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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2016 (January 1, 2016 to June 30, 2016)

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

I would like to take this opportunity to express my sincere gratitude to all investors in Invincible Investment Corporation (“INV”) for your continued support.

We hereby provide you with a report on INV’s asset management and financial results for the 26th fiscal period (covering the period from January 1, 2016 to June 30, 2016; the “Reporting Period”).

As described below, INV achieved robust results for the Reporting Period, despite changes in the hotel macro environment such as the sharp yen appreciation.

In March of this year, we conducted our third global public offering (the “Capital Increase”) in three years that raised JPY 37.9 billion in funds (including third-party allotment). The proceeds from the Capital Increase were used together with new loans to acquire four hotels and one residential property in March 2016. In total INV completed three separate property acquisitions to maintain its external growth strategy during the Reporting Period, with a total acquisition price of JPY 92.8 billion. As a result, the total value of the assets under management (AUM) as of June 30, 2016 was JPY 266.6 billion (of which, hotels accounted for JPY 181.0 billion), sustaining a strong track record of external growth in which AUM increased by 53.4% compared to the end of the previous fiscal period (based on acquisition price).

The hotel portfolio maintained solid internal growth; the average daily rate (the “ADR”) across the entire portfolio increased 8.5% and net operating income (the “NOI”) increased 11.0% compared to the same period in the previous year, respectively⁽ⁱ⁾, despite the temporary decline in room demand experienced as a result of the effects of the Kumamoto Earthquake in April, and the day configuration for the Golden Week holidays in May. In addition, INV achieved consistently strong internal growth in its residential portfolio, a core asset class alongside hotels, with increases in both the average occupancy rate and the average rent per *tsubo* (1 *tsubo* = 3.3 square meters), and NOI increased by 5.1% compared to the same period in the previous year⁽ⁱⁱ⁾ for the same properties that were owned as of the end of 2014.

With respect to financial operations, INV introduced five new financial institutions⁽ⁱⁱⁱ⁾ as lenders, including Development Bank of Japan Inc., to further strengthen its lender formation. INV also executed interest rate swap agreements of JPY 99.1 billion in order to improve its financial stability by fixing the interest rate on 69.8% of its existing borrowings.

As a result of the efforts mentioned above, operating revenues increased by 64.0% over the same period in the previous year to JPY 8,158 million, net income increased by 90.1% to JPY 4,363 million, and the distribution per unit (the “DPU”) increased by 37.9% to JPY 1,186.

INV renewed the Memorandum of Understanding (the “MOU”) with Fortress-related special purpose companies, concerning preferential negotiation rights regarding 22 hotels and 9 residential properties, thereby securing a pipeline of assets in which the hotel room count is comparable to the total number of hotel rooms owned by INV. Going forward, we seek to promote the acquisition of hotels and residential properties to build a portfolio that demonstrates both growth and stability by utilizing this extensive Sponsor pipeline. Moreover, with respect to INV’s internal growth, we will continue our efforts to maximize revenue from the hotel portfolio, which is expected to achieve steady growth in the medium to long-term. For the residential properties, we will continue our efforts in the rent increase program to maximize NOI by taking advantage of a portfolio consisting

mainly of small-type residential properties in major cities. In regards to financial operations, following the introduction of Japan Post Bank Co., Ltd. and others as new lenders⁽ⁱⁱⁱ⁾ in July of this year, along with the September announcement that INV obtained an 'A' credit rating with a 'Positive' outlook from Japan Credit Rating Agency, Ltd., INV will aim to further strengthen its lender formation, broaden its investor base, and make efforts to lengthen borrowing terms and diversify financing measures including issuing REIT bonds.

INV will continue to implement the basic policy to "increase DPU," and will ensure the implementation of measures to enhance unitholder value.

Your continued support is highly appreciated.



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

- (i) Please refer to the notes on page 5 for details on the subject hotels.
- (ii) Please refer to the notes on page 5 for a detailed breakdown.
- (iii) As of the date of this Asset Management Report, a total of 9 financial institutions have been newly introduced. Please refer to page 10 for a detailed breakdown.

Fixed Distributions	The 26th fiscal period (the fiscal period ended June 2016)	Per investment unit JPY 1,186
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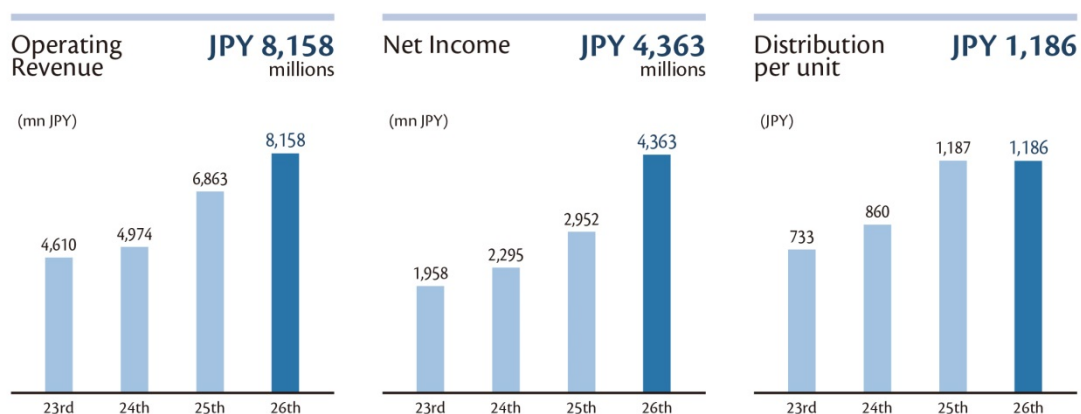
(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of the end of August, 2016. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly.



Summary of Financial Results

	Period from July 1, 2014 to December 31, 2014	Period from January 1, 2015 to June 30, 2015	Period from July 1, 2015 to December 31, 2015	Period from January 1, 2016 to June 30, 2016
Operating Revenue (JPY million)	4,610	4,974	6,863	8,158
Ordinary Income (JPY million)	1,958	2,295	2,953	4,364
Net Income (JPY million)	1,958	2,295	2,952	4,363
Net Assets (JPY million)	61,392	61,731	91,758	130,005
Total Assets (JPY million)	130,477	136,299	185,918	284,106
Net Assets per Unit (JPY)	23,005	23,132	28,731	35,368
Net Assets/Total Assets (%)	47.1	45.3	49.4	45.8
Distribution per Unit (JPY)	733	860	1,187	1,186
Number of Units Issued (Unit)	2,668,686	2,668,686	3,193,686	3,675,824

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

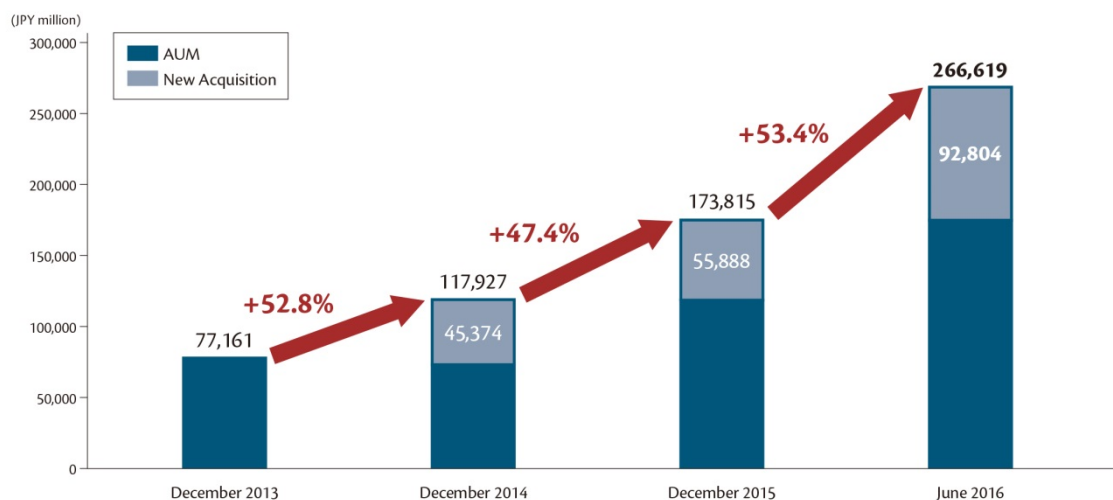


(Note) Figures are rounded down to the indicated unit and percentages are rounded to one decimal place.

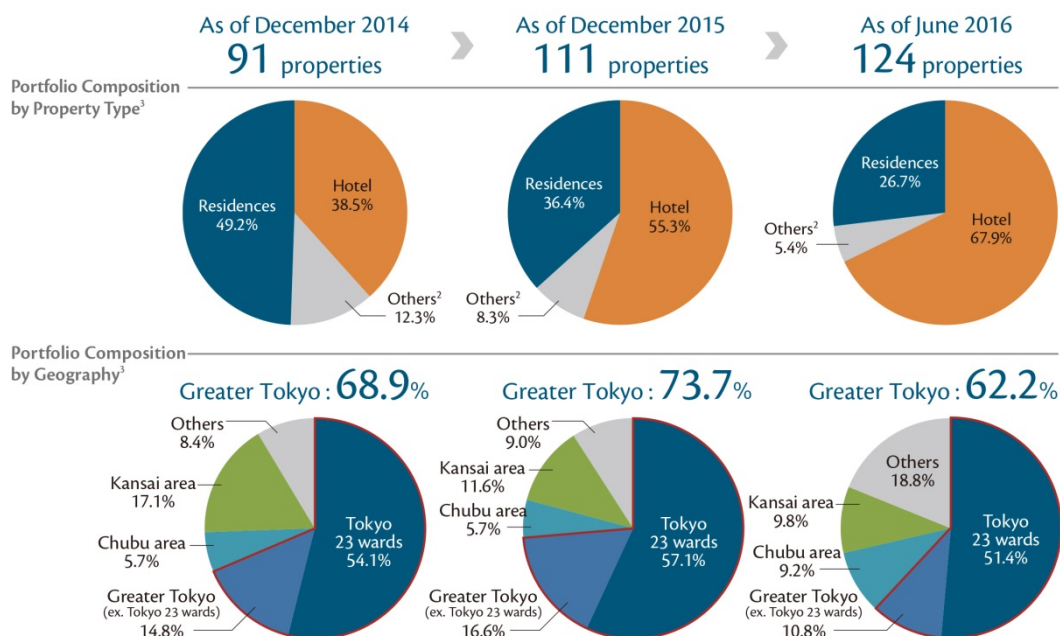
Track Record of Asset Growth

- INV acquired 13 properties in the fiscal period ended June 2016 and expanded its asset size by 53.4% compared to the end of the previous period
- As of the end of June 2016, percentage of hotels increased to 67.9%, and percentage of properties in Greater Tokyo¹ maintained a high level at 62.2%

Growth of AUM (Based on Acquisition Price)



Growth of Portfolio

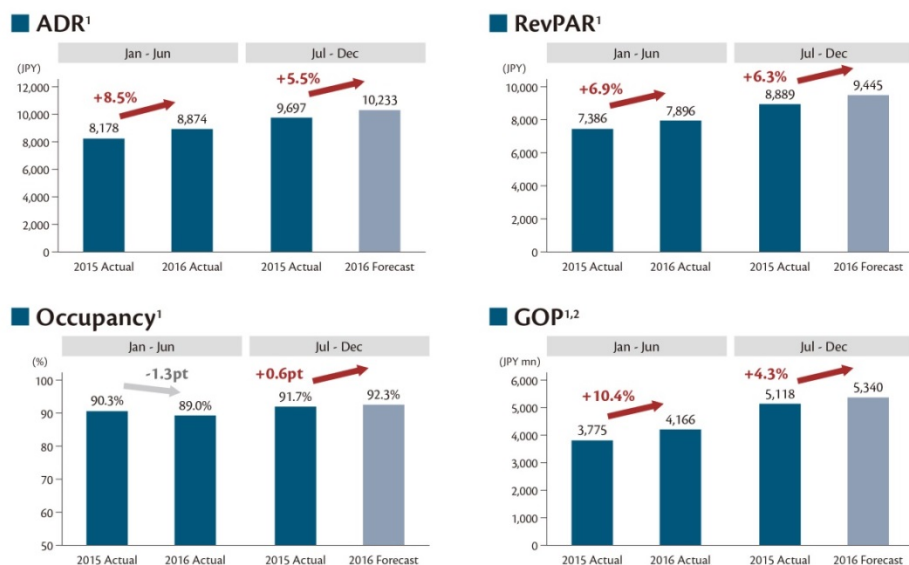


- (Note 1) “Greater Tokyo” is Tokyo, Kanagawa, Chiba and Saitama.
 (Note 2) “Others” includes offices, retail facilities and parking lots.
 (Note 3) Based on acquisition price

Performance and Forecast of Core Assets

Hotels

Performance for the fiscal period ended June 2016 and forecast for the fiscal period ending December 2016 are stated as follows. INV forecasts ADR growth of 6.9%, RevPAR growth of 6.5%, GOP growth of 6.9% and a slight decline in occupancy rate for the 2016 full year compared with 2015.



(Note 1) Based on 48 hotels in INV's portfolio as of the end of June, 2016, which excludes nine hotels with fixed rent structures and includes all hotels with variable rent structures except for Hotel MyStays Haneda and Hotel MyStays Kanazawa, which opened in 2014, as well as Hotel MyStays Shinsaibashi and Hotel MyStays Gotanda Station, which underwent renovation in 2015

(Note 2) In calculating the GOP, the rent paid for APA Hotel Yokohama-Kannai, is regarded as GOP of the hotel.

Residential Properties

NOI for the fiscal period ended June 2016 derived from properties that have been held continuously increased 5.1% compared to the same period for the previous year. INV forecasts growth in occupancy rate and average rent per Tsubo for the 2016 full year.



(Note 3) Based on 63 properties owned as of the end of 2014

(Note 4) Excludes one-off insurance-related revenues and expenses

Status of Portfolio by Core Assets

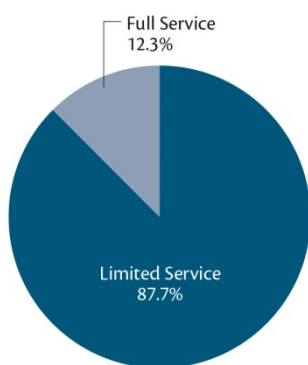
Hotels

87.7% of the hotel portfolio are limited-service hotels

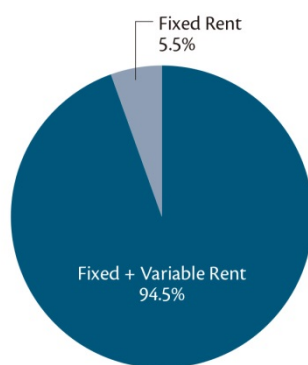
94.5% of the hotel portfolio are variable-rent hotels

57.2% of the hotel portfolio is located in the Greater Tokyo and 9.2% in the Kansai area

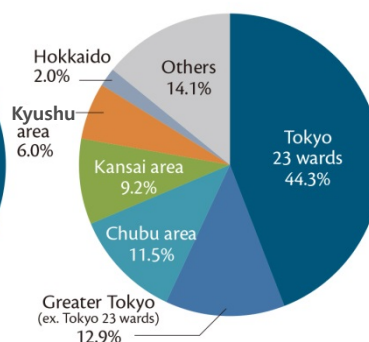
Hotel Type^{1,2}



Rent Structure¹



Location¹



(Note 1) Based on acquisition price

(Note 2) Please refer to the notes on page 27 for "Hotel Type".

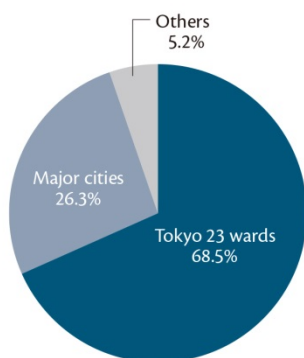
Residential Properties

94.8% of the residential portfolio is concentrated in Tokyo 23 wards and other major cities

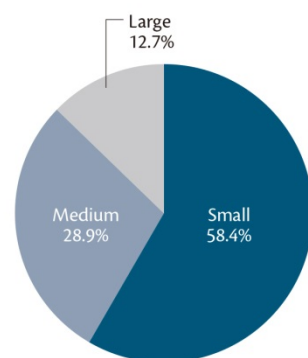
87.3% of the residential units are smaller than 60m²

Average rent per month per unit is JPY 102,227

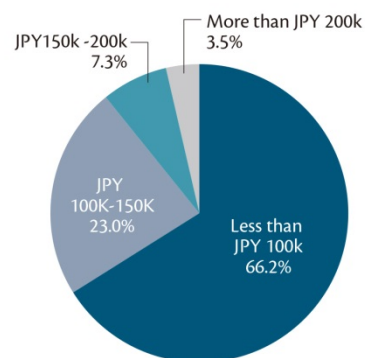
Location¹



Room Type^{2,3}



Rent Range (Monthly)³



(Note 1) Based on acquisition price

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

(Note 3) Based on leasable units as of June 30, 2016

MyStays Hotel Management

- MyStays Hotel Management (MHM), primary operator of hotels held by INV, has emerged as one of the major hotel management companies in Japan.

MHM Background

- MyStays manages 69 hotels¹ in Japan
- MyStays was founded in 1999 and was acquired in 2012 by Fortress Group
- MyStays had 1,193 employees as of May 2016

Improvement of Website Features and Services

- Improved website with easier booking navigation and displaying star ratings from TrustYou²
- In the process of cleaning up site architecture to further improve navigation and search engine optimization
- Increased live-chat languages to four and expanded its operation to 9am - 11pm, 7 days per week (previously 9am – 5pm, 5 days per week)
- Increased multi-lingual capabilities at the front desks
- Launching initiatives including a new customer loyalty program to encourage repeat direct visitors



Further strengthen MHM's branding

- MHM is actively promoting advertising to further strengthen MHM's branding in transport facilities such as airports and stations.

Advertising at Narita Airport



Narita Airport Terminal 3, 1F

Advertising at JR Tokyo Station



Displayed by Large-Scale LED Monitor



Advertising of "Hotel Mystays Kanazawa"

(Note 1) Includes hotels managed by MyStays Hotel Management subsidiary Naqua Hotels and Resorts. Figures as of August 17, 2016

(Note 2) TrustYou analyzes hundreds of millions of travel reviews and considers themselves the world's largest guest feedback platform.

Sponsor Pipeline

- INV renewed the MOU¹ with the Sponsor in January and March 2016, adding 10 hotels to the pipeline, including the Sheraton Grande Tokyo Bay Hotel

Properties Covered by the MOU²

Hotels

No.	Property name	Location	Type ³	# of Rooms	Status	Renovation / Construction Completion
1	Hotel MyStays Premier Akasaka	Minato - ku, Tokyo	Limited	327	In Operation (New)	Jul 2016
2	Hotel MyStays Yokohama-Kannai	Yokohama, Kanagawa	Limited	166	Under Construction	Oct 2016
3	Rihga Royal Kyoto	Kyoto, Kyoto	Full	489	Under Renovation	Sep 2016
4	Narita Excel Hotel Tokyu	Narita, Chiba	Full	706	In Operation	—
5	Art Hotels Sapporo	Sapporo, Hokkaido	Full	418	In Operation	Jul 2015
6	Best Western Hotel Fino Sapporo	Sapporo, Hokkaido	Limited	242	In Operation	—
7	Best Western Hotel Fino Oita	Oita, Oita	Limited	145	In Operation	—
8	Hotel Naqua City Hirosaki	Hirosaki, Aomori	Full	134	In Operation	—
9	Beppu Kamenoi Hotel	Beppu, Oita	Resort	322	In Operation	Oct 2015
10	Fusaki Resort Village	Ishigaki, Okinawa	Resort	195	In Operation	Jun 2015
11	Sheraton Grande Tokyo Bay Hotel	Urayasu, Chiba	Full	1,016	Annex Under Construction	Dec 2016
12	Hotel MyStays Shin-Osaka Conference Center	Osaka, Osaka	Limited	397	In Operation	Jun 2016
13	Art Hotels Asahikawa	Asahikawa, Hokkaido	Full	265	In Operation	—
14	Hotel MyStays Kanazawa Castle	Kanazawa, Ishikawa	Limited	206	In Operation	Mar 2016
15	Hotel JAL City Matsuyama	Matsuyama, Ehime	Full	161	In Operation	—
16	Hotel MyStays Ueno East	Taito-ku, Tokyo	Limited	150	In Operation	Mar 2016
17	(tentative) Hotel MyStays Honmachi 3-chome	Osaka, Osaka	Limited	120	Under Construction	Dec 2017
18	Hotel Mystays Sapporo Nakajima Koen	Sapporo, Hokkaido	Limited	86	In Operation	May 2016
19	Flexstay Inn Sakuragicho	Yokohama, Kanagawa	Limited	70	Under Renovation	Sep 2016
20	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Limited	161	In Operation	Jun 2016
21	Art Hotels Hamamatsucho	Minato-ku, Tokyo	Limited	120	Under Renovation	Nov 2016
22	Art Hotels Omori	Shinagawa-ku, Tokyo	Limited	220	Under Renovation	Nov 2016

Residential properties

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

(Note 1) MOU providing preferential negotiation rights

(Note 2) INV may elect to acquire only selected assets covered by the MOU or none at all and there is no assurance that INV will be able to acquire these assets.

(Note 3) Please refer to the notes on page 27.

Major Sponsor Pipeline Properties



Sheraton Grande Tokyo Bay Hotel (1,016 rooms)



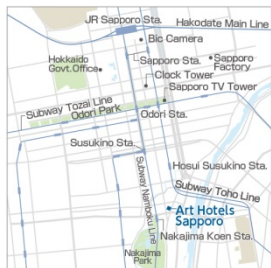
Rihga Royal Kyoto (489 rooms)



Hotel MyStays Premier Akasaka (327 rooms)



Art Hotels Sapporo (418 rooms)



Number of guest rooms
6,116 rooms

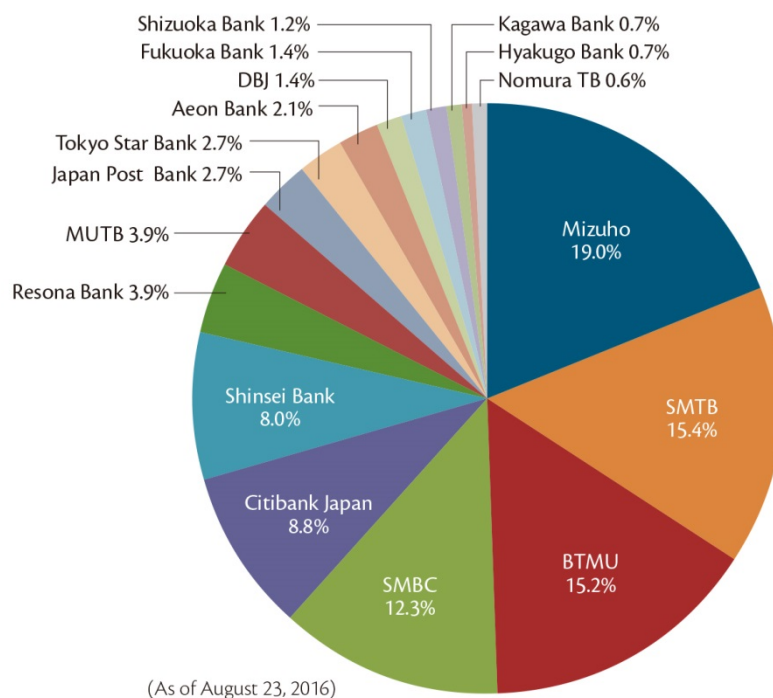
Number of leasable apartment units
743 units

Financial Conditions

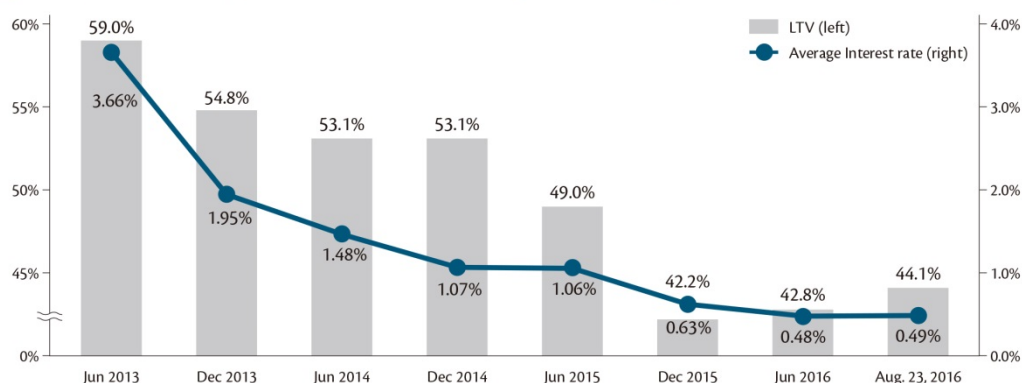
■ INV has invited nine new lenders since January 2016, doubling the number of lenders.

