Invincible Investment Corporation

[For Information Purpose Only.
The Japanese language press release should be referred to as the original.]

February 5, 2018

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
Name of representative:
Naoki Fukuda, Executive Director
Roppongi Hills Mori Tower
6-10-1 Roppongi, Minato-ku, Tokyo, Japan
(Securities code: 8963)

Asset manager:
Consonant Investment Management Co., Ltd.
Naoki Fukuda, CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Notice concerning Acquisition of Assets

Invincible Investment Corporation ("INV") announced the decision to acquire four hotel properties (the "Four Hotel Properties") as decided today by Consonant Investment Management Co., Ltd. ("CIM"), the asset manager of INV.

1. Overview of Acquisition

Use	Property Number	Property Name	Location	Anticipated Acquisition Price (million yen) (Note 1)	Appraisal Value (million yen) (Note 2)	Seller (Note 3)	Category of Specified Assets
Hotel	D54	Hotel MyStays Yokohama-Kannai	Yokohama, Kanagawa	5,326	5,380	Ginga Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D55	Art Hotel Joetsu	Joetsu, Niigata	2,772	2,800	HL Investments Tokutei Mokuteki Kaisha	
	D56	Art Hotel Hirosaki City	Hirosaki, Aomori	2,723	2,750	Monza Tokutei Mokuteki Kaisha	
	D57	Hotel MyStays Oita	Oita, Oita	1,604	1,620	Suisei Tokutei Mokuteki Kaisha	
Total				12,425	12,550		

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(Note 1) Anticipated Acquisition Prices show purchase prices set forth in the purchase and sale agreements for the trust beneficiary interests and do not include adjustments for property taxes, city planning taxes, or national or local consumption taxes.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by The Tanizawa Sōgō Appraisal Co., Ltd. on the valuation date of January 1, 2018. For details, please refer to "(1) Details of the Four Hotel Properties" of "4. Details of the Four Hotel Properties" below.

(Note 3) For an overview of the sellers, please refer to "5. Overview of Sellers of the Four Hotel Properties" below.

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

2. Reasons for Acquisitions and Leasing

As described in the press releases "Notice concerning Sale of Assets" dated December 21, 2017 and December 26, 2017, INV sold 9 assets (the "Nine Sold Assets") in December 2017 and January 2018 for a combined price of JPY 9,746 million which is equivalent to a 4.2% NOI cap rate[1]. These assets were sold at a JPY 2,048 million gain[2] or 26.6% above book value[2]. In addition, the sale prices are JPY 1,275 million or 15.1% above appraisal value[3].

Using these proceeds, INV is now acquiring four hotels (the "Acquisition", and together with the Dispositions, the "Portfolio Rebalance") from affiliates of the Sponsor, Fortress Investment Group LLC ("FIG"), for a price of JPY 12,425 million and at an average appraisal NOI cap rate[4] of 6.2%. The Four Hotel Properties are well located and positioned in their respective sub-markets and are all operated by MyStays Hotel Management Co., Ltd. (hereinafter "MHM"). The acquisition is in line with the INV's overall growth strategy, in acquiring properties expected to contribute growth and improvement in stability of income focusing on investment in hotels located in Tokyo metropolitan area and those that could capture the increasing demand from inbound visitors, with competitive location and spec at a high cap rate. The total annual appraisal NOI after depreciation[5] of the Four Hotel Properties is JPY 190 million higher than the total NOI after depreciation[6] of the Nine Sold Assets, which is equivalent to JPY 38 per unit[7]. Importantly, this acquisition occurred without issuing any new debt or equity.

Moreover, INV is concurrently planning an additional disposition of its non-core assets[8], and such disposition is anticipated to be agreed upon with the buyer soon. INV will also working on several acquisition(s) to further invest the cash to be obtained by such dispositions by utilizing the Sponsor pipeline.

(Note 1) Calculated by dividing aggregated actual NOI for July 1, 2016 – June 30, 2017 of the Nine Sold Assets by the aggregated sales price. NOI of the Nine Sold Assets are calculated on the actual NOI for the above period.

(Note 2) The difference between the sales price and book value indicates estimate for reference purpose calculated using the book values as of June 30, 2017 and are not coincident with a gain on sale.

(Note 3) Based on the appraisal reports by Japan Real Estate Institute,The Tanizawa Sōgō Appraisal Co., Ltd., Morii Appraisal & Investment Consulting, Inc, and Assets Research and Development Inc. on the valuation date of December 1, 2017.

(Note 4) "Appraisal NOI Yield" is calculated by dividing the total NOI derived from the direct capitalization method stated in the appraisal reports by TheTanizawa Sōgō Appraisal Co., Ltd. on the valuation date of January 1, 2018 by the total of Anticipated Acquisition Price, and rounded to one decimal place.

(Note 5) The appraisal NOI after depreciation of the Four Hotel Properties is calculated by deducting the depreciation amount from the total net operating income (NOI) derived from the direct capitalization method stated in the appraisal reports by The Tanizawa Sōgō Appraisal Co., Ltd. on the valuation date of January 1, 2018. The depreciation amount is based on the estimate by CIM.

(Note 6) The total NOI after depreciation of the Nine Sold Assets is calculated as the total actual NOI from July 1, 2016 to June 30, 2017 of these properties with deducting the total depreciation amount for the said period.

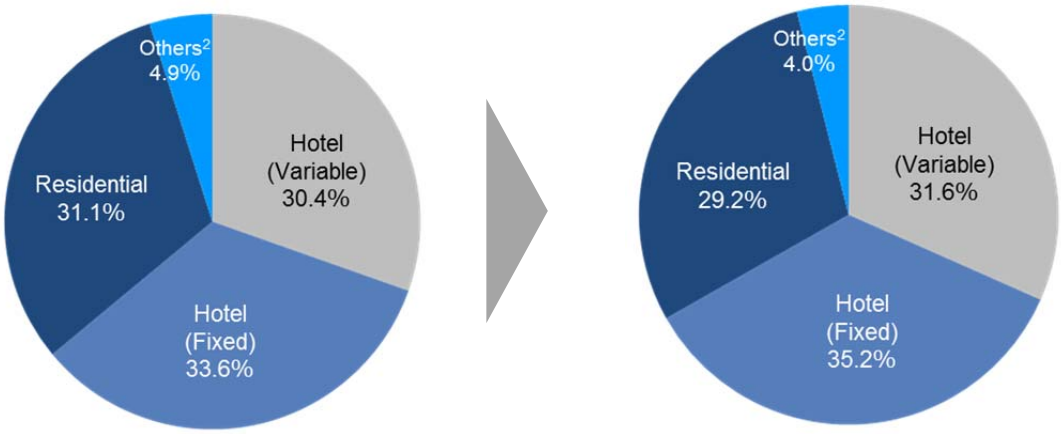
(Note 7) Calculated by dividing the difference of total appraisal NOI after depreciation of the Four Hotel Properties and total actual NOI after depreciation for the Nine Sold Assets by the total number of investment units issued and outstanding as of today (4,793,181 units). This figure does not show the actual impact on distribution per unit, and INV does not

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guarantee that such amount will increase in the distribution amount per unit.

(Note 8) Properties other than Core Assets, i.e., hotels and residential properties

Rent Revenue Composition (Normalized) (Note 1)



Before Portfolio Rebalance (Note 3) **Post-Portfolio Rebalance**

(Note 1) The percentages in the above pie chart of "Before Portfolio Rebalance" indicate the composition of annual rent revenue concerning all the properties held by INV as of December 1, 2017 (including the Nine Sold Assets), which is a sum of (i) forecasts for the period from January 2018 to December 2018 for all the properties except for the Nine Sold Assets, and (ii) actual results for the period from January 2017 to December 2017 for the Nine Sold Assets whose forecasts are not available for 2018 . The percentages in the pie chart of "Post-Portfolio Rebalance" are calculated by adding (i) the expected annual operating revenue in 2018 to be generated by the Four Hotel Properties calculated by CIM to the figures of the "Before Portfolio Rebalance" and (ii) subtracting the actual results for the period from January 2017 to December 2017 for the Nine Sold Assets. In addition, the figures for the Four Hotel Properties to be acquired in February 2018 are calculated on the assumption INV had acquired these properties on January 1, 2018, using the actual figures provided by the sellers of such properties for the period before the acquisition. Moreover, annual rent revenue does not include the dividend from the preferred equity interest (the "Preferred Equity Interest") of a TMK held by INV, nor the rental revenue from Sheraton Grande Tokyo Bay Hotel, the underlying asset of the Preferred Equity Interest

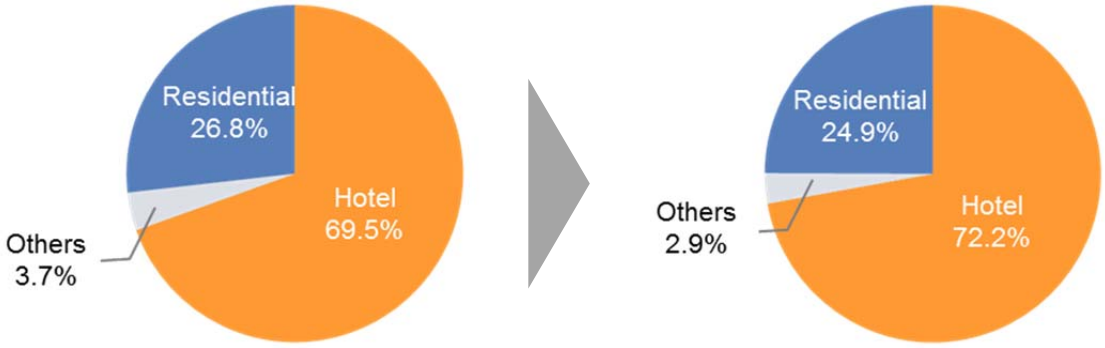
(Note 2) The item of "Others" consists of office properties and retail properties; the same shall apply hereinafter.

