Invincible Investment Corporation

[For Information Purpose Only]

January 20, 2016

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
Name of representative:
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(Securities code: 8963)

Asset manager:
Consonant Investment Management Co., Ltd.
Naoki Fukuda, CEO
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Notice concerning Acquisition of Assets and Entering into Leasing Contract

Invincible Investment Corporation ("INV") announced the acquisition of assets (five hotel properties and one residential property, hereinafter respectively the "Five Hotel Properties" and the "Residential Property", and collectively the "Six Properties") today as decided by Consonant Investment Management Co., Ltd. ("CIM"), the asset manager of INV. In connection with the acquisition of the Six Properties, INV will enter into new lease contracts with the current tenants for each of the Six Properties

1. Overview of Acquisition

Use	Property Number	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Appraisal Value (million yen)	Seller (Note 2)	Category of Specified Assets
Hotel	D38	Hotel MyStays Shinsaibashi	Osaka, Osaka	3,160	3,190	Aki Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D39	Comfort Hotel Kurosaki	Kitakyushu, Fukuoka	1,148	1,160	Navaro Tokutei Mokuteki Kaisha	
	D40	Comfort Hotel Maebashi	Maebashi, Gunma	1,128	1,140	Navaro Tokutei Mokuteki Kaisha	
	D41	Comfort Hotel Tsubame-Sanjyo	Sanjyo, Niigata	1,010	1,020	Navaro Tokutei Mokuteki Kaisha	

Use	Property Number	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Appraisal Value (million yen)	Seller (Note 2)	Category of Specified Assets
	D42	Comfort Hotel Kitami	Kitami, Hokkaido	851	860	Navaro Tokutei Mokuteki Kaisha	
Subtotal				7,297	7,370		
Residence	A103	Royal Parks Momozaka	Osaka, Osaka	2,910	2,940	Momo Tokutei Mokuteki Kaisha	Trust Beneficial Interest
Subtotal				2,910	2,940		
Total				10,207	10,310		

- Purchase and sale agreement execution date : January 20, 2016
- Anticipated acquisition date : January 22, 2016
- Acquisition funds : New loan (Note 3), a part of the excess cash-on-hand obtained from the public offering implemented in July 2015 and the third-party allotment implemented in August 2015
- Settlement method : Lump-sum payment at time of delivery

(Note 1) Anticipated acquisition prices do not include adjustments for property taxes, city planning taxes, national or local consumption taxes; hereinafter the same.

(Note 2) For an overview of the sellers, please refer to “5. Overview of Sellers” below.

(Note 3) For details of the new loan, please refer to the “Notice concerning Debt Financing” dated as of today.

(Note 4) Amounts are rounded down to the nearest million yen; hereinafter the same.

2. Reasons for Acquisition

INV positions hotels and residential properties as core portfolio assets and pursues both portfolio revenue growth and stability in a well-balanced manner through the implementation of its active internal and external growth strategy.

INV today decided to acquire these five limited-service hotels and one residential property without issuing new equity and through the new bank borrowings and use of a part of the excess cash-on-hand obtained from the public offering implemented in July 2015 and the third-party allotment implemented in August 2015.

Hotel MyStays Shinsaibashi is a limited-service hotel located in Shinsaibashi, Osaka. Osaka is second only to Tokyo in terms of the number of cumulative inbound visitor guest nights and benefits from the expansion of low cost carriers (LCC’s) at the Kansai International Airport. Shinsaibashi is the largest shopping area in Osaka, home to many boutiques and specialty stores, attracting local people and

visitors. The hotel underwent a major renovation completed in March 2015, and boasts high occupancy rates and customer satisfaction. The rent structure provides a variable rent scheme linked to the gross operating profit (GOP) in addition to a minimum fixed rent, which enables INV to directly capture the upside from GOP growth. This property will be operated by MyStays Hotel Management Co., Ltd. ("MHM"), a limited-service/extended stay hotel operator that is owned by funds managed by affiliates of the Sponsor, providing extensive expertise and experience in hotel management. MHM will continue to implement sophisticated revenue management techniques as it does at all the hotels it manages for INV, to maximize rent revenue while at the same time maintaining its low-cost operation.

"Comfort Hotel" is a well-known hotel chain brand worldwide, with 50 hotels (Note 1) under management in Japan. The 4 hotels to be acquired by INV exhibit strong competitiveness in their respective sub-markets, underpinned by consistent business demand. These hotels are generally the most recently built hotels in their respective sub-markets helping to position themselves well against other properties. Similar to its portfolio asset "Comfort Hotel Toyama", INV plans to utilize a fixed rent scheme for each of the 4 hotels to secure stable portfolio revenue. The properties have attractive estimated GOP to rent ratios.

"Royal Parks Momozaka" is a relatively new, high quality multi-family apartment located in a redeveloped area in Uehonmachi, Osaka. The property is conveniently located and surrounded by a concentration of commercial, cultural and educational facilities accessible by multiple train lines (Kintetsu Line, JR Line and Osaka Municipal Subway Line). INV plans to secure stable revenue by concluding a sublease agreement with regard to the residential portion of the property between Daiwa Living Co., Ltd., a 100% subsidiary of Daiwa House Co., Ltd.

All of the 5 limited-service hotels will be acquired from the list of properties covered in the Memorandum of Understanding (MOU) dated June 25, 2015. In conjunction with this transaction, INV and the Sponsor updated the MOU today to consist of 25 hotels with 6,769 rooms and 9 apartment buildings with 743 units helping to additional potential external growth opportunities (note2) (note3). One of the most noteworthy additions is the 1,016 room Sheraton Grande Tokyo Bay Hotel next to Tokyo Disney Resort.

(Note 1) Data source is HOTERES, published in January 2015

(Note 2) Pease refer to [Reference] "2. Sponsor's Pipeline" below.

(Note 3) There is no guarantee that INV will be offered an opportunity for considering acquisition of the properties or be able to acquire the properties.

3. Execution of Lease Contracts

In regards to Hotel MyStays Shinsaibashi, among the Five Hotel Properties, INV will enter into a lease agreement with MHM, which has a strong track record in hotel operations. Regarding the Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjyo and Comfort Hotel Kitami (hereinafter collectively, the "Four Comfort Properties"), INV will enter into lease agreement with Greens Co., Ltd. (Note)

Regarding Hotel MyStays Shinsaibashi, INV will receive a variable rent based on the operating revenue of hotel operation by the tenant in addition to a fixed rent. In accordance with the contract, INV receives, through the tenant and then the trustee, revenues from the hotel operation by the tenant after deducting costs, and a certain amount reserved by the tenant. Therefore, when such hotel's operating revenues increase, INV will be able to directly and immediately receive such result of increase. On the other hand, even when the operating revenues decrease, INV will be able to receive at least the fixed rent determined by the contract.

INV considers the tenants for the Six Properties to meet its standard for selection of tenants described in Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties filed on September 18, 2015.

(Note) For Hotel MyStays Shinsaibashi, INV will apply a variable rent scheme (Type of contract: Fixed rent plus variable rent type) and for the Four Comfort Properties, INV will apply a fixed rent scheme. Please refer to "4. Detail of Assets to be Acquired" for details.

<Overview of Tenant and Operator>

An overview of the tenants and operators for the Five Hotel Properties is as follows:

Both Tenant and Operator of " Hotel MyStays Shinsaibashi"

(i)	Name	MyStays Hotel Management Co., Ltd.
(ii)	Location	Roppongi Hills North Tower 14F, 6-2-31 Roppongi, Minato-ku, Tokyo, Japan
(iii)	Title and name of representative officer	Atsuki Asano, President and CEO
(iv)	Business	Hotel and Ryokan (Japanese Inn) operation and management
(v)	Capital (as of the date of this notice)	JPY 100 million
(vi)	Date of establishment	July 8, 1999
(vii)	Relationship between INV/Asset Manager and the Tenant/Operator	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and the tenant/operator, the parent company of the tenant/operator is indirectly owned by funds managed by affiliates of Fortress Investment Group LLC ("FIG"), which is an affiliate of Calliope Godo Kaisha ("Calliope"). Calliope holds 609,942 units of INV's outstanding investment units (investment unit holding ratio: 19.09%) as of December 31, 2015. Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	As of the date of this notice, among the employees of CIM, one employee is seconded from the tenant/operator.

	Transactional relationships	INV has entered into lease contracts with the tenant/operator with respect to 29 hotel properties acquired on May 23, 2014, July 17, 2014, February 6, 2015, July 16, 2015 and August 28, 2015.
	Whether the Tenant /Operator is a related party	The tenant/operator is not a related party of INV or CIM. Further, related persons and affiliates of the tenant/operator are not related parties of INV or CIM. Furthermore, the tenant/operator is not an interested party, etc. of CIM as provided in the Act on Investment Trusts and Investment Corporations ("Investment Trust Act").

Both Tenant and Operator of "Comfort Hotel Kurosaki", "Comfort Hotel Maebashi", "Comfort Hotel Tsubame-Sanjyo" and "Comfort Hotel Kitami"

(i)	Name	Greens Co., Ltd.
(ii)	Location	5-3 Hamada-cho, Yokkaichi, Mie, Japan
(iii)	Title and name of representative officer	Toshio Muraki, Chairman and Representative Director
(iv)	Business	Hotels and restaurants, Convention, Real estate management business and Consultation on hotel management
(v)	Capital (as of the date of this notice)	JPY 50 million
(vi)	Date of establishment	January 8, 1964
(vii)	Relationship between INV/Asset Manager and the Tenant/Operator	
	Capital relationships	As of today, there is no capital relationship that should be noted between INV/CIM and the tenant/operator.
	Personal relationships	As of today, there is no personal relationship that should be noted between INV/CIM and the tenant/operator.
	Transactional relationships	INV has entered into a lease contract with the tenant/operator with respect to "Comfort Hotel Toyama-Ekimae" acquired as of July 16, 2015.
	Whether the Tenant /Operator is a related party	The tenant/operator is not a related party of INV or CIM. Further, related persons and affiliates of the tenant/operator are not related parties of INV or CIM. Furthermore, the tenant/operator is not an interested party, etc. as provided in the Investment Trust Act.

4. Details of Assets to be Acquired

(1) Details of the Six Properties

The specific details and overview of the status of income and expenses and real estate appraisal of the Six Properties are as follows:

<Explanation relating to details of the Six Properties>

a. “Type and Location of Specified Assets, etc.” column:

- In “(Planned) Purchase Price,” consumption tax is not included, and rounded down to the nearest million yen.
- “Appraisal Value” shows reported price by appraisal agency for anticipated acquisition.
- The details in “Location” (excluding address), “Lot Area,” “Structure/No. of Stories,” “Total Floor Area,” “Purpose of Use,” and “Construction Date” are as shown in the property registry. The “Total Floor Area” is the gross floor area, and with respect to “Purpose of Use,” the primary class shown in the property registry is listed. Further, the “Construction Date” lists the time at which it was newly constructed, as shown in the property register.
- “Transportation” shows the time to walk to the nearest station based on the description in the Real Estate Appraisal Report (in case there is no description of time distance in the Real Estate Appraisal Report, “Transportation” is calculated by assuming walking time on the road distance of 80 meters per minute in accordance with the Fair Competition Code on the Real Estate Representations (Fair Trade Commission Notification No.2 of 2003, including subsequent revisions)(hereinafter, referred to as the “Fair Competition Code”) and the Ordinance for Enforcement of the Fair Competition Code.
- In “Zoning,” the class of zoning under Article 8(1)(i) of the City Planning Act is listed.
- In “Building Coverage Ratio,” the ratio of a building’s area with regard to the land area as set forth under Article 53 of the Building Standards Act is listed.
- In “Floor Area Ratio,” the ratio of a building’s floor area with regard to the land area as set forth under Article 52 of the Building Standards Act is listed.
- In “Trustee,” the planned trustee at the time of INV’s acquisition of the assets is listed.
- In “Trust Period,” the planned trust period at the time of INV’s acquisition of the assets is listed.

b. “Lease Overview” column:

- The last day of November 2015 is used as the basis.
- “Total No. of Tenants” is calculated by counting a lessee who has directly concluded a lease agreement for each property as one tenant, and a tenant who has rented two or more rooms in a single property is calculated as one tenant. In case of subleasing of property in which a lessee subleased rooms to end tenants and the seller, may be the owner, INV, or the trustee concluded the “pass-through” form of lease contract without rent guarantee, total No. of tenants is the total number of end tenants.
- In “Number of Guest Rooms,” the number of guest rooms that can be sub-leased by tenants is listed.
- In “Leasable Area,” which means the total leasable floor area for each building, the leasable area listed in the lease contract and diagram for the property, excluding the leasable area of the land (level parking lot), is listed.
- In “Lease Area,” which means the total leased floor area for each building out of the total leasable

floor area, the leased area into which a leasing agreement has actually been enter into and has been leased to an end-tenant, those listed in the lease contract, excluding the leased area of the land, is listed.

