

Translation

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**Summary of Financial Results (REIT) for the Fiscal Period Ended
June 30, 2014**

August 27, 2014

Name of Issuer:	Invincible Investment Corporation	Stock Exchange Listing: Tokyo Stock Exchange
Securities Code:	8963	URL http://www.invincible-inv.co.jp/
Representative:	Naoki Fukuda, Executive Director	
Name of Asset Manager:	Consonant Investment Management Co., Ltd.	
Representative:	Naoki Fukuda, President & CEO	
Contact:	Akiko Watanabe, Manager, Planning Department	TEL. +81-3-5411-2731
Scheduled Date of Filing of Securities Report: 2014	September 26,	Scheduled Date of Commencement for Distribution Payments: September 25, 2014
Supplementary Materials for Financial Results:	Yes	
Presentation Meeting:	Yes (for analysts and investors)	

(values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)

(1) Operating Results

(Percentages indicate percentage change from the receding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended June 30, 2014	3,775	37.8	2,234	76.5	902	155.4	901	155.6
Fiscal period ended December 31, 2013	2,740	(0.7)	1,265	2.8	353	5.3	352	5.3

	Net Income per Unit	Net Income/ Unitholders' Equity	Ordinary Income/Total Assets	Ordinary Income/Ordinary Revenues
	yen	%	%	%
Fiscal period ended June 30, 2014	573	2.5	1.1	23.9
Fiscal period ended December 31, 2013	259	1.0	0.4	12.9

(Note) Net Income per Unit is calculated based on the average number of investment units during the period and is rounded to the nearest yen.

(2) Distributions

	Distribution per Unit (Excluding excess profit distribution per unit)	Distribution Amount (Excluding excess profit distribution per unit)	Excess Profit Distribution per Unit	Excess Profit Distribution Amount	Dividend Payout Ratio	Distribution/ Net Assets
	yen	Millions of yen	yen	Millions of yen	%	%
Fiscal period ended June 30, 2014	573	901	0	0	100.0	2.5
Fiscal period ended December 31, 2013	237	372	0	0	105.7	1.0

(Note 1) Invincible Investment Corporation (INV) reversed JPY 20 million out of surplus and decided to distribute JPY 237 per unit for the fiscal period ended December 31, 2013.

(Note 2) Dividend payout ratio is calculated by dividing distribution amount by net income.

(3) Financial Position

	Total Assets	Net Assets	Net Assets/Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen	%	yen
Fiscal period ended June 30, 2014	79,261	36,373	45.9	23,121
Fiscal period ended December 31, 2013	79,176	35,844	45.3	22,785

(Note) Net Assets per Unit is calculated based on the number of investment units issued and outstanding at the end of each period, and is rounded to the nearest yen.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended June 30, 2014	6,622	(5,802)	(1,482)	3,524
Fiscal period ended December 31, 2013	1,771	(169)	(1,532)	4,187

2. Forecast for the Fiscal Period ending December 31, 2014 (from July 1, 2014 to December 31, 2014)

(Percentages in brackets represent change from preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution per unit)	Excess Profit Distribution per Unit
Fiscal Period ending December 31, 2014	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
	4,323	14.5	2,429	8.7	1,602	77.6	1,601	77.6	600	0

(Reference) Estimated net income per unit for the fiscal period ending December 31, 2014 is JPY 600.

3. Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

- (a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations None
- (b) Changes in Accounting Policies due to Other Reasons None
- (c) Changes in Accounting Estimates None
- (d) Restatements None

(2) Number of Investment Units Issued and Outstanding

- (a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units)

June 30, 2014	1,573,179	December 31, 2013	1,573,179
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- (b) Number of Treasury Units at End of Fiscal Period

June 30, 2014	0	December 31, 2013	0
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(Note) Please refer to the "Notes Related to Per Unit Information" on page 40 for the number of units used as a basis for calculating net income per unit.

The Implementation Status of Statutory Audit

At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration

(Explanation on the Appropriate Use of the Forecast of Results)

The forward-looking statements in this material are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of this date, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Further, there is no guarantee of the payment of the forecast distribution amount.

Please refer to "Assumptions for the Forecasts for the Fiscal Period ending December 31, 2014 (from July 1, 2014 to December 31, 2014)" on page 14 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

1. Related Companies of the Investment Corporation

Disclosure is omitted because there have been no material changes in the “Structure of the Investment Corporation” section of the latest securities report (filed on March 26, 2014).

2. Management Policy and Operating Condition

(1) Management Policy

Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”), decided to partially revise its internal rules (the “Investment Guidelines”) as of June 23, 2014. According to this revision, there have been some changes in the “Investment Policy,” and “Distribution Policy” sections of INV. Please refer to pages 67 - 85 below for the “Investment Policy” and “Distribution Policy” after the revision.

(2) Operating Condition

a Overview of the Reporting Period

(a) Main Trends in the Investment Corporation

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

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

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

Moreover, in December 2013, INV implemented the refinancing of existing borrowings with new borrowings arranged by Sumitomo Mitsui Banking Corporation (SMBC) and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) and with funds raised via third-party allotment to the Fortress Group, etc. INV realized the improvement of its earnings-generating power as a result of the significant reduction of interest expenses and the strengthening of its lender formation and established the base for the external growth as well as improvement of the financial stability.

During the fiscal period ended June 30, 2014 (the “reporting period”), under the situation of establishing the base for such internal and external growth, INV implemented the exchange of the properties for the purpose of the establishment of the portfolio which might realize both stability and growth of the rent income under the current economic environment, through sale of 7 senior housing properties and acquisition of 2 limited service/extended stay hotels in May 2014. In order to make the funds for the acquisition of such 2 hotels and a prepayment of the existing borrowings in the trust, INV obtained a new loan arranged by three megabanks, Sumitomo Mitsui Banking Corporation, The Bank of Tokyo - Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd. and realized further decreasing of

loan costs and strengthening of its lender formation.

Moreover, INV resolved at its Board of Directors held on June 23, 2014 to issue new investment units through the global public offering and the third-party allotment in connection with the overallotment for the global offering (the “Capital Increase”). INV made a decision to acquire additional 18 limited service hotels (Trust Beneficiary Interests in Domestic Real Estates) in July 2014 (the “18 Hotels”) by the funds procured through the global offering and new loan along with the refinancing of the existing syndicated loan (the “Refinancing” and together with the acquisition of the 18 Hotels, the “Transactions”). In addition, in order to endeavor to establish a portfolio which places a strong emphasis on both improved stability and future growth, the Asset Manager made a revision to the Investment Guidelines to the effect of positioning hotels as its Core Assets along with residential properties as of June 23, 2014.

Through the Transactions, INV has realized the expansion of the asset scale and the aggregate market value, the establishment of high-quality portfolio with stability of revenues and upside of the rent and further decreasing the loan costs, and aims to further increase unitholder value through the improvement of the net income and the distribution per unit that have been steadily implemented after the commencement of the sponsorship of Fortress Group.

Please refer to “(c) Significant subsequent events” below for the details of the Transactions.

(b) Operational Environment and Performance

During the first quarter of 2014, on the back of the rush demand due to the rise in the consumption tax and strong corporate performance among other things, the actual GDP growth rate achieved positive growth for 6 consecutive quarter period and the economic expansion continued. In and after April 2014, although the reaction of such rush demand produced the decrease, the income environment gradually improved such as that the jobs-to-applicants ratio improved to be 1.1 and the overall unemployment rate improved to be 3.7% in June 2014 and the movement of increase in salary including base salary expanded mainly in large-scale companies, it is expected that moderate upswing would continue for the second half of 2014 due to solid corporate performance and recovery of consumption.

Regarding the real estate investment market, on the back of economic recovery and expectation to get out of deflation, etc., the transaction price rose in large city area, mainly Tokyo. According to the *Japanese Real Estate Investor Survey* (April 2014) by Japan Real Estate Institute, the capitalization rate of investors decreased in respect of each use of offices, residences, retail facilities and hotels, etc. and the investment demand of investors maintained a high standard such as the fact that 92% of the investors responded to positively make a new investment over the next year.

Regarding the property rental market, in the Tokyo metropolitan area and parts of other major cities, the vacancy rate of the office building has bottomed, the floor intensive transfer per corporate group unit has been activated as well as the expansion in leasing space in the same buildings, and in central Tokyo, rents increased for new construction projects and premium properties.

In addition, with respect to the residential sector, which had seen a continuous trend in declining rent after the Lehman shock, the market trend of the rent apparently improved with focusing the inner-city small type properties. The Asset Manager grasped the movement of such recovery of market, and as a result of the advance implementation of measures to increase rent, INV realized the rent increase in respect of 53.3% of the new lease agreements for residential properties (+1.8% increase compared to previous agreement) and the rent increase in respect of 24.9% of the renewed lease agreements for residential properties (+0.8% increase compared to agreements before renewal). In addition, with respect to the net leasing cost (the number of months subject to advertising expenses + the number of months subject to free rent – the number of months for key money), INV reduced an average of 0.87 month per new lease agreement, the year-on-year 0.03 month

decrease and -0.41 month decrease compared to budget.

With respect to the hotels newly positioned as the Core Assets, in and after March 2014, the number of foreign passengers visiting Japan exceeded a million for 4 months in a row and the number of foreign guest of domestic accommodations for the first quarter of 2014 increased by 37.3%, on year-on-year basis. On the other hand, according to the *Japan Construction Starts Report* of the Ministry of Land, Infrastructure, Transport and Tourism, the new provisions of accommodations which started the construction remained at a low level around under 1,000 buildings per year over the past 5 years compared with approximately 1,500 buildings per year before 2008, and the average operating rate of business hotels in Tokyo which was 82.7% in the preceding year increased to 84.0% from January to March in 2014 (the Japan Tourism Agency Surveys) and high operating rate has been maintained and favorable condition continued.

In such an environment, INV sold 7 senior housing properties and acquired 2 limited service hotels in the reporting period, and acquired additional 18 Hotels properties in July 2014 as described above.

INV's entire portfolio in the reporting period saw its occupancy rate recorded 97.1% in March 2014, the highest after the Merger, and the average occupancy rate for the period was 96.2%, remained stable from the year ended December 31, 2013 (the "preceding period").

At the end of the reporting period, the number of properties held by INV totaled 73, including 63 residential properties, 2 hotels, 7 retail and office building as well as one parking lot with a total acquisition value of JPY 77,988 million, the total appraisal value of JPY 77,268 million and a total leasable area of 154,773.28 m². As a result of the above trends in real estate investments and the rental market, as well as the above implementation of internal growth strategies, the appraisal value of 71 properties excluding 7 senior housing properties sold on May 22, 2014 and 2 hotels acquired on May 23, 2014 increased by JPY 1,169 million (or 1.7%) over the preceding period, from JPY 70,608 million as of the end of the preceding period to JPY 71,778 million as of the end of the reporting period, representing the fifth consecutive fiscal period for which there was an increase.

(c) Overview of Fund Raising

In order to fund the acquisition of new 2 Hotels and a portion of various expenses related thereto and the prepayment of a portion of existing borrowings in the trust (total balance of borrowings: JPY 11,000 million; average interest rate at the time of repayment: 2.50%), INV raised funds from a loan (amount borrowed: JPY 13,500 million; interest on borrowings upon the execution of the refinancing: 0.98%) syndicated by Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited as lenders as of May 23, 2014. The refinancing has enabled INV to reduce its interest-bearing debt ratio, decrease interest expenses, and further strengthen its lender formation including three megabanks.

As a result of implementing the above measures, as of the end of the reporting period, the outstanding balance of the interest-bearing debt of INV was JPY 41,000 million, with the interest-bearing debt ratio at 51.7% (Note).

Further, as described in "(c) Significant subsequent events" below, in order to procure the funds for the acquisition of the 18 Hotels acquired as of July 17, 2014 and refinancing of the existing borrowings, INV decided to obtain a loan (amount borrowed: JPY 57,300 million; interest on borrowings upon the execution of the Refinancing: 0.98%) through syndicated lenders arranged by Sumitomo Mitsui Banking Corporation, The Bank of Tokyo - Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd. on June 23, 2014, executed the loan agreement on the same date, and implemented the borrowing on July 17, 2014, and realized the further decrease in average borrowings costs.

(Note) The calculation for the interest-bearing debt ratio uses the calculation formula below:

$$\text{Interest-bearing debt ratio} = \text{amount of interest-bearing debt} \div \text{total amount of assets at end of period} \times 100$$

(d) Overview of Results of Operations and Distributions

As a result of the above, operating income for the reporting period increased by JPY 968 million from the preceding period (76.5% increase compared to the preceding period) to JPY 2,234 million, and net income for the reporting period increased by JPY 549 million from the preceding period (155.6% increase compared to the preceding period) to JPY 901 million.

With respect to distributions, it was determined to distribute the total amount of net income excluding the fractions less than one JPY per unit, without a reversal of the surplus resulting from the negative goodwill (the “Surplus”) from the Merger in February 2010.

As the result of the above, the distribution per unit for the reporting period was above the forecast of the distribution per unit for the period ended June 30, 2014 (the reporting period) (JPY 464 per unit) disclosed in the Summary of Financial Results as of February 26, 2014 and became JPY 573, increased by JPY 109 (23.5%).

b Outlook for the Fiscal Period Ending December 31, 2014

(a) Future operational policy and issues to be addressed

(i) External growth strategy

New Property Acquisitions

INV believes that with significant increase of total market value through implementation of the Capital Increase as described above, significant reduction of borrowing costs through implementation of further refinancing and its further strengthened lender formation, both debt and equity fund raising capacity has been enhanced, thus greatly improving the external growth potential of INV.

The Fortress Group is an investment manager committed to long-term, large-scale real estate investments in the Japanese real estate market, and holds excellent pipeline assets that are well balanced in terms of sectors. Upon acquisition of new properties from these pipeline assets through implementation of the Capital Increase, INV also entered into a memorandum, as of June 23, 2014, concerning preferential negotiating rights in respect of the acquisition of 22 limited service hotels out of the pipeline assets of the Fortress Group, in order to ensure further future growth.

By utilizing such pipeline support by the sponsor and the property sale information resulting from the independent network of the Asset Manager, to whom INV entrust the management of assets, INV will consider and execute property acquisitions that contribute to stable growth in profits and cash flow and increase the distribution per unit.

Property Sales

While INV places priority on increasing unitholders’ value through external growth, taking into account the ongoing high level of activity in the real estate trading market, it also plans to review as appropriate points such as its portfolio composition and geographic distribution in considering property sales.

(ii) Strategy for internal growth

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to

further boost occupancy rates and earning capabilities of its properties.

With respect to residential properties, in consideration of the fact that the fiscal period ending December 31, 2014 (the “next reporting period”), falls within the off-season of the housing rental market, INV will prepare policies concerning management of the new lease agreement, increasing rent at lease renewals and administration of net leasing costs for each property held by INV. INV will continue to aim to maximize the actual rent following the reporting period.

With respect to the newly acquired hotel properties, INV intends to closely monitor the management, for the purpose of increasing rent revenue, by adding 2 persons in charge of asset management (AM), establishing a system for checking the status of hotel operations in the meeting with hotel operators, and proper understanding of the operational situations of each hotel held by INV, (ii) situation of the surrounding hotels, and the market trends. Furthermore, because the implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of properties as well as improving tenant satisfaction, and, stable operation of hotels, thorough attention will be placed on the preparation of strategic plans and on their flexible implementation.

(iii) Financial strategy

As a result of strengthening the financial base by the refinancing implemented during the reporting period and the Transactions implemented in July 2014, INV will promote a financial strategy which envisages to make borrowings without securities in the future and to obtain credit ratings. Also, INV seeks to strengthen its earnings base by way of lengthening of the borrowing terms, further reduction of borrowing costs, strengthening of its lender formation, improving fund raising capacity and flexibility, and, furthermore, by way of acquiring new properties and improving the earnings of the existing properties held by INV. From a financial perspective, INV will aim to maximize unitholders’ value, which will result in improving distributions per unit.

(iv) Compliance risk management

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

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

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

c Significant subsequent events

INV issued the new investment units through the global public offering and the third-party allotment conducted in connection with the overallotment secondary offering for the global public offering in the fiscal period ending December 31, 2014 (23rd fiscal period). INV acquired the 18 Hotels by the funds procured through the Capital Increase

along with the refinancing of the existing borrowings.

The Capital Increase, accompanying acquisition of the 18 Hotels, and the refinancing were implemented in line with the portfolio repositioning and refinancing completed in May 2014, to further enhance INV's unitholder value under the support of the sponsor, Fortress Group.

(a) Issuance of New Investment Units

INV resolved at its meeting of the Board of Directors held on June 23, 2014 and July 9, 2014 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on July 16, 2014, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 13, 2014. As a result, the unitholders' equity of INV is JPY 53,096 million and the number of investment units issued and outstanding of INV increased to 2,668,686.

(i) Issuance of new investment units through public offering

Number of New Investment Units Issued	: 1,040,000 units Domestic public offering: 527,322 units Overseas offering: 512,678 units
Issue Price (Offer Price)	: JPY 22,688 per unit
Amount Paid In (Issue Value)	: JPY 21,873 per unit
Total Amount Paid In (Total Issue Value)	: JPY 22,747,920,000
Payment Date	: July 16, 2014

(ii) Secondary offering of investment units outside Japan

Number of Investment Units Offered in the Secondary Offering	: 70,151 units
Offer Price	: JPY 22,688 per unit
Total Offer Value	: JPY 1,591,585,888
Seller	: Infinite Value Investment Ltd.

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

Number of Investment Units Offered in the Secondary Offering	: 55,507 units
Offer Price	: JPY 22,688 per unit
Total Offer Value	: JPY 1,259,342,816
Delivery Date	: July 17, 2014

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

Number of New Investment Units Issued	: 55,507 units
Amount Paid In (Issue Value)	: JPY 21,873 per unit
Total Amount Paid In (Total Issue Value)	: JPY 1,214,104,611
Payment Date	: August 13, 2014
Allottee	: SMBC Nikko Securities Inc.

(b) Refinancing

INV implemented a new syndicate loan (New Syndicate Loan (C)) with a variable interest rate of 0.8% + one-month JPY TIBOR to fund a portion of the acquisition of the 18 Hotels and to refinance the New Syndicate Loan (A) (existing borrowings) carrying a variable interest rate of 1.50% + one-month JPY TIBOR at a more lower interest rate, in addition to the New Syndicate Loan (B) (existing borrowings).

As a result, INV's outstanding balance of the interest-bearing debt of is JPY 67,260 million and INV's average interest rate is 1.09% after the implementation of refinancing as of July 17, 2014.

(i) Overview of Borrowing of Funds

New Syndicate Loan (C)

Lender	Borrowing Date	Borrowing Amount	Interest Rate (annual)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Citibank Japan Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited	July 17, 2014	JPY 57,300 million	0.98000% Variable interest rate (Note 1)	July 14, 2017	Secured (Note 2) / with no guarantee

(Note 1) Interest rate applicable for the period from July 17, 2014 to August 28, 2014.

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

(Note 2) The following assets are pledged as collateral for the borrowings.

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

(ii) Overview of Prepayment of Existing Borrowings

New Syndicate Loan (A)

Lender	Borrowing Date	Repayment Amount	Interest Rate (annual)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Shinsei Bank, Limited Citibank Japan Ltd. Shinsei Trust & Banking Co., Ltd. Aozora Bank, Ltd.	December 20, 2013	JPY 17,552 million (Note 1)	1.64636% Variable interest rate (Note 2)	December 20, 2016	Secured / with no guarantee

(Note 1) The repayment amount is the balance of borrowings after the repayment agreed as of June 30, 2014 (JPY 16.96 million).

(Note 2) Interest rate applicable for the period from June 30, 2014 to July 30, 2014.

One-month JPY TIBOR (Base Rate) + spread (1.5%)

New Syndicate Loan (B)

Lender	Borrowing Date	Repayment Amount	Interest Rate (annual)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	May 23, 2014	JPY 13,488 million (Note 1)	0.94636% Variable interest rate (Note 2)	May 22, 2015	Secured / with no guarantee

(Note 1) The repayment amount is the balance of borrowings after the repayment agreed as of June 30, 2014 (JPY 11.25 million).

(Note 2) Interest rate applicable for the period from June 30, 2014 to July 30, 2014.

One-month JPY TIBOR (Base Rate) + spread (0.8%)

(c) Acquisition of Assets

In addition to the high level of revenue stability provided up to now by the portfolio focused on the greater Tokyo area and residential properties, INV, on July 17, 2014, acquired the 18 Hotels that provide both stability and potential for further growth, in order to bring in stable revenue and high growth potential of hotels and thereby construct a portfolio which places a strong emphasis on both improved stability and future growth.

As a result, the total number of properties held by INV after the acquisition increased to 91 properties (63 residential properties, 20 hotels, 7 retail and office buildings as well as one parking lot) with a total acquisition price of JPY 117,927 million and total leasable area of 224,574.36 m².

The overview of 18 Hotels is as follows.

Use	Property Number	Name of Property	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value at Acquisition (JPY million) (Note 2)	Seller	Category of Specified Assets
Hotel	D3	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	6,024	6,110	Shijodori Holding Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D4	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	4,930	4,980	Zephyrus Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D5	Hotel MyStays Maihama	Urayasu-shi, Chiba	4,870	4,920	Zephyrus Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D6	Hotel Vista Premio Dojima	Osaka-shi, Osaka	3,845	3,900	Danube Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D7	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi	2,958	3,000	Zephyrus Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D8	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka	2,514	2,530	Nagahoribashi Holding Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D9	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	2,119	2,150	Zephyrus Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D10	Hotel MyStays Nippori	Arakawa-ku, Tokyo	1,898	1,910	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D11	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka-shi, Fukuoka	1,570	1,580	Shijodori Holding Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D12	Flexstay Inn Iidabashi	Shinjuku-ku, Tokyo	1,381	1,390	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest

Use	Property Number	Name of Property	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value at Acquisition (JPY million) (Note 2)	Seller	Category of Specified Assets
	D13	Hotel MyStays Ueno Inaricho	Taito-ku, Tokyo	1,331	1,340	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D14	Flexstay Inn Shinagawa	Shinagawa-ku, Tokyo	1,242	1,250	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D15	Flexstay Inn Tokiwadai	Itabashi-ku, Tokyo	1,242	1,250	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D16	Flexstay Inn Sugamo	Toshima-ku, Tokyo	1,192	1,200	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D17	Hotel MyStays Otemae	Osaka-shi, Osaka	1,192	1,200	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D18	Flexstay Inn Kiyosumi Shirakawa	Koto-ku, Tokyo	749	754	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D19	Flexstay Inn Nakanobu P1	Shinagawa-ku, Tokyo	589	593	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D20	Flexstay Inn Nakanobu P2	Shinagawa-ku, Tokyo	283	285	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
Total				39,938	40,342		

(Note 1) Acquisition prices do not include adjustments for property taxes or city planning taxes, or national or local consumption taxes. Amounts are rounded down to the nearest million yen.

