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Invincible Investment Corporation

Asset Management Report

Fiscal Period ended December 31, 2016 (July 1, 2016 to December 31, 2016)

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

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

We hereby provide you with a report on INV’s asset management and financial results for the 27th fiscal period (covering the period from July 1, 2016 to December 31, 2016; the “Reporting Period”).

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

In the hotel sector, the number of inbound visitors reached a record high of 24.03 million in 2016, an increase of 22% from the previous year and 79% higher than two years ago. The significant increase in inbound numbers can be attributed to improvements in airports/travel infrastructure, the launch and expansion of low-cost carriers (LCCs), the Japanese government’s further promotion of tourism-oriented initiatives such as the relaxation of visa requirements as well as a sharp increase in the number of cross-border travelers due to the rise of the middle-income class in Asia.

During the Reporting Period, INV’s hotel portfolio showed a slight decrease in revenues per available room (RevPAR) of 0.8% year-on-year. This was mainly due to unfavorable impact from the day configuration of the Silver Week holidays in September, poor weather including more typhoon landings, the increase in new hotel supply and a rapid increase of the number of hotel rooms listed by online travel agents. However, RevPAR for full year of 2016 increased by 3.3% over the previous year and gross operating profit (GOP) for full year of 2016 also increased by 3.8% over the previous year⁽¹⁾.

The residential properties continue to benefit from ongoing efforts to increase rents upon new/renewal lease contracts and from selective reductions of leasing cost expenditures. As a result, net operating income (NOI) for existing assets increased by 3.8% year-on-year for the Reporting Period and increased by 4.4% for the full year of 2016 over the previous year⁽²⁾.

As a result, operating revenues reached JPY 9,511 million, ordinary income JPY 5,431 million and net income JPY 5,431 million, with a distribution per unit (DPU) of JPY 1,477, an increase of 24.4% year-on-year.⁽³⁾ With this, the annual DPU came to JPY 2,663, a significant increase of 30.1% above the previous year.

Further, INV conducted a public offering in March 2017 to acquire two high quality residential assets, including Royal Parks Tower Minami-Senju, which will serve as the flagship residential asset.

INV renewed the Memorandum of Understanding (MOU) with affiliates of its sponsor, Fortress Group, on December 22, 2016 concerning preferential negotiation rights for property acquisitions. The MOU provides a robust pipeline of assets that INV can potentially acquire, consisting of 22 hotels with 6,616 rooms (INV currently owns 48 hotels with 7,027 rooms) and nine residential properties with 743 units (INV currently owns 70 residential properties with 4,778 units). Going forward, INV plans to expand its portfolio via acquisitions from the abundant pipeline.

Moreover, with respect to INV’s internal growth, we will implement various measures to maximize hotel revenue through close collaboration with each of the hotel operators. As for the residential portfolio, we reduced the number of master lessees and property managers from 19 companies to 10 companies (in December 2016 and January 2017) in an effort to improve NOI, favoring companies with stronger performance in achieving rent increases.

Concerning financial operations, INV obtained an initial credit rating of ‘A’ with a ‘Positive’ outlook from Japan Credit Rating Agency, Ltd. (JCR) on September 27, 2016. INV aims to further strengthen its lender

formation as well as diversify financing methods including the issuance of investment corporation bonds and lengthening of borrowing duration in the future. We also believe the obtainment of the credit rating will contribute to the broadening of our investor base.

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

Your continued support is highly appreciated.



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

- (1) For calculation methods and details of assets included in the indices, please refer to notes on pages 8 and 19
- (2) For calculation methods and details of assets included in the indices, please refer to notes on page 6
- (3) Comparison with the fiscal period ended December 2015. In order to eliminate seasonal factors of hotel variable rents, which is one of the major revenues of INV, in the comparison, the comparison is made with the same period in the previous year and not with the previous fiscal period (ended June 2016)

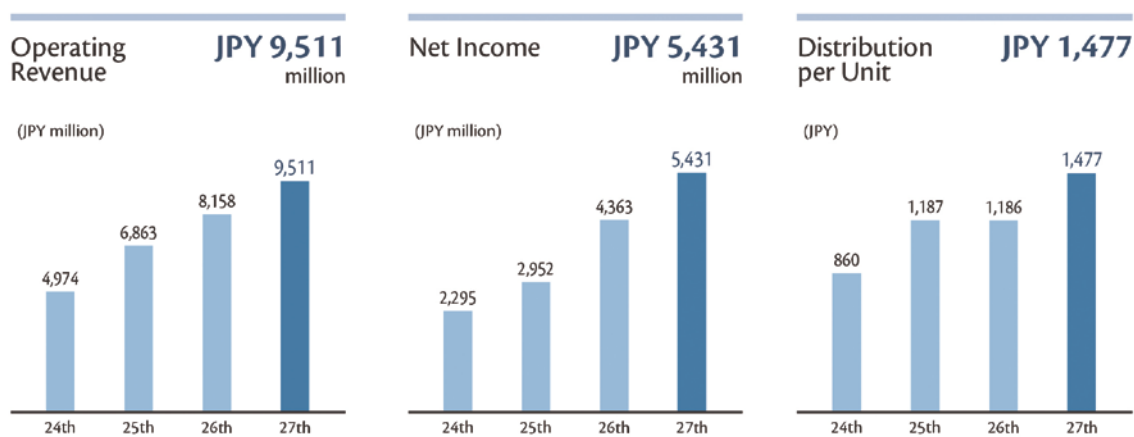
Distribution per unit for the 27th fiscal period
(the fiscal period ended December 2016)

JPY 1,477

(Note) The forward-looking statements, forecasts and goals described in this report are based on available information, assumptions and estimates as of March 14, 2017. These assumptions and estimates are unavoidably uncertain, and could be affected by various risks and factors beyond INV's control. Thus, no guarantee can be made regarding the realization of such future forecasts and targets, and actual results may vary significantly

Summary of Financial Results

	Period from January 1, 2015 to June 30, 2015	Period from July 1, 2015 to December 31, 2015	Period from January 1, 2016 to June 30, 2016	Period from July 1, 2016 to December 31, 2016
Operating Revenues (JPY million)	4,974	6,863	8,158	9,511
Ordinary Income (JPY million)	2,295	2,953	4,364	5,431
Net Income (JPY million)	2,295	2,952	4,363	5,431
Net Assets (JPY million)	61,731	91,758	130,005	131,455
Total Assets (JPY million)	136,299	185,918	284,106	277,361
Net Assets per Unit (JPY)	23,132	28,731	35,368	35,762
Net Assets/Total Assets (%)	45.3	49.4	45.8	47.4
Distribution per Unit (JPY)	860	1,187	1,186	1,477
Number of Units Issued (Unit)	2,668,686	3,193,686	3,675,824	3,675,824



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

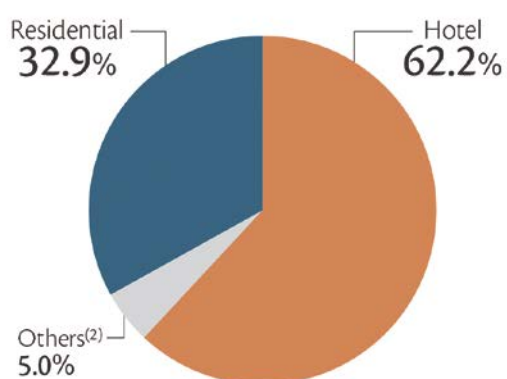
Portfolio and Assets under Management (AUM)

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

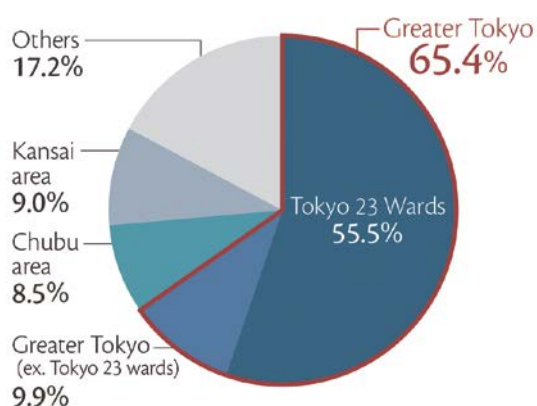
Composition of the portfolio ⁽¹⁾

No. of properties	Residences	Hotels	Others ⁽²⁾
126	70	48	8

Portfolio Composition by Asset Type⁽³⁾



Portfolio Composition by Geography⁽³⁾⁽⁴⁾



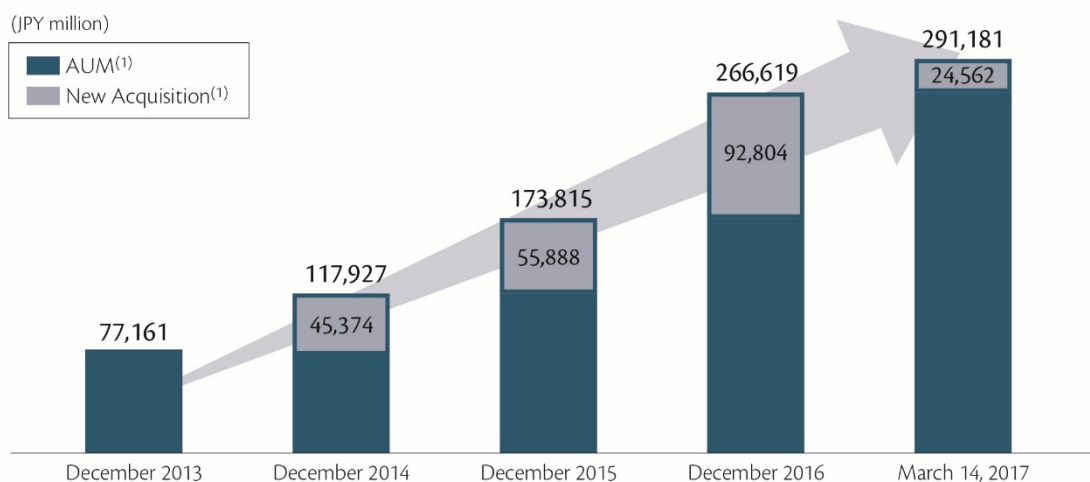
(Note 1) Composition as of the date of this document is shown

(Note 2) "Others" includes offices, commercial facilities and parking lots

(Note 3) Based on acquisition price

(Note 4) Defined as follows: Greater Tokyo is Tokyo, Kanagawa, Chiba and Saitama. Greater Tokyo (ex. Tokyo 23 wards) is Tokyo (ex. Tokyo 23 Wards), Kanagawa, Chiba and Saitama. Kansai area is Osaka, Hyogo, Kyoto, Shiga, Wakayama and Nara. Chubu area is Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa and Fukui

Growth of AUM



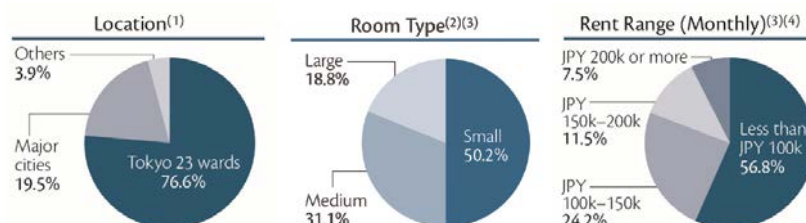
(Note 1) “AUM” is total acquisition amount of the properties owned as of the end of December of the relevant year (or March 14, 2017), and “New Acquisition” shows total acquisition amount for the properties acquired in the relevant year (up to March 14 for 2017)

Residential Portfolio



Composition ratio of residential portfolio

96.1% of the residential portfolio is concentrated in Tokyo 23 wards and other major cities	81.2% of the residential units are smaller than 60m ²	81.0% of the residential units are less than JPY 150k per month
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(Note 1) Based on acquisition price

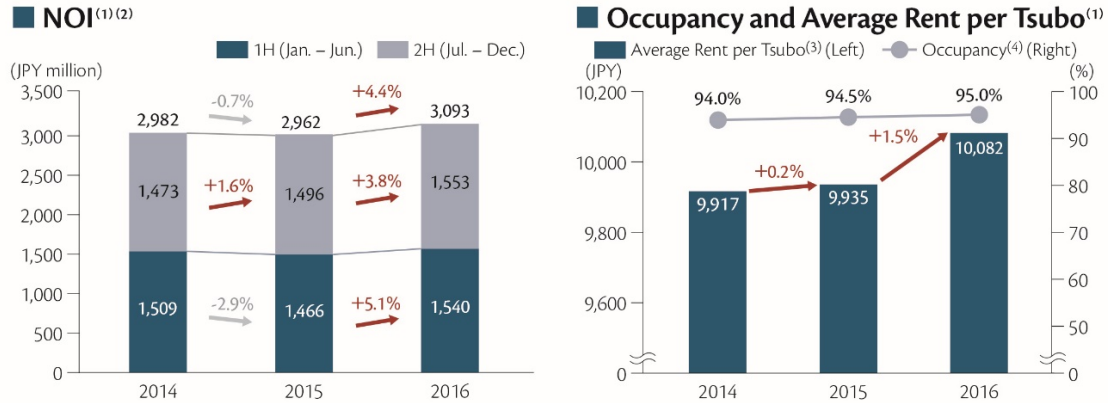
(Note 2) INV defines “Small” as a rentable unit with an area of less than 30m², “Medium” as a leasable unit with an area of 30m² to 60m² and “Large” as a leasable unit with an area of 60m² or more

(Note 3) Based on the number of units excluding shops, offices and nursing homes as of December 31, 2016

(Note 4) The amount of rent is based on monthly rent plus common-area charge for each unit as of December 31, 2016

Performance of Residential Portfolio

With continued proactive asset management, the residential portfolio in 2016 saw increases in average rent per tsubo per month by 1.5% and residential NOI by 4.4% from the previous year



(Note 1) Based on the 63 residential properties owned as of the end of December, 2014

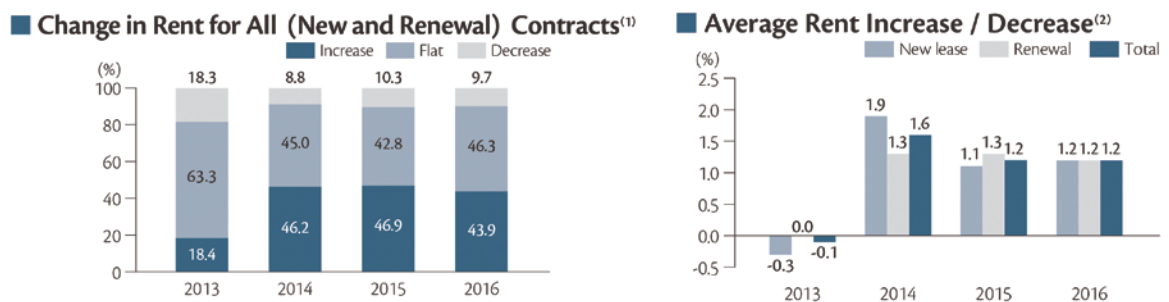
(Note 2) Excludes one-off insurance-related revenues and expenses

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

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

Residential Rent Increase Program

INV launched an initiative for raising rents in 2014, and in 2016 rent increased for 43.9% of all combined new and renewal leases with an average contract rent increase of 1.2%

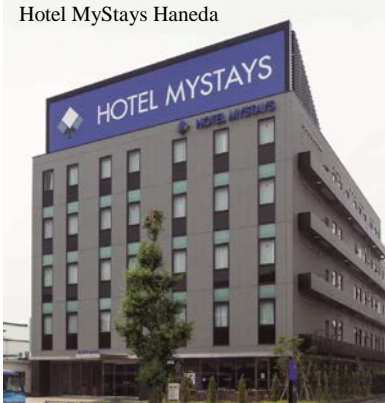


(Note 1) Based on the residential properties owned in relevant year excluding the performance for the properties during the pre-acquisition period. The number of properties at the end of each year is as follows: 63 properties for 2013, 63 properties for 2014, 66 properties for 2015, and 68 properties for 2016

(Note 2) Increase or decrease (%) in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents for properties owned at the end of each month during relevant year

Hotel Portfolio

Hotel MyStays Haneda

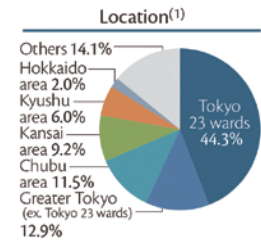
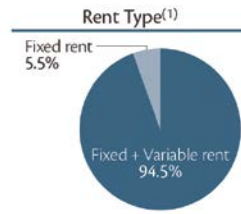
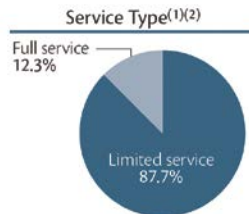


Composition ratio of hotel portfolio

87.7% of the hotel portfolio are limited-service hotels

94.5% of the hotel portfolio are variable rent hotels

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

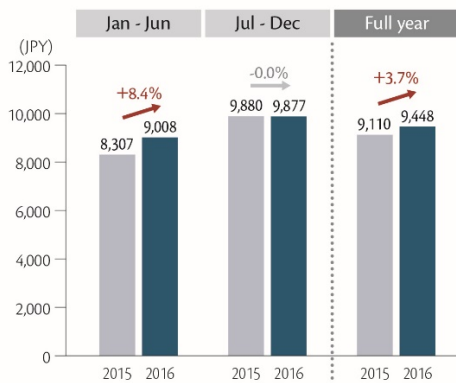


(Note 1) Ratios are based on acquisition price
(Note 2) For types, please refer to notes on page 10

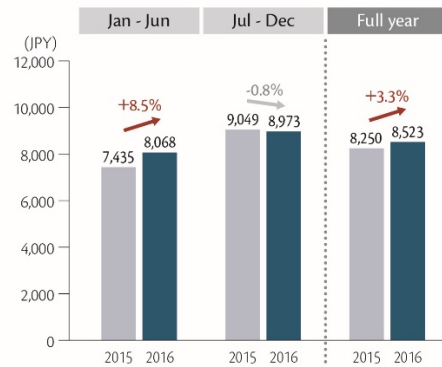
Hotel Property Performance Indicators

The annual performance of the hotel portfolio for 2016 showed a slight decrease in occupancy (down 0.3 percentage points from the previous year). However, ADR, RevPAR and GOP rose by 3.7%, 3.3% and 3.8% respectively over the previous year.

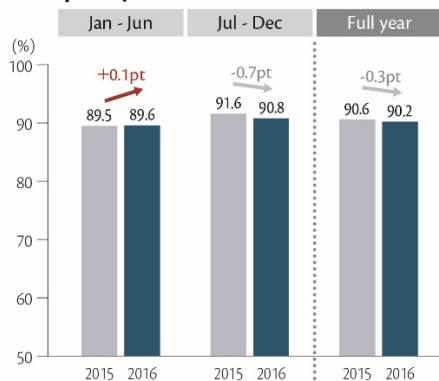
ADR⁽¹⁾



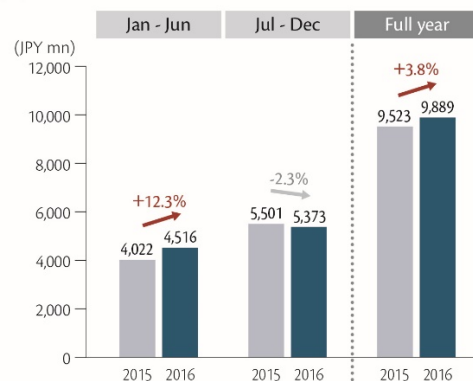
RevPAR⁽¹⁾



Occupancy⁽¹⁾



GOP⁽¹⁾⁽²⁾



- (Note 1) Based on 36 hotel properties; of the 48 hotel properties in our portfolio as of December 31, 2016, 9 hotels with fixed rent lease agreements as well as 3 hotels (Hotel MyStays Shinsaibashi, Hotel MyStays Gotanda Station and Hotel MyStays Kanda), which were renovated during the period from January 2015 to December 2016, are excluded
- (Note 2) In calculating the GOP, the rent received by INV for APA Hotel Yokohama-Kannai is regarded as GOP of the hotel since GOP is not disclosed by the operator
- (Note 3) For the definitions of the terms, please refer to notes on pages 19 and 20

MyStays Hotel Management

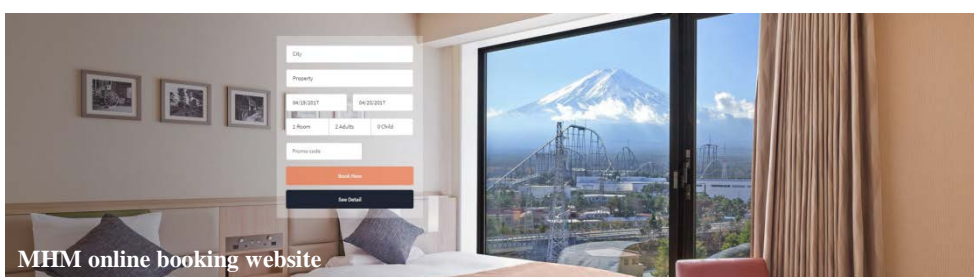
MyStays Hotel Management (MHM), the primary operator of hotels owned by INV, has significantly improved its website and social media capabilities to increase its customer base and direct booking ratio



■ **MHM Overview**

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

■ **Improved Website and Services**



- Updated website with easier booking navigation and star ratings from TrustYou ⁽²⁾
- In the process of streamlining website architecture and organizing and renovating information in order to have better user experience and SEO ⁽³⁾
- Increased live-chat languages to four languages and expanded operating hours to 9 a.m. – 11 p.m., 7 days per week
- Increased multi-lingual capabilities at front desks
- Launched 5%off campaign to increase direct bookings to save commissions and encourage repeat customers

■ **Key Initiatives**

1. Enhance customer services by utilizing analysis of word-of-mouth reviews provided by TrustYou
2. Plan to convert over 600 rooms from smoking to non-smoking which has higher RevPAR due to updated customer preferences ⁽⁴⁾
3. Strategically increased overbooking ratios to achieve higher RevPAR and to offset last minute cancellations

- **MHM has many highly evaluated hotels -**

23 hotels out of the 35 hotels in INV's portfolio managed by MHM achieved more than 3.8 grade ⁽⁵⁾ on a scale of 1.0 to 5.0, which apply to "Good", "Very Good" or "Excellent" (as of January 16, 2017)



HOTEL MYSTAYS PREMIER
HOTEL MYSTAYS PREMIER
Kanazawa
 2-13-5, Hirooka, Kanazawa-shi, Ishikawa 920-0031, Japan | +81-76-290-5255

