

Acquisition of 6 New Properties and DPU Forecast Update

January 20, 2016



Invincible Investment
Corporation

TSE Code: 8963



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

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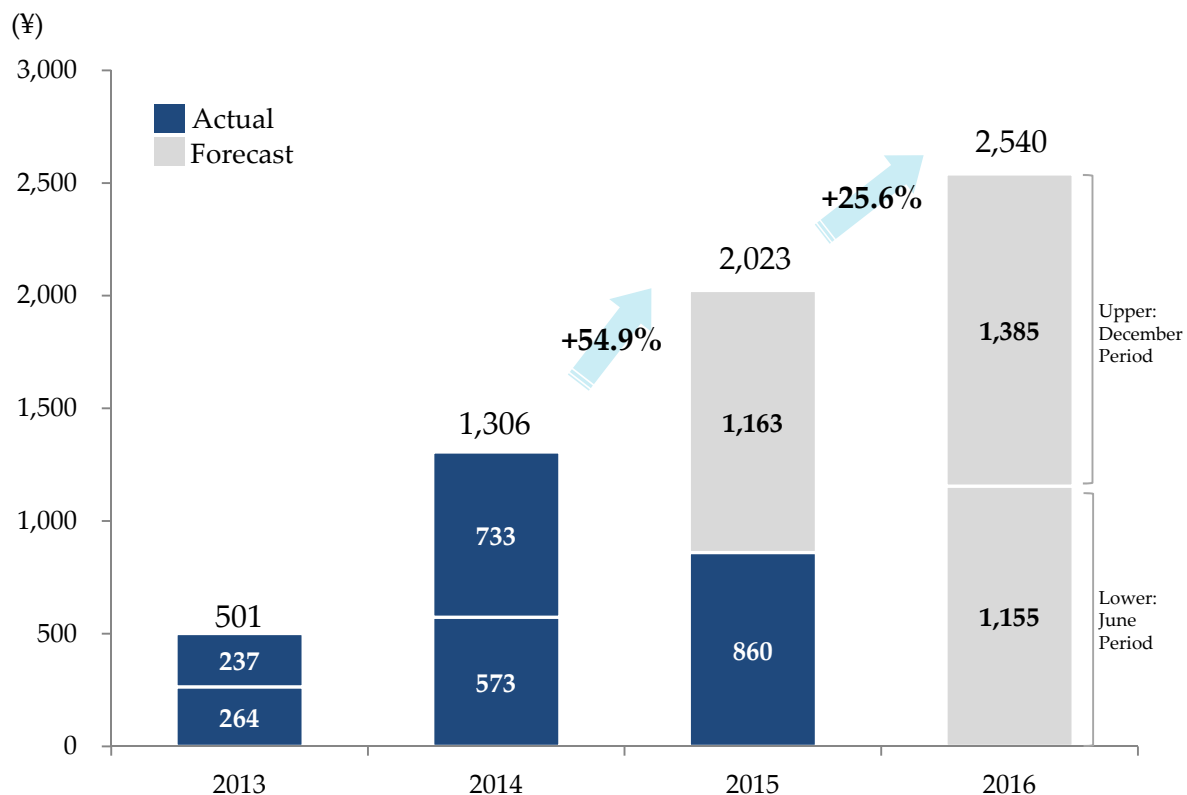
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(Note) Figures are rounded down and ratios are rounded in this document, unless otherwise stated.

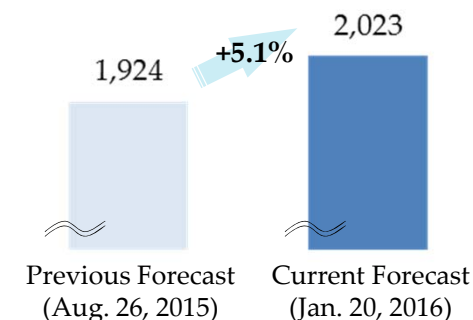
Continued Robust DPU Growth

- Updated 2015 DPU forecast of ¥2,023 due to stronger internal growth than previously forecasted
- Updated DPU forecast of ¥2,540 due to strong internal growth and acquisition of an additional of six properties
- NAV per unit has grown by 64.8% ⁽¹⁾ since last year and leverage is down to 44.0%
- Increased asset values facilitated acquisition of additional assets without need for equity issuance

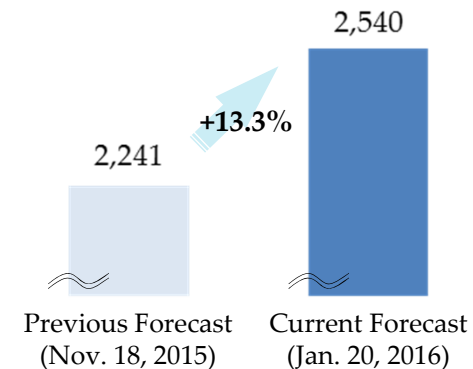
■ DPU Growth ⁽²⁾



■ 2015 DPU Forecast Change ⁽²⁾ (¥)



■ 2016 DPU Forecast Change ⁽²⁾ (¥)



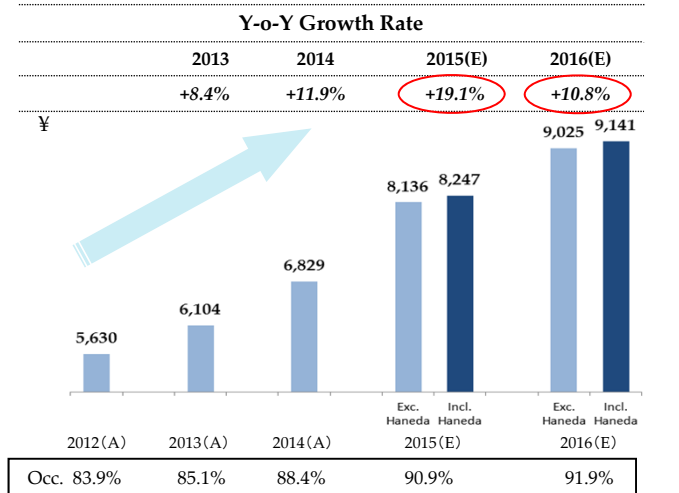
(Note1) Comparison of NAV per unit as of December 31, 2014 (¥26,671) and December 31, 2015 (¥43,976), based on December 2015 unaudited figures
NAV = End-of-period Amount of Net Assets – Undistributed Profit + End-of-period Appraisal Value - Tangible property