(Note 2) Appraisal value at Acquisition is the appraisal value as of April 30, 2014 based on the appraisal report from Japan Real Estate Institute.

(d) Operational Outlook

The following forecast is made for the fiscal period ending December 31, 2014.

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

Operating Revenues	JPY 4,323 million
Operating Income	JPY 2,429 million
Ordinary Income	JPY 1,602 million
Net Income	JPY 1,601 million
Earnings per Unit	JPY 600
Reversal of Surplus per Unit	JPY 0
Distribution per Unit (excluding Excess Profit Distribution per Unit)	JPY 600
Excess Profit Distribution per Unit	JPY 0

INV plans to distribute all net income excluding fractions less than one JPY per unit, using the proceeds from net income for the fiscal period ending December 31, 2014.

Based on the above, INV plans to distribute JPY 1,601 million in total (distribution per unit: JPY 600), for the fiscal period ending December 31, 2014. The total distribution amount exceeds 90% of the amount of distributable income (Note 2). The Surplus after the distribution for the fiscal period ending December 31, 2014 will remain JPY 73 million.

(Note 1) Due to the Capital Increase, the number of investment units issued and outstanding at the end of the fiscal period ending December 31, 2014 is 2,668,686 units.

(Note 2) One of the tax conduit requirements is the dividend payment requirement, in which investment corporations are required to distribute at least 90% of their distributable income (Note 3).

(Note 3) Amount of distributable income (JPY 1,661 million (*)) \times 90% = JPY 1,495 million

(*) Distributable income (JPY 1,661 million) = Net income before taxes (JPY 1,602 million) + Amortization of negative goodwill for each fiscal period (JPY 59 million) (**)

(**) Amortization of negative goodwill for each fiscal period (JPY 59 million) = Gain on negative goodwill accrued upon the merger (JPY 11,843 million) \times (Number of months of fiscal period \div 1,200 months (***))

(***) 1,200 months = 100 years \times 12 months (1 year)

For the assumptions underlying the operational outlook for the fiscal period ending December 31, 2014, please see “Assumptions for the Forecasts for the Fiscal Period ending December 31, 2014 (from July 1, 2014 to December 31, 2014)”.

(Cautionary Note regarding Forward Looking Statements)

Forward looking statements such as the forecasts set forth herein are based on information currently available and certain assumptions that are deemed reasonable. Actual operating performance may vary significantly due to factors not foreseen at the time of this present notice, such as the occurrence of gains and losses associated with the sale of properties, repayment of borrowings and a decrease in rent received. Also, this forecast is not a guarantee of distribution amounts.

Assumptions for the Forecasts for the Fiscal Period ending December 31, 2014 (from July 1, 2014 to December 31, 2014)

Item	Assumptions
Fiscal Period	From July 1, 2014 to December 31, 2014
Assets under Management	The assets under management are based on the properties held by INV as of today. Also, INV assumes there will be no new acquisitions or disposals of existing properties thereafter through to the end of the fiscal period.
Units Outstanding	INV assumes the number of units issued and outstanding is 2,668,686 units, which is based on the number of units issued by INV as of today. Also, INV assumes there will be no additional issuance of investment units thereafter through to the end of the fiscal period.
Interest-bearing Liabilities	Balance at the end of the fiscal period: JPY 67,260 million During this fiscal period, INV assumes there will be no additional repayments of the borrowings and no new borrowings through to the end of the fiscal period.
Operating Revenues	INV assumes it will earn operating revenues of JPY 4,323 million for the fiscal period. The breakdown is as follows: <ul style="list-style-type: none"> Rental revenues JPY 4,323 million (of this amount, JPY 1,740 million are for hotel rent) Rental revenues are calculated based on historical data and taking into account tenant trends, property competitiveness, the market environment and other factors. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
Operating Expenses	INV assumes it will incur property-related expenses of JPY 1,661 million. The breakdown is as follows: <ul style="list-style-type: none"> Facility management fees JPY 475 million (of this amount, JPY 40 million are for repair costs) Taxes and other public charges JPY 163 million Insurance expenses JPY 5 million Other expenses JPY 134 million Depreciation expenses JPY 881 million Other than these property-related expenses, INV assumes it will incur operating expenses of JPY 232 million for the fiscal period.
Non-operating Expenses	INV assumes it will incur non-operating expenses of JPY 827 million for the fiscal period. The breakdown is as follows: <ul style="list-style-type: none"> Interest expenses JPY 370 million Finance related costs JPY 300 million (of this amount, JPY 194 million are for one-time expenses incurred in the refinancing as of July 17, 2014) Other non-operating expenses JPY 157 million (of this amount, JPY 157 million are for expenses related to the issuance of new investment units incurred in the capital increase as of July 16, 2014)
Distribution per Unit	The distribution per unit is calculated in accordance with the cash distribution policy set forth in INV's articles of incorporation. INV assumes it will pay the distribution using net income as the source, and plans to distribute JPY 1,601 million in total (JPY 600 per unit).
Excess Profit Distribution per Unit	INV currently does not expect to make distributions in excess of profits (excess profit distribution per unit).
Others	INV assumes there will be no amendments to laws and ordinances, the taxation system, accounting standards and other regulations that will affect the foregoing forecasts. In addition, INV assumes there will no unforeseen material changes in the market environment, including general economic trends and real estate market conditions.

(For Reference)

As mentioned above, INV issued new investment units through the global public offering and the third-party allotment conducted in connection with the overallotment secondary offering for the global public offering in the fiscal period ending December 31, 2014 (23rd fiscal period). INV acquired the 18 Hotels by the funds procured through the Capital Increase along with the refinancing of the existing borrowings (hereinafter together with the Capital Increase and the Refinancing, the “Transactions”).

For ease of reference, figures for net income per unit, distribution per unit and simulated earnings per unit are summarized in the table below.

Forecasts for simulated earnings per unit are shown for reference purposes, and indicate simulated earnings per unit after excluding one-time expenses associated with the Transactions etc. as if they had taken place prior to the beginning of the fiscal period ended June 30, 2014.

The simulated earnings per unit is purely a simulation intended to describe the effect of the transactions, etc. described above and is neither a forecast nor prospect relating to INV’s net income or distribution per unit for a given operating period.

<Simulated Earnings per Unit>

	Net Income per Unit (Note 1)	Distribution per Unit	Simulated Earnings per Unit
Fiscal Period ended June 30, 2014	JPY 573	JPY 573	JPY 600
Fiscal Period ending December 31, 2014 (forecast)	JPY 600	JPY 600	JPY 628

(Note 1) Net income per unit in the fiscal period ended June 30, 2014 is calculated assuming that the number of investment units issued and outstanding is 1,573,179 units, and net income per unit in the fiscal period ending December 31, 2014 is calculated assuming that the number of investment units issued and outstanding is 2,668,686 units.

(Note 2) Figures in the above table are rounded down to the indicated amount.

Simulated earnings per unit refers to net income per unit calculated by applying the simulated adjustment below, eliminating the effects of such factors as one-time expenses and treating the assets anticipated to be acquired as if they were acquired prior to the beginning of the fiscal period ended June 30, 2014.

Simulated adjustment is based on the total of the following adjustments:

- (a) Elimination of the gains from the sale of seven senior housing properties as of May, 2014.
- (b) The impact based on the assumption that the repositioning of the portfolio through the sale of seven senior housing properties and the acquisition of two hotels in May, 2014, and the acquisition of the 18 Hotels were implemented prior to beginning of the fiscal period ended June 30, 2014.
- (c) The impact based on the assumption that each refinancing implemented in May, 2014 and July, 2014 was implemented prior to beginning of the the fiscal period ended June 30, 2014.
- (d) The tax amount based on the assumption that property taxes and city planning taxes were expensed at the beginning of the the fiscal period ended June 30, 2014 on the two hotels acquired in May 2014 and the 18 Hotels acquired in July, 2014.

- (e) Elimination of various one-time expenses in connection with the implementation of the Transactions.
- (f) With respect to both the the fiscal period ended June 30, 2014 and the the fiscal period ending December 31, 2014, the calculation is based on the assumption that a total of 1,095,507 units (1,040,000 units through the public offering and 55,507 units through the third-party allotment) were issued at the beginning of the the fiscal period ended June 30, 2014 and the number of investment unites issued and outstanding is 2,668,686 units.

The simulated earnings per unit for the the fiscal period ended June 30, 2014 and the the fiscal period ending December 31, 2014 is purely a simulation intended to calculate the normalized earnings per unit taking into consideration the effect of the transactions, etc. described above and is neither a forecast nor prospect relating to INV's earnings or distribution per unit for a given operating period. Accordingly, there is no guarantee that the simulated earnings per unit will ever be realized for any future operating period, and INV is not obligated to revise any of the simulated figures regardless of any changes in circumstances that may affect the above simulation.

3. Financial Statements

(1) Balance Sheets

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Assets		
Current assets		
Cash and deposits	※1 1,457,257	※1 759,058
Cash and deposits in trust	※1 2,729,902	※1 2,765,504
Accrued revenue	-	2,574
Accounts receivables	10,948	71,193
Prepaid expenses	122,321	120,941
Consumption tax receivable	7,419	-
Advance payment	-	17,138
Others	10	0
Allowance for doubtful accounts	(2,573)	(1,391)
Total current assets	4,325,286	3,735,018
Non-current assets		
Property, plant and equipment		
Buildings	※1 2,680,174	※1 85,914
Accumulated depreciation	(218,377)	(7,783)
Buildings, net	2,461,796	78,131
Equipment	※1 50,691	※1 38,862
Accumulated depreciation	(27,985)	(17,352)
Equipment, net	22,706	21,510
Building improvements	※1 3,848	※1 2,779
Accumulated depreciation	(1,518)	(1,138)
Building improvements, net	2,330	1,640
Land	※1 2,713,620	※1 711,834
Buildings in trust	※1 29,762,419	※1 31,162,188
Accumulated depreciation	(2,339,358)	(2,623,404)
Buildings in trust, net	27,423,061	28,538,783
Equipment in trust	※1 6,763,740	※1 7,151,824
Accumulated depreciation	(1,690,614)	(1,891,879)
Equipment in trust, net	5,073,126	5,259,944
Building improvements in trust	※1 320,904	※1 321,317
Accumulated depreciation	(97,258)	(109,047)
Building improvements in trust, net	223,646	212,270
Tools, furniture and fixtures in trust	※1 155,616	※1 177,438
Accumulated depreciation	(74,970)	(85,898)
Tools, furniture and fixtures in trust, net	80,646	91,540
Land in trust	※1 36,582,527	※1 40,447,565
Total property, plant and equipment	74,583,461	75,363,220
Intangible assets		
Others	137	106
Total intangible assets	137	106
Total investment and other assets		
Guarantee deposits	10,000	10,000
Long-term prepaid expenses	224,371	119,338
Others	33,375	34,070
Total investments and other assets	267,746	163,409
Total non-current assets	74,851,345	75,526,736

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Total assets	79,176,632	79,261,754

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Liabilities		
Current liabilities		
Accounts payable	174,201	143,439
Short-term debts	-	※1 13,488,750
Current portion of long-term debts	※1 203,520	※1 17,552,100
Current portion of long-term debts in trust	※1 105,833	-
Accrued liabilities	5,000	32,733
Accrued expenses	229,843	121,934
Accrued income taxes	525	520
Accrued consumption taxes	-	143,637
Advances received	385,886	357,522
Deposits received	5,048	32,927
Total current liabilities	1,109,859	31,873,567
Non-current liabilities		
Long-term debts	※1 20,146,480	-
Long-term debts in trust	※1 20,854,166	※1 9,960,000
Tenant leasehold and security deposits in trust	1,037,721	1,025,726
Tenant leasehold and security deposits	183,579	28,663
Total non-current liabilities	42,221,948	11,014,390
Total liabilities	43,331,808	42,887,957
Net assets		
Unitholders' equity		
Unitholders' capital	29,134,389	29,134,389
Surplus		
Capital surplus	6,264,432	6,264,432
Unappropriated retained earnings/loss	446,003	974,975
Total surplus	6,710,435	7,239,407
Total unitholders' equity	35,844,824	36,373,796
Total net assets	※2 35,844,824	※2 36,373,796
Total liabilities and net assets	79,176,632	79,261,754

(2) Statement of Income

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Operating revenues		
Rental revenues	2,740,449	2,772,419
Gain on sales of properties	-	1,003,352
Total operating revenues	2,740,449	3,775,772
Operating expenses		
Property related expenses	1,261,221	1,281,791
Asset management fees	125,000	125,000
Directors' remuneration	4,800	4,800
Asset custodian fees	3,986	3,906
Administrative service fees	19,089	18,224
Provision of allowance for doubtful accounts	1,045	-
Bad debt loss	2,561	-
Other operating expenses	56,975	107,404
Total operating expenses	1,474,679	1,541,127
Operating income	1,265,770	2,234,644
Non-operating revenues		
Interest revenues	400	404
Profit from finance related cost adjustment	354,737	-
Reversal of allowance for doubtful accounts	-	475
Miscellaneous income	406	898
Total non-operating revenues	355,544	1,777
Non-operating expenses		
Interest expenses	672,128	376,514
Finance related costs	579,038	842,043
Investment unit issuance expenses	15,487	115,438
Miscellaneous losses	1,300	5
Total non-operating expenses	1,267,953	1,334,001
Ordinary income	353,360	902,420
Net income before taxes	353,360	902,420
Corporate tax, etc.	605	605
Total corporate tax, etc.	605	605
Net income	352,755	901,815
Retained earnings at the beginning of the period	93,247	73,159
Unappropriated retained earnings/Loss at the end of the period	446,003	974,975

(3) Statement of Unitholders' Equity

Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' Equity					Total Net Assets
	Unitholders' Capital	Surplus			Total Unitholders' Equity	
		Capital Surplus	Unappropriated Retained Earnings/Loss	Total Surplus		
Balance at the beginning of the period	26,134,396	6,264,432	449,196	6,713,628	32,848,025	32,848,025
Change during the period						
Issuance of new investment units	2,999,992				2,999,992	2,999,992
Distributions from surplus			(355,949)	(355,949)	(355,949)	(355,949)
Net income			352,755	352,755	352,755	352,755
Total change during the period	2,999,992	-	(3,193)	(3,193)	2,996,799	2,996,799
Balance at the end of the period	29,134,389	6,264,432	446,003	6,710,435	35,844,824	35,844,824

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

(Unit: thousands of yen)

(Unit: thousands of yen)

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

(4) Statement of Cash Distribution

	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
I Unappropriated retained earnings	446,003,163 yen	974,975,488 yen
II Distribution amount	372,843,423 yen	901,431,567 yen
(Distribution per unit)	(237 yen)	(573 yen)
III Retained earnings carried forward	73,159,740 yen	73,543,921 yen
Calculation method of distribution amount	<p>In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be 372,843,423 yen, which is the sum of net income of 352,755,880 yen and reversal of surplus of 20,870,811 yen. INV did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p> <p>In accordance with the distribution policy set forth in Article 17, Paragraph 1 of the Articles of Incorporation of INV, the distribution amount shall be the amount which does not exceed the amount of profits but exceeds 90% of the distributable profit as defined in Article 67-15 of the Special Taxation Measures Act. However, in the event that any tax losses arise, or if no profits have been recorded for tax purposes due to tax losses carried forward, the distribution amount may be as reasonably determined by INV. Pursuant to this policy, INV determined the distribution amount to be 901,431,567 yen out of the net income of 901,815,748 yen. INV did not distribute any amounts in excess of profit, as set forth in Article 17, Paragraph 4 of the Articles of Incorporation.</p>	

(5) Statement of Cash Flows

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Cash flows from operating activities		
Net income before taxes	353,360	902,420
Depreciation expenses	527,451	527,945
Investment unit issuance expenses	15,487	115,438
Finance related costs	579,038	842,043
Amortization of tenant leasehold and security deposits in trust	(683)	(435)
Interest received	(400)	(404)
Profit from finance related cost adjustment	(354,737)	-
Interest paid	672,128	376,514
Increase (decrease) in allowance for doubtful accounts	1,045	(1,181)
Decrease (increase) in accounts receivable	6,458	(60,244)
Decrease (increase) in deposit payments	748,197	-
Decrease (increase) in consumption tax receivable	(7,419)	7,419
Increase (decrease) in accrued consumption tax payable	(24,902)	143,637
Increase (decrease) in accounts payable	24,617	(87,869)
Increase (decrease) in accrued liabilities	-	(1,613)
Increase (decrease) in accrued expenses	(127,432)	18,110
Increase (decrease) in advances received	8,411	(28,364)
Increase (decrease) in deposits received	(3,553)	10,909
Decrease in property and equipment due to sale	-	4,367,451
Others	5,481	(6,762)
Subtotal	2,422,548	7,125,015
Proceeds of interest	390	404
Payment of interest	(650,982)	(502,533)
Payment of corporate taxes, etc.	(606)	(609)
Cash flows from operating activities	1,771,350	6,622,276
Cash flows from investing activities		
Payment for acquisition of tangible assets in trust	(158,960)	(5,618,018)
Repayment of tenant leasehold and security deposits	-	(154,916)
Repayment of tenant leasehold and security deposits in trust	(49,761)	(93,087)
Proceeds of tenant leasehold and security deposits in trust	39,531	81,527
Others	(694)	(17,833)
Cash flows from investing activities	(169,885)	(5,802,328)
Cash flows from financing activities		
Proceeds from short-term debt	-	13,500,000
Repayment of short-term debt	-	(11,250)
Proceeds from long-term debt	20,350,000	-
Repayment of long-term debt	(22,891,500)	(2,797,899)
Repayment of long-term debt in trust	-	(11,000,000)
Finance related costs	(1,618,501)	(732,126)
Payment of distributions	(355,323)	(342,802)
Proceeds from issuance of investment units	2,999,992	-
Payment of investment unit issuance expenses	-	(98,468)
Others	(16,787)	-
Cash flows from financing activities	(1,532,119)	(1,482,546)
Increase (decrease) in cash and cash equivalents	69,344	(662,597)

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Beginning balance of cash and cash equivalents	4,117,815	4,187,160
Closing balance of cash and cash equivalents	4,187,160	3,524,562

(6) Notes Concerning Going Concerns Assumption
None

(7) Notes Concerning Significant Accounting Policies

1. Method of depreciation of non-current assets

(a) Property, plant and equipment

The straight-line method is used.

The useful lives of major property, plant and equipment are as follows.

Buildings	40-77 years
Equipment	8-24 years
Building improvements	7-18 years
Buildings in trust	6-66 years
Equipment in trust	2-32 years
Building improvements in trust	4-55 years
Tools, furniture and fixtures in trust	2-15 years

(b) Intangible assets

The straight-line method is used.

(c) Long-term prepaid expenses

The straight-line method is used.

2. Method of calculating allowances

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.

3. Revenue and expense recognition

Accounting treatment of property taxes and other taxes

With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses.

Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during this fiscal period is JPY 10,574 thousand.

4. 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.

5. Other significant matters which constitute the basis for preparation of financial statements

(i) Accounting treatment of trust beneficiary interests in real estate

As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.

- (a) Cash and deposits in trust
- (b) Buildings in trust
 - Equipment in trust
 - Building improvements in trust
 - Tools, furniture and fixtures in trust
 - Land in trust
- (c) Tenant leasehold and security deposits in trust
- (d) Long-term debts in trust

(ii) Accounting treatment of deferred charges

- (a) Investment unit issuance expenses

The full amount is recorded as expense at the time of expenditure.

(iii) Accounting treatment of consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.

(8) Notes to the Financial Statements

(Notes to the Balance Sheets)

※1. Assets pledged as collateral and liabilities with collateral

Assets pledged as collateral are as follows.

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Cash and deposits	167,136	153,187
Cash and deposits in trust	2,729,902	2,765,504
Buildings	2,461,796	78,131
Equipment	22,706	21,510
Building improvements	2,330	1,640
Land	2,713,620	711,834
Buildings in trust	27,423,061	28,538,783
Equipment in trust	5,073,126	5,259,944
Building improvements in trust	223,646	212,270
Tools, furniture and fixtures in trust	80,646	91,540
Land in trust	36,582,527	40,447,565
Total	77,480,500	78,281,912

Liabilities with collateral are as follows.

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Short-term debts	-	13,488,750
Current portion of long-term debts	203,520	17,552,100
Long-term debts	20,146,480	-

Current portion of long-term debts in trust	105,833	-
Long-term debts in trust	20,854,166	9,960,000
Total	41,310,000	41,000,850

※2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousands of yen)

Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
50,000	50,000

(Notes to Statement of Income)

※1. Rental revenues and property related expenses

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
A. Real property rental revenues		
Rent/common area charges	2,542,588	2,555,746
Other revenues	197,861	216,673
Total	2,740,449	2,772,419
B. Real property related expenses		
Maintenance costs	435,966	446,688
Taxes and public dues	175,993	174,451
Insurance expenses	5,085	4,952
Other expenses	116,754	127,784
Depreciation expenses	527,420	527,914
Total	1,261,221	1,281,791
C. Operating income from rental revenues (A-B)	1,479,227	1,490,627

※2. Gain on sales of properties

Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)

None

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

	(Unit: thousands of yen)			
	Bon Sejour Chitose Funabashi	Bon Sejour Yotsugi	Bon Sejour Hino	Bon Sejour Musashi Shinjo
Proceeds from sales of properties	832,153	777,256	730,459	587,138
Cost of sales of properties	657,193	622,386	551,565	468,167
Other expenses on sales of properties	6,623	5,450	5,414	4,363
Gain on sales of properties	168,337	149,419	173,480	114,607

	Bon Sejour Komaki	Bon Sejour Hadano Shibusawa	Bon Sejour Itami
Proceeds from sales of properties	1,280,824	735,268	472,718
Cost of sales of properties	984,869	633,486	449,783
Other expenses on sales of properties	12,563	6,243	4,357
Gain on sales of properties	283,391	95,539	18,577

※3. Profit from finance related cost adjustment

With respect to the exit fees which were to be paid pursuant to the Shinsei Trust Loan A and the Shinsei Trust Loan B, 1,337,460 thousand yen was recognized as an accrued expense in a prior period on the basis that it would be paid on the maturity date of the borrowings. However, as a result of the prepayment of such borrowings during the fiscal period ended December 31, 2013, such exit fees were refunded, which was recognized as profit from finance related cost adjustment.