Lender	Borrowing Amount (including C-tax loan)	
Mizuho	27,657	19.0%
SMTB	22,537	15.4%
BTMU	22,177	15.2%
SMBC	17,976	12.3%
Citibank Japan	12,882	8.8%
Shinsei Bank	11,700	8.0%
Resona Bank	5,715	3.9%
MUTB	5,654	3.9%
● Japan Post Bank	4,000	2.7%
● Tokyo Star Bank	4,000	2.7%
● Aeon Bank	3,000	2.1%
● DBJ	2,000	1.4%
● Fukuoka Bank	1,999	1.4%
● Shizuoka Bank	1,810	1.2%
● Kagawa Bank	1,000	0.7%
● Hyakugo Bank	1,000	0.7%
● Nomura TB	810	0.6%
Total	145,917	100.0%

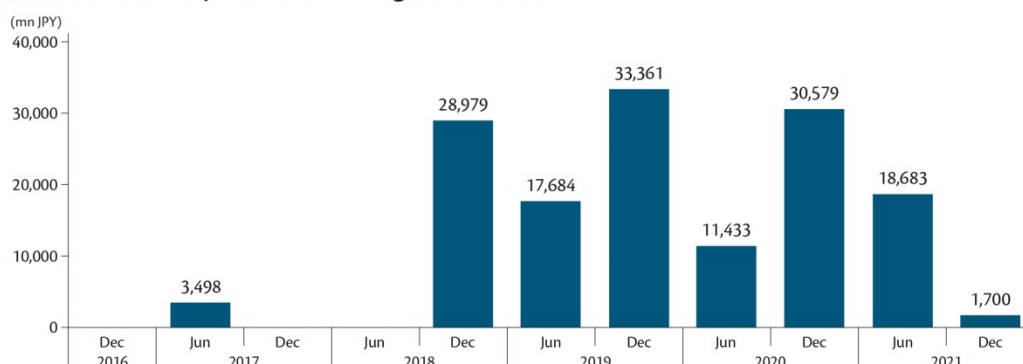
● : New lender



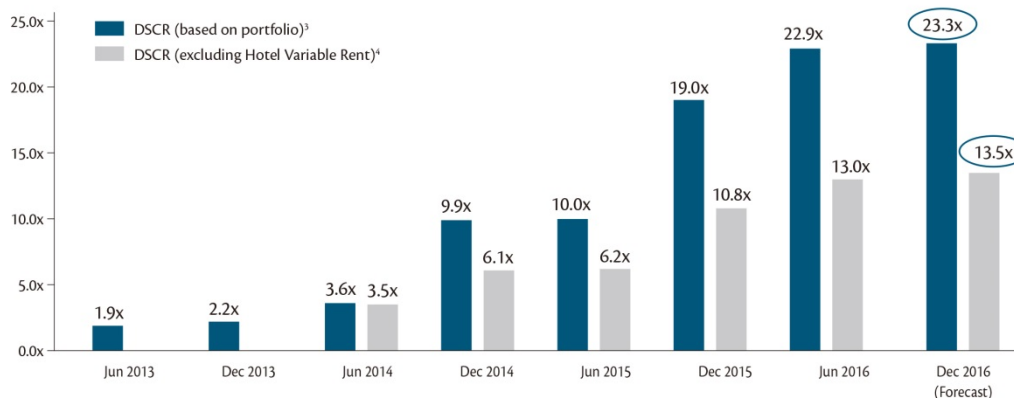
■ LTV¹ (based on appraisal value) and Weighted Average Interest Rate²



■ Loan Maturity Dates as of August 23, 2016



■ DSCR



(Note 1) LTV is calculated using the following formula: Interest - bearing Debts (excluding c - tax loan) / Total Appraisal Value

(Note 2) The average interest rate is calculated using the following formula:
 (Total of loan amount outstanding at the end of each fiscal period multiplied by applicable interest rate at the end of each fiscal period for each of loans) / The loan amount outstanding at the end of each fiscal period

(Note 3) DSCR (Based on Portfolio) is calculated using the following formula:
 (Operating Income + Depreciation Expenses + Profit/Loss derived from Sale of Real Estate) ÷ (Contract Payment Amount + Interest Amount).

(Note 4) DSCR (Excluding Hotel Variable Rent) is calculated using the following formula:
 (Operating Income - Hotel Variable Rental Income + Depreciation Expenses + Profit/Loss derived from Sale of Real Estate) ÷ (Contract Payment Amount + Interest Amount)

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period	
Calculated period		Jan. 1, 2014 to Jun. 30, 2014	Jul. 1, 2014 to Dec. 31, 2014	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	
Operating Results	Operating revenue	(Note 1) (JPY thousand)	3,775,772	4,610,717	4,974,760	6,863,775	8,158,220
	(Rental revenue)	(JPY thousand)	2,772,419	4,610,717	4,974,760	6,863,775	8,158,220
	Operating expenses	(JPY thousand)	1,541,127	1,840,796	2,163,828	2,494,667	3,084,315
	(Property-related expenses)	(JPY thousand)	1,281,791	1,586,854	1,834,039	2,178,165	2,697,986
	Operating income	(JPY thousand)	2,234,644	2,769,920	2,810,931	4,369,108	5,073,905
	Ordinary income	(JPY thousand)	902,420	1,958,607	2,295,909	2,953,293	4,364,025
	Net income	(JPY thousand)	901,815	1,958,002	2,295,304	2,952,688	4,363,420
Assets	Total assets	(a) (JPY thousand)	79,261,754	130,477,232	136,299,746	185,918,871	284,106,133
	(change from last period)	(%)	0.1	64.6	4.5	36.4	52.8
	Interest-bearing debt	(JPY thousand)	41,000,850	67,260,000	72,301,000	91,699,000	141,917,000
	Net assets	(b) (JPY thousand)	36,373,796	61,392,392	61,731,550	91,758,194	130,005,009
(change from last period)	(%)	1.5	68.8	0.6	48.6	41.7	
Total contribution	(JPY thousand)	29,134,389	53,096,413	53,096,413	82,465,438	120,367,271	
Dividend	Total distributions	(c) (JPY thousand)	901,431	1,956,146	2,295,069	3,790,905	4,359,527
	Dividend payout ratio	(Note 2) (%)	100.0	99.9	100.0	102.5	94.8
Information per Unit	Number of investment units Issued and outstanding	(d) (Units)	1,573,179	2,668,686	2,668,686	3,193,686	3,675,824
	Net assets per unit	(b) / (d) (JPY) (Note 3)	23,121	23,005	23,132	28,731	35,368
	Distributions per unit	(c) / (d) (JPY)	573	733	860	1,187	1,186
	(Distributions of earnings per unit)	(JPY)	573	733	860	948	1,125
(Distributions in excess of retained earnings per unit)	(JPY)	—	—	—	239	61	
Financial Measures	Return on assets	(Note 4) (%)	1.1	1.9	1.7	1.8	1.9
	(change over year)		2.3	3.7	3.5	3.6	3.7
	Return on equity	(Note 4) (%)	2.5	4.0	3.7	3.8	3.9
	(change over year)		5.0	7.9	7.5	7.6	7.9
Capital ratio	(b) / (a) (Note 4) (%)	45.9	47.1	45.3	49.4	45.8	
(change from last period)	(%)	0.6	1.2	(1.8)	4.1	(3.6)	
NOI (Net Operating Income)	(Note 4) (JPY thousand)	2,018,542	3,861,122	4,127,486	5,961,324	7,136,971	

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

- (Note 2) The “Dividend Payout Ratio” is calculated in accordance with the following formula:

$$\text{Dividend Payout Ratio} = \frac{\text{Distribution Amount (Distributions in excess of retained earnings)}}{\text{Net Income}} \times 100$$
“Dividend Payout Ratio” is rounded to one decimal place.
In addition, the Dividend Payout Ratio calculated with the following formula for the fiscal period ended June 30, 2016 is 99.9%:

$$\text{Dividend Payout Ratio} = \frac{\text{Distribution Amount (Including distributions in excess of retained earnings)}}{\text{Net Income}} \times 100$$
- (Note 3) Distributions per unit are rounded to the nearest unit.
- (Note 4) Published benchmarks are calculated as below, and ratios are rounded to one decimal place.

$$\text{Return on Assets} = \frac{\text{Ordinary Income}}{(\text{Total Assets at start of reporting period} + \text{Total Assets at end of reporting period}) / 2} \times 100$$

$$\text{Return on Equity} = \frac{\text{Net Income this period}}{(\text{Net Assets at start of reporting period} + \text{Net Assets at end of reporting period}) / 2} \times 100$$

$$\text{Capital Ratio} = \frac{\text{Net Assets at end of reporting period}}{\text{Total Assets at end of reporting period}} \times 100$$

$$\text{Rental NOI} = \text{Rental Revenue} - \text{Leasing Costs} + \text{Depreciation for fiscal period ended June 30, 2016}$$

2 Operating Conditions

(1) Main trends in the Investment Corporation

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

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

Ever since the commencement of sponsorship from the Fortress Group, INV focused its efforts on improving the profitability of its portfolio by establishing a revenue base in order to implement stable distributions. INV has also strengthened the lender formation through new borrowings, the refinancing of existing bank borrowings, and thereby has established a financial base for future external growth. With this platform as a base, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”) revised the Investment Guidelines for INV in June 2014, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of these external growth efforts, INV's portfolio as of the end of the previous period ended December 2015 comprised 111 properties (37 hotels, 66 residential properties and eight others) with a total acquisition value of JPY 173,815 million, and market capitalization of JPY 224,835 million. This represents a 2.4x increase in portfolio acquisition value and a 7.6x increase in market capitalization compared to May 22, 2014, the time immediately prior to INV's initial investment in hotels.

In the fiscal period ended June 2016 (the “Reporting Period”), INV acquired five hotels and one residential property on January 22, 2016 with funds raised through new loans. On March 10, 2016, INV conducted its third consecutive global public offering (the “Capital Increase”) in order to acquire four hotels and one residential property (the “Acquisition”) on March 31, 2016 with the funds raised through (i) the Capital Increase and (ii) new loans. In addition, INV acquired two additional hotels on June 15, 2016 with (a) the cash-on-hand raised through the Capital Increase and third-party allotment conducted in relation to the Capital increase and (b) new loans. As a result, INV's portfolio comprised 124 properties (48 hotels, 68 residential properties and eight others) with

a total acquisition value of JPY 266,619 million and a market capitalization of JPY 238,193 million as of the end of the Reporting Period.

With respect to financial management, taking advantage of the negative interest rate policy adopted by the Bank of Japan, INV executed interest rate swap agreements with regards to a part of its existing borrowings (the total notional principal of which is JPY 99,119 million) on March 4, 2016, with the aim to improve the financial stability through fixing interest rate. As a result, the ratio of fixed interest rate related to the borrowings of INV increased from 0% as of the end of the previous period to 69.8% as of the end of the Reporting Period.

In parallel with the acquisition of properties, on January 20, 2016 and March 10, 2016, INV added new properties to the properties subject to a Memorandum of Understanding (the "MOU") with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisition of hotels and residential properties, and thereby expanded a pipeline for further growth. As of the end of the Reporting Period, the properties of which INV has preferential negotiation rights regarding the acquisition under the MOU are 22 hotels (6,116 rooms) and nine residential properties (743 units), and they continue to provide INV with a great opportunity for external growth.

(2) Operational Environment and Performance

In the hotel segment, the Japanese government's promotion of tourism initiatives such as airport capacity expansion, the entry of LCC's into the Japanese market, and the relaxation of visa requirements for some Asian countries, coupled with macro structural changes such as a sharp increase in the number of cross-border travelers due to the global rise of the middle-income bracket, has led to a continued increase in the number of international visitors to Japan from China and Southeast Asian countries such as Thailand, Malaysia, the Philippines, Indonesia and Vietnam. This robust combination helped Japan log a record high of 19.737 million visitors in 2015 (47.1% increase from the 13.413 million visitors of the previous year), and the number of foreigners entering Japan exceeded the number of Japanese departing for the first time in 45 years. In the Reporting Period, regardless of the effect of the Kumamoto Earthquake and the development of yen appreciation, the number of foreigners entering Japan during the period from January to July of 2016 logged a record high of 14.010 million (+26.7% compared to the same period for the previous year), and demand in foreigners for accommodations continued to increase.

Regarding INV's hotels, in addition to the abovementioned external factors, the hotel operators adeptly captured inbound demand through strong revenue management techniques. 39 of the hotels owned by INV (Note 1) recorded ADR (Note 2) of JPY 9,148, RevPAR (Note 3) of JPY 8,213, and an occupancy rate (Note 4) of 89.8%. Among the 35 hotels (Note 5) in which a comparison can be made to the same period in the previous year, ADR was JPY 8,874 (+8.5%), RevPAR was JPY 7,896 (+6.9%) (Note 6), with an occupancy rate of 89.0% (-1.3 points). The ratio of overseas sales (Note 7) at the 35 hotels (Note 8) increased to 34.2% (+ 5.2 points compared to the same period for the previous year).

With respect to the residential portfolio, market rent trends for small-type city-center properties continue to improve. Under the positive circumstances in the macro environment, INV implemented a rent increase program for new leases and renewals as well as an initiative to reduce residential leasing costs based on a market analysis of each unit and property in 2014. As a result, in the Reporting Period, INV realized a rent increase for 49.0% of the new residential lease contracts or an average rent increase of 1.1% compared to the previous rent, and a rent increase for 42.4% of contract renewals or an average rent increase of 1.4% compared to the previous rent, while maintaining a high contract renewal rate of 83.6%. The average occupancy rate for the Reporting Period achieved a stable 95.7% (the average of 66 properties, excluding two properties acquired during the Reporting Period; the average occupancy rate including such two properties was 96.3%), and the average occupancy rate of 63 properties that can be compared to the same period for the

previous year (Note 9) increased 1.8%. The NOI (Note 10) for the 63 properties (Note 9) in which previous year comparisons can be made increased 5.1% compared to the same period for the previous year.

As a result, INV maintained a high average occupancy rate of 98.3% across the entire portfolio, and the NOI increased by 19.7% from the previous period to JPY 7,136 million.

As a result of the internal growth and the external growth through the acquisition of properties for the Reporting Period, the trends in the real estate investment and rental market, as well as the strong performance of the hotels, the total appraisal value at the end of the Reporting Period was JPY 323,291 million, an increase of JPY 108,339 million (+50.4%) over the previous period. The appraisal value of 111 properties held at the end of the previous period increased from JPY 214,952 million to JPY 229,296 million (+6.7%), and in particular, the appraisal value of the 37 hotels increased by JPY 13,718 million (+10.3%) year-on-year, significantly enhancing the overall portfolio asset value. The portfolio has an unrealized gain of JPY 61,819 million (Note 11) and an unrealized gain ratio of 23.6% (Note 11) were achieved.

(Note 1) Of the 48 acquired hotels, the following hotels on fixed rents are excluded: Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel.

(Note 2) “ADR” means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period.

(Note 3) “RevPar” means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates.

(Note 4) “Occupancy rates” are calculated in accordance with the following formula:

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

(Note 5) Hotel MyStays Haneda and Hotel MyStays Kanazawa, for which there are no performance figures in and prior to 2014, Hotel MyStays Shinsaibashi, which was not operated for a certain period due to renovation in 2015 (renovation period: from January 25 2015 through March 31, 2015), and Hotel MyStays Gotanda Station, which was not operated for a certain period due to renovation in 2015 (renovation period: from March 1, 2015 through November 24, 2015) are excluded, in addition to the properties excluded per Note 1.

(Note 6) The 34 properties excluded per Note 5 and Hotel MyStays Kanda, which underwent renovation for the period from May 20, 2016 through August 22, 2016, recorded an occupancy rate of 89.1% (-1.1 points compared to the same period for the previous year), ADR of JPY 8,876 (+8.7% compared to the same period for the previous year), and RevPAR of JPY 7,911 (+7.5% compared to the same period for the previous year).

(Note 7) Of the 48 acquired hotels, APA Hotel Yokohama-Kannai, Hotel Nets Hakodate, Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel, the tenants of which do not disclose the ratio of overseas sales; Hotel Mystays Gotanda Station, the prior operator of which did not calculate the ratio of overseas sales; and Hotel Epinard Nasu, the ratio of overseas sales of which has not been calculated for the period in and prior to May 2015, are excluded.

(Note 8) “Overseas sales ratio” is the ratio of sales amount through overseas web agents to revenues.

(Note 9) Of the 68 acquired residential properties, City Court Kitaichijo, Lieto Court Mukojima, Lieto Court Nishi-Ojima, Royal Parks Momozaka and Royal Parks Shinden, which were not held by INV in the same period in the previous year, are excluded.

(Note 10) For the comparison of NOI of the 63 properties, insurance payment as the temporary revenue and repair expenses and other expenses that correspond to the insurance payment are excluded.

(Note 11) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period

(3) Overview of Fund Raising

(i) Equity Finance

INV executed (i) a global public offering of investment units that closed on March 30, 2016 (number of new investment units issued: 459,512; total issue value: JPY 36,123 million) and (ii) a third-party allotment in conjunction with the global offering that closed on April 27, 2016, (number of new investment units issued: 22,626; total issue value: JPY 1,778 million), in order to procure part of the funds for the acquisition of four hotels and one residential property.

(ii) Debt Finance

INV implemented the borrowing of Term Loan (B) (amount borrowed: JPY 8,998 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.4%, 0.6% and 0.2%) from Sumitomo Mitsui Trust Bank, Limited and Mitsubishi UFJ Trust and Banking Corporation on January 22, 2016 for use as a portion of the funds and related expenses to acquire five hotels and one residential property.

In addition, INV introduced Development Bank of Japan Inc., as a new lender and implemented the borrowing of New Syndicate Loan (F) (amount borrowed: JPY 34,418 million; interest rate: variable interest rate of 1-month JPY TIBOR (Note 1) plus 0.4%, 0.5%, 0.6% and 0.2%) on March 31, 2016, with Mizuho Bank, Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Trust Bank, Limited. as arrangers, for use as portion of the funds and related expenses to acquire four hotels and one residential property, together with the equity finance described in (i) above.

On April 28, 2016, INV repaid a portion of New Syndicate Loan (E) in the amount of JPY 1,080 million that corresponds to the borrowings equivalent to the expected consumption tax refund (Note 2), using the consumption tax refunds from the 11 hotels acquired on July 16, 2015.

Furthermore, INV implemented the borrowing of Term Loan (C) (amount borrowed: JPY 3,882 million; interest rate: variable interest rate of 1-month JPY TIBOR (Note 1) plus 0.4%, 0.5%, 0.6% and 0.2%) from Citibank Japan Ltd. on June 15, 2016 for use as a portion of the funds and related expenses to acquire two hotels. Additionally, INV implemented the borrowing of Term Loan (D) (amount borrowed: JPY 4,000 million; interest rate: 1-month JPY TIBOR plus 0.4% and 0.6%) from Development Bank of Japan Inc. and AEON Bank, Ltd.

INV also fixed interest rates by executing interest rate swap agreements with regard to its existing borrowing totaling JPY 99,119 million under New Syndicate Loan (E), Term Loan (A) and a part of Term Loan (B), on March 4, 2016, in order to prepare for future increases in interest rates. Accordingly, INV pursued the improvement of the financial stability as the ratio of fixed interest rates for the total amount of interest-bearing liabilities of INV became 69.8%.

As a result of the above measures, INV's interest-bearing debt outstanding balance was JPY 141,917 million and the Loan-to-Value ratio was 48.7% (Note 3) as of the end of the Reporting Period and, the average interest rate was 0.50% (Note 4).

(Note 1) With respect only to the first interest calculation period, the 2-month JPY TIBOR.

(Note 2) Borrowings corresponding to the expected consumption tax refund mean the borrowings which will be prepaid in the amount equivalent to the refund of consumption tax and local tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings executed at the same time, in the case where the above-mentioned consumption tax refunds are received. The same shall apply hereinafter.

(Note 3) The calculation for the Loan-to-Value ratio uses the calculation formula below:

Loan-to-Value ratio = amount of interest-bearing debt (excluding JPY 3,498 million borrowings corresponding to the expected consumption tax refund) ÷ amount of total assets at end of the Reporting Period x 100

(Note 4) The average borrowing interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings, excluding borrowings corresponding to the expected consumption tax refund. In addition, the said rate is rounded to two decimal places.

(4) Overview of Acquisition of Assets

The overview of five hotels and one residential property acquired on January 22, 2016 is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller	Category of Specified Assets
Hotel	D38	Hotel MyStays Shinsaibashi	Osaka-shi, Osaka	3,160	3,190	Aki Tokutei Mokuteki Kaisha	Trust Beneficiary Interests
	D39	Comfort Hotel Kurosaki	Kitakyushu-shi, Fukuoka	1,148	1,160	Navaro Tokutei Mokuteki Kaisha	
	D40	Comfort Hotel Maebashi	Maebashi-shi, Gunma	1,128	1,140	Navaro Tokutei Mokuteki Kaisha	
	D41	Comfort Hotel Tsubame-Sanjo	Sanjo-shi, Niigata	1,010	1,020	Navaro Tokutei Mokuteki Kaisha	
	D42	Comfort Hotel Kitami	Kitami-shi, Hokkaido	851	860	Navaro Tokutei Mokuteki Kaisha	
Residential	A103	Royal Parks Momozaka	Osaka-shi, Osaka	2,910	2,940	Momo Tokutei Mokuteki Kaisha	
Total				10,207	10,310		

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

(Note 2) The appraisal value is based on that as of November 20, 2015 by reports of the Japan Real Estate Institute, Daiwa Real Estate Appraisal Co., Ltd. and Morii Appraisal & Investment Consulting, Inc.

The overview of four hotels and one residential property acquired on March 31, 2016 is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million)	Appraisal Value (JPY million) (Note 1)	Seller	Category of Specified Assets
Hotel	D43	Hotel MyStays Gotanda Station	Shinagawa -ku, Tokyo	24,674	24,800	Tsuki Tokutei Mokuteki Kaisha	Trust Beneficiary Interests
	D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	20,981	21,300	Septentrio Tokutei Mokuteki Kaisha Septentrio 2 Tokutei Mokuteki Kaisha Septentrio 3 Tokutei Mokuteki Kaisha	
	D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	8,059	81,000	Navaro Tokutei Mokuteki Kaisha	
	D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	7,959	8,000	Navaro Tokutei Mokuteki Kaisha	
Residential	A104	Royal Parks Shinden	Adachi-ku, Tokyo	5,024	5,100	Momo Tokutei Mokuteki Kaisha	
Total				66,697	67,300		

(Note 1) The appraisal value is based on that as of November 20, 2015, January 1, 2016 and January 31, 2016 by reports of Morii Appraisal & Investment Consulting, Inc.

