

Invincible Investment Corporation

Follow on Hotel Acquisition

June 13, 2016



Invincible Investment
Corporation
TSE Code: 8963



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

Follow on Hotel Acquisition; No Issuance of Equity

External Growth

- ✓ Follow on acquisition of two hotels from the Sponsor pipeline utilizing excess proceeds from the March 2016 offering
- ✓ Two properties have a projected 2017 NOI (post depreciation) of ¥587mn (¥160 per unit) relative to acquisition price of ¥15.9 bn / 5.2% NOI yield¹
- ✓ Current hotel portfolio² stands at 7,027 rooms and Sponsor pipeline includes an additional 6,019 rooms²

Internal Growth

- ✓ Year to date³, foreign visitors +32.9% nationwide, on track to achieve the government's target of 40 million visitors by year 2020
- ✓ Continued strong performance of INV's hotel assets, high occupancy of 89.1% from January through April⁴, allowing us to optimize revenue management techniques to drive ADR
 - Year to date³, ADR up 11.0% compared to forecast of 10.3% for the entire 2016⁴
 - Year to date³, NOI up 17.0% compared to forecast of 11.7% for the entire 2016⁴
- ✓ Enhanced website, improved booking and digital marketing efforts have increased direct booking from 9.3% to 20.5% and increased foreign customers to 30.4%⁵
- ✓ Residential Portfolio⁶ expected to produce 2.2% year-on-year NOI growth in 2016, based upon an increase in occupancy of 1.5% and an increase in rent of 1.4%

(Note 1) Projected 2017 NOI (post depreciation) and NOI yield are based on the assumption by the asset management company. Per unit value is based on current number of investment unit outstanding (3,675,824 units), and does not factor in interest rate and other expenses related to the acquisition or the two properties.

(Note 2) After the acquisition of the two properties on June 15, 2016.

(Note 3) January through April 2016. Growth rate shows year-on-year comparison.

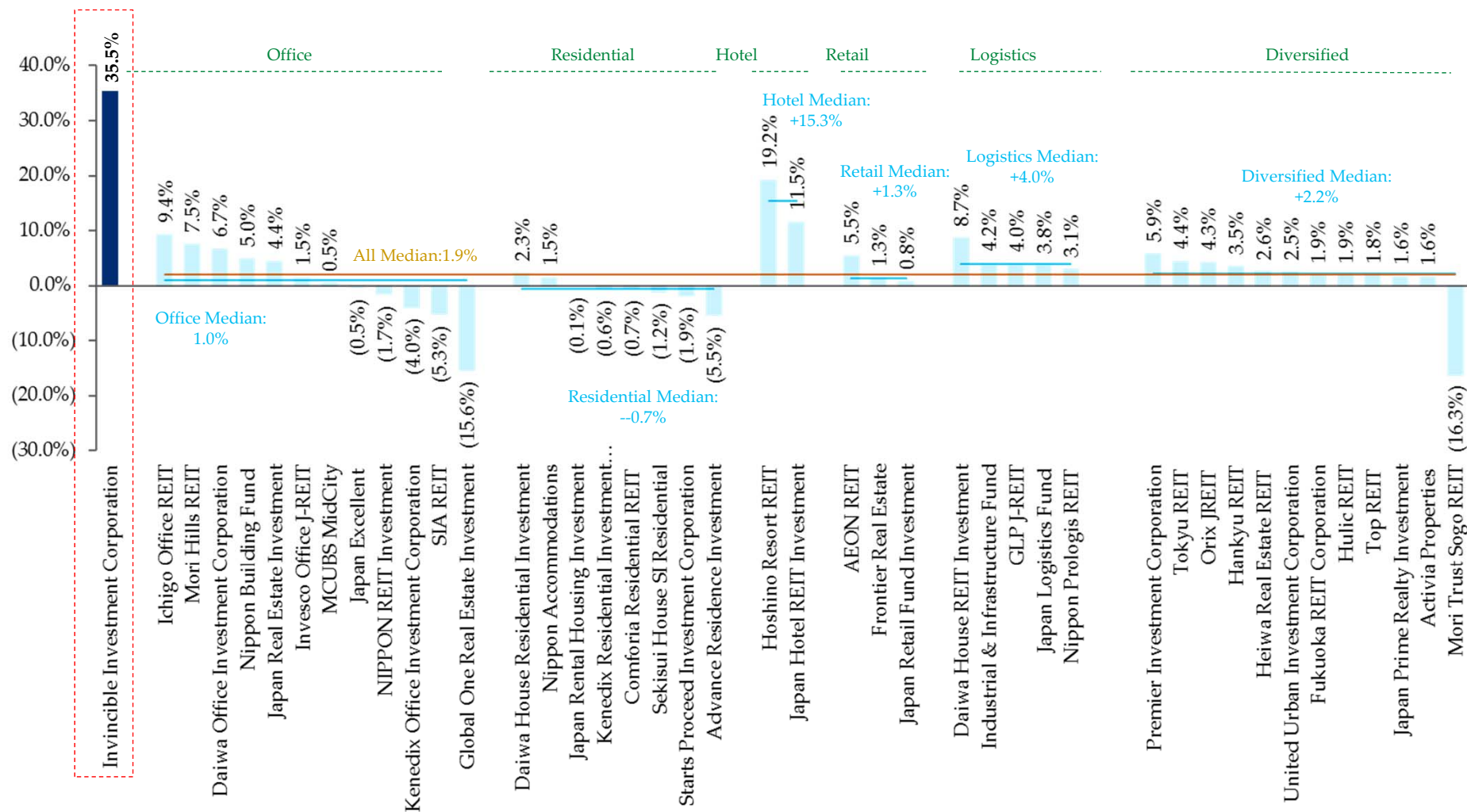
(Note 4) Based on 35 hotels held by INV as of the end of April 2016, which includes all the hotels on variable rent except for Hotel MyStays Haneda, Hotel MyStays Shinsaibashi and Hotel MyStays Gotanda Station.

(Note 5) Direct booking rate as of February 19, 2015 vs. January 4, 2016. Foreign customer rate as a percentage of 2015 actual room sales.

(Note 6) Based on the 63 properties held by INV as of the end of December 2014

Highest DPU Growth Among J-REITs

DPU Growth (2015 vs 2016E)



Source: Japan REIT.com

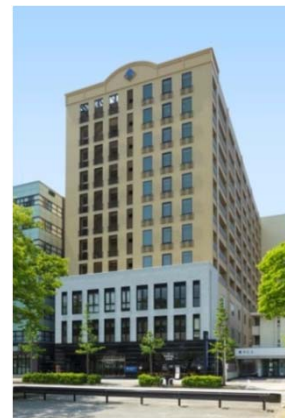
Note: J-REITs that have 2 fiscal results or less is excluded from the universe. 2016E is the most recent publicly announced forecast available as of June 10, 2016.