4.4 Excellent ⁽⁵⁾
 ★★★★★ 4,792 reviews

Customer reviews ⁽⁵⁾ are posted on the website of MHM

- (Note 1) Includes hotels managed by MHM subsidiary Naqua Hotels and Resorts Management Co., Ltd.
- (Note 2) TrustYou analyzes hundreds of millions of travel reviews and considers itself the world's largest guest feedback platform
- (Note 3) SEO (search engine optimization) is a methodology of strategies, techniques and tactics used to increase the amount of visitors to a website by obtaining a high-ranking placement in the search results page of a search engine
- (Note 4) The initiative has started in December 2016. As of the end of January 2017, 68 rooms have been converted to non-smoking room, and another 574 rooms will be changed to non-smoking room by the end of December 2017
- (Note 5) Average value of customer reviews of guests who stayed at each hotel, which are based on analysis by TrustYou

Sponsor Pipeline

- INV acquired two assets from the sponsor pipeline in March 2017
- Robust pipeline of 31 assets provides opportunity for growth and stability, even after the acquisition

Properties Covered by the MOU²

Hotels

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

Residential properties

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

No. of Hotel Guest Rooms

6,116

No. of Apartment Units

743

(Note 1) MOU providing preferential negotiation rights

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

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

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

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

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

Major Sponsor Pipeline Properties



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

Newly Acquired Properties in March 2017

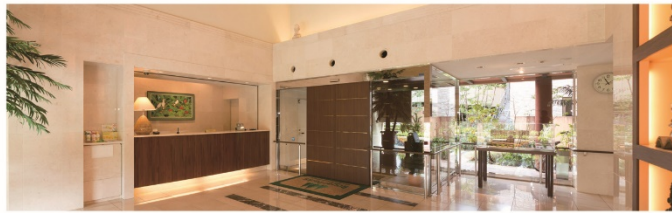
- INV acquired the following two residential assets on March 14, 2017 via funds procured through the public offering and borrowings resolved on February 22, 2017



Address	Minami-Senju 4-chome, Arakawa-ku, Tokyo
Access	5-minute walk from Minami-Senju Station (Tokyo Metro Hibiya Line, JR Joban Line, Tsukuba Express Line)
Completion Date	May 2008
No. of Units	557 (Apartments 555, Nursing home 1, Shop 1) ⁽¹⁾
Leasable Area	39,113.46m ²
Land Area	8,738.44m ²

(Note 1) The nursing home and the shop are counted as one unit, respectively, for the counting of the number of units

Royal Parks Seasir Minami-Senju



Address	Minami-Senju 3-chome, Arakawa-ku, Tokyo
Access	10-minute walk from Minami-Senju Station (Tokyo Metro Hibiya Line, JR Joban Line, Tsukuba Express Line)
Completion Date	August 2006
No. of Units	113
Leasable Area	6,496.86 m ²
Land Area	3,570.00 m ²

I. Asset Management Report

Overview of Asset Management

1 Trends in Investment Corporation's Operating Results

By Period		23rd fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period	
Reporting period		Jul. 1, 2014 to Dec. 31, 2014	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec 31, 2016	
Operating Results	Operating revenue	(Note 1) (JPY thousand)	4,610,717	4,974,760	6,863,775	8,158,220	9,511,466
	(Rental revenue – real estate)	(JPY thousand)	4,610,717	4,974,760	6,863,775	8,158,220	9,511,466
	Operating expenses	(JPY thousand)	1,840,796	2,163,828	2,494,667	3,084,315	3,577,255
	(Property related expenses)	(JPY thousand)	1,586,854	1,834,039	2,178,165	2,697,986	3,162,067
	Operating income	(JPY thousand)	2,769,920	2,810,931	4,369,108	5,073,905	5,934,211
	Ordinary income	(JPY thousand)	1,958,607	2,295,909	2,953,293	4,364,025	5,431,608
	Net income	(JPY thousand)	1,958,002	2,295,304	2,952,688	4,363,420	5,431,003
Assets	Total assets (change from last period)	(a) (JPY thousand) (%)	130,477,232 64.6	136,299,746 4.5	185,918,871 36.4	284,106,133 52.8	277,361,874 -2.4
	Interest-bearing debt	(JPY thousand)	67,260,000	72,301,000	91,699,000	141,917,000	142,419,000
	Net assets (change from last period)	(b) (JPY thousand) (%)	61,392,392 68.8	61,731,550 0.6	91,758,194 48.6	130,005,009 41.7	131,455,278 1.1
	Unitholders' capital	(JPY thousand)	53,096,413	53,096,413	82,465,438	120,367,271	120,367,271
Dividend	Total distributions	(c) (JPY thousand)	1,956,146	2,295,069	3,790,905	4,359,527	5,429,192
	Dividend payout ratio	(Note 2) (%)	99.9	100.0	102.5	94.8	100.0
Information per Unit	Number of investment units issued and outstanding	(d) (Units)	2,668,686	2,668,686	3,193,686	3,675,824	3,675,824
	Net assets per unit	(b) / (d) (JPY) (Note 3)	23,005	23,132	28,731	35,368	35,762
	Distributions per unit (Distributions of earnings per unit)	(c) / (d) (JPY) (JPY)	733 733	860 860	1,187 948	1,186 1,125	1,477 1,477
	(Distributions in excess of retained earnings per unit)	(JPY)	-	-	239	61	-
Financial Measures	Return on assets (change over year)	(Note 4) (%)	1.9 3.7	1.7 3.5	1.8 3.6	1.9 3.7	1.9 3.8
	Return on equity (change over year)	(Note 4) (%)	4.0 7.9	3.7 7.5	3.8 7.6	3.9 7.9	4.2 8.2
	Capital ratio (change from last period)	(b) / (a) (Note 4) (%) (%)	47.1 1.2	45.3 (1.8)	49.4 4.1	45.8 (3.6)	47.4 1.6
	NOI (Net Operating Income)	(Note 4) (JPY thousand)	3,861,122	4,127,486	5,961,324	7,136,971	8,414,465

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

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

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

"Dividend payout ratio" is rounded to one decimal place

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

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

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

Return on equity = Net income this period / (Net assets at start of reporting period + Net assets at end of reporting period) / 2) x 100

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

Rental NOI = Rental revenue – Leasing costs + Depreciation for fiscal period ended December 31, 2016

2 Operating Conditions

(1) Main trends of INV

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

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

Ever since the commencement of sponsorship from the Fortress Group, INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to implement stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”) revised the Investment Guidelines for INV, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of the external growth efforts, INV's portfolio at the end of the previous period ended June 2016 composed of 124 properties (48 hotels, 68 residential properties and eight others) with a total acquisition value of JPY 266,619 million, and market capitalization at such date of JPY 238,193 million. When compared to the period as of May 22, 2014, which is the time immediately prior to INV's initial investment in hotels, the total acquisition value and market capitalization increased significantly by 3.7x and 8.0x, respectively.

In the Reporting Period, INV obtained an initial credit rating of ‘A’ from Japan Credit Rating with a ‘Positive’ outlook on September 27, 2016.

INV expanded the pipeline for future growth by adding two residential properties to the properties subject to a Memorandum of Understanding (the “MOU”) with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisitions of hotels and residential properties on December 22, 2016. As of the end of the Reporting Period, there are 22 hotels (6,116 rooms) and 11 residential properties (1,413 units) in the MOU, which will continue to provide INV with considerable opportunities for external growth.

(2) Operational Environment and Performance

For the December 2016 period, NOI increased by 41.2% or JPY 2,453 million compared to the same period in the previous year (the December 2015 period), of which 35.7% came from the hotel portfolio and 5.7% from the residential portfolio.

As a result, INV maintained a high average occupancy rate (Note 1) of 98.2% across the entire portfolio, and the NOI of entire portfolio increased by 17.9% from the previous period (the June 2016 period) to JPY 8,414 million. Below is commentary on each of these sectors and their performance in the second half of 2016.

In the hotel segment, improvements in travel infrastructure, the penetration of LCC's into the Japanese market, and the Japanese government's promotion of tourism initiatives at the national and local level, coupled with macro structural changes such as a sharp increase in the number of cross-border travelers due to the global rise of the middle-income bracket, have led to a continued increase in the number of international visitors to Japan from China and Southeast Asian countries such as Thailand, Malaysia, the Philippines, Indonesia and Vietnam. This robust combination helped Japan log a record high of 24.039 million inbound visitors in 2016, (a 21.8% increase compared to 19.737 million in the previous year).

However, for the Reporting Period, the hotel segment was impacted by poor weather such as typhoons, day formation (reduced number of weekday holidays) of the Silver Week holiday in September 2016, an increase in hotel supply in Tokyo in the limited-service-hotel segment, an increase in the number of hotel rooms listed on websites of online travel agents and increased cancellations.

Under the circumstances above, INV is working closely with the operators of the hotels, primarily MyStays Hotel Management Co., Ltd. ("MHM"), a hotel operator in the sponsor group, to proactively address the issues at hand. Specifically, MHM continues to improve the web experience and the service function such as its online chat function and strengthen its user content and engagement to drive more direct bookings through the MHM website as well as increase brand awareness. MHM is increasing the over-bookings ratio to achieve higher occupancy rates and to offset vacancies caused by cancellations. As the result of the initiatives, 39 of the hotels owned by INV (Note 2) recorded ADR (Note 3) of JPY 9,935, RevPAR (Note 4) of JPY 9,049, and an occupancy rate (Note 5) of 91.1%. Among the 36 hotels (Note 6) in which a comparison can be made for the same period in the previous year, ADR was JPY 9,877 (+0.0%), RevPAR was JPY 8,973 (-0.8%), with an occupancy rate of 90.8% (-0.7 points). The ratio of overseas sales (Note 7) at the 36 hotels (Note 8) increased to 27.9% (+2.0 points compared to the same period in the previous year).

With respect to the residential portfolio, market rent trends for small-type city-center properties maintain moderate increases. Under the positive circumstances in the macro environment, INV implemented a rent increase program for new leases and renewals as well as an initiative to reduce residential leasing costs based on a market analysis of each unit and property. As a result, in the Reporting Period, INV realized a rent increase for 54.2% of the new residential lease contracts for an average rent increase of 1.5% compared to the previous rent across all new leases, and a rent increase for 33.6% of contract renewals for an average rent increase of 1.0% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate of 83.7%. The average occupancy rate achieved a stable 95.6% and the average occupancy rate for 63 properties that can be compared to the same period in the previous year (Note 9) was 94.4% (a decrease of 0.9 points). The NOI (Note 10) for the 63 properties (Note 9) in which previous year comparisons can be made increased 3.8% compared to the same period in the previous year. Furthermore, INV decided on November 21, 2016 to change the master lessee ("ML") and the property manager ("PM") for 16 properties effective December 1, 2016 and for one property effective January 1, 2017 (Note 11) respectively in order to further improve its operational efficiency as well as property performance by

consolidating the number of ML/PM from 19 to 10 for its residential portfolio.

Due to the internal growth for the Reporting Period, and trends in the real estate investment and rental market, the total appraisal value at the end of the Reporting Period was JPY 328,192 million, an increase of JPY 4,901 million (+1.5%) over the previous period. The portfolio has an unrealized gain of JPY 68,253 million (Note 12) and an unrealized gain ratio of 26.3% (Note 12).

Key Performance Indicators of 36 Hotel Properties (Note 6)

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate	89.6%	90.8%	90.2%
ADR (JPY)	9,008	9,877	9,448
RevPAR (JPY)	8,068	8,973	8,523
GOP (Note 13) (JPY million)	4,516	5,373	9,889

Year-on-Year Changes

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate	+0.1pt	-0.7pt	-0.3pt
ADR (JPY)	+8.4%	-0.0%	+3.7%
RevPAR (JPY)	+8.5%	-0.8%	+3.3%
GOP (Note 13) (JPY million)	+12.3%	-2.3%	+3.8%

Key Performance Indicators of 63 Residential Properties (Note 9)

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate (Note 1)	95.5%	94.4%	95.0%
Average Rent per Tsubo (JPY) (Note 14)	10,040	10,123	10,082
NOI (JPY million)	1,540	1,553	3,093

Year-on-Year Changes

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate (Note 1)	+1.8pt	-0.9pt	+0.5pt
Average Rent per Tsubo (JPY) (Note 14)	+1.3%	+1.7%	+1.5%
NOI (JPY million)	+5.1%	+3.8%	+4.4%

- (Note 1) “Occupancy Rate” for the entire portfolio and for the residential properties is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period
- (Note 2) Of the 48 acquired hotels, the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-Iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel
- (Note 3) “ADR” means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply
- (Note 4) “RevPAR” means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply
- (Note 5) “Occupancy rate” for the hotel properties is calculated in accordance with the following formula:
- $$\text{Occupancy rate} = \frac{\text{total number of occupied rooms during a certain period}}{\text{total number of rooms available during the same period (number of rooms x number of days)}}$$
- Hereinafter the same shall apply
- (Note 6) Of the 48 acquired hotels, two hotels which were not operating for a certain period due to renovation in 2015, Hotel MyStays Shinsaibashi (renovation period: from January 25, 2015 through March 31, 2015) and Hotel MyStays Gotanda Station (renovation period: from March 1, 2015 through November 24, 2015) and one hotel which was not fully operating for a certain period due to renovation in 2016, Hotel MyStays Kanda (renovation period: from May 20, 2016 through August 22, 2016) are excluded, in addition to the nine hotels with fixed-rent lease agreements excluded per Note 2
- (Note 7) “Overseas sales ratio” is the ratio of sales amount through overseas web agents to revenues
- (Note 8) Of the 48 acquired hotels, 12 hotels, APA Hotel Yokohama-Kannai, Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-Iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel, the tenants of which do not disclose the ratio of overseas sales; Hotel MyStays Gotanda Station, which was not operating for a certain period due to renovation in 2015 (renovation period: from March 1, 2015 through November 24, 2015); and Hotel MyStays Kanda, which was not fully operating for a certain period due to renovation in 2016 (renovation period: from May 20, 2016 through August 22, 2016), are excluded
- (Note 9) Of the 68 acquired residential properties, five properties, City Court Kitaichijo, Lieto Court Mukojima, Lieto Court Nishi-Ojima, Royal Parks Momozaka and Royal Parks Shinden, which were not held by INV in the same period in the beginning of the previous year, are excluded
- (Note 10) For the comparison of NOI of the 63 properties, insurance income and related repair expenses, which are temporary items, are excluded
- (Note 11) 16 properties for which ML/PM were changed on December 1, 2016 are Royal Park Omachi, Lexington Square Haginomachi, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Salvo Sala, Luna Court Edobori, Winntage Kobe Motomachi, Corp Higashinotoin, Prime Life Sannomiya Isogami Koen, HERMITAGE NANBA WEST, West Avenue, Prime Life Mikage, Lieto Court Mukojima and Lieto Court Nishi-Ojima. One property for which ML/PM were changed on January 1, 2017 is Acseeds Tower Kawaguchi-Namiki

(Note 12) The unrealized gain is calculated using the following formula:
the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula:
the unrealized gain ÷ book value as of the end of the Reporting Period

(Note 13) “GOP,” means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, material, water, electricity and heating and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel’s revenues. Hereinafter the same shall apply

(Note 14) “Average Rent per Tsubo” is calculated by dividing the total rental revenue including common area charges for each month by the sum of total leasable area at the end of each month during the relevant period

(3) Overview of Fund Raising

During the Reported Period, INV obtained a credit rating of ‘A’ with a ‘Positive’ outlook from the Japan Credit Rating Agency and also increased its banking group from 13 financial institutions to 19 including Japan Post Bank Co., Ltd. Below are details of the initial credit rating, which was obtained on September 27, 2016:

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

As a result of the measures described below, INV’s interest-bearing debt outstanding balance was JPY 142,419 million and the Interest-Bearing Debt ratio (Note 1) and LTV (Note 2) were 51.3% and 43.4% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.50%.

INV implemented the borrowing of Term Loan (E) (amount borrowed: JPY 4,000 million; interest rate: variable interest rate of 1-month JPY TIBOR (Note 4) plus 0.4%, 0.5% and 0.6% for durations of three, four and five years) from The Tokyo Star Bank, Limited on July 20, 2016 for use as a portion of the funds and related expenses for the two hotels acquired on June 15, 2016.

On November 30, 2016, INV repaid the portion of Term Loan (B), New Syndicate Loan (F), and Term Loan (C) in the amount of JPY 3,498 million in total that corresponds to the borrowings equivalent to the expected consumption tax refund (Note 5), using the consumption tax refunds from the five hotels acquired on January 22, 2016, the four hotels acquired on March 31, 2016, and the two hotels acquired on June 15, 2016.

In addition, a portion of INV’s existing loans from Mizuho Bank, Ltd. was transferred to Japan Post Bank Co., Ltd. in the amount of JPY 4,000 million on July 15, 2016, The Kagawa Bank, Ltd., The Shizuoka Bank, Ltd., The Hyakugo Bank, Ltd., and The Bank of Fukuoka, Ltd. in the amount of JPY 1,000 million each on July 29, 2016, The Daishi Bank, Ltd. and The Hiroshima Bank, Ltd. in the amount of JPY 1,000 each on December 20, 2016.

(Note 1) Interest-Bearing Debt ratio uses the calculation formula below:
Interest-Bearing Debt ratio = total outstanding interest-bearing debt/total assets x 100

(Note 2) LTV uses the calculation formula below:
LTV = total outstanding interest-bearing debt/total appraisal value x 100

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

(Note 4) With respect to only the first interest calculation period, the 2-month JPY TIBOR

(Note 5) Borrowings corresponding to the expected consumption tax refund mean the borrowings which will be prepaid in the amount equivalent to the refund of consumption tax and local tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings executed at the same time, in the case where the above-mentioned consumption tax refunds are received. The same shall apply hereinafter

(4) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 1,353 million from the previous period (+16.6%) to JPY 9,511 million, and net income increased by JPY 1,067 million from the previous period (+24.5%) to JPY 5,431 million. DPU for the Reporting Period was JPY 1,477, an increase of JPY 291 (+24.5%) compared to the previous period.

INV aims to include maximum profit distributions (excluding excess profit distribution) in deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (Act No. 15 of 1957; as amended), and decided to distribute all of the amount by deducting reversal of allowance for temporary differences adjustment from profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, except for fractional distribution per unit less than JPY 1. As a result, the distribution per unit (excluding excess profit distribution) for the Reporting Period is JPY 1,477. On the other hand, excess profit distribution will not be made.

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

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

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

- (Note 3) New investment units were issued in a public offering at a price of JPY 395,000 per unit (JPY 375,250 after deducting the underwriters' discount) to raise funds for the acquisition of new properties
- (Note 4) New investment units were issued in a public offering at a price of JPY 385,140 per unit (JPY 369,734 after deducting the underwriters' discount) to raise funds for the acquisition of new properties
- (Note 5) New investment units were issued in a public offering at a price of JPY 348,740 per unit (JPY 332,045 after deducting the underwriters' discount) to raise funds for the acquisition of new properties
- (Note 6) An investment unit split of five units per one unit was conducted
- (Note 7) A merger by absorption pursuant to Article 147 of the Act on Investment Trusts and Investment Corporations was conducted with LCP, with INV as the surviving entity. As a result of the merger by absorption, four investment units of INV (after the investment unit split) were allotted for each LCP investment unit. The number of LCP investment units issued as of the time of the merger by absorption was 91,800 units
- (Note 8) New investment units were issued in a third party allotment at a price of JPY 9,837 per unit to make repayment of existing loan, etc.
- (Note 9) New investment units were issued in a third party allotment at a price of JPY 13,340 per unit to make repayment of existing loan, etc.
- (Note 10) New investment units were issued in a public offering at a price of JPY 22,688 per unit (JPY 21,873 after deducting the underwriters' discount) to raise funds for the acquisition of new properties
- (Note 11) New investment units were issued in a third party allotment at a price of JPY 21,873 per unit for the purpose of cash reserve to appropriate to repayment in future borrowings
- (Note 12) New investment units were issued in a public offering at a price of JPY 57,817 per unit (JPY 55,941 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties
- (Note 13) New investment units were issued in a third party allotment at a price of JPY 55,941 per unit for the purpose of allocation to cash reserves to be used as part of the funds for future acquisition of properties
- (Note 14) New investment units were issued in a public offering at a price of JPY 81,217 per unit (JPY 78,612 after deducting the underwriters' discount) to raise a part of the funds for the acquisition of new properties
- (Note 15) New investment units were issued in a third party allotment at a price of JPY 78,612 per unit for the purpose of allocation to cash reserves to be used as a part of the funds for future acquisition of properties

Trends in Trading Prices of Investment Securities

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

Real Estate Investment and Trust Securities Section, Tokyo Securities Exchange

(Unit: JPY)

Period	23rd fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period
Closing month	December 2014	June 2015	December 2015	June 2016	December 2016
Highest	50,900	66,400	76,400	88,400	70,300
Lowest	23,020	44,500	57,900	61,100	49,600

4 Distribution Performance

With respect to profit distributions (not including distributions in excess of retained earnings) for the December 2016 period, INV decided to distribute almost all of its earnings as defined in Article 136, Paragraph 1 of the Investment Trusts Act other than fractional amount per unit less than JPY 1, after deducing the refunded amount of the allowance for temporary difference adjustments, aiming to include the maximum amount of earnings distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including distributions in excess of retained earnings per unit) is JPY 1,477. Further, INV has decided not to make distributions in excess of retained earnings.

Period	23rd fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period
Calculated Period	Jul. 1, 2014 to Dec. 31, 2014	Jan. 1, 2015 to Jun. 30, 2015	Jul. 1, 2015 to Dec. 31, 2015	Jan. 1, 2016 to Jun. 30, 2016	Jul. 1, 2016 to Dec. 31, 2016
Unappropriated retained earnings (JPY thousand)	2,031,546	2,370,704	3,028,323	4,363,420	5,659,831
Reserved profit (JPY thousand)	75,399	75,634	-	228,827	6,414
Total cash distribution (JPY thousand)	1,956,146	2,295,069	3,790,905	4,359,527	5,429,192
(Distribution per unit) (JPY)	733	860	1,187	1,186	1,477
Total profit distribution (JPY thousand)	1,956,146	2,295,069	3,027,614	4,135,302	5,429,192
(Profit distribution per unit) (JPY)	733	860	948	1,125	1,477
Total refund of investment (JPY thousand)	-	-	763,290	224,225	-
(Refund of investment per unit) (JPY)	-	-	239	61	-
Total distribution from the allowance for temporary differences adjustment out of total refund of investment (JPY thousand)	-	-	-	224,225	-
(Distribution from the allowance for temporary differences adjustment per unit out of refund of investment per unit) (JPY)	-	-	-	61	-

Total distribution from unitholders' equity under the tax laws out of the total refund of investment (JPY thousand)	-	-	763,290	-	-
Distribution from unitholders' equity under the tax laws out of refund of investment per unit (JPY)	-	-	239	-	-

5 Future Operational Policy and Issues to be Addressed

Outlook for the Fiscal Periods Ending June 30, 2017 and December 31, 2017

The DPU (including distribution in excess of retained earnings) for the June 2017 period is forecast to be JPY 1,240 (+4.6% YoY) and the DPU (including distribution in excess of retained earnings) for the December 2017 period is forecast to be JPY 1,481 (+0.3% YoY); the full year DPU (including distribution in excess of retained earnings) for calendar year 2017 is forecast to be a modest growth of JPY 2,721 (+2.2% YoY).