The overview of two hotels acquired on June 15, 2016 is as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million)	Appraisal Value (JPY million) (Note 1)	Seller	Category of Specified Assets
Hotel	D47	Hotel MyStays Kanazawa	Kanazawa-shi, Ishikawa	13,761	13,900	Ginga Tokutei Mokuteki Kaisha	Trust Beneficiary Interests
	D48	Takamatsu Tokyu REI Hotel	Takamatsu -shi, Kagawa	2,139	2,160	Wakusei Tokutei Mokuteki Kaisha	
Total				15,900	16,060		

(Note 1) The appraisal value is based on that as of May 31, 2016 by reports of Morii Appraisal & Investment Consulting, Inc. and Daiwa Real Estate Appraisal Co., Ltd.

(e) Overview of Results of Operations and Distribution

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 1,294 million from the previous period (+18.9%) to JPY 8,158 million, and net income increased by JPY 1,410 million from the previous period (+47.8%) to JPY 4,363 million. DPU for the Reporting Period was JPY 1,186, a decrease of JPY 1 (-0.1%) compared to the same period for the previous year.

With respect to distributions, INV includes profit distributions in deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law. Profit distributions (not including distributions in excess of profit) declared for the six months ended June 30, 2016 were ¥4,135,302,000 which were all profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, except for fractional distribution per unit less than JPY 1. In addition, INV makes distributions in excess of profit considering the effect of items deducted from net assets and distributions in excess of retained earnings for the six months ended June 30, 2016 were ¥224,225,264, which corresponds to ¥227,532,553 of deferred losses on hedges at the end of Reporting Period divided by the number of outstanding units (except for fractional distribution per unit in excess of profit less than JPY 1). All of the distributions in excess of retained earnings for the six months ended June 30, 2016 amounting to ¥224,225,264 consist only of allowance for temporary difference adjustment. As a result, the distribution per unit for the Reporting Period is JPY 1,186.

In addition, INV has decided not to conduct the distribution in excess of retained earnings for the Reporting Period, which was announced in the release “Notice concerning Revision of Forecast of Financial Results and Distribution for the 26th Fiscal Period Ending June 2016 and the 27th Fiscal Period Ending December 2016” on March 10, 2016, since the sum of adjustment accounts has no discrepancy between tax and accounting profits which can incur taxation.

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 (JPY)		Reference
		Increase	Total	Increase	Total	
January 18, 2002	Private placement for incorporation	400	400	200,000,000	200,000,000	(Note 1)
December 26, 2003	Private placement	2,700	3,100	1,012,500,000	1,212,500,000	(Note 2)
January 9, 2004	Private Placement	1,350	4,450	506,250,000	1,718,750,000	(Note 2)
January 21, 2004	Private placement	1,333	5,783	499,875,000	2,218,625,000	(Note 2)
January 27, 2004	Private placement	267	6,050	100,125,000	2,318,750,000	(Note 2)
January 28, 2004	Private placement	800	6,850	300,000,000	2,618,750,000	(Note 2)
January 31, 2004	Private placement	266	7,116	99,750,000	2,718,500,000	(Note 2)
February 5, 2004	Private placement	800	7,916	300,000,000	3,018,500,000	(Note 2)
February 7, 2004	Private placement	1,333	9,249	499,875,000	3,518,375,000	(Note 2)
May 17, 2004	Public offering	9,000	18,249	3,377,250,000	6,895,625,000	(Note 3)
February 7, 2005	Public offering	10,650	28,899	3,937,667,100	10,833,292,100	(Note 4)
July 31, 2006	Public offering	25,000	53,899	8,301,125,000	19,134,417,100	(Note 5)
February 1, 2010	Unit split	215,596	269,495	—	19,134,417,100	(Note 6)
February 1, 2010	Merger	367,200	636,695	—	19,134,417,100	(Note 7)
July 29, 2011	Third-party allotment	711,597	1,348,292	6,999,979,689	26,134,396,789	(Note 8)
December 20, 2013	Third-party allotment	224,887	1,573,179	2,999,992,580	29,134,389,369	(Note 9)
July 16, 2014	Public offering	1,040,000	2,613,179	22,747,920,000	51,882,309,369	(Note 10)
August 13, 2014	Third-party allotment	55,507	2,668,686	1,214,104,611	53,096,413,980	(Note 11)
July 15, 2015	Public offering	500,000	3,168,686	27,970,500,000	81,066,913,980	(Note 12)
August 12, 2015	Third-party allotment	25,000	3,193,686	1,398,525,000	82,465,438,980	(Note 13)
March 30, 2016	Public offering	459,512	3,653,198	36,123,157,344	118,588,596,324	(Note 14)
April 27, 2016	Third-party allotment	22,626	3,675,824	1,778,675,112	120,367,271,436	(Note 15)

- (Note 1) The Investment Corporation was incorporated through a private placement at a price of JPY 500,000 per unit.
- (Note 2) New investment units were issued in a private placement at a price of JPY 375,000 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 JPY 395,000 per unit (JPY 375,250 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 JPY 385,140 per unit (JPY 369,734 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 JPY 348,740 per unit (JPY 332,045 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 JPY 9,837 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 JPY 13,340 JPY per unit to make repayment of existing debt, etc.
- (Note 10) New investment units were issued in a public offering at a price of JPY 22,688 per unit (JPY 21,873 after deducting the underwriters' discount) to raise funds for the acquisition of new properties.
- (Note 11) New investment units were issued in a third party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings.
- (Note 12) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to appropriate a portion of funds for the acquisition of new properties.
- (Note 13) New investment units were issued in a third party allotment at a price of JPY 55,941 per unit for the purpose of cash reserve to appropriate a portion of funds for the acquisition of properties in future.
- (Note 14) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.
- (Note 15) New investment units were issued in a third party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of properties.

Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period
Closing Month	June 2014	December 2014	June 2015	December 2015	June 2016
Highest	24,760	50,900	66,400	76,400	88,400
Lowest	16,740	23,020	44,500	57,900	61,100

4 Distribution Performance

With respect to distributions for the Reporting Period, it was determined to distribute all unappropriated retained earnings, excluding fractions of distribution per investment unit that are less than JPY 1, with the aim of having the maximum amount of profit distribution deducted as expenses based on application of the special taxation provisions (Article 67-15 of the Act on Special Measures Concerning Taxation). As a result, the distribution of earnings per unit for the Reporting Period was determined to be JPY 1,125.

In addition, in accordance with the distribution policy as set forth in Article 17, Paragraph 4 of the Articles of Incorporation, INV makes distributions in excess of retained earnings of the amount that it determines as the amount equivalent to items deducted from net assets (as set forth in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations), taking into consideration the effect of the items deducted from net assets on the distributions (the “Excess Profit Distribution”). For the Reporting Period, INV makes Distribution in excess of retained earnings of JPY 224 million out of deferred losses on hedges of JPY 227 million as allowance for temporary difference adjustment, and the distribution per unit of the allowance for temporary difference adjustment is JPY 61.

As a result, distribution per unit (including excess profit distribution) was determined to be JPY 1,186.

Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period
Calculated Period	Jan. 1, 2014 to Jun. 30, 2014	Jul. 1, 2014 to Dec. 31, 2014	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec. 31, 2015	Jan. 1, 2016 to Jun. 30, 2016
Total unappropriated retained earnings for period (JPY thousand)	974,975	2,031,546	2,370,704	3,028,323	4,363,420
Reserved profit (JPY thousand)	73,543	75,399	75,634	—	228,827
Total cash distribution (JPY thousand)	901,431	1,956,146	2,295,069	3,790,905	4,359,527
(Distribution per unit) (JPY)	573	733	860	1,187	1,186
Total profit distribution (JPY thousand)	901,431	1,956,146	2,295,069	3,027,614	4,135,302
(Profit distribution per unit) (JPY)	573	733	860	948	1,125
Total refund of investment (JPY thousand)	—	—	—	763,290	224,225
(Refund of investment per unit) (JPY)	—	—	—	239	61
Total distribution from the reserve for temporary difference adjustments out of total refund of investment (JPY thousand)	—	—	—	—	224,225
(Distribution of the reserve for temporary difference adjustments per unit out of refund of investment per unit) (JPY)	—	—	—	—	61
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	—	—	—	763,290	—
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	—	—	—	239	—

5 Future Operational Policy and Issues to be Addressed

Forecast for Next Period and Issues to be Addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU with the Fortress Group as its sponsor. Going forward, INV will implement various strategies to maintain further growth, including the following measures.

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

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

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

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

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties and other factors, and consider acquiring mainly small-type properties in large cities with strong competitiveness. In addition, INV will consider acquiring family-type properties in cases where it is determined by INV to be beneficial to portfolio diversification regarding residential properties.

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

Properties Acquired from affiliates of the Fortress Group

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties	JPY 14,043 million
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
Total	74 properties (of which 29 are residential and 45 are hotels)	JPY 197,458 million (of which residential: JPY 27,076 million; hotels: JPY 170,382 million)

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I and II. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 1,400. In order to ensure future growth options for the portfolio, INV entered into an updated MOU with the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 22 hotels and nine residential properties (see the table below) (Note 1). As a result of the acquisition of two properties as of June 15, 2016, the properties with preferential negotiation rights as of the date of this document are as set forth below.

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

No.	Asset Name	Asset Type (Note 6)	Location	No. of Rooms
1	Hotel MyStays Premier Akasaka	Limited Service Hotel	Minato-ku, Tokyo	327
2	Hotel MyStays Yokohama-Kannai (Note 2)	Limited Service Hotel	Yokohama-shi, Kanagawa	166
3	Rihga Royal Hotel Kyoto (Note 3)	Full Service Hotel	Kyoto-shi, Kyoto	489
4	Narita Excel Hotel Tokyu	Full Service Hotel	Narita-shi, Chiba	706
5	Art Hotels Sapporo	Full Service Hotel	Sapporo-shi, Hokkaido	418
6	Best Western Hotel Fino Sapporo	Limited Service Hotel	Sapporo-shi, Hokkaido	242
7	Best Western Hotel Fino Oita	Limited Service Hotel	Oita-shi, Oita	145
8	Hotel Naqua City Hirosaki	Full Service Hotel	Hirosaki-shi, Aomori	134
9	Beppu Kamenoi Hotel	Resort Hotel	Beppu-shi, Oita	322
10	Fusaki Resort Village	Resort Hotel	Ishigaki-shi, Okinawa	195
11	Sheraton Grande Tokyo Bay Hotel (Note 4)	Full Service Hotel	Urayasu-shi, Chiba	1,016
12	Hotel MyStays Shin-Osaka Conference Center	Limited Service Hotel	Osaka-shi, Osaka	397
13	Art Hotels Asahikawa	Full Service Hotel	Asahikawa-shi, Hokkaido	265
14	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa-shi, Ishikawa	206
15	Hotel JAL City Matsuyama	Full Service Hotel	Matsuyama-shi, Ehime	161
16	Hotel MyStays Ueno East	Limited Service Hotel	Taito-ku, Tokyo	150
17	(Provisional Name) Hotel MyStays Hommachi 3-chome (Note 5)	Limited Service Hotel	Osaka-shi, Osaka	120
18	Hotel MyStays Sapporo Nakajima Koen	Limited Service Hotel	Sapporo-shi, Hokkaido	86
19	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama-shi, Kanagawa	70
20	MyCUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	161
21	Art Hotels Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	120
22	Art Hotels Omori	Limited Service Hotel	Shinagawa-ku, Tokyo	220
Hotel Subtotal				6,116
23	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121
24	Plestay Win Kinshicho	Residential/Small Type	Sumida-ku, Tokyo	92
25	Gran Charm Kichijoji	Residential/Small Type	Musashino-shi, Tokyo	28
26	Green Patio Noda	Residential/Small Type	Noda-shi, Chiba	240
27	Dainichi F-45	Residential/Small Type	Urayasu-shi, Chiba	54
28	Gran Charm Urayasu	Residential/Small Type	Urayasu-shi, Chiba	54
29	Gran Charm Urayasu 5	Residential/Small Type	Urayasu-shi, Chiba	54
30	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa-shi, Chiba	52
31	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa-shi, Chiba	48
Residential Property Subtotal				743

(Note 1) The term of validity of the MOU is from March 10, 2016, the date of execution of the new MOU, to March 9, 2017. Regarding the 31 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 2) Hotel MyStays Yokohama-Kannai is scheduled to be completed in September 2016, and is scheduled to open in October 2016.

(Note 3) Rihga Royal Hotel Kyoto is scheduled to partially reopen on September 8, 2016 after renewal and fully reopen on November 1, 2016.

(Note 4) Extension work regarding the Annex site of Sheraton Grande Tokyo Bay Hotel is now underway and is scheduled to be completed in December 2016.

(Note 5) (Provisional Name) Hotel MyStays Hommachi 3-chome is scheduled to be completed in October 2017, and is scheduled to open in December 2017.

(Note 6) Each “Asset Type” above is as follows:

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

“Full Service Hotel” refers to a hotel having sections of stay, foods and beverages, and banquet.

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

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

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 48 hotels owned by INV as at the end of the Reporting Period, 39 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of the gross operating profit (GOP) after deducting management fees for the hotel operator as rent, and INV’s variable rent scheme is set up so that INV can directly enjoy the hotel revenue upside. For 33 hotels, MyStays Hotel Management Co., Ltd., a hotel operator in the sponsor group, has implemented strict revenue management seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

(Residential properties and others)

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV’s residential properties, while the fiscal period ending December 2016 is off-season for the residential rental market, INV will focus on increasing an occupancy rate, rent for new lease contracts as well as for lease renewals for each of its properties as well as formulating net leasing cost management policies in order to continue maximizing profits.

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

(iii) Financial strategy

INV has strengthened its lender formation via the new borrowings in conjunction with the public offering implemented in March 2016 and the new borrowings implemented in January 2016 and June 2016, to further stabilize its financial base. Going forward, INV will work on diversifying financing measures, including issuing investment corporation bonds, as well as obtaining a credit rating. Also, INV seeks to maximize unitholders’ value by way of lengthening and diversification of borrowing terms, further reduction of borrowing costs, solicitation of new financial institutions strengthening its lender formation.

(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

Borrowing of Funds

INV implemented the new borrowings described in the following table on July 20, 2016 for use as a portion of the fund and related expenses to acquire properties described in “(4) Overview of Acquisition of Assets” of “2. Operating Conditions” above.

Term Loan (E)

Lender	Borrowing Date	Borrowing Amount (mn JPY)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
The Tokyo Star Bank, Limited	July 20, 2016	700	Variable interest rate (Note 1)	July 20, 2019	Unsecured / non guarantee
	July 20, 2016	1,600	Variable interest rate (Note 2)	July 20, 2020	Unsecured / non guarantee
	July 20, 2016	1,700	Variable interest rate (Note 3)	July 20, 2021	Unsecured / non guarantee
Total		4,000			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.4%)

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.5%)

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.6%)

(Reference Information)

Loan Transfer with respect to Existing Loans

INV decided on July 15, 2016 to consent to the transfer of a portion of its existing loans from Mizuho Bank, Ltd. as follows.

- (i) Financial institution transferring INV’s loan:
Mizuho Bank, Ltd.
- (ii) Financial institution to which INV’s loan is transferred to:
Japan Post Bank Co., Ltd.
- (iii) Loan to be transferred:
A total amount of JPY 4,000 million of the New Syndicate Loan (F) as announced in the release “Notice concerning Debt Financing” on March 10, 2016, which is the sum of (a) JPY 2,000 million of the loan held by Mizuho Bank, Ltd. (original principal amount: JPY 4,465 million), out of the three-year loan amounting JPY 11,434 million and (b) JPY 2,000 million of the loan held by Mizuho Bank, Ltd. (original principal amount: JPY 4,465 million), out of the four-year loan amounting JPY 10,433 million
- (iv) Date of loan transfer agreement:
July 15, 2016
- (v) Date of transfer:
July 15, 2016

In addition, INV decided on July 27, 2016 to consent to the partial transfer of its existing loans from Mizuho Bank, Ltd. as follows.

- (i) Financial institution transferring INV's loans:
Mizuho Bank, Ltd.
- (ii) Financial institutions to which INV's loans are transferred to:
The Kagawa Bank, Ltd., The Shizuoka Bank, Ltd., The Hyakugo Bank, Ltd., and The Bank of Fukuoka, Ltd.
- (iii) Loans to be transferred:
A total amount of JPY 4,000 million of the New Syndicate Loan (F) as announced in the release "Notice concerning Debt Financing" on March 10, 2016. The breakdown of loans is as follows.
 - (a) The Kagawa Bank, Ltd.
The sum of (1) JPY 500 million of the loan held by Mizuho Bank, Ltd. (principal amount: JPY 2,465 million), out of the four-year loan amounting JPY 10,433 million and (2) JPY 500 million of the loan held by Mizuho Bank, Ltd. (principal amount: JPY 4,465 million), out of the five-year loan amounting JPY 10,433 million
 - (b) The Shizuoka Bank, Ltd.
JPY 1,000 million of the loan held by Mizuho Bank, Ltd. (principal amount: JPY 2,465 million), out of the three-year loan amounting JPY 11,434 million
 - (c) The Hyakugo Bank, Ltd.
JPY 1,000 million of the loan held by Mizuho Bank, Ltd. (principal amount: JPY 2,465 million), out of the four-year loan amounting JPY 10,433 million
 - (d) The Bank of Fukuoka, Ltd.
JPY 1,000 million of the loan held by Mizuho Bank, Ltd. (principal amount: JPY 4,465 million), out of the five-year loan amounting JPY 10,433 million
- (iv) Date of loan transfer agreements:
July 27, 2016
- (v) Date of transfer:
July 29, 2016

There is no change to the content of the loan agreements, including the loan terms and conditions due to the loan transfer.

As a result, the number of lenders has increased from 15 to 17 after the loan transfer above, and INV's lender formation has been further strengthened.

Overview of the Investment Corporation

1 Overview of Investment

By Period	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period
Results Dates	As of Jun. 30, 2014	As of Dec. 31, 2014	As of Jun. 30, 2015	As of Dec. 31, 2015	As of Jun. 30, 2016
Number of investment units authorized (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	1,573,179	2,668,686	2,668,686	3,193,686	3,675,824
Unitholders' equity (JPY million)	29,134	53,096	53,096	82,465	120,367
Number of total unitholders	10,005	12,148	10,731	10,587	12,135

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	16.59
The Master Trust Bank of Japan, Ltd. (trust account)	440,880	11.99
Japan Trustee Services Bank, Ltd. (trust account)	432,104	11.75
Trust & Custody Services Bank, Ltd. (securities investment trust account)	327,680	8.91
The Nomura Trust and Banking Co., Ltd. (investment trust account)	157,460	4.28
Rayo Godo Kaisha	149,925	4.07
STATE STREET BANK AND TRUST COMPANY 505225	77,714	2.11
STATE STREET BANK AND TRUST COMPANY	77,540	2.10
JP MORGAN CHASE BANK 385628	65,090	1.77
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	59,149	1.60
Total	2,397,484	65.22

(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 (JPY thousand)
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	--	31,700

(Note) 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.

Determination policy for dismissal or non-reappointment of Auditor

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

Matters Related to parties which have received Business suspension order within the past two years

The Auditor of INV received business suspension order from the Financial Services Agency on December 22, 2015 to suspend accepting new engagements for 3 months (from January 1, 2016, to March 31, 2016).

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

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

Delegation Category	Name
Asset management company	Consonant Investment Management Co., Ltd.
Asset custody company	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (institutional operations (Note 1) administration of 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)	Previous period (as of December 31, 2015)		Reporting period (as of June 30, 2016)	
			Amount Held (JPY million) (Note 2)	Ratio of Total Assets (%)	Amount Held (JPY million) (Note 2)	Ratio of Total Assets (%)
Real Estate	Residential	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Office/Retail	Greater Tokyo area	707	0.4	705	0.2
		Major regional cities	—	—	—	—
		Subtotal	707	0.4	705	0.2
	Hourly parking, etc.	Greater Tokyo area	100	0.1	100	0.0
		Major regional cities	—	—	—	—
		Subtotal	100	0.1	100	0.0
	Hotel	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
Total real estate			808	0.4	806	0.3
Real estate in trust	Residential	Greater Tokyo area	45,941	24.7	51,860	18.3
		Major regional cities	13,505	7.3	16,413	5.8
		Subtotal	59,446	32.0	68,274	24.0
	Office/Retail	Greater Tokyo area	7,037	3.8	7,023	2.5
		Major regional cities	5,877	3.2	5,828	2.1
		Subtotal	12,914	6.9	12,852	4.5
	Hourly parking, etc.	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Hotel	Greater Tokyo area	67,207	36.1	102,445	36.1
		Major regional cities	23,037	12.4	77,092	27.1
		Subtotal	90,245	48.5	179,537	63.2
Total Real Estate in Trust			162,606	87.5	260,664	91.7
Deposits and Other Assets			22,504	12.1	22,634	8.0
Total Assets (Note 3)			185,918 (163,414)	100.0 (87.9)	284,106 (261,471)	100.0 (92.0)

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

(Note 2) “Amount held” is from the balance sheet as of the end of the reporting period and is calculated by deducting 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 Total 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 (JPY million)	Leasable Area (m ²)	Leased Area (m ²)	Occupancy Rate (%) (Note)	Ratio of Rental Revenue (%)	Main Use
D43	Hotel MyStays Gotanda Station	24,686	8,752.42	8,752.42	100.0	3.1	Hotel
D44	Hotel Epinard Nasu	20,896	37,702.33	37,702.33	100.0	7.7	Hotel
D47	Hotel MyStays Kanazawa	13,776	13,250.03	13,250.03	100.0	0.6	Hotel
D21	APA Hotel Yokohama-Kannai	8,190	6,568.51	6,568.51	100.0	2.8	Hotel
D45	Hotel MyStays Fukuoka Tenjin	8,058	5,083.06	5,083.06	100.0	1.3	Hotel
D46	Hotel MyStays Hamamatsucho	7,961	1,951.90	1,951.90	100.0	0.9	Hotel
D24	Hotel MyStays Haneda	7,700	5,400.16	5,400.16	100.0	2.2	Hotel
A75	Spacia Ebisu	6,566	7,794.91	7,147.78	91.7	2.4	Residential
D03	Hotel MyStays Kyoto-shijo	5,862	7,241.51	7,241.51	100.0	4.4	Hotel
D25	Hotel MyStays Kameido P1	5,546	4,349.67	4,349.67	100.0	2.2	Hotel
Total		109,246	98,094.50	97,447.37	99.3	27.7	-

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

3 Asset Portfolio of Real Estate, etc.

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 June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,771.13	1,150	1,128
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest	2,681.94	1,270	1,095
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	993	831
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,110	990
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,370	1,383
A31	Harmonie Ochanomizu	2-5-5 Yushima, Bunkyo-ku, Tokyo	Trust beneficiary interest	1,748.24	1,320	1,357
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest	3,029.16	1,070	1,082
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	1,858.44	1,180	972
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,351.11	1,040	961
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,562.26	979	835
A36	Growth Maison Ikebukuro	3-31-14 Nishi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	952.89	878	757
A37	Growth Maison Yōga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest	1,015.34	703	752
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	641	643
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest	1,167.50	620	654

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	492	645
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest	1,210.74	716	551
A42	Capital Heights Kagurazaka	71-1 Enokicho, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,126.65	567	619
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest	1,047.75	534	564
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest	557.05	601	563
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	907.46	515	535
A46	Foros Nakamurabashi	1-6-6 Koyama, Nerima-ku, Tokyo	Trust beneficiary interest	815.77	565	524
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest	2,040.27	449	525
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest	871.35	536	463
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,090	2,355
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,032.70	3,850	3,071
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,400	1,886
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,780	1,346
A56	Casa Eremitaggio	1-14-15 Nakane, Meguro-ku, Tokyo	Trust beneficiary interest	1,197.19	1,050	967
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,050	827
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	705	553