- In “Occupancy Rate,” the ratio of the leased area to the leasable area is shown, rounded to the first decimal place.
- “GOP,” or the gross operating profit, 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.

c. “Overview of Lease Agreement” column:

- Based on the lease contract entered into with the tenant.
- In “Determination of rent of lease contract,” monthly rent amount is rounded down to nearest ten thousand yen, and annual rent is rounded down to nearest one million yen.
- The “management services fee” is a commission fee payable to the tenant in accordance with the provisions of the leasing contract as a compensation for operational service provided by a tenant under the agreement. The management services fee is not disclosed, as tenant’s consent has not been obtained for disclosure. However, for the hotels operated by MHM, an amount of the management services fee to be received is generally (i) an amount equal to 2% of monthly sales, (ii) an amount equal to 0-6% of monthly sales from direct bookings made through the MHM’s marketing department or website, and (iii) an amount equal to 4-6% of the monthly GOP after deducting the amounts of (i) and (ii) above.
- In “Security Deposit/Guarantee Money,” the amount of the security deposit/guarantee money after amortization pursuant to the lease contract is listed.

d. “Overview of Building Conditions Survey Report” column:

- For the planned acquisition assets, INV has received a report from Tokio Marine & Nichido Risk Consulting Co., Ltd. on building conditions survey, building deterioration survey, short- and long-term repair plan decision, a condition survey in compliance with the Building Standards Act, a survey of dangerous substances contained in a building, and soil survey, amongst others, and has provided an overview of the report in this column.
- Further, an earthquake risk analysis has been conducted and reported to INV by Tokio Marine & Nichido Risk Consulting Co., Ltd., and an overview of the report is listed in this column.
- “Probable Maximum Loss (PML)” means the probable maximum loss from an earthquake. There is probable maximum loss (PML) for individual properties and for portfolios as a whole. Though there is not a strict, uniform definition for probable maximum loss (PML), in this press release, it means to what extent damages would be borne from the largest-scale anticipated earthquake in the anticipated planned term of use (50 years) (a large earthquake that has a reoccurrence period of 475 years = a large earthquake with a roughly 10% chance of occurring in 50 years), as indicated by the percentage (%) of the replacement price for planned recovery costs from damage.
- “Replacement Price” means the total amount of the appropriate costs needed in the event that the appraised building is to be rebuilt at the time of the survey.
- “Short-term Repair Costs” indicates the repair and/or replacement costs for items which, at the time of the survey, are below minimum maintenance level due to deterioration or items which are in violation

of law or regulations, etc. and which can be judged as best to be repaired or replaced within one year.

- "Long-term Repair Costs" consist of capital expenditures and repair costs. Capital expenditures means, of the anticipated improvement costs necessary to maintain the building at the set building functionality level, the costs to extend the use period of the building's equipment or to replace it entirely. Repair costs means, of the anticipated improvement cost necessary to maintain the building at the set building functionality level, costs other than capital expenditures.

e. Descriptions in the "Area Characteristics, etc." field

Descriptions in the "Area Characteristics, etc." field are an abstract or summary of descriptions in the Real Estate Appraisal Report on each real estate in trust, prepared by appraisal agencies, or created by referring to such descriptions.

f. Descriptions in the "Special Matters"

Descriptions in the "Special Matters" fields are matters that are deemed important in consideration of their impact on rights, appraisal value, profitability and disposability of each asset anticipated to be acquired.

<Explanation relating to overview of the status of income and expenses and real estate appraisal of the Six Properties>

a. "Income and Expenditures, Etc." column:

- Based on the information provided from the sellers for each operating period from January 1, 2014 to November 30, 2015. This is not a guarantee of future income and expenditures.
- Amounts are rounded down to the nearest 1,000 yen. Therefore, the figures may not necessarily match the total value when added together. Unless otherwise specifically noted, the amounts do not include consumption tax, etc.
- "Taxes and Public Dues," which include property tax and city planning tax, are generally imposed on the owner on January 1 of each year. For property tax and city planning tax that were borne by the current owner or previous owner at the time of INV's acquisition of the assets, the estimated amount is included in the acquisition price, and is therefore not included in "Taxes and Public Dues."
- "Non-life Insurance Premiums" is the total amount of paid insurance premiums distributed proportionally over the relevant period.
- "NOI" (Net Operating Income) lists the actual figures as provided by the seller (following the adjustments for the trust fees, administration fees and insurance premiums when held by INV).
- "Room Income" includes room use fees and lease fees.
- "Other Income" includes items such as parking lot use fees, laundry fees, vending machine transaction fees, etc. which do not fall under "Room Income".
- "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.
- "RevPAR", or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms for the same period (rooms x number of days), and is the same figure as that of a product of room occupancy rate and ADR.
- "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 during the relevant period x number of business days during target period)

- "GOP Ratio" is calculated using the following formula:
  GOP ratio = GOP ÷ sales figure
- "Daily / Weekly / Monthly" is the ratio for each classification of length of stay (i.e., daily/weekly/monthly), and is calculated by dividing total room sales for the relevant classification during each operational period by the aggregate room sales for the same operational period and then multiplying the figure by 100. Daily, weekly and monthly are classified by the number of days of stays, with daily being 1-6 nights, weekly being 7-29 nights, and monthly being 30 or more nights.

b. "Summary of Real Estate Appraisal Report" column:
INV has requested real estate appraisal from Japan Real Estate Institute for the planned acquisition assets based on the matters for consideration in a real estate appraisal under the Investment Trust Act, the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended; the "Act on Real Estate Appraisal") and the real estate appraisal standards. An appraisal value of a property is merely an opinion of the real estate appraiser regarding the value of the appraised property at the time the appraisal was conducted in accordance with the Act on Real Estate Appraisal and real estate appraisal standards. A real estate appraisal is neither a guarantee nor a promise that an asset can be sold or purchased at such appraisal value either now or in the future.

D38 : **Hotel MyStays Shinsaibashi**

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 3,160 million			
Appraisal Value	JPY 3,190 million			
Appraisal Agency	Japan Real Estate Institute			
Location	(Lot Number)	1-24, Nishi-Shinsaibashi, Chuo-ku, Osaka City, Osaka		
	(Address)	1-9-30, Nishi-Shinsaibashi, Chuo-Ku, Osaka City, Osaka		
Transport	2 min from Subway Midosuji Line, Shinsaibashi station			
Land	Form of Possession	Ownership	Zoning	Commercial Area
	Lot Area (m^2)	413.96㎡	Building Coverage Ratio/Floor Area Ratio	80%/500%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	1,942.01㎡	Constrcution Date	September 10, 1984
	Structure / No. of Stories	Steel frame and reinforced concrete structure with flat roof, 10 stories with basem		
	Renovation Date	From: January 2015 Until: March 2015		
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust Period	From: November 26, 2003 Until: January 21, 2026			
Creation of Security Interest	None			
Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	1		Number of Guest Rooms	54
Leasable Area (m^2)	1,942.01㎡			(S8・D28・T8・O10)
Occupancy Rate	100%		Lease Area (m^2)	1,942.01㎡
Security Deposit / Guarantee Money	JPY 3,650 thousand		Rent (per month)	JPY 15,508 thousand
Overview of Lease Agreement				
Tenant	MyStays Hotel Management Co., Ltd.			
Type of Contract	Fixed rent plus variable rent type			
Term	From: January 22, 2016 Until: January 21, 2026			
Determination of rent of lease contract	Fixed rent (JPY 85.2million per annum (January – June: JPY 6.2million per month / July – December: JPY 8million per month)) plus variable rent based on GOP of hotel operation. (Note)			
Management services fee	Not disclosed, as tenant's consent has not been obtained for disclosure.			
Security Deposit / Guarantee Money	―			
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term unless a new contract is executed.			
Rent Revision	Rent cannot be revised during the lease term.			
Early Termination	Termination prior to the expiration of the lease term is not permitted.			
Other Special Matters	None			
Overview of Building Conditions Survey Report				
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.		Date of Report	January 2016
Probable Maximum Loss (PML)	14.7%		Short - term Repair Costs (within 1 year)	―
Replacement Price	JPY 457,500 thousand		Long - term Repair Costs （in 12 years)	JPY 63,521 thousand
Area Characteristic				
The property is a business hotel, located two minute walk from Shinsaibashi Station on the Osaka Municipal Subway Midosuji Line and four minute walk from Yotsubashi Station on the same subway network. The property has excellent access to many areas from Shinsaibashi Station by train. For example, it takes 13 minutes on the Midosuji Line to Shin-Osaka Station of the Tokaido-Sanyo Shinkansen, and seven minutes on the same line to Umeda (Osaka) Station, and approximately one hour by the Nankai Limited Express Rapi:t to the Kansai International Airport Station, making the property's location optimal for both business and leisure. Shinsaibashi-suji Shopping Center and large-scale home appliance mass merchandise stores, etc., are located in the surrounding area, and there is strong leisure-related demand. The area is also popular among foreign tourists. The property underwent a full renovation in April 2015 and was rebranded from “Flexstay Inn” to “MyStays”.				
Special Instructions				
None				

(Note) Variable rent is the amount of the tenant's aggregate monthly gross revenue during the three-month variable rent calculation period after deducting the sum of (i) aggregate gross reimbursements, (ii) management services fee and (iii) fixed rent during the same period. However, when the balance after deduction is zero or negative, variable rent is zero.

D38 : Hotel MyStays Shinsaibashi

Income and Expenditures, etc.			
Operating Period		1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
GOP (=(1) - (2))		58,135 thousand	117,605 thousand
a. Land Lease Fees		–	–
b. Taxes and Public Dues		4,962 thousand	4,962 thousand
c. Non‐life Insurance Premiums		167 thousand	167 thousand
d. Trust Fees		800 thousand	800 thousand
NOI (=GOP－[a. + b. + c. + d.])		52,205 thousand	111,675 thousand
(Reference)	(1) Sales	132,670 thousand	221,359 thousand
	Room Income	118,764 thousand	209,386 thousand
	Other Income	13,905 thousand	11,973 thousand
	(2) Operating Costs (not including a. through d. above)	74,535 thousand	103,754 thousand
	ADR (Unit: JPY)	7,000	12,987
	RevPAR (Unit: JPY)	6,026	10,623
	Room Occupancy Rates	86.1%	81.8%
	GOP Ratio	43.8%	53.1%
	Daily / Weekly / Monthly	89.9%／ 7.3%／ 2.8%	99.4%／ 0.5%／ 0.2%
	Overseas Sales Share	13.8%	55.3%

Summary of Real Estate Appraisal Report	
Appraising Organization	Japan Real Estate Inctitute
Appraisal Value (Specified Value)	3,190 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method (Unit: JPY)

