 | 537 | 0.5 | 88.3 |
| | A88 | Luna Court Edobori | Osaka City, Osaka Prefecture | 1,185.50 | 50 | 525 | 565 | 516 | 0.4 | 88.1 |
| | A89 | Winntage Kobe Motomachi | Kobe City, Hyogo Prefecture | 1,433.35 | 57 | 512 | 560 | 502 | 0.4 | 94.8 |
| | A90 | Queen's Court Fukuzumi | Koto Ward, Tokyo | 765.18 | 25 | 456 | 528 | 451 | 0.4 | 92.5 |
| | A91 | Corp Higashinotoin | Kyoto City, Kyoto Prefecture | 1,029.05 | 42 | 446 | 491 | 440 | 0.4 | 92.9 |
| | A92 | Belair Oimachi | Shinagawa Ward, Tokyo | 530.60 | 26 | 412 | 476 | 408 | 0.3 | 92.9 |
| | A93 | Siete Minami-Tsukaguchi | Amagasaki City, Hyogo Prefecture | 1,020.86 | 40 | 374 | 414 | 370 | 0.3 | 97.5 |
| | A94 | Prime Life Sannomiya Isogami Koen | Kobe City, Hyogo Prefecture | 789.12 | 32 | 373 | 397 | 368 | 0.3 | 96.9 |
| | A95 | HERMITAGE NANBA WEST | Osaka City, Osaka Prefecture | 992.76 | 21 | 355 | 397 | 352 | 0.3 | 100.0 |
| | A96 | Century Park Shinkawa 1-bankan | Nagoya City, Aichi Prefecture | 1,477.62 | 44 | 335 | 399 | 333 | 0.3 | 95.5 |
| | A97 | West Avenue | Kunitachi City, Tokyo | 794.80 | 40 | 331 | 344 | 325 | 0.3 | 85.0 |
| | A98 | Little River Honmachibashi | Osaka City, Osaka Prefecture | 974.81 | 31 | 310 | 364 | 309 | 0.3 | 93.8 |
| A99 | Prime Life Mikage | Kobe City, Hyogo Prefecture | 761.18 | 28 | 297 | 323 | 293 | 0.3 | 93.3 | |
| Subtotal | | | | 109,584.45 | 3,413 | 58,083 | 60,775 | 55,569 | 49.3 | 92.7 |
| Office Buildings/Retail Facilities | B8 | Kindai Kagakusha Building | Shinjuku Ward, Tokyo | 1,451.54 | 13 | 1,301 | 1,040 | 1,239 | 1.1 | 100.0 |
| | B9 | Shinjuku Island | Shinjuku Ward, Tokyo | 526.43 | 1 | 715 | 574 | 710 | 0.6 | 100.0 |
| | B14 | Lexington Plaza Nishigotanda | Shinagawa Ward, Tokyo | 6,033.58 | 11 | 4,880 | 4,010 | 4,776 | 4.1 | 100.0 |
| | B15 | Cross Square NAKANO | Nakano Ward, Tokyo | 2,145.00 | 45 | 1,060 | 944 | 1,067 | 0.9 | 64.3 |
| | B16 | Ohki Aoba Building | Sendai City, Miyagi Prefecture | 2,178.41 | 13 | 816 | 659 | 757 | 0.7 | 100.0 |
| | B17 | Lexington Plaza Hachiman | Sendai City, Miyagi Prefecture | 8,419.15 | 18 | 3,280 | 3,440 | 3,163 | 2.8 | 100.0 |
| | B18 | AEON TOWN Sukagawa | Sukagawa City, Fukushima Prefecture | 18,440.58 | 1 | 2,320 | 2,250 | 2,061 | 2.0 | 100.0 |
| Subtotal | | | | 39,194.69 | 102 | 14,372 | 12,917 | 13,777 | 12.2 | 98.0 |
| Parking Lots | C1 | Stop Parking Kanda-Sudacho | Chiyoda Ward Tokyo | 81.04 | 1 | 97 | 107 | 100 | 0.1 | 100.0 |
| Subtotal | | | | 81.04 | 1 | 97 | 107 | 100 | 0.1 | 100.0 |
| Hotels | D1 | Hotel MyStays Kanda | Chiyoda Ward, Tokyo | 2,585.72 | 126 | 2,851 | 3,280 | 2,891 | 2.4 | 100.0 |
| | D2 | Hotel MyStays Asakusa | Sumida Ward, Tokyo | 3,327.38 | 160 | 2,584 | 3,290 | 2,608 | 2.2 | 100.0 |
| | D3 | Hotel MyStays Kyoto-shijo | Kyoto-shi, Kyoto Prefecture | 7,241.51 | 224 | 6,024 | 8,010 | 5,997 | 5.1 | 100.0 |
| | D4 | MyStays Shin-Urayasu Conference Center | Urayasu-shi, Chiba Prefecture | 6,232.30 | 175 | 4,930 | 5,260 | 4,905 | 4.2 | 100.0 |
| | D5 | Hotel MyStays Maihama | Urayasu-shi, Chiba Prefecture | 2,456.36 | 90 | 4,870 | 5,080 | 4,846 | 4.1 | 100.0 |
| | D6 | Hotel Vista Premio Dojima | Osaka-shi, Osaka Prefecture | 9,445.32 | 141 | 3,845 | 4,300 | 3,834 | 3.3 | 100.0 |
| | D7 | Hotel MyStays Nagoya-Sakae | Nagoya-shi, Aichi Prefecture | 9,064.71 | 270 | 2,958 | 3,040 | 2,929 | 2.5 | 100.0 |
| | D8 | Hotel Sakaisuji-Honmachi | Osaka-shi, Osaka Prefecture | 4,188.83 | 190 | 2,514 | 3,250 | 2,508 | 2.1 | 100.0 |
| | D9 | Hotel MyStays Yokohama | Yokohama-shi, Kanagawa Prefecture | 7,379.43 | 190 | 2,119 | 2,590 | 2,108 | 1.8 | 100.0 |
| | D10 | Hotel MyStays Nippori | Arakawa Ward, Tokyo | 1,719.29 | 93 | 1,898 | 2,140 | 1,891 | 1.6 | 100.0 |
| | D11 | Hotel MyStays Fukuoka-Tenjin-Minami | Fukuoka-shi, Fukuoka Prefecture | 3,412.71 | 177 | 1,570 | 1,740 | 1,567 | 1.3 | 100.0 |