(Note 3) "Before Portfolio Rebalance" is properties and trust beneficial interest (in the property on trust) owned by INV as of December 1, 2017, including the Nine Sold Assets; the same shall apply hereinafter.

(Note 4) The ratio figures are rounded to one decimal place.

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Portfolio Composition by Asset Type(Note)



Before Portfolio Rebalance **Post-Portfolio Rebalance**

(Note) Based on (anticipated) acquisition price. INV's investment amount to the Preferred Equity Interest is recognized as the acquisition price of the Preferred Equity Interest. The Preferred Equity Interest is categorized in the hotel portfolio based on the use of its underlying asset; Preferred Equity Interest is counted as a property in the portfolio based on the number of underlying assets, when counting the number of assets. Unless otherwise noted, the same shall apply hereinafter.

The summary of the portfolio inclusive of the Preferred Equity Interest is as follows;

	Before Portfolio Rebalance	Nine Assets Sold (Note 1)	Four Hotel Properties To be Acquired	Post Portfolio Rebalance (Note 1)
Properties (Hotel Properties) (Note 2)	130 (54)	9 (0)	4 (4)	125 (58)
Total (Anticipated) Acquisition Price (mn JPY) (Note 3)	357,074	8,114	12,425	361,386

(Note 1) The figures described in the columns of "Before Portfolio Rebalance" and "Post Portfolio Rebalance" are inclusive of Preferred Equity Interest.

(Note 2) The figures described in the row of "Total (Anticipated) Acquisition Price" are rounded down to the nearest unit.

The summary of the portfolio exclusive of the Preferred Equity Interest is as follows;

	Before Portfolio Rebalance	Nine Assets Sold (Note 1)	Four Hotel Properties To be Acquired	Post Portfolio Rebalance (Note 1)
Properties (Hotel Properties)	129 (53)	9 (0)	4 (4)	124 (57)
Total (Anticipated) Acquisition Price (mn JPY) (Note 2)	339,229	8,114	12,425	343,540
Total Appraisal Value (mn JPY) (Note 2) (Note 3)	404,929	8,288	12,550	409,191
Appraisal NOI Yield (Note 4)	6.5%	5.1%	6.2%	6.5%

(Note 1) The figures described in the columns of "Before Portfolio Rebalance" and "Post Portfolio Rebalance" do not include the Preferred Equity Interest.

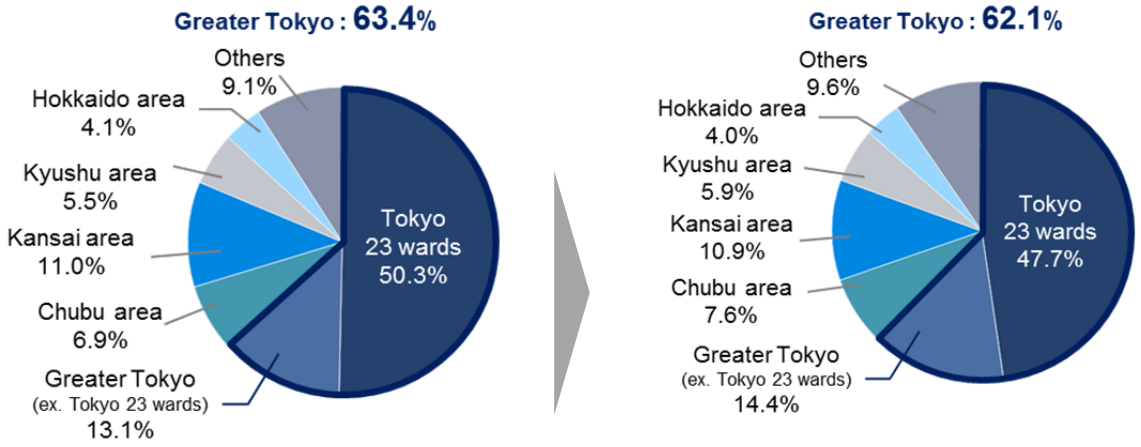
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(Note 2) The figures for "Total (Anticipated) Acquisition Price" and "Total Appraisal Value" are rounded down to the nearest units.

(Note 3) "Total Appraisal Value" is based on the appraisal value stated in the appraisal reports (including the research value stated in the research reports; hereinafter the same shall apply) on the valuation date of June 30, 2017 for the 125 properties owned as of July 31, 2017, on the valuation date of July 1, 2017 for the four hotel properties acquired on October 13, 2017, on the valuation date of June 30, 2017 for the floor expansion portion of Hotel MyStays Gotanda Station acquired on October 31, 2017, and on the valuation date of January 1, 2018 for the Four Hotel Properties. As the floor expansion portion of Hotel MyStays Gotanda Station was under construction upon the decision on the acquisition, the appraisal value for such floor expansion portion shows the research value set forth in the research report on the valuation date of June 30, 2017, issued by Morii Appraisal & Investment Consulting, Inc. The research value represents the difference between (i) the research value of the existing portion owned by INV and the floor expansion portion combined, valued at 27,400 million yen assuming the completion of the construction, and (ii) the research value for the existing portion owned by INV before the additional acquisition valued at 24,800 million yen. For further information, please kindly refer to "Notice concerning Acquisition and Sale of Assets" dated July 25, 2017.

(Note 4) "Appraisal NOI Yield" is calculated by dividing the total NOI derived from the direct capitalization method stated in the appraisal reports of (Note 3) above by the total of (Anticipated) Acquisition Price, and rounded to one decimal place. The NOI of Hotel MyStays Gotanda Station represents the difference between (i) the NOI of existing portion owned by INV and floor expansion portion combined, assuming the completion of the construction, and (ii) the NOI for the existing portion owned by INV before the additional acquisition in the appraisal reports of (Note 3) above.

Portfolio Composition by Geography (Note 1) (Note 2)



Before Portfolio Rebalance **Post-Portfolio Rebalance**

(Note 1) Calculated based on the (anticipated) acquisition price. INV's investment amount to the Preferred Equity Interest is recognized as the acquisition price of the Preferred Equity Interest. The Preferred Equity Interest is categorized in Greater Tokyo (ex. Tokyo 23 wards) portfolio based on the location of its underlying asset

(Note 2) The definition of areas used in the circle charts is as follows;
Greater Tokyo (excluding Tokyo 23 wards): Tokyo Metropolis (excluding Tokyo 23 wards), the three surrounding prefectures of Kanagawa, Chiba, and Saitama
Kansai : Osaka, Hyogo, Kyoto, Shiga, Wakayama, and Nara
Chubu : Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa, and Fukui

3. Execution of Lease Agreement

In regards to the Four Hotel Properties, INV will enter into lease agreements with (i) MHM for Hotel MyStays Yokohama Kannai and Hotel MyStays Oita, (ii) HL investments Co., Ltd. for Art Hotel Joetsu, and (iii) Hirosaki Hotel Management Godo Kaisha for Art Hotel Hirosaki City, based on the combination of fixed rents and variable rents linked to Gross Operating Profit (GOP) (Note 1). Each of HL investments

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Co., Ltd. and Hirosaki Hotel Management Godo Kaisha will enter into management contract with MHM, and entrust the operation of Art Hotel Joetsu and Art Hotel Hirosaki City to MHM, respectively. Of 58 hotels in INV's portfolio after the acquisition of the Four Hotel Properties, 47 hotels use a variable rent scheme described above (Note 2).

After this transaction, MHM manages 46 hotels owned by INV and overall manages 82 hotels in Japan. MHM has continued to invest in its systems and people in order to improve the operations and profitability of its managed hotels.

MHM recently launched its new websites and is in the process of launching a new online reservation system in order to increase direct bookings to save commissions and have more direct customers. MHM has also recently launched a new revenue management system based on machine learning to improve the overbooking algorithms to help offset cancelation and improve revenue at the hotels overall.

MHM is continuing to court the increasing foreign tourism business which accounted for 42% of INV owned MyStays Hotel revenue in 2017. In addition to having multi-lingual chat and staff, MHM has sought to increase its Chinese guest count by being the first Japanese hotel company to list its rooms on Fliggy, Alibaba's online marketplace in China selling hotels, tours and other travel-related services from online travel agencies and direct travel service providers. MHM was the top international chain by revenue on Fliggy and won an award for Single's Day in China.

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(Note 1) In this case, Gross Operating Profit is rent revenue INV receives as a rent which is the amount remaining after deducting operating expenses such as personnel expenses, cost of utilities, and advertising expenses, as well as management fee for operators (if any) from the hotel's revenues.

(Note 2) Including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the Preferred Equity Interest.

(Note 2) Including Hotel Nets Hakodate, whose operator is scheduled to be changed to MHM effective May 1, 2018. Please refer to "Notice concerning Change of Operator" dated January 31, 2018 for details of such operator change.

<Overview of Tenant and Operator>

An overview of the tenants and operators for the Four Hotel Properties is as follows;

The tenant and operator for Hotel MyStays Yokohama Kannai and Hotel MyStays Oita, and the operator for Art Hotel Joetsu and Art Hotel Hirosaki City

(i)	Name	MyStays Hotel Management Co., Ltd.
(ii)	Location	Roppongi Hills North Tower 14th Floor, 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	JPY 100 million (as of December 31, 2017)
(vi)	Date of establishment	July 8, 1999
(vii)	Relationship between INV/Asset Manager and the Tenant/Operator	

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	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and MHM, the parent company of MHM is indirectly owned by funds managed by affiliates of FIG, which is an affiliate of Calliope Godo Kaisha ("Calliope"). Calliope holds 609,942 units of INV's outstanding investment units (12.72% stake) as of today. Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personnel relationships that should be noted between INV/CIM and MHM, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	As of today, INV has entered into lease agreements with MHM with respect to 41 hotel properties (Note).
	Whether the Operator is a related party	MHM is not a related party of INV/CIM. Further, related persons and affiliates of MHM are not related parties of INV/CIM. Furthermore, MHM is not an interested party, etc. of CIM as provided in the Act on Investment Trusts and Investment Corporations (the "Investment Trust Act").