(Note2) Based on the forecasts announced on January 20, 2016

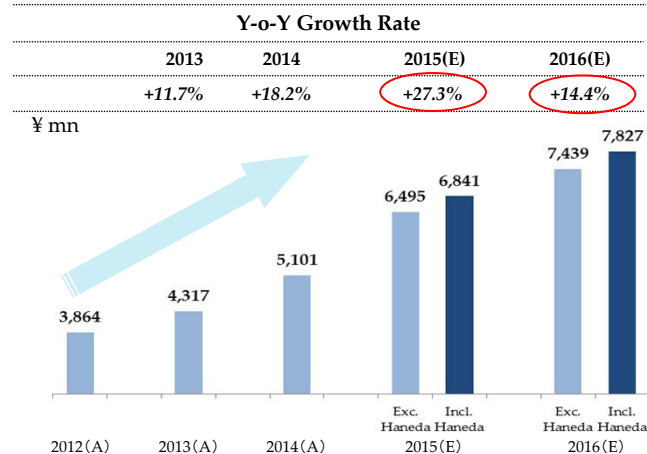
Strong Performance of Hotel Assets

- Hotel ADR and NOI Y-o-Y growth has accelerated from 2013 to 2015
- Actual results have beaten initial forecast
- 2016 budgeted growth is modest compared to 2015 growth
- Japan saw a record 19.7 mn foreign visitors in 2015, up 47.1%. Volatility in Chinese equity market has not impacted dramatic increases in Asian tourists

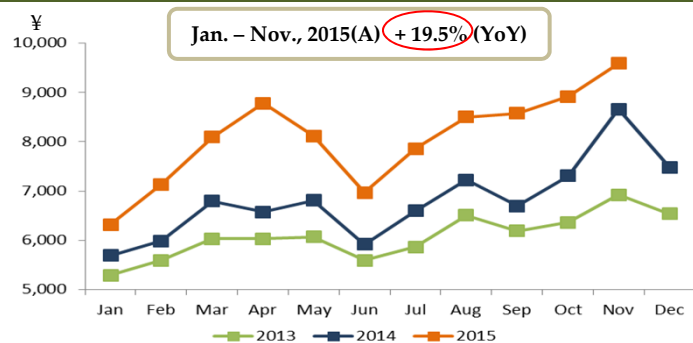
ADR Growth (Annual)¹



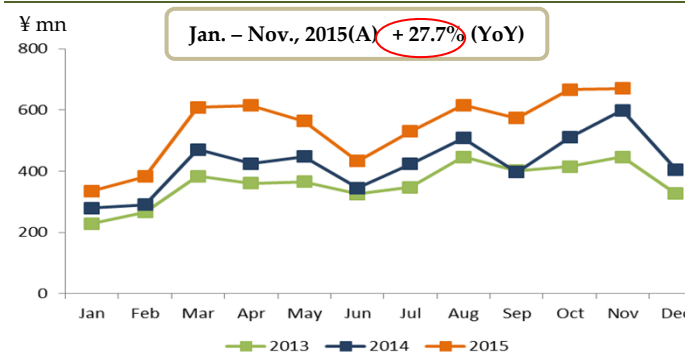
NOI Growth (Annual)^{1,2}



ADR Monthly Trend¹



NOI Monthly Trend^{1,2}



(Note 1) Based on 33 hotels in our portfolio, as of Today, which include all hotels with variable rent structures except for Hotel MyStays Haneda, which opened in September 2014. Super Hotel Shinbashi/Karasumoriguchi, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Uenoiriyaguchi and Comfort Hotel Toyama are also excluded because their leases have only fixed rent. Year on year figures for 2016 are based on 33 hotels and year on year figures before 2015 are based on 32 hotels excluding Hotel MyStays Haneda.

(Note 2) Pre-acquisition GOP and NOI are based on the actual results provided by sellers and adjusted to reflect for trust fees and insurance premiums assuming the properties had been held by Invincible. Rent income of APA Yokohama-Kannai is regarded as GOP.

Overview of Portfolio to be Acquired

- Acquisition of 5 hotels and 1 residential asset at a 6.1% NOI cap rate
- Accretive acquisition without issuing equity
- Since July, 2015 secondary offering, 9 additional properties for ¥17.5 bn will have been acquired without issuing additional equity

Overview of the Portfolio to be Acquired

Number of Properties		• 6
Total Acquisition Price		• ¥10,207 mn
Total Appraisal Value		• ¥10,310 mn
Average of 5 Hotels	Hotel NOI Yield	• 6.1%
	Hotel Occupancy ^{(1) (3)}	• 84.7 %
	Hotel ADR ^{(1) (3)}	• ¥6,766
	Hotel RevPAR ^{(1) (3)}	• ¥5,727



Acquisition Summary

Property Name	Location	No. of Rooms/ Units	Completion Year (Renovation Year)	Total Leasable Area (m ²)	Scheduled Acquisition Price (¥ mn)	Appraisal Value (¥ mn)	NOI Yield ^{(1) (2)}	Occupancy Rate ^{(1) (3)}	ADR (¥) ^{(1) (3)}	RevPAR (¥) ^{(1) (3)}
Hotel MyStays Shinsaibashi	Osaka, Osaka	54	1985 (2015)	1,942.01	3,160	3,190	6.3%	95.0%	17,800	16,910
Comfort Hotel Kurosaki	Kitakyushu, Fukuoka	151	2009 (-)	3,207.60	1,148	1,160	5.7%	80.0%	5,300	4,240
Comfort Hotel Maebashi	Maebashi, Gunma	153	2009 (-)	3,360.96	1,128	1,140	6.0%	85.0%	6,000	5,100
Comfort Hotel Tsubamesanjo	Sanjo, Nigata	132	2007 (-)	3,099.90	1,010	1,020	6.0%	85.0%	5,500	4,675
Comfort Hotel Kitami	Kitami, Hokkaido	127	2008 (-)	3,009.50	851	860	6.0%	85.0%	5,400	4,590
Royal Parks Momozaka	Osaka, Osaka	147	2007 (-)	8,776.26	2,910	2,940	6.3%	100.0%	-	-
Total	-	764	-	23,396.23	10,207	10,310	6.1%	-	-	-

(Note 1) NOI yield has been calculated by dividing the NOI in the appraisal report by scheduled acquisition price.

(Note 2) Occupancy, ADR and RevPAR are based on the figures of direct cap method in appraisal reports.

(Note 3) Occupancy for the hotel shows the room occupancy rate. Room occupancy rate is calculated by dividing the total number of rooms sold for a certain period by the aggregate number of rooms available for the same period (rooms multiplied by number of days)

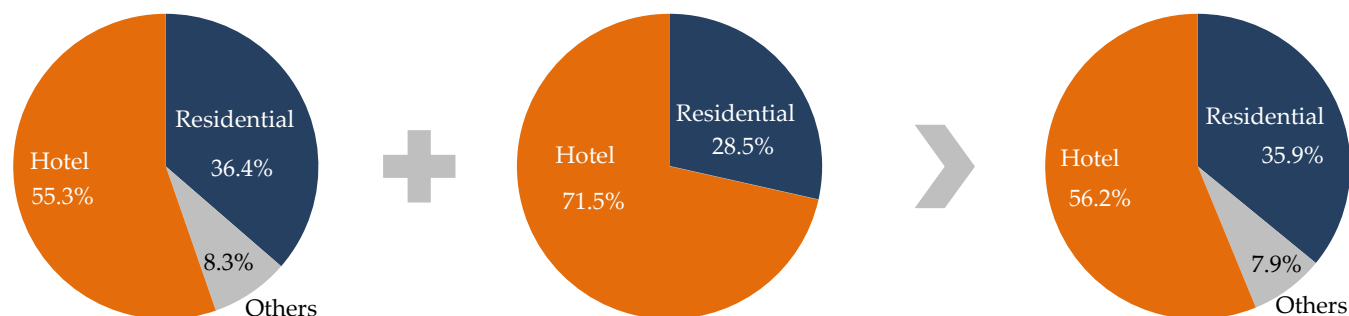
ADR, or Average Daily Rate, is the total room sales for a certain period (excluding service fees) divided by the total number of rooms sold for the same period

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 x number of days), and is the same figure as that of a product of room occupancy rate multiplied by ADR.

