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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended June 30, 2017 (January 1, 2017 to June 30, 2017)

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

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

We hereby provide you with a report on INV’s asset management and financial results for the 28th fiscal period (covering the period from January 1, 2017 to June 30, 2017; the “Reporting Period”).

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

During the Reporting Period, INV acquired two residential properties with proceeds from the March 2017 public offering along with new borrowings. Royal Parks Tower Minami-Senju, one of the properties acquired, is a 39 story high-rise apartment with 555 residential units. It serves as the flagship residential property in the portfolio as it is the largest residential property by acquisition value and is also the second largest property in the entire portfolio (by acquisition value). Following the acquisition of these two high-quality residential properties, INV acquired Hotel MyStays Premier Hamamatsucho in May 2017 with new borrowings and cash on hand without issuing new equity. The hotel is one of five MyStays branded hotels with the “Premier” distinction in its name. Hotel MyStays Premier Hamamatsucho has 120 recently renovated guest rooms and boasts a large room size of 28.5 m², capable of accommodating three to five guests and offers excellent access to Haneda Airport and nearby connections to the Shinkansen (bullet train), making the property an attractive destination for both domestic and foreign guests. These transactions are a continuation of INV’s efforts to provide steady external growth in its core asset classes of hotels and residential properties.

INV benefits from an abundant pipeline of assets from affiliates of Fortress Group based on the Memorandum of Understanding (MOU). The MOU provides INV with preferential negotiation rights to acquire both hotels and residential properties, and consists of 30 properties as of the end of the Reporting Period (21 hotels with 6,007 rooms and 9 residential properties with 743 units).

In regards to the hotel portfolio, INV continues to work closely with MyStays Hotel Management Co., Ltd. (“MHM”), a hotel operator in the sponsor group, and recently implemented the conversion of smoking rooms to non-smoking rooms to reflect changes in customer preferences in order to achieve higher daily rates, a strategic increase in the overbooking ratio to reduce last-minute cancellations and improve guest room daily rates. At the same time, INV continues to focus on maximizing revenue by capturing a large percentage of inbound guests by capitalizing on the strong increase in foreign visitors to Japan by promoting MHM hotels via tie-ups with Asian airline companies/credit card companies, and by improving the booking website.

As for the residential portfolio, INV conducts proactive asset management to further improve property performance and streamline operational management, and has been working to consolidate master lessees and property managers (the “ML/PM”). Since the end of last year, INV changed the ML/PM at 20 properties, further improving rates of rent increases as well as reducing operational costs including PM fees which all contribute to higher net operating income.

As a result, operating revenues reached JPY 9,260 million, operating income JPY 5,344 million and net income JPY 4,702 million, with a distribution per unit (DPU) of JPY 1,264, an increase of 6.6% year-on-year⁽¹⁾.

INV will continue to implement its basic policy to “increase DPU,” and will ensure the implementation of measures to maximize unitholder value.

Your continued support is highly appreciated.

Naoki Fukuda

Executive Director, Invincible Investment Corporation

President & CEO, Consonant Investment Management Co., Ltd.

- (1) Comparison with the fiscal period ended June 2016. In order to eliminate seasonal factors of hotel variable rents, which is one of the major revenues of INV, in the comparison, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended December 2016)

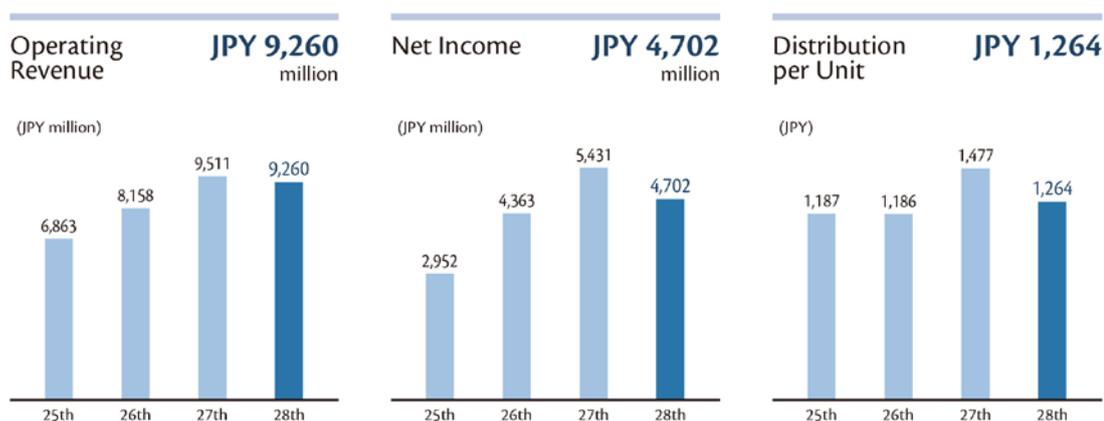
Distribution per unit for the 28th fiscal period
(the fiscal period ended June 2017)

JPY 1,264

- (Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of August 31, 2017. 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, 2015 to December 31, 2015	Period from January 1, 2016 to June 30, 2016	Period from July 1, 2016 to December 31, 2016	Period from January 1, 2017 to June 30, 2017
Operating Revenues (JPY million)	6,863	8,158	9,511	9,260
Ordinary Income (JPY million)	2,953	4,364	5,431	4,702
Net Income (JPY million)	2,952	4,363	5,431	4,702
Net Assets (JPY million)	91,758	130,005	131,455	139,062
Total Assets (JPY million)	185,918	284,106	277,361	306,421
Net Assets per Unit (JPY)	28,731	35,368	35,762	36,019
Net Assets/Total Assets (%)	49.4	45.8	47.4	45.4
Distribution per Unit (JPY)	1,187	1,186	1,477	1,264
Number of Units Issued (Unit)	3,193,686	3,675,824	3,675,824	3,860,824



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

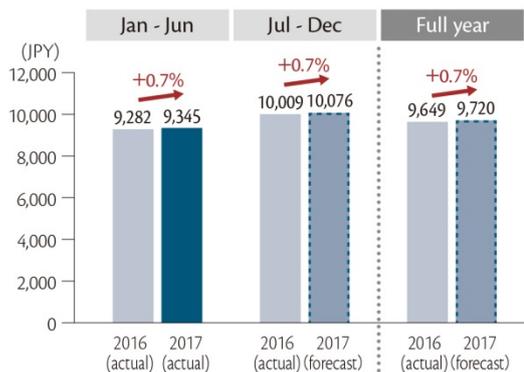
Performance and Forecast of Core Assets

Positioning hotels and residential properties as core assets, INV aims for steady growth of assets under management and securing stable revenues

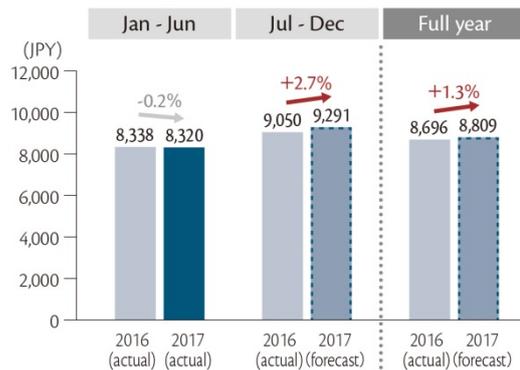
Hotel

For the full year of 2017, INV estimates year-on-year growth for all KPI.

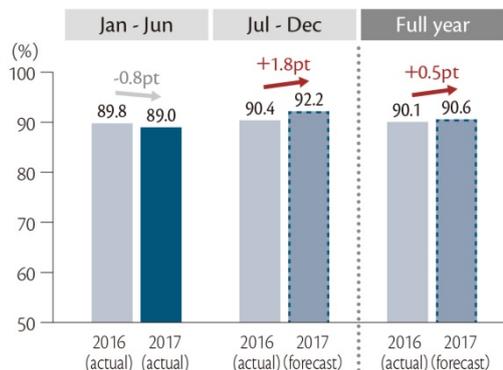
ADR⁽¹⁾



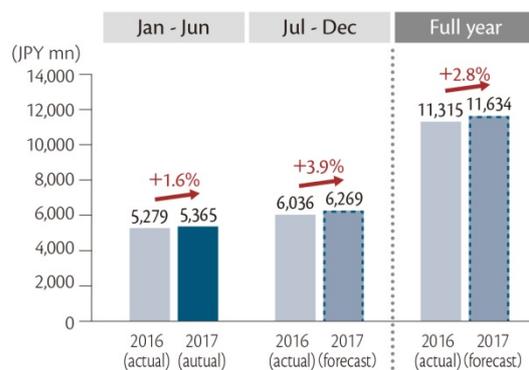
RevPAR⁽¹⁾



Occupancy⁽¹⁾



GOP⁽¹⁾⁽²⁾



(Note 1) Calculated based on results and forecasts for 40 hotel properties out of the 49 hotel properties in our portfolio as of June 30, 2017 (excluding 9 hotels with fixed rent lease agreements). For properties INV acquired between January 2016 and June 2017, the results prior to the acquisition are calculated based on the results provided by the respective sellers.

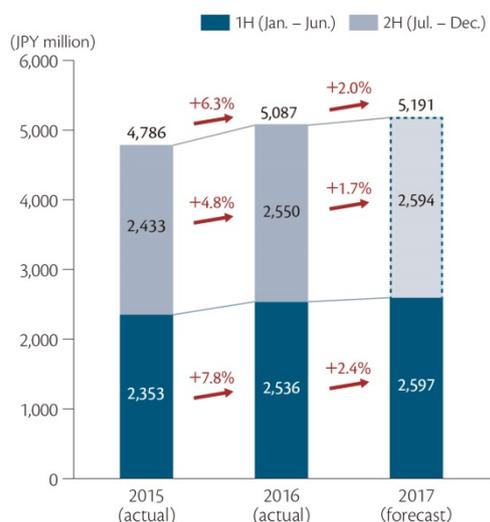
(Note 2) In calculating the GOP, the rent received by INV for APA Hotel Yokohama-Kannai is regarded as GOP of the hotel.



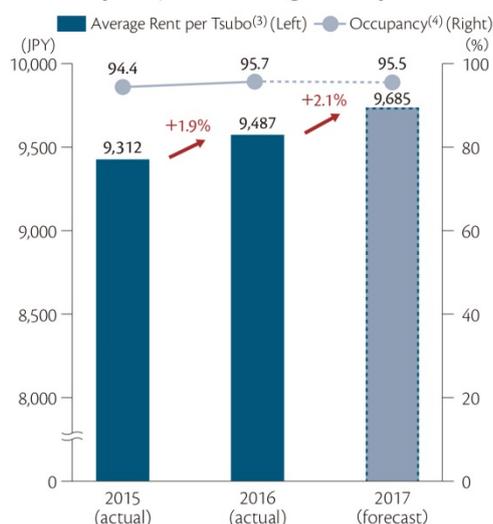
Residence

A rent increase program systematically applied since 2014 has created a foundation for sustained NOI growth

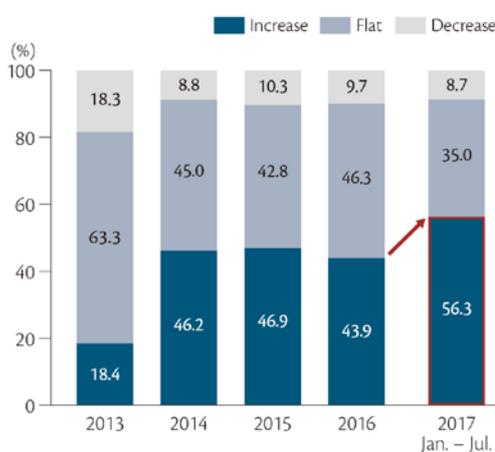
NOI⁽¹⁾⁽²⁾



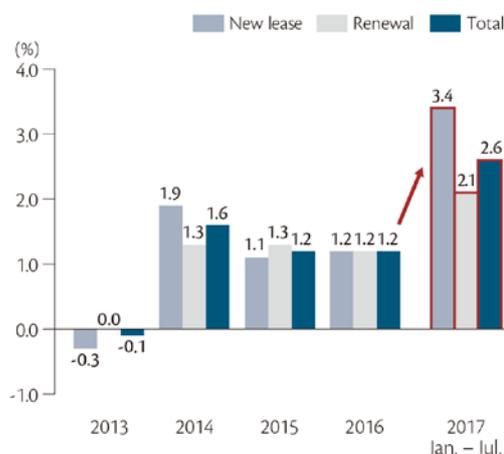
Occupancy and Average Rent per Tsubo⁽¹⁾



Change in Rent for All (New and Renewal) Contracts⁽⁵⁾



Average Rent Increase / Decrease⁽⁶⁾



(Note 1) Calculated based on the results and forecasts for the 70 residential properties owned as of June 30, 2017. For properties INV acquired between January 2016 and June 2017, the results prior to the acquisition are calculated based on the results provided by the respective sellers while for properties INV acquired in 2015, the results are calculated based on figures upon acquisition assumed by the asset manager.

(Note 2) Excludes one-off insurance-related revenues and expenses

(Note 3) Average Rent per Tsubo per Month is calculated by dividing the total residential rental revenue including common area charges for each month by the sum of total residential leased area at the end of each month, indicating the average rent per Tsubo weighted by leased area

(Note 4) Occupancy is calculated by dividing the sum of total residential leased area by the sum of total residential leasable area at the end of each month of each year

(Note 5) Based on the residential properties owned in relevant year excluding the performance for the properties during the pre-acquisition period. The number of properties at the end of each year is as follows: 63 properties for 2013, 63 properties for 2014, 66 properties for 2015 and 68 properties for 2016. The number is 70 properties as of July 31, 2017.

(Note 6) Increase or decrease (%) in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents for properties owned at the end of each month during relevant year

■ Initiatives in 2017 YTD (As of August 31, 2017)

1. New Property Acquisition (1 Hotel, 2 Residential Properties)

Hotel MyStays Premier Hamamatsucho

	Acquisition date	May 29, 2017
	Acquisition price	JPY 8,000 million
	Appraisal Value	JPY 8,090 million
	NOI yield ⁽¹⁾	4.6%
	Location	1-8-5 Hamamatsu-cho, Minato-ku, Tokyo
	Access	5-minute walk from Hamamatsucho Station on JR Lines and Tokyo Monorail 5-minute walk from Daimon Station on Toei Subway Lines
	Completion	1994
	Number of Guest Rooms	Hotel: 120 rooms Serviced apartments: 14 units
	Leasable Area	6,151.93m ²
	Site Area	1,070.53m ²
<p>(Note 1) Calculated by dividing the annual NOI in 2017 obtained by combining actual monthly NOI from January to June 2017 and the Asset Manager's anticipated monthly NOI from July to December 2017, by acquisition price.</p>		

Royal Parks Tower Minami-Senju

	Acquisition date	March 14, 2017
	Acquisition price	JPY 21,879 million
	Appraisal Value	JPY 22,100 million
	NOI yield ⁽¹⁾	5.1%
	Location	Minami-Senju 4-chome, Arakawa-ku, Tokyo
	Leasable Unit	557 units (residential units: 555 units, nursing home: 1 unit and shop 1 unit)
	<p>(Note 1) Calculated by dividing the annual NOI in 2017 obtained by combining actual monthly NOI from January to June 2017 and the Asset Manager's anticipated monthly NOI from July to December 2017, by acquisition price.</p> <p>(Note 2) The nursing home and the shop are each counted as 1 unit for the counting of the number of units.</p>	

Royal Parks Seasir Minami-Senju

	Acquisition date	March 14, 2017
	Acquisition price	JPY 2,683 million
	Appraisal Value	JPY 2,710 million
	NOI yield ⁽¹⁾	5.4%
	Location	Minami-Senju 3-chome, Arakawa-ku, Tokyo
	Leasable Unit	113 units
	<p>(Note 1) Calculated by dividing the annual NOI in 2017 obtained by combining actual monthly NOI from January to June 2017 and the Asset Manager's anticipated monthly NOI from July to December 2017, by acquisition price.</p>	

2. Change in ML/PM for 4 Properties in Royal Parks Series

INV was able to reduce the property management fees at Royal Parks Tower Minami-Senju, INV's flagship property, from 2.7% to 1.5%, as well as improve profitability at Royal Parks Seasir Minami-Senju and Royal Parks Momozaka by changing the master lease structure.

Property		Royal Parks Shinden 	Royal Parks Momozaka 	Royal Parks Tower Minami-Senju 	Royal Parks Seasir Minami-Senju 
Date of change		July 1, 2017	August 1, 2017	December 1, 2017	December 1, 2017
Type of Master Lease ⁽¹⁾	Before	Rent Guarantee	Rent Guarantee	Pass-through	Rent Guarantee
	After	Rent Guarantee	Pass-through	Pass-through	Pass-through
PM fee (% of rental revenue)	Before	-	-	2.7%	-
	After	-	1.5%	1.5%	1.5%
NOI Increase Per Year (Simulated) ⁽²⁾		+JPY 1.7 million	+JPY 6.0 million	+JPY 18.4 million	+JPY 12.9 million

(Note 1) "Pass-through master lease" is defined as a lease under which, pursuant to the pass-through master lease agreement entered into between the master lease company and INV or the trustee, the amount equal to the rent under the sublease agreement between the master lease company and the end tenant shall be paid to INV or the trustee. "Fixed rent" is defined as a lease under which a specified rent shall be paid to INV or the trustee, regardless of the rent under the sublease agreement between the master lease company and the end tenant.

(Note 2) Simulated NOI increase for 2017 is indicated assuming their ML/PM were changed at the beginning of 2017.

3. Portfolio Rebalance Transaction

Portfolio rebalance, acquiring new addition of Hotel MyStays Gotanda Station at an estimated 7.3%⁽¹⁾ NOI cap rate and selling two non-core assets at a 3.8%⁽²⁾ NOI cap rate, was implemented aiming to improve the overall NOI yield of the portfolio.

Acquisition		Disposition	
Additional acquisition portion		2 properties total	
Anticipated acquisition date	October 31, 2017	Sales date	July 31, 2017
Anticipated acquisition price ⁽³⁾	¥1,880 million	Sales price	¥1,491 million
Appraisal value	¥2,600 million	Book value (as of Jul. 31, 2017) ⁽³⁾	¥1,301 million
Simulated NOI Increase (2018 forecast)	¥137 million	Gain on sales	¥120 million
NOI yield ⁽¹⁾	7.3%	NOI (2016 actual)	¥56 million
		NOI yield ⁽¹⁾	3.8%
 <p>Hotel MyStays Gotanda Station</p> <ul style="list-style-type: none"> ✓ Will acquire North Annex 1F-3F (in addition to original March 2016 acquisition of part of annex). ✓ 49 rooms (15m² ~ 43m²) *Under expansion 	  <p>Kindai Kagaku Sha Building Times Kanda-Sudacho 4th</p>		

(Note 1) Calculated by dividing the simulated NOI increase (annualized) from the acquisition by the anticipated acquisition price.

(Note 2) Calculated by dividing actual NOI for 2016 by the sales price, and rounded off to one decimal place.

(Note 3) Acquisition price, book value and gain on sales are planned or estimated as of the date of this document, and are subject to change.

Sponsor Pipeline

- Robust pipeline of 30 properties provides stable growth opportunity.

Properties Covered by the MOU⁽¹⁾⁽²⁾ (as of August 31, 2017)

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	Jul 2016
2	Hotel MyStays Yokohama Kannai	Yokohama, Kanagawa	Limited	165	In Operation	Oct 2016
3	RIHGA Royal Hotel Kyoto	Kyoto, Kyoto	Full	489	In Operation	Sep 2016
4	Narita Excel Hotel Tokyu	Narita, Chiba	Full	706	In Operation	—
5	Hotel MyStays Premier Sapporo Park	Sapporo, Hokkaido	Full	418	In Operation	Jul 2015
6	Hotel MyStays Sapporo Station	Sapporo, Hokkaido	Limited	242	In Operation	—
7	Hotel MyStays Oita	Oita, Oita	Limited	145	In Operation	—
8	Art Hotel Hirosaki City	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	In Operation	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 MyStays 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	Nov 2017
18	Hotel MyStays Sapporo Nakajima Park	Sapporo, Hokkaido	Limited	86	In Operation	May 2016
19	Flexstay Inn Sakuragicho	Yokohama, Kanagawa	Limited	70	In Operation	Sep 2016
20	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Limited	161	In Operation	Jun 2016
21	Hotel MyStays Premier Omori	Shinagawa-ku, Tokyo	Limited	232	In Operation	Nov 2016

Residential properties

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

No. of Hotel Rooms
6,007
No. of Apartment Units
743

(Note 1) MOU providing preferential negotiation rights. INV is granted an opportunity to consider the acquisition in priority to a third party when any property covered by the MOU is to be sold.

(Note 2) We do not intend to acquire any of the properties listed above as of the date of this material and there is no assurance that we will acquire any of these properties in the future.

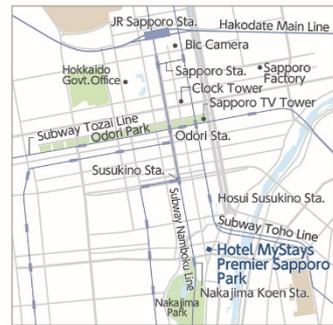
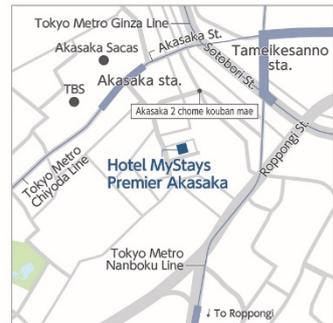
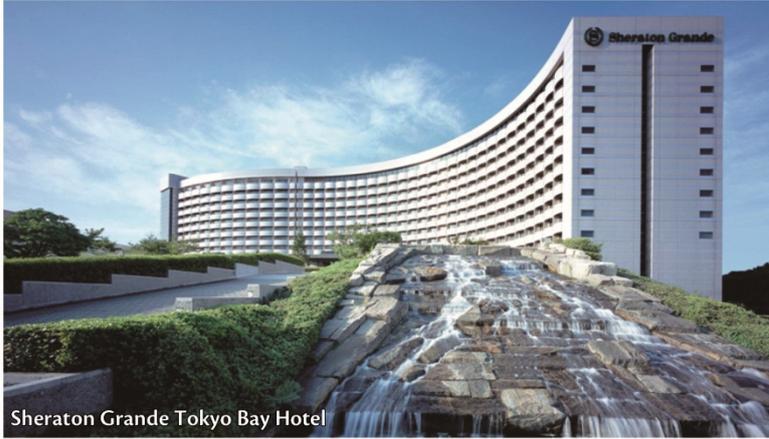
(Note 3) Each “Asset Type” above is as follows:

“Limited” refers to a limited service hotel focusing on revenues from room stay and offer limited services regarding food and beverage, banquet, spa or gymnasium facilities.

