

Invincible Investment Corporation

Presentation Material for the acquisition of three new properties

February 4th, 2015



Invincible Investment
Corporation

TSE Code: 8963



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

Table of Contents

▪ Executive Summary	P. 3
▪ Overview of Properties to be Acquired	P. 5
▪ Performance of Existing 20 Hotel Properties	P. 7
▪ Performance Forecast versus Previous Forecast (as of October 31, 2014)	P. 8
▪ Continuous Improvement of Financial Condition	P. 10
▪ External Growth from Sponsor Support	P. 11
▪ Hotel Sector Solid Fundamentals	P. 12
▪ Major Development of Hakodate Infrastructure Boosting Demand for Tourism	P. 13
▪ Properties to be Acquired	P. 14
▪ Overview of 23 Hotel Properties	P. 17

(Note) In this document, unless described otherwise, figures are rounded down to the indicated amount and Percentages are rounded to first decimal place.

Executive Summary

■ Strengthening portfolio through acquisition of three hotel properties combining both stable income and growth potential

- ✓ Acquisition of one property from a third-party and two from the Sponsor. The percent of hotel properties in the portfolio will increase from 38.5% to 44.7%
- ✓ Total acquisition price of the three hotel properties: JPY 13.261billion / Average NOI yield: 5.2%⁽¹⁾
- ✓ APA Hotel Yokohama-Kannai, the largest of the three new hotel properties boasts a high occupancy rate of 94.5%⁽²⁾, high profitability with a GOP margin of 65.5%⁽³⁾, a fixed rent ratio of 91.1%⁽⁴⁾ and a rent coverage ratio of 1.7x⁽⁵⁾
- ✓ Flexstay Inn Shirogane and Hotel Nets Hakodate are on variable leases where the REIT will benefit from further income growth; GOP increased by 13.7%⁽⁶⁾ in 2H 2014 versus the previous year
- ✓ Aiming to expand assets under management further by utilizing the sponsor pipeline as well as third-party sources
- ✓ After the transaction, MOU will have 20 hotels with 3,326 rooms

■ Robust fundamentals for hospitality sector

- ✓ The number of international visitors to Japan in 2014 reached the record level of 13.41 million, up 29.4% from the previous year
- ✓ Continued strong fundamentals as shown on page 12 are driving the growth of hospitality sector

(Note 1) NOI yield is based on the projection for the period from Jan. - Dec. 2015 and is calculated using the following formula; $\text{NOI yield (\%)} = (\text{Operating Income} - \text{Operating Expenses} + \text{Depreciation Expenses}) \div \text{Acquisition Price}$

(Note 2) Room Occupancy Rate is calculated using the following formula; $\text{Occupancy Rate} = \text{Total number of occupied rooms during the relevant period} \div (\text{aggregate number of available rooms during the relevant period} * \text{number of business days during the relevant period})$

(Note 3) GOP margin is calculated using the following formula; $\text{GOP} \div \text{Gross revenue from hotel operation}$

(Note 4) Fixed Rent Ratio is the percentage of fixed rent to Gross Operating Profit (GOP)

GOP of three properties to be acquired is calculated using the following formula; $\text{Gross Revenue from hotel operation} - \text{Operating Expenses related to hotel operation (personnel, materials, utilities and advertising expenses)}$

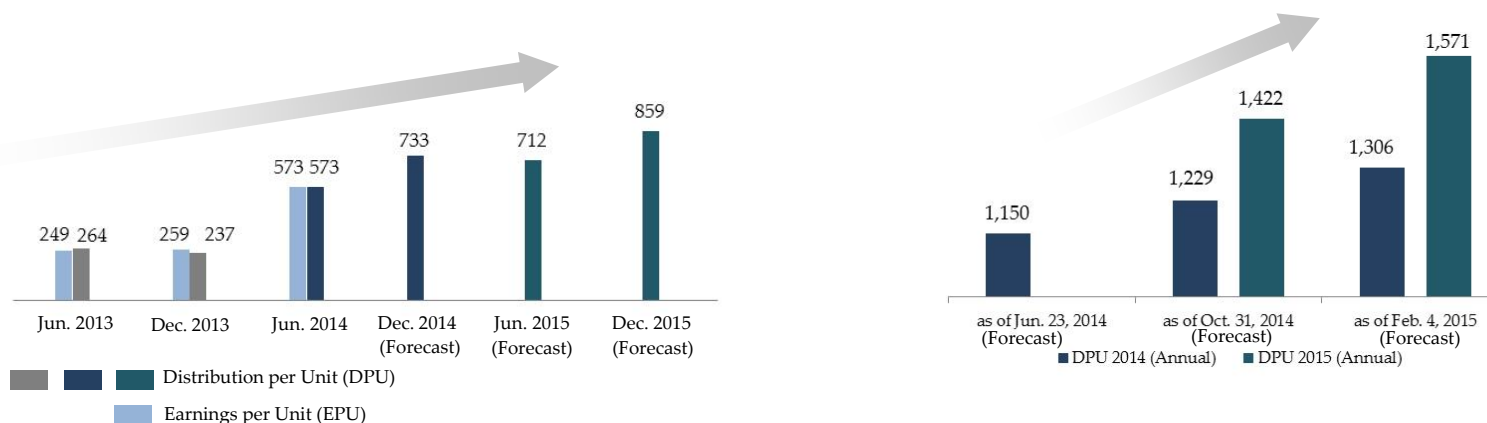
(Note 5) Rent Coverage represents the ability of rent payment and is calculated using the following formula; $\text{Rent Coverage} = \text{GOP} \div \text{Total Rent}$

(Note 6) Jul. - Dec. 2014 versus Jul. - Dec. 2013

Executive Summary – Continued Focus on Earnings and Dividends

■ Expecting substantial DPU increase through the acquisition of new properties without issuing additional equity along with strong performance from the existing 20 hotel properties

- ✓ Annual Distribution per Unit (DPU) in 2015 is estimated at JPY 1,571 which is 10.5% greater than the October 2014 estimate of JPY 1,422 and 36.6% greater than the original calendar year 2014 forecast of JPY 1,150 made in June 2014
- ✓ DPU for the Fiscal Period (FP) ended December 2014 is estimated to increase by 11.7% to JPY 733 from JPY 656 forecast as of October 2014 (a 22.2% increase from the forecast of JPY 600 announced on August 2014)
- ✓ 20 hotels acquired in May and July 2014 continue to exhibit robust performance with RevPAR⁽¹⁾ up 17.9% for 2H 2014 versus 2H 2013 or 16.8% higher than the budget, and GOP⁽²⁾ up 22.3% for 2H 2014 versus 2H 2013 or 21.6% higher than the budget



■ Significant improvements to LTV and DSCR

- ✓ The new acquisition with lower loan LTV and an uplift of appraisal values for the existing portfolio will reduce the REIT LTV⁽³⁾ from 56.2%⁽⁴⁾ in July 2014 to 51.4%⁽⁵⁾ after the transaction
- ✓ DSCR is forecast to improve to 9.9x in December 2014 FP from 3.6x in June 2014 FP due to the substantial increase in hotel revenues

(Note 1) RevPAR, or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms available for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate multiplied by ADR.