(1) Direct Capitalization Method	Contents	Overview
(a) Room Rental Income	204,806 thousand	Recognized rental income by assessing rent from a mid- to long-term perspective, with reference to hotel business earnings during the past year and business earnings of similar hotels, on the assumption of the scheduled fixed term building lease and management business entrustment contract.
(b) Common Area Maintenance Fee Income	–	
(c) Utility Income	–	
(d) Parking Lot Income	–	
(e) Other Income	–	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]	204,806 thousand	
(f) Vacant Room Losses	–	
(g) Irrecoverable Debt Losses	–	
(II) Operating Revenue = [(I) - (f) - (g)]	204,806 thousand	
(h) Maintenance and Management Costs	–	
(i) Utility Costs	–	
(j) Repair Costs	1,588 thousand	Recognized by considering the future management and operation plan, the level of expenses of similar real properties, average annual repairs and renovations expenses in the engineering report and others with reference to the results in the preceding years.
(k) Property Management Fee	–	
(l) Tenant Solicitation Expenses	–	
(m) Taxes and Public Dues	4,962 thousand	Recognized based on the actual amounts for fiscal year 2015.
(n) Non‐life Insurance Premiums	111 thousand	Recognized by taking into the insurance premium based on the current insurance contract, the insurance premium rates for similar buildings and others.
(o) Other Costs	–	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]	6,661 thousand	
(IV) Net Operating Income = [(II) - (III)]	198,145 thousand	
(p) One‐Time Investment Gains	–	There was no receipt of security deposit/guarantee money.
(q) Capital Improvements and Expenses	3,705 thousand	The renovation cost that is required to maintain building functionality is actually incurred on an irregular basis. However, in this case, assessed by taking into consideration the level of capital improvement and expenses at similar real properties, building age, and average annual repair and renovation expenses contained in the engineering report, assuming that presumed average expenditures will be accumulated every period.
(r) FF&E Reserve	5,182 thousand	The renovation cost that is required to maintain FF&E functionality is actually incurred on an irregular basis. However, in this case, recognized by making assessments with reference to the level of FF&E reserves at similar real properties adjusted for any repair and renovation plans and other matters, assuming that presumed average costs will be accumulated every period.
(V) Net Income = [(IV) + (p) - (q) - (r)]	189,258 thousand	
(VI) Capitalization Yield	5.9%	Assessed taking into consideration the site condition of the property, building grade, age, equipment level, the tenant's capacity to pay rent, relation of right, condition of contract and others with adjusting spread, considering the cap rate of similar real properties located in the area with the lowest risk as a standard.
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]	3,210,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)	6.2%	

(2) DCF Method	Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period	1,334,920 thousand	
(a) Sale Price	3,210,136 thousand	
(b) Sale Costs	96,304 thousand	Assumed to be 2% of the sales price
(c) Returning Price [(a) - (b)]	3,113,832 thousand	
(II) Returning Price, Current Value	1,822,837 thousand	
(III) Discount Rate	5.5%	Assessed by comparing with discount rate relating transactions of similar real properties and cap rate of other financial instruments and others.
(IV) Final Capitalization Yield	5.9%	Assessed by considering the marketability of the property at the time of expiration of period for analyzing capitalization rate and others.
(V) Income Price using DCF Method = [(I) + (2)]	3,160,000 thousand	
(3) Income Price using Income Capitalization Method	3,190,000 thousand	

2. Estimated Price using Cost Method

	Contents	Overview
(i) Land Price	584,000 thousand	
(ii) Building Price	240,000 thousand	
(iii) Furnishings/Appliances/Equipment/Upholstery Price	26,700 thousand	
(iv) Total Price of Land, Building, and Furnishings/Appliances/ Equipment / Upholstery = [(i) + (ii) + (iii)]	850,700 thousand	
(v) Maketability Correction Ratio for Land and Building as a Whole	150.0%	
(vi) Estimated Price using Cost Method = [(iv) × (v)]	1,280,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference

D39 : **Comfort Hotel Kurosaki**

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 1,148 million			
Appraisal Value	JPY 1,160 million			
Appraisal Agency	Daiwa Real Estate Appraisal Co., LTD.			
Location	(Lot Number)	3-144-4 etc., Kurosaki, Yahatanishi-Ku, Kitakyusyu City, Fukuoka		
	(Address)	3-13-13, Kurosaki, Yahatanishi-Ku, Kitakyusyu City, Fukuoka		
Transport	3 min from JR Kagoshima Main Line, Kurosaki station			
Land	Form of Possession	Ownership	Zoning	Commercial Area
	Lot Area (m^2)	826.45㎡	Building Coverage Ratio/Floor Area Ratio	80%/400%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	3,207.60㎡	Constrcution Date	February 19, 2009
	Structure / No. of Stories	Reinforced concrete structure with flat roof, 10 stories		
	Renovation Date	―		
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust Period	From: November 26, 2003 Until: January 21, 2026			
Creation of Security Interest	None			
Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	1		Number of Guest Rooms	151
Leasable Area (m^2)	3,207.60㎡			(S132・T19)
Occupancy Rate	100.0%		Lease Area (m^2)	3,207.60㎡
Security Deposit / Guarantee Money	JPY 37,894 thousand		Rent (per month)	JPY 6,315 thousand
Overview of Lease Agreement				
Tenant	Greens Co., Ltd.			
Type of Contract	Fixed rent			
Term	From: June 30, 2009 Until: June 29, 2029			
Determination of rent of lease contract	Fixed rent (JPY 75million per annum (January – December: JPY6.3million per month))			
Management services fee	-			
Security Deposit / Guarantee Money	JPY 37,894 thousand			
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term unless a new contract is executed.			
Rent Revision	Rent cannot be revised during the lease term.			
Early Termination	In case of the termination prior to the expiration of the lease term, the lessor must notice at least six months prior to the date and tenants must notice at least six months prior to the date and pay for penalty.			
Other Special Matters	None			
Overview of Building Conditions Survey Report				
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.		Date of Report	January 2016
Probable Maximum Loss (PML)	1.7%		Short - term Repair Costs (within 1 year)	―
Replacement Price	JPY 661,100 thousand		Long - term Repair Costs （in 12 years)	JPY 42,262 thousand
Area Characteristic				
The property is a business hotel located three minute walk from Kurosaki Station on the JR Line. Kitakyushu industrial zone, one of the four largest industrial zones in Japan, is located near the property, and a steady business demand is expected. In addition, the State-Owned Yawata Steel Works was listed as a World Heritage site, and an increase in leisure-related customers is expected. The property was built in 2009, which is newer than its competing hotels, and it has been highly appreciated by guests because of its services, such as free breakfast service.				
Special Instructions				
None				

D39 : Comfort Hotel Kurosaki

Income and Expenditures, etc.				
Operating Period			1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
GOP (=(1) - (2))			–	–
Rent			75,789 thousand	75,789 thousand
	Fixed rent		75,789 thousand	75,789 thousand
a. Land Lease Fees			–	–
b. Taxes and Public Dues			6,874 thousand	6,874 thousand
c. Non‐life Insurance Premiums			174 thousand	174 thousand
d. Trust Fees			800 thousand	800 thousand
e. Other			1,800 thousand	1,800 thousand
NOI (= GOP - [a. + b. + c. + d.])			66,140 thousand	66,140 thousand
(Reference)	(1) Sales		241,660 thousand	227,586 thousand
		Room Income	241,660 thousand	227,586 thousand
		Other Income	–	–
	(2) Operating Costs (not including a. through d. above)		129,287 thousand	129,575 thousand
	ADR (Unit: JPY)		5,070	5,178
	RevPAR (Unit: JPY)		4,385	4,129
	Room Occupancy Rates		86.5%	79.8%
	GOP Ratio		46.5%	43.1%
	Daily / Weekly / Monthly		–／ –／ –	–／ –／ –
	Overseas Sales Share		–	–

(注) Their leases have only fixed rent.

Summary of Real Estate Appraisal Report	
Appraising Organization	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value (Specified Value)	1,160 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method			(Unit: JPY)
(1) Direct Capitalization Method		Contents	Overview
	(a) Room Rental Income	75,789 thousand	Current rent was adopted considering the contents of the lease contract and the transition of sales amount during the past year.
	(b) Common Area Maintenance Fee Income	–	
	(c) Utility Income	–	
	(d) Parking Lot Income	–	
	(e) Other Income	–	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]		75,789 thousand	
	(f) Vacant Room Losses	–	
	(g) Irrecoverable Debt Losses	–	
(II) Operating Revenue = [(I) - (f) - (g)]		75,789 thousand	
	(h) Maintenance and Management Costs	–	
	(i) Utility Costs	–	
	(j) Repair Costs	1,618 thousand	Recognized based on judging the average amount of repair costs for 12 years, which is contained in the engineering report, to be appropriate.
	(k) Property Management Fee	1,800 thousand	Current contract was adopted as appropriate.
	(l) Tenant Solicitation Expenses	–	
	(m) Taxes and Public Dues	6,874 thousand	Recognized based on the actual amounts for fiscal year 2015.
	(n) Non‐life Insurance Premiums	264 thousand	Recognized by assessing the amount equivalent to 0.01% of the repurchase price of the building, with reference to the insurance premiums of similar real properties.
	(o) Other Costs	–	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]		10,556 thousand	
(IV) Net Operating Income = [(II) - (III)]		65,232 thousand	
	(p) One‐Time Investment Gains	757 thousand	Assessed based on assuming investment yield is 2.0%, by conducting a comprehensive assessment from the perspective of both the operational and procurement aspects regarding the actual management condition, etc. of one-time investment gains.
	(q) Capital Improvements and Expenses	2,009 thousand	Recognized based on judging the average annual renovation costs for 12 years, which is contained in the engineering report, to be appropriate, after taking into account the construction management fee.
	(r) FF&E Reserve	–	
(V) Net Income = [(IV) + (p) - (q) - (r)]		63,980 thousand	
(VI) Capitalization Yield		5.5%	Assessed taking into consideration the site condition of the property, building grade, age, equipment level, the tenant's capacity to pay rent, relation of right, condition of contract and others with adjusting spread, considering the cap rate of similar real properties located in the area with the lowest risk as a standard.
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]		1,160,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)		5.6%	
(2) DCF Method		Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period		490,645 thousand	
	(a) Sale Price	1,141,478 thousand	
	(b) Sale Costs	22,829 thousand	Assumed to be 2% of the sales price
	(c) Returning Price [(a) - (b)]	1,118,648 thousand	
(II) Returning Price, Current Value		667,436 thousand	
(III) Discount Rate		5.3%	Assessed by comparing with discount rate relating transactions of similar real properties and cap rate of other financial instruments and others.
(IV) Final Capitalization Yield		5.7%	Assessed by considering the marketability of the property at the time of expiration of period for analyzing capitalization rate and others.
(V) Income Price using DCF Method = [(I) + (2)]		1,160,000 thousand	
(3) Income Price using Income Capitalization Method		1,160,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	123,144 thousand	
(ii) Building Price	496,560 thousand	
(iii) Total Price of Land and Building = [(i) + (ii)]	619,704 thousand	
(iv) Ancillary Costs	132,450 thousand	
(v) Estimated Price using Cost Method = [(iii) + (iv)]	752,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference

D40 : **Comfort Hotel Maebashi**

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 1,128 million			
Appraisal Value	JPY 1,140 million			
Appraisal Agency	Daiwa Real Estate Appraisal Co., LTD.			
Location	(Lot Number)	2-18-5, Omote-Cho, Maebashi City, Gunma		
	(Address)	2-18-14, Omote-Cho, Maebashi City, Gunma		
Transport	3 min from JR Ryomou Line, Maebashi station			
Land	Form of Possession	Leasehold	Zoning	Commercial Area
	Lot Area (m^2)	874.39㎡	Building Coverage Ratio/Floor Area Ratio	80%/600%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	3,660.96㎡	Constrcution Date	March 10, 2009
	Structure / No. of Stories	Steel frame with flat roof, 10 stories		
	Renovation Date	―		
Trustee	Mitsubishi UFJ Trust and Banking			
Trust Period	From: June 3, 2009 Until: January 31, 2026			
Creation of Security Interest	None			

Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	2	Number of Guest Rooms	153	
Leasable Area (m^2)	3,660.96㎡		(S144・T8・O1)	
Occupancy Rate	100.0%	Lease Area (m^2)	3,660.96㎡	
Security Deposit / Guarantee Money	JPY 49,628 thousand	Rent (per month)	Hotel	JPY 6,332 thousand
			Retail	JPY 969 thousand

Overview of Major Lease Agreement (Hotel)	
Tenant	Greens Co., Ltd.
Type of Contract	Fixed rent
Term	From: June 3, 2009 Until: June 2, 2029
Determination of rent of lease contract	Fixed rent (JPY 75million per annum (January – December: JPY6.3million per month))
Management services fee	-
Security Deposit / Guarantee Money	JPY 37,993 thousand
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term unless a new contract is executed.
Rent Revision	Rent cannot be revised during the lease term.
Early Termination	In case of the termination prior to the expiration of the lease term, the lessor must notice at least six months prior to the date and tenants must notice at least six months prior to the date and pay for penalty.
Other Special Matters	None

Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2016
Probable Maximum Loss (PML)	0.8%	Short - term Repair Costs (within 1 year)	―
Replacement Price	JPY 819,900 thousand	Long - term Repair Costs （in 12 years)	JPY 31,746 thousand

Area Characteristic
The property is a business hotel located three minute walk from Maebashi Station on the JR Line. Maebashi City, where the property is located, is a major urban area in Gunma prefecture and is the prefectural capital. In addition, 17 industrial parks, such as Maebashi First Industrial Park, have been established in various places in the city, and demand from businesses and public offices is expected. The property was built in 2009, which is newer than its competing hotels, and it has been highly appreciated by guests because of its services, such as free breakfast service.