(Note) Agreements with MHM subsidiaries and management contract among MHM and tenant are included, including the management contract for Hotel Nets Hakodate whose operator is scheduled to be changed to MHM effective May 1, 2018.

The tenant for Art Hotel Joetsu

(i)	Name	HL Investments Co., Ltd.
(ii)	Location	c/o Akasaka International TAX&CO., 2-10-5 Akasaka, Minato-ku, Tokyo, Japan
(iii)	Title and name of representative officer	Shunsuke Yamamoto, Representative Director
(iv)	Business	(1) Management and leasing of facilities including hotels, sports facilities (including swimming pools, gyms, etc.), esthes, public baths, and game arcades (2) Management and rental of wedding halls and parking lots (3) Food and bevelege services (4) Management of the rental hall
(v)	Capital	JPY 11 million (as of December 31, 2017)
(vi)	Date of establishment	September 30, 2008
(vii)	Relationship between INV/Asset Manager and the Tenant/Operator	

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	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and the tenant, the parent company of the tenant is indirectly owned by funds managed by affiliates of FIG, an affiliate of Calliope. Calliope holds 609,942 units of INV's outstanding investment units (12.72% stake) as of today. Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personnel relationships that should be noted between INV/CIM and the tenant, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is 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 tenant.
	Whether the Operator is a related party	The tenant is not a related party of INV/CIM. Further, related persons and affiliates of the tenant are not related parties of INV/CIM. Furthermore, the tenant is not an interested party, etc. of CIM as provided in the Investment Trust Act.

The tenant for Art Hotel Hirosaki City

(i)	Name	Hirosaki Hotel Management Godo Kaisha
(ii)	Location	1-1-2 Omachi, Hirosaki, Aomori, Japan
(iii)	Title and name of representative officer	Representative Member: Monza Ippan Shadan Hojin Executive Officer : Shunsuke Yamamoto
(iv)	Business	(1) Acquisition, lease, management, possession and disposal of real estate (2) Acquisition, holding, management and disposal of trust beneficiary rights (3) Management of hotels and inns and management of shops (4) Management of restaurant, convenience store and banquet hall
(v)	Capital	JPY 100 thousand (as of December 31, 2017)
(vi)	Date of establishment	Jury 16, 2014
(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, the parent company of the tenant is indirectly owned by funds managed by affiliates of FIG, an affiliate of Calliope. Calliope holds 609,942 units of INV's outstanding investment units (12.72% stake) as of today. Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personnel relationships that should be noted between INV/CIM and the tenant, as of today, among the directors of INV and the

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	officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is 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 tenant.
Whether the Operator is a related party	The tenant is not a related party of INV/CIM. Further, related persons and affiliates of the tenant are not related parties of INV/CIM. Furthermore, the tenant is not an interested party, etc. of CIM as provided in the Investment Trust Act.

4. Details of the Four Hotel Properties

(1) Details of the Four Hotel Properties
Details, profit and loss status and outline of appraisal reports of the Four Hotel Properties are as follows:

<Explanation of details of the Four Hotel Properties>

a. "Outline of Specified Assets and Properties" column:

- "Legal form of Asset" shows the type (the legal form) of real estate and other assets as specified assets.
- "Date of Planned Acquisition" shows the date when an acquisition is executed, which is specified in the purchase agreement or the trust beneficiary right sales agreement.
- "Planned Purchase Price" shows a purchase price of the Four Hotel Properties which is specified in the purchase agreement or the trust beneficiary right sales agreement; Consumption tax is not included, and rounded down to the nearest million yen.
- "Appraisal Value" shows reported price by appraisal agency for anticipated acquisitions.
- The details in "Location (excluding address)", "Lot Area" of the "Land" and, "Total Floor Area", "Structure/No. of Stories", "Purpose of Use", and "Completion Date" of the "Building" are, unless otherwise specified, as shown in the property register. The "Total Floor Area" is the gross floor area (if no annotation in the context, an annex building would not be included), and with respect to "Purpose of Use," the primary ones of the purposes shown in the property register is listed. Further, the "Completion Date" lists the time at which the building was newly constructed, as shown in the property register.
- "Transport" 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,"Transport"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). If unidentified, it is based on the description in other materials.

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- In “Zoning”, the class of zoning under the respective items of Article 8(1)① of the City Planning Act (Act No.100 of 1968, as amended) 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 (Act No. 201 of 1950, as amended; 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 for anticipated acquisitions is listed.
- In “Trust Period”, the planned trust period at the time of INV’s acquisition of the assets for anticipated acquisitions is listed.

b. “Lease Overview” column:

- Based on lease agreements with tenants effective as of December 31, 2017.
- “Total No. of Tenant(s)” 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 “Number of Guest Rooms”, indicates the number of guest rooms their tenant(s) can sublease. “(S/T/D/O)” indicates the breakdown of the number of guest rooms categorized as (Single/Twin/Double/Other).
- In “Leasable Area”, the total leasable floor are for guest room, residential, office, retail and others for the area of the Four Hotel Properties to be owned by INV is listed.
- In “Leased Area”, the total sum of the leased area with respect to which a lease agreement with end-tenant have actually been entered into and which are leased to the end-tenant or will be leased to the end-tenant after acquisitions (the area specified in the lease agreement) is listed.
- In “Occupancy Rate”, the ratio of the leased area to the leasable area is shown, rounded to the nearest first decimal place.
- In “Security Deposit/Guarantee”, the security deposit and guarantee after amortization as specified in the lease agreements executed or to be executed after the acquisition is stated.
- “Rental Revenue (monthly amount)”, the gross operating profit, or “GOP”, which is the amount remaining after deducting the personnel, utility and advertising expenses as well as the management service fees for the hotel operations from the hotel’s revenues of the tenant, and is the rental revenues received as rent, is listed.

c. “Overview of Lease Agreement” column:

- Based on the lease agreements with tenants effective as of December 31, 2017.
- “Type of Agreement” is the type of rent received from the relevant operator (either a fixed-rent or a fixed rent plus variable rent) is indicated. “Fixed rent” is defined as an agreement under which INV or the trustee shall receive a specified rent, regardless of the operational results of the relevant hotel. “Fixed rent plus variable rent” is defined as an agreement under which INV or the trustee shall receive rent that varies based on the GOP (Gross Operating Profit), in addition to a fixed rent.

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- In “Determination of rent of lease agreement,” monthly rent amount is rounded down to nearest ten thousand yen, and annual rent is rounded down to the nearest million yen.
- The “Management Services Fee” is a commission fee payable to the tenant from landlord in accordance with the provisions of the lease agreement as a compensation for operational service provided by a tenant under the agreement. The management services fee is not disclosed, as tentative consent has not been obtained for disclosure. However, for MHM, an amount of the management services fee to be received is, in principle the sum of (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 (pre-fees) 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 agreement is listed.

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

For the Four Hotel Properties, INV has received a report from Tokio Marine & Nichido Risk Consulting Co., Ltd. on 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.

- “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 costs necessary to maintain the building at the set building functionality level, costs other than capital expenditures.

e. About the section of “Summary of the Report on Earthquake Risk”

For the Four Hotel Properties, INV has received a seismic risk assessment from Tokio Marine & Nichido Risk Consulting Co., Ltd. The summary of the report is described in this section.

- Probable Maximum Loss (PML) is a term that means the value of the largest loss that could result from an earthquake, used for a specific property and for an overall portfolio as well. As there is not a universal definition for PML in the strict sense, this press release uses the term under the definition of “a loss (damage) estimate expressed as a percentage of the total replacement cost of real property,” assuming an earthquake of the largest magnitude in the 50-year period of a property’s expected lifetime, or a mega-quake of recurrence interval (return period) of 475 years, which translates into a probability of recurrence 10 % in 50 years.

f. Descriptions in the “Area Characteristics, etc.” :

Descriptions in the “Area Characteristics, etc.” field are an abstract or summary of descriptions in the Real Estate Appraisal Report on the Four Hotel Properties, prepared by appraisal agencies or market report, or created by referring to such descriptions.

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g. Descriptions in the “Special Notes”:

Descriptions in the “Special Notes” fields are matters that are deemed important in consideration of their impact on rights, appraisal value, profitability and disposability of the Four Hotel Properties.

h. “Income and Expenditures, Etc.” column:

- Based on the information provided from the sellers for each operating period from January 1, 2016 to December 31, 2017. 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,” include property tax and city planning tax, which 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 Four Hotel Properties, 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 in principle the actual figures as provided by the seller. With respect to the trust fees, administration fees, depreciation and insurance premiums, the figure following the adjustments assuming the asset is held by INV is listed.
- “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 = the aggregate number of days per room for which each room was occupied divided by the number of available rooms (aggregate number of rooms during the relevant period x number of business days during target period) during the relevant 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.

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- "Overseas Sales Amount" is the sales amount via overseas web agents, who operate a business managing application from abroad.

i. "Summary of Real Estate Appraisal Report" column:

INV has requested real estate appraisal from appraisal agency for the Four Hotel Properties 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, etc.
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.

