Invincible Investment Corporation

Financial Summary for the December 2016 Fiscal Period

(from July 1, 2016 to December 31, 2016)

February 22, 2017

Name	:	Invincible Investment Corporation
Representative	:	Naoki Fukuda, Executive Director
Stock Listing	:	Tokyo Stock Exchange
Securities Code	:	8963
URL	:	http://www.invincible-inv.co.jp/eng/
Contact	:	Consonant Investment Management Co., Ltd. (Asset Manager of Invincible Investment Corporation) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	:	March 28, 2017

(values are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended December 31, 2016 (from July 1, 2016 to December 31, 2016)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2016	9,511	16.6	5,934	17.0	5,431	24.5	5,431	24.5
Fiscal period ended June 30, 2016	8,158	18.9	5,073	16.1	4,364	47.8	4,363	47.8

	Net Income per Unit	Net Income/ Unitholders' Equity	Ordinary Income/ Total Assets	Ordinary Income/ Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2016	1,477	4.2	1.9	57.1
Fiscal period ended June 30, 2016	1,270	3.9	1.9	53.5

(Note) "Net Income per Unit" is calculated based on the average number of investment units during the period and is rounded to the nearest yen. Net income per unit calculated based on the number of investment units issued and outstanding at the end of the fiscal period ended June 30, 2016 (3,675,824units) and rounded down to yen is JPY 1,187.

(2) Distributions

	Distribution (Excluding excess profit)		Excess Profit		Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total	Per Unit	Total		
	JPY	JPY million	JPY	JPY million	JPY	JPY million	%	%
Fiscal period ended December 31, 2016	1,477	5,429	0	0	1,477	5,429	100.0	4.2
Fiscal period ended June 30, 2016	1,125	4,135	61	224	1,186	4,359	94.8	3.5

(Note 1) The distribution per unit in excess of profit for the fiscal period ended June 30, 2016 is JPY 61, of which JPY 61 is the allowance for temporary difference adjustments.

(Note 2) The "Dividend Payout Ratio" is calculated in accordance with the following formula:
Dividend Payout Ratio = Distribution Amount (Excluding excess profit distribution) ÷ Net Income × 100
"Dividend Payout Ratio" is rounded to the nearest one decimal place.

(Note 3) "Distribution/ Net Assets" are calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2016	277,361	131,455	47.4	35,762
Fiscal period ended June 30, 2016	284,106	130,005	45.8	35,368

(Note) "Net Assets per Unit" is calculated based on the number of investment units issued and outstanding at the end of each period, and is rounded to the nearest yen.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2016	9,818	(8,457)	(3,910)	14,214
Fiscal period ended June 30, 2016	5,319	(86,000)	83,626	16,764

2. Forecasts for the Fiscal Periods ending June 30, 2017 (from January 1, 2017 to June 30, 2017) and December 31, 2017 (from July 1, 2017 to December 31, 2017)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit	Distribution per Unit (including excess profit distribution)
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY	JPY
Fiscal Period ending June 30, 2017	9,285	(2.4)	5,268	(11.2)	4,590	(15.7)	4,589	(15.5)	1,185	55	1,240
Fiscal Period ending December 31, 2017	10,498	13.1	6,245	18.5	5,652	23.1	5,651	23.1	1,460	21	1,481

(Reference) Estimated net income per unit for the fiscal period ending June 30, 2017 is JPY 1,185.
Estimated net income per unit for the fiscal period ending December 31, 2017 is JPY 1,460.

※ Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

(a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations	None
(b) Changes in Accounting Policies due to Other Reasons	None
(c) Changes in Accounting Estimates	None
(d) Restatements	None

(2) Number of Investment Units Issued and Outstanding

(a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units)	December 31, 2016	3,675,824	June 30, 2016	3,675,824
(b) Number of Treasury Units as of the End of the Fiscal Period	December 31, 2016	0	June 30, 2016	0

(Note) Please refer to "Note concerning Information per Unit" regarding the number of investment units which is the basis for the calculation of net income per unit.

The Implementation Status of Statutory Audit

At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration

(Explanation on the Appropriate Use of the Forecast of Results)

The forward-looking statements in this financial report are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of this date, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Further, there is no guarantee of the payment of the forecast distribution amount.

Please refer to "Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2017 (from January 1, 2017 to June 30, 2017) and December 31, 2017 (from July 1, 2017 to December 31, 2017)", on page 19 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

Unless otherwise specified herein, amounts less than JPY 1 are rounded down, and ratios are rounded to the nearest one decimal place.