Property Highlights

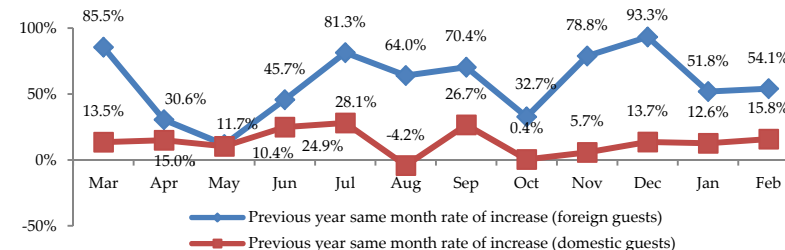
Hotel MyStays Kanazawa

Property Highlights

- ✓ A limited service hotel completed in October 2014 with large rooms of 32-35m²
- ✓ Ranked #1 out of 98 hotels in Kanazawa by TripAdvisor
- ✓ Five minute walk from JR Kanazawa Station; Shinkansen (bullet train) opened in March 2015 providing better access to Tokyo and boosting tourism
- ✓ Kanazawa city is the core business center in the region as well as a favored tourist destination
- ✓ Foreign travelers expected to increase as the “Dragon Route” from Nagoya through the Japanese Alps to the Japan Sea receives further recognition
- ✓ Foreign guests comprised 16.5% of rooms sold in 2015, currently 26.0% (Jan – Apr 2016) with future growth expected
- ✓ Year to date¹, YoY ADR up 5.9% from ¥8,895 to ¥9,417, hotel occupancy up 27.3 points from 67.1% to 94.4%, and NOI up 65.1% from ¥91 million to ¥150 million



Guests to Ishikawa Prefecture from March 2015 to Feb 2016

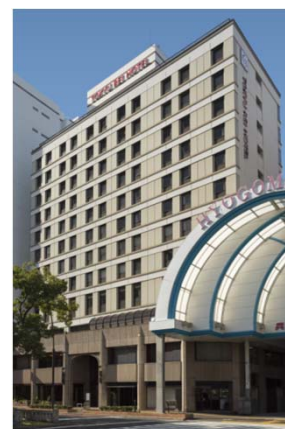


(Source) Japan Tourism Agency

Takamatsu Tokyu REI Hotel

Property Highlights

- ✓ Takamatsu is the largest city in Kagawa prefecture with a population of approximately 420,000
- ✓ 7 minute walk from JR Takamatsu Station
- ✓ Stable demand from business and leisure travelers
- ✓ The property is on a fixed rent contract with Tokyu Hotels, a subsidiary of Tokyu Railways (JCR AA-, R&I A)
- ✓ The underlying performance is not disclosed, but our analysis show the GOP : Rent ratio is 1.48x²



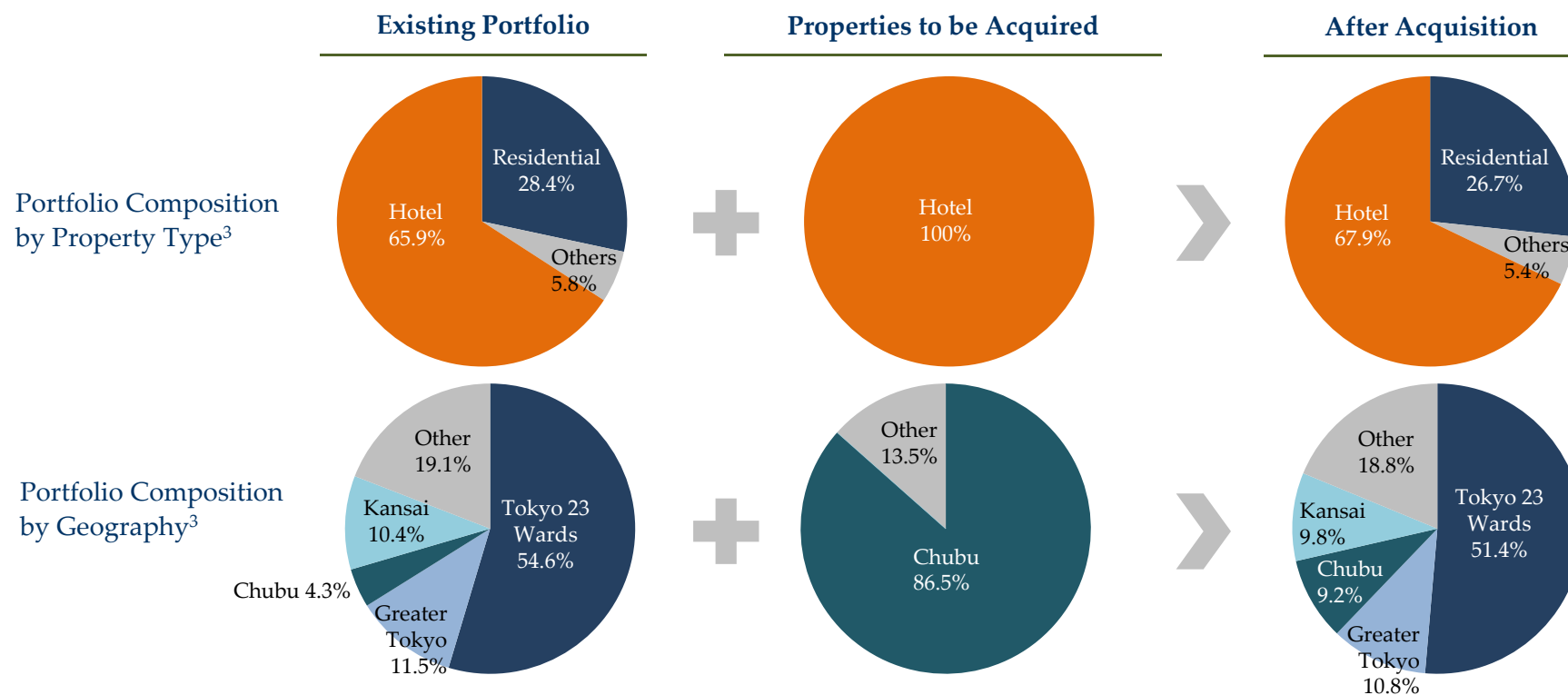
(Note 1) January through April 2016. Growth rate shows year-on-year comparison.

(Note 2) Estimated by the asset management company, based on the market report obtained from Japan Hotel Appraisal Co., Ltd.

Overview of Portfolio after New Acquisition

- Since 2004, through 25 separate acquisition transactions¹, the Invincible portfolio of 124 properties has been assembled
- We believe no other REIT offers this collection of assets
 - 62.2% of the portfolio is in Greater Tokyo and 67.9% are hotels
 - 96.1% occupancy for residential; 91.1% for hotels²
 - 93.8%³ of the hotels under variable rents