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
A62	Lexel Mansion Ueno Matsugaya	3-10-2 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,969.45	1,170	870
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama -shi, Kanagawa	Trust beneficiary interest	3,426.36	1,350	1,022
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	549	398
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	446	292
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	260	234
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,150	875
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	593	451
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,200	1,001
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest	7,794.91	7,840	6,566
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	1,870	1,628
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,420	1,205
A78	Cosmo Court Motomachi	3-12-20 Motomachi Dori Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,070	927
A79	Revest Honjin	2-13 Torii Dori Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	785	642
A80	Revest Matsubara	3-13-12 Matsubara Naka-ku , Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	769	629
A81	Sun Terrace Minami Ikebukuro	2-22-6 Minami Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	898.70	709	605
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	715	580

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
A83	Revest Meieki Minami	2-13-33 Meiekiminami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	723	570
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	667	567
A85	Vendir Hamaotsu Ekimae	1-2-15 Hama Otsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	684	549
A86	Salvo Sala	2-6-21 Shimanouchi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	623	521
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	615	525
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	568	502
A89	Winntage Kobe Motomachi	7-2-2 Motomachi Dori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	601	487
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	568	442
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoin Dori Nijo Kudaru, Nakagyo-ku, Kyoto -shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	502	429
A92	Belair Oimachi	5-14-17 Higashi Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	490	400
A93	Siete Minami-Tsukaguchi	3-18 Minami Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	427	360
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori ,Chuo-ku, Kobe-shi Hyogo	Trust beneficiary interest	789.12	433	357
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	419	343
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawamachi Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	422	326
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	322	319
A98	Little River Honmachibashi	1-34 Honmachibashi Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	383	301

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi Higashi Nada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	337	284
A100	City Court Kitaichijo	1-6-3 Kitaichijohigashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	1,890	1,858
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,700	1,746
A102	Lieto Court Nishi-Ojima	2-41-14 Oshima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,700	1,685
A103	Royal Parks Momozaka	5-38, Fudegasaki-Chou, Tennouji-Ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	2,970	3,040
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,050	5,272
Subtotal				144,376.66	77,214	68,274
B8	Kindai Kagakusha Building	2-7-15, Ichigaya Tamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,451.54	1,040	1,217
B9	Shinjuku Island	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Real estate	526.43	537	705
B14	Lexington Plaza Nishigotanda	5-2-4 Nishigotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	6,033.58	4,030	4,705
B15	Cross Square NAKANO	5-24-18 Nakano, Nakano-ku, Tokyo	Trust beneficiary interest	2,145.00	945	1,100
B16	Ohki Aoba Building	9-7 Futsukacho, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	2,178.37	667	741
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,510	3,114
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,330	1,973
Subtotal				39,194.65	13,059	13,557
C1	Times Kanda-Sudacho4th	1-22-7, 1-22-15 Kanda sudacho, Chiyoda-ku, Tokyo	Real estate	81.04	113	100
Subtotal				81.04	113	100
D1	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	5,180	2,933

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
D2	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	5,520	2,572
D3	Hotel MyStays Kyoto-Shijo	52, Kasaboko-cho, Higashiiru, Aburanokoji, Shijo-dori, Shimogyo, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	13,900	5,862
D4	MyStays Shin-Urayasu Conference Center	2-1-4, Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,000	4,795
D5	Hotel MyStays Maihama	3-5-1, Tekko-dori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,550	4,752
D6	Hotel Vista Premio Dojima	2-4-1, Sonezakishinchi, Kita-ku, Osaka	Trust beneficiary interest	9,445.32	7,370	3,722
D7	Hotel MyStays Nagoya-Sakae	2-23-22, Higashisakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,660	2,824
D8	Hotel MyStays Sakaisuji-Honmachi	1-4-8, Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	8,440	2,456
D9	Hotel MyStays Yokohama	4-81, Sueyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,500	2,054
D10	Hotel MyStays Nippori	5-43-7, Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	3,760	1,852
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	4,170	1,537
D12	Flexstay Inn Iidabashi	3-26, Shin-Ogawa-cho, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,170	1,366
D13	Hotel MyStays Ueno Inaricho	1-5-7, Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,680	1,291
D14	Flexstay Inn Shinagawa	1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	2,120	1,226
D15	Flexstay Inn Tokiwadai	1-52-5, Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,300	1,234
D16	Flexstay Inn Sugamo	3-6-16, Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,160	1,165
D17	Hotel MyStays Otemae	1-3-2, Tokui-cho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	4,250	1,174

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16, Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,320	741
D19	Flexstay Inn Nakanobu P1	4-27-12, Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	837	581
D20	Flexstay Inn Nakanobu P2	4-27-8, Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	403	284
D21	APA Hotel Yokohama-Kannai	3-37-2, Sumiyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,500	8,190
D22	Hotel Nets Hakodate	26-17, Motomachi, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,360	2,735
D23	Flexstay Inn Shirogane	5-10-15, Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,260	2,113
D24	Hotel MyStays Haneda	5-1-13, Haneda, Ota-Ku, Tokyo	Trust beneficiary interest	5,400.16	8,480	7,700
D25	Hotel MyStays Kameido P1	6-32-1, Kameido, Koto-Ku, Tokyo	Trust beneficiary interest	4,349.67	7,040	5,546
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13, HigashiUeno, Taito-Ku, Tokyo	Trust beneficiary interest	2,247.92	4,520	3,790
D27	Hotel MyStays Kameido P2	6-7-8, Kameido, Koto-Ku, Tokyo	Trust beneficiary interest	2,793.99	4,720	3,702
D28	Hotel Vista Shimizu	1-23, Masagomachi, Shimizu-Ku, Shizuoka-shi, Sizuoka	Trust beneficiary interest	3,559.81	2,360	2,165
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4, Shinbashi, Minato-Ku, Tokyo	Trust beneficiary interest	1,403.89	1,800	1,623
D30	Flexstay Inn Higashi-Jujo	2-10-2, Nakajujo, Kita-Ku, Tokyo	Trust beneficiary interest	1,714.53	1,430	1,276
D31	Hotel MyStays Utsunomiya	2-4-1, Higashishukugo, Utsunomiya, Tochigi	Trust beneficiary interest	11,733.23	1,280	1,241
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2, Kaizuka, Kawasaki-Ku, Kanagawa	Trust beneficiary interest	1,190.57	1,150	969
D33	Comfort Hotel Toyama	1-3-2, Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,080	971

Name of Property		Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
D34	Flexstay Inn Kawasaki-Ogawacho	15-9, Ogawa-cho, Kawasaki-Ku, Kawasaki, Kanagawa	Trust beneficiary interest	725.60	1,030	901
D35	Flexstay Inn Ekoda	8-6, Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	5,220	5,028
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9, Akebono, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,210	1,165
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14, Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,200	1,128
D38	Hotel MyStays Shinsaibashi	1-9-30, Nishi-Shinsaibashi, Chuo-Ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	3,290	3,154
D39	Comfort Hotel Kurosaki	3-13-13, Kurosaki, Yahatanishi-Ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,180	1,147
D40	Comfort Hotel Maebashi	2-18-14, Omote-Cho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,150	1,154
D41	Comfort Hotel Tsubame-Sanjo	2-115, Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,040	1,014
D42	Comfort Hotel Kitami	3-4, Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	875	853
D43	Hotel MyStays Gotanda Station	2-6-8, Nishigotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	8,752.42	24,800	24,686
D44	Hotel Epinard Nasu	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	21,300	20,896
D45	Hotel MyStays Fukuoka Tenjin	3-5-7, Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,270	8,058
D46	Hotel MyStays Hamamatsucho	1-18-14, Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	8,010	7,961
D47	Hotel MyStays Kanazawa	2-13-1, Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	13,900	13,776
D48	Takamatsu Tokyu REI Hotel	9-9, Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,160	2,149
Subtotal				226,275.96	232,905	179,537

Name of Property	Location (Note 1)	Type of Ownership	Leasable Area (m ²)	Appraisal Value as of June 30, 2016 (JPY million) (Note 2)	Book Value (JPY million)
Total			409,928.31	323,291	261,471

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

Occupancy trends for the leasing operations of the properties that the Investment Corporation holds are as below.

Name of Property		25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)			
		Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)
A26	Nisshin Palacestage Daitabashi	1	96.1	39,112	0.6	1	97.0	39,605	0.5
A27	Nisshin Palacestage Higashi- Nagasaki	1	96.8	44,131	0.6	1	93.2	45,952	0.6
A28	Growth Maison Gotanda	1	100.0	27,351	0.4	1	100.0	27,349	0.3
A29	Growth Maison Kameido	1	97.0	33,293	0.5	1	95.5	34,404	0.4
A30	Emerald House	1	97.9	42,204	0.6	1	100.0	50,753	0.6
A31	Harmonie Ochanomizu	1	90.8	37,837	0.6	1	100.0	40,389	0.5
A32	Suncrest Shakujii-Koen	1	97.0	36,341	0.5	1	84.3	34,709	0.4
A33	Growth Maison Shin-Yokohama	1	97.2	35,887	0.5	1	89.7	34,823	0.4
A34	Belle Face Ueno-Okachimachi	1	100.0	30,622	0.4	1	98.3	33,342	0.4
A35	Grand Rire Kameido	1	100.0	26,619	0.4	1	100.0	26,619	0.3
A36	Growth Maison Ikebukuro	1	97.6	25,305	0.4	1	97.6	26,408	0.3
A37	Growth Maison Yoga	1	94.8	22,164	0.3	1	97.5	21,839	0.3
A38	Route Tachikawa	1	96.6	21,787	0.3	1	93.2	20,700	0.3
A39	Shibuya-Honmachi Mansion	1	96.4	20,262	0.3	1	95.9	20,473	0.3
A40	City Heights Kinuta	1	89.2	17,163	0.3	1	100.0	17,446	0.2
A41	Acseeds Tower Kawaguchi-Namiki	1	86.0	24,609	0.4	1	94.8	24,262	0.3
A42	Capital Heights Kagurazaka	1	97.2	18,605	0.3	1	97.2	18,752	0.2
A43	College Square Machida	1	100.0	17,484	0.3	1	100.0	17,484	0.2
A44	Belair Meguro	1	96.0	16,591	0.2	1	96.1	16,436	0.2
A45	Wacore Tsunashima I	1	91.9	18,189	0.3	1	98.0	18,466	0.2
A46	Foros Nakamurabashi	1	100.0	17,872	0.3	1	96.2	18,546	0.2
A47	Growth Maison Kaijin	1	96.7	22,357	0.3	1	97.7	21,918	0.3
A48	College Square Machiya	1	100.0	14,706	0.2	1	100.0	14,706	0.2
A51	City House Tokyo Shinbashi	1	98.6	91,326	1.3	1	96.1	90,692	1.1

Name of Property	25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)				
	Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)	
A52	Winbell Kagurazaka	1	98.3	102,344	1.5	1	98.6	107,429	1.3
A53	Nishiwaseda Crescent Mansion	1	97.5	70,527	1.0	1	100.0	72,347	0.9
A54	Lexington Square Akebonobashi	1	98.8	49,358	0.7	1	95.4	51,132	0.6
A56	Casa Eremitaggio	1	100.0	30,488	0.4	1	100.0	31,694	0.4
A59	Towa City Coop Shinotsuka II	1	96.4	33,697	0.5	1	97.6	35,168	0.4
A61	Bichsel Musashiseki	1	97.1	24,129	0.4	1	95.7	24,923	0.3
A62	Lexel Mansion Ueno Matsugaya	1	100.0	34,353	0.5	1	100.0	46,988	0.6
A63	Towa City Coop Sengencho	1	93.1	54,348	0.8	1	91.1	59,002	0.7
A64	Royal Park Omachi	1	98.3	25,904	0.4	1	96.7	26,051	0.3
A65	Lexington Square Haginomachi	1	92.6	17,373	0.3	1	100.0	17,646	0.2
A66	Visconti Kakuozan	1	86.3	9,620	0.1	1	100.0	10,533	0.1
A71	Lexington Square Daitabashi	1	90.1	31,704	0.5	1	97.2	29,731	0.4
A72	Lexington Square Honjo Azumabashi	1	97.0	17,679	0.3	1	94.1	17,760	0.2
A73	AMS TOWER Minami 6-Jo	1	94.3	46,125	0.7	1	87.6	47,964	0.6
A75	Spacia Ebisu	1	95.6	203,351	3.0	1	91.7	199,105	2.4
A76	Neo Prominence	1	96.6	63,002	0.9	1	96.2	65,593	0.8
A77	Invoice Shin-Kobe Residence	1	94.9	46,814	0.7	1	98.2	49,993	0.6
A78	Cosmo Court Motomachi	1	96.2	37,098	0.5	1	96.3	37,778	0.5
A79	Revest Honjin	1	98.8	31,945	0.5	1	97.5	31,265	0.4
A80	Revest Matsubara	1	93.1	28,756	0.4	1	88.7	28,956	0.4
A81	Sun Terrace Minami Ikebukuro	1	97.4	22,630	0.3	1	100.0	23,817	0.3
A82	Alba Noritake Shinmachi	1	91.0	25,999	0.4	1	97.2	26,647	0.3
A83	Revest Meieki Minami	1	100.0	26,282	0.4	1	96.6	26,539	0.3
A84	Revest Heian	1	100.0	23,297	0.3	1	100.0	24,076	0.3
A85	Vendir Hamaotsu Ekimae	1	88.4	30,247	0.4	1	95.3	33,371	0.4
A86	Salvo Sala	1	98.0	24,735	0.4	1	100.0	25,795	0.3

Name of Property		25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)			
		Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)
A87	Excellente Kagurazaka	1	91.2	18,265	0.3	1	97.1	17,871	0.2
A88	Luna Court Edobori	1	96.0	20,341	0.3	1	96.0	21,499	0.3
A89	Winntage Kobe Motomachi	1	85.9	22,271	0.3	1	86.0	21,396	0.3
A90	Queen's Court Fukuzumi	1	95.9	17,033	0.2	1	93.1	17,240	0.2
A91	Corp Higashinotoin	1	97.9	17,945	0.3	1	90.8	17,464	0.2
A92	Belair Oimachi	1	96.4	14,857	0.2	1	100.0	15,582	0.2
A93	Siete Minami-Tsukaguchi	1	95.0	16,431	0.2	1	97.5	16,684	0.2
A94	Prime Life Sannomiya Isogami Koen	1	100.0	14,943	0.2	1	93.8	15,129	0.2
A95	HERMITAGE NANBA WEST	1	91.2	15,790	0.2	1	100.0	14,372	0.2
A96	Century Park Shinkawa 1-bankan	1	91.0	16,411	0.2	1	95.4	17,500	0.2
A97	West Avenue	1	80.0	10,366	0.2	1	85.0	11,037	0.1
A98	Little River Honmachibashi	1	100.0	13,332	0.2	1	100.0	13,951	0.2
A99	Prime Life Mikage	1	100.0	12,003	0.2	1	96.7	12,143	0.1
A100	City Court Kitaichijo	1	96.6	59,410	0.9	1	95.7	66,535	0.8
A101	Lieto Court Mukojima	1	97.6	47,395	0.7	1	96.8	53,918	0.7
A102	Lieto Court Nishi-Ojima	1	100.0	44,694	0.7	1	98.0	48,584	0.6
A103	Royal Parks Momozaka (Note 4)	-	-	-	-	4	100.0	124,216	1.5
A104	Royal Parks Shinden (Note 5)	-	-	-	-	4	100.0	108,933	1.3
Subtotal		66	95.9	2,175,138	31.7	74	96.4	2,481,468	30.4
B8	Kindai Kagakusha Building	1	100.0	38,433	0.6	1	100.0	37,069	0.5
B9	Shinjuku Island	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
B14	Lexington Plaza Nishigotanda	7	100.0	150,219	2.2	7	100.0	149,977	1.8
B15	Cross Square NAKANO	1	79.1	36,311	0.5	1	84.1	39,416	0.5
B16	Ohki Aoba Building	1	100.0	39,494	0.6	1	83.6	39,081	0.5
B17	Lexington Plaza Hachiman	1	100.0	166,052	2.4	1	98.8	163,598	2.0
B18	AEON TOWN Sukagawa	1	100.0	142,027	2.1	1	100.0	142,027	1.7

Name of Property		25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)			
		Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)
Subtotal		13	98.9	589,738	8.6	13	98.0	588,368	7.2
C1	Times Kanda-Sudacho4th	1	100.0	2,700	0.0	1	100.0	2,700	0.0
Subtotal		1	100.0	2,700	0.0	1	100.0	2,700	0.0
D1	Hotel MyStays Kanda	1	100.0	117,428	1.7	1	100.0	88,987	1.1
D2	Hotel MyStays Asakusa	1	100.0	142,768	2.1	1	100.0	128,239	1.6
D3	Hotel MyStays Kyoto-Shijo	1	100.0	370,894	5.4	1	100.0	358,013	4.4
D4	MyStays Shin-Urayasu Conference Center	1	100.0	217,548	3.2	1	100.0	179,110	2.2
D5	Hotel MyStays Maihama	1	100.0	188,788	2.8	1	100.0	148,450	1.8
D6	Hotel Vista Premio Dojima	1	100.0	216,812	3.2	1	100.0	206,141	2.5
D7	Hotel MyStays Nagoya-Sakae	1	100.0	201,397	2.9	1	100.0	180,607	2.2
D8	Hotel MyStays Sakaisuji-Honmachi	1	100.0	240,538	3.5	1	100.0	194,326	2.4
D9	Hotel MyStays Yokohama	1	100.0	134,323	2.0	1	100.0	111,541	1.4
D10	Hotel MyStays Nippori	1	100.0	83,977	1.2	1	100.0	72,466	0.9
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	125,043	1.8	1	100.0	110,274	1.4
D12	Flexstay Inn Iidabashi	1	100.0	59,153	0.9	1	100.0	52,789	0.6
D13	Hotel MyStays Ueno Inaricho	1	100.0	61,488	0.9	1	100.0	53,901	0.7
D14	Flexstay Inn Shinagawa	1	100.0	56,956	0.8	1	100.0	48,453	0.6
D15	Flexstay Inn Tokiwadai	1	100.0	69,464	1.0	1	100.0	64,932	0.8
D16	Flexstay Inn Sugamo	1	100.0	57,405	0.8	1	100.0	55,657	0.7
D17	Hotel MyStays Otemae	1	100.0	121,301	1.8	1	100.0	137,938	1.7
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	43,269	0.6	1	100.0	40,024	0.5
D19	Flexstay Inn Nakanobu P1	1	100.0	24,491	0.4	1	100.0	22,914	0.3
D20	Flexstay Inn Nakanobu P2	1	100.0	13,100	0.2	1	100.0	12,159	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	236,234	3.4	1	100.0	231,479	2.8
D22	Hotel Nets Hakodate	1	100.0	124,347	1.8	1	100.0	110,080	1.3

	Name of Property	25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)			
		Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)
D23	Flexstay Inn Shirogane	1	100.0	57,114	0.8	1	100.0	58,122	0.7
D24	Hotel MyStays Haneda	1	100.0	204,721	3.0	1	100.0	177,466	2.2
D25	Hotel MyStays Kameido P1	1	100.0	182,201	2.7	1	100.0	176,496	2.2
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	121,374	1.8	1	100.0	106,248	1.3
D27	Hotel MyStays Kameido P2	1	100.0	125,072	1.8	1	100.0	123,608	1.5
D28	Hotel Vista Shimizu	1	100.0	81,760	1.2	1	100.0	67,741	0.8
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	36,303	0.5	1	100.0	39,426	0.5
D30	Flexstay Inn Higashi-Jujo	1	100.0	45,317	0.7	1	100.0	40,114	0.5
D31	Hotel MyStays Utsunomiya	1	100.0	110,292	1.6	1	100.0	77,939	1.0
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	35,764	0.5	1	100.0	31,955	0.4
D33	Comfort Hotel Toyama	1	100.0	33,030	0.5	1	100.0	35,928	0.4
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	31,266	0.5	1	100.0	29,136	0.4
D35	Flexstay Inn Ekoda	1	100.0	84,916	1.2	1	100.0	113,216	1.4
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	21,704	0.3	1	100.0	31,787	0.4
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	18,623	0.3	1	100.0	27,275	0.3
D38	Hotel MyStays Shinsaibashi (Note 4)	-	-	-	-	1	100.0	84,282	1.0
D39	Comfort Hotel Kurosaki (Note 4)	-	-	-	-	1	100.0	33,616	0.4
D40	Comfort Hotel Maebashi (Note 4)	-	-	-	-	2	100.0	38,901	0.5
D41	Comfort Hotel Tsubame-Sanjo (Note 4)	-	-	-	-	2	100.0	31,003	0.4
D42	Comfort Hotel Kitami (Note 4)	-	-	-	-	1	100.0	26,879	0.3
D43	Hotel MyStays Gotanda Station (Note 5)	-	-	-	-	1	100.0	254,397	3.1
D44	Hotel Epinard Nasu (Note 5)	-	-	-	-	1	100.0	627,563	7.7
D45	Hotel MyStays Fukuoka Tenjin (Note 5)	-	-	-	-	1	100.0	109,967	1.3
D46	Hotel MyStays Hamamatsucho (Note 5)	-	-	-	-	1	100.0	77,364	0.9

Name of Property	25th Fiscal Period (July 1, 2015 to December 31, 2015)				26th Fiscal Period (January 1, 2016 to June 30, 2016)			
	Number of Tenants (at end of period) (unit)	Occupancy Rate (at end of period) (%) (Note 1)	Rental Revenue (during period) (JPY thousand) (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) (JPY thousand) (Note 2)	Ratio of Rental Revenue (%)
D47	Hotel MyStays Kanazawa (Note 6)	-	-	-	1	100.0	49,162	0.6
D48	Takamatsu Tokyu REI Hotel (Note 6)	-	-	-	3	100.0	7,591	0.1
Subtotal		37	100.0	4,096,198	52	100.0	5,085,683	62.3
Total		117	98.2	6,863,775	140	98.5	8,158,220	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 acquired on January 22, 2016, the calculation period of the rental revenue of the relevant property for the Reporting Period was set for the period commenced on January 22, 2016 and ended on June 30, 2016.

(Note 5) Since the property was acquired on March 31, 2016, the calculation period of the rental revenue of the relevant property for the Reporting Period was set for the period commenced on March 31, 2016 and ended on June 30, 2016.

(Note 6) Since the property was acquired on June 15, 2016, the calculation period of the rental revenue of the relevant property for the Reporting Period was set for the period commenced on June 15, 2016 and ended on June 30, 2016.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

N/A

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

N/A

6 Status of Contract Amount and Fair Value of Specified Transaction

As of June 30, 2016, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

Method of hedge accounting	Derivative transaction type, etc.	Contractual amount, etc. (Note 1)		Fair value (Note 2)
			Amounts due after one year	
Standard method of treatment	Interest rate swap Receive floating rate/pay fixed rate	99,119,000	99,119,000	(227,532)

(Note 1) The contractual amount, etc. are stated based on a notional principal.

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

7 Status of Other Assets

Trust beneficiary interests in real estate and real estate held in trust are listed together in the “3 Asset Portfolio of Real Estate, etc.” and “6 Status of Contract Amount and Fair Value of Specified Transaction” 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 and 6.

8 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 (JPY thousand)			
				Total	Payment for the Fiscal Period ended June 30, 2016	Advance Payments	
D01	Hotel MyStays Kanda	Chiyoda Ward, Tokyo	Renovation work	From January 2016 to December 2016	125,000	-	-
A53	Nishiwaseda Crescent Mansion	Shinjuku Ward, Tokyo	Outer wall repair work	From July 2016 to December 2016	90,000	-	-
A75	Spacia Ebisu	Shibuya Ward, Tokyo	Entrance area improvement work	From July 2016 to December 2016	53,900	-	-
A62	Lexel Mansion Ueno Matsugaya	Taito Ward, Tokyo	Exterior wall repair work	From July 2016 to December 2016	39,500	-	-

2 Capital expenditures for the fiscal period ended June 30, 2016

The principal construction constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2016 is as follows. Capital expenditures for the fiscal period was JPY 438,859 thousand, and together with JPY 30,405 thousand of repair cost included in this fiscal period's expenses, construction work totaling JPY 469,265 thousand was implemented.