“Full” refers to a full-service hotel having sections of stay, food and beverage, and banquet.

“Resort” refers to a resort hotel located at tourist destinations or recreational lots, having sections of stay, food and beverage, and incidental facilities.

Major Sponsor Pipeline Properties



(Note) We do not intend to acquire any of the properties listed above as of August 31, 2017 and there is no assurance that we will acquire any of these properties in the future.

MyStays Hotel Management

MyStays Hotel Management (MHM), the primary operator of hotels owned by INV, has significantly improved its website and social media capabilities to increase its customer base and direct booking ratio



■ MHM Overview

- MHM manages 77 hotels in Japan (12,072 rooms) (as of February 1, 2017) ⁽¹⁾
- MHM was founded in 1999 and acquired in 2012 by Fortress Group
- MHM has 2,095 employees (as of December 31, 2016) ⁽¹⁾

Key Initiatives	<ul style="list-style-type: none"> ▪ Converted 575 rooms to non- smoking to better adapt to updated customer preferences ▪ Increased overbooking ratios and continue to monitor in order to maximize occupancy and offset increased cancellations ▪ Reduced linen and cleaning costs by renegotiating the contracts
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■ Other Initiatives

Reinforcement of website communication, etc.	<ul style="list-style-type: none"> ○ Improved website with easier booking navigation and posted ratings from TrustYou⁽²⁾ ○ Streamlined information architecture and rewrote all copyright in order to have better user experience and SEO⁽³⁾; updated pictures and content for each hotel and region ○ Aimed to increase direct bookings, reduce agent commissions and gain repeat customers by promoting 5% membership discount campaign ○ MyStays website and guest relations offered services in 5 languages (Japanese, English, Chinese (Simplified and Traditional), and Korean) 	 <p style="text-align: center;">MyStays Website</p>
Reinforcement of marketing channels	<ul style="list-style-type: none"> ○ In the past six months, MyStays has expanded its distribution channels to include new relationships with 12 travel agents, airlines and OTAs in China, Hong Kong, Taiwan and Korea ○ Launched affiliate marketing program with CTBC Bank Co., Ltd. (largest credit card issuer in Taiwan) in 4Q 2016 ○ Recently started affiliated marketing programs with Hong Kong Airlines, ANA and Union Pay 	 <p style="text-align: center;">the CTBC campaign</p>
Initiatives for guests from greater China	<ul style="list-style-type: none"> ○ Hired additional Chinese speaking staff ○ 24-hour support in Chinese via online chat and phone hotline ○ Increased presence on C-Trip⁽⁴⁾, 6 hotels with Silver Medal status and 30 'China Friendly' hotels ○ Conveniently accepts Union Pay at all hotel locations 	 <p style="text-align: center;">Union Pay</p>  <p style="text-align: center;">Chinese breakfast at MHM hotels</p>

(Note 1) Includes hotels managed by MHM subsidiary Naqua Hotels and Resorts Management Co., Ltd.

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

- (Note 3) SEO (search engine optimization) is a methodology of strategies, techniques and tactics used to increase the number of visitors to a website by obtaining a high-ranking placement in the search results page of a search engine.
- (Note 4) C-trip is the largest online travel site in China and provides certification marks for Chinese traveler-friendly hotels. Each requirement are as follows;
- China Friendly: Electric kettle, Free Wi-Fi, CUP card, Tea bag, Chinese breakfast, Chinese notation of hotel facilities, 3.8 or more for reviews, Full-day Front Chinese.
- Gold Medal status: Lowest price, C-trip has price advantage over other OTA, provided more than 2 rooms per day to C-trip (or use unified management software), 4 points or more for reviews.
- Silver Medal status: Provided same rates and number of rooms by all OTAs, Benefits for C-trip, provided more than 2 rooms per day to C-trip (or use unified management software), 4 points or more for reviews.

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period	
Reporting period		Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec 31, 2016	Jan. 1, 2017 to Jun. 30, 2017	
Operating Results	Operating revenue	(Note 1) (JPY thousand)	4,974,760	6,863,775	8,158,220	9,511,466	9,260,917
	(Rental revenue – real estate)	(JPY thousand)	4,974,760	6,863,775	8,158,220	9,511,466	9,260,917
	Operating expenses	(JPY thousand)	2,163,828	2,494,667	3,084,315	3,577,255	3,916,456
	(Property related expenses)	(JPY thousand)	1,834,039	2,178,165	2,697,986	3,162,067	3,518,684
	Operating income	(JPY thousand)	2,810,931	4,369,108	5,073,905	5,934,211	5,344,461
	Ordinary income	(JPY thousand)	2,295,909	2,953,293	4,364,025	5,431,608	4,702,678
	Net income	(JPY thousand)	2,295,304	2,952,688	4,363,420	5,431,003	4,702,073
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	136,299,746 4.5	185,918,871 36.4	284,106,133 52.8	277,361,874 (2.4)	306,421,050 10.5
	Interest-bearing debt	(JPY thousand)	72,301,000	91,699,000	141,917,000	142,419,000	163,990,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	61,731,550 0.6	91,758,194 48.6	130,005,009 41.7	131,455,278 1.1	139,062,593 5.8
	Unitholders' capital	(JPY thousand)	53,096,413	82,465,438	120,367,271	120,367,271	128,984,946
Dividend	Total distributions	(c) (JPY thousand)	2,295,069	3,790,905	4,359,527	5,429,192	4,880,081
	Dividend payout ratio	(Note 2) (%)	100.0	102.5	94.8	100.0	102.1
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	2,668,686	3,193,686	3,675,824	3,675,824	3,860,824
	Net assets per unit	(b) / (d) (JPY) (Note 3)	23,132	28,731	35,368	35,762	36,019
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	860 860	1,187 948	1,186 1,125	1,477 1,477	1,264 1,243
	(Distributions in excess of retained earnings per unit)	(JPY)	-	239	61	-	21
Financial Measures	Return on assets (change over year)	(Note 4) (%)	1.7 3.5	1.8 3.6	1.9 3.7	1.9 3.8	1.6 3.2
	Return on equity (change over year)	(Note 4) (%)	3.7 7.5	3.8 7.6	3.9 7.9	4.2 8.2	3.5 7.0
	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	45.3 (1.8)	49.4 4.1	45.8 (3.6)	47.4 1.6	45.4 (2.0)
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	4,127,486	5,961,324	7,136,971	8,414,465	8,023,607

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

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

$$\text{Dividend payout ratio} = \text{Distribution amount (Excluding distributions in excess of retained earnings)} \div \text{Net income} \times 100$$

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

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

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

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

Return on equity = Net income for period ended June 30, 2017 / (Net assets at start of reporting period + Net assets at end of reporting period) / 2) x 100.

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

Rental NOI = Rental revenue – Leasing costs + Depreciation for period ended June 30, 2017.

2 Operating Conditions

(1) Main trends of INV

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

After the absorption-type merger with LCP Investment Corporation (“LCP”) was implemented on February 1, 2010, as specified in Article 147 of the Investment Trust Act, with LCP as the absorbed corporation, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha (“Calliope”), an affiliate of the Fortress Investment Group LLC (“FIG” and together with Calliope and other affiliates of FIG, collectively the “Fortress Group”) was the main allottee, and the sponsor changed to the Fortress Group.

Ever since the commencement of sponsorship from the Fortress Group, INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”) revised the Investment Guidelines for INV, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of the external growth efforts, INV's portfolio at the end of the previous period ended December 2016 comprised of 124 properties (48 hotels, 68 residential properties and eight others) with a total acquisition price of JPY 266,619 million. The acquisition price of the portfolio has increased a significant 3.7x, compared to the period as of May 22, 2014, which is the period immediately prior to INV's initial investment in hotels.

In the Reporting Period, INV determined an issuance of new investment units (the “Public Offering”) and secondary offering on February 22, 2017 in order to acquire two residential properties on March 14, 2017 with funds raised through the Public Offering and new borrowings. One of the two residential properties, Royal Parks Tower Minami-Senju, is now the largest residential asset and second largest asset in the portfolio. INV believes that Royal Parks Tower Minami-Senju has upside in NOI growth through INV's rent increase program, which has the steady recent track record, and that the transaction added both stability and upside to the portfolio.

In addition, INV acquired Hotel MyStays Premier Hamamatsucho utilizing cash on hand and a new loan on May 29, 2017. The hotel is one of MyStays' five Premier hotels (Note 1) and has 120 large rooms with a room size of 28.5 m² to comfortably accommodate three to five guests, as well as 14 serviced apartment units. As a result, INV's portfolio comprised of 127 properties (49 hotels, 70 residential properties and eight others) with a total acquisition price of JPY 299,181 million at the end of the Reporting Period.

Moreover, after the Reporting Period, INV announced a portfolio rebalance, including the future acquisition of additional 49 rooms at Hotel MyStays Gotanda Station at an estimated 7.3% NOI cap rate and the sale of two non-core assets at a 3.8% NOI cap rate, which improves the overall NOI yield of the portfolio (see “2 (2) b Outlook for the Fiscal Period Ending December 31, 2017” and “c. Significant Subsequent Events” below for the detail of the portfolio rebalance.)

The sale of the two non-core assets closed on July 31, 2017 and the acquisition of the additional rooms is expected to be completed on October 31, 2017 after the satisfactory completion of office space to hotel room conversion.

INV has signed 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, which will continue to provide INV with considerable opportunities for external growth. As of the end of the Reporting Period, there are 21 hotels (6,007 rooms) and nine residential properties (743 units) in the MOU.

(Note 1) Five Premier hotels are Hotel MyStays Premier Akasaka, Hotel MyStays Premier Omori, Hotel MyStays Premier Sapporo Park, Hotel MyStays Premier Kanazawa and Hotel MyStays Premier Hamamatsucho, of which INV owns Hotel MyStays Premier Kanazawa and Hotel MyStays Premier Hamamatsucho.

(2) Operational Environment and Performance

For the June 2017 period, the portfolio NOI increased by 12.4% or JPY 886 million to JPY 8,023 million compared to the same period in the previous year (the June 2016 period), with a 5.4% increase from the hotel portfolio and a 6.8% increase from the residential portfolio.

In addition, the portfolio maintained a high average occupancy rate (Note 1) of 97.9%. Commentary on hotel and residential performance in the first half of 2017 is described below.

The NOI at the 40 hotels owned by INV (Note 2) increased by 1.8% for the period compared to the same period in the previous year, with a strong showing for the second quarter (from April 2017 to June 2017). The NOI for the second quarter rebounded, gaining 5.0% compared to the same period in the previous year, after declining 1.8% in the first quarter (from January 2017 to March 2017). The 40 hotels recorded an occupancy rate (Note 3) of 89.0% (-0.8 points YoY), ADR (Note 4) of JPY 9,345 (+0.7% YoY), and RevPAR (Note 5) of JPY 8,320 (-0.2% YoY). The overseas sales ratio (Note 6) at the 38 hotels (Note 7) increased to 33.1% (+4.9 points YoY). Of the total hotel revenue, fixed rents accounted for 47.1% (JPY 2,613 million) and variable rents accounted for 52.9% JPY 2,932 million at the 49 hotels.

Inbound visitors reached a record high of 24.0 million (+21.8% YoY) in 2016 and the increasing trend continues in 2017 (+17.4% YoY as of June, 2017) while government targets are 40 million in 2020 and 60 million in 2030. Japan’s GDP has achieved continuous growth with positive signs in consumer confidence, improvement of domestic employment, as well as wage increase. The hotel segment has been impacted by an increase in supply, however the continued growth in inbound visitors to Japan is much higher than the supply in new hotel rooms. Cancellations of hotel rooms are also a concern, but MyStays Hotel Management Co., Ltd. (“MHM”), a hotel operator in the sponsor group, has increased the level of overbookings to help mitigate this issue. Under these circumstances, INV is working closely with the operators of the hotels, primarily MHM, to proactively address the issues at hand. Specifically, MHM is taking various actions based on extensive operational analysis and customer feedback through TrustYou (Note 8) Analytics to improve the customer experience. MHM expects to increase direct bookings and maximize revenue at time of high demand through promotional campaigns, an improved website and enhanced revenue management analytics. MHM is also focused on the following initiatives such as increasing overbooking ratios strategically in order to offset cancellations, converting a select number of smoking rooms to non-smoking to generate higher ADRs for non-smoking rooms, saving cost for linen and cleaning, increasing services for Chinese speaking guests, and strengthening relations with travel agents, airlines and OTAs (online travel agents) based in China, Hong Kong, Taiwan and Korea to diversify and improve distribution channel. INV believes that these initiatives, along with the continued growth in inbound visitors to Japan will help increase portfolio NOI.

In addition, INV decided to change the hotel operator for one hotel (Note 9) on June 26, 2017.

The NOI (Note 10) of the 70 residential properties (Note 11) increased 2.4% compared to the same period

in the previous year, and the average occupancy rate achieved a stable 95.2%, a decrease of 0.9 points compared to the same period in the previous year.

As a continued focus on proactive asset management INV changed the master lessee (“ML”) and property manager (“PM”) for one residential property on April 27, 2017 (Note 12) in order to further improve its operational efficiency and property performance. In addition, INV decided on June 26, 2017 to change ML/PM for four residential properties (Note 13) aiming to increase NOI by JPY 39 million per year on an estimated basis. The change of ML/PM at the four residential properties was determined after the acquisition of Royal Parks Tower Minami-Senju, a flagship residential asset where the role of the property manager is highly sought after. INV was therefore able to negotiate this assignment to reduce the rate of property management fees at the property from 2.7% to 1.5% for Royal Parks Tower Minami-Senju, as well as improve the economics at Royal Parks Seasir Minami-Senju and Royal Parks Momozaka. As a result, the number of ML/PM was consolidated from 10 to nine for 70 residential portfolio.

Trends for rent at city-center residential properties with small-type rooms maintain a moderate increase. Under the positive circumstances in the macro environment, INV continues to focus on its rent increase program for new leases and renewals as well as initiatives to reduce residential leasing costs based on a market analysis of each unit and property. In the Reporting Period, INV realized a rent increase for 61.6% (based on the number of contracts) of the new residential lease contracts for an average rent increase of 3.2% compared to the previous rent across all new leases (Note 14). Specifically, at Royal Parks Tower Minami-Senju, which was acquired during the Reporting Period, INV achieved strong results with a rent increase for 97.6% (based on the number of contracts) of the new lease contracts with an average rent increase of 12.7% compared to the previous rent across all new leases (Note 14).

INV achieved a rent increase for 51.2% (based on the number of contracts) of contract renewals for an average rent increase of 2.1% compared to the previous rent across all renewal leases (Note 14), while maintaining a high contract renewal rate of 81.0% (Note 15). There was a notable increase in rent in the Sendai, Saitama, Kyoto, Osaka and Hyogo areas, which achieved a rent increase for 47.6% (based on the number of contracts) of renewal contracts for an average rent increase of 1.9% compared to the previous rent (Note 14) across all renewal leases in these areas, even though these areas did not achieve rent increases for contract renewals in the previous year. These areas particularly benefited from the change of ML/PM for 16 residential properties in December 2016 and one residential property in January 2017.

The total appraisal value of 127 properties at the end of the Reporting Period was JPY 363,502 million. The portfolio has an unrealized gain of JPY 70,964 million (Note 16) and an unrealized gain ratio of 24.3% (Note 16). Due to the internal growth and trends in the real estate investment and rental market, the total appraisal value of 124 properties, which were owned as of the end of December 2016 period, increased by 0.6% from JPY 328,192 million at the end of December 2016 period to JPY 330,102 million at the end of the Reporting Period.

Key Performance Indicators of 40 Hotel Properties (Note 2)

	June 2017 fiscal period	Year-on-year change
Occupancy Rate	89.0%	-0.8pt
ADR (JPY)	9,345	+0.7%
RevPAR (JPY)	8,320	-0.2%
GOP (JPY million) (Note 17)	5,365	+1.6%

Key Performance Indicators of 70 Residential Properties (Note 11)

	June 2017 fiscal period	Year-on-year change
Occupancy Rate (Note 1)	95.2%	-0.9pt
Average Rent per Tsubo per Month (JPY) (Note 18)	9,595	+1.6%
NOI (JPY million) (Note 10)	2,597	+2.4%

(Note 1) “Occupancy Rate” for the entire portfolio and for the residential properties is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.

(Note 2) Of the 49 acquired hotels, the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi/ Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. The figures assume that all properties acquired in and after 2016 by INV had been owned since January 1, 2016. The actual results before acquisition by INV are based on the data provided by the sellers.

(Note 3) “Occupancy rate” for the hotel properties is calculated in accordance with the following formula:
Occupancy rate = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days).
Hereinafter the same shall apply.

(Note 4) “ADR” means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

(Note 5) “RevPAR” means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.

(Note 6) “Overseas sales ratio” is the ratio of sales amount through overseas web agents to revenues.

(Note 7) Of the 49 acquired hotels, 11 hotels, APA Hotel Yokohama-Kannai, 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 overseas sales ratio; and Hotel MyStays Kanda, which was not fully operating from May 20, 2016 through August 22, 2016 due to renovation in 2016, are excluded. The figures assume that all hotels acquired in and after 2016 by INV had been owned since January 1, 2016. The actual results before acquisition by INV are based on the data provided by the sellers.

(Note 8) “TrustYou” analyzes hundreds of millions of travel reviews and is one of the world’s largest guest feedback platforms.

- (Note 9) The operator of Hotel Vista Premio Dojima was changed to MHM on August 1, 2017. In connection with the change, the property name was changed from Hotel Vista Premio Dojima to Hotel MyStays Dojima.
- (Note 10) For the comparison of NOI of the 70 properties, insurance income and related repair expenses, which are temporary items, are excluded.
- (Note 11) The figures assume that all residential properties acquired in and after 2016 by INV had been owned since January 1, 2016. The actual results before acquisition by INV are based on the data provided by the sellers.
- (Note 12) ML and PM for Belle Face Ueno-Okachimachi were changed on May 1, 2017.
- (Note 13) ML and PM for Royal Parks Shinden and Royal Parks Momozaka were changed on July 1, 2017 and August 1, 2017 respectively, and will be changed for both Royal Parks Tower Minami-Senju and Royal Parks Seasir Minami-Senju on December 1, 2017.
- (Note 14) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.
- (Note 15) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period.
- (Note 16) The Unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.
The Unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.
- (Note 17) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. Hereinafter the same shall apply.
- (Note 18) "Average Rent per Tsubo per Month" is calculated by dividing the total rental revenue including common area charges for each month by the sum of total leased area at the end of each month during the relevant period.

(3) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 163,990 million and the Interest-Bearing Debt ratio (Note 1) and LTV (Note 2) were 53.5% and 45.1% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.50%.

(i) Equity Finance

INV executed a Public Offering which closed on March 13, 2017 (number of new investment units issued: 185,000; total issue value: JPY 8,393 million) in order to procure part of the funds for the acquisition of two residential properties.

(ii) Debt Finance

In tandem with the equity finance as described in (i) above, INV borrowed a new loan, New Syndicate Loan (G) (amount borrowed: JPY 11,250 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.4%, 0.5% and 0.6% for durations of three, four and five years), which was arranged by Mizuho Bank, Ltd., and Term Loan (F) (amount borrowed: JPY 3,000 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.45% for duration of three and a half years) on March 14, 2017 in order to pay a portion of the acquisition price and related expenses for the acquisition of two residential properties.

As a result of New Syndicate Loan (G), the number of INV's lenders increased to 22, with The Towa Bank, Ltd., The Dai-ichi Life Insurance Company, Limited and The Gunma Bank, Ltd. added to the bank formation.

INV also borrowed a new loan, Term Loan (G) (amount borrowed: JPY 7,321 million; interest rate: variable interest rate of 1-month JPY TIBOR plus 0.55% for duration of four and a half years) from Mizuho Bank, Ltd. on May 29, 2017 in order to pay a portion of the acquisition price and related expenses for the acquisition of one hotel.

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

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

(Note 2) LTV uses the calculation formula below:

LTV = total outstanding interest-bearing debt/total appraisal value x 100.

(Note 3) The average interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(4) Overview of Acquisition of Assets

The overview of two residential properties acquired on March 14, 2017 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 asset
Residential	A105	Royal Parks Tower Minami-Senju	Arakawa-ku, Tokyo	21,879	22,100	Sakura Tokutei Mokuteki Kaisha	Trust beneficiary interest
	A106	Royal Parks Seasir Minami-Senju	Arakawa-ku, Tokyo	2,683	2,710	Momo Tokutei Mokuteki Kaisha	
Total				24,562	24,810		

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

(Note 2) The appraisal value is as of December 1, 2016 based on the appraisal reports by Japan Real Estate Institute.

The overview of one hotel acquired on May 29, 2017 is as follows:

Use	Property number	Property name	Location	Acquisition price (JPY million)	Appraisal value (JPY million) (Note 1)	Seller	Category of specified asset
Hotel	D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	8,000	8,090	Septentrio 2 Tokutei Mokuteki Kaisha	Trust beneficiary interest

(Note 1) The appraisal value is as of April 30, 2017 based on the appraisal report by Japan Real Estate Institute.