Properties: 124	Hotels: 48	Hotel Rooms: 7,027	Residential Buildings: 68	Apartment Units: 4,108
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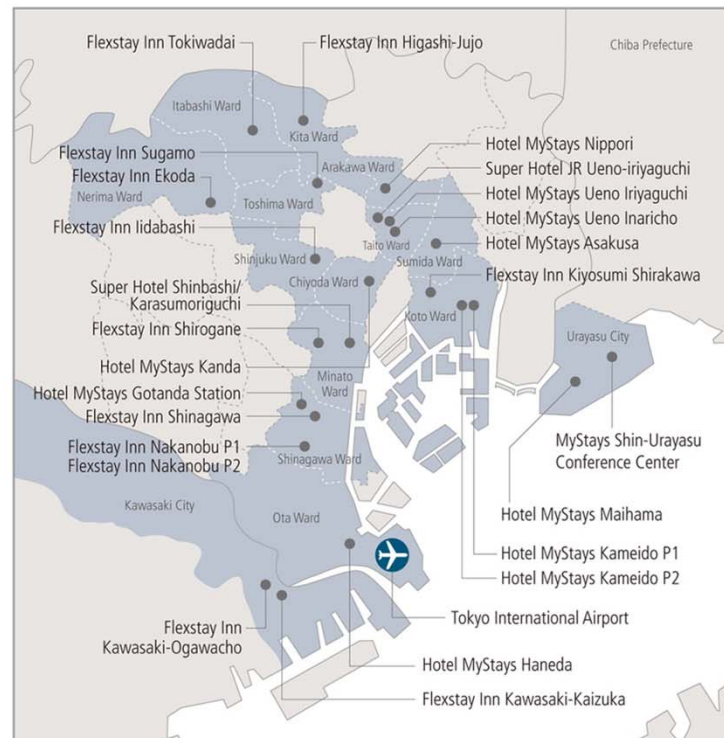


(Note 1) Since IPO of Tokyo Growth REIT in 2004. Transaction refers to acquisitions and the merger with LCP REIT in 2010 is recognized as a single transaction

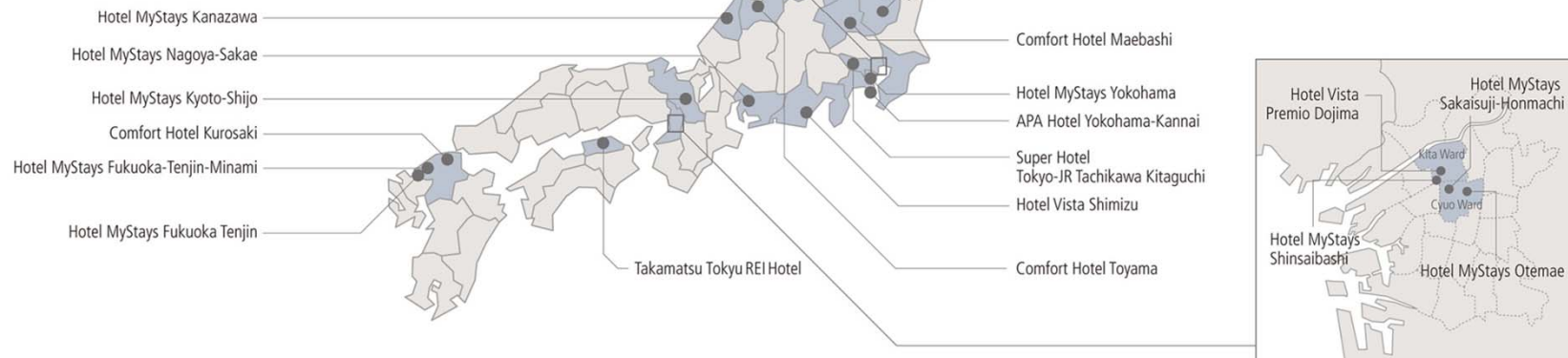
(Note 2) As of April 2016 for residential and hotel occupancy., excluding newly acquired asset. Residential occupancy is based on the percentage of leased area. Hotel occupancy rate in April 2016 is calculated by dividing the total number of rooms sold in April 2016 by the aggregate number of rooms available in April 2016 (rooms multiplied by number of days), on the basis of 38 hotel properties excluding eight fixed rent scheme hotels.

(Note 3) Based on acquisition price reflecting newly acquired 2 hotels.

Invincible Hotel Portfolio (48 hotels, 7,027 rooms) - Nationwide Footprint



22 hotels, 2,588 rooms in Tokyo 23 wards



Competitive Advantages over J-REITs with hotels

- Focus on urban locations with high number of inbound travelers and airports that have direct international flights. High land prices in such locations are a further barrier to new supply
- Strength of locations create robust leisure and business demand facilitating a 7 days a week/365 days a year business plan

2015 Guest Nights of Inbound Visitors and
Location Comparison of Portfolio with other Hotel J-REITs

		2015 Guest Nights (mn)	Invincible ^{1, 2}	Japan Hotel REIT ^{1, 2}	Hoshino Resorts REIT ^{1, 2}	Ichigo Hotel REIT ^{1, 2}
1.	Tokyo	17.8	44.9%	20.9%	-	-
2.	Osaka	9.3	5.9%	8.8%	-	8.0%
3.	Hokkaido	5.5	2.0%	5.3%	7.0%	17.7%
4.	Kyoto	4.8	3.3%	2.8%	3.0%	39.6%
5.	Okinawa	3.9	-	18.6%	-	-
Subtotal of TOP 5			56.2%	56.3%	10.0%	65.3%
6.	Chiba	3.5	5.4%	20.5%	0.9%	-
7.	Fukuoka	2.4	6.0%	5.5%	8.7%	6.8%
8.	Aichi	2.2	1.6%	-	1.3%	13.1%
9.	Kanagawa	2.2	6.8%	2.4%	1.0%	-
10.	Shizuoka	1.8	1.2%	-	4.7%	7.6%
Total of TOP 10			77.2%	84.7%	26.6%	92.7%

Source: Japan Tourism Agency, Company Disclosure

(Note 1) Reference dates of each REIT are as follows: INV: after acquisition, JHR, Hoshino Resorts REIT and, Ichigo Hotel REIT as of May 31, 2016

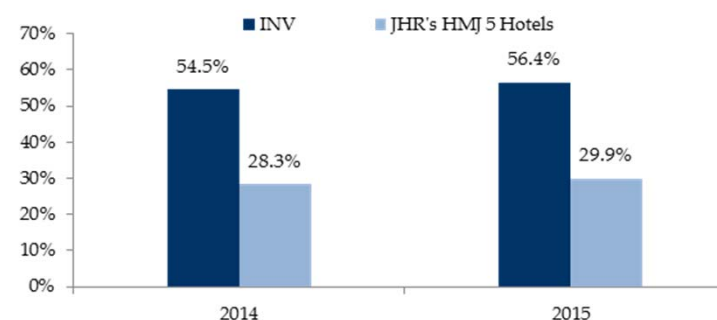
(Note 2) Location of hotels is calculated by the sum of the acquisition price of the hotels in the designated area divided by the total hotel acquisition price

(Note 3) JHR data is for major five hotels which are referred to by JHR as HMJ five hotels, each with variable rent schemes owned by JHR. HMJ means Hotel Management Japan which is the operator of these five JHR hotels(Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivilla and Oriental Hotel Hiroshima). Hoshino Resort REIT and Ichigo Hotel REIT do not disclose GOP figures for its hotel properties; Invincible hotels represent 35 hotels with variable rent structures in our existing portfolio

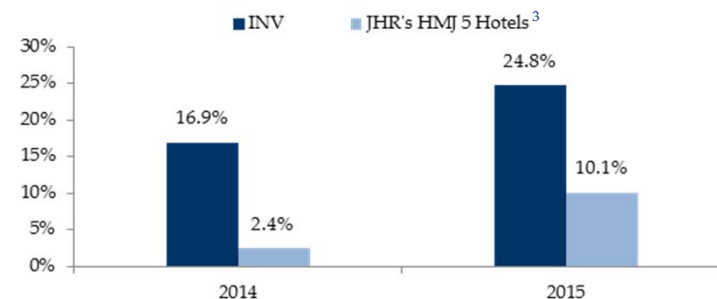
(Note 4) GOP Margin is calculated as follows: Gross Operating Profit after management fee divided by gross revenue. Hotel Epinard Nasu is not included in GOP Margin for INV