Overview of Portfolio after New Acquisition

	Existing Portfolio (as of Jan. 20, 2016)		Properties to be Acquired		After Acquisition (as of Jan. 22, 2016)
# of Properties	111	+	6	=	117
(# of Hotels)	(37)		(5)		(42)
Acquisition Price (¥ mn)	173,815	+	10,207	=	184,022
Appraisal Value ⁽¹⁾ (¥ mn)	214,952	+	10,310	=	225,262
Loan Amount ⁽²⁾ (¥ mn)	90,619	+	8,500	=	99,119
LTV Ratio ⁽²⁾	42.2%	+	82.4%	=	44.0%
NOI Yield ⁽³⁾	7.1%	+	6.1%	=	7.0%

Portfolio Composition by Property Type⁽⁴⁾



(Note 1) For properties held as of January 20, 2016, appraisal value as of December 31, 2015; for properties to be acquired, appraisal value on the appraisal report obtained at the time of acquisition.

(Note 2) C-tax loan isn't included in the "Loan Amount". LTV is calculated based on such loan amount.

(Note 3) "NOI Yield" is based on NOI in the appraisal report divided by (scheduled) acquisition price.

(Note 4) Based on (scheduled) acquisition price.

Extensive Sponsor Pipeline to Drive Further External Growth

- Added ten hotels, including the Sheraton Grande Tokyo Bay Hotel, to the Sponsor Pipeline which now comprises 6,769 hotel rooms and 743 apartment units

25 Hotels Covered by the MOU⁽²⁾

Hotel Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations ⁽³⁾
1 Hotel MyStays Gotanda Station	Limited Service Hotel	Shinagawa-ku, Tokyo	333	✓
2 Hotel MyStays Akasaka	Limited Service Hotel	Minato-ku, Tokyo	327	✓
3 Hotel MyStays Kanazawa	Limited Service Hotel	Kanazawa, Ishikawa	244	
4 Hotel MyStays Fukuoka-Tenjin	Limited Service Hotel	Fukuoka, Fukuoka	217	✓
5 Hotel MyStays Yokohama -Kannai	Limited Service Hotel	Yokohama, Kanagawa	166	✓
6 Hotel MyStays Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	105	✓
7 Rihga Royal Hotel Kyoto	Full Service Hotel	Kyoto, Kyoto	489	✓
8 Narita Excel Hotel Tokyu	Full Service Hotel	Narita, Chiba	706	✓
9 Art Hotels Sapporo	Full Service Hotel	Sapporo, Hokkaido	418	✓
10 Best Western Hotel Fino Sapporo	Limited Service Hotel	Sapporo, Hokkaido	242	✓
11 Best Western Hotel Fino Oita	Limited Service Hotel	Oita, Oita	145	
12 Takamatsu Tokyu REI Hotel	Limited Service Hotel	Takamatsu, Kagawa	191	
13 Hotel Naqua City Hirosaki	Full Service Hotel	Hirosaki, Aomori	134	
14 Beppu Kamenoi Hotel	Resort Hotel	Beppu, Oita	322	✓
15 Fusaki Resort Village	Resort Hotel	Ishigaki, Okinawa	195	✓
16 Sheraton Grande Tokyo Bay Hotel	Full Service Hotel	Urayasu, Chiba	1,016	✓
17 Hotel Shin-Osaka Conference Center	Limited Service Hotel	Osaka, Osaka	397	✓
18 Art Hotels Asahikawa	Full Service Hotel	Asahikawa, Hokkaido	265	✓
19 Castle Inn Kanazawa	Limited Service Hotel	Kanazawa, Ishikawa	206	
20 Hotel JAL City Matsuyama	Full Service Hotel	Matsuyama, Ehime	161	
21 Hotel Ueno East	Limited Service Hotel	Taito-ku, Tokyo	150	✓
22 (tentative) Hotel Mystays Honmachi 3-chome (Osaka)	Limited Service Hotel	Osaka, Osaka	120	✓
23 KITA HOTEL	Limited Service Hotel	Sapporo, Hokkaido	86	✓
24 Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama, Kanagawa	70	✓
25 (tentative) Hotel MyStays Kuramae	Limited Service Hotel	Taito-ku, Tokyo	64	✓
Total			6,769	

(Note 1) MOU providing preferential negotiation rights. Properties highlighted in blue are newly added into MOU.

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

(Note 3) Properties located in prefectures that falls into the Top 10 Inbound Tourist Destinations are shown.

Sheraton Grande Tokyo Bay Hotel (Annex Under Construction)



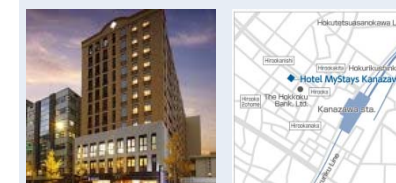
Hotel MyStays Akasaka (Redevelopment)



Rihga Royal Hotel Kyoto (Renovation)



Hotel MyStays Kanazawa (Development)