(5) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period decreased by JPY 250 million from the previous period (-2.6%) to JPY 9,260 million, and net income decreased by JPY 728 million from the previous period (-13.4%) to JPY 4,702 million. The distribution per unit (“DPU”) for the Reporting Period was JPY 1,264, a decrease of JPY 213 (-14.4%) compared to the previous period.

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

INV aims to include maximum profit distributions (excluding excess profit distribution) in deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (Act No. 26 of 1957; as amended), and decided to distribute almost all of the profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, except for fractional distribution per unit less than JPY 1.

INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period. INV may also consider making distributions in excess of profits for the purpose of mitigating the impact of corporate tax increase arising from different rules and practices in tax and accounting, such as treatment on depreciation of fixed term land lease or asset retirement obligation.

With respect to the June 2017 period, INV intends to make distributions in excess of profits for JPY 46 million (JPY 12 per unit) in order to cope with the discrepancy between tax and accounting treatment for the June 2017 period. INV also intends to make distributions in excess of profits for JPY 34 million (JPY 9 per unit) in order to stabilize distributions since net income per unit decreases temporarily due to one-off expenses in connection with the Public Offering and borrowings in March 2017. As a result, the DPU (including excess profit distribution) for the June 2017 period is JPY 1,264.

3 Changes in Total Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital from the date of establishment to the end of the Reporting Period are as follows.

Date	Type of issue	Total number of investment units issued and outstanding		Unitholders' capital (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)
February 22, 2017	Reversal of allowance for temporary differences adjustment	-	3,675,824	224,225,264	120,591,496,700	(Note 16)
March 13, 2017	Public offering	185,000	3,860,824	8,393,450,000	128,984,946,700	(Note 17)

- (Note 1) INV 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 five units per one 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, four investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units.
- (Note 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 loan, etc.
- (Note 9) New investment units were issued in a third party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.
- (Note 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 raise a part of the 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 allocation to cash reserves to be used as part of the funds for future acquisition of properties.
- (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.
- (Note 16) INV has decided on Board of Directors' Meeting held on February 22, 2017, the reversal of allowance for temporary difference adjustments for incorporation into unitholders' capital.
- (Note 17) New investment units were issued in a public offering at a price of JPY 46,897 per unit (JPY 45,370 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties.

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	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period
Closing month	June 2015	December 2015	June 2016	December 2016	June 2017
Highest	66,400	76,400	88,400	70,300	54,800
Lowest	44,500	57,900	61,100	49,600	41,500

4 Distribution Performance

With respect to profit distributions for the Reporting Period, 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).

In addition, in accordance with the cash distribution policy as set forth in Article 17, Item 4 of the Articles of Incorporation, INV makes distributions of cash in excess of earnings of the amount that it determines (the “Excess Profit Distribution”). For the Reporting Period, INV decided to make Excess Profit Distribution of JPY 46 million (JPY 12 per unit) as distribution from the allowance for temporary differences adjustment in order to cope with the discrepancy between tax and accounting treatment, and JPY 34 million (JPY 9 per unit) as refund of investment in order to level total distributions because the amount of profit distributions decreases temporarily due to the incurrence of one-off expenses associated with expenses from the issuance of new investment units and borrowings. As a result, distribution (including Excess Profit Distribution) is JPY 1,264 per unit.

Period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period
Calculated Period	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec. 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec. 31, 2016	Jan. 1, 2017 to Jun. 30, 2017
Unappropriated retained earnings (JPY thousand)	2,370,704	3,028,323	4,363,420	5,659,831	4,708,487
Reserved profit (JPY thousand)	75,634	-	228,827	6,414	(90,516)
Total cash distribution (JPY thousand)	2,295,069	3,790,905	4,359,527	5,429,192	4,880,081
(Distribution per unit) (JPY)	860	1,187	1,186	1,477	1,264
Total profit distribution (JPY thousand)	2,295,069	3,027,614	4,135,302	5,429,192	4,799,004
(Profit distribution per unit) (JPY)	860	948	1,125	1,477	1,243
Total refund of investment (JPY thousand)	-	763,290	224,225	-	81,077
(Refund of investment per unit) (JPY)	-	239	61	-	21
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	-	-	224,225	-	46,329

Period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period
Calculated Period	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec. 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec. 31, 2016	Jan. 1, 2017 to Jun. 30, 2017
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	-	-	61	-	12
Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	763,290	-	-	34,747
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	-	239	-	-	9

5 Future Operational Policy and Issues to be Addressed

Outlook for the Fiscal Period Ending December 31, 2017

The DPU (including excess profit distribution) for the December 2017 period is forecast to be JPY 1,545 (+4.6% YoY); the full year DPU (including excess profit distribution) for calendar year 2017 is forecast to provide steady growth of JPY 2,809 (+5.5% YoY).

Future operational policy and issues to be addressed

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

- Continuous acquisition of properties from large pipeline provided by the sponsor and third parties
- Further internal growth at hotel and residential properties
- Diversification of financing measures including the issuance of investment corporation bonds and extension and diversification of loan maturities

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated, and residential properties especially where

rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 69.7% of total revenue (Note 1). This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign travelers visiting Japan, demands of business and leisure customers in nearby areas, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental revenue are forecasted to increase. On July 25, 2017, INV decided to acquire a portion ((i) a portion of the first floor and (ii) the entire of the second and third floor) of the annex building of Hotel MyStays Gotanda Station, after considering its attractive yield which is expected to improve the profitability of overall portfolio as well as the Hotel MyStays Gotanda Station. The acquisition of the 49 additional rooms at Hotel MyStays Gotanda Station is to be made on condition precedent that the conversion work from office space to new hotel rooms is completed, with the anticipated closing date of October 31, 2017.

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

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

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

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties	JPY 14,043 million
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
March 2017	Two residential properties	JPY 24,562 million
May 2017	One hotel	JPY 8,000 million
Total	77 properties (of which 46 are hotels and 31 are residential properties)	JPY 230,020 million (of which hotels: JPY 178,382 million; residential: JPY 51,638 million)

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, and III. 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 affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 21 hotels and nine residential properties (see the table below) (Note 2). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset name	Asset type (Note 3)	Location	No. of rooms
1	Hotel MyStays Premier Akasaka	Limited Service Hotel	Minato-ku, Tokyo	327
2	Hotel MyStays Yokohama Kannai	Limited Service Hotel	Yokohama-shi, Kanagawa	165
3	RIHGA Royal Hotel Kyoto	Full Service Hotel	Kyoto-shi, Kyoto	489
4	Narita Excel Hotel Tokyu	Full Service Hotel	Narita-shi, Chiba	706
5	Hotel MyStays Premier Sapporo Park	Full Service Hotel	Sapporo-shi, Hokkaido	418
6	Hotel MyStays Sapporo Station	Limited Service Hotel	Sapporo-shi, Hokkaido	242
7	Hotel MyStays Oita	Limited Service Hotel	Oita-shi, Oita	145
8	Art Hotel Hirosaki City	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	Full Service Hotel	Urayasu-shi, Chiba	1,016
12	Hotel MyStays Shin Osaka Conference Center	Limited Service Hotel	Osaka-shi, Osaka	397
13	Art Hotel Asahikawa	Full Service Hotel	Asahikawa-shi, Hokkaido	265
14	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa-shi, Ishikawa	206
15	Hotel MyStays Matsuyama	Full Service Hotel	Matsuyama-shi, Ehime	161
16	Hotel MyStays Ueno East	Limited Service Hotel	Taito-ku, Tokyo	150
17	(Tentative) Hotel MyStays Honmachi 3-chome (Note 4)	Limited Service Hotel	Osaka-shi, Osaka	120
18	Hotel MyStays Sapporo Nakajima Park	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	Hotel MyStays Premier Omori	Limited Service Hotel	Shinagawa-ku, Tokyo	232
Hotel subtotal				6,007
22	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121
23	Plestay Win Kinshicho	Residential/Small Type	Sumida-ku, Tokyo	92
24	Gran Charm Kichijoji	Residential/Small Type	Musashino-shi, Tokyo	28
25	Green Patio Noda	Residential/Small Type	Noda-shi, Chiba	240
26	Dainichi F-45	Residential/Small Type	Urayasu-shi, Chiba	54
27	Gran Charm Urayasu	Residential/Small Type	Urayasu-shi, Chiba	54
28	Gran Charm Urayasu 5	Residential/Small Type	Urayasu-shi, Chiba	54
29	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa-shi, Chiba	52
30	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa-shi, Chiba	48
Residential property subtotal				743

(Note 1) The percentage indicates composition of annual rent revenue based on the 2016 actual results of annual rent revenue for all of the properties owned by INV and on the assumption that all properties acquired in and after 2016 by INV had been owned since January 1, 2016. The actual results before acquisition by INV are based on the data provided by the sellers. With regard to Hotel MyStays Premier Hamamatsucho, the 2017 revenue forecast (January-April: Actual / May-December: Forecast) estimated by INV is used, as the

revenue in 2016 temporarily declined due to the renovation work from August 2016 to November 2016.

(Note 2) The term of validity of the MOU is from December 22, 2016, the date of execution of the updated MOU, to December 21, 2017. Regarding the 30 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 3) Each “Asset Type” above is as follows:

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

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

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

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

(Note 4) (Tentative) Hotel MyStays Honmachi 3-chome is scheduled to be completed in November 2017 and open in December 2017.

Property Sales

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

On July 25, 2017, INV decided to sell one office building (Kindai Kagaku Sha Building) and one parking lot (Times Kanda-Sudacho 4th). The portfolio rebalance, whereby acquiring the an additional portion of Hotel MyStays Gotanda Station at an estimated NOI cap rate of 7.3% (Note 1) and selling two non-core assets at a 3.8% NOI cap rate, is expected to improve the overall NOI yield for the portfolio. The sale of the two non-core assets, which were sold at prices exceeding both the book and appraisal values, was completed on July 31, 2017, and the acquisition of an additional portion of Hotel MyStays Gotanda Station as described above, is expected to be closed on October 31, 2017.

(Note 1) Calculated by dividing the NOI of Hotel MyStays Gotanda Station to be increased after the additional acquisition as estimated by INV as of the time of acquisition decision by the anticipated acquisition price, which is rounded to one decimal place. As the anticipated acquisition price may change as described below in “6 Significant Subsequent Events,” the estimated NOI cap may vary.

(ii) Strategy for internal growth

(Hotels)

Of the 49 hotels owned by INV as of the end of the Reporting Period, 40 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting management fees for the hotel operator as rents, and as a result INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 35 hotels (Note 1), MHM has implemented sophisticated 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 PM and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the off-season in the residential rental market that occurs during the December 2017 period, INV will focus on increasing the occupancy rate and rent for both new lease contracts and lease renewals for each of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

Further, the implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring stable operations and high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit. Especially for hotels, INV will carefully execute the plans for renovations and replacement of fixtures and fittings in order to maintain and increase revenues.

(Note 1) Hotel MyStays Dojima (former Hotel Vista Premio Dojima), whose operator was changed effective on August 1, 2017, is included

(iii) Financial strategy

In the Reporting Period, INV has added new lenders and strengthened its relationship with existing lenders through the Public Offering and new borrowings in March 2017, in order to further stabilize its financial base. Going forward, INV will work on diversifying financing measures including issuing investment corporation bonds. Also, INV seeks to maximize unitholders' value by way of extension of loan tenor, diversification of loan maturity dates, further reduction of borrowing costs and improvement of its credit rating.

(iv) Compliance risk management

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

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

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

6 Significant Subsequent Events

On July 25, 2017, INV decided to sell one office building and one parking lot (the “Sale of Assets”) and to acquire a portion ((i) a portion of the first floor and (ii) the entire of the second and third floor) of the annex building of Hotel MyStays Gotanda Station (the “Additional Acquisition”) with cash on hand including the sale proceeds from the Sale of Assets. The Additional Acquisition will add 49 hotel rooms to Hotel MyStays Gotanda after the completion of the conversion work from office space to new hotel rooms. The Sale of Assets closed on July 31, 2017. As a result, INV’s portfolio comprises of 125 properties (49 hotels, 70 residential properties and six others) with a total acquisition price of JPY 297,781 million as of the date of this document. The total acquisition price is expected to increase to JPY 299,661 million after the Additional Acquisition which is expected to close on October 31, 2017.

(a) Property Sales

The Asset Manager decided to sell one office building and one parking lot, and Sales of Assets has been closed on July 31, 2017 as follows:

Use	Property number	Property name	Acquisition price (JPY million)	Book value (JPY million) (Note 1)	Sales price (JPY million) (Note 2)	Difference b/w sales price and book value (Note 1)	Transferee	Category of specified asset
Office Building	B08	Kindai Kagaku Sha Building	1,301	1,201	1,361	159	Undisclosed (Note 3)	Trust Beneficiary Interest (Note 4)
Parking Lot	C01	Times Kanda-Sudacho 4th	97	100	130	29	Wastec HOLDINGS Co., Ltd.	Real Property
Total			1,398	1,301	1,491	188		

(Note 1) The book values are anticipated amount as of July 31, 2017. The difference between sales price and book value is provided for reference purpose. INV estimates to recognize a gain on sales of JPY 120 million (of which, JPY 96 million for Kindai Kagaku Sha Building, and JPY 23 million for Times Kanda-Sudacho 4th) in the December 2017 period, after deducting sales-related expenses.

(Note 2) Sales prices do not include adjustments for fixed asset taxes or city planning taxes, or national or local consumption taxes.

(Note 3) The name of the transferee is not disclosed, as the transferee’s consent has not been obtained for disclosure.

(Note 4) The trust beneficiary interest of Kindai Kagaku Sha Building was integrated in a single trust account with other trust accounts when INV procured funds through debt financing backed by trust assets in July 2011. In transferring the sole trust beneficiary interest of Kindai Kagaku Sha Building by itself, INV incurred some expenses to detach the asset from the integrated trust account.

(b) Property Acquisition

The Asset Manager decided to acquire an additional portion of a hotel (Note 1) with the anticipated closing date of October 31, 2017 as follows:

Use	Property number	Property name	Location	Anticipated acquisition price (JPY million) (Note 3)	Appraisal value (JPY million) (Note 4)	Seller	Category of specified asset
Hotel	D43	Hotel MyStays Gotanda Station (Additional Acquisition Portion) (Note 2)	Shinagawa-ku, Tokyo	1,880	2,600	Undisclosed (Note 5)	Trust beneficiary interest

(Note 1) INV will conduct Additional Acquisition by assuming the buyer's position in the "Purchase and Sale Agreement of Trust Beneficiary Interest" dated May 12, 2017 (the "PSA"), between the seller above and Gotanda Godo Kaisha, the original buyer.

(Note 2) Hotel MyStays Gotanda Station, INV's portfolio property, comprises two buildings adjacent to each other, the Main Building and the Annex Building, and INV currently owns the entire portion of the Main Building and a portion of the Annex Building. The hotel (the "Existing Hotel Portion") has been operated as a portion of each of the Main Building and the Annex Building that are owned by INV. The portion INV will acquire this time is (i) a portion of the first floor of the Annex Building and (ii) the entire second and third floor of the Annex Building (collectively, the "Floor Expansion Portion"), totaling 1,385.46 m². Conversion work to convert office space to hotel rooms (the "Conversion") has been implemented by the seller in an aim to add 49 hotel rooms. Upon the completion of the Conversion, INV will complete the Additional Acquisition and thus aims to operate the Existing Hotel Portion and the Floor Expansion Portion together in an efficient manner.

(Note 3) Anticipated acquisition price is the total of (i) purchase price set forth in the PSA, (ii) expenses with regard to the Conversion, (iii) transfer price of the furniture, fixture and equipment (FF&E), and other expenses. Expenses with regard to the Conversion and transfer price of the furniture, fixture and equipment (FF&E) are estimated amount as of July 25, 2017, and are subject to change. Moreover, the anticipated acquisition price does not include adjustments for fixed asset taxes or city planning taxes, as well as national or local consumption taxes.

(Note 4) As the Floor Expansion Portion is under construction, the appraisal value shows the research value set forth in the research report on the valuation date of June 30, 2017, issued by Morii Appraisal & Investment Consulting, Inc. The research value shows the difference between (i) the research value of Existing Hotel Portion and Floor Expansion Portion combined, assuming the completion of the Conversion (JPY 27,400 million) and (ii) the research value for the Existing Hotel Portion before the Additional Acquisition (JPY24,800 million).

(Note 5) The name of the seller is not disclosed, as the seller's consent has not been obtained for disclosure.

Overview of the Investment Corporation

1 Overview of Investment

By Period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period
Results Dates	As of Jun. 30, 2015	As of Dec. 31, 2015	As of Jun. 30, 2016	As of Dec. 31, 2016	As of Jun. 30, 2017
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	2,668,686	3,193,686	3,675,824	3,675,824	3,860,824
Unitholders' capital (JPY million)	53,096	82,465	120,367	120,367	128,984
Number of total unitholders	10,731	10,587	12,135	15,634	17,493

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	15.79
The Master Trust Bank of Japan, Ltd. (trust account)	393,161	10.18
Japan Trustee Services Bank, Ltd. (trust account)	381,808	9.88
Trust & Custody Services Bank, Ltd. (securities investment trust account)	347,515	9.00
Rayo Godo Kaisha	149,925	3.88
The Nomura Trust and Banking Co., Ltd. (investment trust account)	131,026	3.39
THE BANK OF NEW YORK 133970	76,487	1.98
THE BANK OF NEW YORK MELLON SA/NV 10	62,156	1.60
STATE STREET BANK AND TRUST COMPANY 505012	50,939	1.31
JP MORGAN CHASE BANK 385628	47,626	1.23
Total	2,250,585	58.29

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

3 Notes regarding Directors

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

Position	Name	Primary responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd.	-
Supervisory Director	Takashi Takahashi	Attorney, Ocean General Law Office	2,400
	Hiroyuki Fujimoto	Tax accountant, CPA Fujimoto Office Outside Auditor, BRYCEN Co., Ltd. (current position)	2,400
Auditor	Ernst & Young ShinNihon LLC	-	16,200

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

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 that have received a 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 unitholders' registry, etc.)	Sumitomo Mitsui Trust Bank, Limited
General administrative agent (institutional operations (Note 2))	Consonant Investment Management Co., Ltd.
General administrative agent (accounting 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 INV's institutional operations, tasks related to the mailing of general unitholders' meetings and the receipt and counting of voting forms are delegated.

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

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

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

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended December 31, 2016 (as of December 31, 2016)		Fiscal period ended June 30, 2017 (as of June 30, 2017)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Residences	Greater Tokyo area	-	-	-	-
		Major regional cities	-	-	-	-
		Subtotal	-	-	-	-
	Offices/Commercial Facilities	Greater Tokyo area	704	0.3	703	0.2
		Major regional cities	-	-	-	-
		Subtotal	704	0.3	703	0.2
	Parking lots, etc.	Greater Tokyo area	100	0.0	100	0.0
		Major regional cities	-	-	-	-
		Subtotal	100	0.0	100	0.0
	Hotels	Greater Tokyo area	-	-	2	0.0
		Major regional cities	-	-	-	-
		Subtotal	-	-	2	0.0
Total real estate			805	0.3	806	0.3
Real estate in trust	Residences	Greater Tokyo area	51,610	18.6	77,073	25.2
		Major regional cities	16,225	5.8	16,039	5.2
		Subtotal	67,835	24.5	93,113	30.4
	Offices/Commercial Facilities	Greater Tokyo area	7,002	2.5	6,990	2.3
		Major regional cities	5,782	2.1	5,732	1.9
		Subtotal	12,785	4.6	12,722	4.2
	Parking lots, etc.	Greater Tokyo area	-	-	-	-
		Major regional cities	-	-	-	-
		Subtotal	-	-	-	-
	Hotels	Greater Tokyo area	102,297	36.8	109,907	35.9
		Major regional cities	76,214	27.5	75,988	24.8
		Subtotal	178,511	64.4	185,895	60.7
Total real estate in trust			259,133	93.4	291,731	95.2
Deposits and other assets			17,423	6.3	13,883	4.5
Total assets (Note 3)			277,361 (259,938)	100.0 (93.7)	306,421 (292,537)	100.0 (95.5)

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

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

(Note 3) The figures indicated in parenthesis under “Total assets” show the amounts related to owned real estate.

2 Major Properties

The overview of the Investment Corporation’s major properties (top 10 properties by book value) at the end of the Reporting Period is as below.