(I) Future operational policy and issues to be addressed

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

- Continuous acquisition of properties from sponsor and third parties
- Further internal growth at hotel and residential properties
- Diversification of financing measures including the issuance of invest corporation bonds and extension and diversification of maturities

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated, and residential properties especially where rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 67.4% of total revenue for 2016. This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign travelers visiting Japan, business and leisure customer demand, the competitive hotel environment, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental

revenue are forecasted to increase.

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties among other factors, and consider acquiring mainly small-type properties in large cities with strong competitiveness in which it believes it can achieve increases in rent. On February 22, 2017, INV decided to acquire two high quality family-type properties in Tokyo, taking into consideration of the rent growth potential for Royal Parks Tower Minami-Senju and the stability from the fixed-term lease for Royal Parks Seasir Minami-Senju, which will be beneficial to the diversification of the residential portfolio.

These two residential properties are to be acquired from the pipeline of the sponsor, the Fortress Group, which has helped INV to achieve steady external growth as follows.

Properties acquired from affiliates of the Fortress Group (as of February 22, 2017)

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

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, and III. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 1,400. In order to ensure future growth options for the portfolio, INV entered into an updated MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 22 hotels and nine residential properties (excluding two residential properties anticipated to be acquired) (see the table below) (Note 1). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

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

No.	Asset Name	Asset Type (Note 2)	Location	No. of Rooms
30	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa-shi, Chiba	52
31	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa-shi, Chiba	48
Residential Property Subtotal				743

(Note 1) The term of validity of the MOU is from December 22, 2016, the date of execution of the updated MOU, to December 21, 2017. The above 31 properties do not include two residential properties anticipated to be acquired upon the exercise of preferential negotiation rights under the MOU as of February 22, 2017. Regarding the 31 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties

(Note 2) Each “Asset Type” above is as follows:

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

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

“Resort Hotel” refers to a hotel located in tourist destinations or recreational lots, having segments of stay, food and beverage, and other facilities

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

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

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 48 hotels owned by INV as at the end of the Reporting Period, 39 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting management fees for the hotel operator as rents, and INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 33 hotels, MHM has implemented strict revenue management seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

(Residential properties and others)

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV’s residential properties, while keeping in mind the high-season in the residential rental market that occurs during the fiscal period ending June 2017, INV will focus on increasing the occupancy rate and rent for

both new lease contracts and lease renewals for each of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

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

(iii) Financial strategy

INV has obtained its initial credit rating, strengthened its relationship with existing lenders and enhanced its lender formation via adding six new lenders including Japan Post Bank Co., Ltd. in order to further stabilize its financial base. Going forward, INV will work on diversifying financing measures including issuing investment corporation bonds. Also, INV seeks to maximize unitholders' value by way of extension and diversification of its borrowing terms, further reduction of borrowing costs, solicitation of new financial institutions and further strengthening of its lender formation.

(iv) Compliance risk management

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

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

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

6 Significant subsequent events

(I) Issuance of new investment units

INV resolved on February 22, 2017 at its Board of Directors Meeting to the issuance of new investment units (“Public Offering”) and secondary offering of investment units as per the below.

(i) Issuance of new investment units through Public Offering

Number of investment units to be offered : 185,000 investment units

Use of proceeds : INV will use the proceeds from the Public Offering for the acquisitions of “Royal Parks Tower Minami-Senju” and “Royal Parks Seasir Minami-Senju” as described in “(c) Property Acquisition” below.

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

Number of investment units to be offered in the secondary offering: 9,250 investment units

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

Number of investment units to be offered (maximum): 9,250 investment units

Allottee : Mizuho Securities Co., Ltd.

Use of proceeds : INV will keep the proceeds as cash-on-hand and use for future asset acquisition. The procured funds will be deposited at banks until disbursement.

(Note) There may be cases where there will be no subscription for whole or part of the investment units to be issued through the third-party allotment, resulting in a commensurate shortfall in the ultimate number of investment units to be issued through the third-party allotment, due to forfeiture, or there may be cases where such issuance itself will not take place at all

(II) Borrowing of funds

INV has decided today to obtain new loans in order to acquire properties described in “(c) Property Acquisition” below and related expenses. The details of loans are as follows:

(i) New Syndicate Loan (G)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Mizuho Bank, Ltd. Development Bank of Japan, Inc. Resona Bank, Limited The Bank of Fukuoka, Ltd. The Shizuoka Bank, Ltd.	March 14, 2017	3,250	Variable interest rate (Note 1)	March 14, 2020	Unsecured / with no guarantee
The Nomura Trust and Banking Co., Ltd. AEON Bank, Ltd. The Dai-ichi Life Insurance Company, Limited	March 14, 2017	3,250	Variable interest rate (Note 2)	March 14, 2021	Unsecured / with no guarantee
The Gunma Bank, Ltd. The Towa Bank, Ltd.	March 14, 2017	4,750	Variable interest rate (Note 3)	March 14, 2022	Unsecured / with no guarantee
Total		11,250			

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

(Note 2)1-month JPY TIBOR (Base Rate) + spread (0.50%)

(Note 3)1-month JPY TIBOR (Base Rate) + spread (0.60%)

(ii) Term Loan (F)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation.	March 14, 2017	3,000	Variable interest rate (Note)	September 14, 2020	Unsecured / with no guarantee
Total		3,000			

(Note)1-month JPY TIBOR (Base Rate) + spread (0.45%)

(III) Property acquisition

The Asset Manager has decided on February 22, 2017 to acquire the two residential properties as follows:

Use	Property number	Property name	Location	Acquisition price (JPY million) (Note 1)	Appraisal value (JPY million) (Note 2)	Seller	Legal form of asset
Residential	A105	Royal Parks Tower Minami-Senju	Arakawa-ku, Tokyo	21,879	22,100	Sakura Tokutei Mokuteki Kaisha	Trust beneficiary interest
	A106	Royal Parks Seasir Minami-Senju	Arakawa-ku, Tokyo	2,683	2,710	Momo Tokutei Mokuteki Kaisha	
Total				24,562	24,810		

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

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

(Note 3) Figures are rounded down to the nearest million yen

Overview of the Investment Corporation

1 Overview of Investment

By Period	23rd fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period
Results Dates	As of Dec. 31, 2014	As of Jun. 30, 2015	As of Dec. 31, 2015	As of Jun. 30, 2016	As of Dec. 31, 2016
Number of issuable investment units (Unit)	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Number of investment units issued and outstanding (Unit)	2,668,686	2,668,686	3,193,686	3,675,824	3,675,824
Unitholders' capital (JPY million)	53,096	53,096	82,465	120,367	120,367
Number of total unitholders	12,148	10,731	10,587	12,135	15,634

2 Notes regarding Unitholders

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

Name	Number of units held	% of total number of investment units issued and outstanding
Calliope Godo Kaisha	609,942	16.59
Japan Trustee Services Bank, Ltd. (trust account)	472,402	12.85
Trust & Custody Services Bank, Ltd. (securities investment trust account)	395,034	10.74
The Master Trust Bank of Japan, Ltd. (trust account)	349,820	9.51
Rayo Godo Kaisha	149,925	4.07
The Nomura Trust and Banking Co., Ltd. (investment trust account)	141,012	3.83
THE BANK OF NEW YORK 133970	87,087	2.36
THE BANK OF NEW YORK MELLON SA/NV 10	75,674	2.05
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	52,849	1.43
JP MORGAN CHASE BANK 385628	47,626	1.29
Total	2,381,371	64.78

(Note) Percentages are rounded down to two decimal places

3 Notes regarding Directors

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

Position	Name	Primary responsibilities	Directors' remuneration for operating period (JPY thousand)
Executive Director	Naoki Fukuda	President and CEO, Consonant Investment Management Co., Ltd.	-
Supervisory Director	Takashi Takahashi	Attorney, Ocean General Law Office	2,400
	Hiroyuki Fujimoto	Tax accountant, CPA Fujimoto Office	2,400
Auditor	Ernst & Young ShinNihon LLC	-	11,700

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

Determination policy for dismissal or non-reappointment of Auditor

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

Matters related to parties that have received a business suspension order within the past two years

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

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

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

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

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

Status of Investment Corporation's Assets under Management

1 Composition of INV's Assets

Type of asset	Purpose	Geographic area (Note 1)	Fiscal period ended June 30, 2016 (as of June 30, 2016)		Fiscal period ended December 31, 2016 (as of December 31, 2016)	
			Amount held (JPY million) (Note 2)	Percentage of total assets (%)	Amount held (JPY million) (Note 2)	Percentage of total assets (%)
Real estate	Residences	Greater Tokyo area	-	-	-	-
		Major regional cities	-	-	-	-
		Subtotal	-	-	-	-
	Offices/Commercial Facilities	Greater Tokyo area	705	0.2	704	0.3
		Major regional cities	-	-	-	-
		Subtotal	705	0.2	704	0.3
	Parking lots, etc.	Greater Tokyo area	100	0.0	100	0.0
		Major regional cities	-	-	-	-
		Subtotal	100	0.0	100	0.0
	Hotels	Greater Tokyo area	-	-	-	-
		Major regional cities	-	-	-	-
		Subtotal	-	-	-	-
Total real estate			806	0.3	805	0.3
Real estate in trust	Residences	Greater Tokyo area	51,860	18.3	51,610	18.6
		Major regional cities	16,413	5.8	16,225	5.8
		Subtotal	68,274	24.0	67,835	24.5
	Offices/Commercial Facilities	Greater Tokyo area	7,023	2.5	7,002	2.5
		Major regional cities	5,828	2.1	5,782	2.1
		Subtotal	12,852	4.5	12,785	4.6
	Parking lots, etc.	Greater Tokyo area	-	-	-	-
		Major regional cities	-	-	-	-
		Subtotal	-	-	-	-
	Hotels	Greater Tokyo area	102,445	36.1	102,297	36.8
		Major regional cities	77,092	27.1	76,214	27.5
		Subtotal	179,537	63.2	178,511	64.4
Total real estate in trust			260,664	91.7	259,133	93.4
Deposits and other assets			22,634	8.0	17,423	6.3
Total assets (Note 3)			284,106 (261,471)	100.0 (92.0)	277,361 (259,938)	100.0 (93.7)

- (Note 1) “Greater Tokyo area” refers to Tokyo, Kanagawa, Chiba and Saitama
 (Note 2) “Amount held” is from the balance sheet as of the end of the reporting period and is calculated by deducting accumulated depreciation from the acquisition price (including acquisition related costs)
 (Note 3) The figures indicated in parenthesis under “Total assets” show the amounts related to owned real estate

2 Major Properties

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

	Name of property	Book value (JPY million)	Leasable area (m ²)	Leased area (m ²)	Occupancy rate (%) (Note 2)	Ratio of rental revenue (%)	Main use
D43	Hotel MyStays Gotanda Station	24,652	8,752.42	8,752.42	100.0	4.2	Hotel
D44	Hotel Epinard Nasu	20,620	37,702.33	37,702.33	100.0	10.9	Hotel
D47	Hotel MyStays Premier Kanazawa (Note 1)	13,667	13,250.03	13,250.03	100.0	3.6	Hotel
D21	APA Hotel Yokohama-Kannai	8,117	6,568.51	6,568.51	100.0	2.5	Hotel
D45	Hotel MyStays Fukuoka Tenjin	8,022	5,083.06	5,083.06	100.0	2.0	Hotel
D46	Hotel MyStays Hamamatsucho	7,935	1,951.90	1,951.90	100.0	1.2	Hotel
D24	Hotel MyStays Haneda	7,641	5,400.16	5,400.16	100.0	1.9	Hotel
A75	Spacia Ebisu	6,550	7,794.91	7,328.56	94.0	2.2	Residence
D03	Hotel MyStays Kyoto-shijo	5,818	7,241.51	7,241.51	100.0	3.9	Hotel
D25	Hotel MyStays Kameido P1	5,514	4,349.67	4,349.67	100.0	2.0	Hotel
	Total	108,540	98,094.50	97,628.15	99.5	34.3	-

(Note 1) The name of the property has been changed from Hotel MyStays Kanazawa on October 1, 2016. The same shall apply hereinafter

(Note 2) “Occupancy rate” is computed by dividing the leased area by leasable area, and rounded to one decimal place

3 Asset Portfolio of Real Estate, etc.

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

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
A26	Nisshin Palacestage Daitabashi	1-31-2 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,771.13	1,150	1,123
A27	Nisshin Palacestage Higashi- Nagasaki	5-4-1 Nagasaki, Toshima-ku, Tokyo	Trust beneficiary interest	2,681.94	1,270	1,092
A28	Growth Maison Gotanda	2-26-6 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,051.50	994	827
A29	Growth Maison Kameido	6-58-16 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,367.96	1,110	984
A30	Emerald House	3-27-18 Itabashi, Itabashi-ku, Tokyo	Trust beneficiary interest	2,152.31	1,380	1,374
A31	Harmonie Ochanomizu	2-5-5 Yushima, Bunkyo-ku, Tokyo	Trust beneficiary interest	1,748.24	1,330	1,355
A32	Suncrest Shakujii-Koen	3-15-35 Takanodai, Nerima-ku, Tokyo	Trust beneficiary interest	3,029.16	1,070	1,090
A33	Growth Maison Shin-Yokohama	3-16-2 Shin-Yokohama, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	1,858.44	1,180	966
A34	Belle Face Ueno-Okachimachi	1-27-5 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,351.11	1,040	956
A35	Grand Rire Kameido	3-39-12 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	1,562.26	979	829
A36	Growth Maison Ikebukuro	3-31-14 Nishi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	952.89	882	752
A37	Growth Maison Yōga	1-15-15 Okamoto, Setagaya-ku, Tokyo	Trust beneficiary interest	1,015.34	703	750
A38	Route Tachikawa	3-7-6 Nishikicho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,368.57	641	641
A39	Shibuya-Honmachi Mansion	2-35-2 Honmachi, Shibuya-ku, Tokyo	Trust beneficiary interest	1,167.50	624	655

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
A40	City Heights Kinuta	4-13-15 Kinuta, Setagaya-ku, Tokyo	Trust beneficiary interest	1,235.93	492	650
A41	Acseeds Tower Kawaguchi- Namiki	2-5-13 Namiki, Kawaguchi-shi, Saitama	Trust beneficiary interest	1,210.74	716	546
A42	Capital Heights Kagurazaka	71-1 Enokicho, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,126.65	567	621
A43	College Square Machida	3-4-4 Nakamachi, Machida-shi, Tokyo	Trust beneficiary interest	1,047.75	534	562
A44	Belair Meguro	1-2-15 Meguro, Meguro-ku, Tokyo	Trust beneficiary interest	557.05	601	561
A45	Wacore Tsunashima I	2-7-47 Tarumachi, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	907.46	515	531
A46	Foros Nakamurabashi	1-6-6 Kouyama, Nerima-ku, Tokyo	Trust beneficiary interest	815.77	566	524
A47	Growth Maison Kaijin	5-29-51 Kaijin, Funabashi-shi, Chiba	Trust beneficiary interest	2,040.27	449	523
A48	College Square Machiya	7-3-1 Arakawa, Arakawa-ku, Tokyo	Trust beneficiary interest	871.35	536	460
A51	City House Tokyo Shinbashi	6-19-1 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	3,364.00	3,160	2,342
A52	Winbell Kagurazaka	6-15 Shin-Ogawacho, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,032.70	3,850	3,063
A53	Nishiwaseda Crescent Mansion	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo	Trust beneficiary interest	4,310.77	2,400	1,883
A54	Lexington Square Akebonobashi	3-8 Yochomachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,987.88	1,780	1,338
A56	Casa Eremitaggio	1-14-15 Nakane, Meguro-ku, Tokyo	Trust beneficiary interest	1,197.19	1,090	961
A59	Towa City Coop Shinotsuka II	5-49-7 Higashi-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	1,627.13	1,070	824
A61	Bichsel Musashiseki	1-22-7 Sekimachi-Kita, Nerima-ku, Tokyo	Trust beneficiary interest	1,220.24	705	556

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
A62	Lexel Mansion Ueno Matsugaya	3-10-2 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,969.45	1,180	864
A63	Towa City Coop Sengencho	4-338-2 Sengencho, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	3,426.36	1,350	1,022
A64	Royal Park Omachi	2-11-10 Omachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,929.59	556	398
A65	Lexington Square Haginomachi	1-15-16 Haginomachi, Miyagino-ku, Sendai-shi, Miyagi	Trust beneficiary interest	1,528.58	446	289
A66	Visconti Kakuoan	2-44 Otanacho, Chikusa-ku, Nagoya-shi, Aichi	Trust beneficiary interest	705.75	266	232
A71	Lexington Square Daitabashi	1-33-18 Izumi, Suginami-ku, Tokyo	Trust beneficiary interest	1,430.64	1,150	867
A72	Lexington Square Honjo Azumabashi	4-20-6 Higashikomagata, Sumida-ku, Tokyo	Trust beneficiary interest	784.74	594	446
A73	AMS TOWER Minami 6-Jo	2-5-15 Minami 6-Jo Nishi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	4,460.56	1,230	987
A75	Spacia Ebisu	3-6-22 Higashi, Shibuya-ku, Tokyo	Trust beneficiary interest	7,794.91	7,900	6,550
A76	Neo Prominence	3-21-5 Shimo, Kita-ku, Tokyo	Trust beneficiary interest	3,574.70	1,920	1,622
A77	Invoice Shin-Kobe Residence	3-3-8 Ikutacho, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,773.71	1,420	1,194
A78	Cosmo Court Motomachi	3-12-20 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	2,310.49	1,080	918
A79	Revest Honjin	2-13 Toriidori, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,933.80	790	635
A80	Revest Matsubara	3-13-12 Matsubara, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,955.40	787	622
A81	Sun Terrace Minami Ikebukuro	2-22-6 Minami-Ikebukuro, Toshima-ku, Tokyo	Trust beneficiary interest	898.70	724	600
A82	Alba Noritake Shinmachi	3-6-8 Noritake Shinmachi, Nishi-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,731.68	721	573

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
A83	Revest Meieki Minami	2-13-33 Meieki-Minami, Nakamura-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,634.60	728	564
A84	Revest Heian	2-13-17 Heian, Kita-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,554.03	678	561
A85	Vendir Hamaotsu Ekimae	1-2-15 Hamaotsu, Otsu-shi, Shiga	Trust beneficiary interest	2,670.66	713	542
A86	Salvo Sala	2-6-21 Shimanouchi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,428.12	625	515
A87	Excellente Kagurazaka	128-1 Yamabukicho, Shinjuku-ku, Tokyo, and other one parcel	Trust beneficiary interest	701.92	615	521
A88	Luna Court Edobori	3-4-11 Edobori, Nishi-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,185.50	570	496
A89	Winntage Kobe Motomachi	7-2-2 Motomachidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	1,433.35	606	481
A90	Queen's Court Fukuzumi	1-3-10 Fukuzumi, Koto-ku, Tokyo	Trust beneficiary interest	765.18	584	439
A91	Corp Higashinotoin	380-1 Kawaranomachi, Higashinotoindori Nijo Kudara, Nakagyo-ku, Kyoto-shi, Kyoto, and other two parcels	Trust beneficiary interest	1,029.05	513	425
A92	Belair Oimachi	5-14-17 Higashi-Oi, Shinagawa-ku, Tokyo	Trust beneficiary interest	530.60	491	398
A93	Siete Minami-Tsukaguchi	3-18 Minami-Tsukaguchimachi, Amagasaki-shi, Hyogo	Trust beneficiary interest	1,020.86	433	357
A94	Prime Life Sannomiya Isogami Koen	4-3-23 Isogamidori, Chuo-ku, Kobe-shi, Hyogo	Trust beneficiary interest	789.12	434	354
A95	HERMITAGE NANBA WEST	4-10-3 Sakuragawa, Naniwa-ku, Osaka-shi, Osaka	Trust beneficiary interest	992.76	421	339
A96	Century Park Shinkawa 1-bankan	4-1-2 Shinkawacho, Minato-ku, Nagoya-shi, Aichi	Trust beneficiary interest	1,477.62	424	323
A97	West Avenue	1-5-17 Nishi, Kunitachi-shi, Tokyo	Trust beneficiary interest	794.80	322	316
A98	Little River Honmachibashi	1-34 Honmachibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	974.81	391	298

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
A99	Prime Life Mikage	2-25-11 Mikage Tsukamachi, Higashinada-ku, Kobe-shi, Hyogo	Trust beneficiary interest	761.18	337	281
A100	City Court Kitaichijo	1-6-3 Kita 1-jo Higashi, Chuo-ku, Sapporo-shi, Hokkaido	Trust beneficiary interest	5,230.18	1,920	1,835
A101	Lieto Court Mukojima	5-45-10 Mukojima, Sumida-ku, Tokyo	Trust beneficiary interest	2,940.20	1,720	1,731
A102	Lieto Court Nishi-Ojima	2-41-14 Ojima, Koto-ku, Tokyo	Trust beneficiary interest	2,048.28	1,710	1,673
A103	Royal Parks Momozaka	5-38 Fudegasakicho, Tennouji-ku, Osaka-shi, Osaka	Trust beneficiary interest	8,776.26	3,000	2,995
A104	Royal Parks Shinden	3-35-20 Shinden, Adachi-ku, Tokyo	Trust beneficiary interest	15,797.29	5,110	5,203
Subtotal				144,376.66	77,843	67,835
B08	Kindai Kagakusha Building	2-7-15 Ichigaya-Tamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	1,451.54	1,040	1,207
B09	Shinjuku Island	6-5-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo	Real estate	526.43	541	704
B14	Lexington Plaza Nishigotanda	5-2-4 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	6,033.58	4,100	4,684
B15	Cross Square NAKANO	5-24-18 Nakano, Nakano-ku, Tokyo	Trust beneficiary interest	2,145.00	1,050	1,111
B16	Ohki Aoba Building	9-7 Futsukamachi, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	2,178.37	675	733
B17	Lexington Plaza Hachiman	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi	Trust beneficiary interest	8,419.15	3,550	3,105
B18	AEON TOWN Sukagawa	105 Furukawa, Sukagawa-shi, Fukushima	Trust beneficiary interest	18,440.58	2,340	1,943
Subtotal				39,194.65	13,296	13,490
C01	Times Kanda-Sudacho 4th	1-22-7, 1-22-15 Kanda sudacho, Chiyoda-ku, Tokyo	Real estate	81.04	113	100
Subtotal				81.04	113	100