(Note 2) GOP is calculated using the following formula; Gross Revenue from hotel operation – Operating Expenses related to hotel operation (personnel, materials, utilities and advertising expenses)

(Note 3) LTV is calculated using the following formula; Interest-bearing debt ÷ Appraisal value * 100

(Note 4) Calculated based on the appraisal value as of the end of June 2014 for the existing seventy-three properties and the appraisal value as of April 30, 2014 for the eighteen hotel properties acquired in July, 2014.

LTV calculation assumes the repayment of JPY 1.2 billion, corresponding to the refund of the consumption tax.

(Note 5) Calculated based on the appraisal value as of the end of December 2014 for the ninety-one properties including the twenty hotels, and based on the appraisal value as of December 1, 2014 for the new three hotels.

LTV calculation assumes the repayment of JPY 1.521 billion, corresponding to the refund of the consumption tax.

Overview of Properties to be Acquired

- Acquisition of three hotel properties for JPY 13.261 billion at an average NOI yield of 5.2% ⁽¹⁾, utilizing the excess cash-on-hand and new borrowings
- 'APA Hotel Yokohama-Kannai' is to be acquired for JPY 8.35 billion from a third-party.
Realize stable rent income - the rent coverage ratio is 1.7x and 91.1% of total rent is fixed rent for the last 12 months ending December 2014, with a fixed term lease with the operator of APA Hotels through 2028

Overview of Properties to be Acquired

Type of Hotel	• Limited Service Hotel
# of Properties	• 3
Average Occupancy ^{(1) (3)}	• 88.8%
ADR ^{(1) (3)}	• JPY 6,821
RevPAR ^{(1) (3)}	• JPY 6,059

Hotel Acquisition Characteristics

Name of Property	Location	# of Guest Rooms	Year Built	NRA (m ²)	Purchase Price (mn JPY)	Appraisal Value (mn JPY)	NOI Yield		Occupancy Rate ⁽¹⁾⁽³⁾	ADR (JPY) ⁽¹⁾⁽³⁾	RevPAR (JPY) ^{(1) (3)}
							2014 ⁽¹⁾	2015 ⁽²⁾			
APA Hotel Yokohama-Kannai	Yokohama, Kanagawa	451	2005	6,568.51	8,350	8,500	5.3%	5.3%	94.5%	7,151	6,758
Hotel Nets Hakodate	Hakodate, Hokkaido	202	2008	7,961.26	2,792	2,820	5.0%	5.5%	77.1%	6,355	4,897
Flexstay Inn Shirogane	Minato-ku, Tokyo	84	1984	1,754.06	2,119	2,140	4.3%	4.6%	86.7%	5,883	5,099
Total		737	-	16,283.83	13,261	13,460	5.1%	5.2%	88.8%	6,821	6,059

(Note 1) Calculated based on the 2014 full year actual results.

(Note 2) NOI Yield in 2015 is calculated based on the budget from January to December 2015.

(Note 3) Room Occupancy Rate is calculated using the following formula:

Room Occupancy Rate = Total number of rooms occupied during the relevant period ÷ (Aggregate number of rooms available during the relevant period × Number of business days during the relevant period)

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

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

Overview of Portfolio after Acquisition of Three Properties

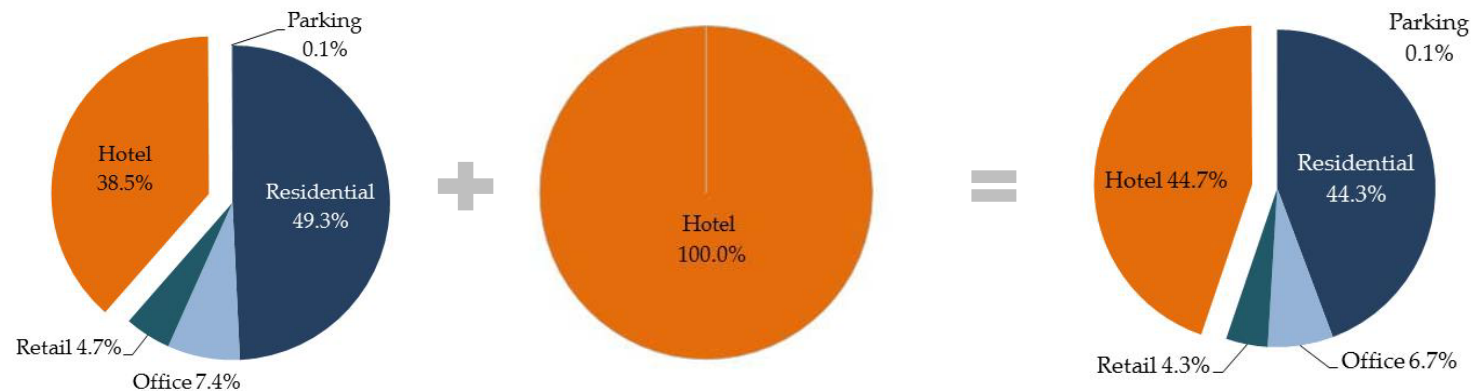
- Invincible will consist of 94 properties at an acquisition cost of JPY 131.1 billion after the acquisition of the three new hotels for JPY 13.261 billion, expanding the composition of hotel properties from 38.5% to 44.7% (Acquisition price basis)
- The estimated portfolio NOI yield will maintain a favorable level of 6.0%, after acquiring the three hotel properties with an expected NOI yield of 5.2%

	Existing Properties (As of January 2015)		Newly Acquired 3 Properties		After Acquisition of 3 properties (As of February 2015)
# of Properties	91	+	3	=	94
Acquisition Price (mn JPY)	117,927	+	13,261	=	131,188
Appraisal Value (mn JPY)	126,558	+	13,460	=	140,018
NOI Yield ⁽¹⁾	6.1%	+	5.2%	=	6.0%
NOI Yield after Depreciation	4.6%	+	3.4%	=	4.5%