(Notes to Statement of Unitholders' Equity)

Number of investment units authorized and number of investment units issued and outstanding

	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Number of investment units authorized	10,000,000 units	10,000,000 units
Number of investment units issued and outstanding	1,573,179 units	1,573,179 units

(Notes to Statement of Cash Flow)

※1. Relationship between cash and cash equivalents in statement of cash flows and amounts in accompanying balance sheet
(Unit: thousands of yen)

	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Cash and deposits	1,457,257	759,058
Cash and deposits in trust	2,729,902	2,765,504
Cash and cash equivalents	4,187,160	3,524,562

(Notes Related to Lease Contracts)

Operating lease transactions (as lessee)

Remaining lease payments

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Due within one year	112,249	112,249
Due after one year	2,336,413	2,280,288
Total	2,448,662	2,392,537

Operating lease transactions (as lessor)

Remaining lease payments

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Due within one year	669,922	507,089
Due after one year	6,914,939	4,342,958
Total	7,584,862	4,850,048

(Notes Related to Financial Instruments)

1. Status of financial instruments

(1) Policy for financial instruments

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

The policy for raising funds is principally through issuing new investment units or entering into debt.

Derivative transactions are to be entered into for the purpose of hedging against the rate of future interest rate increases, etc. and not for speculation. There are currently no derivative transactions that have been entered into.

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

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

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

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

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

2. Estimated fair value of financial instruments

Book value, fair value and the difference between values as of December 31, 2013 are as follows.

(Unit: thousands of yen)

	Book Value	Fair Value	Difference
(1) Cash and deposits	1,457,257	1,457,257	-
(2) Cash and deposits in trust	2,729,902	2,729,902	-
Total assets	4,187,160	4,187,160	-
(3) Short-term debts	-	-	-
(4) Current portion of long-term debts	203,520	203,520	-
(5) Long-term debts	20,146,480	20,146,480	-
(6) Current portion of long-term debts in trust	105,833	106,409	576
(7) Long-term debts in trust	20,854,166	21,127,212	273,045
Total liabilities	41,310,000	41,583,622	273,622

Book value, fair value and the difference between values as of June 30, 2014 are as follows.

(Unit: thousands of yen)

	Book Value	Fair Value	Difference
(1) Cash and deposits	759,058	759,058	-
(2) Cash and deposits in trust	2,765,504	2,765,504	-
Total assets	3,524,562	3,524,562	-
(3) Short-term debts	13,488,750	13,488,750	-
(4) Current portion of long-term debts	17,552,100	17,552,100	-
(5) Long-term debts	-	-	-
(6) Current portion of long-term debts in trust	-	-	-
(7) Long-term debts in trust	9,960,000	10,122,527	162,527
Total liabilities	41,000,850	41,163,378	162,527

(Note 1) Methods to calculate fair values of financial instruments

(1) Cash and deposits (2) Cash and deposits in trust (3) Short-term debts

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

(4) Current portion of long-term debts (5) Long-term debts (6) Current portion of long-term debts in trust
(7) Long-term debts in trust

The fair values of long-term debt with fixed interest rates are determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new debt with the same amount.

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

(Note 2) Financial instruments for which fair value is extremely difficult to value

(Unit: thousands of yen)

	Fiscal Period ended December 31, 2013 (as of December 31, 2013)	Fiscal Period ended June 30, 2014 (as of June 30, 2014)
Tenant leasehold and security deposits	183,579	28,663
Tenant leasehold and security deposits in trust	1,037,721	1,025,726

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to reasonably estimate their future cash flows because it because the repayment dates of those

deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.

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

As of December 31, 2013

(Unit: thousands of yen)

	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years
Cash and deposits	1,457,257	-	-	-	-	-
Cash and deposits in trust	2,729,902	-	-	-	-	-
Total	4,187,160	-	-	-	-	-

As of June 30, 2014

(Unit: thousands of yen)

	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years
Cash and deposits	759,058	-	-	-	-	-
Cash and deposits in trust	2,765,504	-	-	-	-	-
Total	3,524,562	-	-	-	-	-

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

As of December 31, 2013

(Unit: thousands of yen)

	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years
Current portion of long-term debts	203,520	-	-	-	-	-
Long-term debts	-	203,520	19,942,960	-	-	-
Current portion of long-term debts in trust	105,833	-	-	-	-	-
Long-term debts in trust	-	450,442	516,273	3,819,427	6,196,028	9,871,993
Total	309,353	653,962	20,459,233	3,819,427	6,196,028	9,871,993

As of June 30, 2014

(Unit: thousands of yen)

	Due within One Year	Due after One to Two Years	Due after Two to Three Years	Due after Three to Four Years	Due after Four to Five Years	Due after Five Years
Current portion of long-term debts	17,552,100	-	-	-	-	-
Long-term debts	-	-	-	-	-	-
Current portion of long-term debts in trust	-	-	-	-	-	-
Long-term debts in trust	-	54,894	74,639	2,863,679	5,217,347	1,749,439
Total	17,552,100	54,894	74,639	2,863,679	5,217,347	1,749,439

(Notes Related to Investment Securities)

None

(Notes Related to Derivative Transactions)

None

(Notes Related to Retirements Payments)

None

(Notes Related to Asset Retirement Obligations)

None

(Notes Related to Segment and Related Information)

I. Segment Information

Disclosure is omitted because the real estate investment business is the INV's sole business and it has no reportable segments.

II. Related Information

Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category accounted for over 90% of the operating revenue on the statement of income.

2. Information about each geographic area

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan accounted for over 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounted for over 90% of the amount of property, plant and equipment on the balance sheet.

3. Information about each major customer

Disclosure is omitted because net sales to any single external customer accounted for less than 10% of the operating revenue on the statement of income.

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

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category accounted for over 90% of the operating revenue on the statement of income.

2. Information about each geographic area

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan accounted for over 90% of the operating revenue on the statement of income.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounted for over

90% of the amount of property, plant and equipment on the balance sheet.

3. Information about each major customer

Disclosure is omitted because net sales to any single external customer accounted for less than 10% of the operating revenue on the statement of income.

(Notes Related to Rental Properties)

INV owns residential and other properties principally in the Tokyo area and major regional cities for the purpose of earning stable rental revenues. The book value, amount changed during the period and balance at the end of the period are as follows.

(Unit: thousands of yen)

			Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Residential	Book value	Balance at the beginning of the period	56,520,161	56,192,804
		Change during the period	(327,357)	(318,340)
		Balance at the end of the period	56,192,804	55,874,464
	Fair value at the end of the period		57,921,000	58,865,000
Office	Book value	Balance at the beginning of the period	8,567,749	8,585,639
		Change during the period	17,889	(5,687)
		Balance at the end of the period	8,585,639	8,579,951
	Fair value at the end of the period		7,175,000	7,288,000
Retail	Book value	Balance at the beginning of the period	5,352,806	5,318,657
		Change during the period	(34,149)	(43,018)
		Balance at the end of the period	5,318,657	5,275,638
	Fair value at the end of the period		5,420,000	5,520,000
Parking	Book value	Balance at the beginning of the period	100,851	100,838
		Change during the period	(13)	(13)
		Balance at the end of the period	100,838	100,825
	Fair value at the end of the period		92,800	105,000
Senior	Book value	Balance at the beginning of the period	4,412,629	4,385,522
		Change during the period	(27,106)	(4,385,522)
		Balance at the end of the period	4,385,522	-
	Fair value at the end of the period		4,821,000	-
Hotel	Book value	Balance at the beginning of the period	-	-
		Change during the period	-	5,532,341
		Balance at the end of the period	-	5,532,341
	Fair value at the end of the period		-	5,490,000
Total	Book value	Balance at the beginning of the period	74,954,199	74,583,461
		Change during the period	(370,738)	779,759
		Balance at the end of the period	74,583,461	75,363,220
	Fair value at the end of the period		75,429,800	77,268,000

(Note 1) Book value is the figure calculated by decreasing the amount of depreciation from acquisition price (including acquisition-related costs).

(Note 2) The major factor of the increase for the fiscal period ended December 31, 2013 was capital expenditures related to construction work, and the major factor of the decrease was depreciation. The major factor of the increase for the fiscal period ended June 30, 2014 was acquisition of new hotels and capital expenditures related to construction work,

and the major factor of the decrease was sale of senior housing properties and depreciation.

(Note 3) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc. and Tanizawa Sogo Appraisal Co., Ltd.

For information related to profits and losses from rental properties, please refer to “Notes to Statement of Income.”

(Notes Related to Tax Accounting)

1. Significant components of deferred tax assets and liabilities

	(Unit: thousands of yen)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
(Deferred tax assets - current assets)		
Enterprise tax payable	590	517
Accounts receivable (merger)	211	197
Allowance for doubtful accounts	941	475
Subtotal	1,743	1,190
Valuation allowance	1,743	1,190
Total	-	-
(Net deferred tax assets - current)	-	-
(Deferred tax assets - non-current assets)		
Buildings and other (merger)	1,177,288	812,820
Land (merger)	2,547,099	2,251,597
Long-term accrued expenses	7,401,300	7,746,144
Subtotal	11,125,688	10,810,561
Valuation allowance	11,125,688	10,810,561
Total	-	-
(Net deferred tax assets - non-current)	-	-

2. Significant difference between statutory tax rate and the effective tax rate

	(Unit: %)	
	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Statutory tax rate	36.59	36.59
Deductible cash distributions	-	-
Provision of reserve for reduction entry	(36.59)	(34.98)
Others	0.17	(1.54)
Effective tax rate	0.17	0.07

3. Revision of the amounts of deferred tax assets and liabilities due to changes in rate of any Corporation Tax, etc.

As a result of the promulgation of the "Act on Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) on March 31, 2014, the statutory tax rate used to calculate deferred tax assets and liabilities is changed from 36.59% to 34.16% for temporary differences expected to be eliminated in the fiscal period ending December 31, 2014 (23rd fiscal period) and the fiscal period ending June 30, 2015 (24th fiscal period). This change in tax rate has no effect on the amounts of deferred tax assets and liabilities, and deferred income taxes.

(Notes Related to Equity-Method Income)

None

(Notes Related to Transactions with Related Parties)

1. Transactions with Parent Company and Major Unitholders

Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)

Classification	Name	Address	Stated Capital (Millions of yen)	Business or Occupation	Ratio of Voting Rights Owned (%)	Relationship		Type of Transaction	Transaction Amount (Thousands of yen) (Note 1)	Account	Balance at the End of the Period (Thousands of yen) (Note 1)
						Common Board Member	Business Relationship				
Interested party of the Asset Manager	Shinsei Trust and Banking Co., Ltd.	Chuo-ku, Tokyo	5,000	Financial business	-	-	Lender	Repayment of long-term debts (Note 2) (Note 3)	9,604,000	Repayment of long-term debts	-
								Finance related fees (Note 6)	143,196	Long-term prepaid expenses	-
										Prepaid expenses	-
										Long-term accrued expenses	-
										Accrued expenses	-
								Interest expenses	282,863	Accrued expenses	-
	Rayo Godo Kaisha (Note 5)	Minato-ku, Tokyo	0.1	Investment management business	9.53	-	Affiliate of the parent company of the Asset Manager	Subscription of capital increase	1,999,999	-	-

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

(Note 2) The financing includes transactions for which Calliope, which became the parent company of the Asset Manager on July 29, 2011, had a portion of the economic benefit.

(Note 3) Calliope holds 609,942 units (holding ratio: 38.77%) of the issued investment units of INV.

(Note 4) The terms and conditions have been determined based on the Asset Manager's internal rules and manual regarding transactions with the sponsor company.

(Note 5) Rayo Godo Kaisha and the Asset Manager have no capital relationship to be disclosed. Rayo Godo Kaisha has received an anonymous partnership investment through funds that are managed by FIG, an affiliate of Calliope.

(Note 6) Accrued expenses and long-term accrued expenses decreased due to redemption before maturity date and this transaction is not included above.

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

Classification	Name	Address	Stated Capital (Millions of yen)	Business or Occupation	Ratio of Voting Rights Owned (%)	Relationship		Type of Transaction	Transaction Amount (Thousands of yen) (Note 1)	Account	Balance at the End of the Period (Thousands of yen) (Note 1)
						Common Board Member	Business Relationship				
Interested party of the Asset Manager	Zephyrus Tokutei Mokuteki Kaisha (Note 3).	Chiyoda-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,851,000	-	-
	Nishi Tokutei Mokuteki Kaisha (Note 3)	Sumida-ku, Tokyo	0.1	Investment management business	-	-	Seller of trust beneficiary interests in real estate	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,584,000	-	-

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

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

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

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

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

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

2. Transactions with Affiliates

None for both the fiscal period ended December 31, 2013 and the fiscal period ended June 30, 2014

3. Transactions with Companies under Common Control

None for both the fiscal period ended December 31, 2013 and the fiscal period ended June 30, 2014

4. Transactions with Directors and Major Unitholders

Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned	Details of Transactions	Transaction Amount (Thousands of yen) (Note 3)	Account	Balance at the End of the Period (Thousands of yen) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	125,000	Trade and other payables	65,625
Same as above	Same as above	Same as above	-	Payment of general administration fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	600	Trade and other payables	315

(Note 1) Naoki Fukuda served as a representative of the third party (the Asset Manager), and the fee is as set forth in the Articles of Incorporation of INV.

(Note 2) Naoki Fukuda served as a representative of the third party (the Asset Manager), and the fee is as set forth in the agreement, "General Administrative Agreement relating to Organizational Management, between INV and the Asset Manager.

(Note 3) Consumption taxes are not included in transaction amounts, but are included in the balance of the end of the period.

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

Classification	Name	Business or Occupation	Ratio of Voting Rights Owned	Details of Transactions	Transaction Amount (Thousands of yen) (Note 3)	Account	Balance at the End of the Period (Thousands of yen) (Note 3)
Directors and close relatives	Naoki Fukuda	Executive Director of INV and President & CEO of Consonant Investment Management Co., Ltd.	-	Payment of asset management fees to Consonant Investment Management Co., Ltd. (Note 1)	126,083	Trade and other payables	68,670
Same as above	Same as above	Same as above	-	Payment of general administration fees for organizational management to Consonant Investment Management Co., Ltd. (Note 2)	600	Trade and other payables	324

(Note 1) Naoki Fukuda served as a representative of the third party (the Asset Manager), and the fee is as set forth in the Articles of Incorporation of INV.

(Note 2) Naoki Fukuda served as a representative of the third party (the Asset Manager), and the fee is as set forth in the agreement, "General Administrative Agreement relating to Organizational Management, between INV and the Asset Manager.

(Note 3) Consumption taxes are not included in transaction amounts, but are included in the balance of the end of the period.

(Notes Related to Per Unit Information)

	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Net assets per unit	22,785 yen	23,121 yen
Net income per unit	259 yen	573 yen

Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated as there are no diluted units.

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

	Fiscal Period ended December 31, 2013 (from July 1, 2013 to December 31, 2013)	Fiscal Period ended June 30, 2014 (from January 1, 2014 to June 30, 2014)
Net income for the fiscal period (thousands of yen)	352,755	901,815
Amounts not attributable to common unit holders (thousands of yen)	—	—
Net income attributable to common unit holders (thousands of yen)	352,755	901,815
Average number of investment units during the period (units)	1,362,959	1,573,179

(Significant Subsequent Events)

1. Issuance of New Investment Units

INV resolved at its meeting of the Board of Directors held on June 23, 2014 and July 9, 2014 respectively to conduct the issuance of new investment units and secondary distribution of investment units. The payment for the new investment units issued through the public offering was completed on July 16, 2014, and the new investment units were issued in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 13, 2014. As a result, the unitholders' equity of INV is JPY 53,096 million and the number of investment units issued and outstanding of INV increased to 2,668,686.

(i) Issuance of new investment units through public offering

Number of New Investment Units Issued	: 1,040,000 units
Domestic public offering	: 527,322 units
Overseas offering	: 512,678 units
Issue Price (Offer Price)	: JPY 22,688 per unit
Total Issue Price (Total Offer Price)	: JPY 23,595,520,000
Amount Paid In (Issue Value)	: JPY 21,873 per unit
Total Amount Paid In (Total Issue Value)	: JPY 22,747,920,000
Payment Date	: Wednesday, July 16, 2014

(ii) Secondary offering of investment units outside Japan

Number of Investment Units Offered in the Secondary Offering	: 70,151 units
Offer Price	: JPY 22,688 per unit
Total Offer Value	: JPY 1,591,585,888
Seller	: Infinite Value Investment Ltd.

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

Number of Investment Units Offered in the Secondary Offering	: 55,507 units
Offer Price	: JPY 22,688 per unit

Total Offer Value	: JPY 1,259,342,816
Delivery Date	: Thursday, July 17, 2014

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

Number of New Investment Units Issued	: 55,507 units
Amount Paid In (Issue Value)	: JPY 21,873 per unit
Total Amount Paid In (Total Issue Value)	: JPY 1,214,104,611
Payment Date	: Wednesday, August 13, 2014
Allottee	: SMBC Nikko Securities Inc.

2. Borrowing of Funds

In order to fund a portion of the acquisition of the trust beneficiary interests for the 18 hotel properties, which INV acquired on July 17, 2014 (see “4. Acquisition of Assets” below), and to refinance the existing syndicate loan (New Syndicate Loan (A)) at a more lower interest rate, INV completed the following new borrowing as of July 17, 2014, in addition to the existing borrowing (New Syndicate Loan (B)).

New Syndicate Loan (C)

Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd., Citibank Japan Ltd., Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited
Borrowing amount	: JPY57,300 million
Interest rate, etc.	: Base Rate (one-month JPY TIBOR) + 0.80%
Interest payment date	: On (1) the last Japanese business day of each month before the principal maturity date, beginning with August 29, 2014, and (2) the principal maturity date
Principal repayment method	: Lump-sum repayment
Borrowing method	: Secured (Note1) / with no guarantee
Borrowing date	: July 17, 2014
Maturity Date	: July 14, 2017

(Note 1) The following assets are pledged as collateral for the borrowings.

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

3. Prepayment of Borrowings

In order to complete the acquisition of the 18 hotel properties on July 17, 2014, reduce borrowing costs further and strengthen lender formation, IVN completed the refinancing and the prepayment of the following borrowings.

New Syndicate Loan (A)

Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Limited, Citibank Japan Ltd., Shinsei Trust & Banking Co., Ltd. and Aozora Bank, Ltd.
Balance of Borrowings	: JPY17,552 million
Initial Loan Amount	: JPY20,350 million
Interest Rate, Etc.	: Base Rate (one-month JPY TIBOR) + 1.50%
Borrowing Method	: Borrowing based on the term loan agreement dated as of December 17, 2013 Secured / with no guarantee
Borrowing Date	: December 20, 2013
Maturity Date	: December 20, 2016
Prepayment Date	: July 17, 2014
Repayment Amount	: JPY17,552 million
Borrowing Amount Outstanding After Repayment	: JPY0 million

New Syndicate Loan (B)

Lender	: Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited
Balance of Borrowings	: JPY13,448 million
Initial Loan Amount	: JPY13,500 million
Interest Rate, Etc.	: Base Rate (one-month JPY TIBOR) + 0.80%
Borrowing Method	: Borrowing based on the term loan agreement dated as of May 21, 2014 Secured / with no guarantee
Borrowing Date	: May 23, 2014
Maturity Date	: May 22, 2015
Prepayment Date	: July 17, 2014
Repayment Amount	: JPY13,488 million
Borrowing Amount Outstanding After Repayment	: JPY0 million

4. Acquisition of Assets

INV decided to acquire the following 18 properties (total acquisition price of JPY 39,938 million) on June 23, 2014, and completed the acquisition of all of the 18 properties on July 17, 2014.