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Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of Planned Acquisition	February 7, 2018			
Planned Purchase Price	JPY 5,326 million			
Appraisal Value	JPY 5,380 million			
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.			
Location	(Lot Number)	5-65, Onoe-cho, Naka-ku, Yokohama-shi , Kanagawa and 3 other lots		
	(Address)	Address not registered		
Transport	1min walk from Kannai Station on Yokohama Municipal Subway Blueline, 4 min walk from Kannai Station on JR Negishi Line			
Land	Form of Possession	Ownership	Zoning	Commercial area
	Lot Area (m^2)	519.32 ㎡	Building Coverage Ratio/Floor Area Ratio	80% / 800%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	4,501.18 m^2	Construction Date	August 13, 2016
	Structure/No. of Stories	Steel reinforced concrete / Steel structure with flat floor, basement 2 stories / 10 stories		
	Renovation Date	–		
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust Period	From: October 28, 2016; Until: February 6, 2028			
Creation of Security Interest	None			

Lease Overview (December 31, 2017)			
Total No. of Tenant (s)	1	Number of Guest Rooms	165 rooms (T40・D125)
Leasable Area (m^2)	4,501.18 m^2		
Lease Area (m^2)	4,501.18 m^2	Security Deposit/Guarantee Money	JPY 1,679 thousand
Occupancy Rate	100.0%	GOP (per month)	JPY 22,014 thousand

Overview of Lease Agreement	
Tenant	MyStays Hotel Management Co., Ltd.
Type of Contract	Fixed rent plus variable rent type
Term	From: February 7, 2018 Until: February 6, 2028
Determination of rent of lease contract	Fixed rent (JPY 151.5 million per annum (January – March: JPY 11.0 million per month / April – June: JPY 12.5 million per month / July – September: JPY 13.7 million per month / October – December: JPY 13.3 million 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	JPY 1,679 thousand
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the le ase term.

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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	-		
Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Short term Repair Costs (within 1 year)	-	Replacement Price	JPY 1,472,700 thousand
Long term Repair Costs (in 12 years)	JPY 55,071 thousand		
Overview of PML report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Probable Maximum Loss (PML)	10.2%		
Area Characteristic			
Hotel MyStays Yokohama Kannai is located just 1-minute walk from Kannai Station on Yokohama Municipal Subway Line, 4- minute walk from Kannai Station on JR Negishi Line. Kannai area is the central business district where Kanagawa Prefectural Government office and Yokohama City Government office are located as well as office buildings and eatery buildings and expected to have stable business demand. Surrounded by historical buildings such as Cultural History Museum, Yokohama Red brick Warehouse, Yamashita Park and China town, the hotel sees steady number of leisure tourists not only from domestic but also from overseas by providing a perfect base for sightseeing.			
Special Notes			
The land of this property includes partial set-back(deemed as road by the Building Standard Act. Article 42 paragraph 2)(Approximately 0.65 ㎡)			

(Note) Variable rent is the amount of difference between (i) the GOP during the three-month variable rent calculation period and (ii) the sum of fixed rent during the same period. However, when the balance is zero or negative, variable rent will be deemed to be zero.

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D54: Hotel MyStays Yokohama Kannai

Income and Expenditures, Etc.				
Operating Period			January 1, 2016 – December 31, 2016 (Note)	January 1, 2017 – December 31, 2017
GOP (= (1) - (2))			JPY 71,886 thousand	JPY 271,474 thousand
a. Land Lease Fees			JPY 36 thousand	JPY 141 thousand
b. Taxes and Public Dues			JPY 1,031 thousand	JPY 18,285 thousand
c. Non life Insurance Premiums			JPY 62 thousand	JPY 251 thousand
d. Trust Fees			JPY 142 thousand	JPY 800 thousand
NOI (= GOP - [a. + b. + c. + d.])			JPY 70,613 thousand	JPY 251,996 thousand
(Reference)	(1) Sales		JPY 117,503 thousand	JPY 524,723 thousand
		Room Income	JPY 114,209 thousand	JPY 511,011 thousand
		Other Income	JPY 3,294 thousand	JPY 13,712 thousand
	(2) Operating Costs (not including a. through e. above)		JPY 45,617 thousand	JPY 253,249 thousand
	ADR		JPY 8,889	JPY 9,069
	RevPAR		JPY 8,545	JPY 8,485
	Room Occupancy Rates		96.1%	93.6%
	GOP Ratio		61.2%	51.7%
	Daily/ Weekly/ Monthly		100.0%／ 0.0%／ 0.0%	100.0%／ 0.0%／ 0.0%
	Overseas Sales Share		11.0%	24.8%

(Note) Due to lack of data before October 11, 2016, the figure shown is based on period of October 12 to December 31, 2016.

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Summary of Real Estate Appraisal Report	
Appraising Organization	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Value (Market Value)	JPY 5,380 million
Time of Valuation	January 1, 2018

1. Value of Profits using the Profit Capitalization Method		
(1) Direct Capitalization Method	Contents	Overview
(a) Room Rental Income	JPY 279,677 thousand	Room Rental Income and Common Area Maintenance Fee are estimated based on anticipated lease agreement, historical data, comparable assets and project medium- to long-term rents
(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)]	JPY 279,677 thousand	
(f) Vacant Room Losses	—	
(g) Irrecoverable Debt Losses	—	
(II) Operating Revenue = [(I) - (f) - (g)]	JPY 279,677 thousand	
(h) Maintenance and Management Costs	—	Not expected since it is included in hotel operation cost
(i) Utility Costs	—	Not expected since it is included in hotel operation cost
(j) Repair Costs	JPY 1,470 thousand	Based on comparable assets and average annual estimate in the engineering report (0.35% of the Replacement Cost)
(k) Property Management Fee	—	
(l) Tenant Solicitation Expenses	—	
(m) Taxes and Public Dues	JPY 18,285 thousand	Based on standard taxable value as stated in the documents relating to taxes and public dues, tax rate adjustments and details of renovation works
(n) Non-life Insurance Premiums	JPY 251 thousand	Based on estimates
(o) Other Costs	JPY 279 thousand	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]	JPY 20,286 thousand	
(IV) Net Operating Income = [(II) - (III)]	JPY 259,391 thousand	
(p) One Time Investment Gains	JPY 16 thousand	
(q) Capital Improvements and Expenses	JPY 2,940 thousand	Based on comparable assets and average annual estimate in the engineering report (0.8% of the Replacement Cost)
(r) FF&E Reserve	JPY 10,833 thousand	Based on comparable assets as well as repair and maintenance plan

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(V) Net Income = [(IV) + (p) - (q) – (r)]	JPY 245,634 thousand	
(VI) Capitalization Yield	4.5 %	Based on comparing multiple transaction yield in the neighboring areas or similar areas with the same supply and demand taking into consideration of the future changes in revenues
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]	JPY 5,460,000 thousand	
(Reference) NOI Yield [(IV) ÷ (VII)]	4.8%	

(2) DCF Method	Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period	JPY 1,950,000 thousand	
(a) Sale Price	JPY 5,420,000 thousand	
(b) Sale Costs	JPY 108,000 thousand	Assume 2.0% of sale price
(c) Returning Price [(a) - (b)]	JPY 5,312,000 thousand	
(II) Returning Price, Current Value	JPY 3,390,000 thousand	
(III) Discount Rate	4.6%	Based on transaction yield of comparable assets and characteristics of the property
(IV) Final Capitalization Yield	4.7%	Based on transaction yield of comparable assets taking into consideration of future prediction uncertainty
(V) Income Price using DCF Method = [(I) + (II)]	JPY 5,340,000 thousand	
(3) Income Price using Income Capitalization Method	JPY 5,380,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	JPY 3,030,000 thousand	
(ii) Building Price	JPY 2,140,000 thousand	
(iii) Furnishings/Appliances/Equipment/ Upholstery Price	JPY 170,000 thousand	
(iv) Total Price of Land, Building, and Furnishings/Appliances/Equipment/Upholstery = [(i) + (ii) + (iii)]	JPY 5,340,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference.

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Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of Planned Acquisition	February 7, 2018			
Planned Purchase Price	JPY 2,772 million			
Appraisal Value	JPY 2,800 million			
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.			
Location	(Lot Number)	5-182-2, 5-183-1, 5-183-2, 5-183-3, 5-183-4, 5-183-5, Hon-cho, Joetsu-shi, Niigata and 14 other lots(Note1)		
	(Address)	5-1-11, Hon-cho, Joetsu-shi, Niigata		
Transport	4 min walk from Echigo TOKImeki Railway Myoko Haneuma Line Takada Station			
Land	Form of Possession	Ownership (Note1)	Zoning	Commercial area
	Lot Area (m^2)	3,321.81m^2 (Note1)	Building Coverage Ratio/Floor Area Ratio	80%/500%
Building	Form of Possession	Ownership	Purpose of Use	Hotel
	Total Floor Area (m^2)	7,563.60 m^2	Construction Date	November 11, 1993
	Structure/No. of Stories	Steel reinforced concrete / Steel structure with flat floor, basement 1 story / 11 stories		
	Renovation Date	-		
Trustee	Mitsubishi UFJ Trust & Banking Corporation			
Trust Period	From: October 2, 2006; Until: February 6, 2028			
Creation of Security Interest	None			

Lease Overview (December 31, 2017)			
Total No. of Tenant (s)	1	Number of Guest Rooms	198 rooms (S106・T43・D49・O0)
Leasable Area (m^2)	7,563.60 m^2		
Lease Area (m^2)	7,563.60 m^2	Security Deposit/Guarantee Money	JPY 700 thousand
Occupancy Rate	100.0%	GOP (per month)	JPY 19,833 thousand

Overview of Lease Agreement	
Tenant	HL Investments Co., Ltd. (Note2)
Type of Contract	Fixed rent plus variable rent type
Term	From: February 7, 2018 Until: February 6, 2028
Determination of rent of lease contract	Fixed rent (JPY 120.1 million per annum (January: JPY 0 million per month/ February: JPY 7.0 million per month/March: JPY 6.2 million per month / April: JPY 17.7 million per month /May: JPY 7.5 million per month / June: JPY 10.0million per month / July: JPY 10.0 million per month /August: JPY 14.8 million per month / September: JPY 14.8 million per month / October: JPY 18.4 million per month /November: JPY 13.7 million per month / December: JPY 0 million per month) plus variable rent based on GOP of hotel operation. (Note3)
Management services fee	Not disclosed, as tenant's consent has not been obtained for disclosure.
Security Deposit/Guarantee	JPY 700 thousand