GOP Growth / Margin Comparison³

■ GOP Margin⁴



■ GOP Growth Rate



Source: Japan Hotel REIT ("JHR")

Extensive Sponsor Pipeline to Drive Further External Growth

- Invincible has acquired 74 properties from Sponsor for a total acquisition price of ¥197.4 billion
- Sponsor Pipeline including the Sheraton Grande Tokyo Bay Hotel, comprises 6,019 hotel rooms and 743 apartment units

■ 22 Hotels Covered by the MOU^{1, 2}

	Hotel Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations ³
1	Hotel MyStays Akasaka	Limited Service Hotel	Minato-ku, Tokyo	327 ⁴	✓
2	Hotel MyStays Yokohama-Kannai	Limited Service Hotel	Yokohama, Kanagawa	166 ⁴	✓
3	Rihga Royal Hotel Kyoto	Full Service Hotel	Kyoto, Kyoto	489 ⁴	✓
4	Narita Excel Hotel Tokyu	Full Service Hotel	Narita, Chiba	706	✓
5	Art Hotels Sapporo	Full Service Hotel	Sapporo, Hokkaido	418	✓
6	Best Western Hotel Fino Sapporo	Limited Service Hotel	Sapporo, Hokkaido	242	✓
7	Best Western Hotel Fino Oita	Limited Service Hotel	Oita, Oita	145	
8	Hotel Naqua City Hiroasaki	Full Service Hotel	Hiroasaki, Aomori	134	
9	Beppu Kamenoi Hotel	Resort Hotel	Beppu, Oita	322	
10	Fusaki Resort Village	Resort Hotel	Ishigaki, Okinawa	195	✓
11	Sheraton Grande Tokyo Bay Hotel	Full Service Hotel	Urayasu, Chiba	1,016 ⁴	✓
12	Hotel MyStays Shin Osaka Conference Center ⁵	Limited Service Hotel	Osaka, Osaka	397	✓
13	Art Hotels Asahikawa	Full Service Hotel	Asahikawa, Hokkaido	265	✓
14	Hotel MyStays Kanazawa Castle ⁶	Limited Service Hotel	Kanazawa, Ishikawa	206	
15	Hotel JAL City Matsuyama	Full Service Hotel	Matsuyama, Ehime	161	
16	Hotel MyStays Ueno East ⁷	Limited Service Hotel	Taito-ku, Tokyo	150	✓
17	(tentative) ⁸ Hotel MyStays Honmachi 3-chome (Osaka)	Limited Service Hotel	Osaka, Osaka	120 ⁴	✓
18	Hotel MyStays Sapporo Nakajima Park ⁹	Limited Service Hotel	Sapporo, Hokkaido	86	✓
19	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama, Kanagawa	70	✓
20	My CUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	64 ⁴	✓
21	Art Hotels Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	120	✓
22	Art Hotels Omori	Limited Service Hotel	Shinagawa-ku, Tokyo	220	✓
Total				6,019	

(Note 1) MOU providing preferential negotiation rights

(Note 2) 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

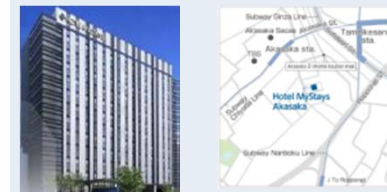
(Note 3) Properties located in prefectures that fall within the Top 10 Inbound Tourist Destinations based on MLIT data are shown

(Note 4) Number of rooms expected upon completion of construction or renovation

Sheraton Grande Tokyo Bay Hotel (Annex Under Construction)



Hotel MyStays Akasaka (Redevelopment)



Rihga Royal Hotel Kyoto (Renovation)



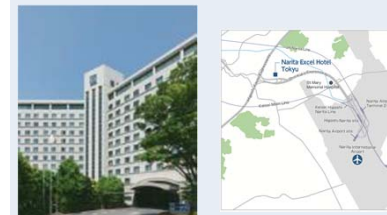
Art Hotels Sapporo



Hotel MyStays Shin Osaka Conference Center (Renovation/Re-branding)



Narita Excel Hotel Tokyu



(Note 5) Renamed to Hotel MyStays Shin Osaka Conference Center (previously Shin-Osaka Conference Center), effective June 1, 2016

(Note 6) Renamed to Hotel MyStays Kanazawa Castle (previously Castle Inn Kanazawa), effective April 1, 2016

(Note 7) Renamed to Hotel MyStays Ueno East (previously Hotel Ueno East), effective April 1, 2016

(Note 8) The property is under construction and the name is subject to change

(Note 9) Renamed to Hotel MyStays Sapporo Nakajima Park (previously KITA HOTEL), effective April 27, 2016.

Continuous Improvement of Financial Conditions

- LTV of 43.6% of appraisal value
- Proactively working to further increase banking group

Borrowings

Loans	Term	Balance (¥ mn)	Interest Rate before Swap Fixed	Swap Rate savings	Interest Rate after Swap
New Syndicate Loan (E) ²	3yrs.	28,979	1MT+0.4%	-0.0596p	0.375%
	4yrs.	28,979	1MT+0.5%	-0.0546p	0.480%
	5yrs.	28,979	1MT+0.6%	-0.0446p	0.590%
Term Loan (A) ²	4yrs.	3,682	1MT+0.5%	-0.0546p	0.480%
	3yrs.	4,250	1MT+0.4%	-0.0916p	0.343%
Term Loan (B) ²	5yrs.	4,250	1MT+0.6%	-0.0346p	0.600%
	3yrs.	11,434	1MT+0.4%	-	0.43455%
	4yrs.	10,433	1MT+0.5%	-	0.53455%
New Syndicate Loan (F)	5yrs.	10,433	1MT+0.6%	-	0.63455%
	3yrs.	1,000	1MT+0.4%	-	0.43455%
	4yrs.	1,000	1MT+0.5%	-	0.53455%
Term Loan (C) ³	5yrs.	1,000	1MT+0.6%	-	0.63455%
Total / Average Interest Rate	4 yrs	134,419	0.534%	-0.040 p	0.49%⁴

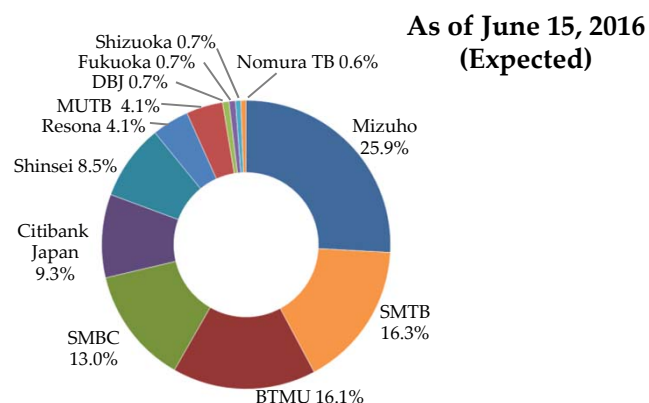
(Note 1) 1-month TIBOR as of May 27, 2016, 0.03455%, is used for calculation

(Note 2) New Syndicate Loan (E), Term Loan (A) and Term Loan (B) are fixed through an interest rate swap agreement on March 4, 2016. The interest rate after reflecting swap is stated.