Property number: D3 Name of property: Hotel MyStays Kyoto-Shijo

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY6,024 million
Location	52, Kasaboko-cho, Higashiiru, Aburanokoji, Shijyo-dori, Shimogyo, Kyoto-shi
Construction Date	January 2008
Category of Assets	Trust Beneficial Interest
Seller	Shijodori Holding Tokutei Mokuteki Kaisha
Total Floor Area	7,241.51m ²
Total Leasable Area	7,241.51m ²

Property number: D4 Name of property: MyStays Shin-Urayasu Conference Center

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY4,930 million
Location	2-1-4, Akemi, Urayasu-shi, Chiba

Construction Date	March 2009
Category of Assets	Trust Beneficial Interest
Seller	Zephyrus Tokutei Mokuteki Kaisha
Total Floor Area	6,232.30m ²
Total Leasable Area	6,232.30m ²

Property number: D5 Name of property: Hotel MyStays Maihama

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY4,870 million
Location	3-5-1, Tekko-dori, Urayasu-shi, Chiba
Construction Date	June 2005
Category of Assets	Trust Beneficial Interest
Seller	Zephyrus Tokutei Mokuteki Kaisha
Total Floor Area	2,456.36m ²
Total Leasable Area	2,456.36m ²

Property number: D6 Name of property: Hotel Vista Premio Dojima

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY3,845 million
Location	2-4-1, Sonezakishinchi, Kita-ku, Osaka
Construction Date	August 1990
Category of Assets	Trust Beneficial Interest
Seller	Danube Tokutei Mokuteki Kaisha
Total Floor Area	9,445.32m ²
Total Leasable Area	9,445.32m ²

Property number: D7 Name of property: Hotel MyStays Nagoya-Sakae

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY2,958 million
Location	2-23-22, Higashisakura, Naka-ku, Nagoya, Aichi
Construction Date	November 1979
Category of Assets	Trust Beneficial Interest
Seller	Zephyrus Tokutei Mokuteki Kaisha
Total Floor Area	9,064.71m ²
Total Leasable Area	9,064.71m ²

Property number: D8 Name of property: Hotel MyStays Sakaisuji-Honmachi

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY2,514 million
Location	1-4-8, Awaji-machi, Chuo-ku, Osaka-shi, Osaka
Construction Date	July 2008
Category of Assets	Trust Beneficial Interest
Seller	Nagahoribashi Holding Tokutei Mokuteki Kaisha
Total Floor Area	4,188.83m ²
Total Leasable Area	4,188.83m ²

Property number: D9 Name of property: Hotel MyStays Yokohama

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY2,119 million
Location	4-81, Sueyoshi-cho, Naka-ku, Yokohama-shi, Kanagawa
Construction Date	October 1974
Category of Assets	Trust Beneficial Interest
Seller	Zephyrus Tokutei Mokuteki Kaisha
Total Floor Area	7,379.43m ²
Total Leasable Area	7,379.43m ²

Property number: D10 Name of property: Hotel MyStays Nippori

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,898 million
Location	5-43-7, Higashi-Nippori, Arakawa-ku, Tokyo
Construction Date	April 1987
Category of Assets	Trust Beneficial Interest
Seller	Nishi Tokutei Mokuteki Kaisha
Total Floor Area	1,719.29m ²
Total Leasable Area	1,719.29m ²

Property number: D11 Name of property: Hotel MyStays Fukuoka-Tenjin-Minami

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,570 million
Location	3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka
Construction Date	February 2008
Category of Assets	Trust Beneficial Interest
Seller	Shijodori Holding Tokutei Mokuteki Kaisha
Total Floor Area	3,412.71m ²
Total Leasable Area	3,412.71m ²

Property number: D12 Name of property: Flexstay Inn Iidabashi

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,381 million
Location	3-26, Shin-Ogawa-cho, Shinjuku-ku, Tokyo
Construction Date	December 1990
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	2,953.38m ²
Total Leasable Area	2,953.38m ²

Property number: D13 Name of property: Hotel MyStays Ueno Inaricho

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,331 million
Location	1-5-7, Matsugaya, Taito-ku, Tokyo
Construction Date	December 1986
Category of Assets	Trust Beneficial Interest
Seller	Nishi Tokutei Mokuteki Kaisha
Total Floor Area	1,150.76m ²
Total Leasable Area	1,150.76m ²

Property number: D14 Name of property: Flexstay Inn Shinagawa

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,242 million
Location	1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo
Construction Date	October 1986
Category of Assets	Trust Beneficial Interest
Seller	Nishi Tokutei Mokuteki Kaisha
Total Floor Area	1,134.52m ²
Total Leasable Area	1,134.52m ²

Property number: D15 Name of property: Flexstay Inn Tokiwadai

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,242 million
Location	1-52-5, Tokiwadai, Itabashi-ku, Tokyo
Construction Date	December 1989
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	2,539.75m ²
Total Leasable Area	2,539.75m ²

Property number: D16 Name of property: Flexstay Inn Sugamo

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,192 million
Location	3-6-16, Sugamo, Toshima-ku, Tokyo
Construction Date	January 1992
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	2,089.86m ²
Total Leasable Area	2,089.86m ²

Property number: D17 Name of property: Hotel MyStays Otemae

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY1,192 million
Location	1-3-2, Tokui-cho, Chuo-ku, Osaka-shi, Osaka
Construction Date	December 1986
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	4,956.66m ²
Total Leasable Area	4,956.66m ²

Property number: D18 Name of property: Flexstay Inn Kiyosumi Shirakawa

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY749 million
Location	1-12-16, Tokiwa, Koto-ku, Tokyo
Construction Date	May 1992
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	2,673.64m ²
Total Leasable Area	2,673.64m ²

Property number: D19 Name of property: Flexstay Inn Nakanobu P1

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY589 million
Location	4-27-12, Futaba, Shinagawa-ku, Tokyo
Construction Date	September 1986
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	770.56m ²
Total Leasable Area	770.56m ²

Property number: D20 Name of property: Flexstay Inn Nakanobu P2

Acquisition Date	July 17, 2014
Acquisition Price (Note 1)	JPY283 million
Location	4-27-8, Futaba, Shinagawa-ku, Tokyo
Construction Date	March 1989
Category of Assets	Trust Beneficial Interest
Seller	Aki Tokutei Mokuteki Kaisha
Total Floor Area	319.49m ²
Total Leasable Area	319.49m ²

(Note 1) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition costs, property taxes, city planning taxes and consumption taxes, etc.

(9) Changes in Number of Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' equity from the date of establishment to the end of the reporting period are as follows.

Date	Type of Issue	Number of Investment Units Issued and Outstanding (units)		Unitholders' Equity (yen)		Reference
		Increase	Total	Increase	Total	
January 18, 2002	Private placement for incorporation	400	400	200,000,000	200,000,000	(Note 1)
December 26, 2003	Private placement	2,700	3,100	1,012,500,000	1,212,500,000	(Note 2)
January 9, 2004	Private Placement	1,350	4,450	506,250,000	1,718,750,000	(Note 2)
January 21, 2003	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)

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

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

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

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

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

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

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

(Note 8) New investment units were issued in a third party allotment at a price of 9,387 yen per unit to make repayment of existing debt, etc.

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

4. Change in Directors

Changes in directors are disclosed in a timely manner upon the determination of such changes.

5. Reference Information

(1) Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Previous Period (as of December 31, 2013)		Current Period (as of June 30, 2014)	
			Amount held (millions of yen) (Note 2)	Ratio of total assets (%)	Amount held (millions of yen) (Note 2)	Ratio of total assets (%)
Real estate	Residential	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Office/Retail	Greater Tokyo area	714	0.9	712	0.9
		Major regional cities	—	—	—	—
		Subtotal	714	0.9	712	0.9
	Senior, hourly parking, etc	Greater Tokyo area	3,044	3.8	100	0.1
		Major regional cities	1,441	1.8	—	—
		Subtotal	4,486	5.7	100	0.1
	Hotel	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Total real estate			5,200	6.6	813
Real estate in trust	Residential	Greater Tokyo area	44,108	55.7	43,909	55.4
		Major regional cities	12,084	15.3	11,965	15.1
		Subtotal	56,192	71.0	55,874	70.5
	Office/Retail	Greater Tokyo area	7,111	9.0	7,106	9.0
		Major regional cities	6,078	7.7	6,037	7.6
		Subtotal	13,190	16.7	13,143	16.6
	Senior, hourly parking, etc	Greater Tokyo area	—	—	—	—
		Major regional cities	—	—	—	—
		Subtotal	—	—	—	—
	Hotel	Greater Tokyo area	—	—	5,532	7.0
		Major regional cities	—	—	—	—
		Subtotal	—	—	5,532	7.0
Total real estate in trust			69,383	87.6	74,550	94.1
Deposits and other assets			4,593	5.8	3,898	4.9
Total assets (Note 3)			79,176 (74,583)	100.0 (94.2)	79,261 (75,363)	100.0 (95.1)

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

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

(Note 3) The figure indicated in“()” in “Total assets” shows the amount related to actual owned real estate.

	Previous Period (as of December 31, 2013)		Current Period (as of June 30, 2014)	
	Amount (millions of yen)	Ratio to total assets (%)	Amount (millions of yen)	Ratio to total assets (%)
Total Liabilities	43,331	54.7	42,887	54.1
Total Net Assets	35,844	45.3	36,373	45.9
Total Liabilities and Net Assets	79,176	100.0	79,261	100.0

(2) Real Estate Properties

The following summarizes the real estate and real estate held in trust that INV held as of December 31, 2013.

a Price and investment ratio

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami Ward, Tokyo	Trust beneficiary interests	1,251	1,138	1.6	1,140	(Note 6)
A27	Nisshin Palacestage Higashi-Nagasaki	5-4-1 Nagasaki, Toshima Ward, Tokyo	Trust beneficiary interests	1,229	1,118	1.6	1,240	(Note 6)
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa Ward, Tokyo	Trust beneficiary interests	888	846	1.1	931	(Note 6)
A29	Growth Maison Kameido	6-58-16 Kameido, Koto Ward, Tokyo	Trust beneficiary interests	1,070	1,012	1.4	1,060	(Note 6)
A30	Emerald House	3-27-18 Itabashi, Itabashi Ward, Tokyo	Trust beneficiary interests	1,505	1,419	1.9	1,190	(Note 6)
A31	Harmonie Ochanomizu	2-5-5 Yushima, Bunkyo Ward, Tokyo	Trust beneficiary interests	1,428	1,380	1.8	1,250	(Note 6)
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima Ward, Tokyo	Trust beneficiary interests	1,088	1,069	1.4	1,010	(Note 6)
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	1,059	994	1.4	1,080	(Note 6)
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito Ward, Tokyo	Trust beneficiary interests	1,023	983	1.3	924	(Note 6)
A35	Grand Rire Kameido	3-39-12 Kameido, Koto Ward, Tokyo	Trust beneficiary interests	906	855	1.2	918	(Note 6)
A36	Growth Maison Ikebukuro	3-31-14 Nishi-Ikebukuro, Toshima Ward, Tokyo	Trust beneficiary interests	825	777	1.1	838	(Note 6)
A37	Growth Maison Yoga	1-15-15 Okamoto, Setagaya Ward, Tokyo	Trust beneficiary interests	795	764	1.0	682	(Note 6)

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa City, Tokyo	Trust beneficiary interests	676	653	0.9	595	(Note 6)
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya Ward, Tokyo	Trust beneficiary interests	651	655	0.8	591	(Note 6)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya Ward, Tokyo	Trust beneficiary interests	646	646	0.8	457	(Note 6)
A41	Acseeds Tower Kawaguchi-Namiki	2-5-13 Namiki, Kawaguchi City, Saitama Prefecture	Trust beneficiary interests	620	571	0.8	684	(Note 6)
A42	Capital Heights Kagurazaka	71-1 Enokicho, Shinjuku Ward, Tokyo	Trust beneficiary interests	604	616	0.8	540	(Note 6)
A43	College Square Machida	3-4-4 Nakamachi, Machida City, Tokyo	Trust beneficiary interests	589	570	0.8	529	(Note 6)
A44	Belair Meguro	1-2-15 Meguro, Meguro Ward, Tokyo	Trust beneficiary interests	589	572	0.8	551	(Note 6)
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	572	547	0.7	499	(Note 6)
A46	Foros Nakamurabashi	1-6-6 Koyama, Nerima Ward, Tokyo	Trust beneficiary interests	566	530	0.7	550	(Note 6)
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi City, Chiba Prefecture	Trust beneficiary interests	557	531	0.7	454	(Note 6)
A48	College Square Machiya	7-3-1 Arakawa, Arakawa Ward, Tokyo	Trust beneficiary interests	510	477	0.7	500	(Note 6)
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato Ward, Tokyo	Trust beneficiary interests	2,520	2,405	3.2	2,720	(Note 7)
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku Ward, Tokyo	Trust beneficiary interests	3,260	3,128	4.2	3,490	(Note 8)
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku Ward, Tokyo	Trust beneficiary interests	1,880	1,849	2.4	2,180	(Note 8)

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku Ward, Tokyo	Trust beneficiary interests	1,450	1,377	1.9	1,600	(Note 9)
A56	Casa Eremitaggio	1-14-15 Nakane, Meguro Ward, Tokyo	Trust beneficiary interests	1,070	996	1.4	996	(Note 7)
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima Ward, Tokyo	Trust beneficiary interests	866	831	1.1	949	(Note 7)
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima Ward, Tokyo	Trust beneficiary interests	577	558	0.7	634	(Note 8)
A62	Lexel Mansion Ueno Matsugaya	3-10-2 Matsugaya, Taito Ward, Tokyo	Trust beneficiary interests	970	899	1.2	1,070	(Note 9)
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama City, Kanagawa Prefecture	Trust beneficiary interests	1,110	1,046	1.4	1,250	(Note 7)
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	415	393	0.5	508	(Note 7)
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	330	307	0.4	422	(Note 7)
A66	Visconti Kakuozan	2-44 Otanacho, Chikusa-ku, Nagoya City, Aichi Prefecture	Trust beneficiary interests	255	240	0.3	244	(Note 9)
A71	Lexington Square Daitabashi	1-33-8 Izumi, Suginami Ward, Tokyo	Trust beneficiary interests	977	906	1.3	1,040	(Note 9)
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida Ward, Tokyo	Trust beneficiary interests	511	468	0.7	549	(Note 9)

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo City, Hokkaido	Trust beneficiary interests	1,180	1,057	1.5	1,120	(Note 9)
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya Ward, Tokyo	Trust beneficiary interests	7,010	6,693	9.0	6,930	(Note 7)
A76	Neo Prominence	3-21-5 Shimo, Kita Ward, Tokyo	Trust beneficiary interests	1,660	1,656	2.1	1,720	(Note 7)
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho Chuo Ward, Kobe City, Hyogo Prefecture	Trust beneficiary interests	1,260	1,250	1.6	1,300	(Note 7)
A78	Cosmo Court Motomachi	3-12-20 Motomachi Dori Chuo Ward, Kobe City, Hyogo Prefecture	Trust beneficiary interests	973	966	1.2	1,040	(Note 7)
A79	Revest Honjin	2-13 Torii Dori Nakamura Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	674	669	0.9	718	(Note 7)
A80	Revest Matsubara	3-13-12 Matsubara Naka Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	657	653	0.8	720	(Note 7)
A81	Sun Terrace Minami Ikebukuro	2-22-6 Minami Ikebukuro, Toshima Ward, Tokyo	Trust beneficiary interests	625	620	0.8	667	(Note 7)
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	608	604	0.8	644	(Note 7)
A83	Revest Meieki Minami	2-13-33 Meiekinami, Nakamura Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	597	594	0.8	649	(Note 7)
A84	Revest Heian	2-13-17 Heian, Kita Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	595	591	0.8	619	(Note 7)
A85	Vendir Hamaotsu Ekimae	1-2-15 Hama Otsu, Otsu City, Shiga Prefecture	Trust beneficiary interests	581	576	0.7	669	(Note 7)
A86	Salvo Sala	2-6-21 Shimanouchi Chuo Ward, Osaka City, Osaka Prefecture	Trust beneficiary interests	544	542	0.7	577	(Note 7)
A87	Excellente Kagurazaka	128-1 Yamabukicho Shinjuku Ward, Tokyo, and other one parcel	Trust beneficiary interests	543	542	0.7	569	(Note 7)

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
A88	Luna Court Edobori	3-4-11 Edobori, Nishi Ward, Osaka City, Osaka Prefecture	Trust beneficiary interests	525	522	0.7	549	(Note 7)
A89	Winntage Kobe Motomachi	7-2-2 Motomachi Dori, Chuo Ward, Kobe City, Hyogo Prefecture	Trust beneficiary interests	512	508	0.7	553	(Note 7)
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto Ward, Tokyo	Trust beneficiary interests	456	454	0.6	497	(Note 7)
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoin Dori Nijo Kudara, Chukyo Ward, Kyoto City, Kyoto Prefecture, and other two parcels	Trust beneficiary interests	446	444	0.6	474	(Note 7)
A92	Belair Oimachi	5-14-17 Higashi Oi, Shinagawa Ward, Tokyo	Trust beneficiary interests	412	411	0.5	455	(Note 7)
A93	Siete Minami-Tsukaguchi	3-18 Minami Tsukaguchimachi, Amagasaki City, Hyogo Prefecture	Trust beneficiary interests	374	373	0.5	402	(Note 7)
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo Ward, Kobe City Hyogo Prefecture	Trust beneficiary interests	373	371	0.5	389	(Note 7)
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa Naniwa Ward, Osaka City, Osaka Prefecture	Trust beneficiary interests	355	355	0.5	382	(Note 7)
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawamachi Minato Ward, Nagoya City, Aichi Prefecture	Trust beneficiary interests	335	334	0.4	372	(Note 7)
A97	West Avenue	1-5-17 Nishi, Kunitachi City, Tokyo	Trust beneficiary interests	331	328	0.4	338	(Note 7)
A98	Little River Honmachibashi	1-34 Honmachibashi Chuo Ward, Osaka City, Osaka Prefecture	Trust beneficiary interests	310	310	0.4	335	(Note 7)
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi Higashi Nada Ward, Kobe City, Hyogo Prefecture	Trust beneficiary interests	297	295	0.4	312	(Note 7)
Subtotal (63 properties)				58,083	55,874	74.5	58,865	–
B8	Kindai Kagakusha Building	2-7-15, Ichigaya Tamachi, Shinjuku Ward, Tokyo	Trust beneficiary interests	1,301	1,234	1.7	1,010	(Note 6)
B9	Shinjuku Island	6-5-1 Nishi-Shinjuku, Shinjuku Ward, Tokyo	Real estate	715	712	0.9	556	(Note 8)

Property number (Note 1)	Name of property	Location (Note 2)	Type of ownership	Acquisition price (millions of yen) (Note 3)	Balance sheet carrying value (millions of yen)	Investment ratio (%) (Note 4)	Appraisal value as of December 31, 2013 (millions of yen) (Note 5)	
B14	Lexington Plaza Nishigotanda	5-2-4 Nishigotanda, Shinagawa Ward, Tokyo	Trust beneficiary interests	4,880	4,801	6.3	4,140	(Note 7)
B15	Cross Square NAKANO	5-24-18 Nakano, Nakano Ward, Tokyo	Trust beneficiary interests	1,060	1,070	1.4	938	(Note 7)
B16	Ohki Aoba Building	9-7 Futsukacho, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	816	761	1.0	644	(Note 9)
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai City, Miyagi Prefecture	Trust beneficiary interests	3,280	3,184	4.2	3,330	(Note 8)
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa City, Fukushima Prefecture	Trust beneficiary interests	2,320	2,091	3.0	2,190	(Note 8)
Subtotal (7 properties)				14,372	13,855	18.4	12,808	–
C1	Stop Parking Kanda-Sudacho (Note 10)	1-22-7, 1-22-15 Kanda sudacho, Chiyoda Ward, Tokyo	Real estate	97	100	0.1	105	(Note 6)
Subtotal (1 properties)				97	100	0.1	105	–
D1	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda Ward, Tokyo	Trust beneficiary interests	2,851	2,907	3.7	2,880	(Note 7)
D2	Hotel MyStays Asakusa	1-21-11 Honjyo, Sumida Ward, Tokyo	Trust beneficiary interests	2,584	2,625	3.3	2,610	(Note 7)
Subtotal (2 properties)				5,435	5,532	7.0	5,490	–
Total (73 properties)				77,988	75,363	100.0	77,268	–

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

(Note 2) “Location” is in principle based on the indicated address (*gyokuyohyoji*), except that if the *gyokuyohyoji* system has not been implemented for such property, the location is based on the land number (*banchi*).

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

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

(Note 5) “Appraisal value as of December 31, 2013” is the value appraised or researched by the real estate appraiser as of the end of the fiscal period in accordance with the Articles of Incorporation of INV and the regulations of the Investment Trust Association, Japan. The real estate appraisers are as follows.

Real estate appraiser
(Note 6) Asset Research and Development Inc.
(Note 7) Japan Real Estate Institute
(Note 8) Morii Appraisal & Investment Consulting Inc
(Note 9) Tanizawa Sogo Appraisal Co., Ltd.

(Note 10) The name of property was changed to “Times Kanda-Sudacho 4th” as of July 1, 2014. The same shall apply hereinafter in this document.

b Capital expenditures for assets under management

(a) Schedule for capital expenditures

The schedule for the principal capital expenditures for property maintenance construction etc. as of the end of the fiscal period for the real estate assets is as follows.

Name of Property		Location	Purpose	Scheduled Time of Implementation	Estimated Cost (Thousands of yen)		
					Total	Payment for the Fiscal Period	Advance Payments
B16	Ohki Aoba Building	Sendai City, Miyagi Prefecture	Maintenance construction of exterior walls	From November 2014 to December 2014	40,800	—	—
A53	Nishiwaseda Crescent Mansion	Shinjuku Ward, Tokyo	Maintenance construction of miscellaneous drainage pipe	From August 2014 to December 2014	26,000	—	—
B8	Kindai Kagakusha Building	Shinjuku Ward, Tokyo	Renewal construction of air conditioning system	From October 2014 to October 2014	15,573	—	—
B17	Lexington Plaza Hachiman	Sendai City, Miyagi Prefecture	Renewal construction of asphalt for rooftop parking area	From November 2014 to December 2014	13,000	—	—
B15	Cross Square NAKANO	Nakano Ward, Tokyo	Renovation construction	From September 2014 to December 2014	8,100	—	—
A26	Nisshin Palacestage	Suginami Ward, Tokyo	Renewal construction of	From December 2014 to December	5,806	—	—

	Daitabashi		prepaid hot water unit	2014			
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(b) Capital expenditures for the fiscal period ended June 30, 2014

The principal construction constituting capital expenditures for the real estate assets for the fiscal period ended June 30, 2014 is as follows. Capital expenditures for the fiscal period was 135,796 thousand yen, and together with 40,506 of repair cost included in this fiscal period's expenses, construction work totaling 176,303 thousand yen was implemented.