| | | | | | | | | | |
|----------|---------------------------------|-----------------------|------------|-------|--------|--------|--------|-------|-------|
| D12 | Flexstay Inn Iidabashi | Shinjuku Ward, Tokyo | 2,953.38 | 59 | 1,381 | 1,560 | 1,382 | 1.2 | 100.0 |
| D13 | Hotel MyStays Ueno Inaricho | Taito Ward, Tokyo | 1,150.76 | 72 | 1,331 | 1,540 | 1,326 | 1.1 | 100.0 |
| D14 | Flexstay Inn Shinagawa | Shinagawa Ward, Tokyo | 1,134.52 | 55 | 1,242 | 1,510 | 1,242 | 1.1 | 100.0 |
| D15 | Flexstay Inn Tokiwadai | Itabashi Ward, Tokyo | 2,539.75 | 129 | 1,242 | 1,420 | 1,244 | 1.1 | 100.0 |
| D16 | Flexstay Inn Sugamo | Toshima Ward, Tokyo | 2,089.86 | 104 | 1,192 | 1,370 | 1,189 | 1.0 | 100.0 |
| D17 | Hotel MyStays Otemae | Osaka-shi, Osaka | 4,956.66 | 110 | 1,192 | 1,600 | 1,192 | 1.0 | 100.0 |
| D18 | Flexstay Inn Kiyosumi Shirakawa | Koto Ward, Tokyo | 2,673.64 | 55 | 749 | 821 | 750 | 0.6 | 100.0 |
| D19 | Flexstay Inn Nakanobu P1 | Shinagawa Ward, Tokyo | 770.56 | 39 | 589 | 647 | 591 | 0.5 | 100.0 |
| D20 | Flexstay Inn Nakanobu P2 | Shinagawa Ward, Tokyo | 391.49 | 22 | 283 | 311 | 286 | 0.2 | 100.0 |
| Subtotal | | | 75,714.18 | 5,997 | 45,373 | 52,759 | 45,296 | 38.5 | 100.0 |
| Total | | | 224,574.36 | | 77,988 | 77,268 | 75,363 | 100.0 | 96.1 |

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

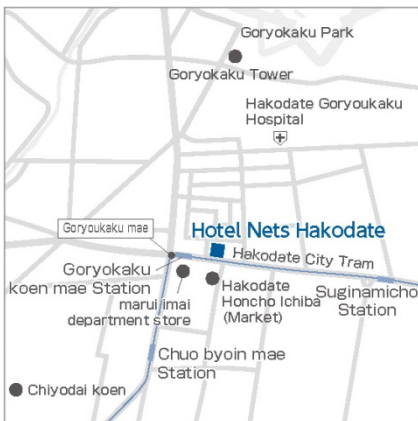
Newly Acquired 3 Hotels (acquired on February 6, 2015)