Special Instructions
Type of leasehold: General fixed term leasehold -Purpose: Ownership of building -Land Rent: JPY 10million (JPY844thousand per month) -Lease Period: From June 3, 2007 until June 2, 2047 The Property is a leased property, and the permission of the land owner will be required at the time of the transfer of the building accompanying the transfer of the leasehold rights.

D40 : Comfort Hotel Maebashi

Income and Expenditures, etc.			
Operating Period		1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
GOP (=(1) - (2))		－	－
Rent		87,622 thousand	87,622 thousand
	Fixed rent	87,622 thousand	87,622 thousand
a. Land Lease Fees		10,138 thousand	10,138 thousand
b. Taxes and Public Dues		6,707 thousand	6,707 thousand
c. Non - life Insurance Premiums		214 thousand	214 thousand
d. Trust Fees		800 thousand	800 thousand
e. Other		1,800 thousand	1,800 thousand
NOI (= GOP - [a. + b. + c. + d.])		67,962 thousand	67,962 thousand
(Reference)	(1) Sales	279,220 thousand	272,214 thousand
	Room Income	279,220 thousand	272,214 thousand
	Other Income	－	－
	(2) Operating Costs (not including a. through d. above)	133,714 thousand	138,108 thousand
	ADR (Unit: JPY)	5,952	5,978
	RevPAR (Unit: JPY)	5,000	4,874
	Room Occupancy Rates	84.0%	81.5%
	GOP Ratio	52.1%	49.3%
	Daily / Weekly / Monthly	－／ －／ －	－／ －／ －
	Overseas Sales Share	－	－

(注) Their leases have only fixed rent.

Summary of Real Estate Appraisal Report	
Appraising Organization	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value (Specified Value)	1,140 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method			(Unit: JPY)
(1) Direct Capitalization Method		Contents	Overview
	(a) Room Rental Income	87,622 thousand	Current rent was adopted considering the contents of the lease contract and the transition of sales amount during the past year.
	(b) Common Area Maintenance Fee Income	－	
	(c) Utility Income	－	
	(d) Parking Lot Income	－	
	(e) Other Income	－	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]		87,622 thousand	
	(f) Vacant Room Losses	349 thousand	
	(g) Irrecoverable Debt Losses	－	
(II) Operating Revenue = [(I) - (f) - (g)]		87,273 thousand	
	(h) Maintenance and Management Costs	－	
	(i) Utility Costs	－	
	(j) Repair Costs	1,673 thousand	Recognized based on judging the average amount of repair costs for 12 years, which is contained in the engineering report, to be appropriate.
	(k) Property Management Fee	1,800 thousand	Current contract was adopted as appropriate.
	(l) Tenant Solicitation Expenses	47 thousand	Recognized by assessing tenant solicitation expenses regarding the retail section as being equivalent to a month's rent for a new tenant, with reference to the tenant solicitation expenses of similar real properties.
	(m) Taxes and Public Dues	6,707 thousand	Recognized based on the actual amounts for fiscal year 2015.
	(n) Non - life Insurance Premiums	214 thousand	Recognized by assessing the amount equivalent to 0.01% of the repurchase price of the building, with reference to the insurance premiums of similar real properties.
	(o) Other Costs	10,138 thousand	Recognized the actual amounts annually paid, based on the land lease agreement.
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]		20,579 thousand	
(IV) Net Operating Income = [(II) - (III)]		66,693 thousand	
	(p) One - Time Investment Gains	985 thousand	Assessed based on assuming investment yield is 2.0%, by conducting a comprehensive assessment from the perspective of both the operational and procurement aspects regarding the actual management condition, etc. of one-time investment gains.
	(q) Guarantee Deposits Loss		Not recognised there was no receipt of gurantee money.
	(r) Capital Improvements and Expenses	1,704 thousand	
(V) Net Income = [(IV) + (p) - (q) - (r)]		65,973 thousand	Recognized based on judging the average annual renovation costs for 12 years, which is contained in the engineering report, to be appropriate, after taking into account the construction management fee.
(VI) Discount Rate		5.1%	Assessed taking into consideration the site condition of the property, building grade, age, equipment level, the tenant's capacity to pay rent, relation of right, condition of contract and others with adjusting spread, considering the cap rate of similar real properties located in the area with the lowest risk as a standard.
(VII) Revenue Period		43 years	Assessed taking into consideration the remaining period of the current lease contract and demolition period.
(VIII) Land Price after Revenue Period		0	Assumed the land price JPY0 because the land owner is obligated to restitute at the expiration of the contract according to the fixed term land lease contract.
(IX) Building Removal cost		55,044 thousand	Assessed based on assuming building removal cost is JPY15,000/sqm.
(X) Income Price using Direct Capitalization Method		1,130,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)		5.9%	
(2) DCF Method		Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period		518,776 thousand	
	(a) Sale Price	1,049,089 thousand	
	(b) Sale Costs	20,981 thousand	
	(c) Returning Price [(a) - (b)]	1,028,108 thousand	
(II) Returning Price, Current Value		625,189 thousand	
(III) Discount Rate		5.1%	Assessed by comparing with discount rate relating transactions of similar real properties and cap rate of other financial instruments and others.
(IV) Final Capitalization Yield		5.1%	Assessed by considering the marketability of the property at the time of expiration of period for analyzing capitalization rate and others.
(V) Income Price using DCF Method = [(I) + (2)]		1,140,000 thousand	
(3) Income Price using Income Capitalization Method		1,140,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Leasehold Price	32,527 thousand	
(ii) Building Price	615,836 thousand	
(iii) Total Price of Land and Building = [(i) + (ii)]	648,363 thousand	
(iv) Ancillary Costs	143,965 thousand	
(v) Estimated Price using Cost Method = [(iii) + (iv)]	792,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference

D41 : **Comfort Hotel Tsubamesanjo**

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 1,010 million			
Appraisal Value	JPY 1,020 million			
Appraisal Agency	Daiwa Real Estate Appraisal Co., LTD.			
Location	(Lot Number)	2-115-1 etc., Sugoro, Sanjyo City, Niigata		
	(Address)	2-115, Sugoro, Sanjyo City, Niigata		
Transport	3 min from JR Jyoetsu Shinkansen, Tsubamesanjyo station			
Land	Form of Possession	Ownership	Zoning	Commercial Area
	Lot Area (m^2)	1,936.96㎡	Building Coverage Ratio/Floor Area Ratio	80%/400%
Building	Form of Possession	Ownership	Purpose of Use	Hotel/Retail
	Total Floor Area (m^2)	3,099.90㎡	Constrcution Date	June 22, 2007
	Structure / No. of Stories	Steel frame with flat roof, 8 stories		
	Renovation Date	―		
Trustee	Mizuho Trust and Banking Co., Ltd.			
Trust Period	From: March 27, 2008 Until: January 31, 2026			
Creation of Security Interest	None			

Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	2	Number of Guest Rooms	132	
Leasable Area (m^2)	3,099.90㎡		(S119・T13)	
Occupancy Rate	100.0%	Lease Area (m^2)	3,099.90㎡	
Security Deposit / Guarantee Money	JPY 51,732 thousand	Rent (per month)	Hotel	JPY 5,340 thousand
			Retail	JPY 484 thousand

Overview of Major Lease Agreement (Hotel)	
Tenant	Greens Co., Ltd.
Type of Contract	Fixed rent
Term	From: July 1, 2007 Until: June 30, 2027
Determination of rent of lease contract	Fixed rent (JPY 64million per annum (January – December: JPY5.3million per month))
Management services fee	-
Security Deposit / Guarantee Money	JPY 49,291 thousand
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term unless a new contract is executed.
Rent Revision	It may be revised upon mutual consultation every three years.
Early Termination	In case of the termination prior to the expiration of the lease term, the lessor must notice at least six months prior to the date and tenants must notice at least six months prior to the date and pay for penalty.
Other Special Matters	None

Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2016
Probable Maximum Loss (PML)	7.4%	Short - term Repair Costs (within 1 year)	―
Replacement Price	JPY 682,900 thousand	Long - term Repair Costs （in 12 years)	JPY 64,880 thousand

Area Characteristic
The property is a business hotel, located three minute walk from Tsubamesanjo Station on the JR line. Tsubamesanjo Station, at which the Joetsu Shinkansen stops, is accessible to various regions. In Sanjo City, in which the property is located, the manufacturing industry, such as ironworks is prosperous and stable demand from businesses is expected. The property was built in 2007, which is newer than its competing hotels, and it has been highly appreciated by guests because of its services, such as free breakfast service.

Special Instructions
None

D41 : Comfort Hotel Tsubamesanjo

Income and Expenditures, etc.				
Operating Period			1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
GOP (=(1) - (2))			–	–
Rent			69,898 thousand	69,898 thousand
	Fixed rent		69,898 thousand	69,898 thousand
a. Land Lease Fees			–	–
b. Taxes and Public Dues			7,673 thousand	7,673 thousand
c. Non‐life Insurance Premiums			209 thousand	209 thousand
d. Trust Fees			800 thousand	800 thousand
e. Other			852 thousand	852 thousand
NOI (= GOP - [a. + b. + c. + d.])			60,363 thousand	60,363 thousand
(Reference)	(1) Sales		221,876 thousand	228,198 thousand
		Room Income	216,091 thousand	222,974 thousand
		Other Income	5,785 thousand	5,224 thousand
	(2) Operating Costs (not including a. through d. above)		129,676 thousand	131,544 thousand
	ADR (Unit: JPY)		5,058	5,287
	RevPAR (Unit: JPY)		4,485	4,628
	Room Occupancy Rates		88.7%	87.5%
	GOP Ratio		41.6%	42.4%
	Daily / Weekly / Monthly		–／ –／ –	–／ –／ –
	Overseas Sales Share		–	–

(注) Their leases have only fixed rent.