Name of Property		Location	Purpose	Time of Implementation	Payment (Thousands of yen)
A32	Suncrest Shakujii-Koen	Nerima Ward, Tokyo	Large-scale maintenance construction	From April 2014 to June 2014	30,365
B8	Kindai Kagakusha Building	Shinjuku Ward, Tokyo	Renewal construction of air conditioning system on the first basement floor and three other floors	From April 2014 to May 2014	17,423
B16	Ohki Aoba Building	Sendai City, Miyagi Prefecture	Renewal construction of air conditioning system on the 1st, 2nd and 4th floors	From April 2014 to June 2014	16,075
B14	Lexington Plaza Nishigotanda	Shinagawa Ward, Tokyo	Renewal construction of air conditioning system on 1st floor	From April 2014 to April 2014	14,240
A47	Growth Maison Kaijin	Funabashi City, Chiba Prefecture	Maintenance construction work on mechanical parking facility	From March 2014 to March 2014	12,481
Other construction					45,210
Total					135,796

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

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

Fiscal period	18th Fiscal Period	19th Fiscal Period	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period
	From January 1, 2012 to June 30, 2012	From July 1, 2012 to December 31, 2012	From January 1, 2013 to June 30, 2013	From July 1, 2013 to December 31, 2013	From January 1, 2014 to June 30, 2014
Reserved funds at beginning of period	356,408 thousand yen	487,561 thousand yen	541,609 thousand yen	571,543 thousand yen	524,730 thousand yen
Amount reserved (Note)	163,931 thousand yen	151,076 thousand yen	165,233 thousand yen	165,271 thousand yen	199,177 thousand yen
Amount reversed (Note)	32,777 thousand yen	97,028 thousand yen	135,298 thousand yen	212,084 thousand yen	144,225 thousand yen
Amount carried over for next	487,561	541,609	571,543	524,730	579,682

Fiscal period	18th Fiscal Period	19th Fiscal Period	20th Fiscal Period	21st Fiscal Period	22nd Fiscal Period
fiscal period	thousand yen	thousand yen	thousand yen	thousand yen	thousand yen

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

c Condition of income, etc. (From January 1, 2014 to June 30, 2014)

(Unit: Thousands of yen)

Property No.	Property Name	Total of rental revenue (i)	Rent, common area fees	Other income	Total of rental- related expenses (ii)	Facility management fee	Tax and other public charges	Insurance expenses	Other expenses	Deprecia- tion expenses (iii)	Profit and Loss (i)-(ii)	NOI (i)-(ii)+ (iii)
A26	Nisshin Palacestage Daitabashi	39,801	36,585	3,216	18,039	6,557	1,571	70	1,978	7,861	21,761	29,623
A27	Nisshin Palacestage Higashi-Nagasaki	46,420	41,290	5,130	25,961	9,770	2,649	97	1,467	11,976	20,459	32,435
A28	Growth Maison Gotanda	27,344	26,772	572	8,405	2,180	1,322	33	519	4,350	18,939	23,290
A29	Growth Maison Kameido	32,376	29,717	2,659	16,226	4,899	1,685	45	3,692	5,903	16,150	22,053
A30	Emerald House	49,348	38,057	11,291	25,568	8,387	2,563	100	4,754	9,762	23,779	33,541
A31	Harmonie Ochanomizu	39,809	36,888	2,920	15,044	4,551	1,826	69	1,488	7,109	24,764	31,873
A32	Suncrest Shakujii-Koen	35,961	32,844	3,116	18,263	6,272	3,120	101	1,727	7,042	17,697	24,739
A33	Growth Maison Shin-Yokohama	33,246	29,921	3,324	15,258	4,483	2,395	70	2,223	6,085	17,988	24,073
A34	Belle Face Ueno-Okachimachi	33,576	29,643	3,933	14,239	4,832	1,670	44	2,337	5,355	19,336	24,692
A35	Grand Rire Kameido	26,619	26,619	-	7,967	230	1,702	47	500	5,487	18,652	24,139
A36	Growth Maison Ikebukuro	26,208	23,537	2,670	10,461	2,825	1,057	41	1,289	5,247	15,747	20,994
A37	Growth Maison Yoga	22,653	21,630	1,022	8,528	2,232	1,355	41	994	3,905	14,124	18,029
A38	Route Tachikawa	20,293	18,825	1,467	9,382	2,731	1,053	41	1,483	4,071	10,910	14,982
A39	Shibuya-Honmachi Mansion	20,105	19,274	831	8,056	3,902	902	35	1,067	2,148	12,049	14,197
A40	City Heights Kinuta	17,629	16,894	734	5,019	1,494	956	35	1,059	1,472	12,610	14,082
A41	Acseeds Tower Kawaguchi-Namiki	25,146	23,217	1,928	10,704	3,010	1,127	38	1,488	5,038	14,442	19,481
A42	Capital Heights Kagurazaka	18,000	17,129	871	8,036	3,590	1,073	38	1,189	2,144	9,963	12,108
A43	College Square Machida	18,268	18,268	-	4,036	363	502	29	500	2,640	14,231	16,872
A44	Belair Meguro	15,901	14,952	948	5,991	1,563	850	22	1,243	2,311	9,909	12,220
A45	Wacore Tsunashima I	17,314	16,706	607	10,747	3,948	894	31	1,913	3,959	6,566	10,525
A46	Foros Nakamura-bashi	17,958	16,812	1,146	10,425	3,862	987	36	1,245	4,294	7,533	11,827
A47	Growth Maison Kaijin	21,922	20,103	1,818	15,285	6,238	2,054	85	815	6,092	6,636	12,728
A48	College Square Machiya	14,706	14,706	-	5,212	193	941	29	500	3,549	9,493	13,042
A51	City House Tokyo Shinbashi	89,437	86,237	3,200	34,634	13,506	4,905	114	3,044	13,064	54,803	67,867
A52	Winbell Kagurazaka	105,410	97,203	8,207	35,567	8,477	6,265	148	4,947	15,728	69,842	85,571
A53	Nishiwaseda Crescent Mansion	70,931	66,692	4,238	24,270	11,940	3,508	106	2,461	6,253	46,660	52,914
A54	Lexington Square Akebonobashi	47,715	45,447	2,268	19,021	4,504	2,175	59	3,667	8,615	28,693	37,309
A56	Casa Eremitaggio	28,492	26,659	1,833	15,822	3,444	1,695	46	1,641	8,994	12,669	21,664
A59	Towa City Coop Shinotsuka II	33,315	32,327	987	12,989	4,828	1,372	52	2,009	4,727	20,325	25,052
A61	Bichsel Musashiseki	24,028	22,700	1,328	11,896	5,884	1,167	48	2,177	2,618	12,132	14,750
A62	Lexel Mansion Ueno Matsugaya	33,839	31,097	2,741	15,111	3,542	1,900	58	1,393	8,216	18,728	26,944
A63	Towa City Coop Sengencho	59,396	54,454	4,941	31,488	18,030	3,005	107	2,767	7,578	27,907	35,486
A64	Royal Park Omachi	24,956	21,547	3,409	13,619	6,870	1,591	61	978	4,118	11,336	15,454
A65	Lexington Square Haginomachi	18,023	16,021	2,001	8,376	2,578	1,148	38	1,059	3,550	9,647	13,198
A66	Visconti Kakuozan	11,774	10,782	991	6,692	2,872	920	22	1,092	1,784	5,081	6,866
A71	Lexington Square Daitabashi	31,377	29,604	1,773	15,081	3,022	1,544	42	2,468	8,002	16,296	24,299
A72	Lexington Square Honjo Azumabashi	17,881	17,433	448	8,529	1,710	809	30	1,085	4,893	9,352	14,245
A73	AMS TOWER Minami 6-Jo	50,486	48,129	2,357	27,278	7,455	2,147	120	3,434	14,119	23,208	37,327
A75	Spacia Ebisu	186,312	165,420	20,891	72,808	15,468	8,662	241	11,561	36,874	113,503	150,378
A76	Neo Prominence	63,037	53,332	9,704	30,448	14,324	3,508	125	2,595	9,894	32,588	42,482
A77	Invoice Shin-Kobe Residence	45,927	42,909	3,018	25,249	6,928	2,754	73	4,041	11,451	20,678	32,130
A78	Cosmo Court Motomachi	36,802	35,916	886	17,931	4,572	2,307	71	1,007	9,972	18,871	28,843
A79	Revest Honjin	31,304	28,523	2,781	15,064	3,989	1,784	63	1,846	7,380	16,239	23,620

Property No.	Property Name	Total of rental revenue (i)			Total of rental-related expenses (ii)						Profit and Loss (i)-(ii)	NOI (i)-(ii)+ (iii)
			Rent, common area fees	Other income		Facility management fee	Tax and other public charges	Insurance expenses	Other expenses	Depreciation expenses (iii)		
A80	Revest Matsubara	28,954	27,166	1,788	13,051	3,335	1,855	57	838	6,963	15,903	22,867
A81	Sun Terrace Minami Ikebukuro	21,891	19,487	2,403	11,045	4,037	906	30	1,212	4,857	10,845	15,703
A82	Alba Noritake Shinmachi	25,422	24,288	1,134	13,383	3,741	1,729	57	1,005	6,849	12,039	18,888
A83	Revest Meieki Minami	24,919	23,708	1,210	12,638	3,056	1,650	60	1,002	6,868	12,281	19,150
A84	Revest Heian	23,570	22,942	627	10,560	2,045	1,404	42	708	6,359	13,010	19,369
A85	Vendir Hamaotsu Ekimae	32,426	30,246	2,180	15,567	5,203	1,954	68	1,383	6,958	16,859	23,817
A86	Salvo Sala	23,992	22,950	1,042	11,050	3,155	1,577	47	825	5,444	12,942	18,386
A87	Excellente Kagurazaka	17,842	17,357	484	8,227	1,873	778	28	1,351	4,194	9,615	13,809
A88	Luna Court Edobori	20,912	19,991	921	9,404	2,633	1,173	36	496	5,064	11,508	16,572
A89	Winntage Kobe Motomachi	22,148	21,410	737	12,601	2,879	1,587	44	2,284	5,805	9,546	15,351
A90	Queen's Court Fukuzumi	16,521	15,320	1,200	7,829	2,465	761	25	1,382	3,195	8,691	11,886
A91	Corp Higashinotoin	16,980	15,776	1,204	8,346	2,638	903	32	991	3,780	8,634	12,414
A92	Belair Oimachi	15,415	14,404	1,011	6,003	1,571	656	21	1,077	2,675	9,412	12,087
A93	Siete Minami-Tsukaguchi	16,437	15,330	1,106	8,623	3,323	983	44	1,031	3,240	7,813	11,053
A94	Prime Life Sannomiya Isogami Koen	14,640	13,936	703	7,156	1,719	846	24	1,140	3,426	7,483	10,910

Property No.	Property Name	Rental revenue			Leasing-related expenses (ii)	Facility management fee	Tax and other public charges	Insurance expenses	Other expenses	Depreciation expenses (iii)	Profit and Loss	NOI ((i)-(ii)-(iii))
		(i)	Rent, common area fees	Other income							(ii)-(iii)	
A95	HERMITAGE NANBA WEST	14,842	14,211	631	7,681	2,013	1,022	28	1,258	3,359	7,161	10,521
A96	Century Park Shinkawa 1-bankan	17,190	14,491	2,698	8,244	2,173	886	41	1,344	3,798	8,945	12,744
A97	West Avenue	12,666	11,859	807	7,387	2,629	566	22	1,238	2,931	5,278	8,210
A98	Little River Honmachibashi	12,971	12,880	90	6,238	1,734	943	25	829	2,705	6,733	9,439
A99	Prime Life Mikage	11,809	11,623	185	5,953	1,383	760	20	827	2,960	5,856	8,816
B8	Kindai Kagakusha Building	38,735	34,055	4,680	23,660	7,736	4,366	74	1,850	9,632	15,075	24,707
B9	Shinjuku Island	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
B14	Lexington Plaza Nishigotanda	126,690	111,945	14,745	75,701	27,322	12,684	200	9,350	26,144	50,989	77,133
B15	Cross Square NAKANO	28,685	23,568	5,116	15,223	6,795	3,851	85	740	3,749	13,461	17,211
B16	Ohki Aoba Building	40,559	32,159	8,399	30,247	11,061	4,016	106	829	14,233	10,312	24,545
B17	Lexington Plaza Hachiman	163,313	131,345	31,967	79,412	46,193	11,555	165	743	20,755	83,900	104,655
B18	AEON TOWN Sukagawa	142,116	142,116	-	94,359	56,124	7,967	205	623	29,438	47,756	77,195
C1	Stop Parking Kanda-Sudacho	2,443	2,443	-	706	-	253	-	439	13	1,736	1,750
C21	Bon Sejour Chitose Funabashi (Note 2)	18,592	17,481	1,110	4,692	150	2,261	50	1	2,229	13,899	16,129
C22	Bon Sejour Yotsugi i (Note 2)	17,485	17,485	-	3,794	149	1,302	33	-	2,309	13,691	16,000
C23	Bon Sejour Hino i (Note 2)	16,639	16,639	-	3,456	142	1,539	38	-	1,736	13,182	14,919
C24	Bon Sejour Musashi Shinjo (Note 2)	13,809	13,809	-	2,731	111	1,209	35	-	1,374	11,077	12,452
C25	Bon Sejour Komaki i (Note 2)	35,226	35,226	-	10,814	134	5,767	160	-	4,752	24,412	29,164
C26	Bon Sejour Hadano Shibusawa (Note 2)	18,441	18,183	257	5,981	142	2,365	68	-	3,404	12,459	15,864
C27	Bon Sejour Itami (Note 2)	12,442	12,442	-	4,187	96	1,781	45	-	2,263	8,254	10,518
D1	Hotel MyStays Kanda (Note 3)	27,512	27,512	-	3,464	-	-	11	107	3,345	24,047	27,392
D2	Hotel MyStays Asakusa (Note 3)	29,903	29,903	-	3,754	-	-	5	106	3,641	26,149	29,791
Total		2,772,419	2,555,746	216,673	1,281,791	446,688	174,451	4,952	127,784	527,914	1,490,627	2,018,542

(Note1) Not disclosed because the consent of the tenant was not obtained.

(Note 2) These seven properties were transferred as of May 22, 2014, the operation period of which is from January 1, 2014 to May 22, 2014.

(Note 3) These two properties were acquired as of May 23, 2014, the operation period of which is from May 23, 2014 to June 30, 2014.

(3) Tenant Summary

a Summary of lease conditions by property

(As of June 30, 2014)

Property No	Property Name	Leasable Area (m ²) (Note 1)	Leased Area (m ²) (Note 2)	Leasable Units (units) (Note 3)	Leased Units (units) (Note 4)	Number of tenants	Tenants (Note 5)	Rental Revenue (Thousands of yen) (Note 6)	Ratio of Rental Revenue (%)	Type of Lease (Note 7)
A26	Nisshin Palacestage Daitabashi	1,771.13	1,666.59	98	92	1	Best Property Corporation	39,801	1.4	Pass through master lease
A27	Nisshin Palacestage Higashi-Nagasaki	2,681.94	2,619.30	60	58	1	Best Property Corporation	46,420	1.7	Pass through master lease
A28	Growth Maison Gotanda	1,051.50	1,051.50	48	48	1	Pacific Development & Management Co., Ltd	27,344	1.0	Pass through master lease
A29	Growth Maison Kameido	1,367.96	1,221.54	66	59	1	Mitsui Home Estate Co., Ltd.	32,376	1.2	Pass through master lease
A30	Emerald House	2,152.31	2,152.31	96	96	1	Tokyo Gakusei Life Co., Ltd.	49,348	1.8	Pass through master lease
A31	Harmonie Ochanomizu	1,748.24	1,594.12	65	58	1	Pacific Development & Management Co., Ltd.	39,809	1.4	Pass through master lease
A32	Suncrest Shakujii-Koen	3,029.16	2,937.72	29	28	1	Mitsui Home Estate Co., Ltd.	35,961	1.3	Pass through master lease
A33	Growth Maison Shin-Yokohama	1,858.44	1,615.78	68	59	1	Pacific Development & Management Co., Ltd	33,246	1.2	Pass through master lease
A34	Belle Face Ueno-Okachimachi	1,351.11	1,328.76	64	63	1	Mainichicomnet Co., Ltd.	33,576	1.2	Pass through master lease
A35	Grand Rire Kameido	1,562.26	1,562.26	72	72	1	J.S.B. Co., Ltd.	26,619	1.0	Fixed rent master lease
A36	Growth Maison Ikebukuro	952.89	861.28	42	38	1	Pacific Development & Management Co., Ltd	26,208	0.9	Pass through master lease
A37	Growth Maison Yoga	1,015.34	988.33	39	38	1	Mitsui Home Estate Co., Ltd.	22,653	0.8	Pass through master lease
A38	Route Tachikawa	1,368.57	1,322.13	24	23	1	Pacific Development & Management Co., Ltd	20,293	0.7	Pass through master lease
A39	Shibuya-Honmachi Mansion	1,167.50	1,167.50	25	25	1	Pacific Development & Management Co., Ltd	20,105	0.7	Pass through master lease
A40	City Heights Kinuta	1,235.93	1,235.93	19	19	1	Mitsui Home Estate Co., Ltd.	17,629	0.6	Pass through master lease
A41	Acseeds Tower Kawaguchi-Namiki	1,210.74	1,126.18	57	53	1	Access Group, Inc.	25,146	0.9	Pass through master lease
A42	Capital Heights Kagurazaka	1,126.65	1,019.27	26	24	1	Mitsui Home Estate Co., Ltd.	18,000	0.6	Pass through master lease
A43	College Square Machida	1,047.75	1,047.75	62	62	1	Mainichicomnet Co., Ltd.	18,268	0.7	Fixed rent master lease
A44	Belair Meguro	557.05	557.05	25	25	1	Pacific Development & Management Co., Ltd	15,901	0.6	Pass through master lease
A45	Wacore Tsunashima I	907.46	853.61	50	47	1	Pacific Development & Management Co., Ltd	17,314	0.6	Pass through master lease
A46	Foros Nakamurabashi	815.77	815.77	37	37	1	Mitsui Home Estate Co., Ltd.	17,958	0.6	Pass through master lease
A47	Growth Maison Kaijin	2,040.27	1,836.34	34	30	1	Mitsui Home Estate Co., Ltd.	21,922	0.8	Pass through master lease
A48	College Square Machiya	871.35	871.35	43	43	1	Mainichicomnet Co., Ltd.	14,706	0.5	Fixed rent master lease
A51	City House Tokyo Shinbashi	3,364.00	3,178.86	86	81	1	Mitsui Home Estate Co., Ltd.	89,437	3.2	Pass through master lease

Property No	Property Name	Leasable Area (m ²) (Note 1)	Leased Area (m ²) (Note 2)	Leasable Units (units) (Note 3)	Leased Units (units) (Note 4)	Number of tenants	Tenants (Note 5)	Rental Revenue (Thousands of yen) (Note 6)	Ratio of Rental Revenue (%)	Type of Lease (Note 7)
A52	Winbell Kagurazaka	4,032.70	3,975.60	118	116	1	Mitsui Home Estate Co., Ltd.	105,410	3.8	Pass through master lease
A53	Nishiwaseda Crescent Mansion	4,310.77	3,986.36	69	64	1	Pacific Development & Management Co., Ltd	70,931	2.6	Pass through master lease
A54	Lexington Square Akebonobashi	1,987.88	1,854.11	88	82	1	Mitsui Home Estate Co., Ltd.	47,715	1.7	Pass through master lease
A56	Casa Eremitaggio	1,197.19	1,161.61	17	16	1	Pacific Development & Management Co., Ltd	28,492	1.0	Pass through master lease
A59	Towa City Coop Shinotsuka II	1,627.13	1,510.74	58	53	1	Mitsui Home Estate Co., Ltd.	33,315	1.2	Pass through master lease
A61	Bichsel Musashiseki	1,220.24	1,150.45	70	66	1	Mitsui Home Estate Co., Ltd.	24,028	0.9	Pass through master lease
A62	Lexel Mansion Ueno Matsugaya	1,969.45	1,897.28	29	28	1	Pacific Development & Management Co., Ltd	33,839	1.2	Pass through master lease
A63	Towa City Coop Sengencho	3,426.36	3,051.95	154	137	1	Pacific Development & Management Co., Ltd	59,396	2.1	Pass through master lease
A64	Royal Park Omachi	1,929.59	1,748.21	51	46	1	One-Eyed Capital Advisers	24,956	0.9	Pass through master lease
A65	Lexington Square Haginomachi	1,528.58	1,488.53	39	38	1	One-Eyed Capital Advisers	18,023	0.7	Pass through master lease
A66	Visconti Kakuozan	705.75	705.75	8	8	1	Mitsui Home Estate Co., Ltd.	11,774	0.4	Pass through master lease

Property No	Property Name	Leasable Area (m ²) (Note 1)	Leased Area (m ²) (Note 2)	Leasable Units (units) (Note 3)	Leased Units (units) (Note 4)	Number of tenants	Tenants (Note 5)	Rental Revenue (Thousands of yen) (Note 6)	Ratio of Rental Revenue (%)	Type of Lease (Note 7)
A71	Lexington Square Daitabashi	1,430.64	1,299.82	43	39	1	Nisshin Jyutaku Support K.K.	31,377	1.1	Pass through master lease
A72	Lexington Square Honjo Azumabashi	784.74	760.04	33	32	1	Nisshin Jyutaku Support K.K.	17,881	0.6	Pass through master lease
A73	AMS TOWER Minami 6-Jo	4,460.56	4,095.17	120	110	1	Big Service Co., Ltd.	50,486	1.8	Pass through master lease
A75	Spacia Ebisu	7,794.91	7,015.54	109	98	1	Pacific Development & Management Co., Ltd	186,312	6.7	Pass through master lease
A76	Neo Prominence	3,574.70	3,177.27	52	46	1	Goodworks Co., Ltd.	63,037	2.3	Pass through master lease
A77	Invoice Shin-Kobe Residence	2,773.71	2,617.83	81	77	1	Sohgoh Real Estate	45,927	1.7	Pass through master lease
A78	Cosmo Court Motomachi	2,310.49	2,088.16	82	74	1	Global Community Co., Ltd	36,802	1.3	Pass through master lease
A79	Revest Honjin	1,933.80	1,836.65	80	76	1	Mininet, Inc	31,304	1.1	Pass through master lease
A80	Revest Matsubara	1,955.40	1,784.06	70	64	1	Mininet, Inc	28,954	1.0	Pass through master lease
A81	Sun Terrace Minami Ikebukuro	898.70	804.10	38	34	1	Goodworks Co., Ltd.	21,891	0.8	Pass through master lease
A82	Alba Noritake Shinmachi	1,731.68	1,587.26	64	59	1	Mininet, Inc	25,422	0.9	Pass through master lease
A83	Revest Meieki Minami	1,634.60	1,529.79	61	57	1	Mininet, Inc	24,919	0.9	Pass through master lease
A84	Revest Heian	1,554.03	1,529.03	40	39	1	Mininet, Inc	23,570	0.9	Pass through master lease
A85	Vendir Hamaotsu Ekimae	2,670.66	2,516.01	81	76	1	Mininet, Inc	32,426	1.2	Pass through master lease
A86	Salvo Sala	1,428.12	1,307.25	54	49	1	Daygran, Inc.	23,992	0.9	Pass through master lease
A87	Excellente Kagurazaka	701.92	681.29	33	32	1	Goodworks Co., Ltd.	17,842	0.6	Pass through master lease
A88	Luna Court Edoori	1,185.50	1,044.08	50	44	1	Nihon Housing Co., Ltd.	20,912	0.8	Pass through master lease
A89	Winntage Kobe Motomachi	1,433.35	1,305.31	57	52	1	Global Community Co., Ltd.	22,148	0.8	Pass through master lease
A90	Queen's Court Fukuzumi	765.18	765.18	25	25	1	Goodworks Co., Ltd.	16,521	0.6	Pass through master lease
A91	Corp Higashinotoin	1,029.05	929.56	42	38	1	Global Community Co., Ltd.	16,980	0.6	Pass through master lease
A92	Belair Oimachi	530.60	510.10	26	25	1	Goodworks Co., Ltd.	15,415	0.6	Pass through master lease
A93	Siete Minami-Tsukaguchi	1,020.86	944.44	40	37	1	Goodworks Co., Ltd.	16,437	0.6	Pass through master lease
A94	Prime Life Sannomiya Isogami Koen	789.12	789.12	32	32	1	Global Community Co., Ltd.	14,640	0.5	Pass through master lease
A95	HERMITAGE NANBA WEST	992.76	913.48	21	19	1	Daygran, Inc.	14,842	0.5	Pass through master lease
A96	Century Park Shinkawa 1-bankan	1,477.62	1,477.62	44	44	1	Goodworks Co., Ltd.	17,190	0.6	Pass through master lease
A97	West Avenue	794.80	675.58	40	34	1	Joint Property Co., Ltd.	12,666	0.5	Pass through master lease
A98	Little River Honmachibashi	974.81	914.91	31	29	1	Goodworks Co., Ltd.	12,971	0.5	Pass through master lease
A99	Prime Life Mikage	761.18	711.13	28	26	1	Global Community Co., Ltd.	11,809	0.4	Pass through master lease
B8	Kindai Kagakusha Building	1,451.54	1,379.14	13	12	1	Sohgoh Real Estate	38,735	1.4	Pass through master lease
B9	Shinjuku Island	526.43	526.43	1	1	1	(Note 8)	(Note 8)	(Note 8)	Direct variable rent lease (Note 9)
B14	Lexington Plaza Nishigotanda	6,033.58	6,033.58	11	11	8	Community One Co., Ltd.	126,690	4.6	Variable rent lease (Note 10)
B15	Cross Square NAKANO	2,145.00	1,378.38	45	23	1	Shin-ei Real Estate Business Co., Ltd.	28,685	1.0	Pass through master lease
B16	Ohki Aoba Building	2,178.41	2,178.41	13	13	1	Tozai Asset Management Co., Ltd.	40,559	1.5	Fixed rent master lease