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Money			
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term.		
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	-		
Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Short term Repair Costs (within 1 year)	-	Replacement Price	JPY 2,404,800 thousand
Long term Repair Costs (in 12 years)	JPY 366,300 thousand		
Overview of PML report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Probable Maximum Loss (PML)	13.3%		
Area Characteristic			
Art Hotel Joetsu is located in 4-minute walk from Takada Station on Echigo TOKImeki Railway Myoko Haneuma Line and this station can be accessed by 8-minute travel from Hokuriku Shinkansen Joetsumyoko Station. Joetsu city is the third populated city in Niigata Prefecture functioning as a key city in Joetsu area. Takada Park famous for one of three best cherry blossoms by night in Japan is in the vicinity of hotel, as well as historical places , which include good old town houses and townscape that have remained since local Daimyo(lord) Kenshin Uesugi was alive. These numerous sightseeing spot will attract both business and leisure visitors.			
Special Notes			
Part of the land is included in the city planning road project (Gobuichi-Takadashinden Line). With respect to a part of the border with the adjoining land, there is no written confirmation of border. Part of each parking（approximately 115 ㎡）has walkway and is being provided for general use as a walkway, including the section covered by Loan for Use Contract executed with Joetsu city.			

（Note1）In addition, rights of Leasehold will be acquired for parking lot (6 land lots, sum of 591.7 ㎡) Further, the rent for the leasehold (approximately JPY 6 million per annum) will be paid by the operator of this property, and the GOP of the hotel operation will be reduced in the corresponding amount.

（Note2）Delegates hotel operation to MHM by concluding a hotel operation management contract

(Note 3) Variable rent is the amount of difference between (i) the GOP during the three-month variable rent calculation period and (ii) the sum of fixed rent during the same period. However, when the balance is zero or negative, variable rent will be deemed to be zero.

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D55: Art Hotel Joetsu

Income and Expenditures, Etc.				
Operating Period			January 1, 2016 – December 31, 2016 (Note)	January 1, 2017 – December 31, 2017
GOP (= (1) - (2))			JPY 58,409 thousand	JPY 234,625 thousand
a. Land Lease Fees			-	-
b. Taxes and Public Dues			JPY 4,071 thousand	JPY 16,269 thousand
c. Non life Insurance Premiums			JPY 96 thousand	JPY 386 thousand
d. Trust Fees			JPY 200 thousand	JPY 800 thousand
NOI (= GOP - [a. + b. + c. + d.])			JPY 54,040 thousand	JPY 217,168 thousand
(Reference)	(1) Sales		JPY 242,744 thousand	JPY 933,182 thousand
		Room Income	JPY 91,056 thousand	JPY 408,035 thousand
		Other Income	JPY 151,688 thousand	JPY 525,146 thousand
	(2) Operating Costs (not including a. through d. above)		JPY 184,334 thousand	JPY 698,557 thousand
	ADR		JPY 6,956	JPY 7,552
	RevPAR		JPY 4,999	JPY 5,646
	Room Occupancy Rates		71.9%	74.8%
	GOP Ratio		24.1%	25.3%
	Daily/ Weekly/ Monthly (Note2)		100.0%／ 0.0%／ 0.0%	100.0%／ 0.0%／ 0.0%
	Overseas Sales Share		1.5%	3.2%

(Note) As there is no data available by current operator before the rebrand which took place in September 30 2016, the figure shown is based on period of October 1 to December 31 2016.

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Summary of Real Estate Appraisal Report	
Appraising Organization	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Value (Market Value)	JPY 2,800 million
Time of Valuation	January 1, 2018

1. Value of Profits using the Profit Capitalization Method		
(1) Direct Capitalization Method	Contents	Overview
(a) Room Rental Income	JPY227,375 thousand	Room Rental Income and Common Area Maintenance Fee are estimated based on anticipated lease agreement, historical data, comparable assets and project medium- to long-term rents
(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)]	JPY 227, 375 thousand	
(f) Vacant Room Losses	—	
(g) Irrecoverable Debt Losses	—	
(II) Operating Revenue = [(I) - (f) - (g)]	JPY 227, 375 thousand	
(h) Maintenance and Management Costs	—	Not expected since it is included in hotel operation cost
(i) Utility Costs	—	Not expected since it is included in hotel operation cost
(j) Repair Costs	JPY 9,600 thousand	Based on comparable assets and average annual estimate in the engineering report (0.35% of the Replacement Cost)
(k) Property Management Fee	—	
(l) Tenant Solicitation Expenses	—	
(m) Taxes and Public Dues	JPY 14,898 thousand	Based on standard taxable value as stated in the documents relating to taxes and public dues, tax rate adjustments and details of renovation works
(n) Non-life Insurance Premiums	JPY 386 thousand	Based on estimate
(o) Other Costs	JPY 227 thousand	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]	JPY 25,112 thousand	
(IV) Net Operating Income = [(II) - (III)]	JPY 202,263 thousand	
(p) One Time Investment Gains	JPY 7 thousand	
(q) Capital Improvements and Expenses	JPY 24,000 thousand	Based on comparable assets and average annual estimate in the engineering report (0.8% of the Replacement Cost)
(r) FF&E Reserve	JPY 14,235 thousand	Based on comparable assets as well as repair and maintenance plan

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(V) Net Income = [(IV) + (p) - (q) - (r)]	JPY 164,035 thousand	
(VI) Capitalization Yield	5.8%	Based on comparing multiple transaction yield in the neighboring areas or similar areas with the same supply and demand taking into consideration of the future changes in revenues
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]	JPY 2,830,000 thousand	
(Reference) NOI Yield [(IV) ÷ (VII)]	7.2%	
(2) DCF Method	Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period	JPY 1,210,000 thousand	
(a) Sale Price	JPY 2,860,000 thousand	
(b) Sale Costs	JPY 57,200 thousand	Assume 2.0% of sale price
(c) Returning Price [(a) - (b)]	JPY2,802,800 thousand	
(II) Returning Price, Current Value	JPY 1,580,000 thousand	
(III) Discount Rate	5.9%	Based on transaction yield of comparable assets and characteristics of the property
(IV) Final Capitalization Yield	6.0%	Based on transaction yield of comparable assets taking into consideration of future prediction uncertainty
(V) Income Price using DCF Method = [(I) + (II)]	JPY 2,790,000 thousand	
(3) Income Price using Income Capitalization Method	JPY 2,800,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	JPY 910,000 thousand	
(ii) Building Price	JPY 1,710,000 thousand	
(iii) Furnishings/Appliances/Equipment/Upholstery Price	JPY 60,000 thousand	
(iv) Total Price of Land, Building, and Furnishings/Appliances/Equipment/Upholstery = [(i) + (ii) + (iii)]	JPY 2,680,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference.

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Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of Planned Acquisition	February 7, 2018			
Planned Purchase Price	JPY 2,723 million			
Appraisal Value	JPY 2,750 million			
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.			
Location	(Lot Number)	1-1-2,1-6,1-7,2-1, Omachi, Hirosaki-shi, Aomori		
	(Address)	Address not registered		
Transport	1 min walk from JR Hirosaki Station on Ou Line or Konan Tetsudo Konan Line			
Land	Form of Possession	Ownership(Partially shared)(Note1)	Zoning	Commercial area
	Lot Area (m^2)	3,195.86 m^2(Entire premises) (Note1)	Building Coverage Ratio/Floor Area Ratio	80%/600%
Building	Form of Possession	Sectional Ownership	Purpose of Use	Hotel/ / Retail
	Total Floor Area (m^2)	14,826.30 ㎡ (Note2)	Construction Date	August 18, 1989
	Structure/No. of Stories	Steel reinforced concrete / Steel structure with flat floor, basement 1 story / 12 stories		
	Renovation Date	March 2008		
Trustee	Sumitomo Mitsui Trust Bank, Limited			
Trust Period	From: September 30, 2014; Until: February 6, 2028			
Creation of Security Interest	None			

Lease Overview (December 31, 2017)			
Total No. of Tenant (s)	2	Number of Guest Rooms	134 rooms (T54・D52・O28)
Leasable Area (m^2)	14,826.30 m^2		
Lease Area (m^2)	14,826.30 m^2	Security Deposit/Guarantee Money	JPY 54,324 thousand
Occupancy Rate		GOP (per month)	JPY 17,934 thousand

Overview of Lease Agreement	
Tenant	Hirosaki Hotel Management Godo Kaisha (Note 3)

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Type of Contract	Fixed rent plus variable rent type		
Term	From: February 7, 2018 Until: February 6, 2028		
Determination of rent of lease contract	Fixed rent (JPY 122.4 million per annum (January: JPY 0 million per month / February: JPY 3.5 million per month / March: JPY 5.2 million per month / April: JPY 23.0 million per month / May: JPY 13.2 million per month / June: JPY 7.6 million per month / July: JPY 7.9 million per month / August: JPY 25.6 million per month / September: JPY 11.8 million per month / October: JPY 15.8 million per month / November: JPY 8.6 million per month / December: JPY 3.5 million per month) plus variable rent based on GOP of hotel operation. (Note4)		
Management services fee	Not disclosed, as tenant's consent has not been obtained for disclosure.		
Security Deposit/Guarantee Money	JPY 54,324 thousand		
Renewal Upon Expiration	The contract is a Fixed Term Building Lease, therefore the contract will terminate at the expiration of the lease term.		
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	-		
Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Short term Repair Costs (within 1 year)	-	Replacement Price	JPY 6,232,100 thousand
Long term Repair Costs (in 12 years)	JPY 356,601 thousand		
Overview of PML report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Probable Maximum Loss (PML)	2.8%		
Area Characteristic			
Art Hotel Hirosaki City is located in Hirosaki city which ranks third populated area in Aomori prefecture and has an excellent accessibility from Hirosaki Station on JR Ou Line and Konan Tetsudo Konan Line(1-minute walk).As an central city of Tsugaru district, Hirosaki city anticipates steady demand for not only business but also for leisure stay from both domestic and inbound who will be attracted to its rich scenic resources represented by famous cherry blossoms spot Hirosaki Park, historic Hirosaki castle, world heritage site Shirakami Sanchi as well as popular events such as Hirosaki Neputa Festival.			
Special Notes			
Pursuant to Management Contract on co-ownerships, If one party of the co-ownership is to sell its stake all or partially of the Property, a prior consent is required and the party shall grant the other party a preferential negotiation right to acquire such stake of the Property. North east part of this land （approximately 13 ㎡） has walkway and is being provided for general use as a walkway			

(Note1) The property consists of 4 lot of land and INV owns 3 lots and 1 sectional ownership (Proportional Share 817568/1000000).`Lot area` in “Land” refers to total sum of the area of these 4 land lots.