Name of property		Book value (JPY million)	Leasable area (m ²)	Leased area (m ²)	Occupancy rate (%) (Note 1) (Note 2)	Ratio of rental revenue (%) (Note 2)	Main use
D43	Hotel MyStays Gotanda Station	24,626	8,752.42	8,752.42	100.0	4.4	Hotel
A105	Royal Parks Tower Minami-Senju	22,933	39,113.46	36,257.39	92.7	4.6	Residence
D44	Hotel Epinard Nasu	20,744	37,702.33	37,702.33	100.0	5.9	Hotel
D47	Hotel MyStays Premier Kanazawa	13,561	13,250.03	13,250.03	100.0	3.1	Hotel
D21	APA Hotel Yokohama-Kannai	8,041	6,568.51	6,568.51	100.0	2.5	Hotel
D49	Hotel MyStays Premier Hamamatsucho	8,016	6,151.93	6,151.93	100.0	0.5	Hotel
D45	Hotel MyStays Fukuoka Tenjin	7,989	5,083.06	5,083.06	100.0	2.1	Hotel
D46	Hotel MyStays Hamamatsucho	7,916	1,951.90	1,951.90	100.0	1.2	Hotel
D24	Hotel MyStays Haneda	7,585	5,400.16	5,400.16	100.0	2.0	Hotel
A75	Spacia Ebisu	6,517	7,794.91	7,420.04	95.2	2.3	Residence
Total		127,932	131,768.71	128,537.77	97.5	28.7	-

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

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

3 Asset Portfolio of Real Estate, etc.

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

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest (Note 3)	1,771.13	1,180	1,118
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest (Note 3)	2,681.94	1,290	1,084
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest (Note 3)	1,051.50	1,020	825
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 3)	1,367.96	1,130	978
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest (Note 3)	2,152.31	1,410	1,366
A31	Harmonie Ochanomizu	2-5-5 Yushima, Bunkyo-ku, Tokyo	Trust beneficiary interest (Note 3)	1,748.24	1,400	1,351
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	3,029.16	1,090	1,086
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	1,858.44	1,180	960
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest (Note 3)	1,351.11	1,050	950
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest (Note 3)	1,562.26	999	824

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
A36	Growth Maison Ikebukuro	3-31-14 Nishi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest (Note 3)	952.89	910	746
A37	Growth Maison Yōga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,015.34	722	746
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest (Note 3)	1,368.57	657	642
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,167.50	633	655
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest (Note 3)	1,235.93	498	652
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest (Note 3)	1,210.74	725	541
A42	Capital Heights Kagurazaka	71-1 Enokicho, Shinjuku-ku, Tokyo	Trust beneficiary interest (Note 3)	1,126.65	587	626
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest (Note 3)	1,047.75	534	560
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest (Note 3)	557.05	607	559
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest (Note 3)	907.46	515	527
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest (Note 3)	815.77	569	521
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest (Note 3)	2,040.27	465	520

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest (Note 3)	871.35	547	456
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,250	2,329
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,032.70	3,940	3,052
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,480	1,883
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,820	1,329
A56	Casa Eremitaggio	1-14-15 Nakane, Meguro-ku, Tokyo	Trust beneficiary interest	1,197.19	1,110	953
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,070	822
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	713	555
A62	Lexel Mansion Ueno Matsugaya	3-10-2 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,969.45	1,200	859
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,350	1,019
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	559	393
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	450	285
A66	Visconti Kakuzoan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	271	231
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,170	859
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashi-Komagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	605	441
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,250	973

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest	7,794.91	8,010	6,517
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	1,980	1,614
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,420	1,182
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,080	908
A79	Revest Honjin	2-13 Toriidori, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	809	628
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	793	616
A81	Sun Terrace Minami Ikebukuro	2-22-6 Minami-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	898.70	755	595
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	733	566
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	746	557
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	693	555
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	726	535
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	642	510
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	635	517
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	570	492
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	606	475
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	603	436

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	514	421
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	505	395
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	446	354
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	434	350
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	433	336
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	428	324
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	323	313
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	395	295
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	337	279
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	1,930	1,813
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,730	1,718
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,720	1,661
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,050	2,951
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,440	5,133
A105	Royal Parks Tower Minami-Senju	4-7-3 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	39,113.46	22,600	22,933
A106	Royal Parks Seasir Minami-Senju	3-41-7 Minami-Senju, Arakawa-ku, Tokyo	Trust beneficiary interest	6,496.86	2,710	2,825

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
Subtotal				189,986.98	104,752	93,113
B08	Kindai Kagaku Sha Building	2-7-15 Ichigaya-Tamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,451.54	1,060	1,197
B09	Shinjuku Island	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Real estate	526.43	545	703
B14	Lexington Plaza Nishigotanda	5-2-4 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	6,033.58	4,250	4,662
B15	Cross Square NAKANO	5-24-18 Nakano, Nakano-ku, Tokyo	Trust beneficiary interest	2,145.00	1,090	1,129
B16	Ohki Aoba Building	9-7 Futsukamachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	2,178.37	691	731
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,610	3,086
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,370	1,914
Subtotal				39,194.65	13,616	13,426
C01	Times Kanda-Sudacho 4th	1-22-7, 1-22-15 Kanda sudacho, Chiyoda-ku, Tokyo	Real estate	81.04	113	100
Subtotal				81.04	113	100
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	5,260	3,043
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	5,340	2,568
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	15,600	5,799
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,140	4,740
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,690	4,697
D06	Hotel Vista Premio Dojima (Note 4)	2-4-1 Sonezakishinchi, Kita-ku, Osaka	Trust beneficiary interest	9,445.32	7,370	3,677
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,850	2,756

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	8,430	2,445
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,500	2,031
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	3,450	1,834
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	4,720	1,530
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,130	1,362
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,480	1,279
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	2,130	1,216
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,260	1,224
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,170	1,151
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	4,710	1,163
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,320	733
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	837	575
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	403	283
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,650	8,041
D22	Hotel Nets Hakodate	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,720	2,682
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,310	2,104

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,490	7,585
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,140	5,490
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	4,370	3,760
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,840	3,660
D28	Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,450	2,124
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,790	1,613
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,430	1,271
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interest	11,733.23	1,380	1,235
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,180	953
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,090	956
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	1,060	891
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	5,030	4,971
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,230	1,148
D37	Super Hotel JR Ueno-iriyauchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,220	1,115
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	3,410	3,124
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,210	1,121

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of June 30, 2017 (JPY million) (Note 2)	Book value (JPY million)
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,170	1,119
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,060	995
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	901	832
D43	Hotel MyStays Gotanda Station	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	8,752.42	24,800	24,626
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	22,000	20,744
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,280	7,989
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	7,760	7,916
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	14,000	13,561
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,170	2,126
D49	Hotel MyStays Premier Hamamatsucho	1-8-5 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	6,151.93	8,090	8,016
Subtotal				232,427.89	245,021	185,897
Total				461,690.56	363,502	292,537

(Note 1) “Location” is, in principle, based on the indicated address (*kyukyohyoji*), except that if the *kyukyohyoji* system has not been implemented for such property, the location is based on the land number (*chiban*).

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

(Note 3) Individual trust beneficiary interests were integrated into three groups with other trust beneficiary interests when INV procured funds through debt financing backed by trust assets in July 2011. The grouping of trust beneficiary interests at the end of the fiscal period ended June 30, 2017 is as follows:

Group 1

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

Group 2

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

Group 3

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

(Note 4) With change of the operator, the property name was changed to Hotel MyStays Dojima on August 1, 2017. The same shall apply hereinafter in this document.

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

Name of property		27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A26	Nisshin Palacestage Daitabashi	1	98.0	39,494	0.4	1	89.8	39,187	0.4
A27	Nisshin Palacestage Higashi- Nagasaki	1	96.5	43,857	0.5	1	93.6	46,598	0.5
A28	Growth Maison Gotanda	1	100.0	27,345	0.3	1	100.0	27,339	0.3
A29	Growth Maison Kameido	1	92.4	33,416	0.4	1	92.4	33,024	0.4
A30	Emerald House	1	96.9	43,288	0.5	1	98.9	49,146	0.5
A31	Harmonie Ochanomizu	1	100.0	41,703	0.4	1	97.5	41,938	0.5
A32	Suncrest Shakujii-Koen	1	94.0	34,586	0.4	1	94.7	39,074	0.4
A33	Growth Maison Shin-Yokohama	1	94.2	34,347	0.4	1	97.1	35,752	0.4
A34	Belle Face Ueno-Okachimachi	1	95.2	30,471	0.3	1	90.6	33,733	0.4
A35	Grand Rire Kameido	1	100.0	26,619	0.3	1	100.0	26,619	0.3
A36	Growth Maison Ikebukuro	1	100.0	26,733	0.3	1	95.2	26,872	0.3
A37	Growth Maison Yoga	1	94.8	22,092	0.2	1	92.4	22,080	0.2
A38	Route Tachikawa	1	100.0	20,282	0.2	1	89.8	21,618	0.2
A39	Shibuya-Honmachi Mansion	1	91.9	19,621	0.2	1	100.0	20,042	0.2
A40	City Heights Kinuta	1	94.6	16,158	0.2	1	89.2	17,146	0.2
A41	Acseeds Tower Kawaguchi-Namiki	1	89.4	24,556	0.3	1	98.3	25,110	0.3
A42	Capital Heights Kagurazaka	1	97.2	18,565	0.2	1	83.4	19,885	0.2
A43	College Square Machida	1	100.0	17,484	0.2	1	100.0	17,484	0.2
A44	Belair Meguro	1	92.1	16,259	0.2	1	92.0	16,065	0.2
A45	Wacore Tsunashima I	1	89.9	18,690	0.2	1	92.1	17,917	0.2
A46	Foros Nakamurabashi	1	91.2	17,597	0.2	1	97.5	18,425	0.2
A47	Growth Maison Kaijin	1	97.4	22,145	0.2	1	100.0	22,699	0.2
A48	College Square Machiya	1	100.0	14,706	0.2	1	100.0	14,706	0.2
A51	City House Tokyo Shinbashi	1	93.3	92,285	1.0	1	92.8	90,996	1.0

	Name of property	27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
A52	Winbell Kagurazaka	1	95.5	101,878	1.1	1	98.4	105,442	1.1
A53	Nishiwaseda Crescent Mansion	1	95.8	73,724	0.8	1	100.0	74,338	0.8
A54	Lexington Square Akebonobashi	1	96.7	49,405	0.5	1	96.6	52,492	0.6
A56	Casa Eremitaggio	1	96.7	34,594	0.4	1	94.0	32,586	0.4
A59	Towa City Coop Shinotsuka II	1	96.3	35,150	0.4	1	91.4	33,865	0.4
A61	Bichsel Musashiseki	1	91.5	22,918	0.2	1	95.7	23,233	0.3
A62	Lexel Mansion Ueno Matsugaya	1	96.4	34,740	0.4	1	92.7	35,106	0.4
A63	Towa City Coop Sengencho	1	89.7	56,386	0.6	1	83.8	55,627	0.6
A64	Royal Park Omachi	1	92.8	25,432	0.3	1	98.3	26,332	0.3
A65	Lexington Square Haginomachi	1	92.1	17,590	0.2	1	89.5	17,161	0.2
A66	Visconti Kakuozan	1	83.8	11,857	0.1	1	88.6	10,730	0.1
A71	Lexington Square Daitabashi	1	92.9	32,254	0.3	1	92.2	31,574	0.3
A72	Lexington Square Honjo Azumabashi	1	96.9	19,035	0.2	1	94.0	17,807	0.2
A73	AMS TOWER Minami 6-Jo	1	86.1	45,686	0.5	1	79.7	44,905	0.5
A75	Spacia Ebisu	1	94.0	205,456	2.2	1	95.2	214,592	2.3
A76	Neo Prominence	1	95.0	64,271	0.7	1	91.2	62,852	0.7
A77	Invoice Shin-Kobe Residence	1	81.5	46,782	0.5	1	91.7	45,538	0.5
A78	Cosmo Court Motomachi	1	86.5	35,528	0.4	1	95.3	35,227	0.4
A79	Revest Honjin	1	95.0	31,699	0.3	1	92.5	32,201	0.3
A80	Revest Matsubara	1	91.8	28,164	0.3	1	93.1	29,230	0.3
A81	Sun Terrace Minami Ikebukuro	1	97.4	23,830	0.3	1	86.8	22,564	0.2
A82	Alba Noritake Shinmachi	1	91.0	25,917	0.3	1	87.5	25,262	0.3
A83	Revest Meieki Minami	1	93.6	25,956	0.3	1	95.4	26,289	0.3
A84	Revest Heian	1	88.7	23,023	0.2	1	100.0	23,712	0.3
A85	Vendir Hamaotsu Ekimae	1	93.4	32,640	0.3	1	98.5	33,178	0.4
A86	Salvo Sala	1	96.7	24,657	0.3	1	95.9	25,113	0.3

Name of property		27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
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A87	Excellente Kagurazaka	1	88.3	18,252	0.2	1	94.1	18,775	0.2
A88	Luna Court Edobori	1	98.0	21,451	0.2	1	94.0	20,548	0.2
A89	Winntage Kobe Motomachi	1	80.7	19,673	0.2	1	85.9	20,080	0.2
A90	Queen's Court Fukuzumi	1	96.6	16,843	0.2	1	95.9	17,350	0.2
A91	Corp Higashinotoin	1	95.2	17,203	0.2	1	97.6	18,292	0.2
A92	Belair Oimachi	1	92.9	14,448	0.2	1	96.1	15,291	0.2
A93	Siete Minami-Tsukaguchi	1	97.5	16,605	0.2	1	95.0	17,206	0.2
A94	Prime Life Sannomiya Isogami Koen	1	87.5	13,769	0.1	1	96.9	14,025	0.2
A95	HERMITAGE NANBA WEST	1	88.0	15,516	0.2	1	100.0	15,549	0.2
A96	Century Park Shinkawa 1-bankan	1	90.9	17,409	0.2	1	88.7	17,688	0.2
A97	West Avenue	1	87.5	12,254	0.1	1	85.0	12,175	0.1
A98	Little River Honmachibashi	1	96.9	13,795	0.1	1	87.7	13,459	0.1
A99	Prime Life Mikage	1	86.8	11,566	0.1	1	96.6	12,663	0.1
A100	City Court Kitaichijo	1	94.8	65,467	0.7	1	93.8	65,411	0.7
A101	Lieto Court Mukojima	1	95.3	53,665	0.6	1	97.0	54,123	0.6
A102	Lieto Court Nishi-Ojima	1	96.8	48,105	0.5	1	99.0	48,437	0.5
A103	Royal Parks Momozaka	4	100.0	139,988	1.5	4	100.0	140,320	1.5
A104	Royal Parks Shinden	4	100.0	215,643	2.3	4	100.0	214,749	2.3
A105	Royal Parks Tower Minami-Senju	—	—	—	—	1	92.7	426,286	4.6
A106	Royal Parks Seasir Minami-Senju	—	—	—	—	1	100.0	55,958	0.6
Subtotal		74	94.7	2,562,556	26.9	76	94.6	3,078,836	33.2
B08	Kindai Kagaku Sha Building	1	100.0	38,162	0.4	1	100.0	36,913	0.4
B09	Shinjuku Island	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
B14	Lexington Plaza Nishigotanda	7	91.8	140,640	1.5	8	100.0	144,100	1.6
B15	Cross Square NAKANO	1	89.1	44,623	0.5	1	87.3	43,431	0.5
B16	Ohki Aoba Building	1	83.6	34,522	0.4	1	88.7	34,844	0.4

Name of property		27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
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B17	Lexington Plaza Hachiman	1	100.0	163,789	1.7	1	100.0	161,712	1.7
B18	AEON TOWN Sukagawa	1	100.0	142,027	1.5	1	100.0	141,715	1.5
Subtotal		13	97.2	580,963	6.1	14	98.7	580,870	6.3
C01	Times Kanda-Sudacho 4th	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
D01	Hotel MyStays Kanda	1	100.0	95,222	1.0	1	100.0	105,509	1.1
D02	Hotel MyStays Asakusa	1	100.0	115,200	1.2	1	100.0	116,739	1.3
D03	Hotel MyStays Kyoto-Shijo	1	100.0	367,441	3.9	1	100.0	321,887	3.5
D04	MyStays Shin-Urayasu Conference Center	1	100.0	212,187	2.2	1	100.0	175,921	1.9
D05	Hotel MyStays Maihama	1	100.0	183,694	1.9	1	100.0	134,694	1.5
D06	Hotel Vista Premio Dojima	1	100.0	215,896	2.3	1	100.0	202,987	2.2
D07	Hotel MyStays Nagoya-Sakae	1	100.0	197,906	2.1	1	100.0	188,852	2.0
D08	Hotel MyStays Sakaisuji-Honmachi	1	100.0	201,529	2.1	1	100.0	161,661	1.7
D09	Hotel MyStays Yokohama	1	100.0	118,878	1.2	1	100.0	108,321	1.2
D10	Hotel MyStays Nippori	1	100.0	65,615	0.7	1	100.0	59,954	0.6
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	137,361	1.4	1	100.0	133,097	1.4
D12	Flexstay Inn Iidabashi	1	100.0	52,029	0.5	1	100.0	50,702	0.5
D13	Hotel MyStays Ueno Inaricho	1	100.0	51,818	0.5	1	100.0	55,096	0.6
D14	Flexstay Inn Shinagawa	1	100.0	50,600	0.5	1	100.0	47,795	0.5
D15	Flexstay Inn Tokiwadai	1	100.0	60,368	0.6	1	100.0	59,297	0.6
D16	Flexstay Inn Sugamo	1	100.0	54,852	0.6	1	100.0	56,654	0.6
D17	Hotel MyStays Otemae	1	100.0	144,286	1.5	1	100.0	124,567	1.3
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	39,669	0.4	1	100.0	40,634	0.4
D19	Flexstay Inn Nakanobu P1	1	100.0	21,653	0.2	1	100.0	20,795	0.2
D20	Flexstay Inn Nakanobu P2	1	100.0	11,371	0.1	1	100.0	11,168	0.1

Name of property		27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
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D21	APA Hotel Yokohama-Kannai	1	100.0	234,973	2.5	1	100.0	230,016	2.5
D22	Hotel Nets Hakodate	1	100.0	160,872	1.7	1	100.0	112,960	1.2
D23	Flexstay Inn Shirogane	1	100.0	54,444	0.6	1	100.0	59,740	0.6
D24	Hotel MyStays Haneda	1	100.0	178,271	1.9	1	100.0	182,340	2.0
D25	Hotel MyStays Kameido P1	1	100.0	186,026	2.0	1	100.0	174,873	1.9
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	98,762	1.0	1	100.0	95,315	1.0
D27	Hotel MyStays Kameido P2	1	100.0	130,259	1.4	1	100.0	118,142	1.3
D28	Hotel Vista Shimizu	1	100.0	83,319	0.9	1	100.0	76,066	0.8
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.4	1	100.0	39,426	0.4
D30	Flexstay Inn Higashi-Jujo	1	100.0	40,126	0.4	1	100.0	40,458	0.4
D31	Hotel MyStays Utsunomiya	1	100.0	64,742	0.7	1	100.0	89,478	1.0
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	32,535	0.3	1	100.0	32,054	0.3
D33	Comfort Hotel Toyama	1	100.0	35,928	0.4	1	100.0	35,928	0.4
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	28,421	0.3	1	100.0	25,877	0.3
D35	Flexstay Inn Ekoda	1	100.0	110,022	1.2	1	100.0	115,682	1.2
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.3	1	100.0	31,787	0.3
D37	Super Hotel JR Ueno-iryaguchi	1	100.0	27,275	0.3	1	100.0	27,275	0.3
D38	Hotel MyStays Shinsaibashi	1	100.0	90,819	1.0	1	100.0	82,484	0.9
D39	Comfort Hotel Kurosaki	1	100.0	37,894	0.4	1	100.0	37,894	0.4
D40	Comfort Hotel Maebashi	2	100.0	43,811	0.5	2	100.0	43,811	0.5
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	34,949	0.4	2	100.0	34,949	0.4
D42	Comfort Hotel Kitami	1	100.0	30,300	0.3	1	100.0	30,300	0.3
D43	Hotel MyStays Gotanda Station	1	100.0	396,612	4.2	1	100.0	408,173	4.4
D44	Hotel Epinard Nasu	1	100.0	1,040,790	10.9	1	100.0	549,169	5.9
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	190,416	2.0	1	100.0	192,325	2.1

Name of property		27th fiscal period (July 1, 2016 to December 31, 2016)				28th fiscal period (January 1, 2017 to June 30, 2017)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1) (Note 3)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%) (Note 3)
D46	Hotel MyStays Hamamatsucho	1	100.0	115,208	1.2	1	100.0	114,650	1.2
D47	Hotel MyStays Kanazawa	1	100.0	343,391	3.6	1	100.0	285,925	3.1
D48	Takamatsu Tokyu REI Hotel	3	100.0	106,269	1.1	3	100.0	104,257	1.1
D49	Hotel MyStays Premier Hamamatsucho	—	—	—	—	1	100.0	50,800	0.5
Subtotal		52	100.0	6,365,246	66.9	53	100.0	5,598,510	60.5
Total		140	97.9	9,511,466	100.0	144	97.7	9,260,917	100.0

(Note 1) “Occupancy rate” is calculated by dividing the leased area by leasable area.

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

(Note 3) “Occupancy rate” and “Ratio of rental revenue” are rounded off to one decimal place.

(Note 4) Not disclosed because the consent of the tenant was not obtained.