Hotel MyStays Hamamatsucho

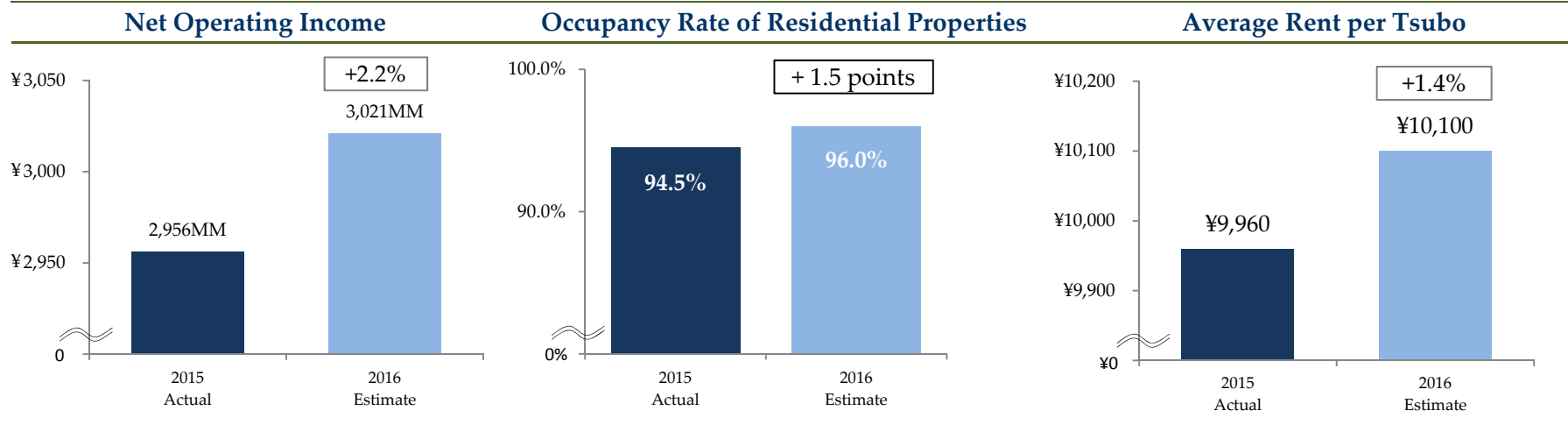


Hotel MyStays Gotanda Station (Renovation/Rebranding)

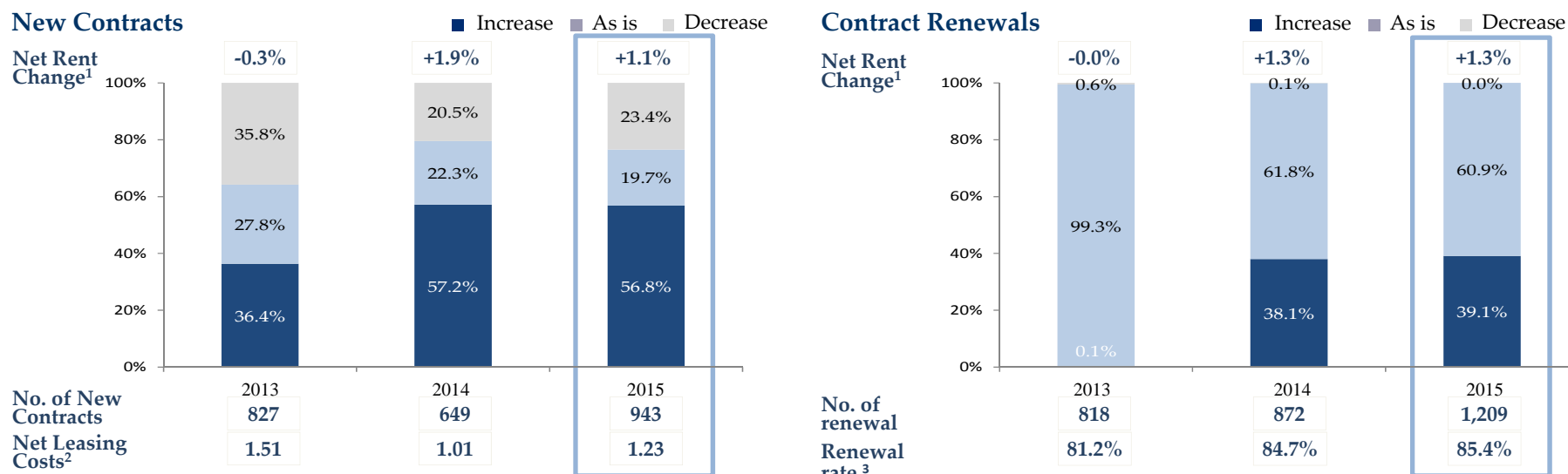


Stable Residential Portfolio

- Residential portfolio forecasted to provide 2.2% NOI growth in 2016
- Average residential occupancy is forecasted to increase by 1.5% and average rent per tsubo by 1.4%
- Continued strong performance on lease renewals with 85% renewal rate and 1.3% increasing rent



Steady Rental Growth from New Leases and Renewals



(Note 1) Monthly rent increase (%) of new or renewed contracts compared with previous contracts of existing properties
 (Note 2) Net Leasing Cost (Multiple of Monthly Rental) = Advertising Expenses (Multiple of Monthly Rental) + Free Rent (Multiple of Monthly Rental) – Key Money (Multiple of Monthly Rental)
 (Note 3) Renewal rate is calculated by "Number of Renewals during the Period" ÷ "Number of Cases Targeted for Renewal during the Period"

Continuous Improvement of Financial Conditions

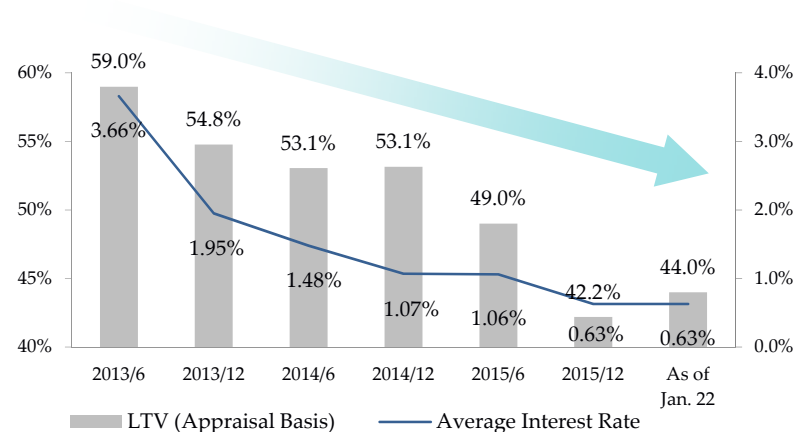
- Leverage down to 44% of appraisal value
- Proactively working to further increase banking group

Borrowings

Loans	Term	Balance (¥ mn)	Interest Rate
New Syndicate Loan (E) ¹	3yrs.	28,979	1MT+0.4%
	4yrs.	28,979	1MT+0.5%
	5yrs.	28,979	1MT+0.6%
	10mo.	1,080	1MT+0.2%
Term Loan (A) ¹	4yrs	3,682	1MT+0.5%
Term Loan (B) ¹	3yrs.	4,250	1MT+0.4%
	5yrs.	4,250	1MT+0.6%
	1yrs.	498	1MT+0.2%
Total / Average Interest Rate	4yrs	100,697	0.63%¹

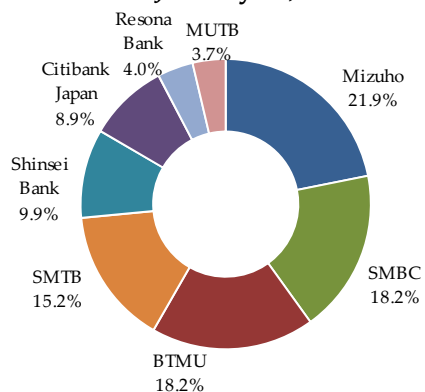
(Note 1) C-tax loan isn't included in calculation of average loan term. Average Interest Rate of Loans; based on assumption 1 month TIBOR as of today, meanwhile interest rate of the first payment period for Term Loan (B) apply 2 month TIBOR.