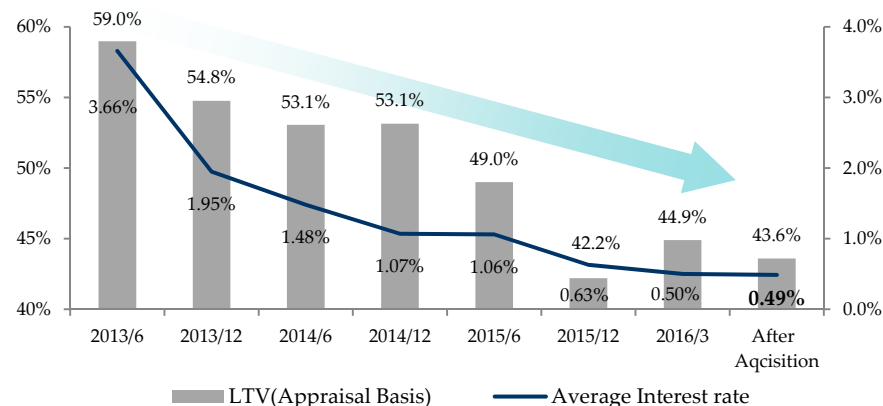
(Note 3) Only first payment period of Term Loan (C) is calculated based on 2-month TIBOR + floating rate.

(Note 4) C-tax loan isn't included in calculation of average loan term, and Average Interest rate is rounded to two decimal places

Bank Formation



LTV⁵ and Average Interest Rate⁶

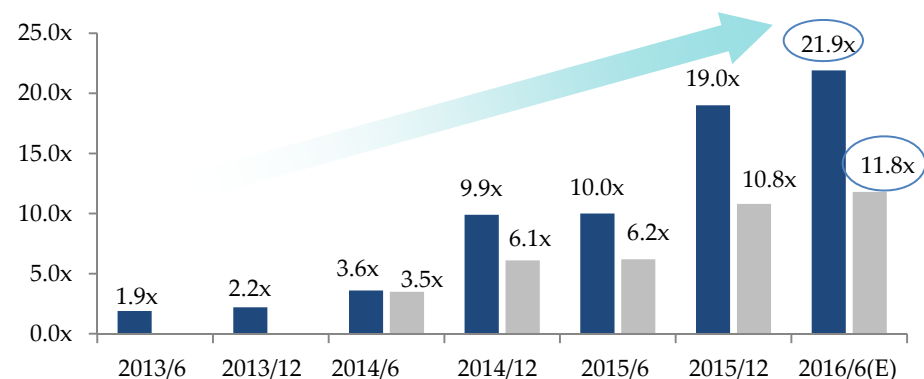


* INV plans to incur additional loans to pay partial acquisition price to be paid after acquisition, thereby LTV is expected to increase.

(Note 5) LTV is calculated using the following formula: Interest-bearing Debts(excluding c-tax loan) / Total Appraisal Value

(Note 6) 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

DSCR⁷ / DSCR Excluding Hotel Variable Rent Portion⁸

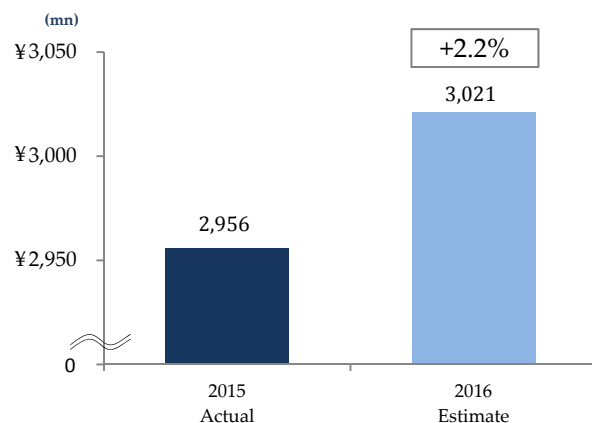


(Note 7) DSCR is calculated by dividing operating income, as adjusted for depreciation expenses from property rental business and any loss (gain) on sales of property by scheduled prepayments of loans payable and interest expense for the relevant period

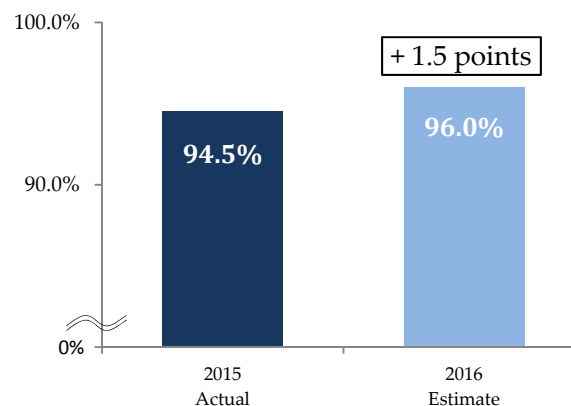
(Note 8) Excluding hotel variable rental income portion from operating income in calculating DSCR

Stable Residential Portfolio

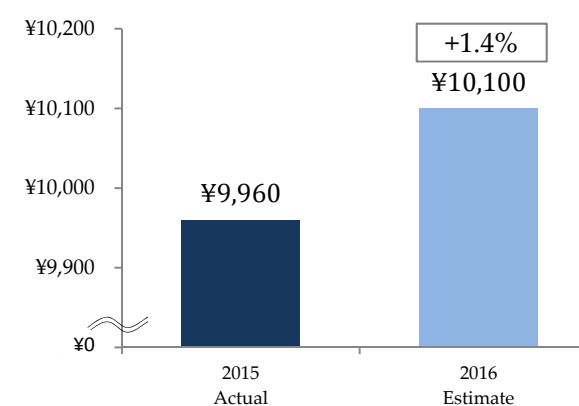
Net Operating Income¹
(2016 Forecasted Growth; +2.2%)



Occupancy Rate of Residential¹
(2016 Forecasted Growth; +1.5 points)

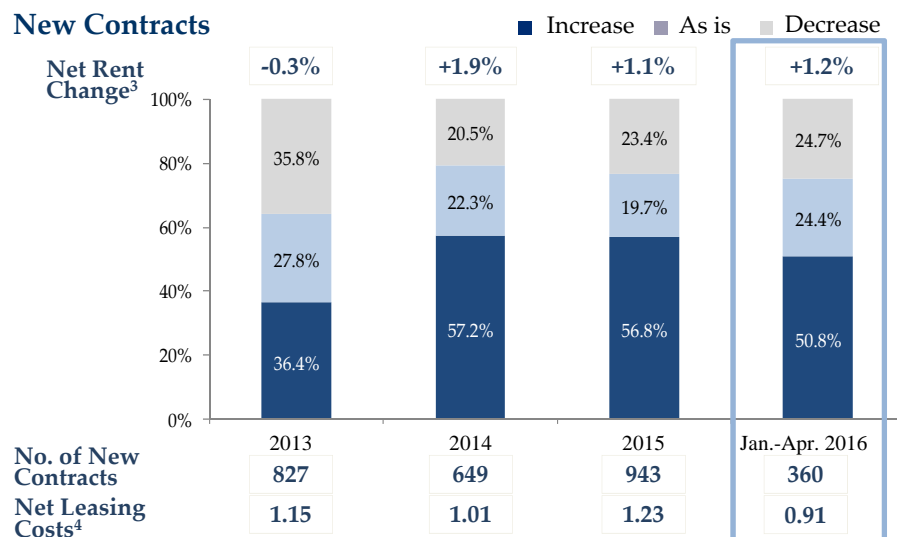


Average Rent per Tsubo¹
(2016 Forecasted Growth; +1.4%)