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

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

Not applicable

6 Status of Contract Amount and Fair Value of Specified Transaction

As of June 30, 2017, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

(Unit: JPY thousand)

Category	Transaction type, etc.	Contract amount (Note 1)		Fair value (Note 2)
			Amounts due after one year	
Non-market transaction	Interest rate swap Receive floating rate/pay fixed rate	99,119,000	99,119,000	92,243

(Note 1) The contract amount is 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

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

8 Asset Owned 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 Reporting Period for the real estate assets owned 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, 2017	Advance payments	
A53	Nishiwaseda Crescent Mansion	Shinjuku-ku, Tokyo	Outer wall repair work	From July 2017 To December 2017	85,000	—	—
A54	Lexington Square Akebonobashi	Shinjuku-ku, Tokyo	Outer wall repair work	From July 2017 To December 2017	49,300	—	—
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Annex tower guest room repair and maintenance	From July 2017 To December 2017	37,500	—	—
D07	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi	Boiler equipment replacement	From July 2017 To December 2017	32,000	—	—
D35	Flexstay Inn Ekoda	Nerima-ku, Tokyo	Conversion of guest rooms to non-smoking	From July 2017 To December 2017	31,000	—	—

2 Capital Expenditures for the Fiscal Period Ended June 30, 2017

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2017 is as follows. Capital expenditures for the fiscal period totaled JPY 898,213 thousand, and together with JPY 22,022 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 920,236 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Renovation work	From January 2017 To June 2017	406,088
D02	Hotel MyStays Asakusa	Sumida-ku, Tokyo	Conversion of guest rooms to non-smoking	From January 2017 To June 2017	20,072
B15	Cross Square NAKANO	Nakano-ku, Tokyo	Parking lot repair work	From January 2017 To June 2017	15,900
D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	Conversion of guest rooms to non-smoking	From January 2017 To June 2017	13,212
D08	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka	Conversion of guest rooms to non-smoking	From January 2017 To June 2017	10,906
Other construction					432,033
Total					898,213

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

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

(Unit: JPY thousand)

Fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	28th fiscal period
	From January 1, 2015 to June 30, 2015	From July 1, 2015 to December 31, 2015	From January 1, 2016 to June 30, 2016	From July 1, 2016 to December 31, 2016	From January 1, 2017 to June 30, 2017
Reserved funds at beginning of period	738,365	852,699	982,750	1,303,685	1,397,286
Amount reserved (Note)	283,147	352,490	543,275	446,066	468,145
Amount reversed (Note)	168,813	222,439	222,339	352,464	468,189
Amount carried over for next fiscal period	852,699	982,750	1,303,685	1,397,286	1,397,243

(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	27th fiscal period July 1, 2016 to December 31, 2016		28th fiscal period January 1, 2017 to June 30, 2017	
(a) Asset management fees	250,000		250,000	
(b) Asset custody fees	14,026		13,594	
(c) Administrative services fees	27,890		29,983	
(d) Directors' compensation	4,800		4,800	
(e) Other	118,471		99,393	
Total	415,187		397,771	

2 Borrowing Conditions

Borrowing conditions by financial institution at the end of the 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								
Long-term loans	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.375	Jul. 16, 2018	(Note 3)	(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					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	Mitsubishi UFJ Trust and Banking Corporation		668,000	668,000					
	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.480	Jul. 16, 2019	(Note 3)	(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					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
Resona Bank, Limited	1,335,000		1,335,000						
Mitsubishi UFJ Trust and Banking Corporation	668,000	668,000							

	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 loans	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.590	Jul. 16, 2020	(Note 3)	(Note 2)	Unsecured / with no 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					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	Mitsubishi UFJ Trust and Banking Corporation		668,000	668,000					
	Mizuho Bank, Ltd	Aug. 28, 2015	3,682,000	3,682,000	0.480	Aug. 28, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.343	Jan. 22, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mitsubishi UFJ Trust and Banking Corporation		850,000	850,000					
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.600	Jan. 22, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mitsubishi UFJ Trust and Banking Corporation		850,000	850,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	465,000	465,000	0.430	Mar. 30, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,181,000	2,181,000					
Shinsei Bank, Limited	570,000		570,000						
Resona Bank, Limited	570,000		570,000						
Mitsubishi UFJ Trust and Banking Corporation	650,000		650,000						
Japan Post Bank Co., Ltd.	2,000,000		2,000,000						
Development Bank of Japan, Inc.	1,000,000		1,000,000						
The Bank of Fukuoka, Ltd.	333,000		333,000						
The Shizuoka Bank, Ltd.	1,270,000		1,270,000						
The Daishi Bank, Ltd.	1,000,000		1,000,000						
The Nomura Trust and Banking Co., Limited	270,000	270,000							

Type	Lender	Borrowing date	Balance at beginning of Reporting Period	Balance at end of Reporting Period	Average interest rate (%) (Note 1)	Repayment date	Payment method	Purpose	Notes
			(JPY thousand)	(JPY thousand)					
Long-term loans	Mizuho Bank, Ltd	Mar. 31, 2016	965,000	965,000	0.530	Mar. 30, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	2,180,000					
	Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	Mitsubishi UFJ Trust and Banking Corporation		650,000	650,000					
	Japan Post Bank Co., Ltd.		2,000,000	2,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		500,000	500,000					
	The Hyakugo Bank, Ltd.		1,000,000	1,000,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Mizuho Bank, Ltd.		Mar. 31, 2016	1,965,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,125,000	1,125,000							
Sumitomo Mitsui Trust Bank, Limited	2,180,000	2,180,000							
Shinsei Bank, Limited.	570,000	570,000							
Resona Bank, Limited	570,000	570,000							
Mitsubishi UFJ Trust and Banking Corporation	650,000	650,000							
The Bank of Fukuoka, Ltd.	1,333,000	1,333,000							
The Shizuoka Bank, Ltd.	270,000	270,000							
The Kagawa Bank, Ltd.	500,000	500,000							
The Hiroshima Bank, Ltd.	1,000,000	1,000,000							
The Nomura Trust and Banking Co., Limited	270,000	270,000							
Citibank Japan Ltd.	Jun. 15, 2016	1,000,000	1,000,000	0.430	Jun. 15, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee	

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 loans	Jun. 15, 2016	1,000,000	1,000,000	0.530	Jun. 15, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee	
	Citibank Japan Ltd.	Jun. 15, 2016	1,000,000	1,000,000	0.630	Jun. 15, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Citibank Japan Ltd.	Jun. 30, 2016	1,000,000	1,000,000	0.430	Jun. 30, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.	Jun. 30, 2016	3,000,000	3,000,000	0.630	Jun. 30, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	AEON Bank, Ltd.	Jul. 20, 2016	700,000	700,000	0.430	Jul. 20, 2019	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,600,000	1,600,000	0.530	Jul. 20, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Jul. 20, 2016	1,700,000	1,700,000	0.630	Jul. 20, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Tokyo Star Bank, Limited	Mar. 14, 2017	—	634,000	0.430	Mar. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.		—	1,000,000					
	Development Bank of Japan, Inc.		—	333,000					
	Resona Bank, Limited		—	333,000					
	The Bank of Fukuoka, Ltd.		—	333,000					
	The Nomura Trust and Banking Co., Limited		—	252,000					
	The Towa Bank, Ltd.		—	200,000					
	The Shizuoka Bank, Ltd.		—	165,000					
	The Gunma Bank, Ltd.	Mar. 14, 2017	—	1,633,000	0.530	Mar. 14, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.		—	333,000					
	Resona Bank, Limited		—	333,000					
	The Bank of Fukuoka, Ltd.		—	333,000					
	The Nomura Trust and Banking Co., Limited		—	253,000					
	The Towa Bank, Ltd.		—	200,000					
The Shizuoka Bank, Ltd.	—		165,000						
The Gunma Bank, Ltd.									

Type	Lender	Borrowing date	Balance at beginning of Reporting Period	Balance at end of Reporting Period	Average interest rate (%)	Repayment date	Payment method	Purpose	Notes
			(JPY thousand)	(JPY thousand)	(Note 1)				
Long-term loans	Mizuho Bank, Ltd.	Mar. 14, 2017	—	1,733,000	0.630	Mar. 14, 2022	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Resona Bank, Limited		—	333,000					
	The Bank of Fukuoka, Ltd.		—	333,000					
	The Nomura Trust and Banking Co., Limited		—	333,000					
	AEON Bank, Ltd.		—	900,000					
	The Towa Bank, Ltd.		—	253,000					
	The Shizuoka Bank, Ltd.		—	200,000					
	The Daiichi Life Insurance Co., Ltd.		—	500,000					
	The Gunma Bank, Ltd.	—	165,000						
	Sumitomo Mitsui Banking Corporation	Mar. 14, 2017	—	3,000,000	0.480	Sept. 14, 2020	(Note 3)	(Note 2)	Unsecured / with no guarantee
Mizuho Bank, Ltd.	May 29, 2017	—	7,321,000	0.580	Nov. 29, 2021	(Note 3)	(Note 2)	Unsecured / with no guarantee	
Subtotal			142,419,000	163,990,000					
Total			142,419,000	163,990,000					

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

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

(Note 3) The balance at the end of the period will be repaid in full on the repayment date

3 Investment Corporation Bonds

Not applicable

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

Acquisitions and Sales for the Fiscal Period Ended June 30, 2017

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

Name of property		Acquisition	
		Acquisition date	Acquisition price (JPY thousand)
A105	Royal Parks Tower Minami-Senju	March 14, 2017	21,879,000
A106	Royal Parks Seasir Minami-Senju	March 14, 2017	2,683,000
D49	Hotel MyStays Premier Hamamatsucho	May 29, 2017	8,000,000
Total			32,562,000

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

Real Estate Transactions

Acquisition or sale	Name of property		Category of specified asset	Transaction date	Acquisition or sales price (JPY thousand)	Appraisal value (JPY thousand)	Appraiser	Appraisal date
Acquisition	A105	Royal Parks Tower Minami-Senju	Trust beneficiary interest	March 14, 2017	21,879,000	22,100,000	Japan Real Estate Institute	December 1, 2016
	A106	Royal Parks Seasir Minami-Senju			2,683,000	2,710,000		
	D49	Hotel MyStays Premier Hamamatsucho		May 29, 2017	8,000,000	8,090,000		April 30, 2017

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

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between the Asset Manager and Its Other Businesses

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

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

Please refer to “II. Balance Sheet,” “III. Statement of Income and Retained Earnings,” “IV. Statement of Changes in Net Assets,” “V. Notes” and “VI. Statement of Cash Distribution”.

2 Changes in the Calculation Method of Depreciation

Not applicable

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

Not applicable

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

Not applicable

Other

1 Notice

Board of Directors of Investment Corporation

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

Approval date	Item	Summary
February 22, 2017	Conclusion of the underwriting agreement related to the issuance of new investment units, etc.	The Board of Directors of 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 the meeting of the Board of Directors of INV held on February 22, 2017.

(Note) The underwriters are Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., and Nomura Securities Co., Ltd.

2 Disclosure of Companies Owning Real Estate Overseas

Not applicable

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

Not applicable

4 Risk Factors

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

Property and Business Risks

- Any adverse conditions in the Japanese economy could adversely affect our properties.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings.
- Our reliance on Fortress Group could have a material adverse effect on our business.
- As a large portion of our hotels are subject to a variable rent structure, our results of operations are inherently more volatile than the results of properties with fixed-lease arrangements, and we may not be able to effectively manage our hotel portfolio due to our relatively limited operating history in owning full service hotels, resort hotels and other non-limited service hotels that we may decide to acquire in greater numbers in the future.
- Increases in prevailing market interest rates, particularly following the Bank of Japan's announcement of a major new policy for monetary easing, would increase our interest expense and may result in a decline in the market price of our units.
- The high geographic concentration of our real estate portfolio in the greater Tokyo area and other major cities could have a material adverse effect on our business.
- Competition for tenants and hotel guests may adversely affect our ability to retain our current tenants and find new tenants, and to maintain occupancy rates and revenue.
- Our hotels are subject to the operating risks common to the hospitality industry, which have a direct effect on the variable rent component of our portfolio's revenue.
- The cyclical and seasonal nature of the hospitality industry may cause fluctuations in our operating performance, which could have a material adverse effect on us and our variable rent revenues.
- We may incur unexpected expenses, expenditure or other losses for repair or maintenance of our properties, and our hotels require periodic capital reinvestment for renovation.
- The majority of our hotels are leased to MyStays Hotel Management, which is owned by Fortress Group-managed funds, and subject to the risk of default under its hotel lease agreements.
- Our focus on residential properties could have a material adverse effect on our business.
- We may lose rental revenues in the event of defaults by end-tenants under their lease agreements for properties other than hotels.
- Master leases may give rise to certain risks.
- We may suffer large losses if any of our properties incur damage from a natural or man-made disaster or acts of violence.
- We may be strictly liable for an unforeseen loss, damage or injury suffered by a third party at our properties.
- Because most of our operating expenses are largely fixed, we may suffer adverse consequences if our rental revenues decline.
- We may not be able to promptly acquire suitable properties or sell those in our portfolio on acceptable terms in response to changing economic, financial or investment conditions.
- Defects relating to our properties may adversely affect our financial condition and results of operations.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- The environmental assessments of our properties made prior to our ownership may not have uncovered all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Decreases in tenant leasehold and/or security deposits would increase our funding costs.
- Any inability to obtain financing for future acquisitions, or any restrictions on our activities under

- our financing arrangements, could adversely affect us.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations.
- We may suffer impairment losses relating to our properties and may also suffer adverse tax effects upon recognizing impairments.
- The performance of Fortress Group is not an indicator or guarantee of our future results.
- Our financial statements are prepared in accordance with Japanese GAAP, which differs in certain material respects from IFRS, U.S. GAAP and generally accepted accounting principles and financial reporting standards in other jurisdictions.
- We rely on industry and market data that are subject to significant uncertainties.
- We may be exposed to risks relating to investments in the operators or master lessees of our properties.

Management and Governance Risks

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

Taxation Risks

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2018.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Acquisition of properties for which third parties hold leasehold interests in the land and own the buildings may subject us to various risks.
- Our leasehold interests may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- We may hold interests in some properties through preferred equities of a TMK (*tokutei mokuteki kaisha*), and illiquidity in the market for such equities may limit our ability to sell our interests, and

we may be exposed to risks unique to this investments structure.

- We currently hold several properties in the form of compartmentalized ownership interests (*kubun shoyu-ken*) and our rights relating to such properties may be affected by the intentions of other owners
- We may acquire properties in the form of co-ownership (*kyoyu*) and our rights relating to such properties may be affected by the intentions of other owners.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.
- Compliance with energy conservation regulations in Japan may adversely affect our financial results.
- Our costs of complying with regulations applicable to our properties could adversely affect our results of operations.
- We own a substantial portion of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- The Alternative Investment Fund Managers Directive may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute “plan assets” for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

5 Other

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

II. Balance Sheet

(Unit: JPY thousand)

	Fiscal period ended December 31, 2016 (Reference) (as of December 31, 2016)	Fiscal period ended June 30, 2017 (as of June 30, 2017)
Assets		
Current assets:		
Cash and bank deposits	8,714,907	3,532,405
Cash and bank deposits in trust	5,499,826	6,065,755
Accounts receivable	19	8,204
Rental receivables	1,398,433	1,420,192
Prepaid expenses	387,328	445,116
Consumption taxes receivable	-	20,823
Other	32	0
Allowance for doubtful accounts	(1,334)	(33)
Total current assets	15,999,214	11,492,465
Non-current assets:		
Property and equipment		
Buildings, at cost	85,914	85,914
Accumulated depreciation	(10,489)	(11,031)
Buildings, net	75,424	74,883
Buildings and accompanying facilities, at cost	38,862	38,862
Accumulated depreciation	(22,150)	(22,925)
Buildings and accompanying facilities, net	16,712	15,937
Structures, at cost	2,779	2,779
Accumulated depreciation	(1,467)	(1,533)
Structures, net	1,311	1,245
Tools, furniture and fixtures, at cost	-	2,395
Accumulated depreciation	-	(67)
Tools, furniture and fixtures, net	-	2,327
Land	711,834	711,834
Buildings in trust, at cost	102,029,376	118,192,822
Accumulated depreciation	(6,800,686)	(8,155,443)
Buildings in trust, net	95,228,689	110,037,378
Buildings and accompanying facilities in trust, at cost	23,379,828	26,991,646
Accumulated depreciation	(4,312,055)	(5,092,225)
Buildings and accompanying facilities in trust, net	19,067,773	21,899,421
Structures in trust, at cost	340,005	345,467
Accumulated depreciation	(158,426)	(169,049)
Structures in trust, net	181,579	176,417
Tools, furniture and fixtures in trust, at cost	651,007	898,892
Accumulated depreciation	(221,184)	(273,748)
Tools, furniture and fixtures in trust, net	429,823	625,143
Land in trust	135,384,518	142,046,411
Total property and equipment, net	251,097,667	275,591,001
Intangible assets		
Leasehold rights in trust	8,840,627	16,946,974
Total intangible assets	8,840,627	16,946,974
Investment and other assets		
Guarantee deposits	613,914	1,651,565
Long-term prepaid expenses	616,340	601,737
Derivatives assets	151,259	92,243
Others	42,851	45,062
Total investments and other assets	1,424,366	2,390,608
Total non-current assets	261,362,660	294,928,585
Total assets	277,361,874	306,421,050

(Unit: JPY thousand)

	Fiscal period ended December 31, 2016 (Reference) (as of December 31, 2016)	Fiscal period ended June 30, 2017 (as of June 30, 2017)
Liabilities		
Current liabilities:		
Accounts payable	182,601	170,911
Accounts payable-other	51,825	175,062
Accrued expenses	166,066	164,764
Income taxes payable	605	605
Accrued consumption taxes	460,521	-
Advances received	522,072	540,675
Deposits received	13,583	15,932
Total current liabilities	1,397,276	1,067,951
Non-current liabilities:		
Long-term loans payable	142,419,000	163,990,000
Tenant leasehold and security deposits in trust	2,030,396	2,240,373
Tenant leasehold and security deposits	28,663	28,663
Asset retirement obligations	31,260	31,468
Total non-current liabilities	144,509,319	166,290,505
Total liabilities	145,906,596	167,358,457
Net assets		
Unitholders' equity:		
Unitholders' capital	120,367,271	128,984,946
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment	* ₃ (224,225)	* ₃ -
Other deduction of capital surplus	(763,290)	(987,516)
Total deduction of unitholders' capital surplus	(987,516)	(987,516)
Capital surplus (net)	5,276,915	5,276,915
Retained earnings	5,659,831	4,708,487
Total surplus	10,936,747	9,985,403
Total unitholders' equity	131,304,019	138,970,350
Valuation and translation adjustments:		
Deferred gains or losses on hedges	151,259	92,243
Total valuation and translation adjustments	151,259	92,243
Total net assets	*₂ 131,455,278	*₂ 139,062,593
Total liabilities and net assets	277,361,874	306,421,050

III. Statement of Income and Retained Earnings

(Unit: JPY thousand)

	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
Operating revenue		
Rental revenue – real estate	*1 9,511,466	*1 9,260,917
Total operating revenue	9,511,466	9,260,917
Operating expenses		
Property related expenses	*1 3,162,067	*1 3,518,684
Asset management fees	250,000	250,000
Directors' compensation	4,800	4,800
Asset custody fees	14,026	13,594
Administrative service fees	27,890	29,983
Provision of allowance for doubtful accounts	1,123	33
Other	117,347	99,360
Total operating expenses	3,577,255	3,916,456
Operating income	5,934,211	5,344,461
Non-operating income		
Interest income	129	70
Interest on tax refund	6,722	150
Refund of consumption taxes	35,949	-
Other	385	1,077
Total non-operating income	43,186	1,297
Non-operating expenses		
Interest expenses	359,540	377,451
Loan-related costs	186,249	223,228
Investment unit issuance costs	-	42,401
Total non-operating expenses	545,789	643,080
Ordinary income	5,431,608	4,702,678
Income before income taxes	5,431,608	4,702,678
Income taxes	605	605
Total income taxes	605	605
Net income	5,431,003	4,702,073
Retained earnings brought forward	228,827	6,414
Unappropriated retained earnings	5,659,831	4,708,487

IV. Statement of Changes in Net Assets

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)

(Unit: JPY thousand)

	Unitholders' equity							
	Unitholders' capital	Surplus						
		Capital surplus					Voluntary reserve	
		Capital surplus	Deduction of capital surplus			Capital surplus (net)	Reserve for temporary differences adjustment	Voluntary reserve
Allowance for temporary differences adjustment	Other deduction of capital surplus		Deduction of capital surplus					
Balance at the beginning of the period	120,367,271	6,264,432	-	(763,290)	(763,290)	5,501,141	708	708
Changes during the period								
Reversal of reserve for temporary differences adjustment							(708)	(708)
Distributions from surplus								
Distributions in excess of retained earnings from allowance for temporary differences adjustment			(224,225)		(224,225)	(224,225)		
Net income								
Changes other than unitholders' equity (net)								
Total changes during the period	-	-	(224,225)	-	(224,225)	(224,225)	(708)	(708)
Balance at the end of the period	120,367,271	6,264,432	(224,225)	(763,290)	(987,516)	5,276,915	-	-

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	4,363,420	9,865,270	130,232,542	(227,532)	(227,532)	130,005,009
Changes during the period						
Reversal of reserve for temporary differences adjustment	708	-	-			-
Distributions from surplus	(4,135,302)	(4,135,302)	(4,135,302)			(4,135,302)
Distributions in excess of retained earnings from allowance for temporary differences adjustment		(224,225)	(224,225)			(224,225)
Net income	5,431,003	5,431,003	5,431,003			5,431,003
Changes other than unitholders' equity (net)				378,792	378,792	378,792
Total changes during the period	1,296,410	1,071,476	1,071,476	378,792	378,792	1,450,268
Balance at the end of the period	5,659,831	10,936,747	131,304,019	151,259	151,259	131,455,278

Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)

(Unit: JPY thousand)

	Unitholders' equity					
	Unitholders' capital	Surplus				
		Capital surplus				
		Capital surplus	Deduction of capital surplus			Capital surplus (net)
Allowance for temporary differences adjustment	Other deduction of capital surplus		Total deduction of capital surplus			
Balance at the beginning of the period	120,367,271	6,264,432	(224,225)	(763,290)	(987,516)	5,276,915
Changes during the period						
Issuance of new investment units	8,393,450					
Reversal of allowance for temporary differences adjustment	224,225		224,225	(224,225)	—	—
Distributions from surplus						
Net income						
Changes other than unitholders' equity (net)						
Total changes during the period	8,617,675	—	224,225	(224,225)	—	—
Balance at the end of the period	128,984,946	6,264,432	-	(987,516)	(987,516)	5,276,915

	Unitholders' equity			Valuation and translation adjustments		Total net assets
	Surplus		Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
	Retained earnings	Total surplus				
Balance at the beginning of the period	5,659,831	10,936,747	131,304,019	151,259	151,259	131,455,278
Changes during the period						
Issuance of new investment units			8,393,450			8,393,450
Reversal of allowance for temporary differences adjustment	(224,225)	(224,225)	—			—
Distributions from surplus	(5,429,192)	(5,429,192)	(5,429,192)			(5,429,192)
Net income	4,702,073	4,702,073	4,702,073			4,702,073
Changes other than unitholders' equity (net)				(59,016)	(59,016)	(59,016)
Total changes during the period	(951,344)	(951,344)	7,666,331	(59,016)	(59,016)	7,607,315
Balance at the end of the period	4,708,487	9,985,403	138,970,350	92,243	92,243	139,062,593

V. Notes

[Notes Concerning Significant Accounting Policies]

By Period Item	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)																														
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;">2-33 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	<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>Tools, furniture and fixtures</td> <td style="text-align: right;">8 years</td> </tr> <tr> <td>Buildings in trust</td> <td style="text-align: right;">5-67 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	Tools, furniture and fixtures	8 years	Buildings in trust	5-67 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
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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. There is no amount equivalent to property taxes included as part of the acquisition of real estate during the fiscal period ended December 31, 2016.</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, 2017 is JPY 78,074 thousand.</p>																														

By Period Item	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
4. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred 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>	<p>(a) Method of hedge accounting Deferred 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 policy 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) Leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred assets 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 policy 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) Leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred assets 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, 2016 (Reference) (as of December 31, 2016)	Fiscal period ended June 30, 2017 (as of June 30, 2017)					
*1. Matters concerning treatment of reversal of reserve for temporary differences adjustment. INV reversed all of the reserve for temporary differences adjustment in the amount of JPY 708 thousand, and use the funds as part of the profit distributions.	*1. Matters concerning treatment of reversal of reserve for temporary differences adjustment. Not applicable.					
*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					
*3. Allowance for temporary differences adjustment						
Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016) (Reference)						
1. Reasons, related assets and amounts						
(Unit: JPY thousand)						
Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized	(224,225)	-	(224,225)	-	(224,225)
Total		(224,225)	-	(224,225)	-	(224,225)
2. Method of reversal						
(1) Deferred gains or losses on hedges						
Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is scheduled to be reversed.						
Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)						
1. Reasons, related assets and amounts						
(Unit: JPY thousand)						
Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period
Deferred gains or losses on hedges	Changes in fair value of derivatives	(224,225)	(224,225)	-	224,225	-
Total		(224,225)	(224,225)	-	224,225	-
2. Method of reversal						
(1) Deferred gains or losses on hedges						
Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is reversed.						