APA Hotel Yokohama-Kannai



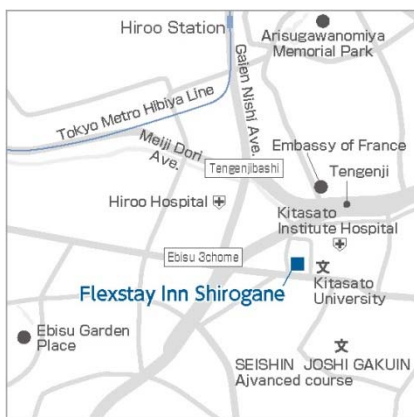
| Name of Property | APA Hotel Yokohama-Kannai |
|--|--|
| Location | 3-37-2 Siuniyoshi, Naka-ku, Yokohama, Kanagawa |
| Access | 3 minutes walk from Kannai Station |
| Date of Construction | April 2005 |
| Number of Guest Rooms | 451 |
| Room Mix | Single:345 Double:104 Twin:2 |
| Total Floor Area | 6,568.51㎡ |
| Land Area | 831.88㎡ |
| Daily / Weekly / Monthly % ⁽¹⁾⁽⁵⁾ (2014 Actual) | — |
| ADR (2014) ⁽²⁾⁽⁵⁾ | JPY 7,151 |
| Occupancy Rate (2014) ⁽³⁾⁽⁵⁾ | 94.5% |
| RevPAR (2014) ⁽⁴⁾⁽⁵⁾ | JPY 6,758 |
| Gross Revenue (2014) ⁽⁵⁾ | JPY 1,175mn |
| GOP / GOP % (2014) ⁽⁵⁾ | JPY 770mn / 65.5% |
| NOI (2014) ⁽⁵⁾ | JPY 440mn |

Hotel Nets Hakodate



| Name of Property | Hotel Nets Hakodate |
|--|---|
| Location | 26-17 Honcho, Hakodate, Hokkaido |
| Access | 1 minute walk from Goryokaku Koen Station |
| Date of Construction | February 2008 |
| Number of Guest Rooms | 202 |
| Room Mix | Single:54 Double:88 Twin:60 |
| Total Floor Area | 7,961.26㎡ |
| Land Area | 1,843.03㎡ |
| Daily / Weekly / Monthly % ⁽¹⁾⁽⁵⁾ (2014 Actual) | — |
| ADR (2014) ⁽²⁾⁽⁵⁾ | JPY 6,355 |
| Occupancy Rate(2014) ⁽³⁾⁽⁵⁾ | 77.1% |
| RevPAR (2014) ⁽⁴⁾⁽⁵⁾ | JPY 4,897 |
| Gross Revenue (2014) ⁽⁵⁾ | JPY 406mn |
| GOP / GOP % (2014) ⁽⁵⁾ | JPY 162mn / 39.9% |
| NOI (2014) ⁽⁵⁾ | JPY 139mn |

Flexstay Inn Shirogane



| Name of Property | Flexstay Inn Shirogane |
|--|-------------------------------------|
| Location | 5-10-15 Shirogane, Minato-ku, Tokyo |
| Access | 12 minutes from Hiroo Station |
| Date of Construction | December 1984 |
| Number of Guest Rooms | 84 |
| Room Mix | Single:80 Twin:4 |
| Total Floor Area | 1,754.06㎡ |
| Land Area | 528.73㎡ |
| Daily / Weekly / Monthly % ⁽¹⁾⁽⁵⁾ (2014 Actual) | 48.7% / 23.4% / 28.0% |
| ADR (2014) ⁽²⁾⁽⁵⁾ | JPY 5,883 |
| Occupancy Rate (2014) ⁽³⁾⁽⁵⁾ | 86.7% |
| RevPAR (2014) ⁽⁴⁾⁽⁵⁾ | JPY 5,099 |
| Gross Revenue (2014) ⁽⁵⁾ | JPY 163mn |
| GOP / GOP % (2014) ⁽⁵⁾ | JPY 95mn / 58.2% |
| NOI (2014) ⁽⁵⁾ | JPY 90mn |

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

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

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

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

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

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

Information for Unitholders

Notification Process for Address Changes

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

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

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

Dividends

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

(Bank Transfers)

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

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

Notification

(Notice of Dividend Payment)

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

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

(Characters for Addresses and Names of Unitholders)

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

Annual Schedule



Inquiries

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

TEL: 03-5411-2731 (Main)

Weekdays 9:30-17:30

Website

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

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

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

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

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

Inquiries

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

For Unitholders

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