Name of Property	Location	Purpose	Time of Implementation	Payment (JPY thousand)	
D01	Hotel MyStays Kanda	Chiyoda Ward, Tokyo	Renovation work	From January 2016 to June 2016	125,000
D12	Flexstay Inn Iidabashi	Shinjuku Ward, Tokyo	Installation of additional steel-frame staircases	From January 2016 to June 2016	9,250
D02	Hotel MyStays Asakusa	Sumida Ward, Tokyo	Replacement of automatic fire alarm system	From January 2016 to June 2016	7,600
A53	Nishiwaseda Crescent Mansion	Shinjuku Ward, Tokyo	Replacement of intercom system	From January 2016 to June 2016	5,800
B16	Ohki Aoba Building	Sendai City, Miyagi	Maintenance work on parking lot equipment	From January 2016 to June 2016	5,000
Other construction					286,209
Total					438,859

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	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period	26th Fiscal Period
	From January 1, 2014 to June 30, 2014	From July 1, 2014 to December 31, 2014	From January 1, 2015 to June 30, 2015	From July 1, 2015 to December 31, 2015	From January 1, 2016 to June 30, 2016
Reserved funds at beginning of period	JPY 524,730 thousand	JPY 579,682 thousand	JPY 738,365 thousand	JPY 852,699 thousand	JPY 982,750 thousand
Amount reserved (Note)	JPY 199,177 thousand	JPY 268,495 thousand	JPY 283,147 thousand	JPY 352,490 thousand	JPY 543,275 thousand
Amount reversed (Note)	JPY 144,225 thousand	JPY 109,812 thousand	JPY 168,813 thousand	JPY 222,439 thousand	JPY 222,339 thousand
Amount carried over for next fiscal period	JPY 579,682 thousand	JPY 738,365 thousand	JPY 852,699 thousand	JPY 982,750 thousand	JPY 1,303,685 thousand

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

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

Item	25th Fiscal Period	26th Fiscal Period
	July 1, 2015 to December 31, 2015	January 1, 2016 to June 30, 2016
(a) Asset management fees	180,000	250,000
(b) Asset custody fees	6,794	9,128
(c) Administrative services fees	25,170	24,010
(d) Directors' compensation	4,800	4,800
(e) Other	99,736	98,390
Total	316,501	386,329

2 Borrowing Conditions

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

	Type	Borrowing Date	Balance at Beginning of Reporting Period (JPY thousand)	Balance at End of Reporting Period (JPY thousand)	Average Interest Rate (%) (Note 1)	Repayment Date	Payment Method	Purpose	Notes
	Lender								
Short-term loan	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	360,000	-	0.302	May 16, 2016	(Note 3) (Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		360,000	-					
	Mizuho Bank, Ltd.		360,000	-					
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	-	498,000	0.276	Jan. 22, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 31, 2016	-	604,000	0.247	Mar. 30, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	826,000					
	Sumitomo Mitsui Trust Bank, Limited		-	688,000					
Citibank Japan Ltd.	Jun. 15, 2016	-	882,000	0.252	Jun. 15, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			1,080,000	3,498,000					
Long-term loan	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.375	Jul. 16, 2018	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					

Type	Borrowing Date	Balance at Beginning of Reporting Period (JPY thousand)	Balance at End of Reporting Period (JPY thousand)	Average Interest Rate (%) (Note 1)	Repayment Date	Payment Method	Purpose	Notes	
									Lender
Long-term loan		-	850,000						
	Mitsubishi UFJ Trust and Banking Corporation								
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	-	3,400,000	0.600	Jan. 22, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Mitsubishi UFJ Trust and Banking Corporation		-	850,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	-	4,465,000	0.447	Mar. 30, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		-	2,181,000					
	Mitsubishi UFJ Trust and Banking Corporation		-	650,000					
	Shinsei Bank, Limited		-	570,000					
	Resona Bank, Limited		-	570,000					
	Development Bank of Japan, Inc.		-	1,000,000					
	The Bank of Fukuoka, Ltd.		-	333,000					
	The Shizuoka Bank, Ltd.		-	270,000					
	The Nomura Trust and Banking Company, Limited		-	270,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	-	4,465,000	0.547	Mar. 30, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		-	2,180,000					
	Mitsubishi UFJ Trust and Banking Corporation		-	650,000					
	Shinsei Bank, Limited		-	570,000					
	Resona Bank, Limited		-	570,000					
The Bank of Fukuoka, Ltd.	-		333,000						
The Shizuoka Bank, Ltd.	-		270,000						

Type	Lender	Borrowing Date	Balance at Beginning of Reporting Period (JPY thousand)	Balance at End of Reporting Period (JPY thousand)	Average Interest Rate (%) (Note 1)	Repayment Date	Payment Method	Purpose	Notes
Long-term loan	The Nomura Trust and Banking Company, Limited		-	270,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	-	4,465,000	0.647	Mar. 30, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		-	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		-	2,180,000					
	Mitsubishi UFJ Trust and Banking Corporation		-	650,000					
	Shinsei Bank, Limited.		-	570,000					
	Resona Bank, Limited		-	570,000					
	The Bank of Fukuoka, Ltd.		-	333,000					
	The Shizuoka Bank, Ltd.		-	270,000					
	The Nomura Trust and Banking Company, Limited		-	270,000					
	Citibank Japan Ltd.		Jun. 15, 2016	-					
	Citibank Japan Ltd.	Jun. 15, 2016	-	1,000,000	0.552	Jun. 15, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Citibank Japan Ltd.	Jun. 15, 2016	-	1,000,000	0.652	Jun. 15, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.	Jun. 30, 2016	-	1,000,000	0.434	Jun. 30, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jun. 30, 2016	-	3,000,000	0.634	Jun. 30, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
Subtotal			90,619,000	138,419,000					
Total			91,699,000	141,917,000					

(Note 1) Average interest rate is the daily weighted average number of the period according to the number of days, and is rounded to three decimal places. In regards to borrowings with respect to which interest rate swap transactions are entered into for the purpose of avoiding risk from interest rate fluctuation, interest rates reflecting the interest rate swap are shown.

(Note 2) The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interests and to prepay the borrowings.

(Note 3) INV repaid the portion of the principal (JPY 1,080 million) accompanied with the receipt of consumption tax refund on April 28, 2016.

(Note 4) The balance at the end of the period will be repaid in full on the repayment date

3 Investment Corporation Bonds

N/A

4 Short-Term Investment Corporation Bonds

N/A

5 Investment Unit Options

N/A

Acquisitions and Sales for the Fiscal Period Ended June 30, 2015

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

Name of Property		Acquisition	
		Date	Price (JPY thousand)
A103	Royal Parks Momozaka	Jan. 22, 2016	2,910,000
A104	Royal Parks Shinden	Mar. 31, 2016	5,024,000
D38	Hotel MyStays Shinsaibashi	Jan. 22, 2016	3,160,000
D39	Comfort Hotel Kurosaki	Jan. 22, 2016	1,148,000
D40	Comfort Hotel Maebashi	Jan. 22, 2016	1,128,000
D41	Comfort Hotel Tsubame-Sanjo	Jan. 22, 2016	1,010,000
D42	Comfort Hotel Kitami	Jan. 22, 2016	851,000
D43	Hotel MyStays Gotanda Station	Mar. 31, 2016	24,674,000
D44	Hotel Epinard Nasu	Mar. 31, 2016	20,981,000
D45	Hotel MyStays Fukuoka Tenjin	Mar. 31, 2016	8,059,000
D46	Hotel MyStays Hamamatsucho	Mar. 31, 2016	7,959,000
D47	Hotel MyStays Kanazawa	Jun. 15, 2016	13,761,000
D48	Takamatsu Tokyu REI Hotel	Jun. 15, 2016	2,139,000
Total			92,804,000

(Note) Acquisition price does not include various costs (brokerage commissions, taxes and other public dues) required for acquisition or transfer of the property, and indicate as stated in the purchase and sale agreement.

2 Acquisitions and Sales of Other Assets

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

3 Transaction Price Verifications

(1) Real Estate

Acquisition / Sale	Name of Property		Specified Assets Type	Transaction Date	Acquisition / or Disposal Price (JPY thousand)	Real Estate Appraisal Value (JPY thousand)	Name of Appraiser	Date of Appraisal
Acquisition	A103	Royal Parks Momozaka	trust beneficiary interests	Jan. 22, 2016	2,910,000	2,940,000	Morii Appraisal & Investment Consulting Inc.	Nov. 20, 2015
	D38	Hotel MyStays Shinsaibashi			3,160,000	3,190,000	Japan Real Estate Institute	
	D39	Comfort Hotel Kuroasaki			1,148,000	1,160,000	Daiwa Real Estate Appraisal Co., Ltd.	
	D40	Comfort Hotel Maebashi			1,128,000	1,140,000		
	D41	Comfort Hotel Tsubame-Sanjo			1,010,000	1,020,000		
	D42	Comfort Hotel Kitami			851,000	860,000		
	A104	Royal Parks Shinden		5,024,000	5,100,000	Morii Appraisal & Investment Consulting Inc.	Jan. 1, 2016	
	D43	Hotel MyStays Gotanda Station		24,674,000	24,800,000		Jan. 31, 2016	
	D44	Hotel Epinard Nasu		20,981,000	21,300,000		Jan. 1, 2016	
	D45	Hotel MyStays Fukuoka Tenjin		8,059,000	8,100,000		Daiwa Real Estate Appraisal Co., Ltd	
	D46	Hotel MyStays Hamamatsucho		7,959,000	8,000,000			
	D47	Hotel MyStays Kanazawa		13,761,000	13,900,000			
	D48	Takamatsu Tokyu REI Hotel		2,139,000	2,160,000			May. 31, 2016

(Note 1) Acquisition price does not include various costs (brokerage commissions, taxes and other public dues) required for acquisition of the property, and indicate as stated in the purchase and sale agreement.

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

(2) Others

As for transactions conducted by INV other than the transactions stated above “Real Estates” that require verification of value, etc. of specified assets pursuant to Article 201 of the Investment Trust Act, INV entrusts the inspection to Akasaka Audit LLC

During the 26th fiscal period (from January 1, 2016 to June 30, 2016), six interest rate swap transactions were subject to such verification, and INV has received the reports from Akasaka Audit LLC. As for the inspection, INV entrusted the inspection on name of counterparty of the transactions, contract interest rate, transaction period, type of financial instruments or financial index, notional principal amount and other matters related to the interest rate swap transaction.

4 Transactions with Interested Parties

(1) Transactions

N/A

(2) Commissions Paid

N/A

5 Transactions between the Asset Manager and Its Other Businesses

As the Asset Manager (Consonant Investment Management Co., Ltd.) does not engage in any other business, such as the 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

N/A

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

N/A

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

N/A

Other

1 Notice

Board of Directors of Investment Corporation

Of the execution and amendment of the principal agreement approved by the Board of Directors of the Investment Corporation in the fiscal period ended June 30, 2016, principal summary is as follows.

Approval Date	Proposal	Overview
March 10, 2016	Conclusion of the Underwriting Agreement related to the issuance of new investment units etc.	INV approved that INV would entrust underwriters (Note) with the service related to the issuance of new investment units through public offering and secondary offering of investment units which were approved at meetings of the board of directors of INV held on March 10, 2016.

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

2 Disclosure of companies owing real estate overseas

N/A

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

N/A

4 Risk Factors

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

Property and Business Risks

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

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

Management and Governance Risks

- Our success depends on the performances of service providers to which we are required to assign various key functions.
- There are potential conflicts of interest between us and certain Fortress Group affiliates or Fortress Group-related companies including the Asset Manager, MyStays Hotel Management and Naqua Hotels & Resorts 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 2018.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Acquisition of properties for which third parties hold leasehold interests in the land and own the buildings may subject us to various risks.
- Our leasehold interests may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- We 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: JPY thousand)

		Fiscal Period ended December 31, 2015 (Reference) (as of December 31, 2015)	Fiscal Period ended June 30, 2016 (as of June 30, 2016)
Assets			
Current assets:			
Cash and bank deposits	※1	7,885,398	11,322,762
Cash and bank deposits in trust	※1	5,933,582	5,441,316
Accounts receivable		124	201
Rental receivables		1,069,352	1,375,846
Prepaid expenses		241,931	394,524
Consumption taxes receivable		928,025	2,672,787
Other		35	35
Allowance for doubtful accounts		(2,494)	(2,764)
Total current assets		16,055,955	21,204,709
Non-current assets:			
Property and equipment			
Buildings, at cost	※1	85,914	85,914
Accumulated depreciation		(9,407)	(9,948)
Buildings, net		76,507	75,965
Buildings and accompanying facilities, at cost	※1	38,862	38,862
Accumulated depreciation		(20,593)	(21,375)
Buildings and accompanying facilities, net		18,268	17,487
Structures, at cost	※1	2,779	2,779
Accumulated depreciation		(1,335)	(1,401)
Structures, net		1,443	1,377
Land	※1	711,834	711,834
Buildings in trust, at cost	※1	65,882,282	101,837,752
Accumulated depreciation		(4,510,729)	(5,539,382)
Buildings in trust, net		61,371,553	96,298,370
Buildings and accompanying facilities in trust, at cost	※1	15,364,500	23,193,164
Accumulated depreciation		(3,006,062)	(3,592,722)
Buildings and accompanying facilities in trust, net		12,358,438	19,600,442
Structures in trust, at cost	※1	327,632	336,691
Accumulated depreciation		(138,040)	(147,949)
Structures in trust, net		189,591	188,742
Tools, furniture and fixtures in trust, at cost	※1	401,404	500,608
Accumulated depreciation		(150,073)	(179,738)
Tools, furniture and fixtures in trust, net		251,331	320,869
Land in trust	※1	88,435,785	135,384,518
Construction in progress in trust		-	46,368
Total property and equipment, net		163,414,753	252,645,976
Intangible assets			
Leasehold rights in trust		5,836,789	8,871,542

(Unit: JPY thousand)

	Fiscal Period ended December 31, 2015 (Reference) (as of December 31, 2015)	Fiscal Period ended June 30, 2016 (as of June 30, 2016)
Other	15	-
Total intangible assets	5,836,804	8,871,542
Investment and other assets		
Guarantee deposits	39,518	613,914
Long-term prepaid expenses	533,409	729,351
Others	38,429	40,640
Total investments and other assets	611,357	1,383,905
Total non-current assets	169,862,915	262,901,424
Total assets	185,918,871	284,106,133

(Unit: JPY thousand)

	Fiscal Period ended December 31, 2015 (Reference) (as of December 31, 2015)	Fiscal Period ended June 30, 2016 (as of June 30, 2016)
Liabilities		
Current liabilities:		
Accounts payable	136,766	188,362
Short-term loans payable	1,080,000	3,498,000
Accounts payable-other	47,597	8,957,286
Accrued expenses	134,010	186,571
Income taxes payable	564	605
Advances received	473,164	507,135
Deposits received	23,043	21,072
Total current liabilities	1,895,146	13,359,034
Non-current liabilities:		
Long-term loans payable	90,619,000	138,419,000
Tenant leasehold and security deposits in trust	1,617,867	2,035,843
Tenant leasehold and security deposits	28,663	28,663
Derivatives liabilities	-	227,532
Asset retirement obligations	-	31,050
Total non-current liabilities	92,265,530	140,742,089
Total liabilities	94,160,677	154,101,123
Net assets		
Unitholders' equity:		
Unitholders' equity	82,465,438	120,367,271
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of capital surplus	-	(763,290)
Capital surplus, net	6,264,432	5,501,141
Voluntary retained earnings		
Reserve for temporary differences adjustments	-	※1 708
Voluntary retained earnings	-	708
Retained earnings	3,028,323	4,363,420

(Unit: JPY thousand)

	Fiscal Period ended December 31, 2015 (Reference) (as of December 31, 2015)	Fiscal Period ended June 30, 2016 (as of June 30, 2016)
Total surplus	9,292,755	9,865,270
Total unitholders' equity	91,758,194	130,232,542
Valuation and translation adjustments:		
Deferred gains or losses on hedges	-	(227,532)
Total valuation and translation adjustments	-	(227,532)
Total net assets	※2 91,758,194	130,005,009
Total liabilities and net assets	185,918,871	284,106,133

III. Statement of Income

	(Unit: JPY thousand)	
	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
Operating revenue		
Rental revenue	※1 6,863,775	8,158,220
Total operating revenue	6,863,775	8,158,220
Operating expenses		
Property related expenses	※1 2,178,165	2,697,986
Asset management fees	180,000	250,000
Directors' compensation	4,800	4,800
Asset custody fees	6,794	9,128
Administrative service fees	25,170	24,010
Provision of allowance for doubtful accounts	58	269
Other	99,677	98,120
Total operating expenses	2,494,667	3,084,315
Operating income	4,369,108	5,073,905
Non-operating income		
Interest income	814	1,316
Interest on tax refund	936	1,372
Other	454	213
Total non-operating income	2,205	2,902
Non-operating expenses		
Interest expenses	296,892	295,185
Loan-related costs	982,261	280,326
Investment unit issuance costs	138,866	137,270
Total non-operating expenses	1,418,020	712,782
Ordinary income	2,953,293	4,364,025
Income before income taxes	2,953,293	4,364,025
Income taxes.	605	605
Total income taxes	605	605
Net income	2,952,688	4,363,420
Retained earnings brought forward	75,634	-
Unappropriated retained earnings	3,028,323	4,363,420

IV. Statement of Unitholders' Equity

Fiscal Period ended December 31, 2015 (reference) (from July 1, 2015 to December 31, 2015)

(Unit: JPY thousand)

	Unitholders' Equity					Total Net Assets
	Unitholders' Equity	Surplus			Total Unitholders' Equity	
		Capital Surplus	Retained Earnings	Total Surplus		
Balance at the beginning of the period	53,096,413	6,264,432	2,370,704	8,635,136	61,731,550	61,731,550
Changes during the period						
Issuance of new investment units	29,369,025				29,369,025	29,369,025
Dividends from surplus			(2,295,069)	(2,295,069)	(2,295,069)	(2,295,069)
Net income			2,952,688	2,952,688	2,952,688	2,952,688
Total changes during the period	29,369,025	—	657,618	657,618	30,026,643	30,026,643
Balance at the end of the period	82,465,438	6,264,432	3,028,323	9,292,755	91,758,194	91,758,194

Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)

(Unit: JPY thousand)

	Unitholders' Equity					
	Unitholders' Capital	Surplus				
		Capital Surplus			Voluntary retained earnings	
		Capital Surplus	Deduction from capital surplus	Capital surplus (Net)	Reserve for temporary difference adjustment	Voluntary retained earnings
Balance at the beginning of the period	82,465,438	6,264,432	—	6,264,432	—	—
Changes during the period						
Issuance of new investment units	37,901,832					
Dividends in excess of retained earnings			(763,290)	(763,290)		
Reserve for temporary difference adjustment					708	708
Dividends from surplus						
Net income						
Net changes other than unitholders' equity						
Total changes during the period	37,901,832	—	(763,290)	(763,290)	708	708
Balance at the end of the period	120,367,271	6,264,432	(763,290)	5,501,141	708	708

	Unitholders' Equity			Valuation and conversion adjustments, etc.		Total Net Assets
	Surplus		Total Unitholders' Equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Unappropriated Retained Earnings/Loss	Total surplus				
Balance at the beginning of the period	3,028,323	9,292,755	91,758,194	—	—	91,758,194
Changes during the period						
Issuance of new investment units			37,901,832			37,901,832
Dividends in excess of retained earnings		(763,290)	(763,290)			(763,290)
Reserve for temporary difference adjustment	(708)	—	—			—
Dividends from surplus	(3,027,614)	(3,027,614)	(3,027,614)			(3,027,614)
Net income	4,363,420	4,363,420	4,363,420			4,363,420
Net changes other than unitholders' equity				(227,532)	(227,532)	(227,532)
Total changes during the period	1,335,097	572,515	38,474,348	(227,532)	(227,532)	38,246,815
Balance at the end of the period	4,363,420	9,865,270	130,232,542	(227,532)	(227,532)	130,005,009

V. Notes

[Notes Concerning Significant Accounting Policies]

By Period Item	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)																												
1. Method of depreciation of non-current assets	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td>Buildings and accompanying facilities</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-32 years</td> </tr> <tr> <td>Structures 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	Buildings and accompanying facilities	8-24 years	Structures	7-18 years	Buildings in trust	2-67 years	Buildings and accompanying facilities in trust	2-32 years	Structures in trust	4-55 years	Tools, furniture and fixtures in trust	2-15 years	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td>Buildings and accompanying facilities</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td>Structures</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">2-67 years</td> </tr> <tr> <td>Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-33 years</td> </tr> <tr> <td>Structures in trust</td> <td style="text-align: right;">3-55 years</td> </tr> <tr> <td>Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-19 years</td> </tr> </table> <p>(b) Intangible assets The straight-line method is used. For leasehold interests (fixed-term land lease for business purposes), the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	77 years	Buildings and accompanying facilities	8-24 years	Structures	7-18 years	Buildings in trust	2-67 years	Buildings and accompanying facilities in trust	2-33 years	Structures in trust	3-55 years	Tools, furniture and fixtures in trust	2-19 years
Buildings	77 years																													
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Buildings in trust	2-67 years																													
Buildings and accompanying facilities in trust	2-33 years																													
Structures in trust	3-55 years																													
Tools, furniture and fixtures in trust	2-19 years																													
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 59,232 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 the fiscal period ended June 30, 2016 is JPY 176,385 thousand.</p>																												

By Period Item	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
4. Method of hedge accounting	Nothing applicable.	<p>(a) Method of hedge accounting Deferral hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>
5. 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 bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust</p> <p>(c) Land leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred charges Investment unit issuance costs 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 bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust Construction in progress in trust</p> <p>(c) Land leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred charges Investment unit issuance costs 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 Sheet]

Fiscal Period ended December 31, 2015 (Reference) (as of December 31, 2015)	Fiscal Period ended June 30, 2016 (as of June 30, 2016)
-	※1. Matters concerning treatment of reversal of reserve for temporary difference adjustment. INV plans to reverse all of the reserve for temporary difference adjustment in the amount of JPY 708 thousand, and use the fund as part of the profit distributions to be made in the next fiscal period.
※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand	※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand

[Notes to Statement of Income]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
※1. Rental revenues and property related expenses (Unit: JPY thousand)	※1. Rental revenues and property related expense (Unit: JPY thousand)
A. Real property rental revenue Rental revenue (Rent/common area charges) 6,652,619 (Other revenue) 211,156 <u>Total rental revenues</u> 6,863,775	A. Real property rental revenue Rental revenue (Rent/common area charges) 7,889,877 (Other revenue) 268,342 <u>Total rental revenues</u> 8,158,220
B. Real property related expenses Property related expenses (Maintenance costs) 472,597 (Taxes and public dues) 250,268 (Insurance expenses) 9,934 (Depreciation expenses) 1,275,714 (Other expenses) 169,651 <u>Total real property related expenses</u> 2,178,165	B. Real property related expenses Property related expenses (Maintenance costs) 554,149 (Taxes and public dues) 281,065 (Insurance expenses) 12,669 (Depreciation expenses) 1,676,736 (Other expenses) 173,364 <u>Total real property related expenses</u> 2,697,986
C. Operating income from rental revenue (A-B) 4,685,610	C. Operating income from rental revenue (A-B) 5,460,234

[Notes to Statement of Unitholders' Equity]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
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 3,193,686 units	Number of investment units issued and outstanding 3,675,824 units

[Notes Related to Tax Accounting]