LTV² and Average Interest Rate³



Bank Formation

As of January 22, 2016

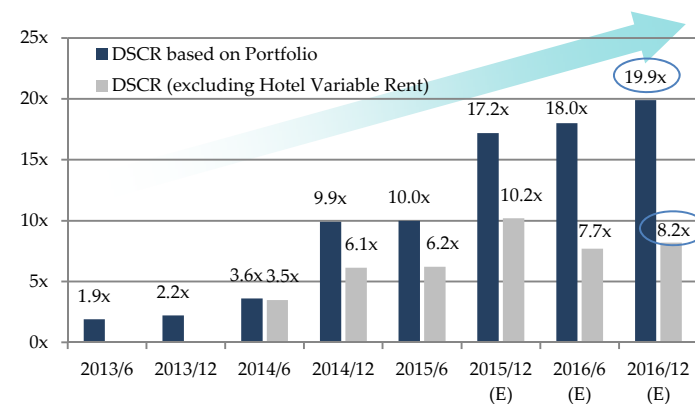


(Note 2) LTV is calculated using the following formula: Interest-bearing Debts (excluding c-tax loan) / Total Appraisal Value

(Note 3) The average interest rate is calculated using the following formula:

(Total of loan amount outstanding at the end of each fiscal period multiplied by applicable interest rate at the end of each fiscal period for each of loans) / The loan amount outstanding at the end of each fiscal period

DSCR⁴ / DSCR Excluding Hotel Variable Rent Portion⁵



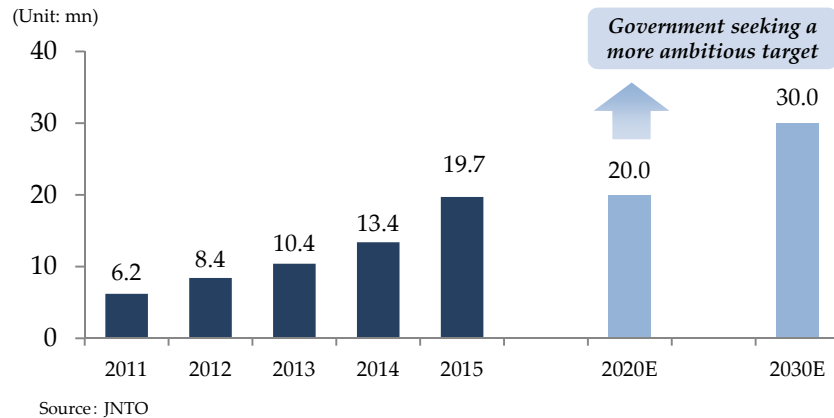
(Note 4) DSCR is calculated by dividing operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property by scheduled prepayments of loans payable and interest expense for the relevant period

(Note 5) Excluding hotel variable rental income portion from operating income in calculating DSCR

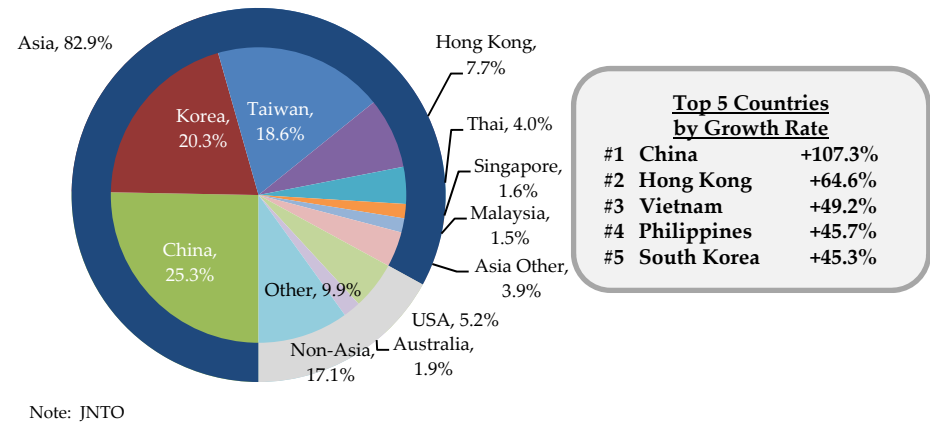
Solid Fundamentals for Hospitality Sector

- Inbound visitors represent 10.6% of the Japanese population, which is still low compared to other major countries. Government initiatives to boost tourism and structural economic changes are likely to contribute to an increase in inbound visitors to Japan
- Low new hotel supply and relatively high barriers to entry provide less concern about the supply-demand balance

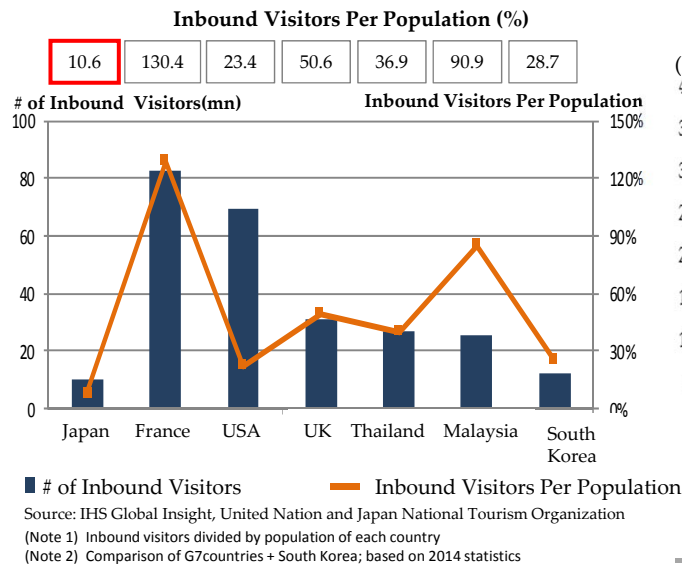
Inbound Visitors to Japan



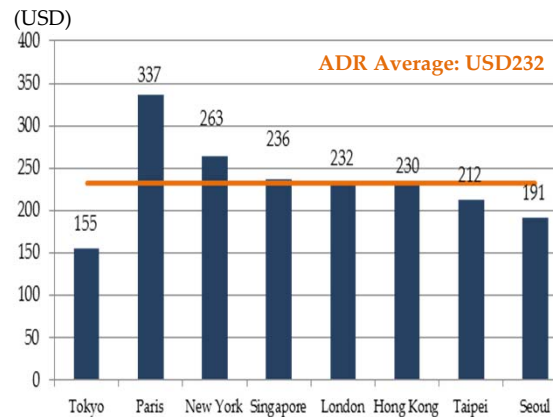
Inbound Growth up 47.1% (full year 2015)