(For reference) Implied NOI Cap Rate

NOI Yield (before depreciation): 3.6% / NOI Yield (after depreciation): 2.7%⁽²⁾

<The share of hotel properties in the portfolio⁽³⁾>



(Note 1) NOI Yield is calculated based on the estimated figures in 2015

(Note 2) The calculation includes the estimated NOI in 2015 and the average unit price between January 5, 2015 and January 30, 2015

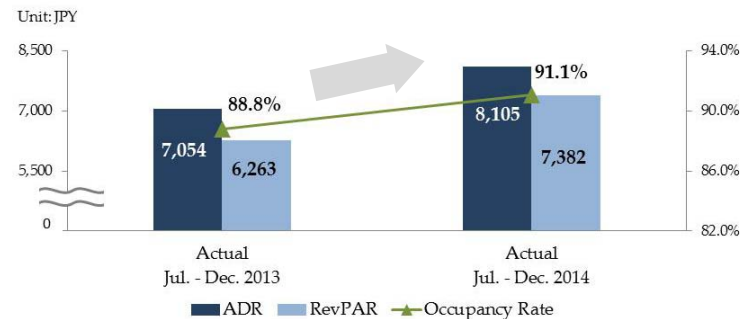
(Note 3) Acquisition price basis

Performance of Existing 20 Hotel Properties

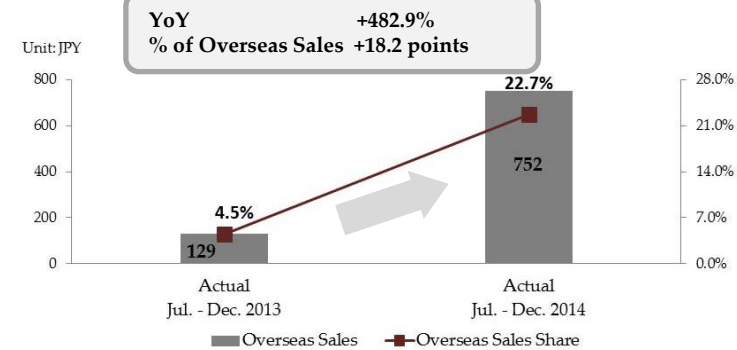
- As driven by the Occupancy, ADR and RevPAR growth below, 2H 2014 GOP of the existing 20 hotels was up by 22.3% versus 2H 2013
- The existing 20 hotels achieved ADR growth of +14.9% for 2H 2014 versus 2H 2013 and ADR of the two new hotels acquired from sponsor increased by +8.9% for 2H 2014 versus 2H 2013
- Expect continued growth as the two hotels being acquired from the Sponsor are on variable rents and demonstrate similar characteristics to the existing 20 hotels

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

OCC +2.3points
ADR +14.9%
RevPAR +17.9%



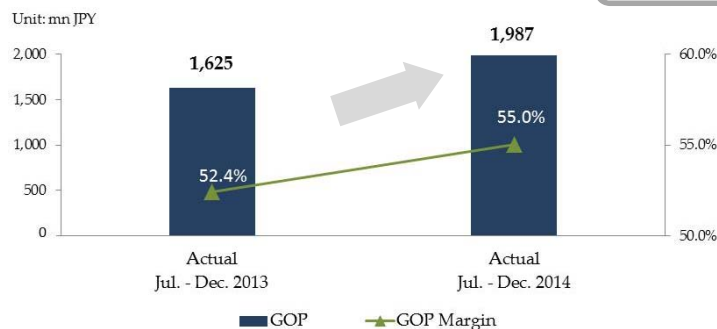
Overseas Sales Share ⁽¹⁾
Actual in 2H 2014 vs 2H 2013 (from July to December)



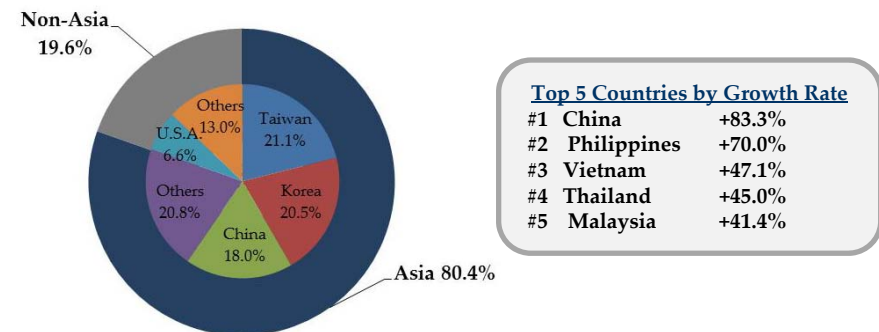
(Note 1) Overseas sales is sales amount through overseas web agents

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

GOP Growth +22.3%
GOP Margin +2.6points



International Visitors in Japan by Region
Actual in 2014 (from January to December) ⁽²⁾



Total: 13.41 million Visitors (YoY +29.4%)

(Note 2) Jan - Oct are provisional figures, while Nov. and Dec. are the preliminary figures estimated by JNTO

Performance Forecast versus Previous Forecast (as of October 31, 2014)

- The estimated DPU for the period ended December 2014 will increase by 11.7% to JPY 733 from JPY 656, as announced on October 31, 2014, an increase of 22.2 % compared to the initial forecast of JPY 600 announced on August 27, 2014
- Forecasting DPU growth of 10.5% to JPY 1,571 in 2015 from JPY 1,422 as announced on October 31, 2014, and 20.3% from 2014 via continued strong revenue growth from the 20 existing hotels and the acquisition of 3 hotels through the utilization of excess cash-on-hand and new borrowings

Revised Forecast (As of February 4, 2015)

	Actual	Forecast		
	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period
	1H 2014	2H 2014	1H 2015	2H 2015
Operating Revenue (mn JPY)	3,775	4,610	4,631	5,034
NOI (mn JPY)	2,018	3,861	3,762	4,150
Operating Income (mn JPY)	2,234	2,769	2,439	2,812
Net Income (mn JPY)	901	1,958	1,902	2,293
Earnings Per Unit (EPU) / Distribution Per Unit (DPU) (JPY)	573	733	712	859
EPU • DPU (Annual) (JPY)	<u>1,306</u>		<u>1,571</u>	