Fiscal Period ended December 31, 2015 (Reference)	Fiscal Period ended June 30, 2016																																																																		
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-	<p>3. Modifications to the amount of deferred tax assets and deferred tax liabilities due to changes in the corporation tax rate, etc.</p> <p>Due to the enactment of the “Act to Partially Revise the Income Tax Act and Others” (Act No. 15 of 2016) and the “Act to Partially Revise the Local Tax Act and Others” (Act No. 13 of 2016) on March 29, 2016, the corporation tax rate, etc. was reduced from the fiscal period commencing after April 1, 2016. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will be changed from the existing rate of 32.31% to 31.74% for the temporary difference expected to be reversed during fiscal periods commencing after July 1, 2016. There is little impact from this change.</p>																																																																		

[Notes Related to Financial Instruments]

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<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or entering into a loan agreement. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. There are currently no derivative transactions that have been entered into. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management 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 loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</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 determined through a reasonable estimate. Since certain assumptions are used in estimating the fair value, different assumptions may result in the variance of such value.</p>	<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or entering into a loan agreement. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management 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 loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</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 determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>																																																																
<p>2. Estimated fair value of financial instruments Book value, fair value and the difference between values as of December 31, 2015 are as follows. (Unit: JPY thousand)</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 bank deposits</td> <td style="text-align: right;">7,885,398</td> <td style="text-align: right;">7,885,398</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and bank deposits in trust</td> <td style="text-align: right;">5,933,582</td> <td style="text-align: right;">5,933,582</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">13,818,981</td> <td style="text-align: right;">13,818,981</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Short-term loans</td> <td style="text-align: right;">(1,080,000)</td> <td style="text-align: right;">(1,080,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Long-term loans</td> <td style="text-align: right;">(90,619,000)</td> <td style="text-align: right;">(90,619,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">(91,699,000)</td> <td style="text-align: right;">(91,699,000)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>(※1) Items recorded in the Liabilities Section are shown in parenthesis.</p>		Book Value	Fair Value	Difference	(1) Cash and bank deposits	7,885,398	7,885,398	-	(2) Cash and bank deposits in trust	5,933,582	5,933,582	-	Total assets	13,818,981	13,818,981	-	(3) Short-term loans	(1,080,000)	(1,080,000)	-	(4) Long-term loans	(90,619,000)	(90,619,000)	-	Total liabilities	(91,699,000)	(91,699,000)	-	<p>2. Estimated fair value of financial instruments Book value, fair value and the difference between values as of June 30, 2016 are as follows. (Unit: JPY thousand)</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 bank deposits</td> <td style="text-align: right;">11,322,762</td> <td style="text-align: right;">11,322,762</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and bank deposits in trust</td> <td style="text-align: right;">5,441,316</td> <td style="text-align: right;">5,441,316</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total assets</td> <td style="text-align: right;">16,764,078</td> <td style="text-align: right;">16,764,078</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Short-term loans</td> <td style="text-align: right;">(3,498,000)</td> <td style="text-align: right;">(3,498,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Accounts payable</td> <td style="text-align: right;">(8,957,286)</td> <td style="text-align: right;">(8,957,286)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(5) Long-term loans</td> <td style="text-align: right;">(138,419,000)</td> <td style="text-align: right;">(138,419,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>Total liabilities</td> <td style="text-align: right;">(150,874,286)</td> <td style="text-align: right;">(150,874,286)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(6) Derivative transactions</td> <td style="text-align: right;">(227,532)</td> <td style="text-align: right;">(227,532)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Book Value	Fair Value	Difference	(1) Cash and bank deposits	11,322,762	11,322,762	-	(2) Cash and bank deposits in trust	5,441,316	5,441,316	-	Total assets	16,764,078	16,764,078	-	(3) Short-term loans	(3,498,000)	(3,498,000)	-	(4) Accounts payable	(8,957,286)	(8,957,286)	-	(5) Long-term loans	(138,419,000)	(138,419,000)	-	Total liabilities	(150,874,286)	(150,874,286)	-	(6) Derivative transactions	(227,532)	(227,532)	-
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<p>(Note 1) Methods to calculate fair values of financial instruments (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.</p> <p>(4) Long-term loans Long-term loans 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>(※1) Items recorded in the Liabilities Section are shown in parenthesis. (※2) Receivables and payables arising from derivative transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount are be shown in parenthesis.</p> <p>(Note 1) Methods to calculate fair values of financial instruments (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans (4) Accounts payable 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.</p> <p>(5) Long-term loans Long-term loans 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. (6) Derivative transactions (a) Hedge accounting was not applied None (b) Hedge accounting was applied The contractual amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th rowspan="2">Method of hedge accounting</th> <th rowspan="2">Derivative transaction type, etc.</th> <th rowspan="2">Primary hedged item</th> <th colspan="2">Contractual amount, etc. (Note 1)</th> <th rowspan="2">Fair value (Note 2)</th> </tr> <tr> <th colspan="2">Amount due after one year</th> </tr> </thead> <tbody> <tr> <td>Standard method of treatment</td> <td>Interest rate swap Receive floating rate/pay fixed rate</td> <td>Long-term loans</td> <td style="text-align: right;">99,119,000</td> <td style="text-align: right;">99,119,000</td> <td style="text-align: right;">(227,532)</td> </tr> </tbody> </table> <p>(Note 1) The contractual amount, etc. are stated based on a notional principal. (Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.</p>	Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contractual amount, etc. (Note 1)		Fair value (Note 2)	Amount due after one year		Standard method of treatment	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	99,119,000	99,119,000	(227,532)
Method of hedge accounting	Derivative transaction type, etc.				Primary hedged item	Contractual amount, etc. (Note 1)		Fair value (Note 2)							
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<p>(Note 2) Financial instruments for which fair value is extremely difficult to value</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">1,617,867</td> </tr> </tbody> </table> <p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable</p>	Category	Book Value	Tenant leasehold and security deposits	28,663	Tenant leasehold and security deposits in trust	1,617,867	<p>(Note 2) Financial instruments for which fair value is extremely difficult to value</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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> <tr> <td>Tenant leasehold and security deposits in trust</td> <td style="text-align: right;">2,035,843</td> </tr> </tbody> </table> <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</p>	Category	Book Value	Tenant leasehold and security deposits	28,663	Tenant leasehold and security deposits in trust	2,035,843		
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Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)				Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)			
market price, and it is impracticable to reasonably estimate their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.				their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.			
(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			
As of December 31, 2015				As of June 30, 2016			
(Unit: JPY thousand)				(Unit: JPY thousand)			
	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due within One Year	Due after One to Two Years	Due after Two to Three Years	
Cash and bank deposits	7,885,398	-	-	11,322,762	-	-	
Cash and bank deposits in trust	5,933,582	-	-	5,441,316	-	-	
Total	13,818,981	-	-	16,764,078	-	-	
	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years	
Cash and bank deposits	-	-	-	-	-	-	
Cash and bank deposits in trust	-	-	-	-	-	-	
Total	-	-	-	-	-	-	
(Note 4) Redemption schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period				(Note 4) Redemption schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period			
As of December 31, 2015				As of June 30, 2016			
(Unit: JPY thousand)				(Unit: JPY thousand)			
	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due within One Year	Due after One to Two Years	Due after Two to Three Years	
Short-term loans	1,080,000	-	-	3,498,000	-	-	
Long-term loans	-	-	28,979,000	-	-	46,663,000	
Total	1,080,000	-	28,979,000	3,498,000	-	46,663,000	
	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years	
Short-term loans	-	-	-	-	-	-	
Long-term loans	32,661,000	28,979,000	-	44,094,000	47,662,000	-	
Total	32,661,000	28,979,000	-	44,094,000	47,662,000	-	

[Notes Related to Asset Retirement Obligations]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)								
Nothing applicable.	<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of land of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Liabilities incurred due to the acquisition of properties</td> <td style="text-align: right;">30,868</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">182</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,050</td> </tr> </tbody> </table>	Balance at the beginning of the period	-	Liabilities incurred due to the acquisition of properties	30,868	Accretion expense	182	Balance at the end of the period	31,050
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[Notes Related to Rental Properties]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)					Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)																																																																																
<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and retail assets principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value amount changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</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>Residences</td> <td>55,269,403</td> <td>5,036,303</td> <td>60,305,706</td> <td>68,592,000</td> </tr> <tr> <td>Offices</td> <td>8,514,702</td> <td>(26,826)</td> <td>8,487,876</td> <td>7,206,000</td> </tr> <tr> <td>Commercial facilities</td> <td>5,178,288</td> <td>(44,205)</td> <td>5,134,083</td> <td>5,830,000</td> </tr> <tr> <td>Parking lot</td> <td>100,822</td> <td>(1)</td> <td>100,821</td> <td>112,000</td> </tr> <tr> <td>Hotels</td> <td>58,211,612</td> <td>37,011,441</td> <td>95,223,054</td> <td>133,212,000</td> </tr> <tr> <td>Total</td> <td>127,274,829</td> <td>41,976,712</td> <td>169,251,542</td> <td>214,952,000</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	Residences	55,269,403	5,036,303	60,305,706	68,592,000	Offices	8,514,702	(26,826)	8,487,876	7,206,000	Commercial facilities	5,178,288	(44,205)	5,134,083	5,830,000	Parking lot	100,822	(1)	100,821	112,000	Hotels	58,211,612	37,011,441	95,223,054	133,212,000	Total	127,274,829	41,976,712	169,251,542	214,952,000	<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and retail assets principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value amount changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</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>Residences</td> <td>60,305,706</td> <td>7,968,789</td> <td>68,274,496</td> <td>77,214,000</td> </tr> <tr> <td>Offices</td> <td>8,487,876</td> <td>(17,489)</td> <td>8,470,387</td> <td>7,219,000</td> </tr> <tr> <td>Commercial facilities</td> <td>5,134,083</td> <td>(46,557)</td> <td>5,087,525</td> <td>5,840,000</td> </tr> <tr> <td>Parking lot</td> <td>100,821</td> <td>(1)</td> <td>100,820</td> <td>113,000</td> </tr> <tr> <td>Hotels</td> <td>95,223,054</td> <td>84,314,865</td> <td>179,537,920</td> <td>232,905,000</td> </tr> <tr> <td>Total</td> <td>169,251,542</td> <td>92,219,607</td> <td>261,471,150</td> <td>323,291,000</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	Residences	60,305,706	7,968,789	68,274,496	77,214,000	Offices	8,487,876	(17,489)	8,470,387	7,219,000	Commercial facilities	5,134,083	(46,557)	5,087,525	5,840,000	Parking lot	100,821	(1)	100,820	113,000	Hotels	95,223,054	84,314,865	179,537,920	232,905,000	Total	169,251,542	92,219,607	261,471,150	323,291,000
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[Notes Related to Restriction on Asset Management]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June, 2016 (from January 1, 2016 to June 30, 2016)
Nothing applicable.	Nothing applicable.

[Notes Related to Transactions with Related Parties]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)

1 Interested parties of the Asset Manager

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned (%)	Type of Transaction	Transaction Amount (JPY thousand) (Note 1)	Account	Balance at the End of the Period (JPY thousand) (Note 1)
Interested party of the Asset Manager	Skye Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	7,801,000	-	-
	Nishi Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	14,405,000	-	-
	Rannoch Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	5,707,000	-	-
	Wakusei Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,198,000	-	-
	Suisei Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,603,000	-	-
	Aki Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	1,277,000	-	-
	Zephyrus Tokutei Mokuteki Kaisha (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	1,237,000	-	-
	Godo Kaisha Baretta (Note 3)	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	5,099,000	-	-
	MyStays Hotel Management Co., Ltd. (Note 3)	Hotel business	-	Rental revenues	3,125,985	Accounts receivables	920,391

(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) Skye Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Rannoch Tokutei Mokuteki Kaisha, Wakusei Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha, Zephyrus Tokutei Mokuteki Kaisha, Godo Kaisha Baretta and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. The Tokutei Mokuteki Kaisha or the lessee and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope. Accordingly, INV treats Skye Tokutei Mokuteki Kaisha, Nishi Tokutei Mokuteki Kaisha, Rannoch Tokutei Mokuteki Kaisha, Wakusei Tokutei Mokuteki Kaisha, Suisei Tokutei Mokuteki Kaisha, Aki Tokutei Mokuteki Kaisha, Zephyrus Tokutei Mokuteki Kaisha, Godo Kaisha Baretta and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 4) Calliope holds 609,942 units (holding ratio: 19.09%) 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, to which other expenses on acquisition, property taxes, city planning taxes and consumption taxes are not included.

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
A100	City Court Kitaichijo	Godo Kaisha Baretta	1,782,000
A101	Lieto Court Mukojima	Godo Kaisha Baretta	1,683,000
A102	Lieto Court Nishi-Ojima	Godo Kaisha Baretta	1,634,000
D24	Hotel MyStays Haneda	Skye Tokutei Mokuteki Kaisha	7,801,000
D25	Hotel MyStays Kameido P1	Nishi Tokutei Mokuteki Kaisha	5,594,000
D26	Hotel MyStays Ueno Iriyaguchi	Rannoch Tokutei Mokuteki Kaisha	3,821,000
D27	Hotel MyStays Kameido P2	Nishi Tokutei Mokuteki Kaisha	3,742,000
D28	Hotel Vista Shimizu	Wakusei Tokutei Mokuteki Kaisha	2,198,000
D29	Super Hotel Shinbashi/ Karasumoriguchi	Suisei Tokutei Mokuteki Kaisha	1,624,000
D30	Flexstay Inn Higashi-Jujo	Aki Tokutei Mokuteki Kaisha	1,277,000
D31	Hotel MyStays Utsunomiya	Zephyrus Tokutei Mokuteki Kaisha	1,237,000
D32	Flexstay Inn Kawasaki-Kaizuka	Rannoch Tokutei Mokuteki Kaisha	980,000
D33	Comfort Hotel Toyama	Suisei Tokutei Mokuteki Kaisha	979,000
D34	Flexstay Inn Kawasaki-Ogawacho	Rannoch Tokutei Mokuteki Kaisha	906,000
D35	Flexstay Inn Ekoda	Nishi Tokutei Mokuteki Kaisha	5,069,000
Total			40,327,000

2 Asset Custody Companies

Classification	Name	Business or Occupation	Ratio of Voting Rights (%)	Type of Transaction	Transaction Amount (JPY thousand)	Account	Balance at the End of the Period (JPY thousand)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for long-term loan	8,010,000	Long-term loans payable	8,010,000
				Repayment of current portion of long-term loan	5,470,000	Current portion of long-term debts	-
				Finance related fees	47,895	Prepaid expenses	18,186
						Long-term Prepaid expenses	46,077
Interest expenses	25,318	Accrued expenses	276				

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

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

Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)

1 Interested parties of the Asset Manager

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned (%)	Type of Transaction	Transaction Amount (JPY thousand) (Note 1)	Account	Balance at the End of the Period (JPY thousand) (Note 1)
Interested party of the Asset Manager	Aki Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	3,160,000	-	-
	Navaro Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	20,155,000	-	-
	Momo Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	7,934,000	-	-
	Tsuki Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	24,674,000	-	-
	Septentrio Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	12,588,600	-	-
	Septentrio 2 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	4,196,199	-	-
	Septentrio 3 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	4,196,199	-	-
	Ginga Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	13,761,000	Accounts payable	8,800,548
	Wakusei Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,139,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.	Hotel business	-	Rental revenues	627,563	Accounts receivable	220,811
	MyStays Hotel Management Co., Ltd.	Hotel business	-	Rental revenues	3,389,166	Accounts receivable	990,543

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

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

(Note 3) Aki Tokutei Mokuteki Kaisha, Navaro Tokutei Mokuteki Kaisha, Momo Tokutei Mokuteki Kaisha, Tsuki Tokutei Mokuteki Kaisha, Septentrio Tokutei Mokuteki Kaisha, Septentrio 2 Tokutei Mokuteki Kaisha, Septentrio 3 Tokutei Mokuteki Kaisha, Ginga Tokutei Mokuteki Kaisha, Wakusei Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. have no capital relationship to be disclosed with the Asset Manager. The Tokutei Mokuteki Kaisha or the lessee and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope. Accordingly, INV treats Aki Tokutei Mokuteki Kaisha, Navaro Tokutei Mokuteki Kaisha, Momo Tokutei Mokuteki Kaisha, Tsuki Tokutei Mokuteki Kaisha, Septentrio Tokutei Mokuteki Kaisha, Septentrio 2 Tokutei Mokuteki Kaisha, Septentrio 3 Tokutei Mokuteki Kaisha, Ginga Tokutei Mokuteki Kaisha, Wakusei Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 4) Calliope holds 609,942 units (holding percentage: 16.6%) of the issued investment units of INV.

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

Property Number	Name of Property	Counterparty	Purchase Price (JPY thousand)
A103	Royal Parks Momozaka	Momo Tokutei Mokuteki Kaisha	2,910,000
A104	Royal Parks Shinden	Momo Tokutei Mokuteki Kaisha	5,024,000
D38	Hotel MyStays Shinsaibashi	Aki Tokutei Mokuteki Kaisha	3,160,000
D39	Comfort Hotel Kurosaki	Navaro Tokutei Mokuteki Kaisha	1,148,000
D40	Comfort Hotel Maebashi	Navaro Tokutei Mokuteki Kaisha	1,128,000
D41	Comfort Hotel Tsubame-Sanjo	Navaro Tokutei Mokuteki Kaisha	1,010,000
D42	Comfort Hotel Kitami	Navaro Tokutei Mokuteki Kaisha	851,000
D43	Hotel MyStays Gotanda Station	Tsuki Tokutei Mokuteki Kaisha	24,674,000
D44	Hotel Epinard Nasu	Serpentrio Tokutei Mokuteki Kaisha Serpentrio 2 Tokutei Mokuteki Kaisha Serpentrio 3 Tokutei Mokuteki Kaisha	20,981,000
D45	Hotel MyStays Fukuoka Tenjin	Navaro Tokutei Mokuteki Kaisha	8,059,000
D46	Hotel MyStays Hamamatsucho	Navaro Tokutei Mokuteki Kaisha	7,959,000
D47	Hotel MyStays Kanazawa	Ginga Tokutei Mokuteki Kaisha	13,761,000
D48	Takamatsu Tokyo REI Hotel	Wakusei Tokutei Mokuteki Kaisha	2,139,000
Total			92,804,000

2 Asset Custody Companies

Classification	Name	Business or Occupation	Ratio of Voting Rights (%)	Type of Transaction	Transaction Amount (JPY thousand)	Account	Balance at the End of the Period (JPY thousand)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for long-term loan	13,341,000	Long-term loans payable	21,351,000
				Finance related fees	120,832	Prepaid expenses	50,170
						Long-term Prepaid expenses	126,212
				Interest expenses	50,413	Accrued expenses	320

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

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

[Notes Related to Per Unit Information]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)		Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)	
Net assets per unit	JPY 28,731	Net assets per unit	JPY 35,368
Net income per unit	JPY 937	Net income per unit	JPY 1,270
Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.	

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

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)		Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)	
Net income for the fiscal period (JPY thousand)	2,952,688	Net income for the fiscal period (JPY thousand)	4,363,420
Amounts not attributable to common unit holders (JPY thousand)	-	Amounts not attributable to common unit holders (JPY thousand)	-
Net income attributable to common unit holders (JPY thousand)	2,952,688	Net income attributable to common unit holders (JPY thousand)	4,363,420
Average number of investment units during the period (units)	3,149,936	Average number of investment units during the period (units)	3,436,572

[Notes Related to Significant Subsequent Events]

Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)																																
<p>1. Borrowing of Funds</p> <p>In order to raise a part of the funds to be used for the acquisition of trust beneficiary interests for the 5 hotel properties and 1 residential property acquired on January 22, 2016 (see “2. Acquisition of Assets” below), INV implemented the following borrowing on January 22, 2016.</p> <p>Term Loan (B)</p> <table border="1"> <tr> <td>Lender</td> <td>: Sumitomo Mitsui Trust Bank, Limited., Mitsubishi UFJ Trust and Banking Corporation.</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY8,998 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (1-month JPY TIBOR; however, 2-month JPY TIBOR for the first interest calculation period only) + 0.20%, 0.40%, 0.60%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (i) the last Japanese business day of each month before the principal maturity date, beginning with February 29, 2016, and (ii) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: January 22, 2016</td> </tr> <tr> <td>Maturity date</td> <td>: January 22, 2017, January 22, 2019, January 22, 2021</td> </tr> </table>	Lender	: Sumitomo Mitsui Trust Bank, Limited., Mitsubishi UFJ Trust and Banking Corporation.	Borrowing amount	: JPY8,998 million	Interest rate, etc.	: Base Rate (1-month JPY TIBOR; however, 2-month JPY TIBOR for the first interest calculation period only) + 0.20%, 0.40%, 0.60%	Interest payment date	: On (i) the last Japanese business day of each month before the principal maturity date, beginning with February 29, 2016, and (ii) the principal maturity date	Principal repayment method	: Lump-sum repayment	Borrowing method	: Unsecured / with no guarantee	Borrowing date	: January 22, 2016	Maturity date	: January 22, 2017, January 22, 2019, January 22, 2021	<p>1. Borrowing of Funds</p> <p>In order to raise a part of the funds to be used for the acquisition of trust beneficiary interests for the 2 hotel properties acquired on June 15, 2016, INV implemented the following borrowing on July 20, 2016.</p> <p>Term Loan (E)</p> <table border="1"> <tr> <td>Lender</td> <td>: The Tokyo Star Bank, Limited</td> </tr> <tr> <td>Borrowing amount</td> <td>: JPY 4,000 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>: Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%</td> </tr> <tr> <td>Interest payment date</td> <td>: On (i) the last Japanese business day of each month before the principal maturity date, beginning with July 29, 2016, and (ii) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>: Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>: Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>: July 20, 2016</td> </tr> <tr> <td>Maturity date</td> <td>: July 20, 2019, July 20, 2020, July 20, 2021</td> </tr> </table>	Lender	: The Tokyo Star Bank, Limited	Borrowing amount	: JPY 4,000 million	Interest rate, etc.	: Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%	Interest payment date	: On (i) the last Japanese business day of each month before the principal maturity date, beginning with July 29, 2016, and (ii) the principal maturity date	Principal repayment method	: Lump-sum repayment	Borrowing method	: Unsecured / with no guarantee	Borrowing date	: July 20, 2016	Maturity date	: July 20, 2019, July 20, 2020, July 20, 2021
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Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)																																																
<p>2. Acquisition of Assets</p> <p>INV decided to acquire the following 6 properties (total acquisition price of JPY 10,207 million) on January 20, 2016, and completed the acquisition of all of the 6 properties on January 22, 2016.</p> <p>Property number: D38 Name of property: Hotel MyStays Shinsaibashi</p> <table border="1"> <tr><td>Acquisition Date</td><td>January 22, 2016</td></tr> <tr><td>Acquisition Price (Note)</td><td>JPY3,160 million</td></tr> <tr><td>Location</td><td>Osaka-shi, Osaka</td></tr> <tr><td>Construction Date</td><td>September 1984</td></tr> <tr><td>Category of Assets</td><td>Trust Beneficiary Interest</td></tr> <tr><td>Seller</td><td>Aki Tokutei Mokuteki Kaisha</td></tr> <tr><td>Total Floor Area</td><td>1,942.01m²</td></tr> <tr><td>Total Leasable Area</td><td>1,942.01m²</td></tr> </table> <p>Property number: D39 Name of property: Comfort Hotel Kurosaki</p> <table border="1"> <tr><td>Acquisition Date</td><td>January 22, 2016</td></tr> <tr><td>Acquisition Price (Note)</td><td>JPY1,148 million</td></tr> <tr><td>Location</td><td>Kitakyushu-shi, Fukuoka</td></tr> <tr><td>Construction Date</td><td>February 2009</td></tr> <tr><td>Category of Assets</td><td>Trust Beneficiary Interest</td></tr> <tr><td>Seller</td><td>Navaro Tokutei Mokuteki Kaisha</td></tr> <tr><td>Total Floor Area</td><td>3,207.60m²</td></tr> <tr><td>Total Leasable Area</td><td>3,207.60m²</td></tr> </table> <p>Property number: D40 Name of property: Comfort Hotel Maebashi</p> <table border="1"> <tr><td>Acquisition Date</td><td>January 22, 2016</td></tr> <tr><td>Acquisition Price (Note)</td><td>JPY1,128 million</td></tr> <tr><td>Location</td><td>Maebashi-shi, Gunma</td></tr> <tr><td>Construction Date</td><td>March 2009</td></tr> <tr><td>Category of Assets</td><td>Trust Beneficiary Interest</td></tr> <tr><td>Seller</td><td>Navaro Tokutei Mokuteki Kaisha</td></tr> <tr><td>Total Floor Area</td><td>3,660.96m²</td></tr> <tr><td>Total Leasable Area</td><td>3,660.96m²</td></tr> </table> <p>Property number: D41</p>	Acquisition Date	January 22, 2016	Acquisition Price (Note)	JPY3,160 million	Location	Osaka-shi, Osaka	Construction Date	September 1984	Category of Assets	Trust Beneficiary Interest	Seller	Aki Tokutei Mokuteki Kaisha	Total Floor Area	1,942.01m ²	Total Leasable Area	1,942.01m ²	Acquisition Date	January 22, 2016	Acquisition Price (Note)	JPY1,148 million	Location	Kitakyushu-shi, Fukuoka	Construction Date	February 2009	Category of Assets	Trust Beneficiary Interest	Seller	Navaro Tokutei Mokuteki Kaisha	Total Floor Area	3,207.60m ²	Total Leasable Area	3,207.60m ²	Acquisition Date	January 22, 2016	Acquisition Price (Note)	JPY1,128 million	Location	Maebashi-shi, Gunma	Construction Date	March 2009	Category of Assets	Trust Beneficiary Interest	Seller	Navaro Tokutei Mokuteki Kaisha	Total Floor Area	3,660.96m ²	Total Leasable Area	3,660.96m ²	
Acquisition Date	January 22, 2016																																																
Acquisition Price (Note)	JPY3,160 million																																																
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Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
Name of property: Comfort Hotel Tsubame-Sanjyo	
Acquisition Date	January 22, 2016
Acquisition Price (Note)	JPY1,010 million
Location	Sanjyo-shi, Niigata
Construction Date	June 2007
Category of Assets	Trust Beneficiary Interest
Seller	Navaro Tokutei Mokuteki Kaisha
Total Floor Area	3,099.90m ²
Total Leasable Area	3,099.90m ²
Property number: D42	
Name of property: Comfort Hotel Kitami	
Acquisition Date	January 22, 2016
Acquisition Price (Note)	JPY851 million
Location	Kitami-shi, Hokkaido
Construction Date	March 2008
Category of Assets	Trust Beneficiary Interest
Seller	Navaro Tokutei Mokuteki Kaisha
Total Floor Area	3,009.50m ²
Total Leasable Area	3,009.50m ²
Property number: A103	
Name of property: Royal Parks Momozaka	
Acquisition Date	January 22, 2016
Acquisition Price (Note)	JPY2,910 million
Location	Osaka-shi, Osaka
Construction Date	June 2007
Category of Assets	Trust Beneficiary Interest
Seller	Momo Tokutei Mokuteki Kaisha
Total Floor Area	10,541.69m ²
Total Leasable Area	8,776.26m 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.	