(Note2) Refer to exclusively usable area of total public registered record. 17,953.43 ㎡ is the total area for a whole building. The total area of exclusive use by INV after the anticipated acquisition will be approximately 98,95% of the total usable area of this building.

(Note3) Delegates hotel operation to MHM by concluding a hotel operation management contract

(Note4) Variable rent is the amount of difference between (i) the GOP during the three-month variable rent calculation period and (ii) the sum of fixed rent during the same period. However, when the balance is zero or negative, variable rent will be deemed to be zero.

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56: Art Hotel Hirosaki City

Income and Expenditures, Etc.				
Operating Period			January 1, 2016 – December 31, 2016 (Note)	January 1, 2017 – December 31, 2017
GOP (= (1) - (2))			JPY 157,848 thousand	JPY 230,254 thousand
a. Land Lease Fees			―	―
b. Taxes and Public Dues			JPY 21,253 thousand	JPY 32,091 thousand
c. Non life Insurance Premiums			JPY 257 thousand	JPY 945 thousand
d. Trust Fees			JPY 533 thousand	JPY 800 thousand
NOI (= GOP - [a. + b. + c. + d.])			JPY 135,803 thousand	JPY 196,418 thousand
(Reference)	(1) Sales		JPY 741,707 thousand	JPY 1,088,097 thousand
		Room Income	JPY 231,992 thousand	JPY 341,389 thousand
		Other Income	JPY 509,715 thousand	JPY 746,707 thousand
	(2) Operating Costs (not including a. through e. above)		JPY 583,858 thousand	JPY 857,842 thousand
	ADR		JPY 8,890	JPY 8,993
	RevPAR		JPY 4,730	JPY 6,980
	Room Occupancy Rates		53.2%	77.6%
	GOP Ratio		21.3%	21.2%
	Daily/ Weekly/ Monthly (Note 2)		100.0%／ 0.0%／ 0.0%	100%／ 0%／ 0%
	Overseas Sales Share		―	5.1%

(Note) As there is no data available by current operator before the rebrand which took place in April 30 2016, the figure shown is based on period of May 1 to December 31 2016.

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Summary of Real Estate Appraisal Report	
Appraising Organization	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Value (Market Value)	JPY 2,750 million
Time of Valuation	January 1, 2018

1. Value of Profits using the Profit Capitalization Method		
(1) Direct Capitalization Method	Contents	Overview
(a) Room Rental Income	JPY240,467 thousand	Room Rental Income and Common Area Maintenance Fee are estimated based on anticipated lease agreement, historical data, comparable assets and project medium- to long-term rents
(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)]	JPY 240,467 thousand	
(f) Vacant Room Losses	—	
(g) Irrecoverable Debt Losses	—	
(II) Operating Revenue = [(I) - (f) - (g)]	JPY 240,467 thousand	
(h) Maintenance and Management Costs	—	Not expected since it is included in hotel operation cost
(i) Utility Costs	—	Not expected since it is included in hotel operation cost
(j) Repair Costs	JPY 12,360 thousand	Based on comparable assets and average annual estimate in the engineering report (0.35% of the Replacement Cost)
(k) Property Management Fee	—	
(l) Tenant Solicitation Expenses	—	
(m) Taxes and Public Dues	JPY 28,825 thousand	Based on standard taxable value as stated in the documents relating to taxes and public dues, tax rate adjustments and details of renovation works
(n) Non-life Insurance Premiums	JPY 945 thousand	Based on estimate
(o) Other Costs	JPY 240 thousand	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]	JPY 42,371 thousand	
(IV) Net Operating Income = [(II) - (III)]	JPY 198, 095 thousand	
(p) One Time Investment Gains	JPY 543 thousand	
(q) Capital Improvements and Expenses	JPY 24,720 thousand	Based on comparable assets and average annual estimate in the engineering report (0.8% of the Replacement Cost)

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(r) FF&E Reserve	JPY 11,502 thousand	Based on comparable assets as well as repair and maintenance plan
(V) Net Income = [(IV) + (p) - (q) – (r)]	JPY 162,416 thousand	
(VI) Capitalization Yield	5.9%	Based on comparing multiple transaction yield in the neighboring areas or similar areas with the same supply and demand taking into consideration of the future changes in revenues
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]	JPY 2,750,000 thousand	
(Reference) NOI Yield [(IV) ÷ (VII)]	7.2%	
(2) DCF Method	Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period	JPY 1,200,000 thousand	
(a) Sale Price	JPY 2,830,000 thousand	
(b) Sale Costs	JPY 56,600 thousand	Assume 2.0% of sale price
(c) Returning Price [(a) - (b)]	JPY 2,773,400 thousand	
(II) Returning Price, Current Value	JPY 1,550,000 thousand	
(III) Discount Rate	6.0%	Based on transaction yield of comparable assets and characteristics of the property
(IV) Final Capitalization Yield	6.1%	Based on transaction yield of comparable assets taking into consideration of future prediction uncertainty
(V) Income Price using DCF Method = [(I) + (II)]	JPY 2,750,000 thousand	
(3) Income Price using Income Capitalization Method	JPY 2,750,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	JPY 380,000 thousand	
(ii) Building Price	JPY 2,210,000 thousand	
(iii) Furnishings/Appliances/Equipment/Upholstery Price	JPY 20,000 thousand	
(iv) Total Price of Land, Building, and Furnishings/Appliances/Equipment/Upholstery = [(i) + (ii) + (iii)]	JPY 2,610,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference.

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D57: Hotel MyStays Oita

Type and Location of Specified Assets, etc.				
Type of Specified Assets	Trust Beneficiary Right			
Date of Planned Acquisition	February 7, 2018			
Planned Purchase Price	JPY 1,604 million			
Appraisal Value	JPY 1,620 million			
Appraisal Agency	The Tanizawa Sōgō Appraisal Co., Ltd.			
Location	(Lot Number)	1, Niagemachi, Oita-shi , Oita		
	(Address)	1-32, Niagemachi, Oita-shi , Oita		
Transport	10 min walk from Oita Station on the JR Nippou Line			
Land	Form of Possession	Ownership	Zoning	Commercial area
	Lot Area (m^2)	537.96 m^2	Building Coverage Ratio/Floor Area Ratio	80%/600%
Building	Form of Possession	Ownership	Purpose of Use	Hotel /Retail
	Total Floor Area (m^2)	3,254.69 m^2 (Note1)	Construction Date	July 20, 2007
	Structure/No. of Stories	Steel reinforced concrete with flat floor 14 stories		
	Renovation Date	-		
Trustee	Mizuho Trust & Banking Co., Ltd.			
Trust Period	From: August 31, 2007; Until: End of February,6 2028			
Creation of Security Interest	None			

Lease Overview (December 31, 2017)			
Total No. of Tenant (s)	1	Number of Guest Rooms	145 rooms (S0・T22・D123)
Leasable Area (m^2)	3,254.69 m^2		
Lease Area (m^2)	3,254.69 m^2	Security Deposit/Guarantee Money	-
Occupancy Rate	100.0%	GOP (per month)	JPY 10,382 thousand

Overview of Lease Agreement	
Tenant	MyStays Hotel Management Co., Ltd.
Type of Contract	Fixed rent plus variable rent type
Term	From: February 7, 2018 Until: February 6, 2028
Determination of rent of lease contract	Fixed rent (JPY 60.9 million per annum (January – March: JPY 4.9 million per month / April – June: JPY 4.3 million per month / July – September: JPY 4.9 million per month / October – December: JPY 6.2 million per month) plus variable rent based on GOP of hotel operation. (Note 2)
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.
Rent Revision	Rent cannot be revised during the lease term.

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Early Termination	Termination prior to the expiration of the lease term is not permitted.		
Other Special Matters	－		
Overview of Building Conditions Survey Report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	January 2018
Short term Repair Costs (within 1 year)	-	Replacement Price	JPY 1,211,000 thousand
Long term Repair Costs (in 12 years)	JPY 99,849 thousand		
Overview of PML report			
Company Conducting Survey	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Date of Report	July 2017
Probable Maximum Loss (PML)	8.7%		
Area Characteristic			
Hotel MyStays Oita is 8-minute walk from Oita Station on JR Nippou Line. The central district of the city is dotted with Oita city Government office and other public offices, financial institution, corporate offices and has solid needs from business travelers. In addition to sightseeing spot such as Oita castle and Takasaki mountain, it is closely situated to famous Beppu Onsen. As the hotel is focusing on booming tourism using unique regional resource named as ` the best Onsen prefecture in Japan`, growing number of leisure tourists both from inbound and domestic is expected.			
Special Notes			
None			

(Note 1) In addition, parking building （38.68 ㎡） as an annex building exists

(Note 2) Variable rent is the amount of difference between (i) the GOP during the three-month variable rent calculation period and (ii) the sum of fixed rent during the same period. However, when the balance is zero or negative, variable rent will be deemed to be zero.