Previous Forecast (As of October 31, 2014)

	Actual	Forecast		
	22nd Fiscal Period	23rd Fiscal Period	24th Fiscal Period	25th Fiscal Period
	1H 2014	2H 2014	1H 2015	2H 2015
Operating Revenue (mn JPY)	3,775	4,474	4,343	4,631
NOI (mn JPY)	2,018	3,694	3,476	3,748
Operating Income (mn JPY)	2,234	2,580	2,241	2,514
Net Income (mn JPY)	901	1,752	1,760	2,036
Earnings Per Unit (EPU) / Distribution Per Unit (DPU) (JPY)	573	656	659	763
EPU • DPU (Annual) (JPY)	<u>1,229</u>		<u>1,422</u>	

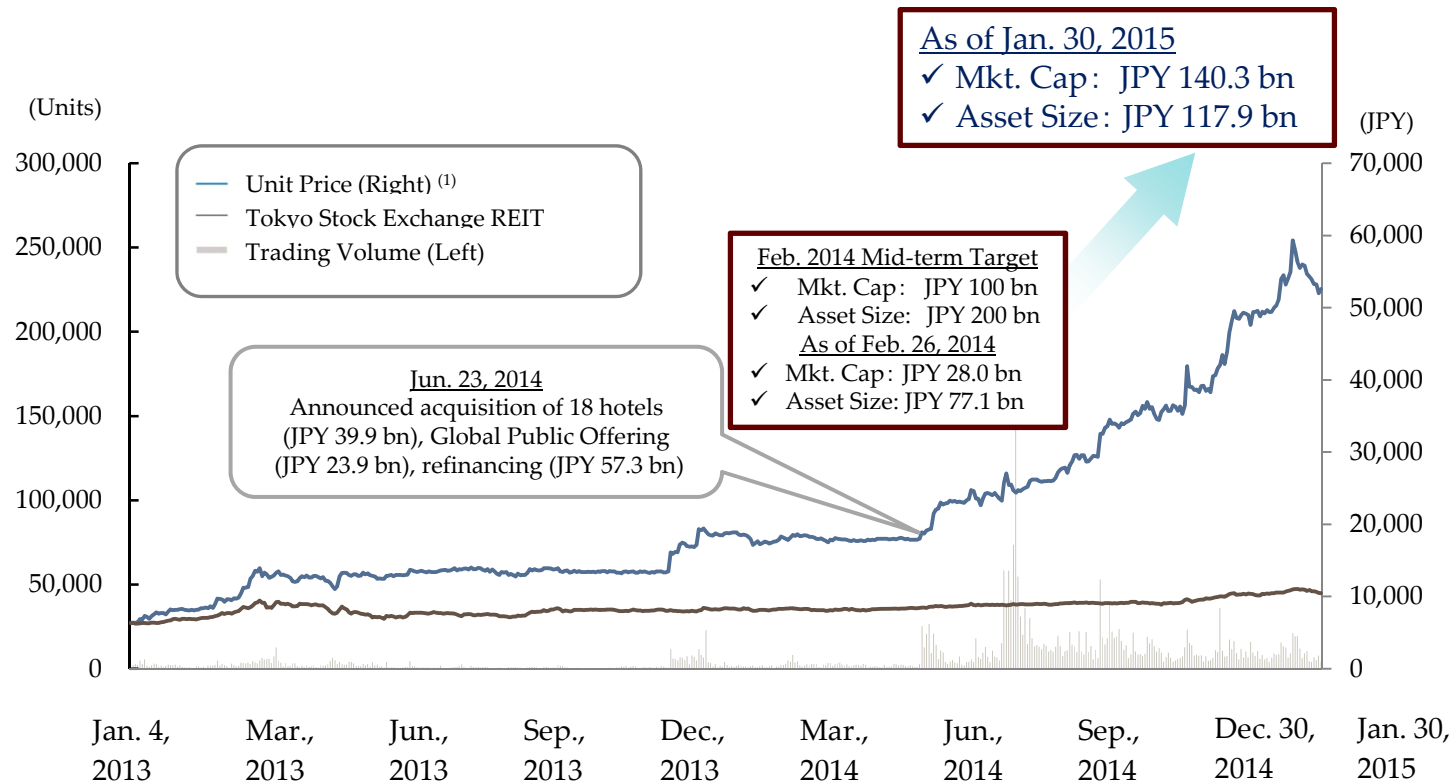
EPU Increase compared to Previous Forecast

EPU • DPU (JPY)	0	77	53	96
EPU • DPU (Annual) (JPY)	77		149	

(Note) EPU and DPU are calculated based on the number of units at the end of each fiscal period and rounded down to the nearest unit.

Historical Unit Price- Steady Expansion of Market Capitalization and Asset Size

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



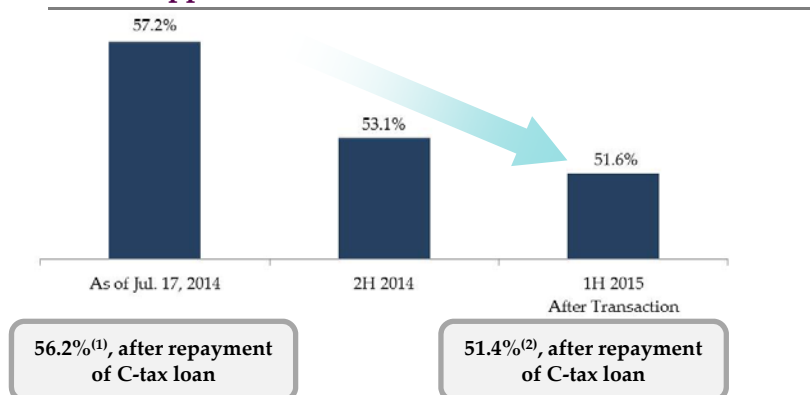
(Note 1) Unit prices indicate the closing price on the TSE market. The TSE REIT Index value is indexed to January 4, 2013.