[Other Notes]

Fiscal Period ended December 31, 2015 (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
<p>In the statement of cash distribution, INV recorded JPY 708 thousand of reserve for temporary difference adjustment regarding the gain on negative goodwill that accrued during a fiscal period prior to the Reporting Period.</p> <p>The entire amount of such reserve is scheduled to be reversed in the following fiscal period.</p>	<p>In the statement of cash distribution, INV recorded JPY 708 thousand of reserve for temporary difference adjustment regarding the gain on negative goodwill for the purpose of appropriating for cash distribution.</p> <p>In the statement of cash distribution, INV recorded JPY 224,225 thousand of allowance for temporary difference adjustment regarding deferred losses on hedges of interest rate swap.</p> <p>The amount of such allowance corresponding to the amounts of change of fair value is scheduled to be reversed.</p>

VI. Statement of Cash Distribution

	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June30, 2016 (from January 1, 2016 to June 30, 2016)
I. Unappropriated retained earnings	JPY 3,028,323,270	JPY 4,363,420,951
II. Reversal of voluntary retained earnings		
Reversal of reserve for temporary difference adjustments	-	JPY 708,942
III. Distribution in excess of retained earnings		
Allowance for temporary difference adjustments	-	JPY 224,225,264
Deduction from capital surplus	JPY 763,290,954	-
IV Distributions	JPY 3,790,905,282	JPY 4,359,527,264
(Distribution per unit)	(JPY 1,187)	(JPY 1,186)
Of which, distributions of earnings	JPY 3,027,614,328	JPY 4,135,302,000
(Distributions of earnings per unit)	(JPY 948)	(JPY 1,125)
Of which, allowance for adjustment for temporary difference	-	JPY 224,225,264
(Distributions in excess of net earnings per unit (Allowance for adjustment for temporary difference))	(-)	(JPY 61)
Of which, distributions in excess of net earnings	JPY 763,290,954	-
(Distributions in excess of net earnings per unit (Other distributions in excess of net earnings))	(JPY 239)	(-)
V. Voluntary retained earnings		
Reserve for temporary difference adjustment	JPY 708,942	-
VI. Retained earnings carried forward	-	JPY 228,827,893
Calculation method of distribution amount	In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the	As shown above, the distribution per unit for the Reporting Period is JPY 1,186.

	<p>Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be JPY 3,027,614,328 out of the unappropriated retained earnings of JPY 3,028,323,270. Moreover, INV make excess profit distribution (refund of investment), based on policy on the distribution of funds as set forth in Article 17, Paragraph 4 of the Articles of Incorporation. Based on such policy, INV declared a distribution (refund of investment) of JPY 763,290,954, which is the amount equivalent to approximately 60% of the depreciation expense of JPY 1,275,714,057.</p>	<p>With respect to profit distributions (not including distributions in excess of profit), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including distributions in excess of profit per unit) is JPY 1,125. In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines as the amount equivalent to items deducted from net assets (as set forth in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations), taking into considering the effect of the items deducted from net assets on the distributions (the “Excess Profit Distribution”). For the Reporting Period, INV makes Distribution in excess of earnings of JPY 227 million, corresponding to deferred losses on hedges, of which, the distribution of allowance for temporary difference adjustment is JPY 224 million, and the distribution per unit of the allowance for temporary difference adjustment is JPY 61.</p>
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Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2016 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: JPY thousand)		
	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
Cash flows from operating activities		
Net income before taxes	2,953,293	4,364,025
Depreciation and amortization	1,275,744	1,676,751
Investment unit issuance costs	138,866	137,270
Loan-related costs	982,261	280,326
Interest income	(814)	(1,316)
Interest expenses	296,892	295,185
Increase (decrease) in allowance for doubtful accounts	58	269
Decrease (increase) in rental receivable	(431,538)	(306,493)
Decrease (increase) in consumption taxes receivable	(611,612)	(1,744,762)
Increase (decrease) in accounts payable	(25,114)	7,056
Increase (decrease) in accounts payable-other	1,989	884,265
Increase (decrease) in accrued expenses	(9,097)	38,577
Increase (decrease) in advances received	52,504	33,971
Increase (decrease) in deposits received	12,935	(14,615)
Others, net	4,131	(34,907)
Subtotal	4,640,500	5,615,604
Interest income received	814	1,316
Interest expenses paid	(328,496)	(297,081)
Income taxes paid	(583)	(564)
Net cash provided by operating activities	4,312,234	5,319,276
Cash flows from investing activities		
Purchases of property and equipment in trust	(37,422,498)	(82,786,898)
Purchases of leasehold rights in trust	(5,836,789)	(3,055,031)
Proceeds from tenant leasehold and security deposits in trust	(40,738)	(56,280)
Repayments of tenant leasehold and security deposits in trust	239,098	474,368
Payments of tenant leasehold and security deposits	(29,483)	(574,396)
Other, net	(2,211)	(2,211)
Net cash used in investing activities	(43,092,621)	(86,000,448)
Cash flows from financing activities		
Proceeds from short-term loans payable	1,401,000	3,498,000
Repayment of short-term loans payable	(321,000)	(1,080,000)
Proceeds from long-term loans payable	90,619,000	47,800,000
Repayment of long-term loans payable	(62,341,000)	-
Repayment of long-term loans payable in trust	(9,960,000)	-
Payments for loan-related costs	(1,250,43)	(594,356)
Payment of distributions of earnings	(2,292,901)	(3,014,523)

(Unit: JPY thousand)

	Fiscal Period ended December 31, 2015 (Reference) (from July 1, 2015 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
Payment of distributions in excess of retained earnings	-	(763,290)
Proceeds from issuance of investment units	29,230,158	37,780,441
Net cash used in financing activities	45,084,824	83,626,270
Net increase (decrease) in cash and cash equivalents	6,304,437	2,945,097
Cash and cash equivalents at beginning of period	7,514,543	13,818,981
Cash and cash equivalents at end of period	13,818,981	16,764,078

[Notes Concerning Significant Accounting Policies (Reference Information)]

Item	By Period	Fiscal Period ended December 31, 2015 (from July 1 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
Cash and cash equivalents as stated in Statement of Cash Flows		Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.

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

Fiscal Period ended December 31, 2015 (from July 1 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
-	In the fiscal period ended December 31, 2015, "Payment for leasehold and security deposits" was included in "Other" under "Cash flows from investing activities". However, due to an increase in the relevant amount, it has become significant enough to be recorded as a separate item in the fiscal period ended June 30, 2016. As a result, the entry for (JPY 2,211,000), which was recorded under "Cash flows from investing activities – Others" for the previous period is now indicated under "Payments of tenant leasehold and security deposits".

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

Item	By Period	Fiscal Period ended December 31, 2015 (from July 1 to December 31, 2015)	Fiscal Period ended June 30, 2016 (from January 1, 2016 to June 30, 2016)
		(As of December 31, 2015) (Unit: JPY thousand)	(As of June 30, 2016) (Unit: JPY thousand)
※1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet		Cash and bank deposits 7,885,398	Cash and bank deposits 11,322,762
		Cash and bank deposits in trust 5,933,582	Cash and bank deposits in trust 5,441,316
		Cash and cash equivalents 13,818,981	Cash and cash equivalents 16,764,078

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

Usage of “My Number” in investment units related affairs

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

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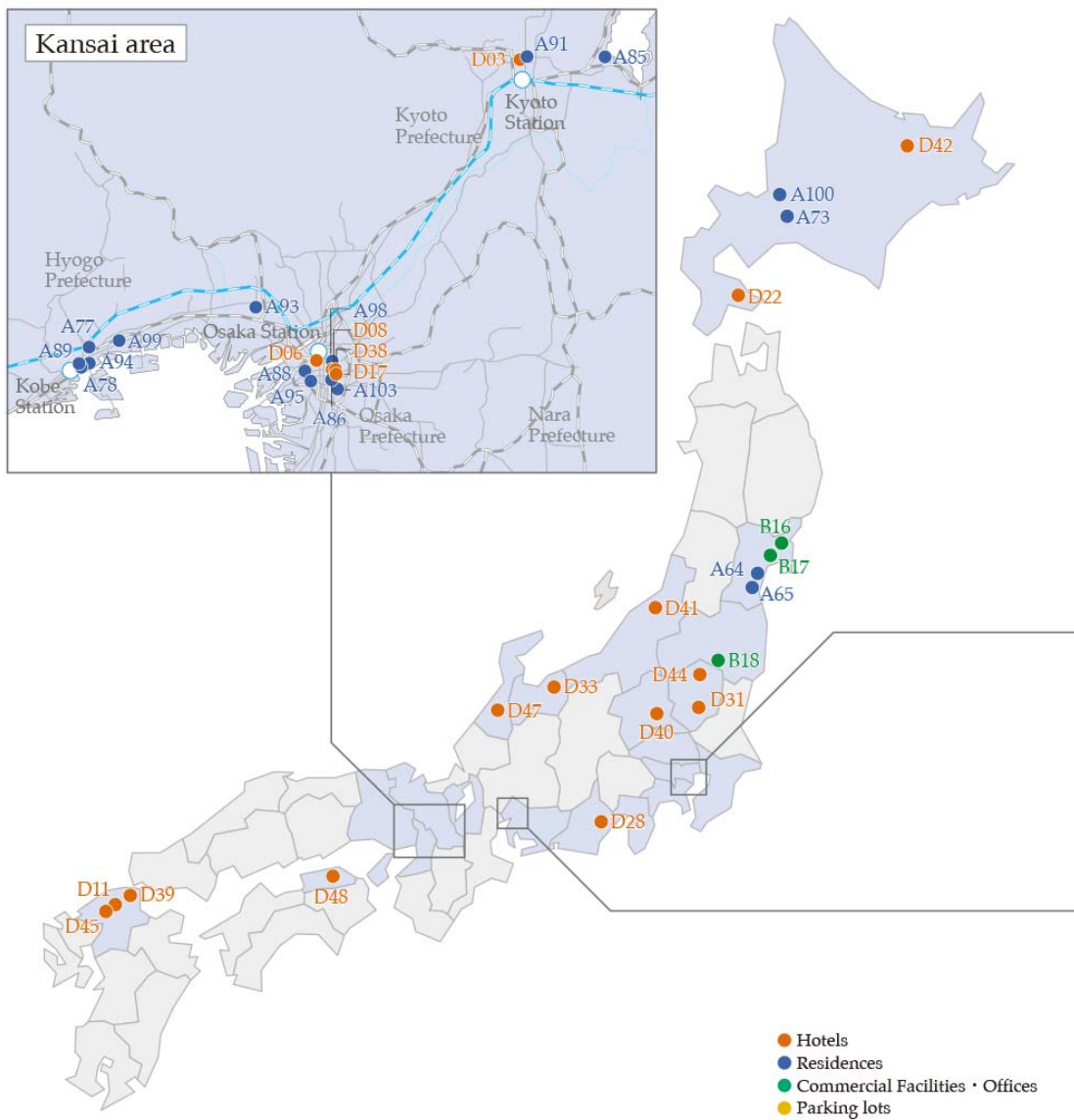
Usage of “My Number” includes taxation related procedures on the investment units. It is necessary for unitholders to notify your “My Number” with your brokerage, etc.

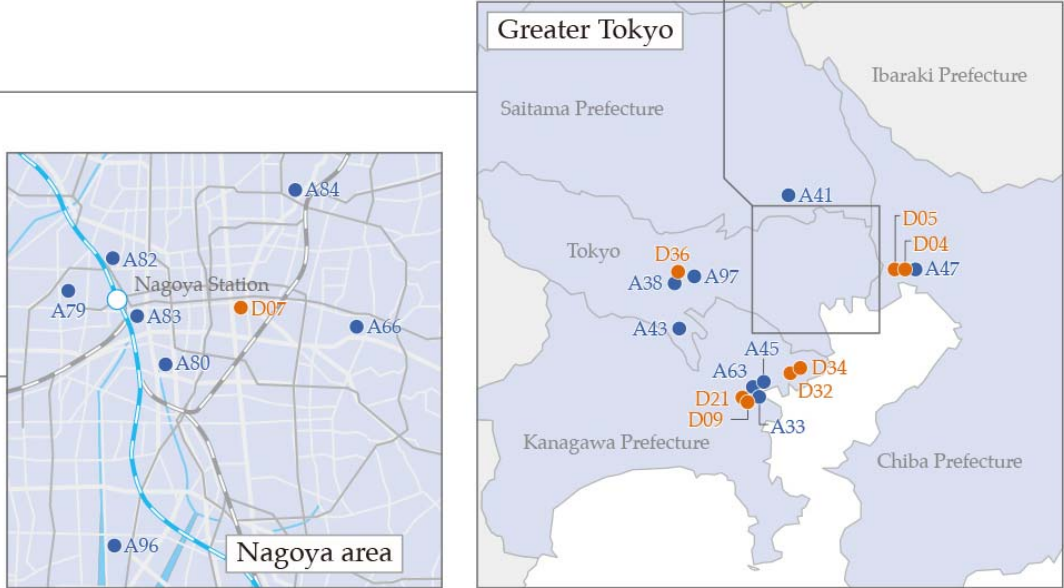
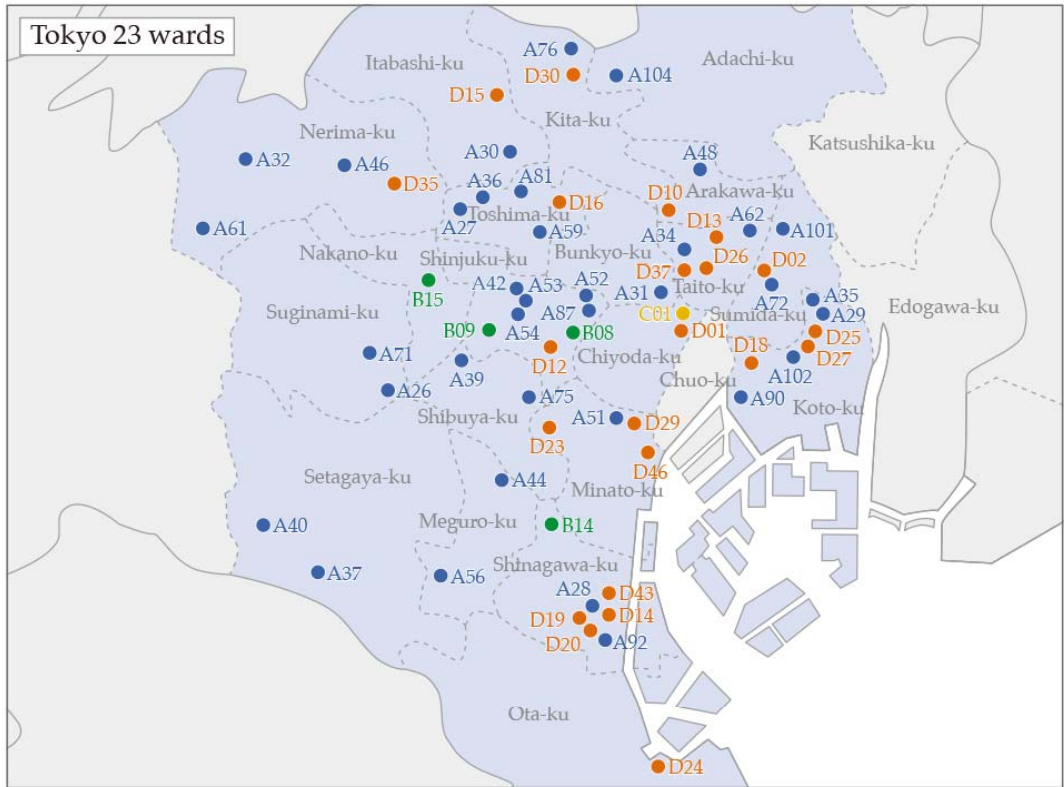
Inquiries regarding notifying “My Number”

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

Portfolio Map

No. of Properties	No. of Hotels	No. of Hotel Rooms	No. of Apartment Units
124	48	7,027	4,108





Portfolio Overview

(as of June 30, 2016)

Purpose	Property Number (Note 1)	Name of Property	Location (Note 2)	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 3)	Investment Ratio (%) (Note 4)	Occupancy Rate (%)
Residential	A26	Nisshin Palacestage Daitabashi	Suginami-ku, Tokyo	1,771.13	98	1,251	0.5	97.0
	A27	Nisshin Palacestage Higashi-Nagasaki	Toshima-ku, Tokyo	2,681.94	60	1,229	0.5	93.2
	A28	Growth Maison Gotanda	Shinagawa-ku, Tokyo	1,051.50	48	888	0.3	100.0
	A29	Growth Maison Kameido	Koto-ku, Tokyo	1,367.96	66	1,070	0.4	95.5
	A30	Emerald House	Itabashi-ku, Tokyo	2,152.31	96	1,505	0.6	100.0
	A31	Harmonie Ochanomizu	Bunkyo-ku, Tokyo	1,748.24	65	1,428	0.5	100.0
	A32	Suncrest Shakujii-Koen	Nerima-ku, Tokyo	3,029.16	29	1,088	0.4	84.3
	A33	Growth Maison Shin-Yokohama	Yokohama-shi, Kanagawa	1,858.44	68	1,059	0.4	89.7
	A34	Belle Face Ueno-Okachimachi	Taito-ku, Tokyo	1,351.11	64	1,023	0.4	98.3
	A35	Grand Rire Kameido	Koto-ku, Tokyo	1,562.26	72	906	0.3	100.0
	A36	Growth Maison Ikebukuro	Toshima-ku, Tokyo	952.89	42	825	0.3	97.6
	A37	Growth Maison Yoga	Setagaya-ku, Tokyo	1,015.34	39	795	0.3	97.5
	A38	Route Tachikawa	Tachikawa-shi, Tokyo	1,368.57	24	676	0.3	93.2
	A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	1,167.50	25	651	0.2	95.9
	A40	City Heights Kinuta	Setagaya-ku, Tokyo	1,235.93	19	646	0.2	100.0
	A41	Aceeds Tower Kawaguchi-Namiki	Kawaguchi-shi, Saitama	1,210.74	57	620	0.2	94.8
	A42	Capital Heights Kagurazaka	Shinjuku-ku, Tokyo	1,126.65	26	604	0.2	97.2
	A43	College Square Machida	Machida-shi, Tokyo	1,047.75	62	589	0.2	100.0
	A44	Belair Meguro	Meguro-ku, Tokyo	557.05	25	589	0.2	96.1
	A45	Wacore Tsunashima I	Yokohama-shi, Kanagawa	907.46	50	572	0.2	98.0
	A46	Foros Nakamurabashi	Nerima-ku, Tokyo	815.77	37	566	0.2	96.2
	A47	Growth Maison Kaijin	Funabashi-shi, Chiba	2,040.27	34	557	0.2	97.7
	A48	College Square Machiya	Arakawa-ku, Tokyo	871.35	43	510	0.2	100.0
	A51	City House Tokyo Shinbashi	Minato-ku, Tokyo	3,364.00	86	2,520	0.9	96.1
	A52	Winbell Kagurazaka	Shinjuku-ku, Tokyo	4,032.70	118	3,260	1.2	98.6
	A53	Nishiwaseda Crescent Mansion	Shinjuku-ku, Tokyo	4,310.77	69	1,880	0.7	100.0
	A54	Lexington Square Akebonobashi	Shinjuku-ku, Tokyo	1,987.88	88	1,450	0.5	95.4
	A56	Casa Eremitaggio	Meguro-ku, Tokyo	1,197.19	17	1,070	0.4	100.0
	A59	Towa City Coop Shinotsuka II	Toshima-ku, Tokyo	1,627.13	58	866	0.3	97.6
A61	Bichsel Musashiseki	Nerima-ku, Tokyo	1,220.24	70	577	0.2	95.7	
A62	Lexel Mansion Ueno Matsugaya	Taito-ku, Tokyo	1,969.45	29	970	0.4	100.0	
A63	Towa City Coop Sengencho	Yokohama-shi, Kanagawa	3,426.36	154	1,110	0.4	91.1	
A64	Royal Park Omachi	Sendai-shi, Miyagi	1,929.59	51	415	0.2	96.7	
A65	Lexington Square Haginomachi	Sendai-shi, Miyagi	1,528.58	39	330	0.1	100.0	
A66	Visconti Kakuozan	Nagoya-shi, Aichi	705.75	8	255	0.1	100.0	
A71	Lexington Square Daitabashi	Suginami-ku, Tokyo	1,430.64	43	977	0.4	97.2	
A72	Lexington Square Honjo Azumabashi	Sumida-ku, Tokyo	784.74	33	511	0.2	94.1	
A73	AMS TOWER Minami 6-Jo	Sapporo-shi, Hokkaido	4,460.56	120	1,180	0.4	87.6	
A75	Spacia Ebisu	Shibuya-ku, Tokyo	7,794.91	109	7,010	2.6	91.7	
A76	Neo Prominence	Kita-ku, Tokyo	3,574.70	52	1,660	0.6	96.2	
A77	Invoice Shin-Kobe Residence	Kobe-shi, Hyogo	2,773.71	81	1,260	0.5	98.2	
A78	Cosmo Court Motomachi	Kobe-shi, Hyogo	2,310.49	82	973	0.4	96.3	
A79	Revest Honjin	Nagoya-shi, Aichi	1,933.80	80	674	0.3	97.5	