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D57: Hotel MyStays Oita

Income and Expenditures, Etc.				
Operating Period			January 1, 2016 – December 31, 2016 (Note)	January 1, 2017 – December 31,2017
GOP (= (1) - (2))			JPY 41,294 thousand	JPY 118,105 thousand
a. Land Lease Fees			-	-
b. Taxes and Public Dues			JPY 1,995 thousand	JPY 8,665 thousand
c. Non life Insurance Premiums			JPY 48 thousand	JPY 193 thousand
d. Trust Fees			JPY 200 thousand	JPY 800 thousand
NOI (= GOP - [a. + b. + c. + d.])			JPY 39,050 thousand	JPY 108,446 thousand
(Reference)	(1) Sales		JPY 65,937 thousand	JPY 300,836 thousand
		Room Income	JPY 59,116 thousand	JPY 269,773 thousand
		Other Income	JPY 6,821 thousand	JPY 31,063 thousand
	(2) Operating Costs (not including a. through e. above)		JPY 24,642 thousand	JPY 182,731 thousand
	ADR		JPY 5,907	JPY 5,898
	RevPAR		JPY 5,033	JPY 5,097
	Room Occupancy Rates (Note2)		85.2%	86.4%
	GOP Ratio		62.6%	39.3%
	Daily/ Weekly/ Monthly (Note3)		100.0%／ 0.0%／ 0.0%	100.0%／ 0.0%／ 0.0%
	Overseas Sales Share		13.5%	21.1%

(Note) As there is no data available by current operator before the rebrand which took place in October 11 2016, the figure shown is based on period of October 12 to December 31 2016.

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Summary of Real Estate Appraisal Report	
Appraising Organization	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Value (Market Value)	JPY 1,620 million
Time of Valuation	January 1, 2018

1. Value of Profits using the Profit Capitalization Method		
(1) Direct Capitalization Method	Contents	Overview
(a) Room Rental Income	JPY 118,399 thousand	Room Rental Income and Common Area Maintenance Fee are estimated based on anticipated lease agreement, historical data, comparable assets and project medium- to long-term rents
(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)]	JPY 118,399 thousand	
(f) Vacant Room Losses	—	
(g) Irrecoverable Debt Losses	—	
(II) Operating Revenue = [(I) - (f) - (g)]	JPY 118,399 thousand	
(h) Maintenance and Management Costs	—	Not expected since it is included in hotel operation cost
(i) Utility Costs	—	Not expected since it is included in hotel operation cost
(j) Repair Costs	JPY 2,420 thousand	Based on comparable assets and average annual estimate in the engineering report (0.35% of the Replacement Cost)
(k) Property Management Fee	—	
(l) Tenant Solicitation Expenses	—	
(m) Taxes and Public Dues	JPY 7,979 thousand	Based on standard taxable value as stated in the documents relating to taxes and public dues, tax rate adjustments and details of renovation works
(n) Non-life Insurance Premiums	JPY 193 thousand	Based on estimate
(o) Other Costs	JPY 118 thousand	
(III) Operating Costs (Expense Rate) = [(h) + (i) + (j) + (k) + (l) + (m) + (n) + (o)]	JPY 10,710 thousand	
(IV) Net Operating Income = [(II) - (III)]	JPY 107,689 thousand	
(p) One Time Investment Gains	—	
(q) Capital Improvements and Expenses	JPY 6,050 thousand	Based on comparable assets and average annual estimate in the engineering report (0.8% of the Replacement Cost)
(r) FF&E Reserve	JPY 7,719 thousand	Based on comparable assets as well as repair and maintenance plan

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(V) Net Income = [(IV) + (p) - (q) – (r)]	JPY 93,919 thousand	
(VI) Capitalization Yield	5.7%	Based on comparing multiple transaction yield in the neighboring areas or similar areas with the same supply and demand taking into consideration of the future changes in revenues
(VII) Income Price using Direct Capitalization Method = [(V) ÷ (VI)]	JPY 1,650,000 thousand	
(Reference) NOI Yield [(IV) ÷ (VII)]	6.5%	
(2) DCF Method	Contents	Overview
(I) Total of Current Value of Net Income during Analysis Period	JPY 688,000 thousand	
(a) Sale Price	JPY 1,660,000 thousand	
(b) Sale Costs	JPY 33,200 thousand	Assume 2.0% of sale price
(c) Returning Price [(a) - (b)]	JPY 1,626,800 thousand	
(II) Returning Price, Current Value	JPY 926,000 thousand	
(III) Discount Rate	5.8%	Based on transaction yield of comparable assets and characteristics of the property
(IV) Final Capitalization Yield	5.9%	Based on transaction yield of comparable assets taking into consideration of future prediction uncertainty
(V) Income Price using DCF Method = [(I) + (II)]	JPY 1,610,000 thousand	
(3) Income Price using Income Capitalization Method	JPY 1,620,000 thousand	

2. Estimated Price using Cost Method		
	Contents	Overview
(i) Land Price	JPY 440,000 thousand	
(ii) Building Price	JPY 1,080,000 thousand	
(iii) Furnishings/Appliances/Equipment/Upholstery Price	JPY 30,000 thousand	
(iv) Total Price of Land, Building, and Furnishings/Appliances/Equipment/Upholstery = [(i) + (ii) + (iii)]	JPY 1,550,000 thousand	

Other Points to be Noted for Appraisal by Apprising Organization
Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference.

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(2) Matters relating to Seismic Resistance etc. for the Four Hotel Properties

With respect to “Hotel MyStays Yokohama Kannai” ,INV has confirmed based on Notice of criteria test results on structural calculation sheets issued by a third party expert, Urban House Evaluation Center Co.,Ltd.(UHEC), that structural design has satisfied requirements under the Building Standard Act. With respect to “Art Hotel Joetsu”, INV has confirmed based on the evaluation report issued by a third party expert, ERI Solution Co., Ltd., that structural design has no willful falsification of structural calculation sheets, etc.. With respect to “Art Hotel Hirosaki”, INV has obtained an opinion from a third party expert, SD Network Co., Ltd , indicating that, there is no fact that the structure design is a falsification nor there are concerns of structural design. With respect to “Hotel MyStays Oita”, INV has obtained an opinion on such report from a third party expert, PROPERTY RISK SOLUTION Corporation (The current name: Deloitte Tohmatsu Property Risk Solution Co., Ltd.), indicating that, structure design is fully compliant to the Building Standard Act and Seismic Design Code of Conduct and particular issues are not been recognized. Also it is confirmed that no intentional falsification was traced.

All of these four hotel properties satisfied requirements under new seismic code (Note 1).

As a part of due diligence (Note 2) routine, INV conducts investigation on seismic risks for new acquisitions.

(Note 1) New seismic code refers to the seismic resistance standards in regard to building design, which is applied in construction certificate after June 1, 1981.

(Note 2) The due diligence conducted in connection with the acquisition includes examination of appraisal values, building inspection, seismic risk inspection and legal due diligence.

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5. Overview of Sellers

Overview of Sellers of the Four Hotel properties are as follows;

D53 Hotel MyStays Yokohama Kannai

(i)	Name	Ginga Tokutei Mokuteki Kaisha(“Ginga TMK”)
(ii)	Location	1-2-9, Nishi-Shinbashi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Masayuki Meguro, Director
(iv)	Business	1. Asset liquidation business of specified assets. 2. All other business ancillary to the above-mentioned asset liquidation of specified assets.
(v)	Capital (as of today)	Specified Capital: JPY100,000 Preferred Capital: JPY2,655 million
(vi)	Date of establishment	November 7, 2013
(vii)	Net assets	Not disclosed (Note)
(viii)	Total assets	Not disclosed (Note)
(ix)	Investor	Not disclosed (Note)
(x)	Relationship between INV/Asset Manager and the Seller	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and Ginga TMK, Ginga TMK has indirectly received investments through funds operated by affiliates of FIG, an affiliate of Calliope. As of today, Calliope holds 609,942 investment units issued by INV (12.72% stake). Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personal relationships that should be noted between INV/CIM and Ginga TMK, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	INV acquired “Hotel MyStays Kanazawa (name has been changed to Hotel MyStays Premier Kanazawa as of October 1 2016)” in June 2016 from Ginga TMK.
	Whether the TMK is a related party	Ginga TMK is not a related party of INV or CIM. Further, related persons and affiliates of Ginga TMK are not related parties of INV or CIM. Furthermore, Ginga TMK is not an interested party, etc. of CIM as provided in the Investment Trust Act.

(Note) Not disclosed because consent from the seller has not been obtained.

D54 Art Hotel Joetsu

(i)	Name	HL Investments Tokutei Mokuteki Kaisha (“HL Investments TMK”)
(ii)	Location	c/o Akasaka International TAX&CO., 2-10-5, Akasaka, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Akio Yamazaki, Director
(iv)	Business	1. Asset liquidation business of specified assets 2. All other operations ancillary to the operations relating to liquidation of specified assets
(v)	Capital (as of today)	Specified Capital: JPY100,000

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		Preferred Capital: JPY2,350 million
(vi)	Date of establishment	July 18, 2014
(vii)	Net assets	Not disclosed (Note)
(viii)	Total assets	Not disclosed (Note)
(ix)	Investor	Not disclosed (Note)
(x)	Relationship between INV/Asset Manager and the Seller	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and HL Investments TMK, HL Investments TMK has indirectly received investments through funds operated by affiliates of FIG, an affiliate of Calliope. As of today, Calliope holds 609,942 investment units issued by INV (12.72% stake). Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personal relationships that should be noted between INV/CIM and HL Investments TMK, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is the Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	INV acquired “Hotel MyStays Shin Osaka Conference Center” as of October 2017 from HL Investments TMK.
	Whether the TMK is a related party	HL TMK is not a related party of INV or CIM. Further, related persons and affiliates of HL Investments TMK are not related parties of INV or CIM. Furthermore, HL Investments TMK is not an interested party, etc. of CIM as provided in the Investment Trust Act.