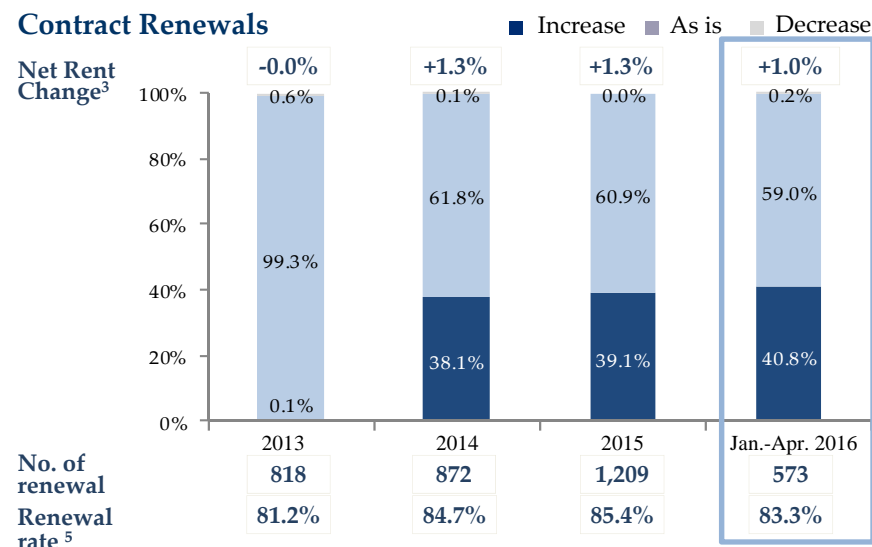


Steady Rental Growth from New Leases and Renewals²
(85.4% Renewal Rate in 2015 / Forecasted Rent Increase on Renewal +1.3% in 2016)

New Contracts



Contract Renewals



(Note 1) Based on the 63 properties held by INV as of the end of December 2014

(Note 2) Calculated based on the accumulated monthly data of residential properties owned at the end of each month

(Note 3) Monthly rent increase (%) of new or renewed contracts compared with previous contracts of existing properties

(Note 4) 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)

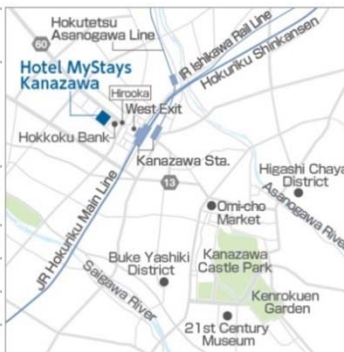
(Note 5) Renewal rate is calculated by "Number of Renewals during the Period" ÷ "Number of Cases Targeted for Renewal during the Period"

Acquisitions in June 2016

Hotel MyStays Kanazawa

Characteristics

- A limited service hotel completed in October 2014 with large rooms of 32-35m²
- Ranked the #1 hotel in Kanazawa by TripAdvisor
- Five minute walk from JR Kanazawa Station; Shinkansen (bullet train) opened in March 2015
- Year to date¹, YoY ADR up 5.9% from ¥8,895 to ¥9,417, hotel occupancy up 27.3 points from 67.1% to 94.4%, and NOI up 65.1% from ¥91 mn to ¥150 mn
- Foreign guests comprised 16.5% of rooms sold in 2015, currently 26.0% (Jan-Apr 2016) with future growth expected

Address	2-13-5 Hirooka, Kanazawa City, Ishikawa Prefecture	
Access	5-minutes walk from Kanazawa Station on JR Hokuriku Shinkansen	
Completion Date (Renovation Date)	October 2014	
# of Rooms	244	
Rentable Space	13,250.03 m ²	
Land Area	2,191.67 m ²	
Appraisal Value	¥13,900mn	

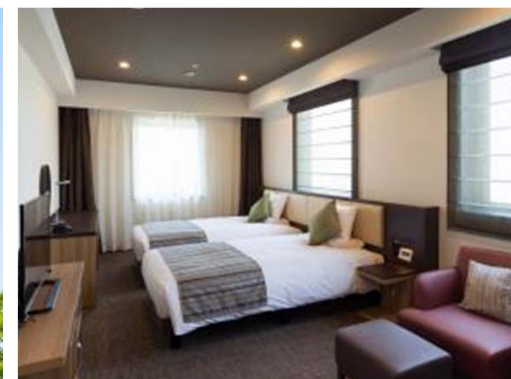
Operating Performance (2014-2015 Actual, 2016 Forecasted)

	2014	2015	2016 F
ADR (¥) ²	6,422	11,190	12,942
Occupancy ²	45.6%	80.3%	88.2%

(Note 1) Year-to-date is from January to April 2016

(Note 2) 2014 results is based on the actual result in Dec. 2014 only, as the hotel was opened on Nov. 23, 2014. 2016 result is calculated based on the actual results from Jan. to April and forecast from May to Dec..

(Note 3) NOI is based on the actual results provided by seller, and has been adjusted trust fees assuming that this property is held by INV.

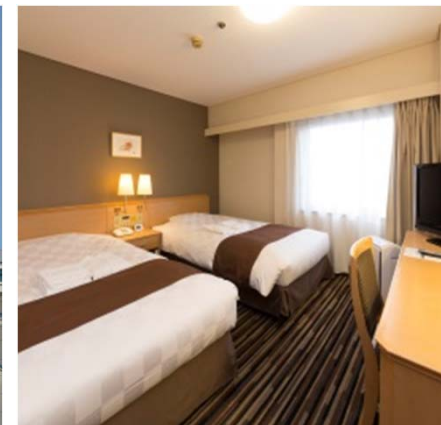
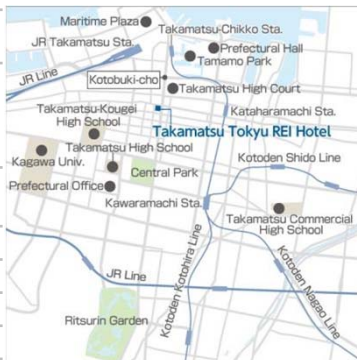


Takamatsu Tokyu REI Hotel

Characteristics

- Takamatsu is the largest city in Kagawa prefecture with a population of approximately 420,000 the second largest population on Shikoku island
- Stable demand from business and leisure travelers
- The property is on a fixed rent, normal term lease with Tokyu Hotels, a subsidiary of Tokyu Railways (JCR AA-, R&I A)
- The underlying performance is not disclosed, but our analysis shows the GOP:Rent ratio is 1.48x
- 19 rooms were renovated in January 2016 by Tokyu Hotels
- 7 minute walk from JR Takamatsu Station