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
D01	Hotel MyStays Kanda	1-2-2 Iwamotocho, Chiyoda-ku, Tokyo	Trust beneficiary interest	2,585.72	5,260	3,066
D02	Hotel MyStays Asakusa	1-21-11 Honjo, Sumida-ku, Tokyo	Trust beneficiary interest	3,327.38	5,530	2,561
D03	Hotel MyStays Kyoto-Shijo	52 Kasabokocho, Higashiiru, Aburanokoji, Shijyodori, Shimogyo-ku, Kyoto-shi, Kyoto	Trust beneficiary interest	7,241.51	15,600	5,818
D04	MyStays Shin-Urayasu Conference Center	2-1-4 Akemi, Urayasu-shi, Chiba	Trust beneficiary interest	6,232.30	7,140	4,760
D05	Hotel MyStays Maihama	3-5-1 Tekkadori, Urayasu-shi, Chiba	Trust beneficiary interest	2,456.36	6,690	4,722
D06	Hotel Vista Premio Dojima	2-4-1 Sonezakishinchi, Kita-ku, Osaka	Trust beneficiary interest	9,445.32	7,370	3,706
D07	Hotel MyStays Nagoya-Sakae	2-23-22 Higashi-Sakura, Naka-ku, Nagoya-shi, Aichi	Trust beneficiary interest	9,064.71	5,850	2,792
D08	Hotel MyStays Sakaisuji-Honmachi	1-4-8 Awaji-machi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,188.83	8,580	2,441
D09	Hotel MyStays Yokohama	4-81 Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	7,379.43	3,500	2,039
D10	Hotel MyStays Nippori	5-43-7 Higashi-Nippori, Arakawa-ku, Tokyo	Trust beneficiary interest	1,719.29	3,630	1,838
D11	Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20 Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	3,412.71	4,390	1,526
D12	Flexstay Inn Iidabashi	3-26 Shin-Ogawamachi, Shinjuku-ku, Tokyo	Trust beneficiary interest	2,953.38	2,180	1,366
D13	Hotel MyStays Ueno Inaricho	1-5-7 Matsugaya, Taito-ku, Tokyo	Trust beneficiary interest	1,150.76	2,580	1,280
D14	Flexstay Inn Shinagawa	1-22-19 Kita-Shinagawa, Shinagawa-ku, Tokyo	Trust beneficiary interest	1,134.52	2,130	1,221
D15	Flexstay Inn Tokiwadai	1-52-5 Tokiwadai, Itabashi-ku, Tokyo	Trust beneficiary interest	2,539.75	2,300	1,230
D16	Flexstay Inn Sugamo	3-6-16 Sugamo, Toshima-ku, Tokyo	Trust beneficiary interest	2,089.86	2,170	1,157

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
D17	Hotel MyStays Otemae	1-3-2 Tokuicho, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	4,956.66	4,720	1,169
D18	Flexstay Inn Kiyosumi Shirakawa	1-12-16 Tokiwa, Koto-ku, Tokyo	Trust beneficiary interest	2,673.64	1,320	737
D19	Flexstay Inn Nakanobu P1	4-27-12 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	770.56	837	578
D20	Flexstay Inn Nakanobu P2	4-27-8 Futaba, Shinagawa-ku, Tokyo	Trust beneficiary interest	391.49	403	284
D21	APA Hotel Yokohama-Kannai	3-37-2 Sumiyoshicho, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficiary interest	6,568.51	9,660	8,117
D22	Hotel Nets Hakodate	26-17 Honcho, Hakodate-shi, Hokkaido	Trust beneficiary interest	7,961.26	3,580	2,707
D23	Flexstay Inn Shirogane	5-10-15 Shirokane, Minato-ku, Tokyo	Trust beneficiary interest	1,754.06	2,310	2,108
D24	Hotel MyStays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	Trust beneficiary interest	5,400.16	8,490	7,641
D25	Hotel MyStays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	4,349.67	7,150	5,514
D26	Hotel MyStays Ueno Iriyaguchi	5-5-13 Higashi-Ueno, Taito-ku, Tokyo	Trust beneficiary interest	2,247.92	4,520	3,770
D27	Hotel MyStays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	Trust beneficiary interest	2,793.99	4,840	3,681
D28	Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka-shi, Shizuoka	Trust beneficiary interest	3,559.81	2,400	2,144
D29	Super Hotel Shinbashi/ Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	Trust beneficiary interest	1,403.89	1,800	1,618
D30	Flexstay Inn Higashi-Jujo	2-10-2 Nakajujo, Kita-ku, Tokyo	Trust beneficiary interest	1,714.53	1,430	1,271
D31	Hotel MyStays Utsunomiya	2-4-1 Higashi-Shukugo, Utsunomiya-shi, Tochigi	Trust beneficiary interest	11,733.23	1,280	1,238
D32	Flexstay Inn Kawasaki-Kaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	1,190.57	1,180	962

Name of property		Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
D33	Comfort Hotel Toyama	1-3-2 Takara-machi, Toyama-shi, Toyama	Trust beneficiary interest	3,305.64	1,090	963
D34	Flexstay Inn Kawasaki-Ogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficiary interest	725.60	1,060	896
D35	Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	Trust beneficiary interest	3,932.93	5,040	5,001
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	2-21-9 Akebonocho, Tachikawa-shi, Tokyo	Trust beneficiary interest	1,832.97	1,230	1,156
D37	Super Hotel JR Ueno-iriyaguchi	7-9-14 Ueno, Taito-ku, Tokyo	Trust beneficiary interest	1,279.16	1,220	1,121
D38	Hotel MyStays Shinsaibashi	1-9-30 Nishi-Shinsaibashi, Chuo-ku, Osaka-shi, Osaka	Trust beneficiary interest	1,942.01	3,410	3,137
D39	Comfort Hotel Kurosaki	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyusyu-shi, Fukuoka	Trust beneficiary interest	3,207.60	1,200	1,134
D40	Comfort Hotel Maebashi	2-18-14 Omotecho, Maebashi-shi, Gunma	Trust beneficiary interest	3,660.96	1,160	1,136
D41	Comfort Hotel Tsubame-Sanjo	2-115 Sugoro, Sanjo-shi, Niigata	Trust beneficiary interest	3,099.90	1,060	1,006
D42	Comfort Hotel Kitami	3-4 Ohdori-Nishi, Kitami-shi, Hokkaido	Trust beneficiary interest	3,009.50	890	843
D43	Hotel MyStays Gotanda Station	2-6-8 Nishi-Gotanda, Shinagawa-ku, Tokyo	Trust beneficiary interest	8,752.42	24,800	24,652
D44	Hotel Epinard Nasu	1-10 Kaidoue (and 59 other land parcels), Oaza-Takakuhei, Nasu-machi, Nasu-gun, Tochigi	Trust beneficiary interest	37,702.33	21,600	20,620
D45	Hotel MyStays Fukuoka Tenjin	3-5-7 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficiary interest	5,083.06	8,280	8,022
D46	Hotel MyStays Hamamatsucho	1-18-14 Hamamatsucho, Minato-ku, Tokyo	Trust beneficiary interest	1,951.90	8,010	7,935
D47	Hotel MyStays Premier Kanazawa	2-13-1 Hirooka, Kanazawa-shi, Ishikawa	Trust beneficiary interest	13,250.03	13,900	13,667
D48	Takamatsu Tokyu REI Hotel	9-9 Hyogomachi, Takamatsu-shi, Kagawa	Trust beneficiary interest	7,148.17	2,170	2,135

Name of property	Location (Note 1)	Legal form of asset	Leasable area (m ²)	Appraisal value as of December 31, 2016 (JPY million) (Note 2)	Book value (JPY million)
Subtotal			226,275.96	236,940	178,511
Total			409,928.31	328,192	259,938

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

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

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

Name of property		26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)
A26	Nisshin Palacestage Daitabashi	1	97.0	39,605	0.5	1	98.0	39,494	0.4
A27	Nisshin Palacestage Higashi- Nagasaki	1	93.2	45,952	0.6	1	96.5	43,857	0.5
A28	Growth Maison Gotanda	1	100.0	27,349	0.3	1	100.0	27,345	0.3
A29	Growth Maison Kameido	1	95.5	34,404	0.4	1	92.4	33,416	0.4
A30	Emerald House	1	100.0	50,753	0.6	1	96.9	43,288	0.5
A31	Harmonie Ochanomizu	1	100.0	40,389	0.5	1	100.0	41,703	0.4
A32	Suncrest Shakujii-Koen	1	84.3	34,709	0.4	1	94.0	34,586	0.4
A33	Growth Maison Shin-Yokohama	1	89.7	34,823	0.4	1	94.2	34,347	0.4
A34	Belle Face Ueno-Okachimachi	1	98.3	33,342	0.4	1	95.2	30,471	0.3
A35	Grand Rire Kameido	1	100.0	26,619	0.3	1	100.0	26,619	0.3
A36	Growth Maison Ikebukuro	1	97.6	26,408	0.3	1	100.0	26,733	0.3
A37	Growth Maison Yoga	1	97.5	21,839	0.3	1	94.8	22,092	0.2
A38	Route Tachikawa	1	93.2	20,700	0.3	1	100.0	20,282	0.2
A39	Shibuya-Honmachi Mansion	1	95.9	20,473	0.3	1	91.9	19,621	0.2
A40	City Heights Kinuta	1	100.0	17,446	0.2	1	94.6	16,158	0.2
A41	Acseeds Tower Kawaguchi-Namiki	1	94.8	24,262	0.3	1	89.4	24,556	0.3
A42	Capital Heights Kagurazaka	1	97.2	18,752	0.2	1	97.2	18,565	0.2
A43	College Square Machida	1	100.0	17,484	0.2	1	100.0	17,484	0.2
A44	Belair Meguro	1	96.1	16,436	0.2	1	92.1	16,259	0.2
A45	Wacore Tsunashima I	1	98.0	18,466	0.2	1	89.9	18,690	0.2
A46	Foros Nakamurabashi	1	96.2	18,546	0.2	1	91.2	17,597	0.2
A47	Growth Maison Kaijin	1	97.7	21,918	0.3	1	97.4	22,145	0.2
A48	College Square Machiya	1	100.0	14,706	0.2	1	100.0	14,706	0.2
A51	City House Tokyo Shinbashi	1	96.1	90,692	1.1	1	93.3	92,285	1.0

Name of property	26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)				
	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	
A52	Winbell Kagurazaka	1	98.6	107,429	1.3	1	95.5	101,878	1.1
A53	Nishiwaseda Crescent Mansion	1	100.0	72,347	0.9	1	95.8	73,724	0.8
A54	Lexington Square Akebonobashi	1	95.4	51,132	0.6	1	96.7	49,405	0.5
A56	Casa Eremitaggio	1	100.0	31,694	0.4	1	96.7	34,594	0.4
A59	Towa City Coop Shinotsuka II	1	97.6	35,168	0.4	1	96.3	35,150	0.4
A61	Bichsel Musashiseki	1	95.7	24,923	0.3	1	91.5	22,918	0.2
A62	Lexel Mansion Ueno Matsugaya	1	100.0	46,988	0.6	1	96.4	34,740	0.4
A63	Towa City Coop Sengencho	1	91.1	59,002	0.7	1	89.7	56,386	0.6
A64	Royal Park Omachi	1	96.7	26,051	0.3	1	92.8	25,432	0.3
A65	Lexington Square Haginomachi	1	100.0	17,646	0.2	1	92.1	17,590	0.2
A66	Visconti Kakuozan	1	100.0	10,533	0.1	1	83.8	11,857	0.1
A71	Lexington Square Daitabashi	1	97.2	29,731	0.4	1	92.9	32,254	0.3
A72	Lexington Square Honjo Azumabashi	1	94.1	17,760	0.2	1	96.9	19,035	0.2
A73	AMS TOWER Minami 6-Jo	1	87.6	47,964	0.6	1	86.1	45,686	0.5
A75	Spacia Ebisu	1	91.7	199,105	2.4	1	94.0	205,456	2.2
A76	Neo Prominence	1	96.2	65,593	0.8	1	95.0	64,271	0.7
A77	Invoice Shin-Kobe Residence	1	98.2	49,993	0.6	1	81.5	46,782	0.5
A78	Cosmo Court Motomachi	1	96.3	37,778	0.5	1	86.5	35,528	0.4
A79	Revest Honjin	1	97.5	31,265	0.4	1	95.0	31,699	0.3
A80	Revest Matsubara	1	88.7	28,956	0.4	1	91.8	28,164	0.3
A81	Sun Terrace Minami Ikebukuro	1	100.0	23,817	0.3	1	97.4	23,830	0.3
A82	Alba Noritake Shinmachi	1	97.2	26,647	0.3	1	91.0	25,917	0.3
A83	Revest Meieki Minami	1	96.6	26,539	0.3	1	93.6	25,956	0.3
A84	Revest Heian	1	100.0	24,076	0.3	1	88.7	23,023	0.2
A85	Vendir Hamaotsu Ekimae	1	95.3	33,371	0.4	1	93.4	32,640	0.3
A86	Salvo Sala	1	100.0	25,795	0.3	1	96.7	24,657	0.3

Name of property		26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)
A87	Excellente Kagurazaka	1	97.1	17,871	0.2	1	88.3	18,252	0.2
A88	Luna Court Edobori	1	96.0	21,499	0.3	1	98.0	21,451	0.2
A89	Winntage Kobe Motomachi	1	86.0	21,396	0.3	1	80.7	19,673	0.2
A90	Queen's Court Fukuzumi	1	93.1	17,240	0.2	1	96.6	16,843	0.2
A91	Corp Higashinotoin	1	90.8	17,464	0.2	1	95.2	17,203	0.2
A92	Belair Oimachi	1	100.0	15,582	0.2	1	92.9	14,448	0.2
A93	Siete Minami-Tsukaguchi	1	97.5	16,684	0.2	1	97.5	16,605	0.2
A94	Prime Life Sannomiya Isogami Koen	1	93.8	15,129	0.2	1	87.5	13,769	0.1
A95	HERMITAGE NANBA WEST	1	100.0	14,372	0.2	1	88.0	15,516	0.2
A96	Century Park Shinkawa 1-bankan	1	95.4	17,500	0.2	1	90.9	17,409	0.2
A97	West Avenue	1	85.0	11,037	0.1	1	87.5	12,254	0.1
A98	Little River Honmachibashi	1	100.0	13,951	0.2	1	96.9	13,795	0.1
A99	Prime Life Mikage	1	96.7	12,143	0.1	1	86.8	11,566	0.1
A100	City Court Kitaichijo	1	95.7	66,535	0.8	1	94.8	65,467	0.7
A101	Lieto Court Mukojima	1	96.8	53,918	0.7	1	95.3	53,665	0.6
A102	Lieto Court Nishi-Ojima	1	98.0	48,584	0.6	1	96.8	48,105	0.5
A103	Royal Parks Momozaka	4	100.0	124,216	1.5	4	100.0	139,988	1.5
A104	Royal Parks Shinden	4	100.0	108,933	1.3	4	100.0	215,643	2.3
Subtotal		74	96.4	2,481,468	30.4	74	94.7	2,562,556	26.9
B8	Kindai Kagakusha Building	1	100.0	37,069	0.5	1	100.0	38,162	0.4
B9	Shinjuku Island	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
B14	Lexington Plaza Nishigotanda	7	100.0	149,977	1.8	7	91.8	140,640	1.5
B15	Cross Square NAKANO	1	84.1	39,416	0.5	1	89.1	44,623	0.5
B16	Ohki Aoba Building	1	83.6	39,081	0.5	1	83.6	34,522	0.4
B17	Lexington Plaza Hachiman	1	98.8	163,598	2.0	1	100.0	163,789	1.7
B18	AEON TOWN Sukagawa	1	100.0	142,027	1.7	1	100.0	142,027	1.5

Name of property		26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)
Subtotal		13	98.0	588,368	7.2	13	97.2	580,963	6.1
C1	Times Kanda-Sudacho 4th	1	100.0	2,700	0.0	1	100.0	2,700	0.0
Subtotal		1	100.0	2,700	0.0	1	100.0	2,700	0.0
D1	Hotel MyStays Kanda	1	100.0	88,987	1.1	1	100.0	95,222	1.0
D2	Hotel MyStays Asakusa	1	100.0	128,239	1.6	1	100.0	115,200	1.2
D3	Hotel MyStays Kyoto-Shijo	1	100.0	358,013	4.4	1	100.0	367,441	3.9
D4	MyStays Shin-Urayasu Conference Center	1	100.0	179,110	2.2	1	100.0	212,187	2.2
D5	Hotel MyStays Maihama	1	100.0	148,450	1.8	1	100.0	183,694	1.9
D6	Hotel Vista Premio Dojima	1	100.0	206,141	2.5	1	100.0	215,896	2.3
D7	Hotel MyStays Nagoya-Sakae	1	100.0	180,607	2.2	1	100.0	197,906	2.1
D8	Hotel MyStays Sakaisuji-Honmachi	1	100.0	194,326	2.4	1	100.0	201,529	2.1
D9	Hotel MyStays Yokohama	1	100.0	111,541	1.4	1	100.0	118,878	1.2
D10	Hotel MyStays Nippori	1	100.0	72,466	0.9	1	100.0	65,615	0.7
D11	Hotel MyStays Fukuoka-Tenjin-Minami	1	100.0	110,274	1.4	1	100.0	137,361	1.4
D12	Flexstay Inn Idabashi	1	100.0	52,789	0.6	1	100.0	52,029	0.5
D13	Hotel MyStays Ueno Inaricho	1	100.0	53,901	0.7	1	100.0	51,818	0.5
D14	Flexstay Inn Shinagawa	1	100.0	48,453	0.6	1	100.0	50,600	0.5
D15	Flexstay Inn Tokiwadai	1	100.0	64,932	0.8	1	100.0	60,368	0.6
D16	Flexstay Inn Sugamo	1	100.0	55,657	0.7	1	100.0	54,852	0.6
D17	Hotel MyStays Otamae	1	100.0	137,938	1.7	1	100.0	144,286	1.5
D18	Flexstay Inn Kiyosumi Shirakawa	1	100.0	40,024	0.5	1	100.0	39,669	0.4
D19	Flexstay Inn Nakanobu P1	1	100.0	22,914	0.3	1	100.0	21,653	0.2
D20	Flexstay Inn Nakanobu P2	1	100.0	12,159	0.1	1	100.0	11,371	0.1
D21	APA Hotel Yokohama-Kannai	1	100.0	231,479	2.8	1	100.0	234,973	2.5
D22	Hotel Nets Hakodate	1	100.0	110,080	1.3	1	100.0	160,872	1.7

Name of property		26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)
D23	Flexstay Inn Shirogane	1	100.0	58,122	0.7	1	100.0	54,444	0.6
D24	Hotel MyStays Haneda	1	100.0	177,466	2.2	1	100.0	178,271	1.9
D25	Hotel MyStays Kameido P1	1	100.0	176,496	2.2	1	100.0	186,026	2.0
D26	Hotel MyStays Ueno Iriyaguchi	1	100.0	106,248	1.3	1	100.0	98,762	1.0
D27	Hotel MyStays Kameido P2	1	100.0	123,608	1.5	1	100.0	130,259	1.4
D28	Hotel Vista Shimizu	1	100.0	67,741	0.8	1	100.0	83,319	0.9
D29	Super Hotel Shinbashi/Karasumoriguchi	1	100.0	39,426	0.5	1	100.0	39,426	0.4
D30	Flexstay Inn Higashi-Jujo	1	100.0	40,114	0.5	1	100.0	40,126	0.4
D31	Hotel MyStays Utsunomiya	1	100.0	77,939	1.0	1	100.0	64,742	0.7
D32	Flexstay Inn Kawasaki-Kaizuka	1	100.0	31,955	0.4	1	100.0	32,535	0.3
D33	Comfort Hotel Toyama	1	100.0	35,928	0.4	1	100.0	35,928	0.4
D34	Flexstay Inn Kawasaki-Ogawacho	1	100.0	29,136	0.4	1	100.0	28,421	0.3
D35	Flexstay Inn Ekoda	1	100.0	113,216	1.4	1	100.0	110,022	1.2
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	1	100.0	31,787	0.4	1	100.0	31,787	0.3
D37	Super Hotel JR Ueno-iriyaguchi	1	100.0	27,275	0.3	1	100.0	27,275	0.3
D38	Hotel MyStays Shinsaibashi	1	100.0	84,282	1.0	1	100.0	90,819	1.0
D39	Comfort Hotel Kurosaki	1	100.0	33,616	0.4	1	100.0	37,894	0.4
D40	Comfort Hotel Maebashi	2	100.0	38,901	0.5	2	100.0	43,811	0.5
D41	Comfort Hotel Tsubame-Sanjo	2	100.0	31,003	0.4	2	100.0	34,949	0.4
D42	Comfort Hotel Kitami	1	100.0	26,879	0.3	1	100.0	30,300	0.3
D43	Hotel MyStays Gotanda Station	1	100.0	254,397	3.1	1	100.0	396,612	4.2
D44	Hotel Epinard Nasu	1	100.0	627,563	7.7	1	100.0	1,040,790	10.9
D45	Hotel MyStays Fukuoka Tenjin	1	100.0	109,967	1.3	1	100.0	190,416	2.0
D46	Hotel MyStays Hamamatsucho	1	100.0	77,364	0.9	1	100.0	115,208	1.2
D47	Hotel MyStays Kanazawa	1	100.0	49,162	0.6	1	100.0	343,391	3.6

Name of property		26th fiscal period (January 1, 2016 to June 30, 2016)				27th fiscal period (July 1, 2016 to December 31, 2016)			
		Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)	Number of tenants (at end of period) (unit)	Occupancy rate (at end of period) (%) (Note 1)	Rental revenue (during period) (JPY thousand) (Note 2)	Ratio of rental revenue (%)
D48	Takamatsu Tokyu REI Hotel	3	100.0	7,591	0.1	3	100.0	106,269	1.1
Subtotal		52	100.0	5,085,683	62.3	52	100.0	6,365,246	66.9
Total		140	98.5	8,158,220	100.0	140	97.9	9,511,466	100.0

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

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

(Note 3) Not disclosed because the consent of the tenant was not obtained

4 Asset Portfolio of Facilities Generating Renewable Energy, etc.

Not applicable

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

Not applicable

6 Status of Contract Amount and Fair Value of Specified Transaction

As of December 31, 2016, the contract amount and fair value of the outstanding transaction under the specified transaction account of INV are as follows.