1. Related Companies of the Investment Corporation

Disclosure is omitted because there have been no material changes in the "Structure of the Investment Corporation" section of the latest securities report (filed on September 26, 2016).

2. Management Policy and Operating Conditions

(1) Management Policy

Disclosure of "Investment Policies," "Investment Targets," "Distribution Policies" and the "Investment Restriction" is omitted because there have been no material changes from the relevant sections of the latest securities report (filed on September 26, 2016)

(2) Operating Conditions

a Overview of the Fiscal Period Ended December 2016 ("Reporting Period")

(a) Main Trends of INV

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended; the "Investment Trust Act"). In May 2004, INV was listed on the Osaka Securities Exchange (application for delisting was made in August 2007), and in August 2006 was listed on the Real Estate Investment and Trust Securities Section of the Tokyo Stock Exchange (Ticker Code: 8963).

After the merger with LCP Investment Corporation ("LCP") was implemented on February 1, 2010, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha ("Calliope"), an affiliate of the Fortress Investment Group LLC ("FIG" and together with Calliope and other affiliates of FIG, collectively the "Fortress Group") was the main allottee, and the sponsor changed to the Fortress Group.

Ever since the commencement of sponsorship from the Fortress Group, INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to implement stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the "Asset Manager") revised the Investment Guidelines for INV, and positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward. As a result of the external growth efforts, INV's portfolio at the end of the previous period ended June 2016 composed of 124 properties (48 hotels, 68 residential properties and eight others) with a total acquisition value of JPY 266,619 million, and market capitalization at such date of JPY 238,193 million. When compared to the period as of May 22, 2014, which is the time immediately prior to INV's initial investment in hotels, the total acquisition value and market capitalization increased significantly by 3.7x and 8.0x, respectively.

In the Reporting Period, INV obtained an initial credit rating of "A" from Japan Credit Rating with a "Positive" outlook on September 27, 2016.

INV expanded the pipeline for future growth by adding two residential properties to the properties subject to a Memorandum of Understanding (the "MOU") with affiliates of Fortress Group with respect to preferential negotiating rights regarding the acquisitions of hotels and residential properties on December 22, 2016. As of the end of the Reporting Period, there are 22 hotels (6,116 rooms) and 11 residential properties (1,413 units) in the MOU, which will continue to provide INV with considerable opportunities for external growth.

(b) Operational Environment and Performance

For the December 2016 period, NOI increased by 41.2%or JPY 2,453 million compared to the same period in the previous year (the December 2015 period), of which 35.7% came from the hotel portfolio and 5.7% from the residential portfolio.

As a result, INV maintained a high average occupancy rate (Note 1) of 98.2% across the entire portfolio, and the NOI of entire portfolio increased by 17.9% from the previous period (the June 2016 period) to JPY 8,414 million. Below is commentary on each of these sectors and their performance in the second half of 2016.

In the hotel segment, improvements in travel infrastructure, the penetration of LCC's into the Japanese market, and the Japanese government's promotion of tourism initiatives at the national and local level, coupled with macro structural changes such as a sharp increase in the number of cross-border travelers due to the global rise of the middle-income bracket, have led to a continued increase in the number of international visitors to Japan from China and Southeast Asian countries such as Thailand, Malaysia, the Philippines, Indonesia and Vietnam. This robust combination helped Japan log a record high of 24.039 million inbound visitors in 2016, (a 21.8% increase compared to 19.737 million in the previous year).

However, for the Reporting Period, the hotel segment was impacted by poor weather such as typhoons, day formation (reduced number of weekday holidays) of the Silver Week holiday in September 2016, an increase in hotel supply in Tokyo in the limited-service-hotel segment, an increase in the number of hotel rooms listed on websites of online travel agents and increased cancellations.

Under the circumstances above, INV is working closely with the operators of the hotels, primarily MyStays Hotel Management Co., Ltd. ("MyStays"), a hotel operator in the sponsor group, to proactively address the issues at hand. Specifically, MyStays continues to improve the web experience and the service function such as its online chat function and strengthen its user content and engagement to drive more direct bookings through the MyStays website as well as increase brand awareness. MyStays is increasing the over-bookings ratio to achieve higher occupancy rates and to offset vacancies caused by cancellations. As the result of the initiatives, 39 of the hotels owned by INV (Note 2) recorded ADR (Note 3) of JPY 9,935, RevPAR (Note 4) of JPY 9,049, and an occupancy rate (Note 5) of 91.1%. Among the 36 hotels (Note 6) in which a comparison can be made for the same period in the previous year, ADR was JPY 9,877 (+0.0%), RevPAR was JPY 8,973 (-0.8%), with an occupancy rate of 90.8% (-0.7 points). The ratio of overseas sales (Note 7) at the 36 hotels (Note 8) increased to 27.9% (+2.0 points compared to the same period in the previous year).