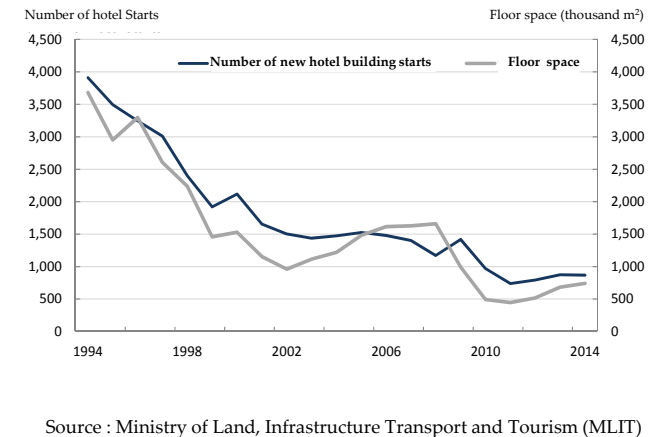
Inbound Visitors Per Population (1),(2)



Global Comparison of ADR⁽³⁾



Hotel New Construction Starts



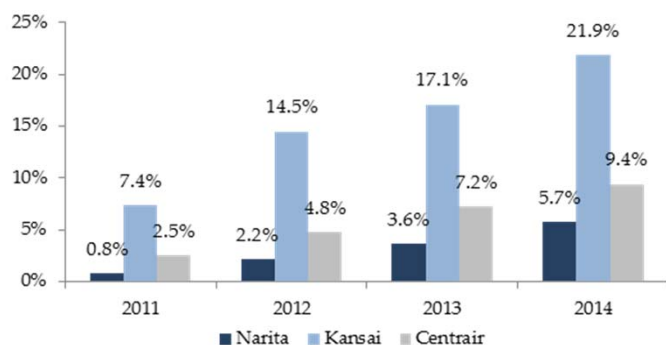
Solid Fundamentals for Hospitality Sector (Continued)

- Government and tourism initiatives have led to an increase in the capacity for foreigners to visit Japan, including the expansion of airport capacity, increase of low cost carriers, relaxation of visa requirements, and more rail capacity

Government Efforts to Boost Inbound Demand

- Expansion of airport capacity** at Narita and Haneda Airport
 - The landing slots have increased to 747,000 by the end of March 2015; plan to add 79,000 landing slots in the two airports by 2020
 - Construction of additional runways at Narita and Haneda Airports are under consideration
- Dedicated LCC terminals in Narita Airport and Kansai International Airport**
 - One LCC terminal was opened in April 2015 in Narita Airport and the other will be opened in 2H 2016 in Kansai International Airport
- Opening of Hokuriku and Hokkaido Shinkansen** in 2015 and 2016, respectively
- A new railway to link directly** Haneda Airport to Tokyo CBD, planned to be completed around 2025
- New railway planned to connect** Narita and Haneda Airports via Tokyo Station

LCC Market Share in Major Airports¹



Source: Narita International Airport, Kansai International Airport and Chubu Centrair International Airport
 (Note 1) Based on the number of flights of summer schedule per week in each year

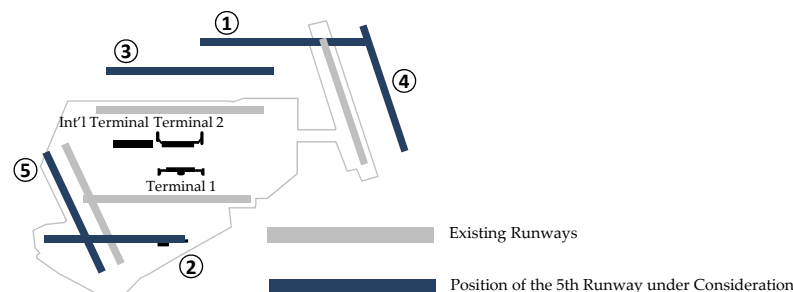
Relaxation of Visa Requirements

Year	Subject Country	Measures
2015	China	Significant relaxation of visa requirements
	Indonesia	Exemption of visas (Based on prior registration)
2014	Indonesia, Philippines and Vietnam	Significant relaxation of visa requirements
	India	Issuance of multiple visa for short stay
	Myanmar	Issuance of multiple visa for short stay
	Cambodia, Laos	Issuance of multiple visa for short stay
2013	Indonesia, Philippines and Vietnam	Issuance of multiple visa for short stay
	Thailand, Malaysia	Exemption of visas
2012	China	Issuance of multiple visa for short stay (Tohoku and Okinawa region)

Source: Ministry of Foreign Affairs of Japan

New Railway to and Potential 5th Runway in Haneda Airport

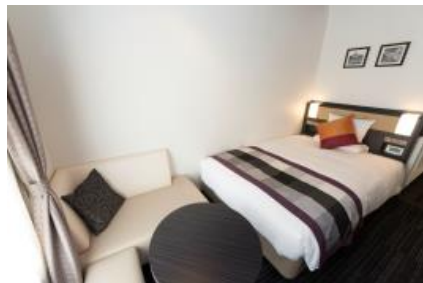
- Potential further increase in demand in Haneda expected with new railway planned to directly link the airport to city center of Tokyo
- MLIT and related parties are considering adding a new runway at Haneda Airport to meet fast growing needs
- If the plan is realized, Haneda capacity is expected to increase by appx. 130,000 flights p.a. after 2025²



Source: Ministry of Land Infrastructure and Transportation
 (Note 2) Specific timing of the operation of new runway has not been announced by MLIT. Construction period is estimated to be 10 – 15 years.

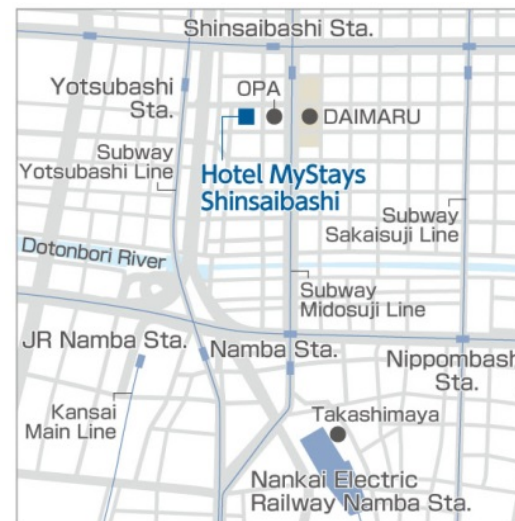
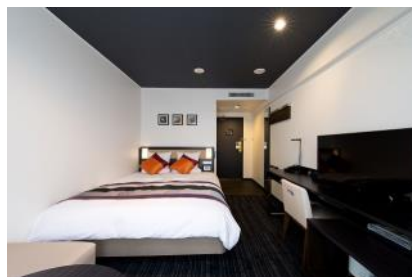
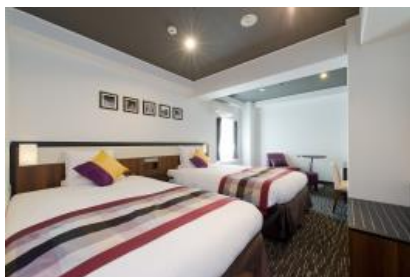
Overview of New Properties