Category	Transaction type, etc.	(Unit: JPY thousand)		Fair value (Note 2)
		Contract amount (Note 1)	Amounts due after one year	
Non-market transaction	Interest rate swap Receive floating rate/pay fixed rate	99,119,000	99,119,000	151,259

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

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

7 Status of Other Assets

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

8 Asset Owned Outside of Japan or the Region

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

Capital expenditures for properties held by INV

1 Schedule for capital expenditures

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

Name of property	Location	Purpose	Scheduled time of implementation	Estimated cost (JPY thousand)			
				Total	Payment for the fiscal period ended December 31, 2016	Advance payments	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Renovation work	From January 2017 to June 2017	450,000	-	-
B15	Cross Square NAKANO	Nakano-ku, Tokyo	Parking lots equipment repair work	From January 2017 to June 2017	17,000	-	-
A52	Winbell Kagurazaka	Shinjuku-ku, Tokyo	Repair work of deteriorated rooftop waterproof/Partial repair and paint work of outer wall	From January 2017 to June 2017	15,330	-	-

2 Capital expenditures for the fiscal period ended December 31, 2016

The principal construction work constituting capital expenditures for the real estate assets for the fiscal period ended December 31, 2016 is as follows. Capital expenditures for the fiscal period totaled JPY 532,163 thousand, and together with JPY 24,069 thousand in repair costs included in this fiscal period's expenses, construction work totaling JPY 556,232 thousand was implemented.

Name of property	Location	Purpose	Time of implementation	Payment (JPY thousand)	
D01	Hotel MyStays Kanda	Chiyoda-ku, Tokyo	Renovation work	From July 2016 To December 2016	154,601
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Hotel interior renovation work	From July 2016 To December 2016	14,325
B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	Rooftop parking lot repair work	From July 2016 To December 2016	10,564
D06	Hotel Vista Premio Dojima	Osaka-shi, Osaka	Repair work of multi-story car parking equipment	From July 2016 To December 2016	8,410
D06	Hotel Vista Premio Dojima	Osaka-shi, Osaka	Replacement work of thyristor based battery chargers	From July 2016 To December 2016	7,500
Other construction					360,831
Total					556,232

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

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

(Unit: JPY thousand)

Fiscal period	23rd fiscal period	24th fiscal period	25th fiscal period	26th fiscal period	27th fiscal period
	From July 1, 2014 to December 31, 2014	From January 1, 2015 to June 30, 2015	From July 1, 2015 to December 31, 2015	From January 1, 2016 to June 30, 2016	From July 1, 2016 to December 31, 2016
Reserved funds at beginning of period	579,682	738,365	852,699	982,750	1,303,685
Amount reserved (Note)	268,495	283,147	352,490	543,275	446,066
Amount reversed (Note)	109,812	168,813	222,439	222,339	352,464
Amount carried over for next fiscal period	738,365	852,699	982,750	1,303,685	1,397,286

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

Overview of Expenses and Liabilities

1 Statement of Operating Expenses

(JPY thousand)

Item	26th fiscal period January 1, 2016 to June 30, 2016		27th fiscal period July 1, 2016 to December 31, 2016	
	(a) Asset management fees	250,000	250,000	250,000
(b) Asset custody fees	9,128	14,026	14,026	14,026
(c) Administrative services fees	24,010	27,890	27,890	27,890
(d) Directors' compensation	4,800	4,800	4,800	4,800
(e) Other	98,390	118,471	118,471	118,471
Total	386,329	415,187	415,187	415,187

2 Borrowing Conditions

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

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Payment method	Purpose	Notes
	Lender								
Short-term loans	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	498,000	-	0.237	Jan. 22, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee
	Mizuho Bank, Ltd.	Mar. 31, 2016	604,000	-	0.237	Mar. 30, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		826,000	-					
	Sumitomo Mitsui Trust Bank, Limited		688,000	-					
	Citibank Japan Ltd.	Jun. 15, 2016	882,000	-	0.237	Jun. 15, 2017	(Note 3)	(Note 2)	Unsecured / with no guarantee
Subtotal			3,498,000	-					
Long-term loans	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.375	Jul. 16, 2018	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	Mitsubishi UFJ Trust and Banking Corporation		668,000	668,000					

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Payment method	Purpose	Notes
	Lender								
Long-term loans	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.480	Jul. 16, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	Mitsubishi UFJ Trust and Banking Corporation		668,000	668,000					
	Sumitomo Mitsui Banking Corporation	Jul. 16, 2015	5,992,000	5,992,000	0.590	Jul. 16, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		5,992,000	5,992,000					
	Mizuho Bank, Ltd.		5,992,000	5,992,000					
	Shinsei Bank, Limited		3,330,000	3,330,000					
	Citibank Japan Ltd.		3,000,000	3,000,000					
	Sumitomo Mitsui Trust Bank, Limited		2,670,000	2,670,000					
	Resona Bank, Limited		1,335,000	1,335,000					
	Mitsubishi UFJ Trust and Banking Corporation		668,000	668,000					
	Mizuho Bank, Ltd	Aug. 28, 2015	3,682,000	3,682,000	0.490	Aug. 28, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.343	Jan. 22, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
Mitsubishi UFJ Trust and Banking Corporation	850,000		850,000						
Sumitomo Mitsui Trust Bank, Limited	Jan. 22, 2016	3,400,000	3,400,000	0.600	Jan. 22, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee	
Mitsubishi UFJ Trust and Banking Corporation		850,000	850,000						

	Type	Borrowing date	Balance at beginning of Reporting Period (JPY thousand)	Balance at end of Reporting Period (JPY thousand)	Average interest rate (%) (Note 1)	Repayment date	Payment method	Purpose	Notes
	Lender								
Long-term loans	Mizuho Bank, Ltd	Mar. 31, 2016	4,465,000	465,000	0.443	Mar. 30, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,181,000	2,181,000					
	Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	Mitsubishi UFJ Trust and Banking Corporation		650,000	650,000					
	Japan Post Bank Co., Ltd.		-	2,000,000					
	Development Bank of Japan, Inc.		1,000,000	1,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		270,000	1,270,000					
	The Daishi Bank, Ltd.		-	1,000,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Mizuho Bank, Ltd	Mar. 31, 2016	4,465,000	965,000	0.545	Mar. 30, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	2,180,000					
	Shinsei Bank, Limited		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	Mitsubishi UFJ Trust and Banking Corporation		650,000	650,000					
	Japan Post Bank Co., Ltd.		-	2,000,000					
	The Bank of Fukuoka, Ltd.		333,000	333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		-	500,000					
The Hyakugo Bank, Ltd.	-		1,000,000						
The Nomura Trust and Banking Co., Limited	270,000		270,000						

Type	Lender	Borrowing date	Balance at beginning of Reporting Period	Balance at end of Reporting Period	Average interest rate (%)	Repayment date	Payment method	Purpose	Notes
			(JPY thousand)	(JPY thousand)					
Long-term loans	Mizuho Bank, Ltd	Mar. 31, 2016	4,465,000	1,965,000	0.648	Mar. 30, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,125,000	1,125,000					
	Sumitomo Mitsui Trust Bank, Limited		2,180,000	2,180,000					
	Shinsei Bank, Limited.		570,000	570,000					
	Resona Bank, Limited		570,000	570,000					
	Mitsubishi UFJ Trust and Banking Corporation		650,000	650,000					
	The Bank of Fukuoka, Ltd.		333,000	1,333,000					
	The Shizuoka Bank, Ltd.		270,000	270,000					
	The Kagawa Bank, Ltd.		-	500,000					
	The Hiroshima Bank, Ltd.		-	1,000,000					
	The Nomura Trust and Banking Co., Limited		270,000	270,000					
	Citibank Japan Ltd.	Jun. 15, 2016	1,000,000	1,000,000	0.443	Jun. 15, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Citibank Japan Ltd.	Jun. 15, 2016	1,000,000	1,000,000	0.545	Jun. 15, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Citibank Japan Ltd.	Jun. 15, 2016	1,000,000	1,000,000	0.648	Jun. 15, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee
	Development Bank of Japan, Inc.	Jun. 30, 2016	1,000,000	1,000,000	0.443	Jun. 30, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee
AEON Bank, Ltd.	Jun. 30, 2016	3,000,000	3,000,000	0.648	Jun. 30, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee	
Tokyo Star Bank, Limited	Jul. 20, 2016	-	700,000	0.443	Jul. 20, 2019	(Note 4)	(Note 2)	Unsecured / with no guarantee	
Tokyo Star Bank, Limited	Jul. 20, 2016	-	1,600,000	0.545	Jul. 20, 2020	(Note 4)	(Note 2)	Unsecured / with no guarantee	
Tokyo Star Bank, Limited	Jul. 20, 2016	-	1,700,000	0.648	Jul. 20, 2021	(Note 4)	(Note 2)	Unsecured / with no guarantee	
Subtotal			138,419,000	142,419,000					
Total			141,917,000	142,419,000					

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

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

(Note 3) INV repaid the principal accompanied with the receipt of consumption tax refund on November 30, 2016

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

3 Investment Corporation Bonds

Not applicable

4 Short-Term Investment Corporation Bonds

Not applicable

5 Investment Unit Options

Not applicable

Acquisitions and Sales for the Fiscal Period Ended December 31, 2016

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

Not applicable

2 Acquisitions and Sales of Other Assets

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

3 Transaction Price Verifications

Not applicable

4 Transactions with Interested Parties

(1) Transactions

Not applicable

(2) Commissions Paid

Not applicable

5 Transactions between the Asset Manager and Its Other Businesses

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

Financial Condition

1 Assets, Liabilities, Principal, and Profit and Loss

Please refer to Audited Financial Statements for the Fiscal Period ended December 31, 2016 (July 1, 2016 to December 31, 2016).

2 Changes in the Calculation Method of Depreciation

Not applicable

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

Not applicable

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

Not applicable

Other

1 Notice

(1) General Meeting of Unitholders

INV's General Meeting of Unitholders was held on September 26, 2016.

The summary of the matters approved at the General Meeting of Unitholders are as follows.

Agenda		Summary
Proposal No. 1	Partial Amendment to Articles of Incorporation	<ol style="list-style-type: none">1. With the consent of the asset management company, the asset management fees for the period from January 2013 to December 2016 have been reduced. INV has further obtained the consent of the asset management company to reduce the amount of asset management fees for the period from January 2017 to December 2017 to the amount which is lower than the amount applicable if such reduction were not made, and which is equal to the amount applied for the period from January 2016 to December 2016. Accordingly, INV amended the standards concerning the amount and payment for the asset management fees effective January 1, 2017.2. In response to the amendment to the taxation (including the relevant laws and regulations) in respect of the tax bearing issue in relation to the discrepancy between tax and accounting treatment of investment corporations, INV made necessary amendment to the relevant article. Furthermore, so as to establish the provisions concerning the entrustment of general administrative services on allotment without contribution of new investment unit options and acquisition of its own investment units, both of which are prescribed in the Act on Investment Trusts and Investment Corporations, and, in addition, so as to clarify that the Investment Corporation shall bear the expenses associated with the acquisition of its own investment units, the allotment without contribution of new investment unit options and the issuance of investment corporation bonds, INV has amended the relevant articles. In

		addition, necessary additions or deletions of provisions, revision and clarification of expressions, and other changes in the wording of INV's Articles of Incorporation are made.
Proposal No. 2	Appointment of One (1) Executive Director	Naoki Fukuda was appointed.
Proposal No. 3	Appointment of One (1) Substitute Executive Director	Christopher Reed was appointed.
Proposal No. 4	Appointment of Two (2) Supervisory Directors	Takashi Takahashi and Hiroyuki Fujimoto were appointed.

(2) Board of Directors of Investment Corporation

There are no matters regarding execution and amendment of the principal agreement approved by INV's Board of Directors in the Reporting Period.

2 Disclosure of companies owning real estate overseas

Not applicable

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

Not applicable

4 Risk Factors

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

Property and Business Risks

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

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

Management and Governance Risks

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

Taxation Risks

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our distributions to our unitholders.
- If the Japanese tax authorities disagree with the interpretations we used for prior periods, we may be forced to pay additional taxes for those periods.

- We may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2018.

Legal and Regulatory Risks

- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property we own if the purchase of the property is recharacterized as a secured financing.
- Acquisition of properties for which third parties hold leasehold interests in the land and own the buildings may subject us to various risks.
- Our leasehold interests may be terminated or may not be asserted against a third party in some cases, or our leases with our tenants could be modified.
- We currently hold several properties in the form of compartmentalized ownership interests (*kubun shoyu-ken*) and our rights relating to such properties may be affected by the intentions of other owners
- We may acquire properties in the form of co-ownership (*kyoyu*) and our rights relating to such properties may be affected by the intentions of other owners.
- Tax increases or adverse changes in applicable laws may affect our potential liabilities relating to our properties and operations.
- Compliance with energy conservation regulations in Japan may adversely affect our financial results.
- Our costs of complying with regulations applicable to our properties could adversely affect our results of operations.
- We own a substantial portion of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- The Alternative Investment Fund Managers Directive may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute “plan assets” for ERISA purposes, which may lead to the rescission of certain transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

5 Other

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

II. Balance Sheet

(Unit: JPY thousand)

	Fiscal period ended June 30, 2016 (Reference) (as of June 30, 2016)	Fiscal period ended December 31, 2016 (as of December 31, 2016)
Assets		
Current assets:		
Cash and bank deposits	11,322,762	8,714,907
Cash and bank deposits in trust	5,441,316	5,499,826
Accounts receivable	201	19
Rental receivables	1,375,846	1,398,433
Prepaid expenses	394,524	387,328
Consumption taxes receivable	2,672,787	-
Other	35	32
Allowance for doubtful accounts	(2,764)	(1,334)
Total current assets	21,204,709	15,999,214
Non-current assets:		
Property and equipment		
Buildings, at cost	85,914	85,914
Accumulated depreciation	(9,948)	(10,489)
Buildings, net	75,965	75,424
Buildings and accompanying facilities, at cost	38,862	38,862
Accumulated depreciation	(21,375)	(22,150)
Buildings and accompanying facilities, net	17,487	16,712
Structures, at cost	2,779	2,779
Accumulated depreciation	(1,401)	(1,467)
Structures, net	1,377	1,311
Land	711,834	711,834
Buildings in trust, at cost	101,837,752	102,029,376
Accumulated depreciation	(5,539,382)	(6,800,686)
Buildings in trust, net	96,298,370	95,228,689
Buildings and accompanying facilities in trust, at cost	23,193,164	23,379,828
Accumulated depreciation	(3,592,722)	(4,312,055)
Buildings and accompanying facilities in trust, net	19,600,442	19,067,773
Structures in trust, at cost	336,691	340,005
Accumulated depreciation	(147,949)	(158,426)
Structures in trust, net	188,742	181,579
Tools, furniture and fixtures in trust, at cost	500,608	651,007
Accumulated depreciation	(179,738)	(221,184)
Tools, furniture and fixtures in trust, net	320,869	429,823
Land in trust	135,384,518	135,384,518
Construction in progress in trust	46,368	-
Total property and equipment, net	252,645,976	251,097,667
Intangible assets		
Leasehold rights in trust	8,871,542	8,840,627
Total intangible assets	8,871,542	8,840,627
Investment and other assets		
Guarantee deposits	613,914	613,914
Long-term prepaid expenses	729,351	616,340
Derivatives assets	-	151,259
Others	40,640	42,851
Total investments and other assets	1,383,905	1,424,366
Total non-current assets	262,901,424	261,362,660
Total assets	284,106,133	277,361,874

(Unit: JPY thousand)

	Fiscal period ended June 30, 2016 (Reference) (as of June 30, 2016)	Fiscal period ended December 31, 2016 (as of December 31, 2016)
Liabilities		
Current liabilities:		
Accounts payable	188,362	182,601
Short-term loans payable	3,498,000	-
Accounts payable-other	8,957,286	51,825
Accrued expenses	186,571	166,066
Income taxes payable	605	605
Accrued consumption taxes	-	460,521
Advances received	507,135	522,072
Deposits received	21,072	13,583
Total current liabilities	13,359,034	1,397,276
Non-current liabilities:		
Long-term loans payable	138,419,000	142,419,000
Tenant leasehold and security deposits in trust	2,035,843	2,030,396
Tenant leasehold and security deposits	28,663	28,663
Derivatives liabilities	227,532	-
Asset retirement obligations	31,050	31,260
Total non-current liabilities	140,742,089	144,509,319
Total liabilities	154,101,123	145,906,596
Net assets		
Unitholders' equity:		
Unitholders' capital	120,367,271	120,367,271
Surplus:		
Capital surplus	6,264,432	6,264,432
Deduction of unitholders' capital surplus		
Allowance for temporary differences adjustment	*3 -	*3 (224,225)
Other deduction of capital surplus	(763,290)	(763,290)
Total deduction of unitholders' capital surplus	(763,290)	(987,516)
Capital surplus (net)	5,501,141	5,276,915
Voluntary reserve		
Reserve for temporary differences adjustment	*1 708	*1 -
Voluntary reserve	708	-
Retained earnings	4,363,420	5,659,831
Total surplus	9,865,270	10,936,747
Total unitholders' equity	130,232,542	131,304,019
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(227,532)	151,259
Total valuation and translation adjustments	(227,532)	151,259
Total net assets	*2 130,005,009	*2 131,455,278
Total liabilities and net assets	284,106,133	277,361,874

III. Statement of Income and Retained Earnings

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
Operating revenue		
Rental revenue – real estate	*1 8,158,220	*1 9,511,466
Total operating revenue	8,158,220	9,511,466
Operating expenses		
Property related expenses	*1 2,697,986	*1 3,162,067
Asset management fees	250,000	250,000
Directors' compensation	4,800	4,800
Asset custody fees	9,128	14,026
Administrative service fees	24,010	27,890
Provision of allowance for doubtful accounts	269	1,123
Other	98,120	117,347
Total operating expenses	3,084,315	3,577,255
Operating income	5,073,905	5,934,211
Non-operating income		
Interest income	1,316	129
Interest on tax refund	1,372	6,722
Refund of consumption taxes	-	35,949
Other	213	385
Total non-operating income	2,902	43,186
Non-operating expenses		
Interest expenses	295,185	359,540
Loan-related costs	280,326	186,249
Investment unit issuance costs	137,270	-
Total non-operating expenses	712,782	545,789
Ordinary income	4,364,025	5,431,608
Income before income taxes	4,364,025	5,431,608
Income taxes		
Current	605	605
Deferred	-	-
Total income taxes	605	605
Net income	4,363,420	5,431,003
Retained earnings brought forward	-	228,827
Unappropriated retained earnings	4,363,420	5,659,831

IV. Statement of Changes in Net Assets

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

(Unit: JPY thousand)

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

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

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

(Unit: JPY thousand)

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

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

V. Notes

[Notes Concerning Significant Accounting Policies]

By Period Item	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)																												
1. Method of depreciation of non-current assets	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings and accompanying facilities</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings in trust</td> <td style="text-align: right;">2-67 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-33 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures in trust</td> <td style="text-align: right;">3-55 years</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-19 years</td> </tr> </table> <p>(b) Intangible assets The straight-line method is used. For leasehold interests (fixed-term land lease for business purposes), the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	77 years	Buildings and accompanying facilities	8-24 years	Structures	7-18 years	Buildings in trust	2-67 years	Buildings and accompanying facilities in trust	2-33 years	Structures in trust	3-55 years	Tools, furniture and fixtures in trust	2-19 years	<p>(a) Property and equipment The straight-line method is used. The useful lives of major property, plant and equipment are as follows.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Buildings</td> <td style="text-align: right;">77 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings and accompanying facilities</td> <td style="text-align: right;">8-24 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures</td> <td style="text-align: right;">7-18 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings in trust</td> <td style="text-align: right;">2-67 years</td> </tr> <tr> <td style="padding-left: 20px;">Buildings and accompanying facilities in trust</td> <td style="text-align: right;">2-33 years</td> </tr> <tr> <td style="padding-left: 20px;">Structures in trust</td> <td style="text-align: right;">3-55 years</td> </tr> <tr> <td style="padding-left: 20px;">Tools, furniture and fixtures in trust</td> <td style="text-align: right;">2-19 years</td> </tr> </table> <p>(b) Intangible assets The straight-line method is used. For leasehold interests (fixed-term land lease for business purposes), the straight-line method based on the lease period is used.</p> <p>(c) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	77 years	Buildings and accompanying facilities	8-24 years	Structures	7-18 years	Buildings in trust	2-67 years	Buildings and accompanying facilities in trust	2-33 years	Structures in trust	3-55 years	Tools, furniture and fixtures in trust	2-19 years
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Tools, furniture and fixtures in trust	2-19 years																													
2. Method of calculating allowances	<p>Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.</p>	<p>Allowance for doubtful accounts To reserve for losses on doubtful accounts, allowances are provided for normal receivables using a rate determined based on past bad debt experiences, and specific allowances are provided for accounts with a possibility of default based on the estimated amounts considered to be uncollectible by considering the collectability of accounts on an individual basis.</p>																												
3. Revenue and expense recognition	<p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. The amount equivalent to property taxes that was included as part of the acquisition of real estate during the fiscal period ended June 30, 2016 is JPY 176,385 thousand.</p>	<p>Accounting treatment of property taxes and other taxes With respect to property taxes, city planning taxes and depreciable asset taxes, of the tax amount assessed and determined, the amount corresponding to the relevant fiscal period is accounted for as property related expenses. Of the amounts paid to the seller for acquisitions of real estate, the amount equivalent to property taxes is capitalized as part of the acquisition cost of the real estate or trust beneficiary interests in real estate instead of being charged as expense. There is no amount equivalent to property taxes included as part of the acquisition of real estate during the fiscal period ended December 31, 2016.</p>																												

By Period Item	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
4. Method of hedge accounting	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>	<p>(a) Method of hedge accounting Deferred hedge accounting is used.</p> <p>(b) Hedging instrument and hedged item Hedging instrument: interest rate swap Hedged item: interest on borrowings</p> <p>(c) Hedge policy INV enters into derivatives transactions for the purpose of hedging against the risks set forth in INV's Articles of Incorporation in accordance with its risk management policy.</p> <p>(d) Method of evaluating hedge effectiveness Hedge effectiveness is evaluated by comparing the cumulative amount of changes in cash flows of the hedging instrument and the cumulative amount of changes in cash flows of the hedged item and verifying the difference in the amounts of change of both the hedged item and the hedging instrument.</p>
5. Other significant matters which constitute the basis for preparation of financial statements	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust Construction in progress in trust</p> <p>(c) Leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred assets Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(3) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p>	<p>(1) Accounting treatment policy of trust beneficiary interests in real estate As to trust beneficiary interests in real estate, all accounts of assets and liabilities within assets in trust, as well as all income generated and expenses incurred from assets in trust, are recorded in the relevant balance sheets and income statement accounts. Of such items, the following significant trust assets and liabilities are shown separately on the balance sheet.</p> <p>(a) Cash and bank deposits in trust</p> <p>(b) Buildings in trust Buildings and accompanying facilities in trust Structures in trust Tools, furniture and fixtures in trust Land in trust</p> <p>(c) Leasehold rights in trust</p> <p>(d) Tenant leasehold and security deposits in trust</p> <p>(2) Accounting treatment of deferred assets Investment unit issuance costs The full amount is recorded as expense at the time of expenditure.</p> <p>(3) Accounting treatment of consumption taxes Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes.</p>