With respect to the residential portfolio, market rent trends for small-type city-center properties maintain moderate increase. Under the positive circumstances in the macro environment, INV implemented a rent increase program for new leases and renewals as well as an initiative to reduce residential leasing costs based on a market analysis of each unit and property. As a result, in the Reporting Period, INV realized a rent increase for 54.2% of the new residential lease contracts for an average rent increase of 1.5% compared to the previous rent across all new leases, and a rent increase for 33.6% of contract renewals for an average rent increase of 1.0% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate of 83.7%. The average occupancy rate achieved a stable 95.6% and the average occupancy rate for 63 properties that can be compared to the same period in the previous year (Note 9) was 94.4% (a decrease of 0.9 points). The NOI (Note 10) for the 63 properties (Note 9) in which previous year comparisons can be made increased 3.8% compared to the same period in the previous year. Furthermore, INV determined on November 21, 2016 to change the master lessee ("ML") and the property manager ("PM") for 16 properties effective December 1, 2016 and for one property effective January 1, 2017 (Note 11) respectively in order to further improve its operational efficiency as well as property performance by consolidating the number of ML/PM from 19 to 10 for its residential portfolio.

Due to the internal growth for the Reporting Period, and trends in the real estate investment and rental market, the total appraisal value at the end of the Reporting Period was JPY 328,192 million, an increase of JPY 4,901 million (+1.5%) over the previous period. The portfolio has an unrealized gain of JPY 68,253 million (Note 12) and an unrealized gain ratio of 26.3% (Note 12).

Key Performance Indicators of 36 Hotel Properties (Note 6)

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate	89.6%	90.8%	90.2%
ADR (JPY)	9,008	9,877	9,448
RevPAR (JPY)	8,068	8,973	8,523
GOP (Note 13) (JPY million)	4,516	5,373	9,889

Year-on-Year Changes

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate	+0.1pt	-0.7pt	-0.3pt
ADR (JPY)	+8.4%	-0.0%	+3.7%
RevPAR (JPY)	+8.5%	-0.8%	+3.3%
GOP (Note 13) (JPY million)	+12.3%	-2.3%	+3.8%

Key Performance Indicators of 63 Residential Properties (Note 9)

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate (Note 1)	95.5%	94.4%	95.0%
Average Rent per Tsubo per Month (JPY) (Note 14)	10,040	10,123	10,082
NOI (JPY million)	1,540	1,553	3,093

Year-on-Year Changes

	Y2016		
	June fiscal period	December fiscal period	Full-Year
Occupancy Rate (Note 1)	+1.8pt	-0.9pt	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 14)	+1.3%	+1.7%	+1.5%
NOI (JPY million)	+5.1%	+3.8%	+4.4%

(Note 1) "Occupancy Rate" for the entire portfolio and for the residential properties is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period.

(Note 2) Of the 48 acquired hotels, the following nine hotels with fixed-rent lease agreements are excluded: Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-Iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel.

(Note 3) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

(Note 4) "RevPAR" means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.

(Note 5) "Occupancy rates" for the hotel properties are calculated in accordance with the following formula:

Occupancy rates = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days)

Hereinafter the same shall apply.

(Note 6) Of the 48 acquired hotels, two hotels which were not operating for a certain period due to renovation in 2015, Hotel MyStays Shinsaibashi (renovation period: from January 25 2015 through March 31, 2015) and Hotel MyStays Gotanda Station (renovation period: from March 1, 2015 through November 24, 2015) and one hotel which was not fully operating for a certain period due to renovation in 2016, Hotel MyStays Kanda (renovation period: from May 20, 2016 through August 22, 2016) are excluded, in addition to the nine hotels with fixed-rent lease agreements excluded per Note 2.

(Note 7) "Overseas sales ratio" is the ratio of sales amount through overseas web agents to revenues.