Hotel MyStays Shinsaibashi



Property Name	Hotel MyStays Shinsaibashi
Location	1-9-30 Shinsaibashi, Chuo-ku, Osaka, Osaka Prefecture
Transport Access	2-minute walk from Shinsaibashi Station on subway Midosuji Line
Date of Construction	September 1984
Renovation Timing	March 2015
Number of guest rooms	54
Total Floor Area	1,942.01m ²
Land Area	413.96m ²
Daily / Weekly/ Monthly % (2015 Apr.-Nov.)	99.9% / 0.1% / 0.0%
ADR (2016)	¥14,904
Occupancy Rate (2016)	91.4%
RevPAR (2016)	¥13,626
Gross Revenue (2016)	¥281mn
GOP / GOP % (2016)	¥156 mn /55.7%
NOI (2016)	¥150 mn
Overseas Sales Share (2015 Apr.-Nov.)	58.3%
Leasing Contract	Fixed plus variable rent

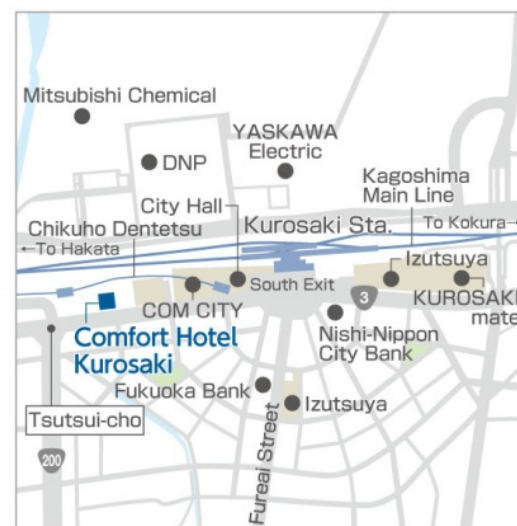
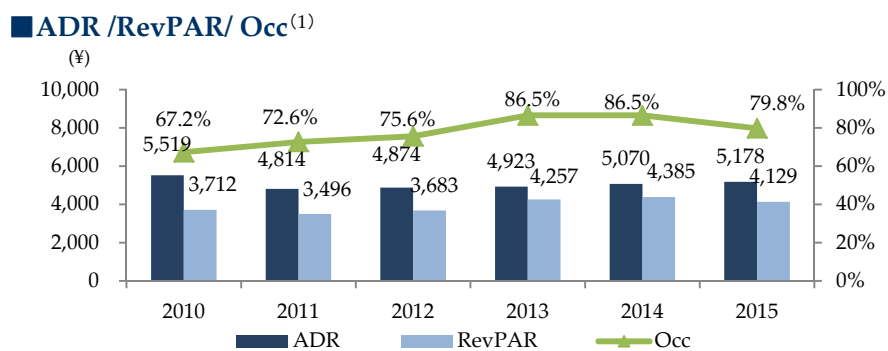
Overview of the Renovation (January-March 2015)



Comfort Hotel Kurosaki



Property Name	Comfort Hotel Kurosaki
Location	3-13-13 Kurosaki, Yahatanishi-ku, Kitakyushu City, Fukuoka Prefecture
Transport Access	3-minute walk from Kurosaki Station on JR Kagoshima Main Line
Date of Construction	February 2009
Renovation Timing	-
Number of guest rooms	151
Total Floor Area	3,207.6m ²
Land Area	826.45m ²
Daily / Weekly/ Monthly %	-
ADR (2016)	-
Occupancy Rate (2016)	-
RevPAR (2016)	-
Gross Revenue (2016)	-
GOP / GOP % (2016)	-
NOI (2016)	-
Overseas Sales Share	-
Leasing Contract	Fixed Rent

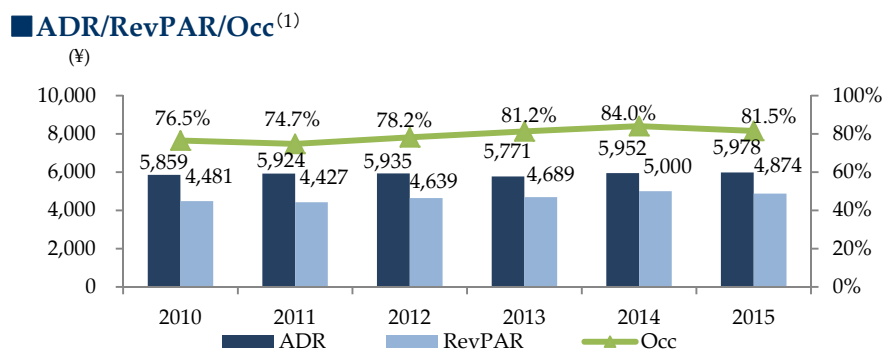


(Note 1) ADR, RevPAR and Occupancy for 2015 is the actual number for the twelve month from December 2014 to November 2015.

Comfort Hotel Maebashi

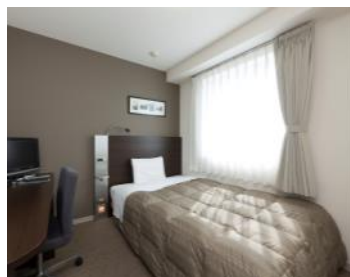
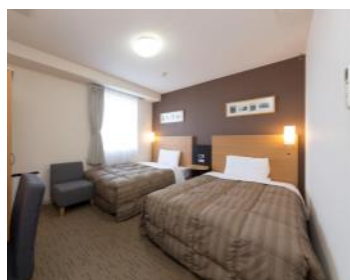


Property Name	Comfort Hotel Maebashi
Location	2-18-14 Omotemachi, Maebashi City, Gunma Prefecture
Transport Access	3-minute walk from Maebashi Station on JR Ryomo Line
Date of Construction	March 2009
Renovation Timing	-
Number of guest rooms	153
Total Floor Area	3,660.96m ²
Land Area	874.39m ²
Daily / Weekly/ Monthly %	-
ADR (2016)	-
Occupancy Rate (2016)	-
RevPAR (2016)	-
Gross Revenue (2016)	-
GOP / GOP % (2016)	-
NOI (2016)	-
Overseas Sales Share	-
Leasing Contract	Fixed Rent