Continuous Improvement of Financial Condition

- The new acquisition with lower loan LTV and an uplift of appraisal values of the existing portfolio will reduce the REIT LTV from 56.2%⁽¹⁾ in July 2014 to 51.4%⁽²⁾ after the transaction
- DSCR is forecast to improve to 9.9x in the December 2014 period from 3.6x in the June 2014 period, due to the substantial increase in revenues from the 20 existing hotel properties

Item	Borrowing Conditions	
Borrowing Amount	Sumitomo Mitsui Banking Corporation	JPY 1,357 mn
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	JPY 1,357 mn
	Mizuho Bank, Ltd.	JPY 1,357 mn
	Citibank Japan Ltd.	JPY 650 mn
	Shinsei Bank, Limited	JPY 650 mn
	Sumitomo Mitsui Trust Bank, Limited	JPY 470 mn
	Resona Bank, Limited	JPY 400 mn
	Total	JPY 6,241 mn
Interest Rate,	One-month JPY TIBOR (Base Rate) + spread (0.8%)	
Loan LTV	46.4%* (* 44.0% without c-tax loan)	
Secured / Guarantee	Secured / with no guarantee	
Agreement Date	February 4, 2015	
Anticipated Borrowing Date	February 6, 2015	
Principal Maturity Date	February 6, 2018	

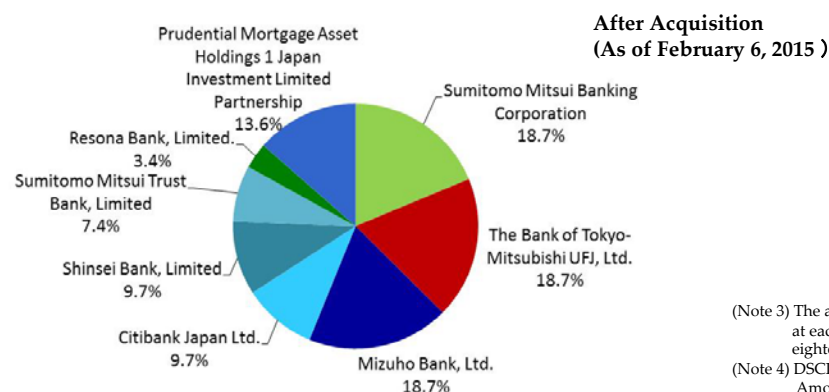
LTV (Appraisal Basis)



(Note 1) Calculated based on the appraisal value as of the end of June, 2014 for the existing 73 properties and the appraisal value as of April 30, 2014 for eighteen hotel properties acquired in July, 2014. LTV calculation assumes repayment of JPY 1.2 billion, corresponding to the consumption tax.

(Note 2) Calculated based on the appraisal value as of the end of December 2014 for the ninety-one properties including the twenty hotels, and based on the appraisal value as of December 1, 2014 for the new three hotels. LTV calculation assumes repayment of JPY 1.521 billion, corresponding to the consumption tax.

Breakdown of Lenders



Key Debt-related Metrics

(mn JPY)

	1H 2013	2H 2013	1H 2014	2H 2014	1H 2015 (e)	2H 2015 (e)
Interest-bearing Debt	43,851	41,310	41,000	67,260	72,301	71,962
Appraisal Value	74,347	75,429	77,268	126,558	140,018 ⁽⁵⁾	- -
Average Interest Rate ⁽³⁾	3.66%	1.95%	1.48%	1.07%	1.06%	1.06%
DSCR ⁽⁴⁾	1.9x	2.2x	3.6x	9.9x	8.8x	9.2x

(Note 3) The average interest rate is calculated using the following formula; (The loan amount outstanding at each fiscal period * applicable interest rate at each fiscal period end) ÷ The loan amount outstanding at each fiscal period

eighteen hotel properties acquired in July, 2014. LTV calculation assumes repayment of JPY 1.2 billion, corresponding to the consumption tax.

(Note 4) DSCR is calculated using the following formula; (Operating Income + Depreciation Expenses) ÷ (Contract Prepayment Amount + Interest Amount)

(Note 5) The appraisal value for ninety-one properties is as of the end of December, 2014 and the appraisal value for the three new properties is as of December 1, 2014

External Growth from Sponsor Support

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

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



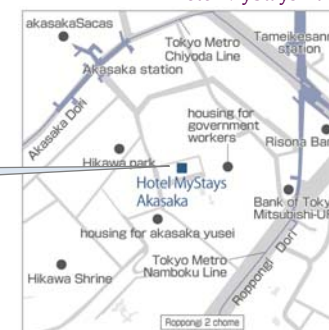
Hotel MyStays Kameido P2



Hotel MyStays Kameido P1



Hotel MyStays Akasaka (Rendering)



Hotel MyStays Haneda



(Note 1) Hotel MyStays Yokohama Kannai is under construction. Hotel MyStays Akasaka is currently being redeveloped.

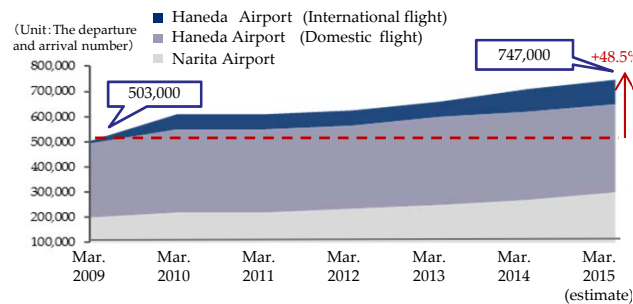
(Note 2) The above represents the properties covered by amended MOU. Invincible may elect to acquire only a selected number from the above or none at all.

(Note 3) Rendering is a conceptual drawing based on design drawing and there is a potential difference with actual building.

Hotel Sector Solid Fundamentals

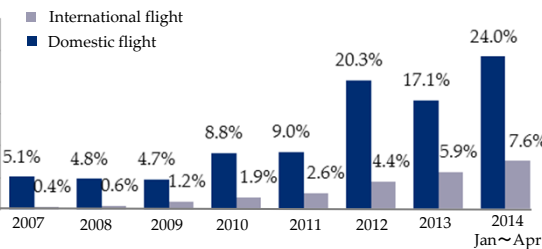
- Continuous promotion of tourism initiatives such as airport capacity expansion, the entry of LCC's into the Japanese market and the relaxation of visa requirements by the Japanese government
- Inbound visitors to Japan surpassed the 13 million mark in 2014, with sustained growth expected over the mid-long term, spurred by government initiatives along with an expanding middle-class in Asian countries
- Cumulative guest nights of inbound visitors show significant double-digit increases in major regional cities outside of Tokyo, Osaka and Kyoto.