(Note 8) Of the 48 acquired hotels, 12 hotels, APA Hotel Yokohama-Kannai, Super Hotel Shinbashi-Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo JR Tachikawa Kitaguchi, Super Hotel JR Ueno-Iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel, the tenants of which do not disclose the ratio of overseas sales; Hotel MyStays Gotanda Station, which was not operating for a certain period due to renovation in 2015 (renovation period: from March 1, 2015 through November 24, 2015); and Hotel MyStays Kanda, which was not fully operating for a certain period due to renovation in 2016 (renovation period: from May 20, 2016 through August 22, 2016), are excluded.

(Note 9) Of the 68 acquired residential properties, five properties, City Court Kitaichijo, Lieto Court Mukojima, Lieto Court Nishi-Ojima, Royal Parks Momozaka and Royal Parks Shinden, which were not held by INV in the same period in the beginning of the previous year, are excluded.

(Note 10) For the comparison of NOI of the 63 properties, insurance income and related repair expenses, which are temporary items, are excluded.

(Note 11) 16 properties for which ML/PM were changed on December 1, 2016 are Royal Park Omachi, Lexington Square Haginomachi, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, Invoice Shin-Kobe Residence, Cosmo Court Motomachi, Salvo Sala, Luna Court Edobori, Winntage Kobe Motomachi, Corp Higashinotoin, Prime Life Sannomiya Isogami Koen, HERMITAGE NANBA WEST, West Avenue, Prime Life Mikage, Lieto Court Mukojima and Lieto Court Nishi-Ojima. One property for which ML/PM were changed on January 1, 2017 is Acseeds Tower Kawaguchi-Namiki.

(Note 12) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.

(Note 13) "GOP," means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, material, water, electricity and heating and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues . Hereinafter the same shall apply.

(Note 14) "Average rent per tsubo per Month" is calculated by dividing the total rental revenue including common area charges for each month by the sum of total leasable area at the end of each month during the relevant period.

(c) Overview of Fund Raising

During the Reported period, INV obtained a credit rating of A from the Japan Credit Rating Agency and also increased its bank group from 13 financial institutions to 19 including Japan Post Bank Co., Ltd. Below are details of the initial credit rating which was obtained on September 27, 2016:

Credit Rating Agency	Rating Object	Rating	Outlook
Japan Credit Rating Agency, Ltd.	Long-term Issuer Rating	A	Positive

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 142,419 million and the Interest-Bearing Debt ratio (Note 1) and LTV (Note 2) were 51.3% and 43.4% respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 0.50%.

INV implemented the borrowing of Term Loan (E) (amount borrowed: JPY 4,000 million; interest rate: variable interest rate of 1-month JPY TIBOR (Note 4) plus 0.4%, 0.5% and 0.6% for durations of three, four and five years) from The Tokyo Star Bank, Limited on July 20, 2016 for use as a portion of the funds and related expenses for the two hotels acquired on June 15, 2016.

On November 30, 2016, INV repaid the portion of Term Loan (B), New Syndicate Loan (F), and Term Loan (C) in the amount of JPY 3,498 million in total that corresponds to the borrowings equivalent to the expected consumption tax refund (Note 5), using the consumption tax refunds from the five hotels acquired on January 22, 2016, the four hotels acquired on March 31, 2016, and the two hotels acquired on June 15, 2016.

In addition, a portion of INV's existing loans from Mizuho was transferred to Japan Post Bank Co., Ltd. in the amount of JPY 4,000 million on July 15, 2016, The Kagawa Bank, Ltd., The Shizuoka Bank, Ltd., The Hyakugo Bank, Ltd., and The Bank of Fukuoka, Ltd. in the amount of JPY 1,000 million each on July 29, 2016, The Daishi Bank, Ltd. and The Hiroshima Bank, Ltd. in the amount of JPY 1,000 each on December 20, 2016.

(Note 1) Interest-Bearing Debt ratio uses the calculation formula below:
Interest-Bearing Debt ratio = total outstanding interest-bearing debt/total assets x 100

(Note 2) LTV uses the calculation formula below:
LTV = total outstanding interest-bearing debt/total appraisal value x 100

(Note 3) The average borrowing interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(Note 4) With respect to only the first interest calculation period, the 2-month JPY TIBOR.

(Note 5) Borrowings corresponding to the expected consumption tax refund mean the borrowings which will be prepaid in the amount equivalent to the refund of consumption tax and local tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings executed at the same time, in the case where the above-mentioned consumption tax refunds are received. The same shall apply hereinafter.