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D55 Art Hotel Hirosaki City

(i)	Name	Monza Tokutei Mokuteki Kaisha (“Monza TMK”)
(ii)	Location	5-1-4, Toranomon, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Takaaki Fukunaga, Director
(iv)	Business	1. Asset liquidation business of specified assets. 2. All other business ancillary to the above-mentioned asset liquidation of specified assets.
(v)	Capital (as of today)	Specified Capital: JPY100,000 Preferred Capital: JPY3,224 million
(vi)	Date of establishment	April 2, 2014
(vii)	Net assets	Not disclosed (Note)
(viii)	Total assets	Not disclosed (Note)
(ix)	Investor	Not disclosed (Note)
(x)	Relationship between INV/Asset Manager and the Seller	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and Monza TMK, Monza TMK has indirectly received investments through funds operated by affiliates of FIG, an affiliate of Calliope. As of today, Calliope holds 609,942 investment units issued by INV (12.72% stake). Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personal relationships that should be noted between INV/CIM and Monza TMK, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	INV acquired “Beppu Kamenoi Hotel” as of October 2017 from Monza TMK.
	Whether the TMK is a related party	Monza TMK is not a related party of INV or CIM. Further, related persons and affiliates of Monza TMK are not related parties of INV or CIM. Furthermore, Monza TMK is not an interested party, etc. of CIM as provided in the Investment Trust Act.

(Note) Not disclosed because consent from the seller has not been obtained.

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D56 Hotel MyStays Oita

(i)	Name	Suisei Tokutei Mokuteki Kaisha (“Suisei TMK”)
(ii)	Location	1-2-9, Nishi-Shinbashi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Masayuki Meguro, Director
(iv)	Business	1. Asset liquidation business of specified assets. 2. All other business ancillary to the above-mentioned asset liquidation of specified assets.
(v)	Capital (as of today)	Specified Capital: JPY100,000 Preferred Capital: JPY2,010 million
(vi)	Date of establishment	December 11, 2013
(vii)	Net assets	Not disclosed (Note)
(viii)	Total assets	Not disclosed (Note)
(ix)	Investor	Not disclosed (Note)
(x)	Relationship between INV/Asset Manager and the Seller	
	Capital relationships	While there are no capital relationships that should be noted between INV/CIM and Suisei TMK, Suisei TMK has indirectly received investments through funds operated by affiliates of FIG, an affiliate of Calliope. As of today, Calliope holds 609,942 investment units issued by INV (12.72% stake). Further, as of today, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
	Personal relationships	While there are no personal relationships that should be noted between INV/CIM and Suisei TMK, as of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
	Transactional relationships	INV acquired “Super Hotel Shinbashi / Karasumoriguchi” and “Comfort Hotel Toyama Ekimae” as of July 2015 and “Hotel MyStays Sapporo Station” as of October 2017 from Suisei TMK respectively.
	Whether the TMK is a related party	Suisei TMK is not a related party of INV or CIM. Further, related persons and affiliates of Suisei TMK are not related parties of INV or CIM. Furthermore, Suisei TMK is not an interested party, etc. of CIM as provided in the Investment Trust Act.

(Note) Not disclosed because consent from the seller has not been obtained.

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6. Transactions with Interested Persons etc.

The sellers of the Four Hotel Properties, namely Ginga TMK, HL Investments TMK, Monza TMK and Suisei 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, such sellers have indirectly received investments through funds managed by affiliates of FIG, an affiliate of Calliope, CIM's parent company, and thus a Sponsor-related Person. Therefore, CIM treats the sellers as persons equivalent to Sponsor-related Persons.

The Acquisitions 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 of CIM and the investment committee meeting of CIM held on February 5, 2018, the board of directors of CIM approved the acquisitions at the meeting held on the same day and the board of directors of INV approved the acquisitions at the meeting held on the same day.

In addition, MHM, the tenant/operator of the Hotel MyStays Yokohama Kannai and Hotel MyStays Oita, the operator of Art Hotel Joetsu and Art Hotel Hirosaki City is not a Sponsor-related Person under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments. However, each tenant is an affiliate of FIG, which is an affiliate of Calliope (Calliope is CIM's parent company, and thus a Sponsor-related Person). Therefore, CIM treats MHM as a person equivalent to a Sponsor-related Person.

In accordance with Sponsor-Related Person Transaction Rules and Sponsor-Related Person Transaction Management Manual of CIM and following the deliberation and resolution of the compliance committee meeting and the investment committee meeting both held on February 5, 2018, the boards of directors of CIM and INV each approved the lease agreements expected to be entered into with MHM at meeting both held February 5, 2018, subject to hotel operating capability of MHM being confirmed as sufficient through a third party report and other relevant information, the rent level of each properties being reasonable considering the market level, and management services fee amount and structure being fair compared with similar properties.

(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 Interests Relationships; 3. Detail/reason for Acquisition; 4. Acquisition Price, and 5. Acquisition Timing

Property Name	D54 Hotel MyStays Yokohama Kannai
Current owner/trust beneficiary	1. Ginga TMK 2. The TMK has received tokumei kumiai contributions through funds, etc. operated by affiliates of FIG, an affiliate of Calliope. 3. Acquisition for development purposes 4. Omitted because held for longer than one year 5. October 2016

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Preceding owner/trust beneficiary	Persons having no special conflict of interests relationship

Property Name	D55 Art Hotel Joetsu
Current owner/trust beneficiary	1. HL Investments 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. October 2014
Preceding owner/trust beneficiary	Persons having no special conflict of interests relationship

Property Name	D56 Art Hotel Hirosaki City
Current owner/trust beneficiary	1. Monza 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. September 2014
Preceding owner/trust beneficiary	Persons having no special conflict of interests relationship

Property Name	D57 Hotel MyStays Oita
Current owner/trust beneficiary	1. Suisei 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. April 2014
Preceding owner/trust beneficiary	Persons having no special conflict of interests relationship

8. Overview of Brokerage

Not applicable for the Four Hotel Properties.

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9. Schedules

Acquisition decision date: Agreement execution date:	February 5, 2018
Anticipated acquisition date:	February 7, 2018
Anticipated source of acquisition funds:	Cash-on-hand including the proceeds from the Dispositions (Note)
Anticipated acquisition proceeds payment method:	Lump-sum payment

(Note) Please refer to the press releases "Notice concerning Sale of Assets" dated December 21, 2017 and December 26, 2017, for details of the Dispositions.

10. Future Outlook

There are no changes to INV's forecasts for financial results and distribution for the fiscal period ended December 2017 (July 1, 2017 to December 31, 2017) in connection with the acquisition of the Four Hotel Properties, as the acquisition of the Four Hotel Properties will take place during the fiscal period ending June 2018. Moreover, the impact of the acquisition of the Four Hotel Properties on the financial results for the fiscal period ending June 2018 is minor.

Further, as mentioned in "2. Reasons for Acquisitions and Leasing" above, INV is currently planning additional disposition of its non-core asset, and such additional disposition is anticipated to be agreed upon with the buyer soon. Therefore, INV intends to announce the forecasts for financial results and distribution for the fiscal period ending June 2018 (January 1, 2018 to June 30, 2018), once such additional disposition and the detail thereof is determined.

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

For risks relating to investments in the Four Hotel Properties, please refer to the "Investment Risks" (*toshi risuku*) in the securities report (*yuka shoken hokokusho*) of INV for the fiscal period ended June 2017 (from January 1, 2017 to June 30, 2017) (available in Japanese only), filed as of September 21, 2017.

Website of INV: http://www.invincible-inv.co.jp/eng

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(Appendix)

Photos and Maps of the Four Hotel Properties

D54 Hotel MyStays Yokohama Kannai







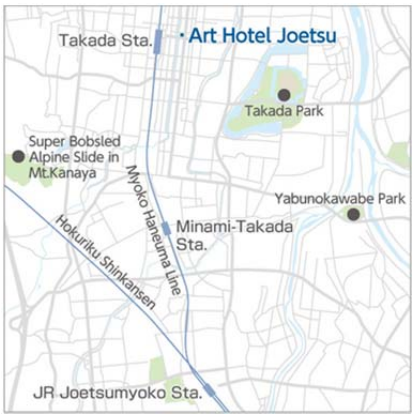


D55 Art Hotel Joetsu









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D56 Art Hotel Hirosaki City



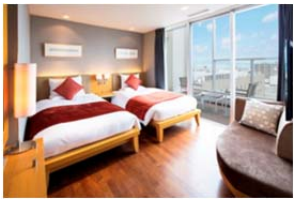




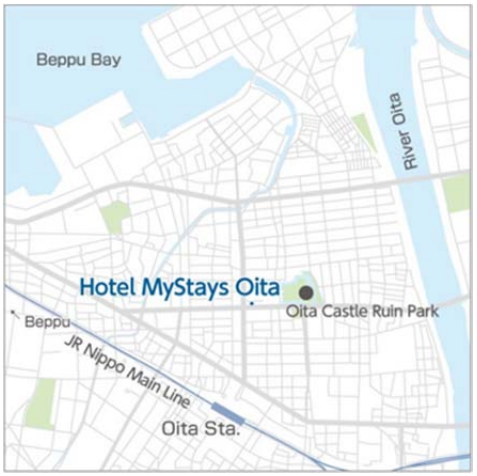


D57 Hotel MyStays Oita









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