Summary of Real Estate Appraisal Report	
Appraising Organization	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value (Specified Value)	1,020 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method			(Unit: JPY)
(1) Direct Capitalization Method		Contents	Overview
	(a) Room Rental Income	65,723 thousand	Current rent was adopted considering the contents of the lease contract and the transition of sales amount during the past year.
	(b) Common Area Maintenance Fee Income	–	
	(c) Utility Income	–	
	(d) Parking Lot Income	4,176 thousand	
	(e) Other Income	–	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]		69,899 thousand	
	(f) Vacant Room Losses	146 thousand	
	(g) Irrecoverable Debt Losses	–	
(II) Operating Revenue = [(I) - (f) - (g)]		69,753 thousand	
	(h) Maintenance and Management Costs	252 thousand	
	(i) Utility Costs	–	
	(j) Repair Costs	2,922 thousand	Recognized based on judging the average amount of repair costs for 12 years, which is contained in the engineering report, to be appropriate.
	(k) Property Management Fee	600 thousand	Current contract was adopted as appropriate.
	(l) Tenant Solicitation Expenses	19 thousand	Recognized by assessing tenant solicitation expenses regarding the retail section as being equivalent to a month's rent for a new tenant, with reference to the tenant solicitation expenses of similar real properties.
	(m) Taxes and Public Dues	7,674 thousand	Recognized based on the actual amounts for fiscal year 2015.
	(n) Non‐life Insurance Premiums	209 thousand	Recognized by assessing the amount equivalent to 0.01% of the repurchase price of the building, with reference to the insurance premiums of similar real properties.
	(o) Other Costs	–	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]		11,677 thousand	
(IV) Net Operating Income = [(II) - (III)]		58,076 thousand	
	(p) One‐Time Investment Gains	673 thousand	Assessed based on assuming investment yield is 2.0%, by conducting a comprehensive assessment from the perspective of both the operational and procurement aspects regarding the actual management condition, etc. of one-time investment gains.
	(q) Capital Improvements and Expenses	2,646 thousand	Recognized based on judging the average annual renovation costs for 12 years, which is contained in the engineering report, to be appropriate, after taking into account the construction management fee.
	(r) FF&E Reserve	–	
(V) Net Income = [(IV) + (p) - (q) - (r)]		56,102 thousand	
(VI) Capitalization Yield		5.5%	Assessed taking into consideration the site condition of the property, building grade, age, equipment level, the tenant's capacity to pay rent, relation of right, condition of contract and others with adjusting spread, considering the cap rate of similar real properties located in the area with the lowest risk as a standard.
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]		1,020,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)		5.7%	
(2) DCF Method		Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period		433,754 thousand	
	(a) Sale Price	1,011,167 thousand	
	(b) Sale Costs	20,223 thousand	Assumed to be 2% of the sales price
	(c) Returning Price [(a) - (b)]	990,944 thousand	
(II) Returning Price, Current Value		591,242 thousand	
(III) Discount Rate		5.3%	Assessed by comparing with discount rate relating transactions of similar real properties and cap rate of other financial instruments and others.
(IV) Final Capitalization Yield		5.7%	Assessed by considering the marketability of the property at the time of expiration of period for analyzing capitalization rate and others.
(V) Income Price using DCF Method = [(I) + (2)]		1,020,000 thousand	
(3) Income Price using Income Capitalization Method		1,020,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	209,192 thousand	
(ii) Building Price	488,653 thousand	
(iii) Total Price of Land and Building = [(i) + (ii)]	697,845 thousand	
(iv) Ancillary Costs	146,699 thousand	
(v) Estimated Price using Cost Method = [(iii) + (iv)]	845,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference

D42 : **Comfort Hotel Kitami**

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 851 million			
Appraisal Value	JPY 860 million			
Appraisal Agency	Daiwa Real Estate Appraisal Co., LTD.			
Location	(Lot Number)	3-4-1 etc., Ohdori-Nishi, Kitami City, Hokkaido		
	(Address)	3-4, Ohdori-Nishi, Kitami City, Hokkaido		
Transport	3 min from JR Sekihoku Main Line, Kitami station			
Land	Form of Possession	Ownership	Zoning	Commercial Area
	Lot Area (m^2)	926.30㎡	Building Coverage Ratio/Floor Area Ratio	80%/600%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	3,009.50㎡	Constrcution Date	March 03, 2008
	Structure / No. of Stories	Reinforced concrete structure with flat roof, 9 stories with basement		
	Renovation Date	―		
Trustee	Mitsubishi UFJ Trust and Banking			
Trust Period	From: March 25, 2008 Until: January 31, 2026			
Creation of Security Interest	None			
Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	1		Number of Guest Rooms	127
Leasable Area (m^2)	3,009.50㎡			(S111・T16)
Occupancy Rate	100.0%		Lease Area (m^2)	3,009.50㎡
Security Deposit / Guarantee Money	JPY 30,300 thousand		Rent (per month)	JPY 5,050 thousand
Overview of Lease Agreement				
Tenant	Greens Co., Ltd.			
Type of Contract	Fixed rent			
Term	From: March 25, 2008 Until: March 24, 2028			
Determination of rent of lease contract	Fixed rent (JPY 60million per annum (January – December: JPY5.0million per month))			
Management services fee	-			
Security Deposit / Guarantee Money	JPY 30,300 thousand			
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term unless a new contract is executed.			
Rent Revision	Rent cannot be revised during the lease term.			
Early Termination	In case of the termination prior to the expiration of the lease term, the lessor must notice at least six months prior to the date and tenants must notice at least six months prior to the date and pay for penalty.			
Other Special Matters	None			
Overview of Building Conditions Survey Report				
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.		Date of Report	January 2016
Probable Maximum Loss (PML)	1.0%		Short - term Repair Costs (within 1 year)	―
Replacement Price	JPY 647,000 thousand		Long - term Repair Costs （in 12 years)	JPY 42,514 thousand
Area Characteristic				
The property is a business hotel, located three minute walk from Kitami Station on the JR line. Kitami City, in which the property is located, is the central city of the Okhotsk area and it has plenty of medical facilities and demand from business guests, mainly engaging in medical/pharmaceutical businesses, is expected. The property was built in 2008, which is newer than its competing hotels, and it has been highly appreciated by guests because of its services, such as free breakfast service.				
Special Instructions				
None				

D42 : Comfort Hotel Kitami

Income and Expenditures, etc.				
Operating Period			1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
GOP (=(1) - (2))			–	–
Rent			60,600 thousand	60,600 thousand
	Fixed rent		60,600 thousand	60,600 thousand
a. Land Lease Fees			–	–
b. Taxes and Public Dues			6,587 thousand	6,587 thousand
c. Non‐life Insurance Premiums			169 thousand	169 thousand
d. Trust Fees			800 thousand	800 thousand
e. Other			1,800 thousand	1,800 thousand
NOI (= GOP - [a. + b. + c. + d.])			51,243 thousand	51,243 thousand
(Reference)	(1) Sales		211,475 thousand	215,293 thousand
		Room Income	211,475 thousand	215,293 thousand
		Other Income	–	–
	(2) Operating Costs (not including a. through d. above)		123,326 thousand	128,859 thousand
	ADR (Unit: JPY)		5,393	5,656
	RevPAR (Unit: JPY)		4,562	4,632
	Room Occupancy Rates		84.6%	81.9%
	GOP Ratio		41.7%	40.1%
	Daily / Weekly / Monthly		–／ –／ –	–／ –／ –
	Overseas Sales Share		–	–

(注) Their leases have only fixed rent.

Summary of Real Estate Appraisal Report	
Appraising Organization	Daiwa Real Estate Appraisal Co., Ltd.
Appraisal Value (Specified Value)	860 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method			(Unit: JPY)
(1) Direct Capitalization Method		Contents	Overview
	(a) Room Rental Income	60,600 thousand	Current rent was adopted considering the contents of the lease contract and the transition of sales amount during the past year.
	(b) Common Area Maintenance Fee Income	–	
	(c) Utility Income	–	
	(d) Parking Lot Income	–	
	(e) Other Income	–	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]		60,600 thousand	
	(f) Vacant Room Losses	–	
	(g) Irrecoverable Debt Losses	–	
(II) Operating Revenue = [(I) - (f) - (g)]		60,600 thousand	
	(h) Maintenance and Management Costs	–	
	(i) Utility Costs	–	
	(j) Repair Costs	2,122 thousand	Recognized based on judging the average amount of repair costs for 12 years, which is contained in the engineering report, to be appropriate.
	(k) Property Management Fee	1,800 thousand	Current contract was adopted as appropriate.
	(l) Tenant Solicitation Expenses	–	
	(m) Taxes and Public Dues	6,587 thousand	Recognized based on the actual amounts for fiscal year 2015.
	(n) Non‐life Insurance Premiums	169 thousand	Recognized by assessing the amount equivalent to 0.01% of the repurchase price of the building, with reference to the insurance premiums of similar real properties.
	(o) Other Costs	30 thousand	Recognized by assessing charges for the use of road and other expenses, wit
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]		10,709 thousand	
(IV) Net Operating Income = [(II) - (III)]		49,891 thousand	
	(p) One‐Time Investment Gains	606 thousand	Assessed based on assuming investment yield is 2.0%, by conducting a comprehensive assessment from the perspective of both the operational and procurement aspects regarding the actual management condition, etc. of one-time investment gains.
	(q) Capital Improvements and Expenses	1,526 thousand	Recognized based on judging the average annual renovation costs for 12 years, which is contained in the engineering report, to be appropriate, after taking into account the construction management fee.
	(r) FF&E Reserve	–	
(V) Net Income = [(IV) + (p) - (q) - (r)]		48,970 thousand	
(VI) Capitalization Yield		5.7%	Assessed taking into consideration the site condition of the property, building grade, age, equipment level, the tenant's capacity to pay rent, relation of right, condition of contract and others with adjusting spread, considering the cap rate of similar real properties located in the area with the lowest risk as a standard.
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]		859,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)		5.8%	
(2) DCF Method		Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period		372,985 thousand	
	(a) Sale Price	849,313 thousand	
	(b) Sale Costs	16,986 thousand	Assumed to be 2% of the sales price
	(c) Returning Price [(a) - (b)]	832,326 thousand	
(II) Returning Price, Current Value		487,269 thousand	
(III) Discount Rate		5.5%	Assessed by comparing with discount rate relating transactions of similar real properties and cap rate of other financial instruments and others.
(IV) Final Capitalization Yield		5.9%	Assessed by considering the marketability of the property at the time of expiration of period for analyzing capitalization rate and others.
(V) Income Price using DCF Method = [(I) + (2)]		860,000 thousand	
(3) Income Price using Income Capitalization Method		860,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	84,386 thousand	
(ii) Building Price	462,964 thousand	
(iii) Total Price of Land and Building = [(i) + (ii)]	547,350 thousand	
(iv) Ancillary Costs	120,272 thousand	
(v) Estimated Price using Cost Method = [(iii) + (iv)]	668,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference

A103 Royal Parks Momozaka

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of (Planned) Acquisition	January 22, 2016			
(Planned) Purchase Price	JPY 2,910 million			
Appraisal Value	JPY 2,940 million			
Appraisal Agency	Morii Appraisal & Investment Consulting, Inc.			
Location	(Lot Number)	50-18, Fudegasaki-Chou, Tennouji-Ku, Osaka City, Okasa		
	(Address)	5-38, Fudegasaki-Chou, Tennouji-Ku, Osaka City, Osaka		
Transport	6 min from Kintetsu Nara/Osaka Line, Osaka-Uehonmachi station			
Land	Form of Possession	Leasehold	Zoning	Category 2 Residential District
	Lot Area (m^2)	3,043.89㎡	Building Coverage Ratio/Floor Area Ratio	80%/300%
Building	Form of Possession	Ownership	Purpose of Use	Residential/Parking
	Total Floor Area (m^2)	10,257.72㎡	Constrcution Date	June 15, 2007
	Structure / No. of Stories	Steel frame and reinforced concrete structure with flat roof, 14 stories with basement		
	Renovation Date	—		
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust Period	From: September 21, 2007 Until: September 30, 2022			
Creation of Security Interest	None			
Lease Overview（November 30, 2015）				
Total No. of Tenant(s)	4		Rentable Units	147
Leasable Area (m^2)	8,776.26㎡		Lease Area (m^2)	8,776.26㎡
Occupancy Rate	100.0%		Rent	JPY 21,579 thousand
Security Deposit/Guarantee Money	—			
Master Lease/Property Management Company				
Company	Daiwa Living Co., Ltd.			
Type of contract	Fixed rent (Residential) / Pass-through (Retail)			
Overview of Building Conditions Survey Report				
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.		Date of Report	January 2016
Probable Maximum Loss (PML)	10.0%		Short - term Repair Costs (within 1 year)	—
Replacement Price	JPY 2,451,700 thousand		Long - term Repair Costs （in 12 years)	JPY 75,589 thousand

Area Characteristic

The property is located six minute walk from Osaka-Uehonmachi Station on the Kintetsu Nara/Osaka Line, eight minute walk from Tanimachi Kyuchome Station on the Osaka Municipal Subway Tanimachi Line/Sennichimae Line and eight minute walk from Tsuruhashi Station on the JR Osaka Kanjo Line, and the property is well accessible to each of the nearest stations. The property has excellent access to areas such as Nanba, Tennoji, Umeda, and Shin-Osaka. Mainly condominiums and rented apartments are located in the surrounding area and , it is convenient with facilities such as supermarkets and general hospitals in adjacent areas. The property is a 14-floors-above-ground rental apartment with retail stores and consists of a total 147 units with studios, with room area ranging from 37.07 m^2 to 82.84 m^2, one-bedroom type, with room area ranging from 37.07 m^2 to 74.86 m^2, two-bedroom type, with room area ranging from 59.94 m^2 to 153.51 m^2, and three-bedroom type, with room area ranging from 82.84 m^2 to 198.97 m^2, as well as retail units on the ground floor (three units). Demand is expected from single persons who commute to business areas around Osaka Station, small families (so-called “double-income-no-kids (DINKS)”, etc.) and families with children. The property has various types of rooms, with a good location and high quality services, such as services provided by concierges; therefore, stable demand from various tenants is expected.
The property was awarded the “1st Osaka Sustainable Building Award” in 2007 and it was highly appreciated with respect to environmental performance because “as a rental housing located in a block that was developed in the course of the redevelopment of the city center, both the interior and the exterior of the property were made based on finely-tuned innovations and efforts to ensure harmony between the environment and human beings, and the property contributes to the formation of a good housing environment; therefore, it can be a model as to how to construct housing in an eco-friendly manner”

Special Instructions

Type of Land Leasehold Right: General fixed term leasehold
- Purpose: Ownership of building for leasing contract
- Land Rent: JPY 73million (JPY6 million per month)
- Lease Period: From May 27, 2005 to November 2, 2057

The Property is a leased property and the permission of the land owner will be required at the time of the transfer of the building accompanying the transfer of leasehold rights.