[Notes to Statement of Income and Retained Earnings]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
*1. Real estate rental revenues and expenses (Unit: JPY thousand)	*1. Real estate rental revenues and expenses (Unit: JPY thousand)
A. Real estate rental revenues	A. Real estate rental revenues
Rental revenue – real estate	Rental revenue – real estate
(Rent/common area charges) 9,237,784	(Rent/common area charges) 8,927,781
(Other revenues) 273,682	(Other revenues) 333,135
Total 9,511,466	Total 9,260,917
B. Real estate rental expenses	B. Real estate rental expenses
Property related expenses	Property related expenses
(Maintenance costs) 580,896	(Maintenance costs) 646,226
(Taxes and public dues) 356,372	(Taxes and public dues) 390,797
(Insurance expenses) 11,807	(Insurance expenses) 10,195
(Depreciation expenses) 2,065,066	(Depreciation expenses) 2,281,374
(Other expenses) 147,924	(Other expenses) 190,090
Total 3,162,067	Total 3,518,684
C. Real estate rental income	C. Real estate rental income
(A-B) 6,349,399	(A-B) 5,742,232

[Notes to Statement of Changes in Net Assets]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
Number of issuable investment units and number of investment units issued and outstanding	Number of issuable investment units 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 3,675,824 units	Number of investment units issued and outstanding 3,860,824 units

[Notes Related to Tax Accounting]

Fiscal period ended December 31, 2016 (Reference) (as of December 31, 2016)	Fiscal period ended June 30, 2017 (as of June 30, 2017)
1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)	1. Significant components of deferred tax assets and liabilities (Unit: JPY thousand)
(Deferred tax assets - current assets)	(Deferred tax assets - current assets)
Enterprise tax payable 661	Enterprise tax payable 996
Allowance for doubtful accounts 423	Allowance for doubtful accounts 10
Subtotal 1,084	Subtotal 1,006
Valuation allowance 1,084	Valuation allowance 1,006
Total -	Total -
(Deferred tax assets - current) -	(Deferred tax assets - current) -
(Deferred tax assets - non-current assets)	(Deferred tax assets - non-current assets)
Buildings and other (merger) 700,210	Buildings and other (merger) 689,159
Land (merger) 2,092,087	Land (merger) 2,092,087
Loss carried forward 7,200,289	Loss carried forward 7,200,289
Asset retirement obligations 9,921	Asset retirement obligations 9,987
Amortization of leasehold right 16,248	Amortization of leasehold right 42,149
Subtotal 10,018,757	Subtotal 10,033,674
(Deferred tax liabilities – non-current liabilities)	(Deferred tax liabilities – non-current liabilities)
Removal expenses included in asset retirement obligations 9,797	Removal expenses included in asset retirement obligations 9,797
Deferred gains or losses on hedges 48,009	Deferred gains or losses on hedges 29,278
Subtotal 57,807	Subtotal 39,075
Valuation allowance 9,960,950	Valuation allowance 9,994,598
Total -	Total -
(Deferred tax assets - non-current) -	(Deferred tax assets - non-current) -
2. Significant difference between statutory tax rate and the effective tax rate	2. Significant difference between statutory tax rate and the effective tax rate
Statutory tax rate 31.74%	Statutory tax rate 31.74%
Deductible cash distributions (31.71)%	Deductible cash distributions (32.06)%
Changes in valuation allowance (0.09)%	Changes in valuation allowance (0.32)%
Others 0.08%	Others 0.65%
Effective tax rate 0.01%	Effective tax rate 0.01%

[Notes Related to Financial Instruments]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)																																																								
<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or borrowing loans. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding market value, etc. for financial instruments.</p> <p>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 value as of December 31, 2016 are as follows. (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Book Value</th> <th style="text-align: center;">Fair Value</th> <th style="text-align: center;">Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Cash and bank deposits</td> <td style="text-align: right;">8,714,907</td> <td style="text-align: right;">8,714,907</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and bank deposits in trust</td> <td style="text-align: right;">5,499,826</td> <td style="text-align: right;">5,499,826</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;">Total assets</td> <td style="text-align: right;">14,214,734</td> <td style="text-align: right;">14,214,734</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Long-term loans</td> <td style="text-align: right;">(142,419,000)</td> <td style="text-align: right;">(142,419,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;">Total liabilities</td> <td style="text-align: right;">(142,419,000)</td> <td style="text-align: right;">(142,419,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Derivatives</td> <td style="text-align: right;">151,259</td> <td style="text-align: right;">151,259</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <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 is shown in parenthesis.</p>		Book Value	Fair Value	Difference	(1) Cash and bank deposits	8,714,907	8,714,907	-	(2) Cash and bank deposits in trust	5,499,826	5,499,826	-	Total assets	14,214,734	14,214,734	-	(3) Long-term loans	(142,419,000)	(142,419,000)	-	Total liabilities	(142,419,000)	(142,419,000)	-	(4) Derivatives	151,259	151,259	-	<p>1. Status of financial instruments</p> <p>(1) Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or borrowing loans. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2) Nature and extent of risks arising from financial instruments and risk management.</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3) Supplemental information regarding market value, etc. for financial instruments.</p> <p>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 value as of June 30, 2017 are as follows. (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">Book Value</th> <th style="text-align: center;">Fair Value</th> <th style="text-align: center;">Difference</th> </tr> </thead> <tbody> <tr> <td>(1) Cash and bank deposits</td> <td style="text-align: right;">3,532,405</td> <td style="text-align: right;">3,532,405</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(2) Cash and bank deposits in trust</td> <td style="text-align: right;">6,065,755</td> <td style="text-align: right;">6,065,755</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;">Total assets</td> <td style="text-align: right;">9,598,161</td> <td style="text-align: right;">9,598,161</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(3) Long-term loans</td> <td style="text-align: right;">(163,990,000)</td> <td style="text-align: right;">(163,990,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: right;">Total liabilities</td> <td style="text-align: right;">(163,990,000)</td> <td style="text-align: right;">(163,990,000)</td> <td style="text-align: center;">-</td> </tr> <tr> <td>(4) Derivatives</td> <td style="text-align: right;">92,243</td> <td style="text-align: right;">92,243</td> <td style="text-align: center;">-</td> </tr> </tbody> </table> <p>(*1) Items recorded in the Liabilities Section are shown in parenthesis. 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	Book Value	Fair Value	Difference																																																						
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Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)						Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)					
<p>(Note 1) Methods to calculate fair value of financial instruments.</p> <p>(1) Cash and bank deposits (2) Cash and bank deposits in trust Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.</p> <p>(3) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.</p> <p>(4) Derivatives (a) Derivatives transactions to which hedge accounting was is applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p>						<p>(Note 1) Methods to calculate fair value of financial instruments.</p> <p>(1) Cash and bank deposits (2) Cash and bank deposits in trust Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.</p> <p>(3) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.</p> <p>(4) Derivatives (a) Derivatives transactions to which hedge accounting was is applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p>					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)	Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Amount due after one year						Amount due after one year	
Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	99,119,000	99,119,000	151,259	Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	99,119,000	99,119,000	92,243
<p>(*1) The contract amount, etc. is stated based on a notional principal.</p> <p>(*2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.</p>						<p>(*1) The contract amount, etc. is stated based on a notional principal.</p> <p>(*2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions.</p>					
<p>(Note 2) Financial instruments for which fair value is extremely difficult to value.</p>						<p>(Note 2) Financial instruments for which fair value is extremely difficult to value.</p>					
(Unit: JPY thousand)						(Unit: JPY thousand)					
Category		Book value				Category		Book value			
Tenant leasehold and security deposits		28,663				Tenant leasehold and security deposits		28,663			
Tenant leasehold and security deposits in trust		2,030,396				Tenant leasehold and security deposits in trust		2,240,373			
<p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p>						<p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p>					
(Note 3) Remaining schedule of monetary claims after the						(Note 3) Remaining schedule of monetary claims after the					

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)				Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)			
closing date of the fiscal period				closing date of the fiscal period			
As of December 31, 2016				As of June 30, 2017			
(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	8,714,907	-	-	Cash and bank deposits	3,532,405	-	-
Cash and bank deposits in trust	5,499,826	-	-	Cash and bank deposits in trust	6,065,755	-	-
Total	14,214,734	-	-	Total	9,598,161	-	-
	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	-	-	-
Cash and bank deposits in trust	-	-	-	Cash and bank deposits in trust	-	-	-
Total	-	-	-	Total	-	-	-
(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period				(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period			
As of December 31, 2016				As of June 30, 2017			
(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
Long-term loans	-	28,979,000	51,045,000	Long-term loans	-	46,663,000	48,044,000
Total	-	28,979,000	51,045,000	Total	-	46,663,000	48,044,000
	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
Long-term loans	42,012,000	20,383,000	-	Long-term loans	55,512,000	13,771,000	-
Total	42,012,000	20,383,000	-	Total	55,512,000	13,771,000	-

[Notes Related to Asset Retirement Obligations]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)																
<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 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;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">31,050</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">209</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,260</td> </tr> </table>	Balance at the beginning of the period	31,050	Increase due to the acquisition of properties	-	Accretion expense	209	Balance at the end of the period	31,260	<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 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;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">31,260</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">208</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,468</td> </tr> </table>	Balance at the beginning of the period	31,260	Increase due to the acquisition of properties	-	Accretion expense	208	Balance at the end of the period	31,468
Balance at the beginning of the period	31,050																
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[Notes Related to Rental Properties]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)					Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)				
<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and commercial facilities principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>					<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and commercial facilities principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>				
Use	Book value			Fair value at the end of the period	Use	Book value			Fair value at the end of the period
	Balance at the beginning of the period	Change during the period	Balance at the end of the period			Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Residences	68,274,496	(438,657)	67,835,839	77,843,000	Residences	67,835,839	25,277,356	93,113,195	104,752,000
Offices	8,470,387	(29,405)	8,440,981	7,406,000	Offices	8,440,981	(16,247)	8,424,734	7,636,000
Commercial facilities	5,087,525	(38,298)	5,049,226	5,890,000	Commercial facilities	5,049,226	(47,956)	5,001,269	5,980,000
Parking lot	100,820	(1)	100,819	113,000	Parking lot	100,819	(1)	100,818	113,000
Hotels	179,537,920	(1,026,493)	178,511,427	236,940,000	Hotels	178,511,427	7,386,530	185,897,957	245,021,000
Total	261,471,150	(1,532,855)	259,938,294	328,192,000	Total	259,938,294	32,599,681	292,537,976	363,502,000
<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended December 31, 2016 was capital expenditures related to construction work.</p> <p>(Note 3) The major factor for the decrease was depreciation</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended December 31, 2016, please refer to "Notes to Statement of Income and Retained Earnings."</p>					<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs).</p> <p>(Note 2) The major factors for the increase for the fiscal period ended June 30, 2017 were new acquisition of residential properties and hotel, and capital expenditures related to construction work.</p> <p>(Note 3) The major factor for the decrease was depreciation</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended June 30, 2017, please refer to "Notes to Statement of Income and Retained Earnings."</p>				

[Notes Related to Restriction on Asset Management]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
Not applicable.	Not applicable.

[Notes Related to Transactions with Related Parties]

Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016) (Reference)

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Interested party of the Asset Manager	Ginga Tokutei Mokuteki Kaisha	Investment management business	-	Payments for accounts payable	8,800,548	Accounts payable	-
	Naqua Hotel & Resorts Management Co., Ltd.	Hotel business	-	Rental revenues	1,040,790	Accounts receivable	92,474
	MyStays Hotel Management Co., Ltd.	Hotel business	-	Rental revenues	4,043,845	Accounts receivable	1,146,414

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

(Note 2) Ginga 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 tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC (“FIG”), an affiliate of Calliope. Accordingly, INV treats Ginga Tokutei Mokuteki Kaisha, Naqua Hotel & Resorts Management Co., Ltd., and MyStays Hotel Management Co., Ltd. as the equivalent to interested parties.

(Note 3) Calliope holds 609,942 units (holding percentage: 16.6%) of the issued investment units of INV.

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for long-term loan	-	Long-term loans payable	21,351,000
				Repayment of short-term loan	1,186,000	Short-term loans payable	-
				Finance related fees	-	Prepaid expenses	48,328
						Long-term prepaid expenses	92,856
Interest expenses	58,014	Accrued expenses	620				

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

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

Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Interested party of the Asset Manager	Sakura Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	21,879,000	-	-
	Momo Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	2,683,000	-	-
	Septentrio 2 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate	8,000,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.	Hotel business	-	Rental revenues	549,169	Accounts receivable	198,247
	MyStays Hotel Management Co., Ltd.	Hotel business	-	Rental revenues	3,852,826	Accounts receivable	1,043,190

(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) Sakura Tokutei Mokuteki Kaisha, Momo Tokutei Mokuteki Kaisha, Septentrio 2 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 tenant and operator have received an anonymous partnership investment or investment through funds that are managed by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope. Accordingly, INV treats Sakura Tokutei Mokuteki Kaisha, Momo Tokutei Mokuteki Kaisha, Septentrio 2 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: 15.8%) 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)
A105	Royal Parks Tower Minami-Senju	Sakura Tokutei Mokuteki Kaisha	21,879,000
A106	Royal Parks Seasir Minami-Senju	Momo Tokutei Mokuteki Kaisha	2,683,000
D49	Hotel MyStays Premier Hamamatsucho	Septentrio 2 Tokutei Mokuteki Kaisha	8,000,000
Total			32,562,000

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for long-term loan	-	Long-term loans payable	21,351,000
				Finance related fees	-	Prepaid expenses	48,328
						Long-term prepaid expenses	68,891
Interest expenses	56,424	Accrued expenses	310				

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

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

[Notes Related to Per Unit Information]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)		Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)	
Net assets per unit	JPY 35,762	Net assets per unit	JPY 36,019
Net income per unit	JPY 1,477	Net income per unit	JPY 1,241
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, 2016 (Reference) (from July 1, 2016 to December 31, 2016)		Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)	
Net income for the fiscal period (JPY thousand)	5,431,003	Net income for the fiscal period (JPY thousand)	4,702,073
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-
Net income attributable to common units (JPY thousand)	5,431,003	Net income attributable to common units (JPY thousand)	4,702,073
Average number of investment units during the period (units)	3,675,824	Average number of investment units during the period (units)	3,788,254

[Notes Related to Significant Subsequent Events]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)																																												
<p>1. Issuance of new investment units INV decided on the issuance of new investment units and secondary offering of investment units at its board of directors' meeting on February 22, 2017. Issue price per unit and other details are scheduled to be determined at future board of directors' meeting.</p> <p>(1) Issuance of new investment units through Public Offering Number of Investment Units to be offered: 185,000 investment units</p> <p>(2) Secondary offering of investment units (by way of over allotment) Number of investment units to be offered: 9,250 investment units</p> <p>2. 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 two residential properties to be acquired on March 14, 2017 (see "3. Acquisition of Assets" below), INV decided on the implementation of the following borrowings at its board of directors' meeting held on February 22, 2017.</p> <p>New Syndicate Loan (G)</p> <table border="1"> <tr> <td>Lender</td> <td>Syndicate formed by Mizuho Bank, Ltd.</td> </tr> <tr> <td>Borrowing amount</td> <td>JPY11,250 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>(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>March 14, 2017</td> </tr> <tr> <td>Maturity date</td> <td>September 14, 2020</td> </tr> </table>	Lender	Syndicate formed by Mizuho Bank, Ltd.	Borrowing amount	JPY11,250 million	Interest rate, etc.	Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%	Interest payment date	(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date	Principal repayment method	Lump-sum repayment	Borrowing method	Unsecured / with no guarantee	Borrowing date	March 14, 2017	Maturity date	September 14, 2020	<p>1. Sale of Assets INV decided on July 25, 2017 to sell the following two properties, and completed sale of all two properties on July 31, 2017.</p> <p>Property Number: B08 Property Name: Kindai Kagaku Sha Building</p> <table border="1"> <tr> <td>Sale date</td> <td>July 31, 2017</td> </tr> <tr> <td>Location</td> <td>Shinjuku-ku, Tokyo</td> </tr> <tr> <td>Book value (Note 1)</td> <td>JPY 1,201 million</td> </tr> <tr> <td>Sales price (Note 2)</td> <td>JPY 1,361 million</td> </tr> <tr> <td>Expected gain on sales (Note 3)</td> <td>JPY 96 million</td> </tr> <tr> <td>Transferee</td> <td>Not disclosed (Note 4)</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> </table> <p>Property Number: C01 Property Name: Times Kanda-Sudacho 4th</p> <table border="1"> <tr> <td>Sale date</td> <td>July 31, 2017</td> </tr> <tr> <td>Location</td> <td>Chiyoda-ku, Tokyo</td> </tr> <tr> <td>Book value (Note 1)</td> <td>JPY 100 million</td> </tr> <tr> <td>Sales price (Note 2)</td> <td>JPY 130 million</td> </tr> <tr> <td>Expected gain on sales (Note 3)</td> <td>JPY 23 million</td> </tr> <tr> <td>Transferee</td> <td>Wastec HOLDINGS Co., Ltd.</td> </tr> <tr> <td>Legal form of asset</td> <td>Real estate</td> </tr> </table> <p>(Note 1) Book value is the book value as of the sale date July 31, 2017. (Note 2) Sales price does not include sales-related expenses, adjustments for property taxes or city planning taxes, or national or local consumption taxes. (Note 3) The amount of difference between sales price and book value, and after deducting expected sales-related expenses. (Note 4) The name of the transferee is not disclosed, as the transferee's consent has not been obtained for disclosure. (Note 5) For details of the sales assets, please refer to "I. Asset Management Report; Overview of Asset Management; 3 Asset Portfolio of Real Estate, etc." earlier in this document.</p>	Sale date	July 31, 2017	Location	Shinjuku-ku, Tokyo	Book value (Note 1)	JPY 1,201 million	Sales price (Note 2)	JPY 1,361 million	Expected gain on sales (Note 3)	JPY 96 million	Transferee	Not disclosed (Note 4)	Legal form of asset	Trust beneficiary interest	Sale date	July 31, 2017	Location	Chiyoda-ku, Tokyo	Book value (Note 1)	JPY 100 million	Sales price (Note 2)	JPY 130 million	Expected gain on sales (Note 3)	JPY 23 million	Transferee	Wastec HOLDINGS Co., Ltd.	Legal form of asset	Real estate
Lender	Syndicate formed by Mizuho Bank, Ltd.																																												
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Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)																																																														
<p>Term Loan (F)</p> <table border="1"> <tr> <td>Lender</td> <td>Sumitomo Mitsui Banking Corporation.</td> </tr> <tr> <td>Borrowing amount</td> <td>JPY3,000 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>Base Rate (1-month JPY TIBOR) + 0.45%</td> </tr> <tr> <td>Interest payment date</td> <td>(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>March 14, 2017</td> </tr> <tr> <td>Maturity date</td> <td>September 14, 2020</td> </tr> </table> <p>3. Acquisition of assets INV decided to acquire the following two properties (total acquisition price of JPY 24,562 million) on February 22, 2017.</p> <p>Property number: A105 Property name: Royal Parks Tower Minami-Senju</p> <table border="1"> <tr> <td>Acquisition date</td> <td>March 14, 2017</td> </tr> <tr> <td>Acquisition price (Note)</td> <td>JPY 21,879 million</td> </tr> <tr> <td>Location</td> <td>Minami-Senju 4-chome, Arakawa-ku, Tokyo</td> </tr> <tr> <td>Completion date</td> <td>May 2008</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>Sakura Tokutei Mokuteki Kaisha</td> </tr> <tr> <td>Total floor area</td> <td>47,424.89m²</td> </tr> <tr> <td>Leasable area</td> <td>39,133.46 m²</td> </tr> </table> <p>Property number: A106 Property name: Royal Parks Seasir Minami-Senju</p> <table border="1"> <tr> <td>Acquisition date</td> <td>March 14, 2017</td> </tr> <tr> <td>Acquisition price (Note)</td> <td>JPY 2,683 million</td> </tr> <tr> <td>Location</td> <td>Minami-Senju 3-chome, Arakawa-ku, Tokyo</td> </tr> <tr> <td>Completion date</td> <td>August 2006</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>Momo Tokutei Mokuteki Kaisha</td> </tr> <tr> <td>Total floor area</td> <td>7,248.10m²</td> </tr> <tr> <td>Leasable area</td> <td>6,496.86m²</td> </tr> </table> <p>(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.</p>	Lender	Sumitomo Mitsui Banking Corporation.	Borrowing amount	JPY3,000 million	Interest rate, etc.	Base Rate (1-month JPY TIBOR) + 0.45%	Interest payment date	(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date	Principal repayment method	Lump-sum repayment	Borrowing method	Unsecured / with no guarantee	Borrowing date	March 14, 2017	Maturity date	September 14, 2020	Acquisition date	March 14, 2017	Acquisition price (Note)	JPY 21,879 million	Location	Minami-Senju 4-chome, Arakawa-ku, Tokyo	Completion date	May 2008	Legal form of asset	Trust beneficiary interest	Seller	Sakura Tokutei Mokuteki Kaisha	Total floor area	47,424.89m ²	Leasable area	39,133.46 m ²	Acquisition date	March 14, 2017	Acquisition price (Note)	JPY 2,683 million	Location	Minami-Senju 3-chome, Arakawa-ku, Tokyo	Completion date	August 2006	Legal form of asset	Trust beneficiary interest	Seller	Momo Tokutei Mokuteki Kaisha	Total floor area	7,248.10m ²	Leasable area	6,496.86m ²	<p>2. Acquisition of Assets On July 25, 2017, INV resolved on additional acquisition of the exclusive elements it has yet to acquire of one hotel property that is already in its portfolio, using the proceeds from the sales outlined in “1. Sale of Assets” to fund part of the acquisition.</p> <p>Property Number: D43 Property Name: Hotel MyStays Gotanda Station</p> <table border="1"> <tr> <td>Anticipated acquisition date</td> <td>October 31, 2017</td> </tr> <tr> <td>Anticipated acquisition price (Note 1)</td> <td>JPY 1,880 million</td> </tr> <tr> <td>Location</td> <td>Shinagawa-ku, Tokyo</td> </tr> <tr> <td>Completion date</td> <td>August 29, 1984 (Note 2)</td> </tr> <tr> <td>Legal form of asset</td> <td>Trust beneficiary interest</td> </tr> <tr> <td>Seller</td> <td>Not disclosed (Note 3)</td> </tr> <tr> <td>Area of additional acquisition portion</td> <td>1,385.46m²</td> </tr> </table> <p>(Note 1) Anticipated acquisition price is the total of (i) purchase price set forth in the purchase and sale agreement, (ii) expenses with regard to the conversion work to convert to hotel rooms, (iii) transfer price of the furniture, fixture and equipment (FF&E), and other expenses. Anticipated acquisition price does not include adjustments for property taxes or city planning taxes, or national or local consumption taxes.</p> <p>(Note 2) The completion date of the building of the additional acquisition portion.</p> <p>(Note 3) The name of the seller is not disclosed, as the seller’s consent has not been obtained for disclosure.</p>	Anticipated acquisition date	October 31, 2017	Anticipated acquisition price (Note 1)	JPY 1,880 million	Location	Shinagawa-ku, Tokyo	Completion date	August 29, 1984 (Note 2)	Legal form of asset	Trust beneficiary interest	Seller	Not disclosed (Note 3)	Area of additional acquisition portion	1,385.46m ²
Lender	Sumitomo Mitsui Banking Corporation.																																																														
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[Notes Related to Provision and Reversal of Allowance for Temporary Differences Adjustment]

Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)								
<p>In the Statement of Cash Distribution, INV reversed JPY 224,225 thousand of allowance for temporary differences adjustment corresponding to the change in the fair value of interest-rate swaps.</p>	<p>The following provision was made in the Statement of Cash Distribution:</p>								
	<p>1. Reasons, related assets and amounts (Unit: JPY thousand)</p>								
	<table border="1"> <thead> <tr> <th data-bbox="852 591 1059 680">Related assets, etc.</th> <th data-bbox="1059 591 1235 680">Reason</th> <th data-bbox="1235 591 1481 680">Allowance for temporary differences adjustment</th> </tr> </thead> <tbody> <tr> <td data-bbox="852 680 1059 754">Leasehold rights in trust</td> <td data-bbox="1059 680 1235 754">Depreciation of leasehold rights</td> <td data-bbox="1235 680 1481 754">46,329</td> </tr> </tbody> </table>	Related assets, etc.	Reason	Allowance for temporary differences adjustment	Leasehold rights in trust	Depreciation of leasehold rights	46,329		
	Related assets, etc.	Reason	Allowance for temporary differences adjustment						
	Leasehold rights in trust	Depreciation of leasehold rights	46,329						
<p>2. Method of reversal</p>									
<table border="1"> <thead> <tr> <th data-bbox="852 815 1059 882">Related assets, etc.</th> <th data-bbox="1059 815 1481 882">Method of reversal</th> </tr> </thead> <tbody> <tr> <td data-bbox="852 882 1059 958">Leasehold rights in trust</td> <td data-bbox="1059 882 1481 958">The corresponding amount is scheduled to be reversed upon sale, etc.</td> </tr> </tbody> </table>	Related assets, etc.	Method of reversal	Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.					
Related assets, etc.	Method of reversal								
Leasehold rights in trust	The corresponding amount is scheduled to be reversed upon sale, etc.								

VI. Statement of Cash Distribution

	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
I. Unappropriated retained earnings	JPY 5,659,831,868	JPY 4,708,487,837
II. Incorporation into unitholders' capital		
Of which, reversal of allowance for temporary differences adjustment	JPY 224,225,264	-
III. Distribution in excess of retained earnings		
Allowance for temporary differences adjustment	-	JPY 46,329,888
Other deduction of capital surplus	-	JPY 34,747,416
IV. Distributions	JPY 5,429,192,048	JPY 4,880,081,536
(Distribution per unit)	(JPY 1,477)	(JPY 1,264)
Of which, distribution of earnings	JPY 5,429,192,048	JPY 4,799,004,232
(Distribution of earnings per unit)	(JPY 1,477)	(JPY 1,243)
Of which, allowance for temporary differences adjustment	-	JPY 46,329,888
(Distribution in excess of retained earnings per unit (Allowance for temporary differences adjustment))	-	(JPY 12)
Of which, other distribution in excess of retained earnings	-	JPY 34,747,416
(Distribution in excess of retained earnings per unit (Other distribution in excess of retained earnings))	-	(JPY 9)
V. Retained earnings (deficit) carried forward	JPY 6,414,556	(JPY 90,516,395)

<p>Calculation method of distribution amount</p>	<p>As shown above, the distribution per unit for the period is JPY 1,477.</p> <p>With respect to profit distributions (not including Excess Profit Distribution), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, remaining after deducting the reversal of allowance for temporary differences adjustments, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,477.</p> <p>Furthermore, INV has decided not to make Distribution in excess of profit.</p>	<p>As shown above, the distribution per unit for the Reporting Period is JPY 1,264.</p> <p>With respect to profit distributions (not including Excess Profit Distribution), INV decided to distribute almost all of its profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,243.</p> <p>In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines (the “Excess Profit Distribution”). For the Reporting Period, INV decided to make Excess Profit Distribution of JPY 46 million in order to cope with the discrepancy between tax and accounting treatment, making Excess Profit Distribution from the allowance for temporary differences adjustment of JPY 12 per unit. INV decided to also make Excess Profit Distribution of JPY 34 million as refund of investment in order to level distributions, making other Excess Profit Distribution of JPY 9 per unit.</p> <p>For the Reporting Period, there arose deferred gain on hedges of JPY 92 million, which is regarded as profit as stipulated in Article 136, Paragraph 1 of the Investment Trust Act, and INV decided to distribute almost the entire amount of profit stipulated in Article 136, Paragraph 1 of the Investment Trust Act. As a result, INV recorded deferred loss on hedges of JPY 90 million for the next fiscal period.</p>
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Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended June 30, 2017 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution 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 Flows (Reference Information)

(Unit: JPY thousand)

	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
Cash flows from operating activities		
Net income before taxes	5,431,608	4,702,678
Depreciation and amortization	2,065,066	2,281,374
Investment unit issuance costs	-	42,401
Loan-related costs	186,249	223,228
Interest income	(129)	(70)
Interest expenses	359,540	377,451
Increase (decrease) in allowance for doubtful accounts	(1,430)	(1,301)
Decrease (increase) in rental receivable	(22,587)	(21,759)
Decrease (increase) in consumption taxes receivable	2,672,787	(20,823)
Increase (decrease) in accounts payable	(66,883)	81,748
Increase (decrease) in consumption taxes payable	460,521	(460,521)
Increase (decrease) in accounts payable-other	(881,047)	25,473
Increase (decrease) in accrued expenses	(5,946)	444
Increase (decrease) in advances received	14,936	18,602
Increase (decrease) in deposits received	(23,418)	(21,461)
Others, net	(12,451)	(17,577)
Subtotal	10,176,817	7,209,888
Interest income received	129	70
Interest expenses paid	(358,219)	(379,198)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	9,818,122	6,830,155
Cash flows from investing activities		
Purchases of property and equipment	-	(2,395)
Purchases of property and equipment in trust	(8,449,701)	(26,684,589)
Purchases of leasehold rights in trust	-	(8,187,950)
Proceeds from tenant leasehold and security deposits in trust	(53,815)	(79,334)
Repayments of tenant leasehold and security deposits in trust	48,371	290,004
Payments of tenant leasehold and security deposits	-	(1,037,651)
Other, net	(2,211)	(2,211)
Net cash used in investing activities	(8,457,356)	(35,704,126)
Cash flows from financing activities		
Repayment of short-term loans payable	(3,498,000)	-
Proceeds from long-term loans payable	4,000,000	21,571,000
Payments for loan-related costs	(53,775)	(257,922)
Payment of distributions of earnings	(4,118,229)	(5,406,728)
Payment of distributions in excess of retained earnings from allowance for temporary differences adjustment	(224,225)	-
Proceeds from issuance of investment units	-	8,351,048
Other	(15,879)	-
Net cash provided by (used in) financing activities	(3,910,109)	24,257,397
Net increase (decrease) in cash and cash equivalents	(2,549,344)	(4,616,573)
Cash and cash equivalents at beginning of period	16,764,078	14,214,734
Cash and cash equivalents at end of period *1	14,214,734	9,598,161

[Notes Concerning Significant Accounting Policies (Reference Information)]

Item \ By Period	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
Cash and cash equivalents as stated in Statement of Cash Flows	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.	Cash and cash equivalents as stated in the Statement of Cash Flows consist of cash on hand and cash in trust, floating deposits, deposits in trust and short-term investments that are very liquid and realizable with a maturity of three months or less when purchased and that are subject to insignificant risks of changes in value.

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

Item \ By Period	Fiscal period ended December 31, 2016 (Reference) (from July 1, 2016 to December 31, 2016)	Fiscal period ended June 30, 2017 (from January 1, 2017 to June 30, 2017)
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of December 31, 2016) (Unit: JPY thousand)	(As of June 30, 2017) (Unit: JPY thousand)
	Cash and bank deposits 8,714,907	Cash and bank deposits 3,532,405
	Cash and bank deposits in trust 5,499,826	Cash and bank deposits in trust 6,065,755
	Cash and cash equivalents <u>14,214,734</u>	Cash and cash equivalents 9,598,161

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

Usage of “My Number” in investment units related affairs

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

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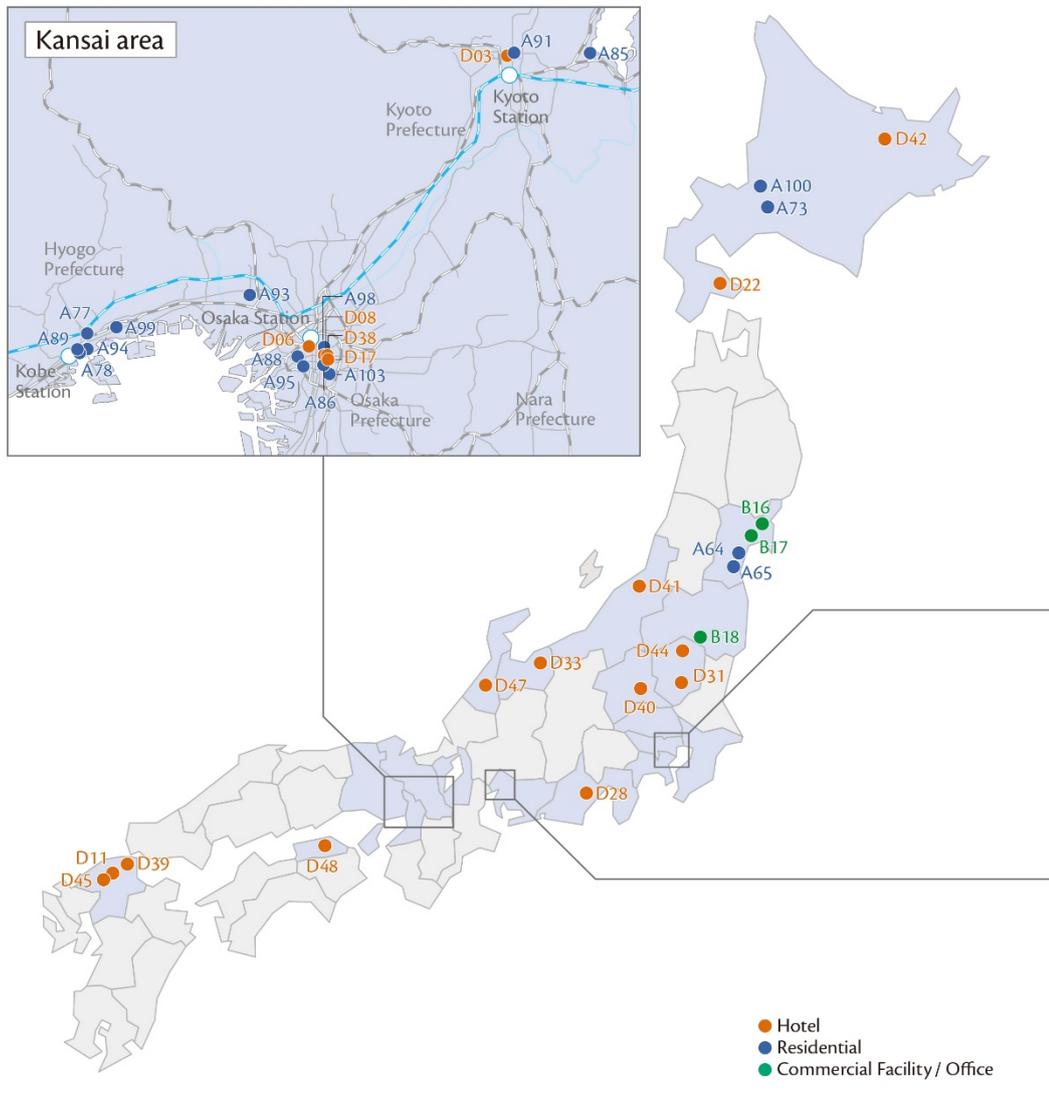
Usage of “My Number” includes taxation related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

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

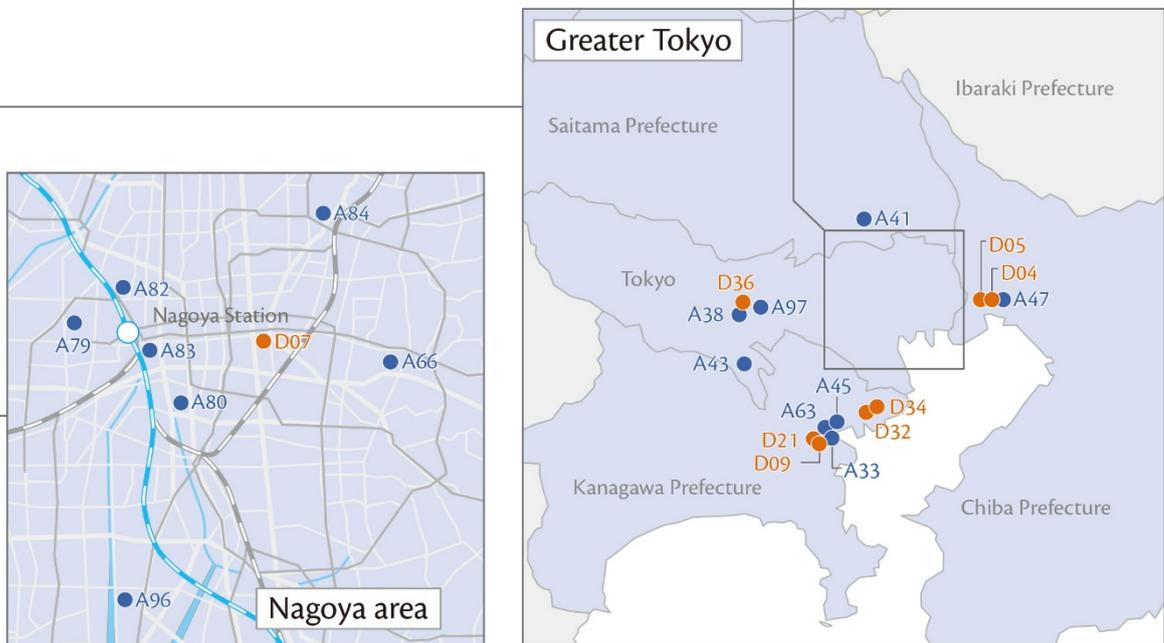
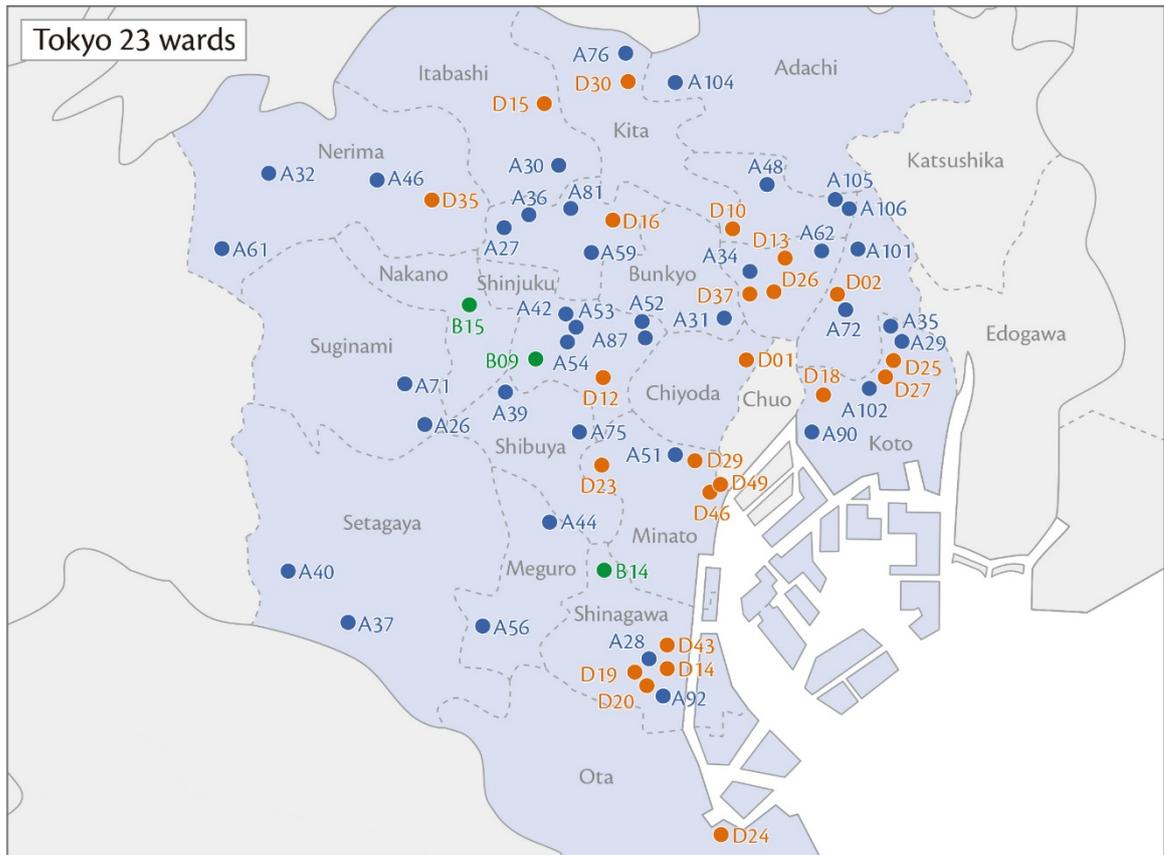
Portfolio Map

No. of Properties	No. of Hotels	No. of Hotel Rooms	No. of Apartment Units
125	49	7,147	4,778



(Note 1) as of July 31, 2017.

(Note 2) For properties corresponding to the number and overview, please refer to pages 94-97.