Property No	Property Name	Leasable Area (m ²) (Note 1)	Leased Area (m ²) (Note 2)	Leasable Units (units) (Note 3)	Leased Units (units) (Note 4)	Number of tenants	Tenants (Note 5)	Rental Revenue (Thousands of yen) (Note 6)	Ratio of Rental Revenue (%)	Type of Lease (Note 7)
B17	Lexington Plaza Hachiman	8,419.15	8,419.15	18	18	1	Tokyo Biso Kogyo Corporation	163,313	5.9	Pass through master lease
B18	AEON TOWN Sukagawa	18,440.58	18,440.58	1	1	1	Aeon Town Co., Ltd.	142,116	5.1	Fixed rent master lease
C1	Stop Parking Kanda-Sudacho	81.04	81.04	1	1	1	Office-attend Co., Ltd. (Note 13)	2,443	0.1	Direct fixed rent lease (Note 11)

Property No	Property Name	Leasable Area (m ²) (Note 1)	Leased Area (m ²) (Note 2)	Leasable Units (units) (Note 3)	Leased Units (units) (Note 4)	Number of Tenants	Tenants (Note 5)	Rental Revenue (Thousands of yen) (Note 6)	Ratio of Rental Revenue (%)	Type of Lease (Note 7)
D1	Hotel MyStays Kanda	2,585.72	2,585.72	126	126	1	Flexstay Hotel Management Co., Ltd. (Note 14)	27,512	1.0	Fixed rent plus variable rent type operation (Note 12)
D2	Hotel MyStays Asakusa	3,327.38	3,327.38	160	160	1	Flexhotel Management Co., Ltd. (Note 14)	29,903	1.1	Fixed rent plus variable rent type operation (Note 12)
Total		154,773.28	147,121.41	3,802	3,565	80	—	2,772,419	100.0	—

(Note 1) “Leasable Area” is based on the portion of each property or property in trust owned by INV and leasable as residential, office, retail etc.

(Note 2) “Leased Area” is the portion of leasable area for which there is actually a lease agreement and is based on the area indicated in the lease agreements.

(Note 3) “Leasable Units” is the number of units possible to lease for each property or property in trust.

(Note 4) “Leased Units” is the number of units actually leased to tenants and end-tenants based on lease agreements.

(Note 5) “Tenant” is the master lessee where there is a master lease agreement between INV or the trustee and a master lease company, and the principal lessee where there are direct lease agreements with end-tenants.

(Note 6) “Rental Revenue” is the aggregate rent revenue for each property for the fiscal period, rounded down to the nearest thousand yen.

(Note 7) Pursuant to pass through master lease agreements between the master lease company and the trustee, the master lease company pays the amount paid by end-tenants pursuant to subleases. Pursuant to fixed rent master lease agreements, the master lease company pays fixed rent.

(Note 8) Not disclosed because the consent of the tenant was not obtained.

(Note 9) A direct lease agreement has been entered into between INV and the tenant (without using a master lease company), and rent is received from the end tenant pursuant thereto.

(Note 10) A direct lease agreement has been entered into between the trustee and the tenant (without using a master lease company), and rent is received from the end tenant pursuant thereto.

(Note 11) A direct lease agreement has been entered into between INV and the tenant (without using a master lease company).The lease is fixed rent regardless of use or occupancy conditions.

(Note 12) A direct lease agreement has been entered into between INV and the tenant. The lease is a fixed rent plus variable rent type operation where, in addition to the fixed rent, a variable rent is established that allows the total rent to be varied based on the GOP (Gross Operating Profit) attained under the hotel operations of the tenant.

(Note 13) The tenant was replaced with “Times24. Co., Ltd.” as of July 26, 2014.

(Note 14) The company name was changed to “MyStays Hotel Management Co., Ltd.” as of July 28, 2014.

b Occupancy trend

(Unit: %)

Property No.	Property Name	17 th Fiscal	18 th Fiscal	19 th Fiscal	20 th Fiscal	21 st Fiscal Period	22 nd Fiscal Period					
		Period	Period	Period	Period							
		As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of	As of the end of
		Dec. 2011	Jun. 2012	Dec. 2012	Jun. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014	May. 2014	Jun. 2014
A26	Nisshin Palacestage Daitabashi	94.8	95.8	96.9	98.0	95.0	95.9	95.9	97.0	94.1	94.1	94.1
A27	Nisshin Palacestage Higashi-Nagasaki	95.3	97.8	90.3	98.4	97.4	97.4	97.4	96.0	97.7	97.7	97.7
A28	Growth Maison Gotanda	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A29	Growth Maison Kameido	89.4	95.4	94.0	94.0	89.3	92.4	95.4	96.9	95.4	93.8	89.3
A30	Emerald House	98.9	100.0	99.0	100.0	98.9	95.8	94.8	95.9	100.0	100.0	100.0
A31	Harmonie Ochanomizu	88.5	96.1	100.0	88.2	97.5	98.7	98.7	96.2	91.2	91.2	91.2
A32	Suncrest Shakujii-Koen	95.4	97.1	94.7	95.6	95.3	95.3	97.2	97.2	97.0	97.0	97.0
A33	Growth Maison Shin-Yokohama	100.0	94.1	98.5	97.1	94.1	94.3	91.5	91.5	86.8	86.8	86.9
A34	Belle Face Ueno-Okachimachi	93.4	100.0	98.4	100.0	100.0	98.5	95.3	100.0	100.0	100.0	98.3
A35	Grand Rire Kameido	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A36	Growth Maison Ikebukuro	100.0	90.5	90.6	88.2	97.6	100.0	100.0	97.6	90.4	90.4	90.4
A37	Growth Maison Yoga	100.0	92.4	92.2	97.3	100.0	97.5	97.5	97.3	97.3	97.3	97.3
A38	Route Tachikawa	93.2	67.9	100.0	76.7	83.5	96.6	96.6	100.0	100.0	96.6	96.6
A39	Shibuya-Honmachi Mansion	96.5	96.5	100.0	80.8	96.4	96.4	93.0	96.5	100.0	100.0	100.0
A40	City Heights Kinuta	94.6	94.6	89.2	94.6	94.6	100.0	100.0	100.0	100.0	100.0	100.0
A41	Acseeds Tower Kawaguchi-Namiki	100.0	94.8	100.0	93.0	96.5	98.2	98.3	96.5	94.8	93.0	93.0
A42	Capital Heights Kagurazaka	85.7	84.4	92.5	97.2	91.0	91.0	93.3	93.3	86.9	90.5	90.5
A43	College Square Machida	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A44	Belair Meguro	100.0	87.9	92.1	96.0	92.1	88.1	88.1	91.9	100.0	100.0	100.0
A45	Wacore Tsunashima I	98.0	84.2	96.1	90.0	82.1	94.0	94.0	98.0	94.1	94.1	94.1
A46	Foros Nakamurabashi	89.3	92.6	100.0	92.0	94.5	94.5	94.5	100.0	100.0	100.0	100.0
A47	Growth Maison Kaijin	97.4	96.7	97.1	94.4	100.0	100.0	97.7	92.6	90.0	90.0	90.0
A48	College Square Machiya	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A51	City House Tokyo Shinbashi	88.5	93.0	90.8	100.0	100.0	97.4	97.6	97.6	95.7	97.0	94.5
A52	Winbell Kagurazaka	96.1	93.3	96.4	96.9	96.5	99.1	98.3	99.2	97.8	97.8	98.6
A53	Nishiwaseda Crescent Mansion	90.7	88.8	100.0	98.5	94.8	94.8	96.2	98.5	96.8	94.0	92.5
A54	Lexington Square Akebonobashi	91.3	93.4	93.1	94.4	89.7	92.0	94.5	97.8	95.6	94.4	93.3
A56	Casa Eremitaggio	90.5	90.0	92.9	90.0	90.0	90.0	90.0	90.0	87.0	87.0	97.0
A59	Towa City Coop Shinotsuka II	90.1	92.6	97.3	94.9	89.9	96.1	98.8	95.2	94.0	94.0	92.8
A61	Bichsel Musashiseki	90.0	97.1	97.1	95.7	92.9	92.9	92.9	100.0	97.1	94.3	94.3
A62	Lexel Mansion Ueno Matsugaya	93.2	96.3	93.2	86.8	100.0	100.0	96.3	100.0	96.3	96.3	96.3
A63	Towa City Coop Sengencho	96.3	89.8	94.3	94.9	90.5	91.8	93.7	96.2	93.0	89.1	89.1
A64	Royal Park Omachi	89.0	93.2	96.4	100.0	95.0	90.3	93.7	97.3	95.6	93.9	90.6
A65	Lexington Square Haginomachi	97.4	100.0	100.0	100.0	97.4	97.4	100.0	100.0	97.4	94.8	97.4
A66	Visconti Kakuozan	89.7	100.0	88.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
A71	Lexington Square Daitabashi	97.2	97.9	95.1	95.1	93.7	97.9	93.7	93.7	93.7	93.7	90.9
A72	Lexington Square Honjo Azumabashi	87.9	90.9	100.0	93.9	100.0	100.0	97.0	100.0	100.0	96.9	96.9
A73	AMS TOWER Minami 6-Jo	96.1	88.6	90.0	88.2	97.1	97.8	97.9	97.9	96.8	95.4	91.8
A75	Spacia Ebisu	91.3	97.1	92.2	90.2	89.2	89.2	89.2	90.1	90.4	90.7	90.0
A76	Neo Prominence	—	—	94.8	96.6	96.6	96.6	96.9	96.9	91.9	91.9	88.9
A77	Invoice Shin-Kobe Residence	—	—	99.1	98.6	95.4	93.5	93.0	91.6	90.2	91.6	94.4
A78	Cosmo Court Motomachi	—	—	97.5	92.7	98.7	98.7	98.7	97.6	94.0	91.6	90.4
A79	Revest Honjin	—	—	93.8	98.8	93.7	93.7	98.8	97.5	96.3	95.0	95.0
A80	Revest Matsubara	—	—	91.9	95.7	98.8	98.8	95.6	96.9	96.3	92.5	91.2
A81	Sun Terrace Minami Ikebukuro	—	—	100.0	97.4	97.4	97.4	97.4	97.4	94.7	89.5	89.5
A82	Alba Noritake Shinmachi	—	—	98.6	93.8	96.5	100.0	100.0	98.6	96.5	88.2	91.7
A83	Revest Meieki Minami	—	—	97.0	100.0	98.5	98.5	100.0	96.6	90.5	90.5	93.6
A84	Revest Heian	—	—	95.2	100.0	98.4	100.0	100.0	100.0	95.2	96.8	98.4
A85	Vendir Hamaotsu Ekimae	—	—	93.3	95.4	100.0	98.9	97.7	97.7	96.4	96.5	94.2
A86	Salvo Sala	—	—	89.9	98.0	96.7	96.7	95.0	98.3	96.2	91.2	91.5
A87	Excellente Kagurazaka	—	—	100.0	97.1	91.2	94.1	100.0	100.0	100.0	97.1	97.1

Property No.	Property Name	17 th Fiscal	18 th Fiscal	19 th Fiscal	20 th Fiscal	21 st Fiscal	22 nd Fiscal Period					
		Period	Period	Period	Period	Period						
		As of the end of Dec. 2011	As of the end of Jun. 2012	As of the end of Dec. 2012	As of the end of Jun. 2013	As of the end of Dec. 2013	As of the end of Jan. 2014	As of the end of Feb. 2014	As of the end of Mar. 2014	As of the end of Apr. 2014	As of the end of May. 2014	As of the end of Jun. 2014
A88	Luna Court Edobori	—	—	96.0	98.0	98.0	98.0	98.0	96.0	94.0	94.0	88.1
A89	Winntage Kobe Motomachi	—	—	98.2	94.9	86.0	92.9	93.1	98.3	98.4	93.0	91.1
A90	Queen's Court Fukuzumi	—	—	100.0	100.0	100.0	96.6	95.9	95.9	100.0	96.6	100.0
A91	Corp Higashinotoin	—	—	100.0	97.7	95.1	92.7	92.7	87.9	87.9	90.3	90.3
A92	Belair Oimachi	—	—	92.6	100.0	96.4	100.0	100.0	96.1	96.1	100.0	96.1
A93	Siete Minami-Tsukaguchi	—	—	94.9	100.0	97.5	100.0	97.5	95.0	92.5	90.0	92.5

Ptoprty No.	Property Name	17 th Fiscal	18 th Fiscal	19 th Fiscal	20 st Fiscal	21 st Fiscal	22 nd Fiscal Period					
		Period	Period	Period	Period	Period						
		As of	As of	As of	As of	As of	As of	As of	As of	As of	As of	As of
		the end of	the end of	the end of	the end of	the end of	the end of	the end of	the end of	the end of	the end of	the end of
		Dec. 2011	Jun. 2012	Dec. 2012	Jun. 2013	Dec. 2013	Jan. 2014	Feb. 2014	Mar. 2014	Apr. 2014	May. 2014	Jun. 2014
A94	Prime Life Sannomiya Isogami Koen	—	—	100.0	100.0	93.8	100.0	100.0	100.0	96.9	100.0	100.0
A95	HERMITAGE NANBA WEST	—	—	91.2	86.9	96.0	91.7	91.7	92.0	96.0	96.0	92.0
A96	Century Park Shinkawa 1-bankan	—	—	100.0	90.9	97.7	97.7	95.4	95.4	93.2	97.8	100.0
A97	West Avenue	—	—	90.0	82.5	90.0	87.5	95.0	92.5	90.0	85.0	85.0
A98	Little River Honmachibashi	—	—	96.9	93.8	96.9	100.0	100.0	100.0	93.8	93.8	93.9
A99	Prime Life Mikage	—	—	85.5	100.0	96.6	96.6	100.0	100.0	90.1	90.1	93.4
B8	Kindai Kagakusha Building	85.5	85.5	100.0	100.0	100.0	100.0	100.0	100.0	100.0	95.0	95.0
B9	Shinjuku Island	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B14	Lexington Plaza Nishigotanda	92.0	92.0	100.0	90.1	90.1	90.1	81.9	91.8	100.0	100.0	100.0
B15	Cross Square NAKANO	44.3	54.0	54.2	57.6	67.6	65.9	65.9	65.9	65.9	65.9	64.3
B16	Ohki Aoba Building	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B17	Lexington Plaza Hachiman	94.6	94.6	94.6	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
B18	AEON TOWN Sukagawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C1	Stop Parking Kanda-Sudacho	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
C21	Bon Sejour Chitose Funabashi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C22	Bon Sejour Yotsugi	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C23	Bon Sejour Hino	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C24	Bon Sejour Musashi Shinjo	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C25	Bon Sejour Komaki	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C26	Bon Sejour Hadano Shibusawa	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
C27	Bon Sejour Itami	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	—	—
D1	Hotel MyStays Kanda	—	—	—	—	—	—	—	—	—	100.0	100.0
D2	Hotel MyStays Asakusa	—	—	—	—	—	—	—	—	—	100.0	100.0
Total		95.0	95.1	96.2	95.9	96.3	96.7	96.4	97.1	96.4	95.4	95.1

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

[Investment Policy]

a. Basic Policy

INV focuses most of its investment on real estate and real estate backed securities (collectively, "Real Estate Assets"), aiming to guarantee sound growth of its assets and secure stable profits over the medium and long term.

b. Portfolio Construction Policy

Based on the policies set out below, the Asset Manager aims to construct an optimum portfolio to fulfill the goals of the basic policy above, giving full consideration to ever-changing real estate market trends, regional economic trends, financial situations, capital market trends, changes in tax and legal frameworks and its own financial standing, as well as the credit rating of tenants and details of rental agreements, etc. as required, while at the same time attempting to mitigate the various risks involved in the management of its assets.

(a) Selection Policy for Investment Targets

INV will make investment primarily in residential properties or hotels, or Real Estate Assets backed by such residential properties or hotels ("Core Assets"). INV will also make investment in properties used for purposes other than residences, hotels or Real Estate Assets backed by such non-residential properties or hotels ("Sub Assets") to diversify investment targets. As compliments to the Core Assets, being residential properties and hotels, Sub Assets refers to office buildings, commercial facilities, and facilities that fall under either "special nursing home for the elderly" or "housing for the elderly with life

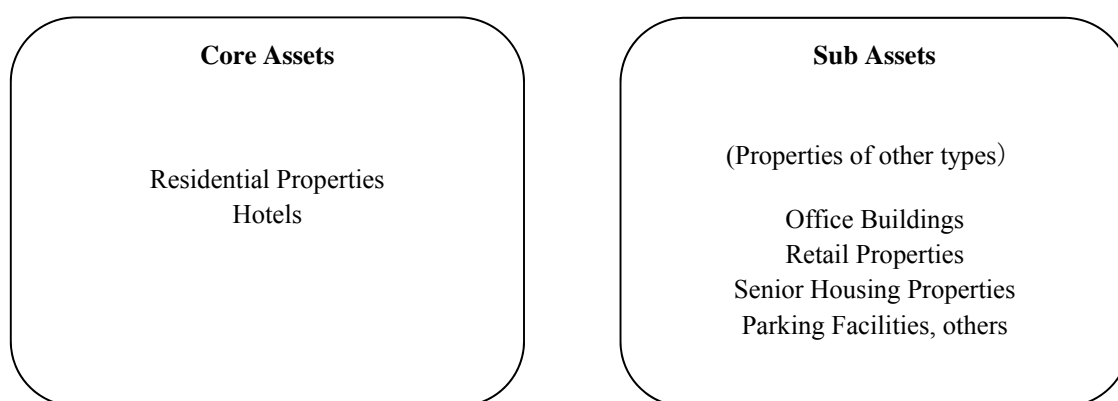
support services" among housing or accommodation facilities for the elderly, etc.) (collectively "Senior Citizens Properties"), pay-by-the-hour parking lots and properties used for other purposes or Real Estate Assets backed by those properties.

As explained above, INV seeks to expand its portfolio by diversifying investment targets to Sub Assets, while making focused investments in residential properties and hotels as Core Assets, thereby developing a comprehensive portfolio in which risk is spread among a variety of different types of properties. (The portfolio allocation by property type is described in “(2) Diversification by Property Type, D. Portfolio Allocation by Property Type” below.)

As described in “(2) Diversification by Property Type” below, INV believes that rental demands and market rents are relatively stable for residential properties and can expect a stable investment over the medium and long term for residential properties, as tenant credit risk can be diversified through a large number of tenants; therefore INV places residential properties as Core Assets.

The above investment targets are shown in the diagram below:

<Diagram of Investment Targets>



While steadily investing its assets, INV intends to diversify geographical risks by making investments across a number of regions. (The portfolio allocation by geography is described in “(4) Portfolio Allocation by Geography” below.)

In line with its basic policy of asset management, INV endeavors to diversify risk and achieve sound growth of its investment assets and secure stable profits over the medium and long term, by investing in various types of properties and across a wide geographical area.

(b) Diversification by Property Type

A. Core Assets (Residences)

(i) Characteristics of Residences

Rental demand and market rents are relatively stable for residences compared with properties for other uses as a large proportion of tenants are individuals and the number of potential tenants is large, while the terms of rental agreements with each tenant are relatively short, being around two years. For these reasons, INV considers residences a stable investment over the medium and long term.

In addition, INV can diversify tenant credit risk as single tenants, while large in number, individually occupy a smaller percentage of the total investment portfolio and their credit events have a smaller impact on the overall investment assets of INV.

(ii) Classification of Residences

In its residences investment, INV attempts to diversify the attributes of tenants by investing in a variety of residences and thereby offering properties that appeal to a wide range of tenants. From such perspective, INV categorizes its residences investments by adopting the following classifications based on the floor area of each dwelling.