Address	9-9 Hyogomachi, Takamatsu City, Kagawa Prefecture
Access	7-minute walk from Takamatsu Station on JR lines
Completion Date (Renovation Date)	April 1982
# of Rooms	191
Rentable Space	7,251.64 m ²
Land Area	1,178.28 m ²
Appraisal Value	¥2,160mn



Acquisitions Completed in March 2016

Hotel MyStays Gotanda Station

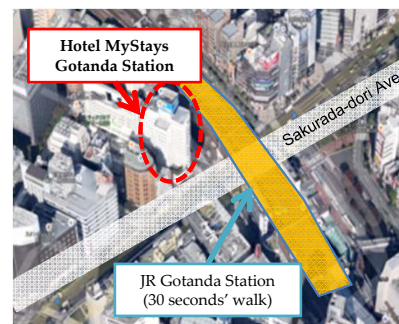
Characteristics

- Full renovation completed in November 2015
- Gotanda Station front hotel, on the JR Yamanote Line (one of the main stops on the loop line around Tokyo), Toei Asakusa Line, and the Tokyu Ikegami Line
- Achieved a high occupancy rate of 94.5% in December 2015, one month after completion of full renovation
- Tokyo city center hotel; 2 stops from Shinagawa Station servicing the bullet train and multiple train lines

Address	2-6-8 Nishigotanda, Shinagawa-ku, Tokyo	
Access	1 minute walk from West Exit of Gotanda Station on JR Yamanote Line	
Completion Date (Renovation Date)	March, 1974 (November, 2015)	
# of Rooms	333	
Rentable Space	8,752.42m ²	
Land Area	1,630.40m ²	
Appraisal Value	¥24,800mn	

Operating Performance (2012-2015 Actual, 2016 Forecasted)					
	2012	2013	2014	2015 ¹	2016 F
ADR (¥)	7,205	7,650	8,057	9,465	11,660
Occupancy	94.6%	94.3%	93.6%	68.5%	93.0%

(Note 1) Temporarily closed from March 1, 2015 to November 24, 2015 for full renovation

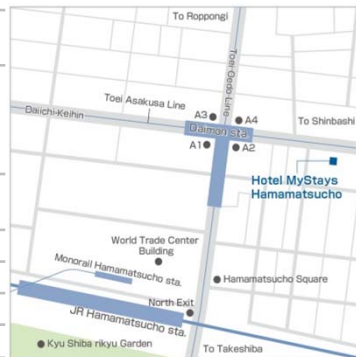


Hotel MyStays Hamamatsucho

Characteristics

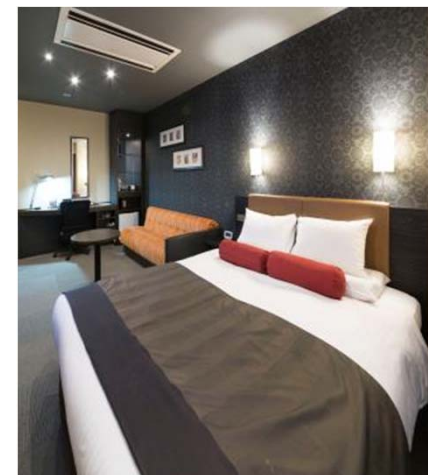
- New property completed in 2008
- Central Tokyo hotel near office areas such as Shiodome (HQ for ANA, Dentsu, Softbank)
- Six minute walk to Monorail Hamamatsucho station (connects to Haneda Airport via the monorail) and two minute walk to Toei Asakusa Line and Toei Oedo Line access
- Convenient access to Shinagawa Station (bullet train and JR lines) and Tokyo Station
- A major station redevelopment project and office development is underway

Address	1-18-4 Hamamatsucho, Minato-ku, Tokyo
Access	2 minutes walk from Daimon Station on Toei Asakusa Line and Toei Oedo Line
Completion Date	October, 2008
# of Rooms	105
Rentable Space	1,951.90m ²
Land Area	273.86m ²
Appraisal Value	¥8,000mn



Operating Performance (2012-2015 Actual, 2016 Forecasted)


	2012	2013	2014	2015	2016 F
ADR (¥)	8,835	9,315	10,584	12,426	13,668
Occupancy	88.9%	91.5%	92.7%	95.6%	95.6%



Hotel MyStays Fukuoka Tenjin

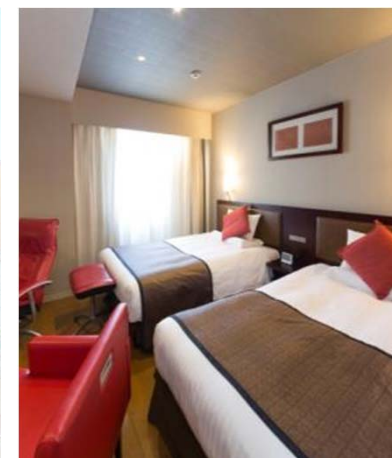
Characteristics

- New hotel completed in 2008
- 3 minute walk to Tenjin station and in close proximity to Fukuoka Airport enabling superb access for domestic and foreign guests
- Fukuoka Airport is the 4th largest airport in Japan by international arrivals and is the 4th busiest airport in Japan by passenger count¹
- Inbound visitors to Fukuoka increased by 46.3% in 2015
- Government budgeted funds for a second runway Fukuoka Airport, greatly increasing airport capacity

Address	3-5-7 Tenjin, Chuo-ku, Fukuoka City, Fukuoka	
Access	3 minutes walk from Tenjin Station on Fukuoka City Subway Airport Line	
Completion Date	August, 2008	
# of Rooms	217	
Rentable Space	5,083.06m ²	
Land Area	1,243.44m ²	
Appraisal Value	¥8,100mn	

Operating Performance (2012-2015 Actual, 2016 Forecasted)					
	2012	2013	2014	2015	2016 F
ADR (¥)	6,021	6,067	6,481	7,274	8,142
Occupancy	74.5%	78.2%	81.0%	96.4%	96.1%

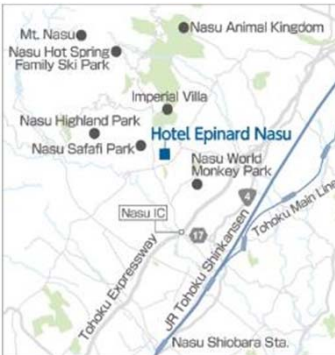
(Note 1)Based on the data of Ministry of Justice



Hotel Epinard Nasu

Characteristics

- 310-room full service hotel located approximately 2 hours from Tokyo by train
- Strong stable domestic demand, especially from Tokyo guests, has kept occupancy greater than 80% every year for past three years
- Growing retiree population¹ is a key customer base with 26.0%² of rooms sold in 2015
- MyStays Hotel Management assumed 100% management control in March, 2016 and plans to implement its revenue management capabilities as well as its internet based marketing efforts to increase foreign visitors
- Guests can enjoy family activities in all seasons, such as golfing, tennis, kayaking, horseback riding, trekking and skiing
- “Certificate of Excellence”³ from Trip Advisor citing its strong popularity