Portfolio Overview

(as of July 31, 2017)

Use	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²) (Note 5)	Rentable Units (Note 4) (Note 5)	Acquisition Price (JPY mm) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 5)
Residential	A26	Nisshin Palacestage Daitabashi	Suginami-ku, Tokyo	1,771.13	98	1,251	0.4	89.8
	A27	Nisshin Palacestage Higashi- Nagasaki	Toshima-ku, Tokyo	2,681.94	60	1,229	0.4	93.6
	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	92.4
	A30	Emerald House	Itabashi-ku, Tokyo	2,152.31	96	1,505	0.5	98.9
	A31	Harmonie Ochanomizu	Bunkyo-ku, Tokyo	1,748.24	65	1,428	0.5	97.5
	A32	Suncrest Shakujii-Koen	Nerima-ku, Tokyo	3,029.16	29	1,088	0.4	94.7
	A33	Growth Maison Shin- Yokohama	Yokohama-shi, Kanagawa	1,858.44	68	1,059	0.4	97.1
	A34	Belle Face Ueno- Okachimachi	Taito-ku, Tokyo	1,351.11	64	1,023	0.3	90.6
	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	95.2
	A37	Growth Maison Yoga	Setagaya-ku, Tokyo	1,015.34	39	795	0.3	92.4
	A38	Route Tachikawa	Tachikawa-shi, Tokyo	1,368.57	24	676	0.2	89.8
	A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	1,167.50	25	651	0.2	100.0
	A40	City Heights Kinuta	Setagaya-ku, Tokyo	1,235.93	19	646	0.2	89.2
	A41	Acseeds Tower Kawaguchi- Namiki	Kawaguchi-shi, Saitama	1,210.74	57	620	0.2	98.3
	A42	Capital Heights Kagurazaka	Shinjuku-ku, Tokyo	1,126.65	26	604	0.2	83.4
	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	92.0
	A45	Wacore Tsunashima I	Yokohama-shi, Kanagawa	907.46	50	572	0.2	92.1
	A46	Foros Nakamurabashi	Nerima-ku, Tokyo	815.77	37	566	0.2	97.5
	A47	Growth Maison Kaijin	Funabashi-shi, Chiba	2,040.27	34	557	0.2	100.0
	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	0.8	92.8
	A52	Winbell Kagurazaka	Shinjuku-ku, Tokyo	4,032.70	118	3,260	1.1	98.4
	A53	Nishiwaseda Crescent Mansion	Shinjuku-ku, Tokyo	4,310.77	69	1,880	0.6	100.0
	A54	Lexington Square Akebonobashi	Shinjuku-ku, Tokyo	1,987.88	88	1,450	0.5	96.6
	A56	Casa Eremitaggio	Meguro-ku, Tokyo	1,197.19	17	1,070	0.4	94.0
	A59	Towa City Coop Shinotsuka II	Toshima-ku, Tokyo	1,627.13	58	866	0.3	91.4
	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	0.3	92.7
	A63	Towa City Coop Sengencho	Yokohama-shi, Kanagawa	3,426.36	154	1,110	0.4	83.8
	A64	Royal Park Omachi	Sendai-shi, Miyagi	1,929.59	51	415	0.1	98.3
A65	Lexington Square Haginomachi	Sendai-shi, Miyagi	1,528.58	39	330	0.1	89.5	
A66	Visconti Kakuozan	Nagoya-shi, Aichi	705.75	8	255	0.1	88.6	
A71	Lexington Square Daitabashi	Suginami-ku, Tokyo	1,430.64	43	977	0.3	92.2	
A72	Lexington Square Honjo Azumabashi	Sumida-ku, Tokyo	784.74	33	511	0.2	94.0	
A73	AMS TOWER Minami 6-Jo	Sapporo-shi, Hokkaido	4,460.56	120	1,180	0.4	79.7	
A75	Spacia Ebisu	Shibuya-ku, Tokyo	7,794.91	109	7,010	2.4	95.2	
A76	Neo Prominence	Kita-ku, Tokyo	3,574.70	52	1,660	0.6	91.2	
A77	Invoice Shin-Kobe Residence	Kobe-shi, Hyogo	2,773.71	81	1,260	0.4	91.7	
A78	Cosmo Court Motomachi	Kobe-shi, Hyogo	2,310.49	82	973	0.3	95.3	
A79	Revest Honjin	Nagoya-shi, Aichi	1,933.80	80	674	0.2	92.5	

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²) (Note 5)	Rentable Units (Note 4) (Note 5)	Acquisition Price (JPY mm) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 5)
Residential	A80	Revest Matsubara	Nagoya-shi, Aichi	1,955.40	70	657	0.2	93.1
	A81	Sun Terrace Minami Ikebukuro	Toshima-ku, Tokyo	898.70	38	625	0.2	86.8
	A82	Alba Noritake Shinmachi	Nagoya-shi, Aichi	1,731.68	64	608	0.2	87.5
	A83	Revest Meieki Minami	Nagoya-shi, Aichi	1,634.60	61	597	0.2	95.4
	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	98.5
	A86	Salvo Sala	Osaka-shi, Osaka	1,428.12	54	544	0.2	95.9
	A87	Excellente Kagurazaka	Shinjuku-ku, Tokyo	701.92	33	543	0.2	94.1
	A88	Luna Court Edobori	Osaka-shi, Osaka	1,185.50	50	525	0.2	94.0
	A89	Winntage Kobe Motomachi	Kobe-shi, Hyogo	1,433.35	57	512	0.2	85.9
	A90	Queen's Court Fukuzumi	Koto-ku, Tokyo	765.18	25	456	0.2	95.9
	A91	Corp Higashinotoin	Kyoto-shi, Kyoto	1,029.05	42	446	0.1	97.6
	A92	Belair Oimachi	Shinagawa-ku, Tokyo	530.60	26	412	0.1	96.1
	A93	Siete Minami-Tsukaguchi	Amagasaki-shi, Hyogo	1,020.86	40	374	0.1	95.0
	A94	Prime Life Sannomiya Isogami Koen	Kobe-shi, Hyogo	789.12	32	373	0.1	96.9
	A95	HERMITAGE NANBA WEST	Osaka-shi, Osaka	992.76	21	355	0.1	100.0
	A96	Century Park Shinkawa 1-bankan	Nagoya-shi, Aichi	1,477.62	44	335	0.1	88.7
	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	87.7
	A99	Prime Life Mikage	Kobe-shi, Hyogo	761.18	28	297	0.1	96.6
A100	City Court Kitaichijo	Sapporo-shi, Hokkaido	5,230.18	127	1,782	0.6	93.8	
A101	Lieto Court Mukojima	Sumida-ku, Tokyo	2,940.20	82	1,683	0.6	97.0	
A102	Lieto Court Nishi-Ojima	Koto-ku, Tokyo	2,048.28	91	1,634	0.5	99.0	
A103	Royal Parks Momozaka	Osaka-shi, Osaka	8,776.26	147	2,910	1.0	100.0	
A104	Royal Parks Shinden	Adachi-ku, Tokyo	15,797.29	248	5,024	1.7	100.0	
A105	Royal Park Tower Minami-Senju	Arakawa-ku, Tokyo	39,113.46	557	21,879	7.3	92.7	
A106	Royal Parks Seasir Minami-Senju	Arakawa-ku, Tokyo	6,496.86	113	2,683	0.9	100.0	
Subtotal				189,986.98	4,778	95,678	32.1	94.6
Office Buildings / Commercial Facilities	B09	Shinjuku Island	Shinjuku-ku, Tokyo	526.43	1	715	0.2	100.0
	B14	Lexington Plaza Nishigotanda	Shinagawa-ku, Tokyo	6,033.58	11	4,880	1.6	100.0
	B15	Cross Square NAKANO	Nakano-ku, Tokyo	2,145.00	45	1,060	0.4	87.3
	B16	Ohki Aoba Building	Sendai-shi, Miyagi	2,178.37	13	816	0.3	88.7
	B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	8,419.15	18	3,280	1.1	100.0
	B18	AEON TOWN Sukagawa	Sukagawa-shi, Fukushima	18,440.58	1	2,320	0.8	100.0
Subtotal				37,743.11	89	13,071	4.4	98.6
Hotels	D01	Hotel MyStays Kanda	Chiyoda-ku, Tokyo	2,585.72	126	2,851	1.0	100.0
	D02	Hotel MyStays Asakusa	Sumida-ku, Tokyo	3,327.38	161	2,584	0.9	100.0
	D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	7,241.51	225	6,024	2.0	100.0
	D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	6,232.30	175	4,930	1.7	100.0
	D05	Hotel MyStays Maihama	Urayasu-shi, Chiba	2,456.36	90	4,870	1.6	100.0
	D06	Hotel Vista Premio Dojima (Note 6)	Osaka-shi, Osaka	9,445.32	153	3,845	1.3	100.0

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²) (Note 5)	Rentable Units (Note 4) (Note 5)	Acquisition Price (JPY mm) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 5)
Hotels	D07	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi	9,064.71	279	2,958	1.0	100.0
	D08	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka	4,188.83	191	2,514	0.8	100.0
	D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	7,379.43	190	2,119	0.7	100.0
	D10	Hotel MyStays Nippori	Arakawa-ku, Tokyo	1,719.29	93	1,898	0.6	100.0
	D11	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka-shi, Fukuoka	3,412.71	177	1,570	0.5	100.0
	D12	Flexstay Inn Idabashi	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	0.4	100.0
	D14	Flexstay Inn Shinagawa	Shinagawa-ku, Tokyo	1,134.52	55	1,242	0.4	100.0
	D15	Flexstay Inn Tokiwadai	Itabashi-ku, Tokyo	2,539.75	130	1,242	0.4	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	2.8	100.0
	D22	Hotel Nets Hakodate	Hakodate-shi, Hokkaido	7,961.26	205	2,792	0.9	100.0
	D23	Flexstay Inn Shirogane	Minato-ku, Tokyo	1,754.06	84	2,119	0.7	100.0
	D24	Hotel MyStays Haneda	Ota-ku, Tokyo	5,400.16	174	7,801	2.6	100.0
	D25	Hotel MyStays Kameido P1	Koto-ku, Tokyo	4,349.67	266	5,594	1.9	100.0
	D26	Hotel MyStays Ueno Iriyaguchi	Taito-ku, Tokyo	2,247.92	97	3,821	1.3	100.0
	D27	Hotel MyStays Kameido P2	Koto-ku, Tokyo	2,793.99	177	3,742	1.3	100.0
	D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	3,559.81	152	2,198	0.7	100.0
	D29	Super Hotel Shinbashi/Karasumoriguchi	Minato-ku, Tokyo	1,403.89	74	1,624	0.5	100.0
	D30	Flexstay Inn Higashi-Jujo	Kita-ku, Tokyo	1,714.53	89	1,277	0.4	100.0
	D31	Hotel MyStays Utsunomiya	Utsunomiya-shi, Tochigi	11,733.23	126	1,237	0.4	100.0
	D32	Flexstay Inn Kawasaki-Kaizuka	Kawasaki-shi, Kanagawa	1,190.57	64	980	0.3	100.0
	D33	Comfort Hotel Toyama	Toyama-shi, Toyama	3,305.64	150	979	0.3	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	1.7	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-iriaguchi	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	1.1	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	0.3	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	8.3	100.0
	D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	37,702.33	310	20,981	7.0	100.0
	D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	5,083.06	217	8,059	2.7	100.0
	D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	1,951.90	105	7,959	2.7	100.0
	D47	Hotel MyStays Premier Kanazawa	Kanazawa-shi, Ishikawa	13,250.03	261	13,761	4.6	100.0
	D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	7,148.17	193	2,139	0.7	100.0
	D49	Hotel MyStays Premier Hamamatsucho	Minato-ku, Tokyo	6,151.93	134	8,000	2.7	100.0

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²) (Note 5)	Rentable Units (Note 4) (Note 5)	Acquisition Price (JPY mn) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 5)
		Subtotal		232,427.89	7,236	189,032	63.5	100.0
		Total		460,157.98	12,103	297,781	100.0	97.7

(Note 1) “Property number” refers to the asset owned by INV, classifying the residential asset as A, the office / commercial facility as B, the parking lot as C, the hotel as D according to the use of each property. The numbers with A, B, C, and D indicate the order of acquisition dates and properties with the same acquisition date are arranged in the order of acquisition price.

(Note 2) “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 million yen.

(Note 3) “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.

(Note 4) “Rentable Units” is including shop, office and nursing home portions, which are counted as one unit each.

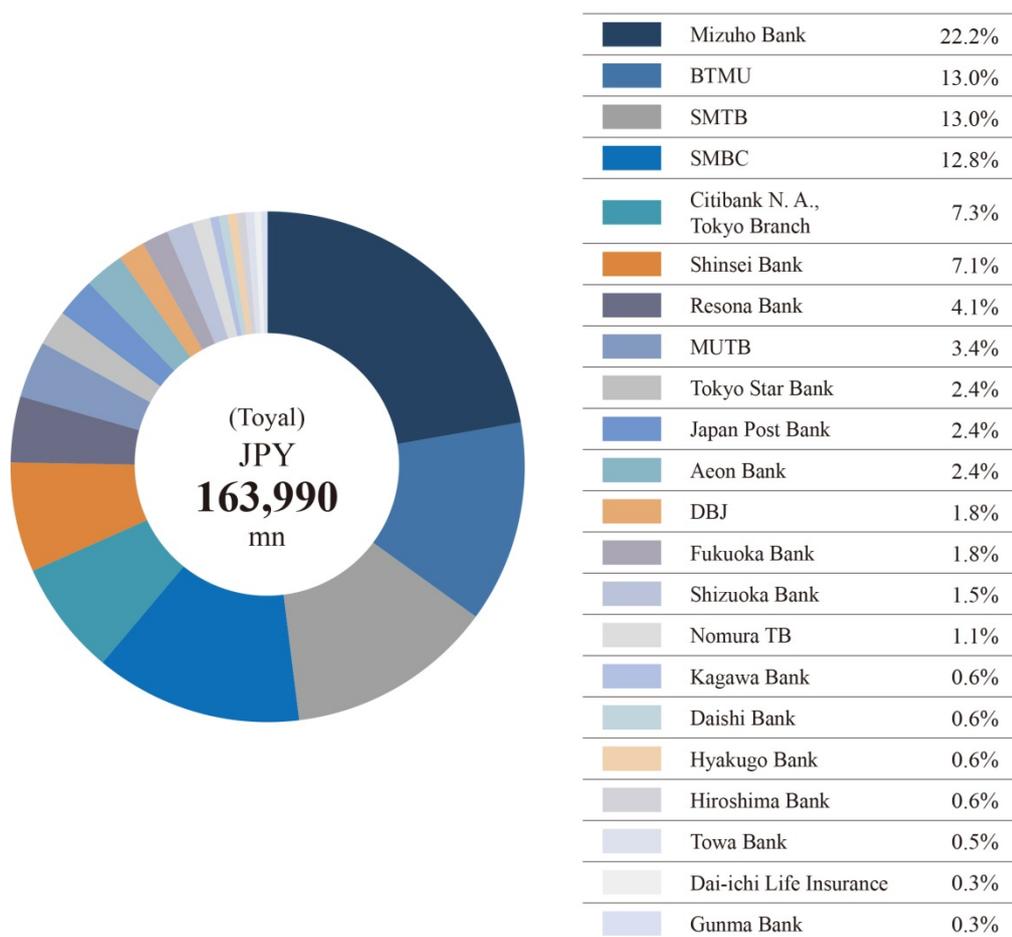
(Note 5) “Leasable Area,” “Rentable Units,” “Leased Area” and “Occupancy Rate” are as of the end of June 2017.

(Note 6) With change of the operator, the property name was changed to Hotel MyStays Dojima on August 1, 2017.

Financial Conditions

- The lender formation has been further reinforced by the addition of three new lenders via new borrowing (number of lenders now stands at 22).

Lender Formation (as of June 30, 2017)



Rating (as of September 27, 2016)

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

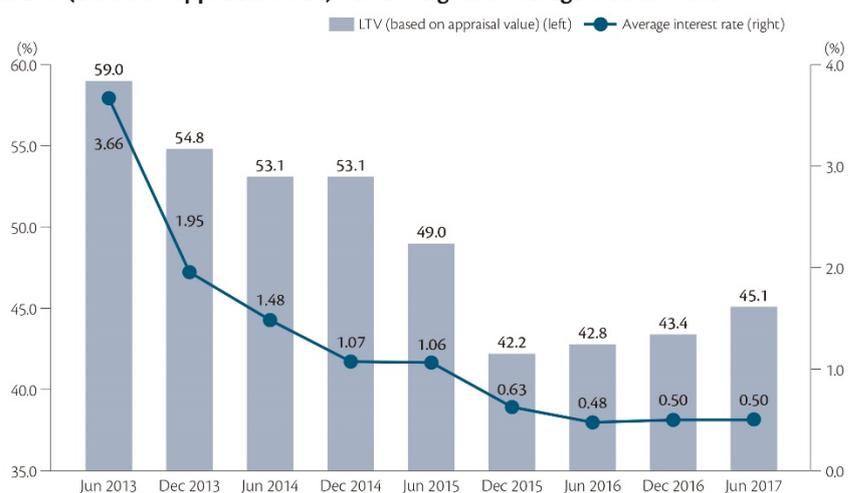
(Note 1) LTV (Appraisal Value Base) is calculated by the following formula: (Interest-bearing debts at the end of the relevant fiscal period) / (Total appraisal value as of the end of the same period).

(Note 2) Average interest rate is calculated by the following formula: [Sum total of (Each loan's loan amount outstanding at the end of the fiscal period multiplied by applicable interest rate at the end of the fiscal period)] / (Total loan amount outstanding at the end of the fiscal period).

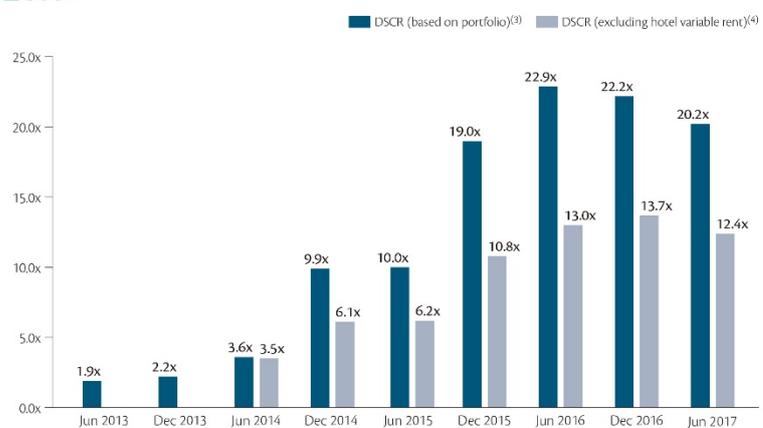
(Note 3) DSCR is calculated by dividing operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property by scheduled prepayments of loans payable and interest expense for the relevant period.

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

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



DSCR



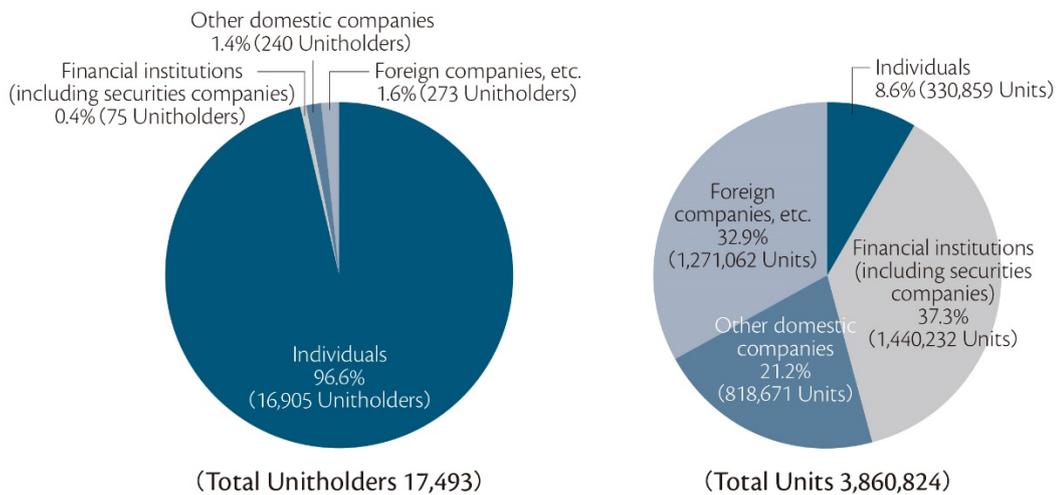
Overview of Unitholders/Investment Units

Historical Unit Price

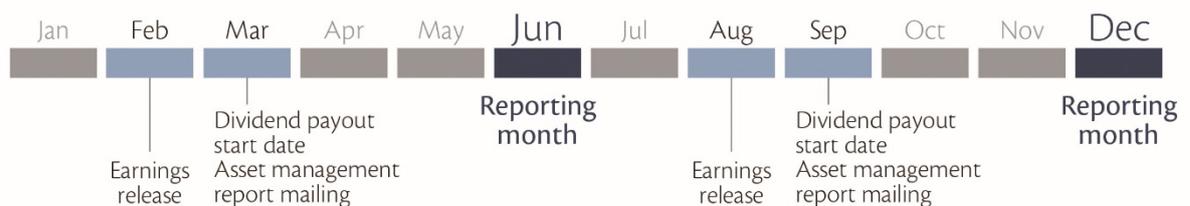


(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013 was the same as the closing price of INV unit on the same day.

Distribution of Unitholders



Annual Schedule



Information for Unitholders

For Unitholders

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

Notification Process for Address Changes

Please notify your brokerage (financial instruments business operator) regarding changes to addresses, names, registered seals, and the like. Unitholders who have special accounts instead of brokerage accounts should contact the transfer account management institution (financial instruments business operator) below. Unitholders of the pre-merger Investment Corporation (former Tokyo Growth REIT Investment Inc.)
Mitsubishi UFJ Trust and Banking Corporation Toll-free Number: 0120-255-100
Unitholders of the former LCP Investment Corporation
Sumitomo Mitsui Trust Bank, Limited Toll-free Number: 0120-782-031

Dividends

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

(Bank Transfers)

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

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

Notification

(Notice of Dividend Payment)

The 2008 amendment of the Special Taxation Measures Law (Act No. 23 of April 30, 2008) mandated the sending to unitholders a “Notice of Dividend Payment” stating the dividend amount, amount of taxes withheld, and the like. 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