Expansion of Airport Capacity



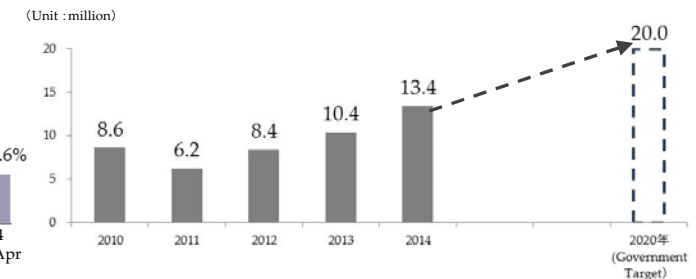
Source: Ministry of Land, Infrastructure, Transport and Tourism

LCC Market Share in Japan



Source: Japan Tourism Agency and Japan National Tourist Organization

Inbound Visitors to Japan



Source: Japan National Tourist Organization

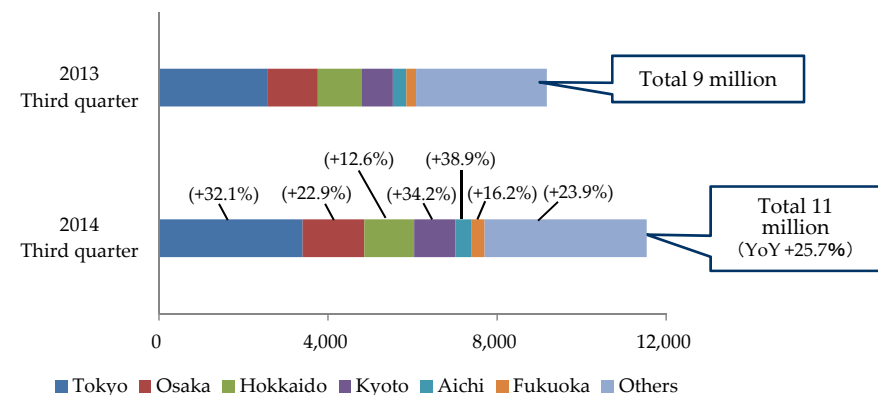
Action Plan For Achieving A Tourism-Oriented Country - 2014

- Promotion of tourism initiatives with an eye towards Olympic and Paralympic Games held in 2020
- Initiatives to significantly increase the number of inbound tourists
- Facilitating travel to Japan by measures such as the relaxation of visa requirements
- Establish tourist destinations to attract tourists from worldwide
- Establish an environment to accommodate international tourists to Japan
- Initiatives to invite MICE and attract international business travelers

- Exemption of visas for Indonesia (Based on prior registration) (December 2014)
- Significant relaxation of visa requirements for citizens of Indonesia, Philippines and Vietnam (September 2014)
- Issuance of multiple visa for short stay for Indian (July 2014)

Source: Japan Tourism Agency, Ministry of Foreign Affairs of Japan

Cumulative Guest Nights of Inbound Visitors by Prefecture (YoY)

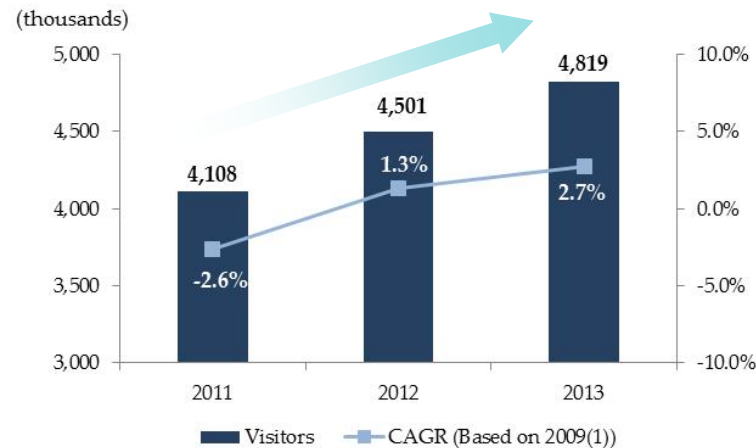


Source: Japan Tourism Agency

Major Development of Hakodate Infrastructure Boosting Demand for Tourism

Visitors to Hakodate

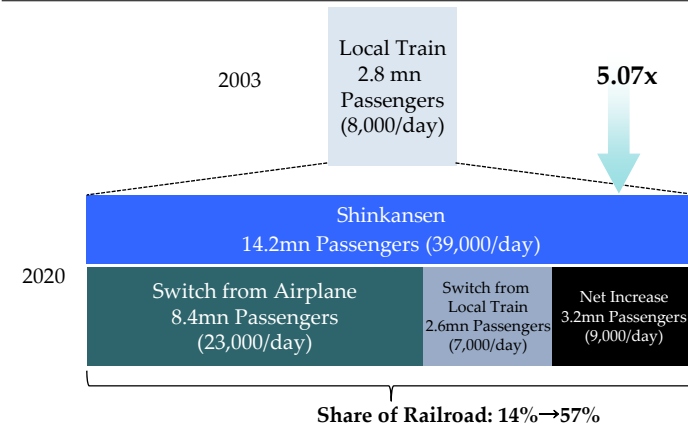
- Number of visitors to Hakodate has been increasing since 2011 and is expected to grow going forward



Source: Hakodate Kanko-bu Kankoshinko-ka Visitor Report in Hakodate
(Note 1) Visitors to Hakodate in 2009 were 4,322 thousand

Opening of Hokkaido Shinkansen (Planned Opening in 2016)

- Train passengers utilizing the Hokkaido-Honshu route are expected to increase by 5 times after the opening of Hokkaido Shinkansen



Source: Hokkaido Shinkansen Kotsu Kikaku-kyoku Shinkansen Suishinshitsu Home Page

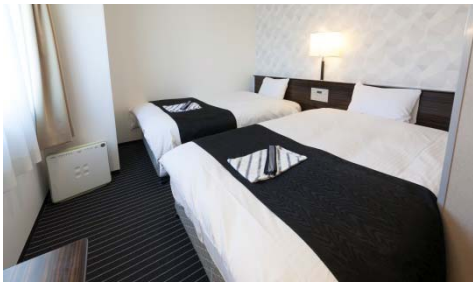
Development of Infrastructure Over the Last 10 Years

- Continuous air and train infrastructure improvements from 2005 to 2012 helped to increase access to Hakodate