Address	1 Takaku-hei, Nasu-machi, Nasu-gun, Tochigi	
Access	30 minutes drive from Nasushiobara Station on JR Tohoku Shinkansen	
Completion Date (Renovation Date)	February, 1992 / June, 1995 (February, 2015)	
# of Rooms	310	
Rentable Space	37,702.33m ²	
Land Area	126,403.51m ²	
Appraisal Value	¥21,300mn	

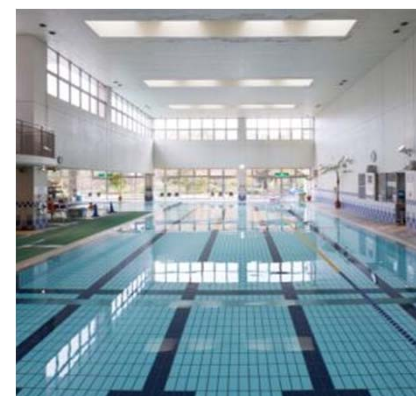
Operating Performance (2012-2015 Actual, 2016 Forecasted)

	2012	2013	2014	2015	2016 F
ADR (¥)	18,019	18,897	19,834	21,207	22,500
Occupancy	77.5%	83.6%	86.0%	87.0%	88.0%

(Note 1) The number of retired customers is calculated by the number of guests over 60-year-old from data provided by Hotel Epinard Nasu

(Note 2) Percentage of # of rooms sold to 60's to 80's age group guests

(Note 3) The Certificate of Excellence award honors hospitality businesses that consistently achieve outstanding traveler review on Trip Advisor. To qualify, a hospitality business must: maintain an overall Trip Advisor rating of at least four out of five, have a minimum number of reviews, have been listed on Trip Advisor for at least twelve months

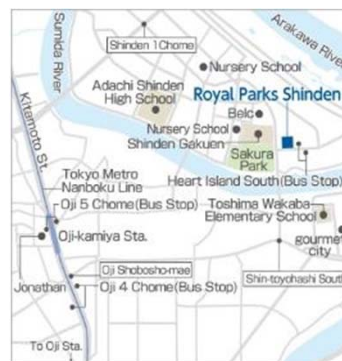


Royal Parks Shinden

Characteristics

- Built in 2007, with 243 apartment units ranging from single type to family type residences
- Popular residential area with 25 minutes train to JR Tokyo Station
- Within 5 minutes walking distance to supermarkets, convenience stores, and medical facilities for a comfortable lifestyle
- Master-leased to Daiwa Living, a subsidiary of Daiwa House
- The number of households in Adachi-ku has increased every year from 2012 to 2015

Address	3-35-20 Shinden, Adachi-ku, Tokyo
Access	17 minutes walk from Oji-kamiya Station on Tokyo Metro Nanboku Line
Completion Date	June, 2007
# of Units	248 (Apartments 243, Shops 5)
Rentable Space	15,797.29m ²
Land Area	9,905.57m ²
Appraisal Value	¥5,100mn



APPENDIX

MyStays Hotel Management Presence in Japan

MyStays has emerged as one of the most sophisticated domestic hotel management companies in Japan

- In the US, around 70% of the industry supply is branded, while privately-run businesses account for 30%¹
- In Japan, 48% are domestic chained brands and 5% are international chained brands²
- International hotel brands have a low penetration rate with only 100 hotels in Japan and 33,662 rooms³
- MyStays manages 69 hotels⁴ in Japan
- MyStays was founded in 1999 and was acquired in 2012 by Fortress
- MyStays had 888 employees as of March 2016

(Note 1) Hotel analyst "GLOBAL HOTEL PERSPECTIVES 2015"

(Note 2) Ministry of Education, Culture, Sports, Science and Technology

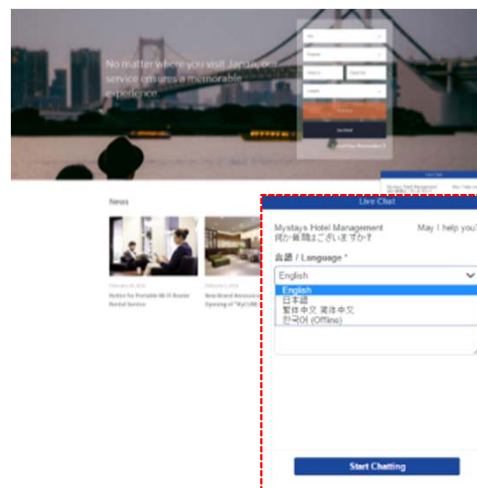
(Note 3) Company information as of October 31, 2015

(Note 4) Includes hotels managed by MyStays Hotel Management subsidiary Naqua Hotels and Resorts as of June 1, 2016

Top 10 hotel brands in Tokyo
(in terms of the number of hotels under management)

Rank	Hotel Chain	Number of Hotels
1	APA Hotels & Resorts	55
2	MyStays Hotel Management	31
3	Super Hotel	19
4	Tokyu Stay Hotels	16
5	LiveMax	13
6	Sotetsu Fresa Inn	10
7	Hankyu Hanshin Daiichi Hotels	10
8	Ishin Hotels Group	8
9	Richmond Hotels	7
10	Mitsui Garden	6

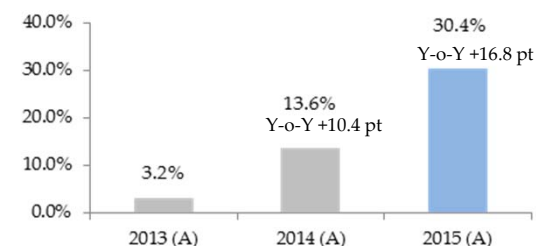
(Source) Management company webpages as of March 9, 2016



Q&A Chat Feature

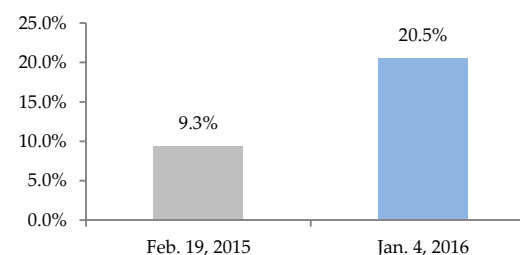
Results to Date for all MyStays Hotels⁵

- **Broader International Customer Base**
portion of revenues from foreign guests⁶



- **More Direct Bookings**

+11.2 points increase⁷ in direct booking since the full implementation in Feb. 2015



Revamped Website

- Available in four languages on mobile and desktop
- 3-click reservation system
- Live chat also available in four languages
- Successfully migrated to the cloud helping to lower load time to 2.6 seconds on average globally

(Note 5) Excludes hotels managed by MyStays Hotel Management subsidiary Naqua Hotels and Resorts

(Note 6) Hotels operated by MyStays including MyStays and FlexStay branded hotels

(Note 7) Online booking revenue as a percent of total booking revenue for bookings made in each subject week only (ending on the particular date)

(Note 8) The Certificate of Excellence award honors hospitality businesses that consistently achieve outstanding traveler review on Trip Advisor. To qualify, a hospitality business must: maintain an overall Trip Advisor rating of at least four out of five, have a minimum number of reviews, have been listed on Trip Advisor for at least twelve months.

Enhanced Social Media Presence

- Dedicated team to monitor TripAdvisor commentary
- Four Hotels received a 'Certificate of Excellence' award from Trip Advisor⁸

Diclaimer

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