A103 : Royal Parks Momozaka

Income and Expeditures, Etc.		
Operating Period	1/1/2014 - 12/31/2014	1/1/2015 - 11/30/2015
a.Total Revenues	282,814 thousand	256,762 thousand
Rent Income	260,664 thousand	237,376 thousand
Other Income	22,150 thousand	19,386 thousand
b. Total Expenses	118,872 thousand	112,713 thousand
Maintenance and management expenses etc.	6,988 thousand	5,002 thousand
Tax and duties	16,138 thousand	11,965 thousand
Non-life Insurance Premiums	637 thousand	637 thousand
c. Depreciation	94,308 thousand	94,308 thousand
Other expenses	800 thousand	800 thousand
Profit on lease （a.－b.）	163,942 thousand	144,048 thousand
NOI （a.－b.＋c.）	258,250 thousand	238,356 thousand

Summary of Real Estate Appraisal Report	
Appraising Organization	Morii Appraisal & Investment Consulting, Inc.
Appraisal Value (Specified Value)	2,940 million
Time of Valuation	20 November, 2015

1. Value of Profits using the Profit Capitalization Method			(Unit: JPY)
(1) Direct Capitalization Method		Contents	Overview
	(a) Room Rental Income	258,956 thousand	Terms of the current contract was adopted as appropriate.
	(b) Common Area Maintenance Fee Income	–	
	(c) Utility Income	–	
	(d) Parking Lot Income	25,920 thousand	With respect to the portion of the contract that will be continued, the current terms were adopted as appropriate. The portion of the contract that will be continued was assessed based on the cases where similar real properties are rented.
	(e) Other Income	3,104 thousand	
(I) Total Potential Revenue = [(a) + (b) + (c) + (d) + (e)]		287,980 thousand	
	(f) Vacant Room Losses	7,526 thousand	
	(g) Irrecoverable Debt Losses	–	
(II)Operating Revenue ＝［(I)－(f)－(g)]		280,454 thousand	
	(h) Maintenance and Management Costs	3,044 thousand	The level of the actual maintenance and management costs were adopted as appropriate, with reference to the level of similar real properties.
	(i) Utility Costs	–	Included in the current maintenance and management costs under the contract.
	(j) Repair Costs	1,890 thousand	Judging the engineering report estimates to be appropriate, recognized 30% of the amount of stabilized repair costs.
	(k) Restitution Cost	4,858 thousand	Assessed by taking into consideration the results of restitution cost and the move-out rates, with reference to the level of similar real properties.
	(l) Property Management Fee	886 thousand	The content of the current contract was adopted as appropriate, with reference to the level of similar real properties.
	(m) Land Rent	73,908 thousand	Assessed by considering the variability rate, based on the results.
	(n) Taxes and Public Dues	13,940 thousand	Assessed by considering age depreciation, based on the results.
	(o) Non-life Insurance Premiums	638 thousand	Assessed with reference to the level of similar real properties.
	(p) Other Costs	–	
(III) Operating Costs (Expense Rate) ＝［(h)＋(i)＋(j)＋(k)＋(l)＋(m)＋(n)＋(o)+(p)]		99,164 thousand	
(IV) Net Operating Income ＝［②－③]		181,290 thousand	
	(q) One Time Investment Gains	–	
	(r) Guarantee Deposits Loss	4,020 thousand	Assessed by multiplying the amount of lease deposits by a 2.0% yield.
	(s) Capital Improvements and Expens	4,409 thousand	Judging the engineering report estimates to be appropriate, recognized 70% of the stabilized amount of capital improvements and expenses.
(V) Net Income ＝［④＋(q)－(r)－(s)]		172,861 thousand	
(i) Compound Present Value Rate of Compound Interest Annuity at the End of Rental Income Period		17.53732	Discount rate is 4.9% and the rental income period is 41 years.
(ii) Building Demolition Cost at the Expiration of the Fixed Term Leasehold for Business		274,242 thousand	Assessed by multiplying the demolition cost by the building area.
(iii) Compound Present Value Rate		0.1341	Discount rate is 4.9% and the remaining period of the fixed term land leasehold is 42 years.
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]		2,990,000 thousand	
(Reference) Base Yield of Net Operating Income (NOI) ((IV) NOI ÷ (VII) Income Price)		6.1%	
(2) DCF Method		Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period		1,344,853 thousand	
	(a) Sale Price	2,610,000 thousand	
	(b) Sale Costs	78,360 thousand	Recognized “sale price × 3.0% + JPY 60 thousand”
	(c) Returning Price [(a) - (b)]	2,531,640 thousand	
(II) Returning Price, Current Value		1,599,313 thousand	
(III) Discount Rate	Within 10 years	4.7%	Assessed by taking into consideration the various risks and the difference rate, based on the standard yield.
	After 10 years	5.1%	
(i) Compound Present Value Rate of Compound Interest Annuity		15.41271	Discount rate is 5.1% and the rental income period is 31 years.
(ii) Building Demolition Cost at the Sale		55,827 thousand	Assessed by multiplying the demolition cost by the building area.
(V) Income Price using DCF Method = [(I) + (2)]		2,940,000 thousand	
(3) Income Price using Income Capitalization Method		2,940,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	698,000 thousand	
(ii) Building Price	1,310,000 thousand	
(iii) Total Price of Land and Building = [(i) + (ii)]	2,008,000 thousand	
(iv) Ancillary Costs	521,000 thousand	
(v) Estimated Price using Cost Method ＝［(iv＋(v)]	2,530,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that a value based on the direct capitalization method, which truly replicates the price formation process from an income perspective, is more persuasive and adopted the appraisal value determined using the direct capitalization method, with the cost approach value as a reference.

(2) Matters relating to Seismic Resistance, etc., for the Six Properties

Of the Six Properties, with respect to the building D38 “Hotel MyStays Shinsaibashi”, INV has obtained an opinion from a third party expert, Tokio Marine & Nichido Risk Consulting Co., Ltd., indicating that there seems to be no problem regarding seismic resistance, etc., and the building was appropriately constructed. Of the Six Properties, with respect to the buildings D41 “Comfort Hotel Tsubame-Sanjo”, and D42 “Comfort Hotel Kitami”, INV has obtained an opinion from the said third party, indicating that there is no suspicion of falsification of structural calculation sheets through willful misconduct of the designers, and that the structural design is judged to be in general conformance with provisions regarding seismic resistance under the Building Standards Act and its Enforcement Order. Of the Six Properties, with respect to the buildings D39 “Comfort Hotel Kurosaki” and D40 “Comfort Hotel Maebashi”, INV has obtained an opinion from Kabushiki Kaisha Best-Design, indicating that no problematic and improper act is found in design specifications and there is consistency in figures, and the design specifications are appropriate. Of the Six Properties, with respect to the building A103 “Royal Parks Momozaka”, INV has obtained an opinion from HI International Consultant Co., LTD., indicating that it satisfies the requirements regarding seismic resistance under the Building Standards Act at the time when it was designed.

Further, as part of INV’s due diligence (Note) in acquiring the properties, INV has investigated seismic risk.

(Note) The due diligence conducted in acquiring the properties includes examination of appraisal values, building inspection, seismic risk inspection and legal due diligence.

5. Overview of Sellers of the Six Properties

The overview of the sellers of the Six Properties is as follows:

D38 “Hotel MyStays Shinsaibashi”

(i)	Name	Aki Tokutei Mokuteki Kaisha (“Aki TMK”)
(ii)	Location	c/o EP Consulting Services Corporation, 1-2-9, Nishi-Shimbashi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Hiroyasu Nakamura, Director
(iv)	Business	(a) Operations relating to the liquidation of the specified assets. (b) All other operations ancillary to the operations relating to liquidation of the specified assets stated above.
(v)	Capital (as of the date of this notice)	Specified Capital: JPY100,000 Preferred Capital: JPY2.9 billion
(vi)	Date of establishment	January 17, 2011
(vii)	Net Assets	Undisclosed (Note)
(viii)	Total Assets	Undisclosed (Note)
(ix)	Investor	Undisclosed (Note)
(x)	Relationship between INV/Asset Manager and the TMK	

Capital relationships	While there are no capital relationships that should be noted between INV/CIM and the TMK, the parent company of the TMK has received tokumei kumiai contributions through funds operated by affiliates of Fortress Investment Group LLC ("FIG"), an affiliate of Calliope Godo Kaisha ("Calliope"). As of December 31, 2015, Calliope holds 609,942 investment units issued by INV (19.09% stake). Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
Personnel relationships	While there are no personnel relationships that should be noted between INV and the TMK, as of the date of this notice, among the officers and employees of CIM, representative director and president Naoki Fukuda is seconded from Calliope. Further, part-time director Christopher Reed was seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
Transactional relationships	INV acquired eight properties in total in and after July 2015, from the TMK.
Whether the TMK is a related party	The TMK is not a related party of INV or CIM. Further, related persons and affiliates of the TMK are not related parties of INV or CIM. The TMK is not an interested party, etc. of CIM as provided in the Investment Trust Act.

(Note) Not disclosed, as the consent has not been obtained for disclosure.

D39 "Comfort Hotel Kurosaki", D40 "Comfort Hotel Maebashi", D41 "Comfort Hotel Tsubame-Sanjo" and D42 "Comfort Hotel Kitami"

(i)	Name	Navaro Tokutei Mokuteki Kaisha ("Navaro TMK")
(ii)	Location	2-10-5, Aakasaka, Minato-ku, Tokyo
(iii)	Title and name of representative officer	[Akio Yamazaki], Director
(iv)	Business	(a) Operations relating to the liquidation of the specified assets. (b) All other operations ancillary to the operations relating to liquidation of the specified assets stated above.
(v)	Capital (as of the date of this notice)	Specified Capital: JPY100,000 Preferred Capital: JPY3,530 million
(vi)	Date of establishment	April 2, 2014
(vii)	Net Assets	Undisclosed (Note)
(viii)	Total Assets	Undisclosed (Note)
(ix)	Investor	Undisclosed (Note)
(x)	Relationship between INV/Asset Manager and the TMK	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and the TMK, the parent company of the TMK has received tokumei kumiai contributions through funds operated by affiliates of FIG, an affiliate of Calliope. As of December31, 2015, Calliope holds 609,942 investment units issued by INV (19.09% stake). Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of the outstanding shares.