AIRDO Tokyo-Hakodate	(2005)	2 round trips per day between Tokyo and Hakodate
Hakodate-Seoul Scheduled Flights	(2006)	3 round trips per week between Hakodate and Seoul
Tohoku Shinkansen Shin-Aomori	(2010)	- It takes 3 hours 20 minutes between Tokyo and Shin-Aomori - Express "Super Shiratori" and "Shiratori" run between Hakodate and Shin-Aomori, all connecting to the Shinkansen - Minimum of 5 hours 44 minutes, shortened by 14 minutes
Hakodate-Taipei Flights	(2012)	2 round trips per week between Hakodate and Taipei
Hokkaido Shinkansen (Scheduled to Open in 2016)		Minimum of 4 hours 10 minutes between Tokyo and Shin-Hakodate, shortened by 1 hour and 34 minutes

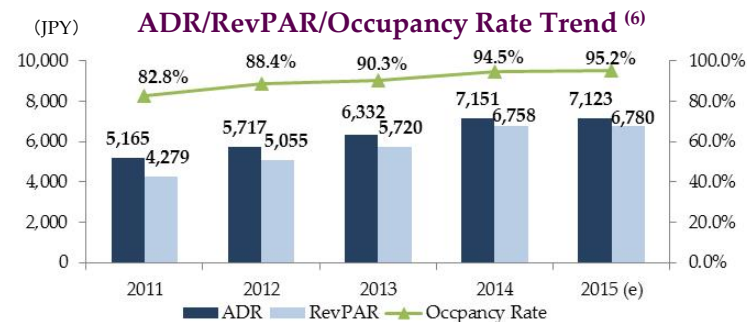
Source: March 2013 Hakodate Kanko Kihon Keikaku Sakutei Chosa in March 2013

Properties to be Acquired (1/3) - APA Hotel Yokohama-Kannai



Name of Property	APA Hotel Yokohama-Kannai
Location	3-37-2 Siumiyoshi, Naka-ku, Yokohama, Kanagawa
Access	3 minutes walk from Kannai Station
Date of Construction	April 2005
Number of Guest Rooms	451
Total Floor Area	6,568.51m ²
Land Area	831.88m ²
Daily / Weekly/ Monthly % ^{(1) (5)} (2014 Actual)	-
ADR (2014) ^{(2) (5)}	JPY 7,151
Occupancy Rate(2014) ^{(3) (5)}	94.5%
RevPAR (2014) ^{(4) (5)}	JPY 6,758
Gross Revenue (2014) ⁽⁵⁾	JPY 1,175mn
GOP / GOP % (2014) ⁽⁵⁾	JPY 770mn / 65.5%
NOI (2014) ⁽⁵⁾	JPY 440mn

- The property is a business hotel located 1 minute walk from Kannai Station of Yokohama City Subway Line and 3 minute walk from Kannai Station of the JR Line.
- There are administrative agencies including Yokohama city hall in front of Kannai Station. The property is located within easy walking distance of Minatomirai district, China Town, Yokohama Stadium and Yamashita Park.
- The property has 451 guest rooms centering on single-type rooms which are typically 9 m². The property has a large bath with artificial hot spring, saunas and an open-air bath, receives a good evaluation by guests. Therefore, staying demands of both business and leisure travelers are expected.



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

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

(Note 3) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period

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

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

(Note 6) Calculated based on the actual results from 2011 to 2014 and forecast in 2015.

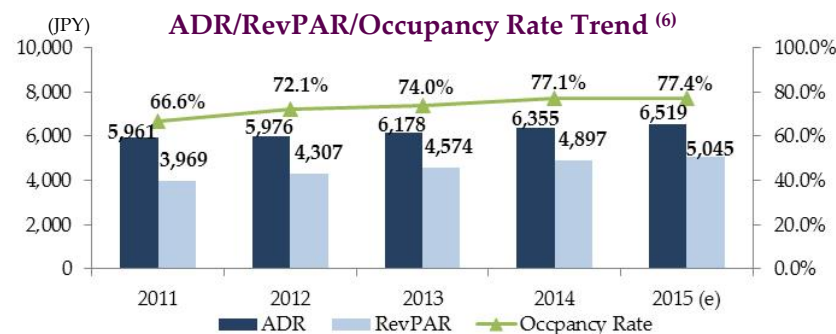
In addition, NOI from January 2011 to December 2014 is based on the actual results provided by seller, and has been adjusted trust fees and insurance premiums assuming that this property is held by INV.

Properties to be Acquired (2/3) - Hotel Nets Hakodate



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

- The property is a business hotel located 1 minute walk from Goryokakukouen-mae Station of City Line. In addition, the property is located in the Goryokaku area, which is the central area of Hakodate as the base of the southern part of Hokkaido's "Dounan" area, and approximately 10 minutes from Hakodate Station of the JR Line by car and approximately 15 minutes from Hakodate Airport by car. Furthermore, Shin-Hakodate Station on the Hokkaido Shinkansen Line is scheduled to open in March 2016. Therefore, the property is in a most suitable location for both leisure and business.
- Guest rooms and amenities as well as soft aspects including correspondence of staffs, always receive a very high evaluation.
- The restaurants of the property provide meals in which many local products including fresh fish and vegetables produced in Hokkaido and receives a good evaluation.
- After the projected opening of the Hokkaido Shinkansen in March 2016, the travel time between Tokyo and Shin-Hakodate will be reduced by 1 hour and 34 minutes taking a total of 4 hours and 10 minutes. This will enhance the accessibility from the Tokyo Metropolitan Area and the Tohoku Area to Hakodate which is expected to provide an increase in travel demand.



Source: Nets Management



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

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

(Note 3) ADR, or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period

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

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

(Note 6) Calculated based on the actual results from 2011 to 2014 and forecast in 2015.

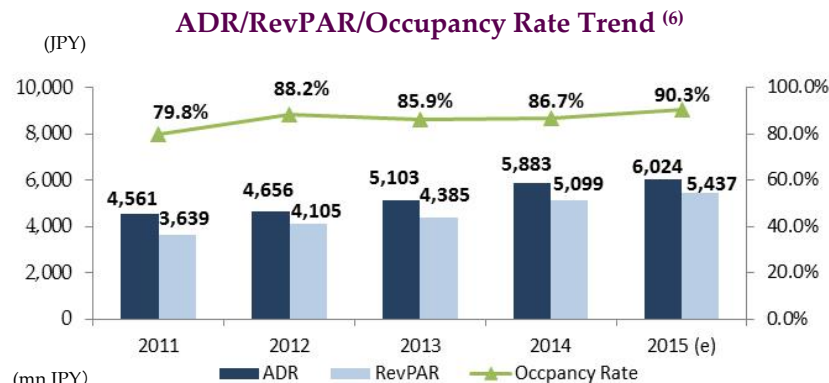
In addition, NOI from January 2011 to December 2014 is based on the actual results provided by seller, and has been adjusted trust fees and insurance premiums assuming that this property is held by INV.