[Notes to the Balance Sheet]

Fiscal period ended June 30, 2016 (Reference) (as of June 30, 2016)	Fiscal period ended December 31, 2016 (as of December 31, 2016)																								
<p>*1. Matters concerning treatment of reversal of reserve for temporary differences adjustment. INV plans to reverse all of the reserve for temporary differences adjustment in the amount of JPY 708 thousand, and use the funds as part of the profit distributions to be made in the next fiscal period.</p>	<p>*1. Matters concerning treatment of reversal of reserve for temporary differences adjustment. INV reversed all of the reserve for temporary differences adjustment in the amount of JPY 708 thousand, and use the funds as part of the profit distributions.</p>																								
<p>*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand</p>	<p>*2. Minimum net assets as required by Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations JPY 50,000 thousand</p>																								
<p>*3. Allowance for temporary differences adjustment</p> <p>Fiscal period ended June 30, 2016 (from January 1, 2016 to June 30, 2016) (Reference) Not Applicable</p> <p>Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)</p> <p>1. Reasons, related assets and amounts</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Related assets, etc.</th> <th style="text-align: center;">Reason</th> <th style="text-align: center;">Initial amount</th> <th style="text-align: center;">Balance at the end of previous period</th> <th style="text-align: center;">Allowance set aside during period</th> <th style="text-align: center;">Reversal during period</th> <th style="text-align: center;">Balance at the end of current period</th> <th style="text-align: center;">Reason for reversal</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">Deferred gains or losses on hedges</td> <td style="text-align: center;">Loss on interest-rate swaps recognized</td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> </tr> <tr> <td style="text-align: center;">Total</td> <td></td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> <td style="text-align: right;">(224,225)</td> <td style="text-align: center;">-</td> </tr> </tbody> </table>		Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal	Deferred gains or losses on hedges	Loss on interest-rate swaps recognized	(224,225)	-	(224,225)	-	(224,225)	-	Total		(224,225)	-	(224,225)	-	(224,225)	-
Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal																		
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized	(224,225)	-	(224,225)	-	(224,225)	-																		
Total		(224,225)	-	(224,225)	-	(224,225)	-																		
<p>2. Method of reversal</p> <p>(1) Deferred gains or losses on hedges Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is scheduled to be reversed.</p>																									

[Notes to Statement of Income and Retained Earnings]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)		Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)	
*1. Real estate rental revenues and expenses (Unit: JPY thousand)		*1. Real estate rental revenues and expenses (Unit: JPY thousand)	
A. Real estate rental revenues		A. Real estate rental revenues	
Rental revenue – real estate		Rental revenue – real estate	
(Rent/common area charges)	7,889,877	(Rent/common area charges)	9,237,784
(Other revenues)	268,342	(Other revenues)	273,682
Total	8,158,220	Total	9,511,466
B. Real estate rental expenses		B. Real estate rental expenses	
Property related expenses		Property related expenses	
(Maintenance costs)	554,149	(Maintenance costs)	580,896
(Taxes and public dues)	281,065	(Taxes and public dues)	356,372
(Insurance expenses)	12,669	(Insurance expenses)	11,807
(Depreciation expenses)	1,676,736	(Depreciation expenses)	2,065,066
(Other expenses)	173,364	(Other expenses)	147,924
Total	2,697,986	Total	3,162,067
C. Real estate rental income		C. Real estate rental income	
(A-B)	5,460,234	(A-B)	6,349,399

[Notes to Statement of Changes in Net Assets]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)		Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)	
Number of issuable investment units and number of investment units issued and outstanding		Number of issuable investment units and number of investment units issued and outstanding	
Number of investment units authorized	10,000,000 units	Number of investment units authorized	10,000,000 units
Number of investment units issued and outstanding	3,675,824 units	Number of investment units issued and outstanding	3,675,824 units

[Notes Related to Tax Accounting]

Fiscal period ended June 30, 2016 (Reference)	Fiscal period ended December 31, 2016																																																																																				
<p>1. Significant components of deferred tax assets and liabilities (Deferred tax assets - current assets)</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table> <tr> <td>Enterprise tax payable</td> <td style="text-align: right;">481</td> </tr> <tr> <td>Accounts receivable (merger)</td> <td style="text-align: right;">183</td> </tr> <tr> <td>Allowance for doubtful accounts</td> <td style="text-align: right;">877</td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;"><u>1,542</u></td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;"><u>1,542</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">-</td> </tr> <tr> <td>(Deferred tax assets - current)</td> <td style="text-align: right;">-</td> </tr> <tr> <td>(Deferred tax assets - non-current assets)</td> <td></td> </tr> <tr> <td>Buildings and other (merger)</td> <td style="text-align: right;">711,143</td> </tr> <tr> <td>Land (merger)</td> <td style="text-align: right;">2,092,087</td> </tr> <tr> <td>Deferred gains/losses on hedges</td> <td style="text-align: right;">72,218</td> </tr> <tr> <td>Loss carried forward</td> <td style="text-align: right;">7,200,289</td> </tr> <tr> <td>Asset retirement obligations</td> <td style="text-align: right;">9,855</td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;"><u>10,085,594</u></td> </tr> <tr> <td>(Deferred tax liabilities – non-current liabilities)</td> <td></td> </tr> <tr> <td>Removal expenses included in asset retirement obligations</td> <td style="text-align: right;">9,797</td> </tr> <tr> <td>Subtotal</td> <td style="text-align: right;"><u>9,797</u></td> </tr> <tr> <td>Valuation allowance</td> <td style="text-align: right;"><u>10,075,797</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">-</td> </tr> <tr> <td>(Deferred tax assets - non-current)</td> <td style="text-align: right;">-</td> </tr> </table>	Enterprise tax payable	481	Accounts receivable (merger)	183	Allowance for doubtful accounts	877	Subtotal	<u>1,542</u>	Valuation allowance	<u>1,542</u>	Total	-	(Deferred tax assets - current)	-	(Deferred tax assets - non-current assets)		Buildings and other (merger)	711,143	Land (merger)	2,092,087	Deferred gains/losses on hedges	72,218	Loss carried forward	7,200,289	Asset retirement obligations	9,855	Subtotal	<u>10,085,594</u>	(Deferred tax liabilities – non-current liabilities)		Removal expenses included in asset retirement obligations	9,797	Subtotal	<u>9,797</u>	Valuation allowance	<u>10,075,797</u>	Total	-	(Deferred tax assets - non-current)	-	<p>1. 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<p>3. Modifications to the corporation tax rate, etc. after the fiscal period.</p> <p>Due to the enactment of the “Act to Partially Revise the Income Tax Act and Others” (Act No. 15 of 2016) and the “Act to Partially Revise the Local Tax Act and Others” (Act No. 13 of 2016) on March 29, 2016, the corporation tax rate, etc. was reduced from the fiscal period commencing after April 1, 2016. Accordingly, the statutory effective tax rate used for calculating deferred tax assets and deferred tax liabilities will be changed from the existing rate of 32.31% to 31.74% for the temporary difference expected to be reversed during fiscal periods commencing after July 1, 2016. There is little impact from this change.</p>	-																																																																																				

[Notes Related to Financial Instruments]

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<p>1. Status of financial instruments</p> <p>(1)Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or borrowing loans. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2)Nature and extent of risks arising from financial instruments and risk management</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3)Supplemental information regarding market value, etc. for financial instruments</p> <p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>	<p>1. Status of financial instruments</p> <p>(1)Policy for financial instruments</p> <p>INV principally conducts its operations through investments in real estate and other specified assets to seek to ensure stable income in the medium to long term. The policy for raising funds is principally through issuing new investment units or borrowing loans. Derivative transactions are to be entered into for the purpose of hedging against the risk of future interest rate increases, etc. and not for speculation. Surplus funds are managed after carefully taking into account safety, liquidity, the interest rate environment and financing.</p> <p>(2)Nature and extent of risks arising from financial instruments and risk management</p> <p>The funds raised through borrowings are mainly used to acquire real estate properties or trust beneficiary interest in real estate (including related acquisition costs) and for the refinancing of existing loan. Liquidity risks relating to loan are managed by the finance department of the Asset Manager by preparing and updating plans for funds, and monitoring the covenants set forth in loan agreements.</p> <p>(3)Supplemental information regarding market value, etc. for financial instruments</p> <p>The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is determined through a reasonable estimate. Since certain assumptions, etc. are used in estimating the fair value, different assumptions, etc. may result in the variance of such value.</p>																																																																				
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<p>transactions are recorded in net amounts, and if the total net amount is a negative amount, such amount is shown in parenthesis</p> <p>(Note 1) Methods to calculate fair value of financial instruments (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans (4) Accounts payable Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.</p> <p>(5) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.</p> <p>(6) Derivatives (a) Derivatives transactions to which hedge accounting was is applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th rowspan="2">Method of hedge accounting</th> <th rowspan="2">Derivative transaction type, etc.</th> <th rowspan="2">Primary hedged item</th> <th colspan="2">Contract amount, etc. (Note 1)</th> <th rowspan="2">Fair value (Note 2)</th> </tr> <tr> <th colspan="2">Amount due after one year</th> </tr> </thead> <tbody> <tr> <td>Principle accounting method</td> <td>Interest rate swap Receive floating rate/pay fixed rate</td> <td>Long-term loans</td> <td>99,119,000</td> <td>99,119,000</td> <td>(227,532)</td> </tr> </tbody> </table> <p>(Note 1) The contract amount, etc. is stated based on a notional principal (Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions</p>		Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)	Amount due after one year		Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	99,119,000	99,119,000	(227,532)	<p>total net amount is a negative amount, such amount is shown in parenthesis</p> <p>(Note 1) Methods to calculate fair value of financial instruments (1) Cash and bank deposits (2) Cash and bank deposits in trust (3) Short-term loans Due to the short maturities, the book value of these instruments is deemed a reasonable approximation of the fair value, and therefore, the book value is used as the fair value.</p> <p>(4) Long-term loans Long-term loans with floating interest rates reflecting changes in market rates within a short-term period is stated at their book value as their book value approximate their fair value.</p> <p>(5) Derivatives (a) Derivatives transactions to which hedge accounting is not applied Not applicable (b) Derivatives transactions to which hedge accounting is applied The contract amount as of the closing date under each hedge-accounting method and the amount equivalent to the notional principal prescribed in the contracts are as shown below.</p> <p style="text-align: right;">(Unit: JPY thousand)</p> <table border="1"> <thead> <tr> <th rowspan="2">Method of hedge accounting</th> <th rowspan="2">Derivative transaction type, etc.</th> <th rowspan="2">Primary hedged item</th> <th colspan="2">Contract amount, etc. (Note 1)</th> <th rowspan="2">Fair value (Note 2)</th> </tr> <tr> <th colspan="2">Amount due after one year</th> </tr> </thead> <tbody> <tr> <td>Principle accounting method</td> <td>Interest rate swap Receive floating rate/pay fixed rate</td> <td>Long-term loans</td> <td>99,119,000</td> <td>99,119,000</td> <td>151,259</td> </tr> </tbody> </table> <p>(Note 1) The contract amount, etc. is stated based on a notional principal (Note 2) The fair value is estimated based on the price, etc. presented by the correspondent financial institutions</p>		Method of hedge accounting	Derivative transaction type, etc.	Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)	Amount due after one year		Principle accounting method	Interest rate swap Receive floating rate/pay fixed rate	Long-term loans	99,119,000	99,119,000	151,259
Method of hedge accounting	Derivative transaction type, etc.				Primary hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)																							
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Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)					Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)				
(Note 2) Financial instruments for which fair value is extremely difficult to value (Unit: JPY thousand)					(Note 2) Financial instruments for which fair value is extremely difficult to value (Unit: JPY thousand)				
Category				Book value	Category				Book value
Tenant leasehold and security deposits				28,663	Tenant leasehold and security deposits				28,663
Tenant leasehold and security deposits in trust				2,035,843	Tenant leasehold and security deposits in trust				2,030,396
<p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p>					<p>Tenant leasehold and security deposits and tenant leasehold and security deposits in trust have no observable market price, and it is impracticable to estimate reasonably their future cash flows because the repayment dates of those deposits and the timing of the lessee's exit from the property are not certain. Thus, their fair value is not disclosed.</p>				
(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period					(Note 3) Remaining schedule of monetary claims after the closing date of the fiscal period				
As of June 30, 2016 (Unit: JPY thousand)					As of December 31, 2016 (Unit: JPY thousand)				
	Due within one year	Due after one to two years	Due after two to three years			Due within one year	Due after one to two years	Due after two to three years	
Cash and bank deposits	11,322,762	-	-		Cash and bank deposits	8,714,907	-	-	
Cash and bank deposits in trust	5,441,316	-	-		Cash and bank deposits in trust	5,499,826	-	-	
Total	16,764,078	-	-		Total	14,214,734	-	-	
	Due after three to four years		Due after four to five years		Due after three to four years		Due after four to five years		Due after five years
Cash and bank deposits	-		-		Cash and bank deposits	-		-	
Cash and bank deposits in trust	-		-		Cash and bank deposits in trust	-		-	
Total	-		-		Total	-		-	
(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period					(Note 4) Repayment schedule of long-term loans and other interest-bearing debts after the closing date of the fiscal period				
As of June 30, 2016 (Unit: JPY thousand)					As of December 31, 2016 (Unit: JPY thousand)				
	Due within one year	Due after one to two years	Due after two to three years			Due within one year	Due after one to two years	Due after two to three years	
Short-term loans	3,498,000	-	-		Short-term loans	-	-	-	
Long-term loans	-	-	46,663,000		Long-term loans	-	28,979,000	51,045,000	
Total	3,498,000	-	46,663,000		Total	-	28,979,000	51,045,000	
	Due after three to four years		Due after four to five years		Due after three to four years		Due after four to five years		Due after five years
Short-term loans	-		-		Short-term loans	-		-	
Long-term loans	44,094,000		47,662,000		Long-term loans	42,012,000		-	
Total	44,094,000		47,662,000		Total	42,012,000		-	

[Notes Related to Asset Retirement Obligations]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)																
<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">30,868</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">182</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,050</td> </tr> </table>	Balance at the beginning of the period	-	Increase due to the acquisition of properties	30,868	Accretion expense	182	Balance at the end of the period	31,050	<p>1. Summary of the asset retirement obligations for the period INV has recorded asset retirement obligations in regard to its obligation to restore the land to its original condition related to the fixed-term land lease agreement of Comfort Hotel Maebashi held by INV.</p> <p>2. Calculation method for asset retirement obligations for the period The amount of the asset retirement obligations has been calculated by fixing the estimated period of use at 43 years, based on the period until the expiration of the fixed-term land lease agreement, and by using a discount rate of 1.342%.</p> <p>3. Increase/decrease in the total amount of asset retirement obligations for the current fiscal period (Unit: JPY thousand)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Balance at the beginning of the period</td> <td style="text-align: right;">31,050</td> </tr> <tr> <td>Increase due to the acquisition of properties</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Accretion expense</td> <td style="text-align: right;">209</td> </tr> <tr> <td>Balance at the end of the period</td> <td style="text-align: right;">31,260</td> </tr> </table>	Balance at the beginning of the period	31,050	Increase due to the acquisition of properties	-	Accretion expense	209	Balance at the end of the period	31,260
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[Notes Related to Rental Properties]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)					Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)				
<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and commercial facilities principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>					<p>INV owns residential properties and hotels as core assets as well as other various properties including offices and commercial facilities principally in the Tokyo area and major regional cities in order to establish a portfolio which focuses on both stability and growth potential. The book value changed during the period and balance at the end of the period are as follows.</p> <p style="text-align: right;">(Unit: JPY thousand)</p>				
Use	Book value			Fair value at the end of the period	Use	Book value			Fair value at the end of the period
	Balance at the beginning of the period	Change during the period	Balance at the end of the period			Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Residences	60,305,706	7,968,789	68,274,496	77,214,000	Residences	68,274,496	(438,657)	67,835,839	77,843,000
Offices	8,487,876	(17,489)	8,470,387	7,219,000	Offices	8,470,387	(29,405)	8,440,981	7,406,000
Commercial facilities	5,134,083	(46,557)	5,087,525	5,840,000	Commercial facilities	5,087,525	(38,298)	5,049,226	5,890,000
Parking lot	100,821	(1)	100,820	113,000	Parking lot	100,820	(1)	100,819	113,000
Hotels	95,223,054	84,314,865	179,537,920	232,905,000	Hotels	179,537,920	(1,026,493)	178,511,427	236,940,000
Total	169,251,542	92,219,607	261,471,150	323,291,000	Total	261,471,150	(1,532,855)	259,938,294	328,192,000
<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs)</p> <p>(Note 2) The major factors for the increase for the fiscal period ended June 30, 2016 were acquisition of residential properties and hotels, capital expenditures related to construction work</p> <p>(Note 3) The major factor for the decrease was depreciation</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended June 30, 2016, please refer to "Notes to Statement of Income and Retained Earnings."</p>					<p>(Note 1) Book value is the figure calculated by subtracting amount of accumulated depreciation from acquisition price (including acquisition-related costs)</p> <p>(Note 2) The major factors for the increase for the fiscal period ended December 31, 2016 was capital expenditures related to construction work</p> <p>(Note 3) The major factor for the decrease was depreciation</p> <p>(Note 4) The fair value as of the end of the reporting period is determined based on the appraisal value provided by Asset Research and Development Inc., Japan Real Estate Institute, Morii Appraisal & Investment Consulting Inc., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Co., Ltd.</p> <p>For information related to profits and losses from rental properties in the fiscal period ended December 31, 2016, please refer to "Notes to Statement of Income and Retained Earnings."</p>				

[Notes Related to Restriction on Asset Management]

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

[Notes Related to Transactions with Related Parties]

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

1 Interested parties of the Asset Manager

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Interested party of the asset manager	Aki Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	3,160,000	-	-
	Navaro Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	20,155,000	-	-
	Momo Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	7,934,000	-	-
	Tsuki Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	24,674,000	-	-
	Septentrio Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	12,588,600	-	-
	Septentrio 2 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	4,196,199	-	-
	Septentrio 3 Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	4,196,199	-	-
	Ginga Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	13,761,000	Accounts payable	8,800,548
	Wakusei Tokutei Mokuteki Kaisha	Investment management business	-	Purchase of trust beneficiary interests in real estate (Note 2) (Note 5)	2,139,000	-	-
	Naqua Hotel & Resorts Management Co., Ltd.	Hotel business	-	Rental revenues	627,563	Accounts receivable	220,811
	MyStays Hotel Management Co., Ltd.	Hotel business	-	Rental revenues	3,389,166	Accounts receivable	990,543

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

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

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

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

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

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

2 Asset Custody Company

Classification	Name	Business or occupation	Percentage of voting rights owned (%)	Type of transaction	Transaction amount (JPY thousand)	Account	Balance at the end of the period (JPY thousand)
Asset Custody Company	Sumitomo Mitsui Trust Bank, Limited	Banking and trust business	-	Borrowing for long-term loan	13,341,000	Long-term loans payable	21,351,000
				Finance related fees	120,832	Prepaid expenses	50,170
						Long-term Prepaid expenses	126,212
				Interest expenses	50,413	Accrued expenses	320

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

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

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

1 Interested parties of the Asset Manager

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

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

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

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

2 Asset Custody Company

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

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

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

[Notes Related to Per Unit Information]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)		Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)	
Net assets per unit	JPY 35,368	Net assets per unit	JPY 35,762
Net income per unit	JPY 1,270	Net income per unit	JPY 1,477
Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.		Net income per unit is calculated by dividing net income for the period by the daily weighted average number of investment units issued and outstanding. Diluted net income per unit is not stated, as there are no diluted units.	