	Personnel relationships	While there are no personnel relationships that should be noted between INV and the TMK, as of the date of this notice, among the officers and employees of CIM, Mr. Naoki Fukuda, representative director and president, is seconded from Calliope. Further, Mr. Christopher Reed, part-time director, was seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	There are no transactional relationships that should be noted between INV/CIM and the TMK.
	Whether the TMK is a related party	The TMK is not a related party of INV or CIM. Further, related persons and affiliates of the TMK are not related parties of INV or CIM. The TMK is not an interested party, etc., of CIM as provided in the Investment Trust Act.

(Note) Not disclosed, as the consent has not been obtained for disclosure.

A103 “Royal Parks Momozaka”

(i)	Name	Momo Tokutei Mokuteki Kaisha (“Momo TMK”)
(ii)	Location	c/o EP Consulting Services Corporation, 1-2-9, Nishi-Shimbashi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Masayuki Meguro
(iv)	Business	(a) Operations relating to the assignment of specified assets in accordance with the Specified Asset Liquidation Plan under the Act on Securitization of Assets, and the management and disposition thereof. (b) All other operations ancillary to the operations relating to liquidation of the specified assets stated above.
(v)	Capital (as of the date of this notice)	Specified Capital: JPY100,000 Preferred Capital: JPY3,740 million
(vi)	Date of establishment	March 13, 2014
(vii)	Net Assets	Undisclosed (Note)
(viii)	Total Assets	Undisclosed (Note)
(ix)	Investor	Undisclosed (Note)
(x)	Relationship between INV/Asset Manager and the TMK	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and the TMK, the parent company of the TMK has received tokumei kumiai contributions through funds operated by affiliates of FIG, an affiliate of Calliope. As of December 31, 2015, Calliope holds 609,942 investment units issued by INV (19.09% stake). Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of the outstanding shares.
	Personnel relationships	While there are no personnel relationships that should be noted between INV and the TMK, as of the date of this notice, among the officers and employees of CIM, Mr. Naoki Fukuda, representative director and president, is seconded from the Calliope. Further, Mr. Christopher Reed, part-time director, was seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional	There are no transactional relationships that should be noted between INV/CIM and the TMK.

relationships	
Whether the TMK is a related party	The TMK is not a related party of INV or CIM. Further, related persons and affiliates of the TMK are not related parties of INV or CIM. The TMK is not an interested party, etc., of CIM as provided in the Investment Trust Act.

(Note) Not disclosed, as the consent has not been obtained for disclosure.

6. Transactions with Interested Persons, etc.

The sellers of the Six Properties, namely Aki TMK, Navaro TMK and Momo TMK, are not sponsor-related persons (Note) under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments. However, each of such seller has received tokumei kumiai contributions through funds managed by affiliates of FIG, an affiliate of Calliope, CIM's parent company, and thus a sponsor-related person. Therefore, CIM treats each of such sellers as a person equivalent to a sponsor-related person.

Six Properties are to be acquired at prices not exceeding their appraisal value in accordance with Sponsor-Related Person Transaction Rules and Sponsor-Related Person Transaction Management Manual, which are internal rules of CIM, and after deliberation and resolution of the compliance committee meeting held on January 20, 2016 and the investment committee meeting held on the same day, the board of directors of CIM approved the acquisitions at the meeting held on January 20, 2016, and the board of directors of INV approved the acquisitions at the meeting held on January 20, 2016.

In addition, MHM, the tenant/operator of "Hotel MyStays Shinsaibashi" among the Six Properties, is not a sponsor-related person (Note) under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments. However, such tenant/operator indirectly receives funds from an affiliate of FIG, an affiliate of Calliope (Calliope is CIM's parent company, and thus a sponsor-related person). Therefore, CIM treats such tenant/operator as a person equivalent to a sponsor-related person.

With respect to the lease agreement expected to be entered into with MHM, the tenant/operator, in accordance with Sponsor-Related Person Transaction Rules and Sponsor-Related Person Transaction Management Manual, which are internal rules of CIM, subject to MHM's hotel operating capability being confirmed as sufficient through a third party report and other relevant information, the rent level being reasonable considering the market level, and management services fee amount and structure being fair compared with similar properties, following deliberation and resolution of the compliance committee meeting held on January 20, 2016 and the investment committee meeting held on the same day, the board of directors of CIM approved the agreement at a meeting held on January 20, 2016, and the board of directors of INV approved the agreement at the meeting held on January 20, 2016.

Hence, INV considers MHM to meet its standard for selection of tenants described in Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties filed on September 18, 2015.

(Note) A sponsor-related Person is (i) any person who falls under the "Interested Persons, etc." set forth in the Investment Trust Act and the Enforcement Order of the Investment Trust Act, (ii) all shareholders of CIM and (iii) special purpose companies (tokubetsu mokuteki kaisha) (a) which

delegate their management to persons who fall under (ii) above, or (b) which are invested by or invested in anonymous partnership (tokumei kumiai) by persons who fall under (ii) above.

7. Summary of Current and Previous Owners

1. Name; 2. Relationship with Persons Having Special Conflict of Interest Relationships; 3. Detail/reason for Acquisition; 4. Acquisition Price, and 5. Acquisition Timing

Property Name	Current owner/trust beneficiary	Preceding owner/trust beneficiary
D38 MyStays Shinsaibashi	1. Aki TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. July 2011	Persons having no special conflict of interest relationship
D39 Comfort Hotel Kurosaki	1. Navaro TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. November 2014	Persons having no special conflict of interest relationship
D40 Comfort Hotel Maebashi	1. Navaro TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. November 2014	Persons having no special conflict of interest relationship
D41 Comfort Hotel Tsubame-Sanjo	1. Navaro TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. July 2014	Persons having no special conflict of interest relationship
D42 Comfort Hotel Kitami	1. Navaro TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. November 2014	Persons having no special conflict of interest relationship

Property Name	Current owner/trust beneficiary	Preceding owner/trust beneficiary
A103 Royal Parks Momozaka	1. Momo TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for investment purposes 4. Omitted because held for longer than one year 5. July 2014	Persons having no special conflict of interest relationship

8. Overview of Brokerage

No broker was involved in the acquisition of the Six Properties.

9. Schedules

Acquisition decision date	January 20, 2016
Agreement execution date	
Anticipated acquisition proceeds payment date	January 22, 2016
Anticipated acquisition date	

10. Future Outlook

The transaction stated in this notice does not affect INV's forecasts for financial results and distribution for the fiscal period ended December 2015 (July 1, 2015 to December 31, 2015). For information on INV's forecasts for financial results and distribution for the fiscal period ending June 2016 (January 1, 2016 to June 30, 2016) and the fiscal period ending December 2016 (July 1, 2016 to December 31, 2016) in connection with the above, please refer to "Notice concerning Revision of Forecast of Financial Results and Distribution for the 25th Fiscal Period Ended December 2015, the 26th Fiscal Period Ending June 2016 and the 27th Fiscal Period Ending December 2016" dated as of today.

11. Other Matters that are Necessary for Investors to Properly Understand and Make Judgment on Relevant Information

With respect to the risks relating to investments in the Six Properties, there will be no change that substantially affects the matters stated in the "Investment Risks" (*toshi risuku*) in the semi-annual securities report (*yuka shoken hokokusho*) of INV for the fiscal period ended June 2015 (January 1, 2015 – June 30, 2015) (available in Japanese only), filed by INV on September 28, 2015.

[End of document]

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[Reference]

1. Portfolio List after the Acquisition

Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
A26	Nisshin Palacestage Daitabashi	Residential	Greater Tokyo Area	1,251	0.7
A27	Nisshin Palacestage Higashi-Nagasaki	Residential	Greater Tokyo Area	1,229	0.7
A28	Growth Maison Gotanda	Residential	Greater Tokyo Area	888	0.5
A29	Growth Maison Kameido	Residential	Greater Tokyo Area	1,070	0.6
A30	Emerald House	Residential	Greater Tokyo Area	1,505	0.8
A31	Harmonie Ochanomizu	Residential	Greater Tokyo Area	1,428	0.8
A32	Suncrest Shakujii-Koen	Residential	Greater Tokyo Area	1,088	0.6
A33	Growth Maison Shin-Yokohama	Residential	Greater Tokyo Area	1,059	0.6
A34	Belle Face Ueno-Okachimachi	Residential	Greater Tokyo Area	1,023	0.6
A35	Grand Rire Kameido	Residential	Greater Tokyo Area	906	0.5
A36	Growth Maison Ikebukuro	Residential	Greater Tokyo Area	825	0.4
A37	Growth Maison Yoga	Residential	Greater Tokyo Area	795	0.4
A38	Route Tachikawa	Residential	Greater Tokyo Area	676	0.4
A39	Shibuya-Honmachi Mansion	Residential	Greater Tokyo Area	651	0.4
A40	City Heights Kinuta	Residential	Greater Tokyo Area	646	0.4
A41	Acseeds Tower Kawaguchi	Residential	Greater Tokyo Area	620	0.3
A42	Capital Heights Kagurazaka	Residential	Greater Tokyo Area	604	0.3
A43	College Square Machida	Residential	Greater Tokyo Area	589	0.3
A44	Belair Meguro	Residential	Greater Tokyo Area	589	0.3
A45	Wacore Tsunashima I	Residential	Greater Tokyo Area	572	0.3

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Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
A46	Foros Nakamurabashi	Residential	Greater Tokyo Area	566	0.3
A47	Growth Maison Kaijin	Residential	Greater Tokyo Area	557	0.3
A48	College Square Machiya	Residential	Greater Tokyo Area	510	0.3
A51	City House Tokyo Shinbashi	Residential	Greater Tokyo Area	2,520	1.4
A52	Winbell Kagurazaka	Residential	Greater Tokyo Area	3,260	1.8
A53	Nishiwaseda Cresent Mansion	Residential	Greater Tokyo Area	1,880	1.0
A54	Lexington Square Akebonobashi	Residential	Greater Tokyo Area	1,450	0.8
A56	Casa Eremitaggio	Residential	Greater Tokyo Area	1,070	0.6
A59	Towa City Coop Shinotsuka II	Residential	Greater Tokyo Area	866	0.5
A61	Bichsel Musashiseki	Residential	Greater Tokyo Area	577	0.3
A62	Lexel Mansion Ueno Matsugaya	Residential	Greater Tokyo Area	970	0.5
A63	Towa City Coop Sengencho	Residential	Greater Tokyo Area	1,110	0.6
A64	Royal Park Omachi	Residential	Other	415	0.2
A65	Lexington Square Haginomachi	Residential	Other	330	0.2
A66	Visconti Kakuozan	Residential	Other	255	0.1
A71	Lexington Square Daitabashi	Residential	Greater Tokyo Area	977	0.5
A72	Lexington Square Honjo Azumabashi	Residential	Greater Tokyo Area	511	0.3
A73	AMS TOWER Minami 6-Jo	Residential	Other	1,180	0.6
A75	Spacia Ebisu	Residential	Greater Tokyo Area	7,010	3.8
A76	Neo Prominence	Residential	Greater Tokyo Area	1,660	0.9
A77	Invoice Shin-Kobe Residence	Residential	Other	1,260	0.7
A78	Cosmo Court Motomachi	Residential	Other	973	0.5

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Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
A79	Revest Honjin	Residential	Other	674	0.4
A80	Revest Matsubara	Residential	Other	657	0.4
A81	Sun Terrace Minami Ikebukuro	Residential	Greater Tokyo Area	625	0.3
A82	Alba Noritake Shinmachi	Residential	Other	608	0.3
A83	Revest Meieki Minami	Residential	Other	597	0.3
A84	Revest Heian	Residential	Other	595	0.3
A85	Vendir Hamaotsu Ekimae	Residential	Other	581	0.3
A86	Salvo Sala	Residential	Other	544	0.3
A87	Excellente Kagurazaka	Residential	Greater Tokyo Area	543	0.3
A88	Luna Court Edobori	Residential	Other	525	0.3
A89	Winntage Kobe Motomachi	Residential	Other	512	0.3
A90	Queen’s Court Fukuzumi	Residential	Greater Tokyo Area	456	0.2
A91	Corp Higashinotoin	Residential	Other	446	0.2
A92	Belair Oimachi	Residential	Greater Tokyo Area	412	0.2
A93	Siete Minami-Tsukaguchi	Residential	Other	374	0.2
A94	Prime Life Sannomiya Isogami Koen	Residential	Other	373	0.2
A95	HERMITAGE NANBA WEST	Residential	Other	355	0.2
A96	Century Park Shinkawa 1-bankan	Residential	Other	335	0.2
A97	West Avenue	Residential	Greater Tokyo Area	331	0.2
A98	Little River Honmachibashi	Residential	Other	310	0.2
A99	Prime Life Mikage	Residential	Other	297	0.2
A100	City Court Kitaichijo	Residential	Other	1,782	1.0