Properties to be Acquired (3/3) - Flexstay Inn Shirogane



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

- The property is a business hotel and is a 12 minute walk from Hiroo Station of Tokyo Metro Hibiya Line. The property enables the guests to access to Tamachi Station, Ebisu Station and Shibuya Station by using Metropolitan Bus and is located quite close to the popular spots including Shibuya, Azabu and Roppongi. Therefore, there are staying demands for not only business but also leisure.
- With regard to the formation and specification of guest rooms, which provide small-sized kitchen, refrigerator, microwave and others, the property is correspond to wide range of guests from short term stay to middle- to long- term stay. In addition, There are supermarkets, financial institutions, general hospitals including Hiroo Hospital and Kitasato University Kitasato Institute Hospital around the property, and living environments are in good order. Therefore, the property received a good evaluation from long-stay guests who stay for "Weekly" and "Monthly" and such guests constitute more than 50%. In addition, the percentage of corporate contract is high (32.5%); therefore, stable demands are expected though a year.



Source : MHM



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

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

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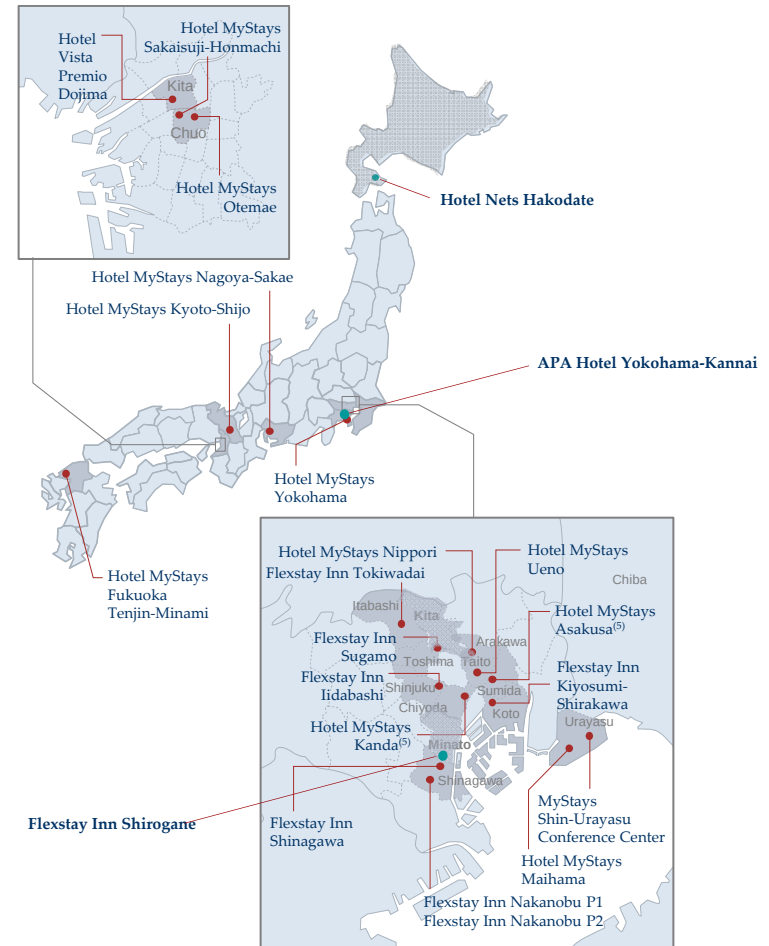
(Note 5) Calculated based on the actual results from January 2014 to December 2014.

(Note 6) Calculated based on the actual results from 2011 to 2014 and forecast in 2015.

In addition, NOI from January 2011 to December 2014 is based on the actual results provided by seller, and has been adjusted trust fees and insurance premiums assuming that this property is held by INV.

Overview of 23 Hotel Properties

Acquisition Date	Property Name	Location	No. Rooms	Acquisition Cost (mn JPY)	Appraisal Value ⁽¹⁾ (mn JPY)
May 2014	Hotel MyStays Kanda	Tokyo	126	2,851	2,880
	Hotel MyStays Asakusa	Tokyo	160	2,584	2,610
Jul. 2014	Hotel MyStays Kyoto-Shijo	Kyoto Prefecture	224	6,024	6,110
	MyStays Shin-Urayasu Conference Center	Chiba Prefecture	175	4,930	4,980
	Hotel MyStays Maihama	Chiba Prefecture	90	4,870	4,920
	Hotel Vista Premio Dojima	Osaka Prefecture	141	3,845	3,900
	Hotel MyStays Nagoya-Sakae	Aichi Prefecture	270	2,958	3,000
	Hotel MyStays Sakaisuji-Honmachi	Osaka Prefecture	190	2,514	2,530
	Hotel MyStays Yokohama	Kanagawa Prefecture	190	2,119	2,150
	Hotel MyStays Nippori	Tokyo	93	1,898	1,910
	Hotel MyStays Fukuoka-Tenjin-Minami	Fukuoka Prefecture	177	1,570	1,580
	Flexstay Inn Iidabashi	Tokyo	59	1,381	1,390
	Hotel MyStays Ueno Inaricho	Tokyo	72	1,331	1,340
	Flexstay Inn Shinagawa	Tokyo	55	1,242	1,250
	Flexstay Inn Tokiwadai	Tokyo	129	1,242	1,250
	Flexstay Inn Sugamo	Tokyo	104	1,192	1,200
	Hotel MyStays Otemae	Osaka Prefecture	110	1,192	1,200
	Flexstay Inn Kiyosumi Shirakawa	Tokyo	55	749	754
	Flexstay Inn Nakanobu P1	Tokyo	39	589	593
	Flexstay Inn Nakanobu P2	Tokyo	22	283	285
Feb. 2015	APA Hotel Yokohama-Kannai	Kanagawa Prefecture	451	8,350	8,500
	Hotel Nets Hakodate	Hokkaido Prefecture	202	2,792	2,820
	Flexstay Inn Shirogane	Tokyo	84	2,119	2,140
Total	MyStays (12 properties)		1,877	34,846	35,210
	Flexstay Inn (8 properties)		547	8,800	8,862
	Vista and others (3 properties)		794	14,987	15,220



(Note 1) Calculated based on the appraisal value as of the end of December 2014 for the twenty hotels, and based on the appraisal value as of December 1, 2014 for the new three hotels.