<Classification of Residences>

Types of Residences	Characteristics
Compact Residence	<p><Assumed residents> Single dwellers</p> <p><Important factors in location> Near train station and easy access to commercial and business districts, etc.</p> <p><Standard floor plans of residence> Studio or 1 bedroom, etc. (1R, 1K, 1DK or 1LDK etc. in standard Japanese classification terms)</p> <p><Rentable area per unit> Less than 35 m²</p> <p><Characteristics of properties> Demand is strong in the Tokyo metropolitan area and major regional cities where population and the number of households are growing. The rent per unit area tends to be relatively high.</p>
Spacious Residence	<p><Assumed residents> Typical families of around two to four members</p> <p><Important factors in location> Favorable living environment, in addition to easy access to business districts and nearest train station</p> <p><Standard floor plans of residence> 2 bedrooms or larger (or 2DK or larger in standard Japanese classification terms)</p> <p><Rentable area per unit> Equal to or larger than 35 m²</p> <p><Characteristics of properties> Demand for these types of properties is expected to remain strong as housing needs have shifted somewhat from owning to renting. In addition, there are replacement needs for corporate housing.</p>

(iii) Classification by Range of Rent for Residences

Although rental demands and market rents are relatively stable for residences due to the large number of potential tenants, different ranges of rents attract different types of tenants, with a driving factor being the percentage of rent as a proportion of income.

In general, the demand for properties in the higher rent range is limited mainly to doctors, lawyers, business owners, corporate executives and so on. In contrast, The population of emander for a range of rents centering around salaried workers is large and thus stable demands can be expected.

There are contrasting differences in the needs of tenants and the services individual tenants seek. There are also specific differences in the change of demand due to economic trends. Therefore, INV identifies and breaks down trends by range of rent in relation to residences using the following classifications based on average monthly rent for each property type. Investments will be made based on the policies set out under "(3) Investment Approach by Range of Rent for Residences."

<Classification by Range of Rent for Residences>

Classification	Specific ranges of rents
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High-class Residence	Average monthly rent of JPY 200,000 or above
Standard Residence	Average monthly rent of less than JPY 200,000

(Note) Average monthly rent means unit rent per dwelling calculated by dividing the total rent (including common service charges but excluding fees for using ancillary facilities and also excluding portions used for other than residential purposes, if any) by total number of dwellings (excluding portions used for other than residential purposes).

B. Core Assets (Hotels)

Hotels tend to have long-term rental agreements with each tenant, and have a unique characteristic of being affected in particular by the operational ability and rent payment capacity of hotel operators. In addition, limited service/extended stay hotels are increasing their market share and stable operation can be expected for such hotels. INV plans to make a focused investment in limited service/extended stay hotels, as in addition to its stable revenue, they are expected to further expand its market share and have a high potential for further growth in revenue.

Limited service hotels refer to hotels that focus more on revenue from guest rooms and offer limited amenities such as food and banquet facilities, spa and gym. By focusing more on revenue from guest rooms, limited service hotels generally have relatively high GOP margins. Extended stay hotels are a sub-category of limited service hotels that offer separate rates for weekly or monthly stays in order to achieve more stable occupancy rate and revenue.

C. Sub Assets (Properties of other types)

INV, while taking risk factors and other characteristics into consideration, makes investments in properties other than residential properties and hotels (office buildings, commercial facilities, Senior Citizens Properties, and pay-by-the-hour parking lots, etc.) that complement the Core Assets, residential properties and hotels. The specific investment targets by type of property, etc. and the respective investment policies are shown below. (Please note that these are only some of the examples and investments may be made in other types of properties, etc.)

(i) Office Buildings

INV invests in office buildings for which it judges sufficient rental demand can be expected among those properties that boast convenient or superior locations in business districts located mainly in the central districts of three major urban areas in Japan and comparable areas, after comprehensively judging various factors such as profitability, size of building, architectural and building specifications, earthquake resistance, attributes of tenants, and environment.

(ii) Commercial Facilities

INV invests in versatile multifaceted facilities located near cities and large general merchandise stores in suburbs, selecting those commercial facilities in superior locations while also taking the surrounding market conditions etc. into consideration.

(iii) Senior Citizens Properties

Of the housing or accommodation facilities for the elderly, INV defines "special nursing home for the elderly" and "housing for the elderly with life support services" as Senior Citizens Properties and will make investments in such properties as its investment targets.

Of the housing or accommodation facilities for the elderly, INV, in principle, does not invests in elderly care facilities including the elderly daycare centers, short-term in-patient facilities for the elderly, nursing homes for the elderly, intensive care homes for the elderly, low-cost homes for the elderly, welfare centers for the elderly, long-term care support centers and other facilities under the Act on Social Welfare for the Elderly (Act No. 133 of 1963, as amended; "Welfare Act for the Aged"), long term care health facilities and so-called group homes under the Long-Term Care Insurance Act (Act No. 123 of 1997, as amended), and housing for the elderly and other facilities under the Act on Public Housing (Act No 193 of 1951, as amended) unless INV determines that they are particularly superior investment targets.

In the operations regarding Senior Citizens Properties, INV strives for efficiency by leveraging the expertise of operators who have track records in the operation of such properties. In addition, for the purpose of improving the

stability of operation in view of social and public nature of the operation of Senior Citizens Properties, INV, in principle, establishes a back-up operator who replaces the operator to rent Senior Citizens Property and operates it if certain events occur including nonpayment of rent by the operator of Senior Citizens Property during a certain period or bankruptcy thereof; provided, however, that no back-up operator may be established depending on the track records, financial strength and creditworthiness of an operator. By such measures, INV provides more stable services for dwellers.

The definitions and characteristics of "special nursing home for the elderly" and "housing for the elderly with life support services" that fall into the category of Senior Citizens Properties are shown below.

Type	Definitions and Characteristics
Special Nursing Home for the Elderly	<p>"Special nursing home for the elderly" means a fee-based home for the elderly as defined under Article 29 of the Welfare Act for the Aged. These are facilities that provide accommodation and nursing care services related to bathing, eating and toileting, as well as meals and other forms of daily assistance to elderly people, as specified by the ministerial orders of the Ministry of Health, Labour and Welfare. Excluded from this category are elderly care facilities and residential facilities that provide long-term care services for dementia patients in communal living provided under the same Act and other facilities specified by the ministerial orders of the Ministry of Health, Labour and Welfare.</p> <p>"Special nursing home for the elderly" is qualified to provide nursing care services to elderly people who require it. Special nursing homes for the elderly are required to register with the government of the prefecture in which they are located and are placed under the supervision of local authorities.</p>
Housing for the Elderly with Life Support Services	<p>"Housing for the elderly with life support services" mean residences that meet criteria concerning designs and structures of residences, criteria concerning services to residents, and respective requirements in the following three criteria concerning the contents of the contract and registered to the prefectures in which the residences are located.</p> <p>(Residences)</p> <ul style="list-style-type: none"> - Floor area (25m² or more in principle) - Facilities such as toilets and washbasins to meet certain level of criteria on structures - Barrier-free <p>(Services)</p> <ul style="list-style-type: none"> - Provision of services (provision of safety confirmation services and daily life consultation services at the least) <p>(Contracts)</p> <ul style="list-style-type: none"> - The contracts should aim for stable supply of residences for elderly people - Monies other than security deposit, rents and compensation for the services should not be collected - Rules for returning prepaid rents and preservative measure should be established

(iv) Pay-by-the-hour parking lot

INV examines investment targets in the category of pay-by-the-hour parking lots in consideration of the experience, track record and creditworthiness of parking lot operators. It selects parking lots with a superior location after comprehensively examining various factors such as ground surface connection to road, signboard installation, regional characteristics and distance from the nearest train station.

The primary reasons for acquiring pay-by-the-hour parking lots are as follows. We can expect solid demand for pay-by-the-hour parking, given the reinforced traffic regulations and crack down on illegal parking, etc., and thus a certain level of revenue can be expected. In addition, these properties can be acquired with INV's own funds as, with the exception of some large-scale parking lots, they are generally small in size. Also, the management costs are low as tenants are responsible for parking lot facilities and management. Furthermore, conversion into other use is relatively easy since many are located in commercial districts.

D. Portfolio Allocation by Property Type

Based on the perspectives set out in the above, INV invests its funds using an investment ratio by property type deemed optimum to guarantee sound growth of investment assets and secure stable profits, as shown in the table below.

In the process of acquiring assets that is necessary to construct its portfolio, while guaranteeing sound growth of investment assets and securing stable profits, the investment ratio may sometimes temporarily deviate from the ratio shown in the table below.

<Portfolio Allocation by Property Type>

Type of Real Estate Assets	Allocation ratio (based on acquisition price)
Residences and hotels	50% or above
Properties of other types (office buildings, commercial facilities, Senior Citizens Properties, and pay-by-the-hour parking lot, etc.)	Less than 50%

(c) Investment Approach by Range of Rent for Residences

While rental demand and market rents are relatively stable for residences, demand for properties in the high price range (High-class Residence) is limited. Rents for these properties may significantly increase at times, but they also have the potential to plunge during a recession. Luxury properties are therefore susceptible to economic fluctuations.

For that reason, INV focuses its investments on properties that command an average monthly rent of less than JPY 200,000 (Standard Residence) and enjoy solid demand not subject to economic fluctuations. In doing so, it seeks the stability that is characteristic of residences. At the same time, INV invests in luxury properties with superior locations and amenities, to ensure the profitability of its investment activities.

(d) Portfolio Allocation by Geography

INV's target regions for investment are chiefly the Tokyo metropolitan area (Tokyo and Kanagawa, Chiba, and Saitama prefectures) and cities designated as such by government ordinance. It further includes major cities and surrounding areas nationwide to ensure flexibility in the pursuit of investment opportunities. In addition, INV aims to construct a geographically diverse portfolio of investment assets for the purpose of ensuring sound growth of investment assets and secure stable profits over the medium and long term by avoiding the risk of economic fluctuations in certain regions as well as avoiding concentrated investment in certain areas to spread earthquake-related risks, etc.

In accordance with the above approach, in regards to the geographical investment distribution for managing Real Estate Assets, INV adopts the investment ratio shown in the table below. Hotels have higher allocation ratio in major regional cities as compared to other types of properties, given that there are areas where hotels can be expected to have stable demand and growth potential outside of the Tokyo metropolitan area. In the process of acquiring Real Estate Assets that is necessary to construct its portfolio, while guaranteeing the medium and long term sound growth and securing stable profits, the investment ratio may sometimes temporarily deviate from the ratio shown in the table below.

<Portfolio Allocation by Geography>

Area	Specific Area	Allocation Ratio (based on acquisition price)
Tokyo Metropolitan Area	Tokyo, Kanagawa, Chiba and Saitama Prefectures in Japan	65% or above (or 70% or above excluding hotels)
Major Regional Cities	Areas surrounding the Tokyo metropolitan area, major cities nationwide including cities designated as such by government ordinance and surrounding areas thereof in Japan	Less than 35% (or less than 30% excluding hotels)

c Growth Strategy

One of INV's basic policies is to aim for the sound growth of its investment assets over the medium and long term. To achieve this aim, INV seeks the expansion of the size of its investment assets (external growth) and expansion of revenue from investment assets (internal growth) based on the growth strategy shown below.

(a) External Growth

INV aims for external growth with an emphasis on stable profits over the medium to long term. To attain stable profits over the medium to long term, INV will primarily acquire residential properties and hotels and position them as Core Assets. INV will position office buildings, commercial facilities, Senior Citizens Properties and pay-by-the-hour parking lots, etc. as Sub Assets, which are to complement the Core Assets, and examine the acquisition of a wide variety of property types giving consideration to such factors as the market situation, portfolio composition ratios and the effect of portfolio allocation by geography. Moreover, in order to improve capabilities to collect information on property transactions, INV will endeavor to expand the information channels unique to the Asset Manager while broadly pursuing opportunities to acquire properties in the market. In addition, INV will have periodical information exchanges and other opportunities to work with Calliope Godo Kaisha, the primary unitholder of the Asset Manager, as well as Fortress Investment Group LLC and its affiliates, in an effort to collect information on the market in a multi-faceted way.

<Collaboration with Pipeline Support Companies>

Aiming to increase opportunity to acquire properties, INV concluded individual “Support (Provision of Information) Agreement on Real Estate Acquisitions, etc.” with the following real-estate company (“Pipeline Support Company” in the region shown in the table below.

Outline of Big Co., Ltd.	
Headquarters	: Chuo Ward, Sapporo City, Hokkaido, Japan
Representative	: Akihiko Murakami, Representative Director
Establishment	: January 1987
Listed/Unlisted	: Unlisted
Outline	: The company's main business is the management of real properties mainly located in Sapporo City using its own property management system.

(Information Provision Service)

Pipeline Support Company is required to provide the Asset Manager, with the right of first refusal when it intends to sell properties that are aligned with investment policies and investment criteria defined in this Investment Guidelines or when it is involved in the sale of such real properties by a third party, unless it is practically difficult to do so. Having received information on the property, when the Asset Manager gives notice to Pipeline Support Company of its intention to purchase within seven business days: 1) If the property in question is owned by Pipeline Support Company, Pipeline Support Company will in good faith negotiate terms of the sale with the Asset Manager; 2) If the property in question is owned by a

third party, Pipeline Support Company will in good faith negotiate with the third party seller on behalf of INV as the buyer.

(Market Research Service)

Pipeline Support Company is required to make reports to INV and the Asset Manager on the real estate market. These reports include trends in Japan and other specified regions, current demands and future trend, current situations and future prospects regarding supply of the new properties, as well as needs of tenants and market rents.

(b) Internal Growth

INV aims to achieve steady internal growth by expanding revenues from investment assets through proactive and efficient operation and management based on the following policies.

A. Maintaining and Improving Income

INV aims to maintain and improve occupancy rates and income from properties by implementing the following measures:

- (i) Boost satisfaction of tenants by providing quality services matched to suit the characteristics of individual investment assets and tenant attributes and enhancing relationship with tenants.
- (ii) Promptly identify tenant trends and engage in flexible leasing activities while working to respond to seasonal demand
- (iii) For hotels, appropriately manage the status of hotel operations by the hotel operators, and aim to stabilize and maximize hotel revenues and rental income.
- (iv) Aim to maximize the value of assets acquired and relative competitiveness by drawing up long-term repair plans suitable to the acquired assets and implementing well-organized repairs and capital investments.

B. Reducing operational and management costs

INV aims to reduce operational and management costs by implementing the following measures:

- (i) Drive maximization of revenue by regularly verifying appropriate management levels and attempting to reduce maintenance and management fees and payments to various contractors to the extent possible. INV reviews the level of management and reduces costs while ensuring the standards required to maintain and enhance income.
- (ii) Promote efficient operation and management of assets acquired by leveraging a property management system designed to efficiently manage reports from property management companies.

C. Efficient Supervision of Property Management

INV selects property management companies which have good knowledge and track records in property management in each investment target region so as to efficiently supervise property management in accordance with INV's investment policy of promoting geographically diversified investment.

Property management companies are selected after comprehensively examining their experience and capacity in the operation and management of real properties, track records in managing the assets targeted for acquisition by INV, networks with various contractors, and their capacity to operate and manage properties in accordance with the aims of INV.

d. Investment Perspective

INV ensures that the total amount of specified real estate (this means the specified assets acquired by INV that are real estate, real estate leasehold rights or surface rights, or the beneficiary interest of a trust having as trust assets real estate ownership, land leasehold rights or surface rights) accounts for at least 75% of the total amount of specified assets held by INV.

e. Management Policy

The Asset Manager will manage the assets of INV in accordance with the management policy set forth below, based on the basic policy, portfolio construction policy and investment perspectives described above with the aim to maximize unitholder value by securing sound growth of investment assets and stable profits.

(a) Criteria for Acquisitions

When making investment in Real Estate Assets which are investment targets of INV, such investment will be made in accordance with the following criteria.

A. Size

(Residential Properties and Senior Citizens Properties)

In principle, gross proprietary floor area of 500 m² or more per property, except in the case of acquiring unit ownership (*kubun shoyu-ken*) that has no acquisition criteria.

(Hotels, Office Buildings, Others (excluding Residential Properties and Senior Citizens Properties))

Determine acquisition on a property by property basis by taking into consideration such factors as size and investment value.

B. Investment Amount

(i) Minimum Investment Amount

In principle, the investment amount per property shall be JPY 300 million or more.

(ii) Maximum Investment Amount

In order to secure the diversity of portfolio, the ratio of the investment amount per property to the entire portfolio after the acquisition of such property shall be, in principle, 40 percent or less.

C. Equipment and Facilities

(Residential Properties, Hotels and Senior Citizens Properties)

Set certain specifications for number of units, number of guest rooms (hotels), floor plan, type of guest rooms (hotels), interior, ceiling height, security equipment, air-conditioning, broadcast reception, Internet reception, plumbing, elevators, parking area, entrance, lobby (hotels) and other common facilities, and determine acquisition on a property by property basis by comprehensively assessing factors such as geography and possibility of any post-acquisition changes.

(Office Buildings and Others (Excluding Residential Properties and Senior Citizens Properties))

Set certain specifications for conditions of shape of rent floors, floor plan, divisibility, ceiling height, electric power capacity, air-conditioning system, floor load, luminous intensity, raised floor, security equipment, broadcast reception, plumbing, elevators, parking area and other common facilities, and determine acquisition on a property by property basis by comprehensively assessing factors such as geography and possibility of any post-acquisition changes.

D. Seismic Capacity

INV, in principle, invests in properties that has the capacity satisfying the new earthquake resistance standards (this refers to the earthquake resistance standards for buildings or other properties under the Building Standard Act (Act No. 201 of 1950, as amended; "Building Standard Act") after the amendment of 1981; hereinafter the same shall apply) or the standards equivalent to or more than that standard and of which the Probable Maximum Loss (seismic PML) (note) is 20 percent or less. If the seismic PML exceeds 20% or if the seismic PML of the entire portfolio exceeds 10% due to the addition of individual property, INV will consider earthquake insurance coverage, implementation of seismic strengthening works or other measures after comprehensively comparing the impact caused by disasters with the costs of insurance, etc.

(Note) Probable Maximum Loss (seismic PML) means rate of probable maximum loss caused by earthquake and it can be divided into PML of individual properties and PML of the entire portfolio. Although there is no unified and exact definition of seismic PML, INV defines seismic PML in this Investment Guidelines as the rate of the loss that

could result from the severest earthquake (i.e. severe earthquake that happens only once in 475 years, the probability of which happening in 50 years is 10%) that could happen during the expected period of use of the property (50 years = useful life of a standard building), to the refinancing cost of the estimated expenses to restore the damage.

E. Environment, Geological Conditions, etc.

INV determines whether or not it makes investments after examining the following matters:

(i) Usage or management condition of hazardous substances such as asbestos, chlorofluorocarbon and PCB.

(ii) Geological conditions, land use records and soil contamination, etc.

F. Age of Property

With respect to the investment in buildings, INV, in principle, invests in properties constructed after June 1981 in which the new earthquake resistance standard was adopted; provided, however, that INV may invest in properties constructed before June 1981 if INV determines that they are investment grade as they satisfy the new earthquake resistance standards or for other reasons.

G. Investment in Unleasable Properties

In principle, INV acquires real estate, etc. which are leased/leasable properties (note) at the time of delivery. INV may acquire a property which is unleasable at the time of delivery after examining the impact on INV's management of investment assets by comprehensively assessing the investment amount, the scheduled time when it becomes leasable, estimated revenues, etc.; provided, however, that this shall only apply to the case where the total contract acquisition prices of previously delivered unleasable properties immediately after the delivery of such unleasable property will not exceed 10% of the total assets on INV's balance sheet as of the most recent accounting date.

(Note) This means real estate, etc. with respect to which the construction of the building has been completed and such building is leased or leasable; provided, however, that real estates, etc., owned by INV that have become leased/leasable at some point shall be deemed leased/leasable thereafter regardless of the leasing status after that (including cases of reconstruction or large-scale repair of a building). Properties other than leased/leasable properties are referred to as the "unleasable properties."

H. Investment in Properties under Construction

INV may invest in properties developed by third parties prior to the completion of building construction if it is judged that sufficient tenants can be secured after the completion of construction and risks relating to the completion of construction and delivery have been minimized. In addition, if INV judges that it contributes to the improvement of the value of the existing properties, INV may conduct an extension of properties already acquired to the extent permitted by law after confirming that it is judged that sufficient tenant can be secured after the extension and the risks relating to the completion of construction and delivery have been minimized.

I. Rights

(i) In the Case of Co-ownership:

- a. INV may acquire a property even if the percentage of its co-ownership interests in such property is less than 50 percent.
- b. In order to secure sufficient flexibility in the disposal of the property, INV confirms whether or not there are special contracts that set out the rights of first refusal among co-owners or any limiting conditions such as restrictions on transfer or assignment, and details thereof.
- c. In order to secure the stability of revenues, INV provides for appropriate procedures (including but not limited to executing a contract prohibiting partition of co-ownership interest, fully providing the registration and an agreement on the mutual use of land), to the extent possible, after fully confirming the attributes and creditworthiness of other co-owners.

(ii) In the Case of Unit Ownership

- a. In order to secure sufficient flexibility in the disposal of the property, INV confirms whether or not there are special contracts that set out the rights of first refusal among unit owners or any limiting conditions such as restrictions on transfer or assignment, and details thereof.
- b. In order to secure the stability of revenues, INV takes its own measures as required (including but not limited to increasing its reserves or providing for insurance on common elements separately from the management association and fully providing the registration of the right of site) after confirming a management condition of a management association (reserves, debt to equity ratio, insurance status, etc.).

In addition, INV's investment in housings for which INV has unit ownership (except for the case where INV has all unit ownership for an entire building) shall, in principle, be less than 33 percent of the investment amount in residences (note).

(Note) The investment amount refers to the total amount of accumulated acquisition prices of properties that INV has already acquired and expected acquisition prices of properties of which INV plans to acquire unit ownership.