(d) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 1,353 million from the previous period (+16.6%) to JPY 9,511 million, and net income increased by JPY 1,067 million from the previous period (+24.5%) to JPY 5,431 million. DPU for the Reporting Period was JPY 1,477, an increase of JPY 291 (+24.5%) compared to the previous period.

INV aims to include maximum profit distributions (excluding excess profit distribution) in deductible expenses in accordance with Section 1 of Article 67-15 of the Act on Special Taxation Measures Law (Act No. 15 of 1957; as amended), and decided to distribute all of the amount by deducting reversal of allowance for temporary difference adjustment from profit as defined in Article 136, Paragraph 1 of the Investment Trust Act, except for fractional distribution per unit less than JPY 1. As a result, the distribution per unit (excluding excess profit distribution) for the Reporting Period is JPY 1,477. On the other hand, excess profit distribution will not be made.

b Outlook for the Fiscal Periods Ending June 30, 2017 and December 31, 2017

The DPU (including excess profit distribution) for the June 2017 period is forecast to be JPY 1,240 (+4.6% YoY) and the DPU (including excess profit distribution) for the December 2017 period is forecast to be JPY 1,481 (+0.3% YoY); the full year DPU (including excess profit distribution) for calendar year 2017 is forecast to be a modest growth of JPY 2,721 (+2.2% YoY).

Future operational policy and issues to be addressed

Since July 2011, INV has enhanced unitholder value by significantly increasing DPU with the Fortress Group as its sponsor. Going forward, INV will implement various strategies to maintain further growth, including the following measures.

- Continuous acquisition of properties from sponsor and third parties
- Further internal growth at hotel and residential properties
- Diversification of financing measures including the issuance of invest corporation bonds and extension and diversification of maturities

Details of the future growth strategy are as follows.

(i) External growth strategy

<u>New Property Acquisitions</u>

As its basic strategy, INV will move forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues is anticipated, and residential properties especially where rental growth can be achieved. Rent revenue from residential assets and other assets as well as the fixed rent portion from hotels will also contribute to more stable revenue, which was 67.4% of total revenue for 2016. This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign travelers visiting Japan, demands of business and leisure customers, the competitive hotel environment, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental revenue are forecasted to increase.

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties among other factors, and consider acquiring mainly small-type properties in large cities with strong competitiveness in which it believes it can achieve increases in rent. INV decided today to acquire two high quality family-type properties in Tokyo, taking into consideration of the rent growth potential for Royal Parks Tower Minami-Senju and the stability from the fixed-term lease for Royal Parks Seasir Minami-Senju, which will be beneficial to the diversification of the residential portfolio, as announced in the release "Notice concerning Acquisition of Assets and Entering into Leasing Contract" as of today.

These two residential properties are to be acquired from the pipeline of the sponsor, the Fortress Group, which has helped INV to achieve steady external growth as follows.

Properties Acquired from affiliates of the Fortress Group (as of the date of this document)

Date	Properties acquired	Total acquisition price
September 2012	24 residential properties	JPY 14,043 million
May 2014	Two hotels	JPY 5,435 million
July 2014	18 hotels	JPY 39,938 million
February 2015	Two hotels	JPY 4,911 million
July 2015	11 hotels and three residential properties	JPY 35,258 million
August 2015	One hotel	JPY 5,069 million
January 2016	Five hotels and one residential property	JPY 10,207 million
March 2016	Four hotels and one residential property	JPY 66,697 million
June 2016	Two hotels	JPY 15,900 million
Total	74 properties (of which 45 are hotels and 29 are residential properties)	JPY 197,458 million (of which hotels: JPY 170,382 million; residential: JPY 27,076 million)