Purpose	Property Number (Note 1)	Name of Property	Location (Note 2)	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 3)	Investment Ratio (%) (Note 4)	Occupancy Rate (%)
Residential	A80	Revest Matsubara	Nagoya-shi, Aichi	1,955.40	70	657	0.2	88.7
	A81	Sun Terrace Minami Ikebukuro	Toshima-ku, Tokyo	898.70	38	625	0.2	100.0
	A82	Alba Noritake Shinmachi	Nagoya-shi, Aichi	1,731.68	64	608	0.2	97.2
	A83	Revest Meieki Minami	Nagoya-shi, Aichi	1,634.60	61	597	0.2	96.6
	A84	Revest Heian	Nagoya-shi, Aichi	1,554.03	40	595	0.2	100.0
	A85	Vendir Hamaotsu Ekimae	Otsu-shi, Shiga	2,670.66	81	581	0.2	95.3
	A86	Salvo Sala	Osaka-shi, Osaka	1,428.12	54	544	0.2	100.0
	A87	Excellente Kagurazaka	Shinjuku-ku, Tokyo	701.92	33	543	0.2	97.1
	A88	Luna Court Edobori	Osaka-shi, Osaka	1,185.50	50	525	0.2	96.0
	A89	Winntage Kobe Motomachi	Kobe-shi, Hyogo	1,433.35	57	512	0.2	86.0
	A90	Queen's Court Fukuzumi	Koto-ku, Tokyo	765.18	25	456	0.2	93.1
	A91	Corp Higashinotoin	Kyoto-shi, Kyoto	1,029.05	42	446	0.2	90.8
	A92	Belair Oimachi	Shinagawa-ku, Tokyo	530.60	26	412	0.2	100.0
	A93	Siete Minami-Tsukaguchi	Amagasaki-shi, Hyogo	1,020.86	40	374	0.1	97.5
	A94	Prime Life Sannomiya Isogami Koen	Kobe-shi, Hyogo	789.12	32	373	0.1	93.8
	A95	HERMITAGE NANBA WEST	Osaka-shi, Osaka	992.76	21	355	0.1	100.0
	A96	Century Park Shinkawa I-bankan	Nagoya-shi, Aich	1,477.62	44	335	0.1	95.4
	A97	West Avenue	Kunitachi-shi, Tokyo	794.80	40	331	0.1	85.0
	A98	Little River Honmachibashi	Osaka-shi, Osaka	974.81	31	310	0.1	100.0
	A99	Prime Life Mikage	Kobe-shi, Hyogo	761.18	28	297	0.1	96.7
	A100	City Court Kitaichijo	Sapporo-shi, Hokkaido	5,230.18	127	1,782	0.7	95.7
A101	Lieto Court Mukojima	Sumida-ku, Tokyo	2,940.20	82	1,683	0.6	96.8	
A102	Lieto Court Nishi-Ojima	Koto-ku, Tokyo	2,048.28	91	1,634	0.6	98.0	
A103	Royal Parks Momozaka	Osaka-shi, Osaka	8,776.26	147	2,910	1.1	100.0	
A104	Royal Parks Shinden	Adachi-ku, Tokyo	15,797.29	248	5,024	1.9	100.0	
Subtotal				144,376.66	4,108	71,116	26.7	96.4
Office Buildings/Retail Facilities	B08	Kindai Kagakusha Building	Shinjuku-ku, Tokyo	1,451.54	13	1,301	0.5	100.0
	B09	Shinjuku Island	Shinjuku-ku, Tokyo	526.43	1	715	0.3	100.0
	B14	Lexington Plaza Nishigotanda	Shinagawa-ku, Tokyo	6,033.58	11	4,880	1.8	100.0
	B15	Cross Square NAKANO	Nakano-ku, Tokyo	2,145.00	45	1,060	0.4	84.1
	B16	Ohki Aoba Building	Sendai-shi, Miyagi	2,178.37	13	816	0.3	83.6
	B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	8,419.15	18	3,280	1.2	98.8
	B18	AEON TOWN Sukagawa	Sukagawa-shi, Fukushima	18,440.58	1	2,320	0.9	100.0
Subtotal				39,194.65	102	14,372	5.4	98.0
Parking Lots	C01	Times Kanda-Sudacho 4th	Chiyoda-ku Tokyo	81.04	1	97	0.0	100.0
	Subtotal				81.04	1	97	0.0
Hotels	D01	Hotel MyStays Kanda	Chiyoda-ku, Tokyo	2,585.72	126	2,851	1.1	100.0
	D02	Hotel MyStays Asakusa	Sumida-ku, Tokyo	3,327.38	161	2,584	1.0	100.0
	D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	7,241.51	225	6,024	2.3	100.0

Purpose	Property Number (Note 1)	Name of Property	Location (Note 2)	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 3)	Investment Ratio (%) (Note 4)	Occupancy Rate (%)
	D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	6,232.30	175	4,930	1.8	100.0
	D05	Hotel MyStays Maihama	Urayasu-shi, Chiba	2,456.36	90	4,870	1.8	100.0
	D06	Hotel Vista Premio Dojima	Osaka-shi, Osaka	9,445.32	153	3,845	1.4	100.0
	D07	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi	9,064.71	279	2,958	1.1	100.0
	D08	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka	4,188.83	191	2,514	0.9	100.0
	D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	7,379.43	190	2,119	0.8	100.0
	D10	Hotel MyStays Nippori	Arakawa-ku, Tokyo	1,719.29	93	1,898	0.7	100.0
	D11	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka-shi, Fukuoka	3,412.71	177	1,570	0.6	100.0
	D12	Flexstay Inn Iidabashi	Shinjuku-ku, Tokyo	2,953.38	62	1,381	0.5	100.0
	D13	Hotel MyStays Ueno Inaricho	Taito-ku, Tokyo	1,150.76	72	1,331	0.5	100.0
	D14	Flexstay Inn Shinagawa	Shinagawa-ku, Tokyo	1,134.52	55	1,242	0.5	100.0
	D15	Flexstay Inn Tokiwadai	Itabashi-ku, Tokyo	2,539.75	130	1,242	0.5	100.0
	D16	Flexstay Inn Sugamo	Toshima-ku, Tokyo	2,089.86	105	1,192	0.4	100.0
	D17	Hotel MyStays Otemae	Osaka-shi, Osaka	4,956.66	111	1,192	0.4	100.0
	D18	Flexstay Inn Kiyosumi Shirakawa	Koto-ku, Tokyo	2,673.64	56	749	0.3	100.0
	D19	Flexstay Inn Nakanobu P1	Shinagawa-ku, Tokyo	770.56	39	589	0.2	100.0
	D20	Flexstay Inn Nakanobu P2	Shinagawa-ku, Tokyo	391.49	22	283	0.1	100.0
	D21	APA Hotel Yokohama-Kannai	Yokohama-shi, Kanagawa	6,568.51	452	8,350	3.1	100.0
	D22	Hotel Nets Hakodate	Hakodate-shi, Hokkaido	7,961.26	205	2,792	1.0	100.0
	D23	Flexstay Inn Shirogane	Minato-ku, Tokyo	1,754.06	84	2,119	0.8	100.0
	D24	Hotel MyStays Haneda	Ota-ku, Tokyo	5,400.16	174	7,801	2.9	100.0
	D25	Hotel MyStays Kameido P1	Koto-ku, Tokyo	4,349.67	266	5,594	2.1	100.0
	D26	Hotel MyStays Ueno Iriyaguchi	Taito-ku, Tokyo	2,247.92	97	3,821	1.4	100.0
	D27	Hotel MyStays Kameido P2	Koto-ku, Tokyo	2,793.99	177	3,742	1.4	100.0
	D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	3,559.81	152	2,198	0.8	100.0
	D29	Super Hotel Shinbashi/ Karasumoriguchi	Minato-ku, Tokyo	1,403.89	74	1,624	0.6	100.0
	D30	Flexstay Inn Higashi-Jujo	Kita-ku, Tokyo	1,714.53	89	1,277	0.5	100.0
	D31	Hotel MyStays Utsunomiya	Utsunomiya-shi, Tochigi	11,733.23	126	1,237	0.5	100.0
	D32	Flexstay Inn Kawasaki-Kaizuka	Kawasaki-shi, Kanagawa	1,190.57	64	980	0.4	100.0
	D33	Comfort Hotel Toyama	Toyama-shi, Toyama	3,305.64	150	979	0.4	100.0
	D34	Flexstay Inn Kawasaki-Ogawacho	Kawasaki-shi, Kanagawa	725.60	62	906	0.3	100.0
	D35	Flexstay Inn Ekoda	Nerima-ku, Tokyo	3,932.93	210	5,069	1.9	100.0
	D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	Tachikawa-shi, Tokyo	1,832.97	96	1,170	0.4	100.0
	D37	Super Hotel JR Ueno-iriyaguchi	Taito-ku, Tokyo	1,279.16	69	1,130	0.4	100.0
	D38	Hotel MyStays Shinsaibashi	Osaka-shi, Osaka	1,942.01	57	3,160	1.2	100.0
	D39	Comfort Hotel Kurosaki	Kitakyushu-shi, Fukuoka	3,207.60	151	1,148	0.4	100.0
	D40	Comfort Hotel Maebashi	Maebashi-shi, Gunma	3,660.96	154	1,128	0.4	100.0
	D41	Comfort Hotel Tsubame-Sanjo	Sanjo-shi, Niigata	3,099.90	133	1,010	0.4	100.0
	D42	Comfort Hotel Kitami	Kitami-shi, Hokkaido	3,009.50	127	851	0.3	100.0
	D43	Hotel MyStays Gotanda Station	Shinagawa-ku, Tokyo	8,752.42	335	24,674	9.3	100.0
	D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	37,702.33	310	20,981	7.9	100.0
	D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	5,083.06	217	8,059	3.0	100.0
	D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	1,951.90	105	7,959	3.0	100.0
	D47	Hotel MyStays Kanazawa	Kanazawa-shi, Ishikawa	13,250.03	261	13,761	5.2	100.0

Purpose	Property Number (Note 1)	Name of Property	Location (Note 2)	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 3)	Investment Ratio (%) (Note 4)	Occupancy Rate (%)
	D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	7,148.17	193	2,139	0.8	100.0
	Subtotal			226,275.96	7,102	181,032	67.9	100.0
	Total			409,928.31	11,313	266,619	100.0	98.5

(Note 1) “Property number” indicates the use categorization of properties acquired by INV, with “A” standing for residential, “B” standing for office and retail, “C” standing for parking lots and “D” standing for hotel, and the number assigned for each property. The number following “A”, “B”, “C” and “D” is assigned based on how early the acquisition was made, except that for acquisitions made at the same time a lower number is assigned to the property with a greater acquisition price.

(Note 2) “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 3) “Acquisition price” is the purchase price indicated in the real estate or trust beneficiary purchase agreement. Such price excludes consumption tax and other taxes, and has been rounded down to the nearest hundred million yen.

(Note 4) “Investment ratio” is the ratio of the acquisition price to the aggregate acquisition price of INV’s portfolio, and has been rounded to the first decimal place.

Newly Acquired Properties for the 26th Fiscal Period
(Fiscal Period ended June 30, 2016)

5 Hotels and 1 Residential Property Acquired in January 2016

D38 : Hotel MyStays Shinsaibashi



D39 : Comfort Hotel Kurosaki



D40 : Comfort Hotel Maebashi



D41 : Comfort Hotel Tsubamesanjo



D42 : Comfort Hotel Kitami

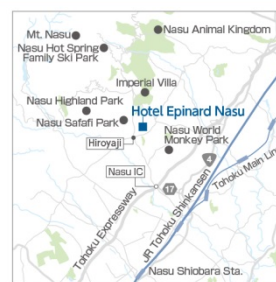


A103 : Royal Parks Momozaka



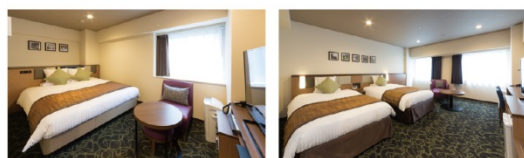
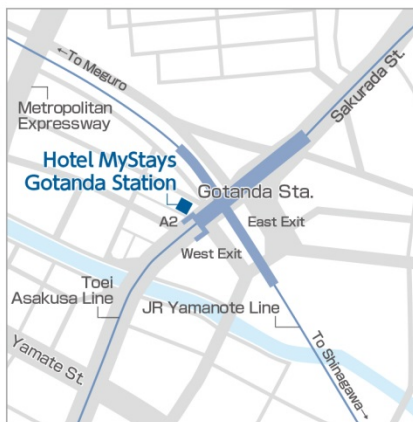
4 Hotels and 1 Residential Property Acquired in March 2016

D44 : Hotel Epinard Nasu



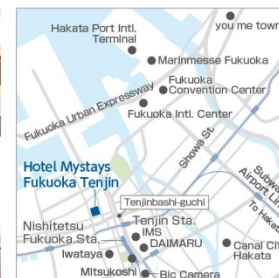
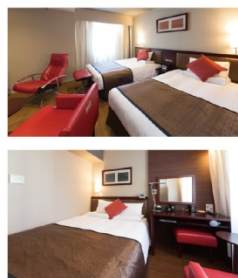
Location	1 Takaku-hei, Nasu-machi, Nasu-gun, Tochigi
Transport	30 minutes drive from Nasushiobara Station on JR Tohoku Shinkansen
Construction Date	February, 1992 / June, 1995
Renovation Date	April, 2015
Number of Guest Rooms	310
Total Floor Area (m ²)	37,702.33m ²
Lot Area (m ²)	126,403.51m ²
Type of Contract	Fixed rent plus variable rent type

D43 : Hotel MyStays Gotanda Station



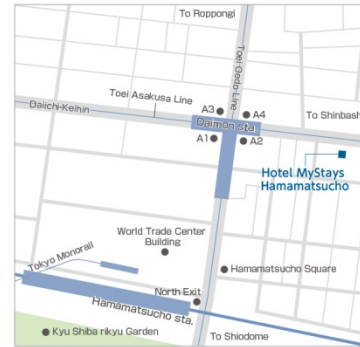
Location	2-6-8 Nishigotanda, Shinagawa-ku, Tokyo
Transport	1 minute walk from Gotanda Station on JR Yamanote Line
Constrcution Date	March, 1974 / August, 1984
Renovation Date	November, 2015
Number of Guest Rooms	333
Total Floor Area (m ²)	11,893,00m ²
Lot Area (m ²)	1,630.40m ²
Type of Contract	Fixed rent plus variable rent type

D45 : Hotel MyStays Fukuoka Tenjin



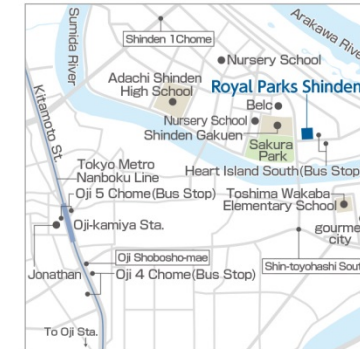
Location	3-5-7 Tenjin, Chuo-ku, Fukuoka City, Fukuoka
Transport	3 minutes walk from Tenjin Station on Fukuoka City Subway Airport Line
Constrcution Date	August, 2008
Renovation Date	—
Number of Guest Rooms	217
Total Floor Area (m ²)	5,083.06m ²
Lot Area (m ²)	1,243.44m ²
Type of Contract	Fixed rent plus variable rent type

D46 : Hotel MyStays Hamamatsucho



Location	1-18-4 Hamamatsucho, Minato-ku, Tokyo
Transport	6 minutes walk from Hamamatsucho Station on JR Yamanote Line 2 minutes walk from Daimon Station on Toei Asakusa Line and Toei Oedo Line
Construction Date	October, 2008
Renovation Date	—
Number of Guest Rooms	105
Total Floor Area (m ²)	1,951.90m ²
Lot Area (m ²)	273.86m ²
Type of Contract	Fixed rent plus variable rent type

A104 : Royal Parks Shinden



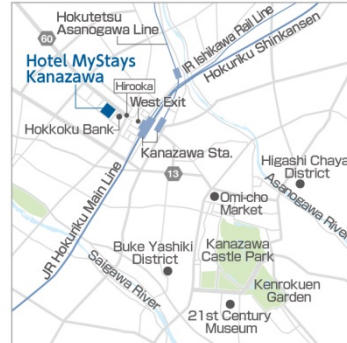
Location	3-35-20 Shinden, Adachi-ku, Tokyo
Transport	17 minutes walk from Oji-kamiya Station on Tokyo Metro Nanboku Line
Construction Date	June, 2007
Renovation Date	—
Number of Guest Rooms	248 (Apartments 243, Shops 5)
Total Floor Area (m ²)	18,368.19m ²
Lot Area (m ²)	9,905.57m ²
Type of Contract	Fixed rent ¹

(Note 1) Pass through type contract is entered into for the retail space in this property.

(Note 2) Building for parking lots is excluded.

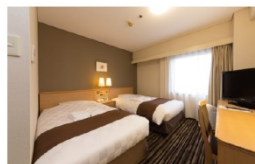
2 Hotels Acquired in June 2016

D47 : Hotel MyStays Kanazawa



Location	2-13-1 Hirooka, Kanazawa City, Ishikawa
Transport	5-minutes walk from Kanazawa Station on JR Hokuriku Shinkansen
Construction Date	October 2014
Renovation Date	—
Number of Guest Rooms	244
Total Floor Area (m ²)	13,250.03m ²
Lot Area (m ²)	2,191.67m ²
Type of Contract	Fixed rent plus variable rent type

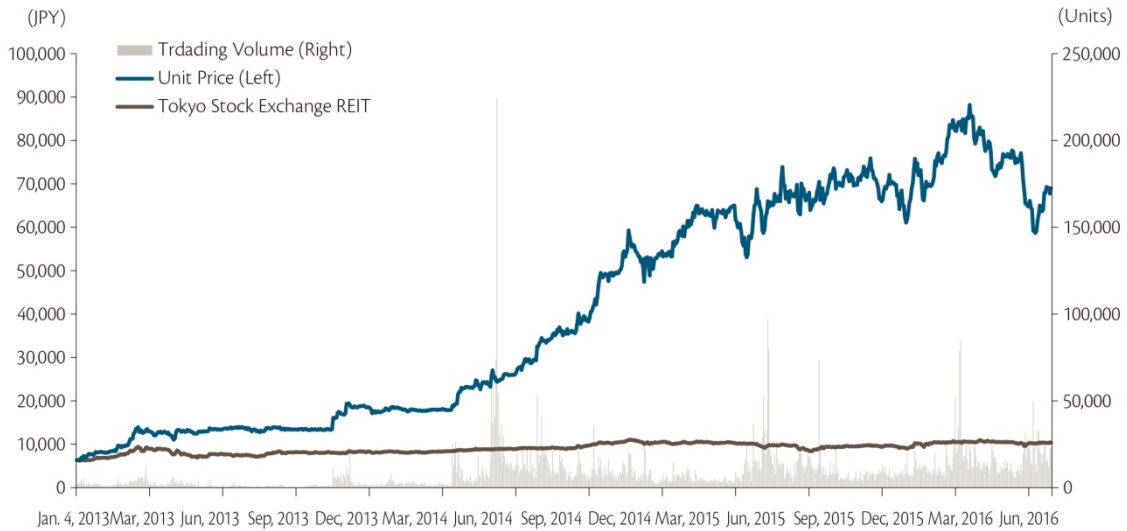
D48 : Takamatsu Tokyu REI Hotel



Location	9-9 Hyogomachi, Takamatsu City, Kagawa
Transport	7-minute walk from Takamatsu Station on JR lines
Construction Date	April 1982
Renovation Date	January 2016
Number of Guest Rooms	191
Total Floor Area (m ²)	7,251.64m ²
Lot Area (m ²)	1,178.28m ²
Type of Contract	Fixed rent ¹

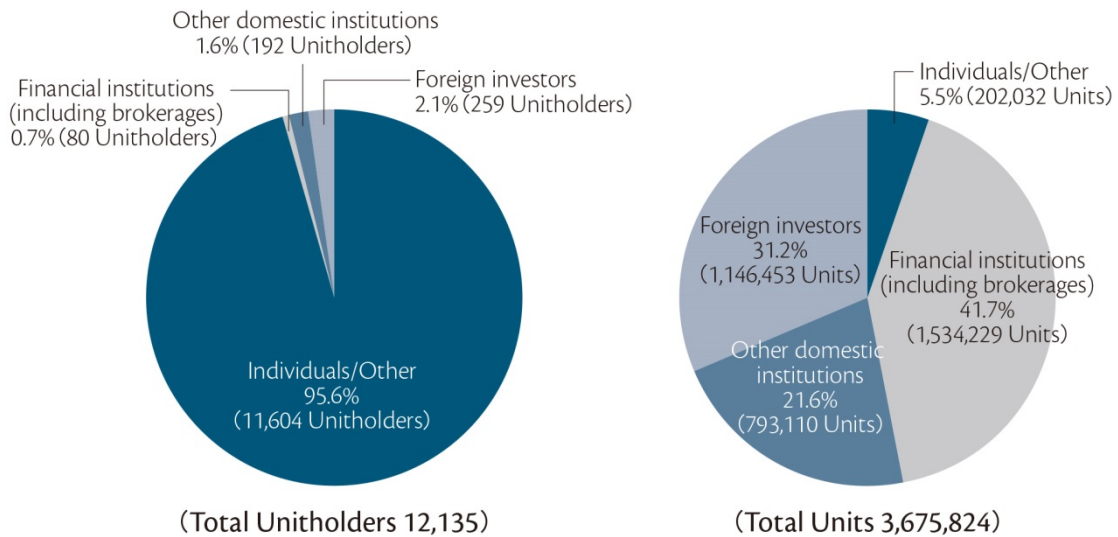
Overview of Unitholders/Investment Units

Historical Unit Price

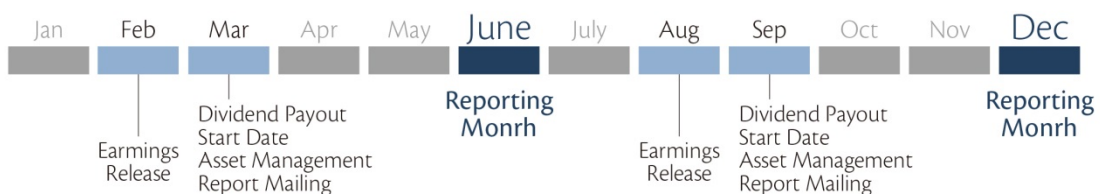


(Note) Unit prices indicate the closing price on the TSE market. Development of Tokyo Stock Exchange REIT Index indicates on or after January 4, 2013 on the assumption that the closing price of INV's unit price is deemed as identical to the closing price of Tokyo Stock Exchange REIT index as of January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

Distribution of Unitholders



Annual Schedule



Information for Unitholders

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 former 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

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.

Inquiries

For inquiries regarding INV: Consonant Investment Management Co., Ltd.
TEL: 03-5411-2731 (Main)
Weekdays 9:30-17:30