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

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)		Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)	
Net income for the fiscal period (JPY thousand)	4,363,420	Net income for the fiscal period (JPY thousand)	5,431,003
Amounts not attributable to common unitholders (JPY thousand)	-	Amounts not attributable to common unitholders (JPY thousand)	-
Net income attributable to common units (JPY thousand)	4,363,420	Net income attributable to common units (JPY thousand)	5,431,003
Average number of investment units during the period (units)	3,436,572	Average number of investment units during the period (units)	3,675,824

[Notes Related to Significant Subsequent Events]

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)																																
<p>1. Borrowing of funds</p> <p>In order to raise a part of the funds to be used for the acquisition of trust beneficiary interests for the two hotel properties acquired on June 15, 2016, INV implemented the following borrowing on July 20, 2016.</p> <p>Term Loan (E)</p> <table border="1"> <tr> <td>Lender</td> <td>The Tokyo Star Bank, Limited</td> </tr> <tr> <td>Borrowing amount</td> <td>JPY 4,000 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%</td> </tr> <tr> <td>Interest payment date</td> <td>(i) The last Japanese business day of each month before the principal maturity date, beginning with July 29, 2016, and (ii) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>July 20, 2016</td> </tr> <tr> <td>Maturity date</td> <td>July 20, 2019, July 20, 2020, July 20, 2021</td> </tr> </table>	Lender	The Tokyo Star Bank, Limited	Borrowing amount	JPY 4,000 million	Interest rate, etc.	Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%	Interest payment date	(i) The last Japanese business day of each month before the principal maturity date, beginning with July 29, 2016, and (ii) the principal maturity date	Principal repayment method	Lump-sum repayment	Borrowing method	Unsecured / with no guarantee	Borrowing date	July 20, 2016	Maturity date	July 20, 2019, July 20, 2020, July 20, 2021	<p>1. Issuance of new investment units</p> <p>INV decided on the issuance of new investment units and secondary offering of investment units at its board of directors' meeting on February 22, 2017. Issue price per unit and other details are scheduled to be determined at future board of directors' meeting.</p> <p>(1) Issuance of new investment units through Public Offering</p> <p>Number of Investment Units to be offered: 185,000 investment units</p> <p>(2) Secondary offering of investment units (by way of overallotment)</p> <p>Number of investment units to be offered: 9,250 investment units</p> <p>2. Borrowing of funds</p> <p>In order to raise a part of the funds to be used for the acquisition of trust beneficiary interests for the two residential properties to be acquired on March 14, 2017 (see "3. Acquisition of Assets" below), INV decided on the implementation of the following borrowings at its board of directors' meeting held on February 22, 2017.</p> <p>New Syndicate Loan (G)</p> <table border="1"> <tr> <td>Lender</td> <td>Syndicate formed by Mizuho Bank, Ltd.</td> </tr> <tr> <td>Borrowing amount</td> <td>JPY11,250 million</td> </tr> <tr> <td>Interest rate, etc.</td> <td>Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%</td> </tr> <tr> <td>Interest payment date</td> <td>(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date</td> </tr> <tr> <td>Principal repayment method</td> <td>Lump-sum repayment</td> </tr> <tr> <td>Borrowing method</td> <td>Unsecured / with no guarantee</td> </tr> <tr> <td>Borrowing date</td> <td>March 14, 2017</td> </tr> <tr> <td>Maturity date</td> <td>March 14, 2020, March 14, 2021 and March 14, 2022</td> </tr> </table>	Lender	Syndicate formed by Mizuho Bank, Ltd.	Borrowing amount	JPY11,250 million	Interest rate, etc.	Base Rate (1-month JPY TIBOR) + 0.40%, 0.50%, 0.60%	Interest payment date	(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date	Principal repayment method	Lump-sum repayment	Borrowing method	Unsecured / with no guarantee	Borrowing date	March 14, 2017	Maturity date	March 14, 2020, March 14, 2021 and March 14, 2022
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Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)																																
	<p data-bbox="842 349 991 376">Term Loan (F)</p> <table border="1" data-bbox="842 376 1426 976"> <tr> <td data-bbox="842 376 1082 443">Lender</td> <td data-bbox="1082 376 1426 443">Sumitomo Mitsui Banking Corporation.</td> </tr> <tr> <td data-bbox="842 443 1082 477">Borrowing amount</td> <td data-bbox="1082 443 1426 477">JPY3,000 million</td> </tr> <tr> <td data-bbox="842 477 1082 544">Interest rate, etc.</td> <td data-bbox="1082 477 1426 544">Base Rate (1-month JPY TIBOR) + 0.45%</td> </tr> <tr> <td data-bbox="842 544 1082 768">Interest payment date</td> <td data-bbox="1082 544 1426 768">(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date</td> </tr> <tr> <td data-bbox="842 768 1082 835">Principal repayment method</td> <td data-bbox="1082 768 1426 835">Lump-sum repayment</td> </tr> <tr> <td data-bbox="842 835 1082 902">Borrowing method</td> <td data-bbox="1082 835 1426 902">Unsecured / with no guarantee</td> </tr> <tr> <td data-bbox="842 902 1082 936">Borrowing date</td> <td data-bbox="1082 902 1426 936">March 14, 2017</td> </tr> <tr> <td data-bbox="842 936 1082 976">Maturity date</td> <td data-bbox="1082 936 1426 976">September 14, 2020</td> </tr> </table> <p data-bbox="842 1014 1070 1041">3. Acquisition of assets</p> <p data-bbox="842 1070 1422 1160">INV decided to acquire the following two properties (total acquisition price of JPY 24,562 million) on February 22, 2017.</p> <p data-bbox="842 1198 1075 1225">Property number: A105</p> <p data-bbox="842 1229 1334 1256">Property name: Royal Parks Tower Minami-Senju</p> <table border="1" data-bbox="842 1279 1426 1664"> <tr> <td data-bbox="842 1279 1070 1312">Acquisition date</td> <td data-bbox="1070 1279 1426 1312">March 14, 2017</td> </tr> <tr> <td data-bbox="842 1312 1070 1379">Acquisition price (Note)</td> <td data-bbox="1070 1312 1426 1379">JPY 21,879 million</td> </tr> <tr> <td data-bbox="842 1379 1070 1447">Location</td> <td data-bbox="1070 1379 1426 1447">Minami-Senju 4-chome, Arakawa-ku, Tokyo</td> </tr> <tr> <td data-bbox="842 1447 1070 1480">Completion date</td> <td data-bbox="1070 1447 1426 1480">May 2008</td> </tr> <tr> <td data-bbox="842 1480 1070 1514">Legal form of asset</td> <td data-bbox="1070 1480 1426 1514">Trust beneficiary interest</td> </tr> <tr> <td data-bbox="842 1514 1070 1581">Seller</td> <td data-bbox="1070 1514 1426 1581">Sakura Tokutei Mokuteki Kaisha</td> </tr> <tr> <td data-bbox="842 1581 1070 1615">Total floor area</td> <td data-bbox="1070 1581 1426 1615">47,424.89m²</td> </tr> <tr> <td data-bbox="842 1615 1070 1664">Leasable area</td> <td data-bbox="1070 1615 1426 1664">39,133.46 m²</td> </tr> </table>	Lender	Sumitomo Mitsui Banking Corporation.	Borrowing amount	JPY3,000 million	Interest rate, etc.	Base Rate (1-month JPY TIBOR) + 0.45%	Interest payment date	(1) The last Japanese business day of each month before the principal maturity date, beginning with March 31, 2017, and (2) the principal maturity date	Principal repayment method	Lump-sum repayment	Borrowing method	Unsecured / with no guarantee	Borrowing date	March 14, 2017	Maturity date	September 14, 2020	Acquisition date	March 14, 2017	Acquisition price (Note)	JPY 21,879 million	Location	Minami-Senju 4-chome, Arakawa-ku, Tokyo	Completion date	May 2008	Legal form of asset	Trust beneficiary interest	Seller	Sakura Tokutei Mokuteki Kaisha	Total floor area	47,424.89m ²	Leasable area	39,133.46 m ²
Lender	Sumitomo Mitsui Banking Corporation.																																
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Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)																
	<p data-bbox="847 344 1334 405">Property number: A106 Property name: Royal Parks Seasir Minami-Senju</p> <table border="1" data-bbox="847 439 1423 808"> <tr> <td data-bbox="847 439 1070 472">Acquisition date</td> <td data-bbox="1070 439 1423 472">March 14, 2017</td> </tr> <tr> <td data-bbox="847 472 1070 539">Acquisition price (Note)</td> <td data-bbox="1070 472 1423 539">JPY 2,683 million</td> </tr> <tr> <td data-bbox="847 539 1070 607">Location</td> <td data-bbox="1070 539 1423 607">Minami-Senju 3-chome, Arakawa-ku, Tokyo</td> </tr> <tr> <td data-bbox="847 607 1070 640">Completion date</td> <td data-bbox="1070 607 1423 640">August 2006</td> </tr> <tr> <td data-bbox="847 640 1070 674">Legal form of asset</td> <td data-bbox="1070 640 1423 674">Trust beneficiary interest</td> </tr> <tr> <td data-bbox="847 674 1070 741">Seller</td> <td data-bbox="1070 674 1423 741">Momo Tokutei Mokuteki Kaisha</td> </tr> <tr> <td data-bbox="847 741 1070 775">Total floor area</td> <td data-bbox="1070 741 1423 775">7,248.10m²</td> </tr> <tr> <td data-bbox="847 775 1070 808">Leasable area</td> <td data-bbox="1070 775 1423 808">6,496.86m²</td> </tr> </table> <p data-bbox="847 842 1423 965">(Note) Acquisition price is based on the purchase price indicated in the relevant purchase agreement and does not include acquisition costs, property taxes, city planning taxes and consumption taxes</p>	Acquisition date	March 14, 2017	Acquisition price (Note)	JPY 2,683 million	Location	Minami-Senju 3-chome, Arakawa-ku, Tokyo	Completion date	August 2006	Legal form of asset	Trust beneficiary interest	Seller	Momo Tokutei Mokuteki Kaisha	Total floor area	7,248.10m ²	Leasable area	6,496.86m ²
Acquisition date	March 14, 2017																
Acquisition price (Note)	JPY 2,683 million																
Location	Minami-Senju 3-chome, Arakawa-ku, Tokyo																
Completion date	August 2006																
Legal form of asset	Trust beneficiary interest																
Seller	Momo Tokutei Mokuteki Kaisha																
Total floor area	7,248.10m ²																
Leasable area	6,496.86m ²																

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

Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
<p>In the Statement of Cash Distribution, INV recorded JPY 708 thousand of reserve for temporary differences adjustment regarding the gain on negative goodwill for the purpose of appropriating for cash distribution.</p> <p>In the Statement of Cash Distribution, INV recorded JPY 224,225 thousand of allowance for temporary differences adjustment regarding deferred losses on hedges of interest rate swaps.</p> <p>The amount of such allowance corresponding to the amounts of change of fair value is scheduled to be reversed.</p>	<p>In the Statement of Cash Distribution, INV reversed JPY 224,225 thousand of allowance for temporary differences adjustment corresponding to the change in the fair value of interest-rate swaps.</p>

VI. Statement of Cash Distribution

	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
I. Unappropriated retained earnings	JPY 4,363,420,951	JPY 5,659,831,868
II. Reversal of voluntary reserve		
Reversal of reserve for temporary differences adjustment	JPY 708,942	-
III. Incorporation into unitholders' equity		
Of which, reversal of allowance for temporary differences adjustment	-	JPY 224,225,264
IV. Distribution in excess of retained earnings		
Allowance for temporary differences adjustment	JPY 224,225,264	-
V. Distributions	JPY 4,359,527,264	JPY 5,429,192,048
(Distribution per unit)	(JPY 1,186)	(JPY 1,477)
Of which, distribution of earnings	JPY 4,135,302,000	JPY 5,429,192,048
(Distribution of earnings per unit)	(JPY 1,125)	(JPY 1,477)
Of which, allowance for temporary differences adjustment	JPY 224,225,264	-
(Distribution in excess of retained earnings per unit (Allowance for temporary differences adjustment))	(JPY 61)	-
VI. Retained earnings carried forward	JPY 228,827,893	JPY 6,414,556
Calculation method of distribution amount	As shown above, the distribution per unit for the period is JPY 1,186. With respect to profit distributions (not including distributions in excess of profit), INV decided to distribute almost all of its profit as defined in Article 136,	As shown above, the distribution per unit for the period is JPY 1,477. With respect to profit distributions (not including Excess Profit Distribution), INV decided to distribute almost all of its profit as defined in Article 136,

	<p>Paragraph 1 of the Investment Trust Act, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including distributions in excess of profit per unit) is JPY 1,125.</p> <p>In addition, in accordance with the distribution policy as set forth in the Articles of Incorporation, INV makes distributions in excess of earnings of the amount that it determines as the amount equivalent to items deducted from net assets (as set forth in Article 2, Paragraph 2, Item 30 (b) of the Ordinance on Accountings of Investment Corporations), taking into consideration the effect of the items deducted from net assets on the distributions (the “Excess Profit Distribution”).</p> <p>For the Reporting Period, INV makes Distribution in excess of earnings of JPY 227 million, corresponding to deferred losses on hedges, of which, the distribution of allowance for temporary differences adjustment is JPY 224 million, and the distribution per unit of the allowance for temporary differences adjustment is JPY 61.</p>	<p>Paragraph 1 of the Investment Trust Act, remaining after deducting the reversal of allowance for temporary differences adjustments, other than fractional amount per unit less than JPY 1, aiming to include the maximum amount of profit distributions in deductible expenses in accordance with Article 67-15, Paragraph 1 of the Act on Special Taxation Measures (Act No. 26, 1957). As a result, the distribution of earnings per unit (not including Excess Profit Distribution per unit) is JPY 1,477.</p> <p>Furthermore, INV has decided not to make Distribution in excess of profit.</p>
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Note

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

Under Article 130 of the Act on Investment Trusts and Investment Corporations of Japan, the Japanese financial statements for the six months ended December 31, 2016 have been audited by Ernst & Young ShinNihon LLC, in accordance with auditing standards generally accepted in Japan. However, English translation of the Japanese language report of independent auditors is not attached herein since the accompanying English translation of Balance Sheet, Statement of Income and Retained Earnings, Statements of Changes in Net Assets, Notes to financial statements and Statement of Cash Distribution are unaudited.

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

VII. Statement of Cash Flows (Reference Information)

	(Unit: JPY thousand)	
	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
Cash flows from operating activities		
Net income before taxes	4,364,025	5,431,608
Depreciation and amortization	1,676,751	2,065,066
Investment unit issuance costs	137,270	-
Loan-related costs	280,326	186,249
Interest income	(1,316)	(129)
Interest expenses	295,185	359,540
Increase (decrease) in allowance for doubtful accounts	269	(1,430)
Decrease (increase) in rental receivable	(306,493)	(22,587)
Decrease (increase) in consumption taxes receivable	(1,744,762)	2,672,787
Increase (decrease) in accounts payable	7,056	(66,883)
Increase (decrease) in consumption taxes payable	-	460,521
Increase (decrease) in accounts payable-other	884,265	(881,047)
Increase (decrease) in accrued expenses	38,577	(5,946)
Increase (decrease) in advances received	33,971	14,936
Increase (decrease) in deposits received	(14,615)	(23,418)
Others, net	(34,907)	(12,451)
Subtotal	5,615,604	10,176,817
Interest income received	1,316	129
Interest expenses paid	(297,081)	(358,219)
Income taxes paid	(564)	(605)
Net cash provided by operating activities	5,319,276	9,818,122
Cash flows from investing activities		
Purchases of property and equipment in trust	(82,786,898)	(8,449,701)
Purchases of leasehold rights in trust	(3,055,031)	-
Proceeds from tenant leasehold and security deposits in trust	(56,280)	(53,815)
Repayments of tenant leasehold and security deposits in trust	474,368	48,371
Payments of tenant leasehold and security deposits	(574,396)	-
Other, net	(2,211)	(2,211)
Net cash used in investing activities	(86,000,448)	(8,457,356)
Cash flows from financing activities		
Proceeds from short-term loans payable	3,498,000	-
Repayment of short-term loans payable	(1,080,000)	(3,498,000)
Proceeds from long-term loans payable	47,800,000	4,000,000
Payments for loan-related costs	(594,356)	(53,775)
Payment of distributions of earnings	(3,014,523)	(4,118,229)
Payment of distributions in excess of retained earnings from allowance for temporary differences adjustment	-	(224,225)

(Unit: JPY thousand)

	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
Payment of other distribution in excess of retained earnings	(763,290)	-
Proceeds from issuance of investment units	37,780,441	-
Other	-	(15,879)
Net cash provided by (used in) financing activities	83,626,270	(3,910,109)
Net increase (decrease) in cash and cash equivalents	2,945,097	(2,549,344)
Cash and cash equivalents at beginning of period	13,818,981	16,764,078
Cash and cash equivalents at end of period *1	16,764,078	14,214,734

[Notes Concerning Significant Accounting Policies (Reference Information)]

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

[Notes to Changes in Indication Method (Reference Information)]

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

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

Item \ By Period	Fiscal period ended June 30, 2016 (Reference) (from January 1, 2016 to June 30, 2016)	Fiscal period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)
*1. Relationship between cash and cash equivalents in Statement of Cash Flows and amounts in accompanying balance sheet	(As of June 30, 2016) (Unit: JPY thousand)	(As of December 31, 2016) (Unit: JPY thousand)
	Cash and bank deposits 11,322,762	Cash and bank deposits 8,714,907
	Cash and bank deposits in trust 5,441,316	Cash and bank deposits in trust 5,499,826
	Cash and cash equivalents 16,764,078	Cash and cash equivalents 14,214,734

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

Usage of “My Number” in investment units related affairs

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

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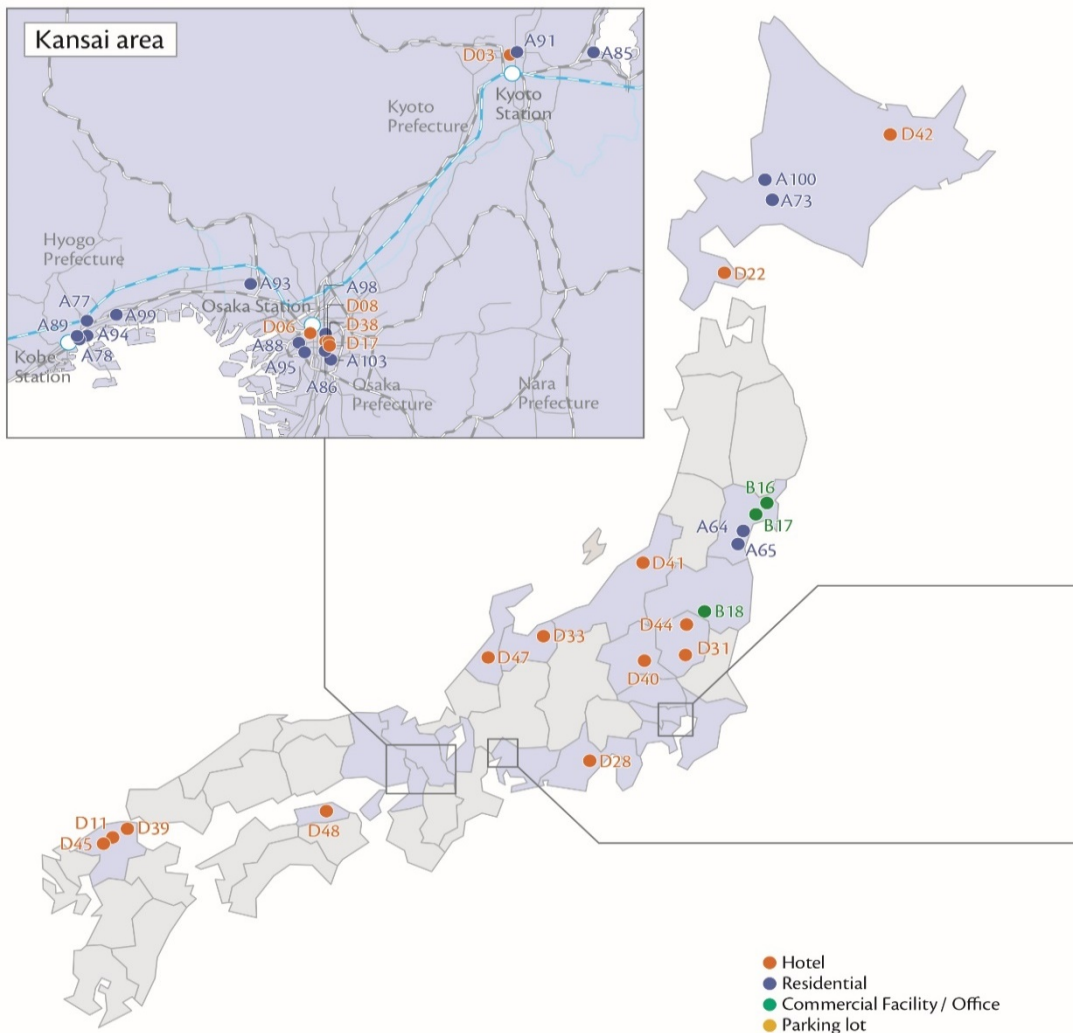
Usage of “My Number” includes taxation related procedures on investment units. It is necessary for unitholders to notify your “My Number” to your brokerage, etc.

Inquiries regarding notifying “My Number”

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

Portfolio Map

No. of Properties	No. of Hotels	No. of Hotel Rooms	No. of Apartment Units
126	48	7,027	4,778



(Note 1) as of March 14, 2017

(Note 2) For properties corresponding to the number and overview, please refer to pages 96-99

Portfolio Overview

(as of March 14, 2017)

Use	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 4)
Residential	A26	Nisshin Palacestage Daitabashi	Suginami-ku, Tokyo	1,771.13	98	1,251	0.4	98.0
	A27	Nisshin Palacestage Higashi- Nagasaki	Toshima-ku, Tokyo	2,681.94	60	1,229	0.4	96.5
	A28	Growth Maison Gotanda	Shinagawa-ku, Tokyo	1,051.50	48	888	0.3	100.0
	A29	Growth Maison Kameido	Koto-ku, Tokyo	1,367.96	66	1,070	0.4	92.4
	A30	Emerald House	Itabashi-ku, Tokyo	2,152.31	96	1,505	0.5	96.9
	A31	Harmonie Ochanomizu	Bunkyo-ku, Tokyo	1,748.24	65	1,428	0.5	100.0
	A32	Suncrest Shakujii-Koen	Nerima-ku, Tokyo	3,029.16	29	1,088	0.4	94.0
	A33	Growth Maison Shin- Yokohama	Yokohama-shi, Kanagawa	1,858.44	68	1,059	0.4	94.2
	A34	Belle Face Ueno- Okachimachi	Taito-ku, Tokyo	1,351.11	64	1,023	0.4	95.2
	A35	Grand Rire Kameido	Koto-ku, Tokyo	1,562.26	72	906	0.3	100.0
	A36	Growth Maison Ikebukuro	Toshima-ku, Tokyo	952.89	42	825	0.3	100.0
	A37	Growth Maison Yoga	Setagaya-ku, Tokyo	1,015.34	39	795	0.3	94.8
	A38	Route Tachikawa	Tachikawa-shi, Tokyo	1,368.57	24	676	0.2	100.0
	A39	Shibuya-Honmachi Mansion	Shibuya-ku, Tokyo	1,167.50	25	651	0.2	91.9
	A40	City Heights Kinuta	Setagaya-ku, Tokyo	1,235.93	19	646	0.2	94.6
	A41	Aceeds Tower Kawaguchi- Namiki	Kawaguchi-shi, Saitama	1,210.74	57	620	0.2	89.4
	A42	Capital Heights Kagurazaka	Shinjuku-ku, Tokyo	1,126.65	26	604	0.2	97.2
	A43	College Square Machida	Machida-shi, Tokyo	1,047.75	62	589	0.2	100.0
	A44	Belair Meguro	Meguro-ku, Tokyo	557.05	25	589	0.2	92.1
	A45	Wacore Tsunashima I	Yokohama-shi, Kanagawa	907.46	50	572	0.2	89.9
	A46	Foros Nakamurabashi	Nerima-ku, Tokyo	815.77	37	566	0.2	91.2
	A47	Growth Maison Kaijin	Funabashi-shi, Chiba	2,040.27	34	557	0.2	97.4
	A48	College Square Machiya	Arakawa-ku, Tokyo	871.35	43	510	0.2	100.0
	A51	City House Tokyo Shinbashi	Minato-ku, Tokyo	3,364.00	86	2,520	0.9	93.3
	A52	Winbell Kagurazaka	Shinjuku-ku, Tokyo	4,032.70	118	3,260	1.1	95.5
	A53	Nishiwaseda Crescent Mansion	Shinjuku-ku, Tokyo	4,310.77	69	1,880	0.6	95.8
	A54	Lexington Square Akebonobashi	Shinjuku-ku, Tokyo	1,987.88	88	1,450	0.5	96.7
	A56	Casa Eremitaggio	Meguro-ku, Tokyo	1,197.19	17	1,070	0.4	96.7
	A59	Towa City Coop Shinotsuka II	Toshima-ku, Tokyo	1,627.13	58	866	0.3	96.3
	A61	Bichsel Musashiseki	Nerima-ku, Tokyo	1,220.24	70	577	0.2	91.5
A62	Lexel Mansion Ueno Matsugaya	Taito-ku, Tokyo	1,969.45	29	970	0.3	96.4	
A63	Towa City Coop Sengencho	Yokohama-shi, Kanagawa	3,426.36	154	1,110	0.4	89.7	
A64	Royal Park Omachi	Sendai-shi, Miyagi	1,929.59	51	415	0.1	92.8	
A65	Lexington Square Haginomachi	Sendai-shi, Miyagi	1,528.58	39	330	0.1	92.1	
A66	Visconti Kakuozan	Nagoya-shi, Aichi	705.75	8	255	0.1	83.8	
A71	Lexington Square Daitabashi	Suginami-ku, Tokyo	1,430.64	43	977	0.3	92.9	
A72	Lexington Square Honjo Azumabashi	Sumida-ku, Tokyo	784.74	33	511	0.2	96.9	
A73	AMS TOWER Minami 6-Jo	Sapporo-shi, Hokkaido	4,460.56	120	1,180	0.4	86.1	
A75	Spacia Ebisu	Shibuya-ku, Tokyo	7,794.91	109	7,010	2.4	94.0	
A76	Neo Prominence	Kita-ku, Tokyo	3,574.70	52	1,660	0.6	95.0	
A77	Invoice Shin-Kobe Residence	Kobe-shi, Hyogo	2,773.71	81	1,260	0.4	81.5	
A78	Cosmo Court Motomachi	Kobe-shi, Hyogo	2,310.49	82	973	0.3	86.5	
A79	Revest Honjin	Nagoya-shi, Aichi	1,933.80	80	674	0.2	95.0	