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I, II, and III. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 1,400. In order to ensure future growth options for the portfolio, INV entered into an updated MOU with affiliates of the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 22 hotels and nine residential properties (excluding two residential properties anticipated to be acquired) (see the table below) (Note 1). In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisitions of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset Name	Asset Type (Note 2)	Location	No. of Rooms
1	Hotel MyStays Premier Akasaka	Limited Service Hotel	Minato-ku,Tokyo	327
2	Hotel MyStays Yokohama Kannai	Limited Service Hotel	Yokohama-shi, Kanagawa	166
3	RIHGA Royal Hotel Kyoto	Full Service Hotel	Kyoto-shi, Kyoto	489
4	Narita Excel Hotel Tokyu	Full Service Hotel	Narita-shi, Chiba	706
5	Hotel MyStays Premier Sapporo Park	Full Service Hotel	Sapporo-shi, Hokkaido	418
6	Hotel MyStays Sapporo Station	Limited Service Hotel	Sapporo-shi, Hokkaido	242
7	Hotel MyStays Oita	Limited Service Hotel	Oita-shi, Oita	145
8	Art Hotel Hirosaki City	Full Service Hotel	Hirosaki-shi, Aomori	134
9	Beppu Kamenoi Hotel	Resort Hotel	Beppu-shi, Oita	322
10	Fusaki Resort Village	Resort Hotel	Ishigaki-shi, Okinawa	195
11	Sheraton Grande Tokyo Bay Hotel	Full Service Hotel	Urayasu-shi, Chiba	1,016
12	Hotel MyStays Shin Osaka Conference Center	Limited Service Hotel	Osaka-shi, Osaka	397
13	Art Hotel Asahikawa	Full Service Hotel	Asahikawa-shi, Hokkaido	265
14	Hotel MyStays Kanazawa Castle	Limited Service Hotel	Kanazawa-shi, Ishikawa	206
15	Hotel JAL City Matsuyama	Full Service Hotel	Matsuyama-shi, Ehime	161

No.	Asset Name	Asset Type (Note 2)	Location	No. of Rooms
16	Hotel MyStays Ueno East	Limited Service Hotel	Taito-ku, Tokyo	150
17	(tentative) Hotel MyStays Honmachi 3-chome (Note 3)	Limited Service Hotel	Osaka-shi, Osaka	120
18	Hotel MyStays Sapporo Nakajima Park	Limited Service Hotel	Sapporo-shi, Hokkaido	86
19	Flexstay Inn Sakuragicho	Limited Service Hotel	Yokohama-shi, Kanagawa	70
20	MyCUBE by MYSTAYS Asakusa Kuramae	Limited Service Hotel	Taito-ku, Tokyo	161
21	Hotel MyStays Premier Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	120
22	Hotel MyStays Premier Omori	Limited Service Hotel	Shinagawa-ku, Tokyo	220
Hotel Subtotal				6,116
23	Gran Charm Hiroo	Residential/Small Type	Shibuya-ku, Tokyo	121
24	Plestay Win Kinshicho	Residential/Small Type	Sumida-ku, Tokyo	92
25	Gran Charm Kichijoji	Residential/Small Type	Musashino-shi, Tokyo	28
26	Green Patio Noda	Residential/Small Type	Noda-shi, Chiba	240
27	Dainichi F-45	Residential/Small Type	Urayasu-shi, Chiba	54
28	Gran Charm Urayasu	Residential/Small Type	Urayasu-shi, Chiba	54
29	Gran Charm Urayasu 5	Residential/Small Type	Urayasu-shi, Chiba	54
30	Gran Charm Minami Gyotoku I	Residential/Small Type	Ichikawa-shi, Chiba	52
31	Gran Charm Minami Gyotoku II	Residential/Small Type	Ichikawa-shi, Chiba	48
Residential Property Subtotal				743

(Note 1) The term of validity of the MOU is from December 22, 2016, the date of execution of the updated MOU, to December 21, 2017. The above 31 properties does not include two residential properties anticipated to be acquired upon the exercise of preferential negotiation rights under the MOU. Regarding the 31 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 2) Each "Asset Type" above is as follows:

"Limited Service Hotel" refers to a hotel focusing on revenues from room stay and offer limited service regarding foods and beverages, banquet, spa or gymnasium facilities.

"Full Service Hotel" refers to a hotel having segments of stay, foods and beverages, and banquet.

"Resort Hotel" refers to a hotel located at tourist destinations or recreational lots, having segments of stay, foods and beverages, and incidental facilities.

"Small Type" refers to a residential property in which the majority of dwelling units are less than 30 m^2.

(Note 3) (tentative) Hotel MyStays Honmachi 3-chome is scheduled to be completed in November 2017 and open in December 2017.

Property Sales

While INV places priority on increasing unitholders' value through external growth by taking into account the increased level of activity in the real estate trading market, it also plans to consider the possibility of property sale and replacement upon consideration of the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate.

(ii) Strategy for internal growth

(Hotels)

Of the 48 hotels owned by INV as at the end of the Reporting Period, 39 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of gross operating profit (GOP) after deducting management fees for the hotel operator as rents, and INV can directly enjoy the hotel revenue upside. In the case where GOP enters into a downward trend, INV could take advantage from the fixed rent portion or downside floor to protect itself from further loss. For 33 hotels, MyStays has implemented strict revenue management seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operation meetings and other contact with hotel operators and will focus on operations that maximize rent income.