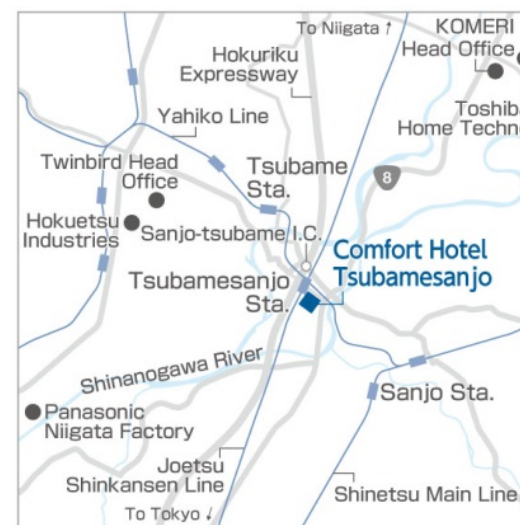
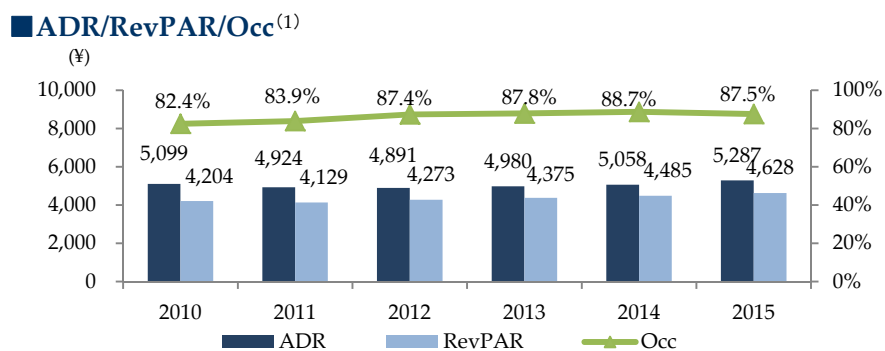


(Note 1) ADR, RevPAR and Occupancy for 2015 is the actual number for the twelve month from December 2014 to November 2015.

Comfort Hotel Tsubamesanjo



Property Name	Comfort Hotel Tsubamesanjo
Location	2-115 Sugoro, Sanjo City, Nigata Prefecture
Transport Access	3-minute walk from Tsubame-Sanjo Station on JR Joetsu-Shinkansen Line
Date of Construction	June 2007
Renovation Timing	-
Number of guest rooms	132
Total Floor Area	3,099.90m ²
Land Area	1,936.96m ²
Daily / Weekly/ Monthly %	-
ADR (2016)	-
Occupancy Rate (2016)	-
RevPAR (2016)	-
Gross Revenue (2016)	-
GOP / GOP % (2016)	-
NOI (2016)	-
Overseas Sales Share	-
Leasing Contract	Fixed Rent

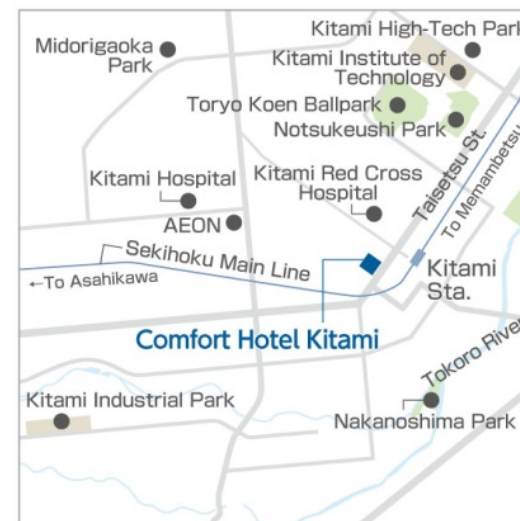
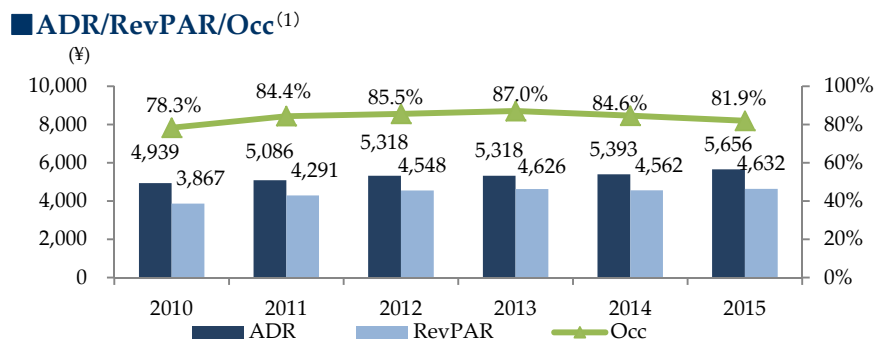


(Note 1) ADR, RevPAR and Occupancy for 2015 is the actual number for the twelve month from December 2014 to November 2015.

Comfort Hotel Kitami



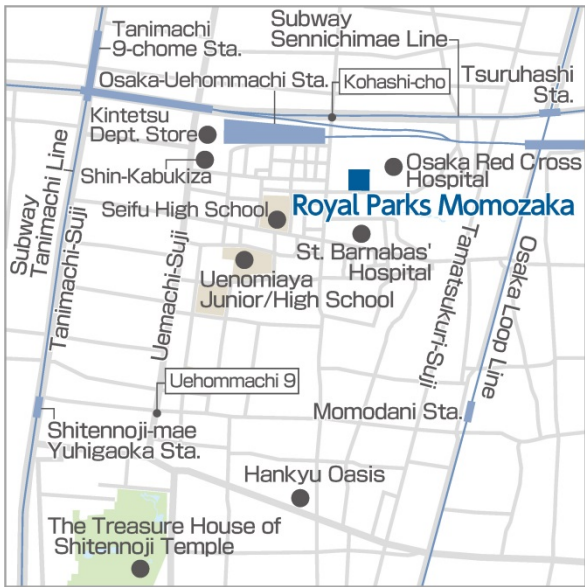
Property Name	Comfort Hotel Kitami
Location	3-4 Odori-nishi, Kitami City, Hokkaido
Transport Access	3-minute walk from Kitami Station on JR Sekihoku Main Line
Date of Construction	March 2008
Renovation Timing	-
Number of guest rooms	127
Total Floor Area	3,009.50m ²
Land Area	926.30m ²
Daily / Weekly/ Monthly %	-
ADR (2016)	-
Occupancy Rate (2016)	-
RevPAR (2016)	-
Gross Revenue (2016)	-
GOP / GOP % (2016)	-
NOI (2016)	-
Overseas Sales Share	-
Leasing Contract	Fixed Rent



(Note 1) ADR, RevPAR and Occupancy for 2015 is the actual number for the twelve month from December 2014 to November 2015.

Royal Parks Momozaka

Royal Parks Momozaka



Location	5-38 Minegasakicho, Tennoji-ku, Osaka City, Osaka Prefecture
Transport Access	6-minute walk from Osaka-Uehommachi station on Kintetsu Nara/Osaka Lines
Date of Construction	June 2007
Total Leasable Units	147 (including 3 retail units)
Total Leasable Area	10,257.72m ²
Land Area	3,043.89m ²
Occupancy Rate (September 2015)	100%
Monthly Rent per Tsubo (2015)	¥8,129
Leasing Contract	Fixed Rent (Retail units are under pass-through)

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