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 4)
Residential	A80	Revest Matsubara	Nagoya-shi, Aichi	1,955.40	70	657	0.2	91.8
	A81	Sun Terrace Minami Ikebukuro	Toshima-ku, Tokyo	898.70	38	625	0.2	97.4
	A82	Alba Noritake Shinmachi	Nagoya-shi, Aichi	1,731.68	64	608	0.2	91.0
	A83	Revest Meieki Minami	Nagoya-shi, Aichi	1,634.60	61	597	0.2	93.6
	A84	Revest Heian	Nagoya-shi, Aichi	1,554.03	40	595	0.2	88.7
	A85	Vendir Hamaotsu Ekimae	Otsu-shi, Shiga	2,670.66	81	581	0.2	93.4
	A86	Salvo Sala	Osaka-shi, Osaka	1,428.12	54	544	0.2	96.7
	A87	Excellente Kagurazaka	Shinjuku-ku, Tokyo	701.92	33	543	0.2	88.3
	A88	Luna Court Edobori	Osaka-shi, Osaka	1,185.50	50	525	0.2	98.0
	A89	Winntage Kobe Motomachi	Kobe-shi, Hyogo	1,433.35	57	512	0.2	80.7
	A90	Queen's Court Fukuzumi	Koto-ku, Tokyo	765.18	25	456	0.2	96.6
	A91	Corp Higashinotoin	Kyoto-shi, Kyoto	1,029.05	42	446	0.2	95.2
	A92	Belair Oimachi	Shinagawa-ku, Tokyo	530.60	26	412	0.1	92.9
	A93	Siete Minami-Tsukaguchi	Amagasaki-shi, Hyogo	1,020.86	40	374	0.1	97.5
	A94	Prime Life Sannomiya Isogami Koen	Kobe-shi, Hyogo	789.12	32	373	0.1	87.5
	A95	HERMITAGE NANBA WEST	Osaka-shi, Osaka	992.76	21	355	0.1	88.0
	A96	Century Park Shinkawa 1-bankan	Nagoya-shi, Aichi	1,477.62	44	335	0.1	90.9
	A97	West Avenue	Kunitachi-shi, Tokyo	794.80	40	331	0.1	87.5
	A98	Little River Honmachibashi	Osaka-shi, Osaka	974.81	31	310	0.1	96.9
	A99	Prime Life Mikage	Kobe-shi, Hyogo	761.18	28	297	0.1	86.8
A100	City Court Kitaichijo	Sapporo-shi, Hokkaido	5,230.18	127	1,782	0.6	94.8	
A101	Lieto Court Mukojima	Sumida-ku, Tokyo	2,940.20	82	1,683	0.6	95.3	
A102	Lieto Court Nishi-Ojima	Koto-ku, Tokyo	2,048.28	91	1,634	0.6	96.8	
A103	Royal Parks Momozaka	Osaka-shi, Osaka	8,776.26	147	2,910	1.0	100.0	
A104	Royal Parks Shinden	Adachi-ku, Tokyo	15,797.29	248	5,024	1.7	100.0	
A105	Royal Park Tower Minami-Senju (Note 5)	Arakawa-ku, Tokyo	39,113.46	557	21,879	7.5	92.8	
A106	Royal Parks Seasir Minami-Senju (Note 5)	Arakawa-ku, Tokyo	6,496.86	113	2,683	0.9	100.0	
Subtotal				189,986.98	4,778	95,678	32.9	94.5
Office Buildings / Commercial Facilities	B08	Kindai Kagakusha Building	Shinjuku-ku, Tokyo	1,451.54	13	1,301	0.4	100.0
	B09	Shinjuku Island	Shinjuku-ku, Tokyo	526.43	1	715	0.2	100.0
	B14	Lexington Plaza Nishigotanda	Shinagawa-ku, Tokyo	6,033.58	11	4,880	1.7	91.8
	B15	Cross Square NAKANO	Nakano-ku, Tokyo	2,145.00	45	1,060	0.4	89.1
	B16	Ohki Aoba Building	Sendai-shi, Miyagi	2,178.37	13	816	0.3	83.6
	B17	Lexington Plaza Hachiman	Sendai-shi, Miyagi	8,419.15	18	3,280	1.1	100.0
	B18	AEON TOWN Sukagawa	Sukagawa-shi, Fukushima	18,440.58	1	2,320	0.8	100.0
	Subtotal				39,194.65	102	14,372	4.9
Parking Lots	C01	Times Kanda-Sudacho 4th	Chiyoda-ku Tokyo	81.04	1	97	0.0	100.0
	Subtotal				81.04	1	97	0.0

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 4)
Hotels	D01	Hotel MyStays Kanda	Chiyoda-ku, Tokyo	2,585.72	126	2,851	1.0	100.0
	D02	Hotel MyStays Asakusa	Sumida-ku, Tokyo	3,327.38	161	2,584	0.9	100.0
	D03	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	7,241.51	225	6,024	2.1	100.0
	D04	MyStays Shin-Urayasu Conference Center	Urayasu-shi, Chiba	6,232.30	175	4,930	1.7	100.0
	D05	Hotel MyStays Maihama	Urayasu-shi, Chiba	2,456.36	90	4,870	1.7	100.0
	D06	Hotel Vista Premio Dojima	Osaka-shi, Osaka	9,445.32	153	3,845	1.3	100.0
	D07	Hotel MyStays Nagoya-Sakae	Nagoya-shi, Aichi	9,064.71	279	2,958	1.0	100.0
	D08	Hotel MyStays Sakaisuji-Honmachi	Osaka-shi, Osaka	4,188.83	191	2,514	0.9	100.0
	D09	Hotel MyStays Yokohama	Yokohama-shi, Kanagawa	7,379.43	190	2,119	0.7	100.0
	D10	Hotel MyStays Nippori	Arakawa-ku, Tokyo	1,719.29	93	1,898	0.7	100.0
	D11	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka-shi, Fukuoka	3,412.71	177	1,570	0.5	100.0
	D12	Flexstay Inn Iidabashi	Shinjuku-ku, Tokyo	2,953.38	62	1,381	0.5	100.0
	D13	Hotel MyStays Ueno Inaricho	Taito-ku, Tokyo	1,150.76	72	1,331	0.5	100.0
	D14	Flexstay Inn Shinagawa	Shinagawa-ku, Tokyo	1,134.52	55	1,242	0.4	100.0
	D15	Flexstay Inn Tokiwadai	Itabashi-ku, Tokyo	2,539.75	130	1,242	0.4	100.0
	D16	Flexstay Inn Sugamo	Toshima-ku, Tokyo	2,089.86	105	1,192	0.4	100.0
	D17	Hotel MyStays Otemae	Osaka-shi, Osaka	4,956.66	111	1,192	0.4	100.0
	D18	Flexstay Inn Kiyosumi Shirakawa	Koto-ku, Tokyo	2,673.64	56	749	0.3	100.0
	D19	Flexstay Inn Nakanobu P1	Shinagawa-ku, Tokyo	770.56	39	589	0.2	100.0
	D20	Flexstay Inn Nakanobu P2	Shinagawa-ku, Tokyo	391.49	22	283	0.1	100.0
	D21	APA Hotel Yokohama-Kannai	Yokohama-shi, Kanagawa	6,568.51	452	8,350	2.9	100.0
	D22	Hotel Nets Hakodate	Hakodate-shi, Hokkaido	7,961.26	205	2,792	1.0	100.0
	D23	Flexstay Inn Shirogane	Minato-ku, Tokyo	1,754.06	84	2,119	0.7	100.0
	D24	Hotel MyStays Haneda	Ota-ku, Tokyo	5,400.16	174	7,801	2.7	100.0
	D25	Hotel MyStays Kameido P1	Koto-ku, Tokyo	4,349.67	266	5,594	1.9	100.0
	D26	Hotel MyStays Ueno Iriyaguchi	Taito-ku, Tokyo	2,247.92	97	3,821	1.3	100.0
	D27	Hotel MyStays Kameido P2	Koto-ku, Tokyo	2,793.99	177	3,742	1.3	100.0
	D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	3,559.81	152	2,198	0.8	100.0
	D29	Super Hotel Shinbashi/Karasumoriguchi	Minato-ku, Tokyo	1,403.89	74	1,624	0.6	100.0
	D30	Flexstay Inn Higashi-Jujo	Kita-ku, Tokyo	1,714.53	89	1,277	0.4	100.0
	D31	Hotel MyStays Utsunomiya	Utsunomiya-shi, Tochigi	11,733.23	126	1,237	0.4	100.0
	D32	Flexstay Inn Kawasaki-Kaizuka	Kawasaki-shi, Kanagawa	1,190.57	64	980	0.3	100.0
	D33	Comfort Hotel Toyama	Toyama-shi, Toyama	3,305.64	150	979	0.3	100.0
	D34	Flexstay Inn Kawasaki-Ogawacho	Kawasaki-shi, Kanagawa	725.60	62	906	0.3	100.0
	D35	Flexstay Inn Ekoda	Nerima-ku, Tokyo	3,932.93	210	5,069	1.7	100.0
	D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	Tachikawa-shi, Tokyo	1,832.97	96	1,170	0.4	100.0
	D37	Super Hotel JR Ueno-iriaguchi	Taito-ku, Tokyo	1,279.16	69	1,130	0.4	100.0
	D38	Hotel MyStays Shinsaibashi	Osaka-shi, Osaka	1,942.01	57	3,160	1.1	100.0
	D39	Comfort Hotel Kurosaki	Kitakyushu-shi, Fukuoka	3,207.60	151	1,148	0.4	100.0
	D40	Comfort Hotel Maebashi	Maebashi-shi, Gunma	3,660.96	154	1,128	0.4	100.0
	D41	Comfort Hotel Tsubame-Sanjo	Sanjo-shi, Niigata	3,099.90	133	1,010	0.3	100.0
	D42	Comfort Hotel Kitami	Kitami-shi, Hokkaido	3,009.50	127	851	0.3	100.0

Purpose	Property Number (Note 1)	Name of Property	Location	Leasable Area (m ²)	Rentable Units	Acquisition Price (JPY mn) (Note 2)	Investment Ratio (%) (Note 3)	Occupancy Rate (%) (Note 4)
Hotels	D43	Hotel MyStays Gotanda Station	Shinagawa-ku, Tokyo	8,752.42	335	24,674	8.5	100.0
	D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	37,702.33	310	20,981	7.2	100.0
	D45	Hotel MyStays Fukuoka Tenjin	Fukuoka-shi, Fukuoka	5,083.06	217	8,059	2.8	100.0
	D46	Hotel MyStays Hamamatsucho	Minato-ku, Tokyo	1,951.90	105	7,959	2.7	100.0
	D47	Hotel MyStays Premier Kanazawa (Note 6)	Kanazawa-shi, Ishikawa	13,250.03	261	13,761	4.7	100.0
	D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	7,148.17	193	2,139	0.7	100.0
Subtotal				226,275.96	7,102	181,032	62.2	100.0
Total				455,538.63	11,983	221,181	100.0	97.5

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

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

(Note 3) "Investment ratio" is the ratio of the acquisition price to the aggregate acquisition price of INV's portfolio, and has been rounded to the first decimal place

(Note 4) "Leasable Area" and "Occupancy Rate" are as of end of December 2017

(Note 5) Acquired as of March 14, 2017

(Note 6) Name changed from Hotel MyStays Kanazawa to Hotel MyStays Premier Kanazawa on October 1, 2016

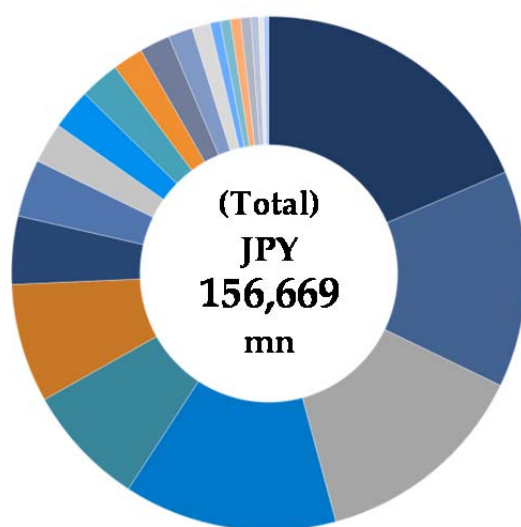
Financial Conditions

- The bank formation is further reinforced by the addition of three new lenders via new borrowing on March 14, 2017 (No. of lenders increased to 22)
- INV obtained its credit rating of 'A' with a 'Positive' outlook from Japan Credit Rating Agency (JCR) on September 27, 2016

Rating (obtained as of September 27, 2016)

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

Lender Formation (as of March 14, 2016)



Mizuho Bank	18.5%
BTMU	13.6%
SMTB	13.6%
SMBC	13.4%
Citibank Japan	7.7%
Shinsei Bank	7.5%
Resona Bank	4.3%
MUTB	3.6%
Tokyo Star Bank	2.6%
Japan Post Bank	2.6%
Aeon Bank	2.5%
DBJ	1.9%
Fukuoka Bank	1.9%
Shizuoka Bank	1.5%
Nomura TB	1.2%
Kagawa Bank	0.6%
Daishi Bank	0.6%
Hyakugo Bank	0.6%
Hiroshima Bank	0.6%
Towa Bank	0.5%
Dai-ichi Life Insurance	0.3%
Gunma Bank	0.3%

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

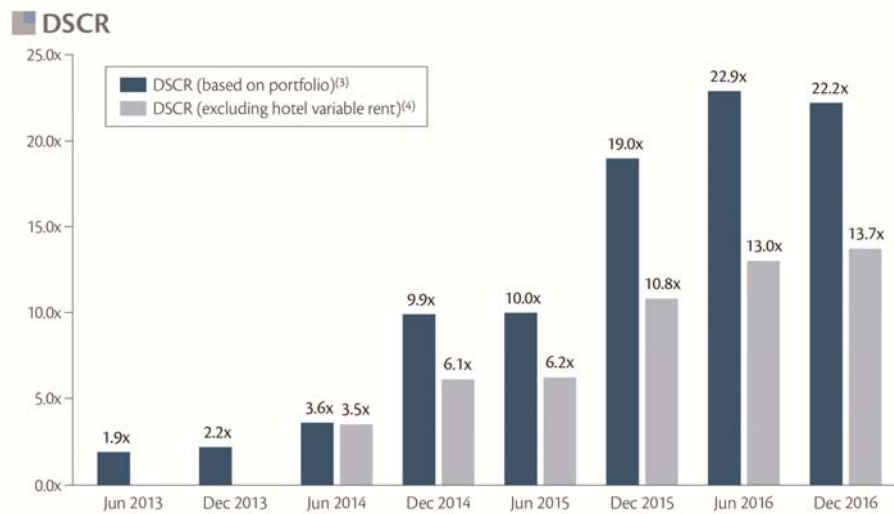
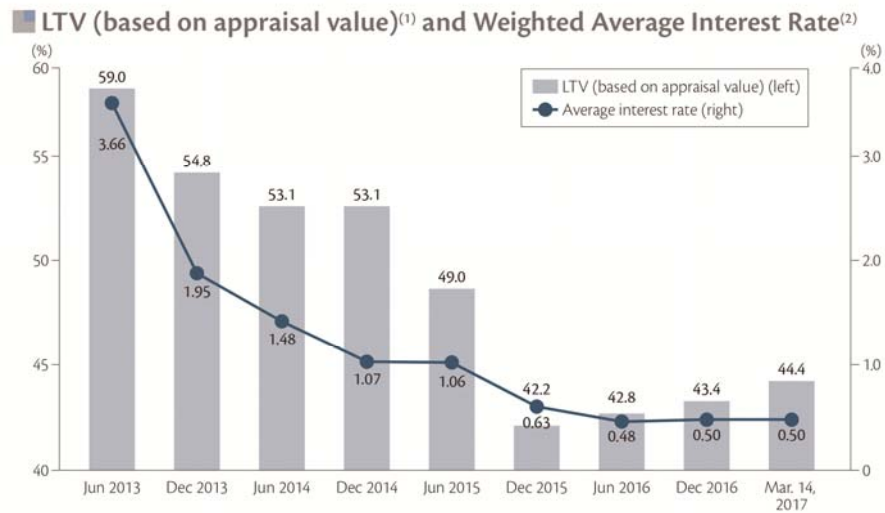
LTV (Appraisal Value Base) as of March 14, 2017 calculated by the following formula:

(Interest-bearing debts at the end of December 2016 + Total amount of new borrowings) / (Total appraisal value as of the end of December 2016 + Total appraisal value for the properties acquired on March 14, 2017 as of December 1, 2016)

(Note 2) The average interest rate is calculated by the following formula: (Total loan amount outstanding at the end of each fiscal period or as of March 14, 2017 multiplied by applicable interest rate at the end of each fiscal period for each loans or as of March 14, 2017 / The loan amount outstanding at the end of each fiscal period or as of March 14, 2017

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

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



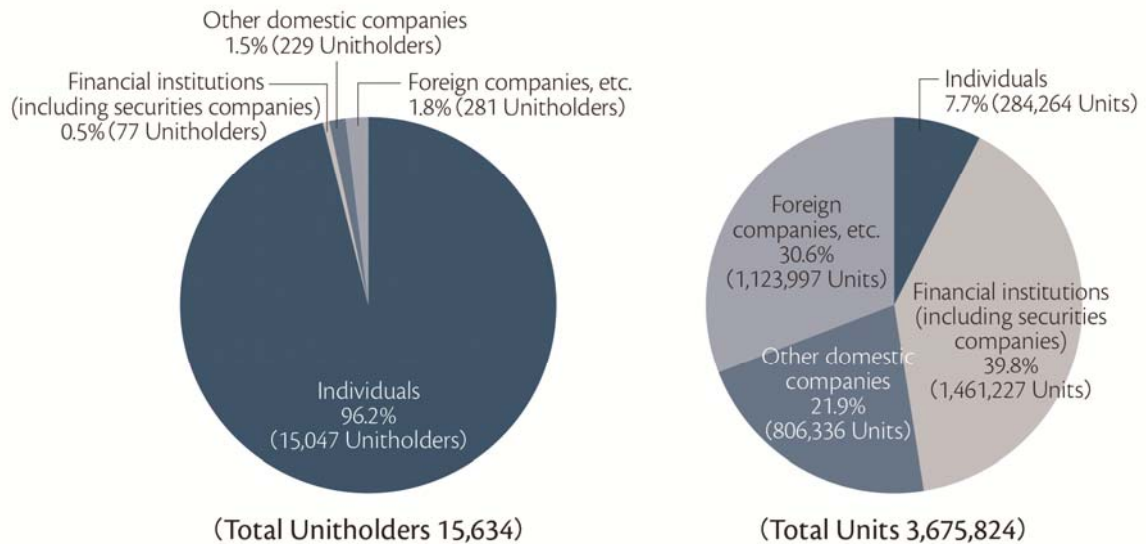
Overview of Unitholders/Investment Units

Historical Unit Price

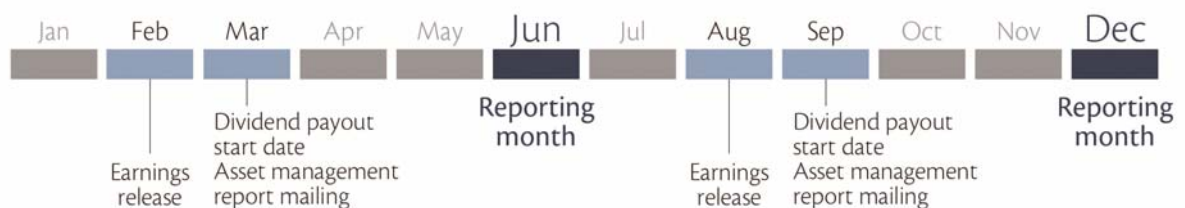


(Note) Unit prices indicate the closing price on the TSE market. TSE REIT Index has been indexed, assuming the closing price of TSE REIT Index as of January 4, 2013 was the same as the closing price of INV unit on the same day.

Distribution of Unitholders



Annual Schedule



Information for Unitholders

For Unitholders

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

Notification Process for Address Changes

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

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

Unitholders of the former LCP Investment Corporation

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

Dividends

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

(Bank Transfers)

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

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

Notification

(Notice of Dividend Payment)

The 2008 amendment of the Special Taxation Measures Law (Act No. 23 of April 30, 2008) mandated the sending to unitholders a “Notice of Dividend Payment” stating the dividend amount, amount of taxes withheld, and the like. If you collect dividends via a “Dividends Receipt,” please view the “Notice of Dividend Payment” sent alongside it. If you have specified a wire transfer, the “Dividend Statement” delivered with the dividend payment is the “Notice of Dividend Payment.” Both documents may be used as supporting documents when filing income tax returns.

(Characters for Addresses and Names of Unitholders)

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

Inquiries

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

TEL: 03-5411-2731 (Main)

Weekdays 9:30-17:30