(Residential properties and others)

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, while keeping in mind the high-season in the residential rental market that occurs during the fiscal period ending June 2017, INV will focus on increasing the occupancy rate and rent for both new lease contracts and lease renewals for each of its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

Further, the implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring stable operations and high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit. Especially for hotels, INV will carefully execute the plans for renovations and replacement of fixtures and fittings in order to maintain and increase revenues.

(iii) Financial strategy

INV has obtained its initial credit rating, strengthened its relationship with existing lenders and enhanced its lender formation via adding six new lenders including Japan Post Bank Co., Ltd. in order to further stabilize its financial base. Going forward, INV will work on diversifying financing measures including issuing investment corporation bonds. Also, INV seeks to maximize unitholders' value by way of extension and diversification of its borrowing terms, further reduction of borrowing costs, solicitation of new financial institutions and further strengthening of its lender formation.

(iv) Compliance risk management

While the executive officer of INV concurrently serves as the representative director at the Asset Manager, two supervisory directors (an attorney and a certified public account) oversee the execution of the executive officer's duties via the Board of Directors of INV. In addition, the compliance officer of the Asset Manager attends each meeting of the Board of Directors in the capacity of an observer.

The Asset Manager has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV's compliance with laws and regulations.

INV intends to continually take steps to strengthen its compliance structure.

c Significant Subsequent Events

(a) Issuance of New Investment Units

INV has resolved at its Board of Directors Meeting to issue new investment units ("Public Offering") and conduct secondary share offering per the below.
The details including issue price per unit will be determined at its Board of Directors Meeting to be held hereafter.

(i) Issuance of new investment units through public offering

Number of Investment Units to be offered	: 185,000 investment units
Use of proceeds	: INV will use the proceeds from the public offering for the acquisitions of "Royal Parks Tower Minami-Senju" and "Royal Parks Seasir Minami-Senju" as described in "(c) Property Acquisition" below.

(ii) Secondary offering of investment units (overallotment secondary offering)

Number of Investment Units Offered in the Secondary offering	: 9,250 investment units

(iii) Issuance of new investment units through third-party allotment (Note)

Number of Investment Units to be offered (maximum)	: 9,250 investment units
Allottee	: Mizuho Securities Co., Ltd.
Use of proceeds	: INV will keep the proceeds as cash-on-hand and use for future asset acquisition. The procured funds will be deposited at banks until disbursement.

(Note) There may be cases where there will be no subscription for whole or part of the investment units to be issued through the third-party allotment, resulting in a commensurate shortfall in the ultimate number of investment units to be issued through the third-party allotment, due to forfeiture, or there may be cases where such issuance itself will not take place at all.

(b) Borrowing of Funds

INV has decided today to obtain new loans ("Borrowings") in order to acquire properties described in "(c) Property Acquisition" below and related expenses. The details of loans are as follows:

(i) New Syndicate Loan (G)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Mizuho Bank, Ltd. Development Bank of Japan, Inc. Resona Bank, Limited The Bank of Fukuoka, Ltd. The Shizuoka Bank, Ltd. The Nomura Trust and Banking Co., Ltd. AEON Bank, Ltd. The Dai-ichi Life Insurance Company, Limited The Gunma Bank, Ltd. The Towa Bank, Ltd.	March 14, 2017	3,250	Variable interest rate (Note 1)	March 14, 2020	Unsecured / non guarantee
	March 14, 2017	3,250	Variable interest rate (Note 2)	March 14, 2021	Unsecured / non guarantee
	March 14, 2017	4,750	Variable interest rate (Note 3)	March 14, 2022	Unsecured / non guarantee
Total		11,250			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.40%)
(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.50%)
(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.60%)

(ii) Term Loan (F)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation.	Mach 14, 2017	3,000	Variable interest rate (Note)	September 14, 2020	Unsecured / non guarantee
Total		3,000			

(Note) 1-month JPY TIBOR (Base Rate) + spread (0.45%)

(c) Property Acquisition

The Asset Manager has decided today to acquire the two residential properties ("Acquisition") as follows:

Use	Property Number	Property Name	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller	Category of Specified Assets
Residence	A105	Royal Parks Tower Minami-Senju	Arakawa-ku, Tokyo	21,879	22,100	Sakura Tokutei Mokuteki Kaisha	Trust Beneficiary Interest
	A106	Royal Parks Seasir Minami-Senju	Arakawa-ku, Tokyo	2,683	2,710	Momo Tokutei Mokuteki Kaisha	
Total				24,562	24,810		

(Note 1) Acquisition price does not include property taxes, city planning taxes, national or local consumption taxes; hereinafter the same.