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Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
A101	Lieto Court Mukojima	Residential	Greater Tokyo Area	1,683	0.9
A102	Lieto Court Nishi-Ojima	Residential	Greater Tokyo Area	1,634	0.9
A103	Royal Parks Momozaka	Residential	Other	2,910	1.6
Subtotal of Residential Properties (67 properties)				66,092	35.9
B8	Kindai Kagakusha Building	Office	Greater Tokyo Area	1,301	0.7
B9	Shinjuku Island	Office	Greater Tokyo Area	715	0.4
B14	Lexington Plaza Nishigotanda	Office	Greater Tokyo Area	4,880	2.7
B15	Cross Square NAKANO	Office	Greater Tokyo Area	1,060	0.6
B16	Ohki Aoba Building	Office	Other	816	0.4
B17	Lexington Plaza Hachiman	Retail	Other	3,280	1.8
B18	AEON TOWN Sukagawa	Retail	Other	2,320	1.3
Subtotal of Office Buildings and Retail Properties (7 properties)				14,372	7.8
C1	Times Kanda-Sudacho 4th	Parking	Greater Tokyo Area	97	0.1
Subtotal of Parking Facility (1 property)				97	0.1
D1	Hotel MyStays Kanda	Hotel	Greater Tokyo Area	2,851	1.5
D2	Hotel MyStays Asakusa	Hotel	Greater Tokyo Area	2,584	1.4
D3	Hotel MyStays Kyoto-Shijo	Hotel	Other	6,024	3.3
D4	MyStays Shin-Urayasu Conference Center	Hotel	Greater Tokyo Area	4,930	2.7
D5	Hotel MyStays Maihama	Hotel	Greater Tokyo Area	4,870	2.6
D6	Hotel Vista Premio Dojima	Hotel	Other	3,845	2.1
D7	Hotel MyStays Nagoya-Sakae	Hotel	Other	2,958	1.6
D8	Hotel MyStays Sakaisuji-Honmachi	Hotel	Other	2,514	1.4

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Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
D9	Hotel MyStays Yokohama	Hotel	Greater Tokyo Area	2,119	1.2
D10	Hotel MyStays Nippori	Hotel	Greater Tokyo Area	1,898	1.0
D11	Hotel MyStays Fukuoka-Tenjin-Minami	Hotel	Other	1,570	0.9
D12	Flexstay Inn Iidabashi	Hotel	Greater Tokyo Area	1,381	0.8
D13	Hotel MyStays Ueno Inaricho	Hotel	Greater Tokyo Area	1,331	0.7
D14	Flexstay Inn Shinagawa	Hotel	Greater Tokyo Area	1,242	0.7
D15	Flexstay Inn Tokiwadai	Hotel	Greater Tokyo Area	1,242	0.7
D16	Flexstay Inn Sugamo	Hotel	Greater Tokyo Area	1,192	0.6
D17	Hotel MyStays Otemae	Hotel	Greater Tokyo Area	1,192	0.6
D18	Flexstay Inn Kiyosumi-Shirakawa	Hotel	Greater Tokyo Area	749	0.4
D19	Flexstay Inn Nakanobu P1	Hotel	Greater Tokyo Area	589	0.3
D20	Flexstay Inn Nakanobu P2	Hotel	Greater Tokyo Area	283	0.2
D21	APA Hotel Yokohama-Kannai	Hotel	Greater Tokyo Area	8,350	4.5
D22	Hotel Nets Hakodate	Hotel	Other	2,792	1.5
D23	Flexstay Inn Shitokane	Hotel	Greater Tokyo Area	2,119	1.2
D24	Hotel MyStays Haneda	Hotel	Greater Tokyo Area	7,801	4.2
D25	Hotel MyStays Kameido P1	Hotel	Greater Tokyo Area	5,594	3.0
D26	Hotel MyStays Ueno Iriyaguchi	Hotel	Greater Tokyo Area	3,821	2.1
D27	Hotel MyStays Kameido P2	Hotel	Greater Tokyo Area	3,742	2.0
D28	Hotel Vista Shimizu	Hotel	Other	2,198	1.2
D29	Super Hotel Shinbashi/ Karasumoriguchi	Hotel	Greater Tokyo Area	1,624	0.9
D30	Flexstay Inn Higashi-Jujo	Hotel	Greater Tokyo Area	1,277	0.7

Property Number	Property Name	Type	Area	Acquisition Price or Anticipated Acquisition Price (mn JPY) (Note 1)	Investment Ratio (%) (Note 2)
D31	Hotel MyStays Utsunomiya	Hotel	Other	1,237	0.7
D32	Flexstay Inn Kawasaki-Kaizuka	Hotel	Greater Tokyo Area	980	0.5
D33	Comfort Hotel Toyama	Hotel	Other	979	0.5
D34	Flexstay Inn Kawasaki-Ogawacho	Hotel	Greater Tokyo Area	906	0.5
D35	Flexstay Inn Ekoda	Hotel	Greater Tokyo Area	5,069	2.8
D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	Hotel	Greater Tokyo Area	1,170	0.6
D37	Super Hotel JR Ueno-iriyaguchi	Hotel	Greater Tokyo Area	1,130	0.6
D38	Hotel MyStays Shinsaibashi	Hotel	Other	3,160	1.7
D39	Comfort Hotel Kurosaki	Hotel	Other	1,148	0.6
D40	Comfort Hotel Maebashi	Hotel	Other	1,128	0.6
D41	Comfort Hotel Tsubamesanjo	Hotel	Other	1,010	0.5
D42	Comfort Hotel Kitami	Hotel	Other	851	0.5
Subtotal of Hotels (42 properties)				103,459	56.2
Total Portfolio (117properties)				184,022	100.0

(Note 1) Acquisition price is as set forth in the relevant purchase agreement or trust beneficiary transfer agreement as applicable, does not include expenses such as consumption taxes, and is rounded down to the nearest million.

(Note 2) Investment ratio is calculated as a percentage of the aggregate total acquisition price of our anticipated portfolio after giving effect to our anticipated acquisitions, and rounded to one decimal place.

2. Sponsor's Pipeline

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I and II. The equity commitment amount for such funds is over JPY 300 billion in total and the number of properties in Japan in which such funds have invested exceeds 1,400. In order to ensure future opportunities for portfolio growth, INV entered into the Memorandum of Understanding with the Fortress Group (the "MOU") that provides preferential negotiation rights with respect to the acquisition of 21 hotels and nine residential properties as of June 25, 2015. Taking into consideration of the acquisition of "Flexstay Inn Ekoda" on August 28, 2015 and anticipated acquisition of the 5 Hotels on January 22, 2016 from MOU properties, INV decided to renew the MOU to add 10 new hotels. The updated MOU comprises 25 hotels and nine residential properties (see the table

below. Newly added properties are highlighted in blue).

No.	Asset Name	Asset Type	Location	No. of Rooms
1	Hotel MyStays Gotanda Station (Note 1)	Limited Service Hotel	Shinagawa-ku, Tokyo	333
2	Hotel MyStays Akasaka (Note 2)	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 (Note 3)	Limited Service Hotel	Yokohama, Kanagawa	166
6	Hotel MyStays Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	105
7	Rihga Royal Hotel Kyoto (Note 4)	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 (Note 5)	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) (Note 6)	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 (Note 7)	Limited Service Hotel	Taito-ku, Tokyo	64
Hotel Subtotal				6,769
26	Gran Charm Hiroo	Residential/Small Type (Note 7)	Shibuya-ku, Tokyo	121
27	Plestay Win Kinshicho	Residential/Small Type (Note 7)	Sumida-ku, Tokyo	92

No.	Asset Name	Asset Type	Location	No. of Rooms
28	Gran Charm Kichijoji	Residential/Small Type (Note 8)	Musashino-shi, Tokyo	28
29	Green Patio Noda	Residential/Small Type (Note 8)	Noda-shi, Chiba	240
30	Dainichi F-45	Residential/Small Type (Note 8)	Urayasu-shi, Chiba	54
31	Gran Charm Urayasu	Residential/Small Type (Note 8)	Urayasu-shi, Chiba	54
32	Gran Charm Urayasu 5	Residential/Small Type (Note 8)	Ichikawa-shi, Chiba	54
33	Gran Charm Minami Gyotoku I	Residential/Small Type (Note 8)	Ichikawa-shi, Chiba	52
34	Gran Charm Minami Gyotoku II	Residential/Small Type (Note8)	Ichikawa-shi, Chiba	48
Residential Property Subtotal				743

(Note 1) Hotel Gotanda-Ekimae reopened partially on August 24, 2015 after renovation and reopened fully on November 25, 2015.

(Note 2) Hotel MyStays Akasaka is scheduled to be completed in August 2016.

(Note 3) Hotel MyStays Yokohama Kannai is scheduled to be completed in August 2016.

(Note 4) Rihga Royal Hotel Kyoto is scheduled to reopen partially on September 1, 2016 after renovation and fully on November 1, 2016.

(Note 5) Sheraton Grande Tokyo Bay Hotel is scheduled to reopen partially on September 1, 2016 after renovation and fully on November 1, 2016.

(Note 6) (Tentative) Hotel Mystays Honmachi 3-chome (Osaka) is scheduled to be completed in October 2017 and opened December 2017.

(Note 7) (Tentative) Hotel MyStays Kuramae is scheduled to be completed April 2016.

(Note 8) “Small Type” means a residential property in which the majority of dwelling units have space of less than 30 m^2 each.

(Note 9) The memorandum of understanding is effective from January 20, 2016 (the date of the execution) to January 19, 2017.
Regarding the properties listed above, there is no guarantee that INV will be offered an opportunity for considering acquisition of the properties or be able to acquire the properties.

2. Picture and Map

D38 Hotel MyStays Shinsaibashi







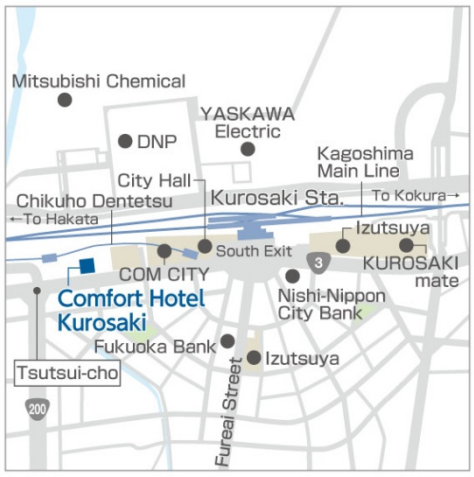


D39 Comfort Hotel Kurosaki







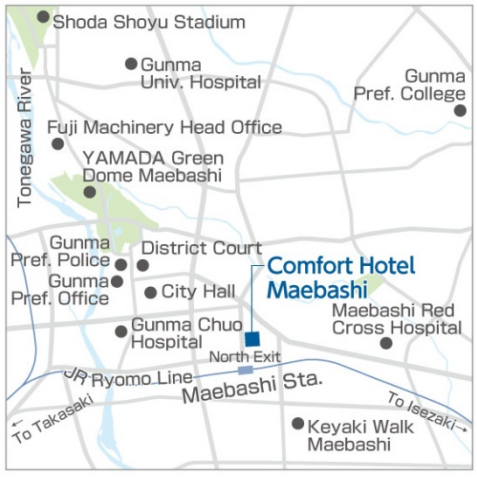


D40 Comfort Hotel Maebashi









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D41 Comfort Hotel Tsubamesanjo









D42 Comfort Hotel Kitami









A103 Royal Parks Momozaka