(iii) In the Case of Land Lease

- a. If INV invests in leased lands, INV, in principle, invest in land leasehold right as specified in the former Leasehold Act (Act No. 49 of 1921, as amended) and the Act on Land and Building Leases (Act No. 90 of 1991, as amended).
- b. When INV invests in buildings on leased lands, INV, in principle, shall perfect such land leasehold right against third parties by the registration of ownership of the buildings on leased lands or carefully examine measures, etc., to preserve the order of priority by making provisional registration for the land leasehold right or other methods. INV may invest in such buildings only when such perfection or measures are confirmed; provided, however, that if INV cannot obtain consents of land owners of leased lands or sublessors (if INV invest in buildings on subleased lands) but it can be judged that risks remain within acceptable range based on the attributes, etc., of land owners or sublessors, INV may invest in such buildings, without perfection against third parties or provisional registration for the land leasehold right, etc., after taking other preservative measures.
- c. INV carefully examines the attributes of the proprietary right holder of lands or land lease right holder and makes its decision after fully examining the impact of revisions of land rent, charges for renewing the land lease contract, approval of rebuilding proposals and approval of sales proposals and other factors on profitability.

(iv) In the Case of Security Interests and Usufruct

- a. INV confirms whether or not any mortgage or other security interest has been created on the property to be acquired and the possibility of a cancellation of such mortgage at the time of acquisition.
- b. INV confirms whether or not any surface right, servitude or other usufruct has been created by any third party on the property to be acquired and details thereof (if any), and make its decision after fully investigating the impact of such usufruct on profitability.

(b) Due Diligence on Investment Property

When acquiring investment properties, the Asset Manager makes comprehensive judgment after conducting analytical assessment by using real estate appraisal report, including price survey report, and engineering report made by third party experts who are fair and have investigation skills and experience, as well as economic, physical and legal investigations on the following matters.

A. Detailed investigations including economic, physical and legal investigations are conducted on properties, etc., to be managed.

	Items to be Evaluated	Matters to be Investigated
Economic Investigation	Tenant Investigation	<p>< In the Case of Corporation ></p> <p>Type of business, history of business, size, listed/unlisted, financial conditions, stock movements, ratings of tenant, etc.</p> <p>< In the Case of Individuals ></p>

	Items to be Evaluated	Matters to be Investigated
		(i) Occupation, age, household income, income level, condition of assets of tenant, etc. (ii) The number of tenants, purpose of use, conditions of rent received, etc. (iii) Duration of lease, past occupancy rate, development of rent and future prospects (iv) Occupancy and distribution percentage of tenant, etc.
	Market Investigation	Market rents, occupancy rate, trading area analysis, demand trends for competing property/tenant, etc.
	Matters relating to Revenue	(i) Competitiveness investigation including tenant invitation/administrative disposition, etc. (ii) Rent level, details of rental agreement and probability of renewal thereof (iii) Investigation of proper level of cost and probability of cost burden expected in future (iv) Actual fund reserve in comparison with repair plans
Physical Investigation	Location Factor	(i) Street conditions, accessibility from major transportation facilities such as railway, the number passengers getting on and off at major transportation facilities (ii) Location and accessibility of convenient facilities, economic facilities, government and public offices, educational facilities, recreational facilities (iii) Utilization situation of surrounding lands and future trends thereof (iv) Condition of sunshine, view, landscape, noise, etc. (v) Condition of name recognition, reputation, size in the region, etc. (vi) City planning and region planning (vii) Width of frontal road, shape and size of the opening and depth
	Outline of Construction, Equipment and Specifications	<Items Common to All Purposes> (i) Design, principal structure, age of property, design company and constructor, etc. (ii) Grade of interior and exterior materials <Residential properties and Senior Citizens Properties> Setting certain specifications for number of unit, floor plan, interior, ceiling height, security equipment, air-conditioning, broadcast reception, Internet reception, plumbing, elevators, parking area, entrance, and other common facilities, and assessing factors such as geography and possibility of any post-acquisition changes <Office Buildings and Others (Excluding Residential Properties and Senior Citizens Properties)> Setting certain specifications for conditions of shape of rent floors, floor plan, divisibility, ceiling height, electric power capacity, air-conditioning system, floor load, luminous intensity, raised floor, security equipment, broadcast reception, plumbing, elevators, parking area and other common facilities, and assessing factors such as geography and possibility of any post-acquisition changes
	Seismic Capacity Diagnosis (Note)	(i) Securing seismic capacity satisfying the new earthquake resistance standards or other standards equivalent to or more than that standard (ii) Conducting seismic risk analysis and seismic diagnosis
	Building and Management Diagnosis (Note)	(i) Status of compliance with the relevant laws and regulations (Fire Service Act (Act No. 186 of 1948, as amended), City Planning Act (Act No. 100 of 1968, as amended) and other building laws and regulations), etc. (ii) Estimated repair costs in future (approximately 12 years) stated in a building condition report (iii) Whether a management condition is good or bad, existence or nonexistence of management regulations and details thereof, quality and creditworthiness of a management company
	Environment and Soil, etc.	(i) Usage and management condition of hazardous substances such as asbestos, chlorofluorocarbon, PCB. (ii) Geological conditions, land use records, soil contamination, etc.
Legal Investigation	Matters Relating to Rights	Examining the certainty of rights of former owners, etc. In particular, with respect to the properties whose rights are complicated such as co-ownership/unit-ownership/land lease properties and other properties, properties of which INV has no ownership or has ownership with other persons, carefully examining the rights including following matters: (i) Completion or incompleteness of a perfection of a land leasehold right, and existence or nonexistence of other rights that ranks senior to the land leasehold right. (ii) Completion or incompleteness of a registration of rights of site, existence or nonexistence of restrictions by which buildings and rights of site may not be separately disposed of and a registration thereof, percentage of ownership interests. (iii) Preservative measures for security deposit, policy/measures for reserves based

	Items to be Evaluated	Matters to be Investigated
		on a long-term repair plan (iv) Existence or nonexistence of special contract not to partition property in co-ownership and a registration thereof, existence or nonexistence of appropriate measures relating to demands for partition of property in co-ownership and sale of co-ownership interest, etc., and obligation among co-owners. (v) Nature of unit of unit ownership (vi) Status of security created before INV's acquisition, details of a contract and whether or not it will be succeeded (vii) Details of an agreement/special contract, etc., executed with a lessor, unit owner and co-owner, etc. (viii) Attributes of a lessor, unit owner and co-owner, etc., such as a category of corporations/individuals (ix) As to trust beneficiary interest, details of a trust agreement
	Attributes of Tenant	(i) Purpose of use of tenant and form of agreement (ii) Existence or nonexistence of dispute with tenant
	Boundary Investigation	Status of boundary confirmation, existence or nonexistence of encroachment objects and conditions thereof

(Note) When acquiring properties, INV will confirm seismic capacity as specified in the Building Standard Act by entrusting an investigation to confirm that no problem exists regarding earthquake-resistant construction, including structural calculation sheets, to independent third party experts.

B. When investigating individual property, etc., and determining whether it is investment grade or not, INV seeks to equalize investigation levels in due diligence and determines whether it is investment grade or not after it fully examines and understands matters to be considered in conducting transactions.

C. In the light of specialization, objectivity and transparency, INV entrusts building investigation (including seismic PML), environmental investigation, market investigation and real estate appraisal to independent outside investigation companies who have no interest.

(c) Holding Period

In principle, INV manages its assets with the aim of medium- to long-term holding and attempts to make stable growth of the asset value; provided, however, that INV may sell individual assets for a strategic reason, a reason relating to portfolio structuring or other reasons.

(d) Administrative Management Policy of Properties

A. Basic Policy

With respect to management of investment real estate, the Asset Manager sets forth the basic policy as to secure stable profits and maintain and enhance asset value by maintaining and improving occupancy rates over medium to long term, reducing costs and conducting repair and improvement construction deliberately. Specific policy is as follows.

B. Tenant Sales

- Upon leasing, the Asset Manager formulate leasing plan by investment assets of INV by fiscal period.
- Supplying trend of newly built lease property in surrounding area or in trade area, tenant trade by type of industries and other properties contract cases, etc. are reflected in the leasing plan. The Asset Manager (i) establishes rent for new offering tenants and continued rent of existing tenants, (ii) improves satisfaction of existing tenants, (iii) sets forth policy for continued sales for potential new tenants and responds flexibly for leasing.

C. Development of Leasing Activities

(Trend in surrounding area or trade area)

- Based on market report and information collected from real estate broker, the Asset Manager analyzes prospects of supply/demand of tenant in surrounding area which each investment real estate belongs or in trade area, rent quotation, occupancy rates, trend of competitive properties. If there is structural change in surrounding area or trend area (development trend of newly built lease property, launch of new transportation, establishment of new stations, etc.), the Asset Manager will analyze effects of such change.

(Selection of focused customer)

- The Asset Manager investigates and analyzes the movement and reason of tenant in surrounding area or trade area (business integration, business conversion, restructuring, etc.) and selects tenants (or type of industries) which should be focused for sales activities.

(Consideration of optimal lease conditions)

- For determining lease conditions of individual tenants, the Asset Manager will determine comprehensively creditworthiness of such tenants, ratio of lease revenue from such tenants to revenue of total portfolio, contract form (whether the contract is Fixed Term Building Lease Agreement or not).

(Understanding of trend of existing tenants)

- The Asset Manager will communicate adequately with existing tenants and will promptly make effort to understand trends of such tenants, demands and complaints, request for expansion of sales area.

D. Leasing Policy

When leasing acquired investment properties, the Asset Manager will stabilize revenue over medium to long term by the following policy.

- Select high quality tenant.
- Review business types, contents of businesses, business results and credit information of financial condition of corporation and individual who hope to move into as new tenants and execute Lease Agreement.

(i) Standards for Examination of Tenants

With respect to tenants expected to move into, the Asset Manager will examine the following items under cooperation with property management company and make efforts to execute Lease Agreement with favorable social attributes and creditworthiness.

<Examination Items>

	Corporation Tenant	Individual Tenant
Attributes	<ul style="list-style-type: none"> • Business types • Business history • Corporation scale • Listed/unlisted 	<ul style="list-style-type: none"> • Occupation - Service years - Scale, business types of company - Listed/unlisted of company • Age • Family structure of residents
Business results	<ul style="list-style-type: none"> • Financial condition • Stock price trend 	<ul style="list-style-type: none"> • Income level
Creditworthiness	<ul style="list-style-type: none"> • Evaluation details of company examining corporation credit • Rating 	<ul style="list-style-type: none"> • Asset situation
Contents of agreement	<ul style="list-style-type: none"> • Purpose of use • Rent, security deposits and • Lease term • Existence and situation of joint guarantor 	<ul style="list-style-type: none"> • Purpose of use • Rent, security deposits and • Lease term • Situation of joint guarantor

E. Management Policy of Tenant

(i) Management of Tenant

- The Asset Manager promptly responds to request and complaint, etc. of tenants under cooperation of property management companies.
- The Asset Manager makes efforts to improve satisfaction of tenants by communicating with tenants, promptly and appropriately understanding feedback and complaint and respond thereto.
- To take every possible measures for safety, doors are locked automatically and security camera is established depending on properties.

(ii) Rent Collection and Conservation Measures

- In the case of delinquent rent, the Asset Manager demands at an early point and makes efforts to resolve delinquency.
- With respect to lease agreement with individual tenants without guarantor, lease guarantee is offered by guaranty company, in principle.

F. Management Policy of Building

(i) Regular Management of Building

Under cooperation with property management company, the Asset Manager confirms management status of each facility of common areas of assets and proprietary areas and promptly repairs those failures found.

(ii) Repair Plan

The Asset Manager prepares efficient repair plan by property which will lead to maintenance and improvement of competitiveness of properties from the medium to long term perspective and invests in facilities.

(iii) Reduction of Building Management Costs

The Asset Manager examines building management costs by each item, and if there is room for cost reduction, the Asset Manager will attempt to reduce costs, considering effects on tenants.

G. Administrative Management through Property Management Companies (PM Companies)

(i) Utilization of Property Management Companies

In order to efficiently manage property management business pursuant to investment policy of portfolio allocation by geography, INV is familiar with each investment region and select company with administrative management performance.

(ii) Property Management Companies Selection Criteria

In order to secure stable income, the Asset Manager selects property management companies as outsourced service provider, considering the following points.

- Experience and capability of operation and management of real estate
- Actual results of assets scheduled to acquire
- Network with related operators
- Positive/negative performance of operation and management from INV perspective
- Offer of capability of new tenants
- Organization structure
- Financial strength
- Knowledge and experience regarding real estate market of regions in which such properties are located
- Reporting capability regarding relevant real estate related assets
- Fees and commissions level

(iii) Understanding Administrative Management Status of Properties

The Asset Manager, by being reported the following matters every month, in principle, from property management companies, understands administrative management status of property, analyzes differences between operation plan of investment real estates and actual results, gives necessary instruction to property management companies and aims to secure stable income.

- Deposit status from tenants
- Status of expenditure of expenses, etc.
- Status of move in to and out of tenants
- Status of building management
- Status of requests and complaints from tenants and responses thereto
- Lease market trend of neighborhood of such investment real estate

(iv) Evaluation of Property Management Companies

The Asset Manager checks status of business performance of property management companies in the process of daily asset management. As a result, in the case where the level of business performance is below the level which the Asset Manager expects, property management companies may be changed.

H. Management of Hotel Operators

With respect to investments in hotels, the Asset Manager appropriately manages the status of hotel operations by the hotel operator as well as the trend of occupancy, revenue, etc. of the managed hotels through periodic meetings and implements various measures to stabilize and maximize rental income.

(e) Insurance Policy

A. Regarding insurance coverage, in order to respond to damages, etc. by claim damages from third party due to fire from such building and accident, fire insurance and comprehensive general liability insurance which are said to be appropriate will be covered.

B. Determination as to whether or not the investment assets should be insured against earthquake damage will be made by comparing and considering the effects of disaster with the cost of casualty insurance premiums. In the case where earthquake PML value of the entire portfolio exceeds 10% by property with earthquake PML value exceeding 20% and individual property are added, the Asset Manager will consider earthquake insurance coverage and construction of seismic strengthening.

(f) Sales Policy

INV reviews portfolio by the Asset Manager and considers sales of individual real estate in the case of a. through c. below, considering each item of A. through F. below.

- A. Real estate market condition over medium to long term
 - B. Income forecast in the future
 - C. Outlook of increase and decrease of asset value
 - D. Possibility and stability of location of real estate
 - E. Outlook of capital expenditures responding to deterioration and obsolescence of real estates
 - F. Importance of constituent of portfolio
- a. In the case where strategic importance is lost
Ex.) In the case where profitability of properties is low due to decrepit and it is determined that it is unlikely to make profit of the target even by additional capital expenditures.
 - b. In the case where investor presenting attractive purchasing price appears
Ex.) In the case where strong purchase intention is presented by presenting attractive price exceeding potential value in the region of real estate.
 - c. In the case where strategic sales contributes to revenue of INV
Ex.) In the case where value is increased due to improvement of vacancy rate, increase of rent.

f. Financial Policy

(a) Basic Policy

INV may borrow or issue investment corporation bonds (including short-term investment corporation bonds, the same applies hereinafter) for the purpose of acquiring assets, repair or distribution payments, acquiring operational funding or procuring funds for debt repayment etc., which are conducive to the efficient management of investment assets and the stability of management. The limit for borrowing funds or for issuing investment corporation bonds is JPY 500 billion. Moreover, the aggregate sum must not exceed JPY 500 billion.

(b) INV is restricted to borrowing from qualified institutional investors as provided by the Financial Instruments and Exchange Act (Act No. 25, 1948 and subsequent amendments, hereinafter "the FIEA") but limited to the institutional investors as provided by the Act on Special Measures Concerning Taxation (Act No. 26, 1957 and subsequent amendments), Article 67, Paragraph 15. Furthermore, INV will negotiate various terms such as borrowing period, interest rates, collateral, and fees, with multiple financial institutions and select a lender by comprehensively judging the details of the terms. INV tries to ensure diversification of lenders and repayment terms so as to mitigate refinancing risks.

(c) The maximum ratio of the total outstanding balance of borrowings and investment corporation bonds to total assets (hereinafter the "Interest-Bearing Debt Ratio") is, in principle, 60%. However the Interest-Bearing Debt Ratio of 60% can be temporarily exceeded as a result of acquiring new investment assets.

(d) INV may undertake derivative transactions in order to hedge risk of interest rate fluctuations derived from its debts and other risks.

(e) INV may conclude agreements to set up credit lines in advance such as commitment line agreements and reserve agreements for as-needed basis borrowings for the purposes of ensuring agility in responding to funding needs for acquiring investment assets, refunding tenant deposits or procuring operational funds.

(f) When borrowing funds or issuing investment corporation bonds, INV may provide its investment assets as collateral.

(g) INV issues additional investment units after reviewing the long-term and stable growth prospects of assets, the financial environment, and its own financial standing, while giving considerations to dilution of investment units (decline in percentage of equity of investment units due to additional issuance of new investment units and decrease in net asset value per investment unit or distribution).

g. Disclosure Policy

(a) With respect to asset management, the Asset Manager will make efforts to disclose information promptly, accurately and fairly from the viewpoint of investors.

(b) The Asset Manager will disclose information accurately pursuant to details and forms required by the Investment Trust Act, the FIEA, the Tokyo Stock Exchange and the Investment Trusts Association, Japan, etc. Moreover, other than financial information and information regarding management situation, the Asset Manager will voluntarily disclose information which is considered to be useful upon investment determination to the INV.

(c) In order to ensure transparency of transactions with interested party, the Asset Manager will voluntarily disclose by press release regarding transactions between the Asset Manager and interested party.

[Distribution Policy]

INV conforms to the policies set out below with regards to cash distributions to unitholders or registered pledgees of investment units listed or recorded in the registry of unitholders at the end of each fiscal period.

a Distribution of Profits

Distributable amounts generated from management of INV's assets (hereinafter "distributable amounts") refers to the amount of profits calculated in conformity with the provisions of the Act Concerning Investment Trusts and Investment Corporations (hereinafter the "Act") or generally accepted accounting principles in Japan (net assets in the balance sheet as of the closing date of each fiscal period less unitholders' capital, retained earnings, and evaluation, currency translation, etc.) (Article 17, Item 1 of the Articles of Incorporation of INV).

INV determines the amount of distribution, which must be an amount that exceeds 90% of the amount of INV's distributable income as stipulated in Article 67, Item 15 (the Special Provisions of Taxation for Investment Corporations) of the Act on Special Measures Concerning Taxation in principle (hereinafter "distributable income") (or the relevant amount after modification if there is any modification to the calculation of the said amount due to revisions to the law, etc.) (However, the amount may not exceed the distributable amounts.). If, however, a deficiency account for tax purposes arises or income for tax purposes does not arise due to the carried-over deduction of a deficiency account, INV shall determine the amount of distribution on a rational basis. In addition, INV can accumulate reserves and allowances from the distributable income amount that are deemed to be necessary for maintaining its investment assets and improving or increasing the value of assets such as long-term reserve for maintenance, payment reserve, reserve for distribution, and other similar reserves, etc. (Article 17, Item 2 of the Articles of Incorporation of INV).

Any retained earnings not allocated for dividends will be managed based on INV's investment asset targets and policies (Article 17, Item 3 of the Articles of Incorporation of INV).

b Cash Distribution Exceeding Profits

In cases when the distributable amounts is less than 90% of distributable income, or when INV considers it appropriate depending on the economic circumstances and the trends in the real estate market, the leasing market, etc., INV may, in accordance with the provisions under the Act, determine an additional amount to be distributed to the unitholders in cash as a refund of the investment over and above the distributable amount, with the upper limit of the additional amount being prescribed in rules of the Investment Trusts Association, Japan, based on the approved cash distribution statement in accordance with the Act. In this case, if such cash distributions do not satisfy the requirements for Special Provisions of Taxation for Investment Corporations, INV may distribute monies in an amount determined by INV for the purpose of satisfying those conditions (Article 17, Item 4 of the Articles of Incorporation of INV).

(a) Basic Policy

In addition to distribution of profits, INV may make distribution in excess of profits (hereinafter the "Excess Profit Distribution") to be determined each fiscal period, in accordance with the following basic policy.

(i) INV will consider making the Excess Profit Distribution in the event of a. or b. below, and, will, in principle, not make the Excess Profit Distribution in other circumstances.

a. To satisfy the requirements under the Special Taxation Measures Act applicable to INV, in case the distributable amount is less than 90% of distributable income.

b. To stabilize distributions in cases where significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, and the distribution amount is expected to decrease significantly.

(ii) The Excess Profit Distribution amount will be no more than 60%(Note) of the depreciation expenses recognized on the last day of the fiscal period immediately preceding the fiscal period in which such distribution will be made.

(Note) Per the applicable standards set by the Investment Trusts Association of Japan, closed-end investment corporation may make the Excess Profit Distribution in the amount up to 60% of the depreciations expenses recognized on the last day of the relevant fiscal period.

(iii) With respect to implementation of the Excess Profit Distribution and determination of the Excess Profit Distribution amount, INV is to carefully consider the following: (i) securing funds necessary to maintain the value, etc. of INV's investment assets; (ii) the LTV level (Note) is to not exceed 60% following the Excess Profit Distribution; and (iii) securing liquidity following the Excess Profit Distribution.

(Note) $LTV \text{ level } (\%) = a / b \times 100\%$

a = total outstanding balance of interest-bearing debt at fiscal end

b = total assets at fiscal end - expected distribution amount

(b) Approval Process for Excess Profit Distribution

In the event INV decides to make the Excess Profit Distribution, the Asset Manager is to present its executive officers with drafts of financial statements, asset management report and financial documents relating to cash distributions as well as any accompanying statement, in each case for the fiscal period immediately preceding the fiscal period in which such distribution is to be made. In presenting such drafts, the General Manager of the Finance Department of the Asset Manager, in accordance with “(1) Basic Policy” above, is to prepare a proposal taking into account matters affecting cash flow such as medium to long term capital requirements, etc. (e.g., long-term repair plans) and other necessary matters, and will seek the approval of the President and CEO of the Asset Manager.

c Methods of Distribution

Distributions shall be paid in cash and based on the number of investment units held to unitholders who are listed or recorded in the registry of unitholders on the closing date of each fiscal period, or to registered pledgees of investment units (Article 17, Item 5 of the Articles of Incorporation of INV).

d Statutory Limitation for Dividends

INV will be exempted from its obligation to pay distributions to unitholders or registered pledgees of investment units after a lapse of three years from the commencement date of payment. No interest will accrue with respect to unpaid distributions (Article 17, Item 6 of the Articles of Incorporation of INV).

In addition to 1. through 4. above, INV shall comply with the rules of The Investment Trusts Association, Japan, etc. in cash distributions.