(Note 2) The appraisal value is as of December 1, 2016 based on the appraisal reports by Japan Real Estate Institute.

(Note 3) Figures are rounded down to the nearest million yen.

d　Operational Outlook

The forecasts of financial results for the fiscal periods ending June 30, 2017 and December 31, 2017 are as follows.

Fiscal Period ending June 30, 2017 (from January 1, 2017 to June 30, 2017)

Operating Revenues	JPY 9,285 million
Operating Income	JPY 5,268 million
Ordinary Income	JPY 4,590 million
Net Income	JPY 4,589 million
Total Distribution Amount (Including excess profit distribution)	JPY 4,798 million
Earnings per Unit	JPY 1,185
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,185
Excess Profit Distribution per Unit	JPY 55
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,240

Fiscal Period ending December 31, 2017 (from July 1, 2017 to December 31, 2017)

Operating Revenues	JPY 10,498 million
Operating Income	JPY 6,245 million
Ordinary Income	JPY 5,652 million
Net Income	JPY 5,651 million
Total Distribution Amount (Including excess profit distribution)	JPY 5,731 million
Earnings per Unit	JPY 1,460
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,460
Excess Profit Distribution per Unit	JPY 21
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,481

For reference purposes, full-year forecasts are provided below, since hotel revenues are influenced by seasonal effects.

(Reference) Full-year 2017 (Aggregate of the fiscal periods ending in June 2017 and December 2017)

Operating Revenues	JPY 19,783 million
Operating Income	JPY 11,513 million
Ordinary Income	JPY 10,242 million
Net Income	JPY 10,241 million
Total Distribution Amount (Including excess profit distribution)	JPY 10,530 million
Earnings per Unit	JPY 2,645
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 2,645
Excess Profit Distribution per Unit	JPY 76
Distribution per Unit (Including excess profit distribution per unit)	JPY 2,721

For the assumptions underlying the operational outlook for the fiscal periods ending June 30, 2017 and December 31, 2017, please see "Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2017 (from January 1, 2017 to June 30, 2017) and December 31, 2017 (from July 1, 2017 to December 31, 2017."

(Cautionary Note regarding Forward Looking Statements)

Forward looking statements such as the forecasts set forth herein are based on information currently available and certain assumptions that are deemed reasonable. Actual operating performance may vary significantly due to factors not foreseen at the time of this present notice, such as the occurrence of gains and losses associated with the sale of properties, repayment of borrowings and a decrease in rent received. Also, this forecast is not a guarantee of distribution amounts.

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2017 (from January 1, 2017 to June 30, 2017) and December 31, 2017 (from July 1, 2017 to December 31, 2017>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Fiscal period</td><td>The 28th fiscal period: from January 1, 2017 to June 30, 2017 (181 days)
The 29th fiscal period: from July 1, 2017 to December 31, 2017 (184 days)</td></tr>
<tr><td>Assets under management</td><td>Properties held as of the end of the 28th fiscal period: 126 properties
Properties held as of the end of the 29th fiscal period: 126 properties

INV assumes that INV will newly acquire 2 residential properties (Note) as of March 14, 2017 in addition to existing 124 properties, and there will be no change through the end of the fiscal period ending December 2017.

(Note) Regarding the acquisition of properties as of March 14, 2017, please refer to “Notice concerning Acquisition and of Assets and Entering into Leasing Contract” dated as of today.</td></tr>
<tr><td>Units outstanding</td><td>As of the end of the 28th fiscal period: 3,870,074 units
As of the end of the 29th fiscal period: 3,870,074 units

INV assumes that a total of 194,250 new investment units will be issued through the Public Offering (185,000 new investment units) and the Third Party Allotment (up to 9,250 new investment units), that the expected number of investment units issued and outstanding following the Offering will be 3,870,074 units, and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2017.</td></tr>
<tr><td>Interest-bearing liabilities</td><td>Balance as of the end of the 28th fiscal period: JPY 156,669 mn
Balance as of the end of the 29th fiscal period: JPY 156,669 mn

INV assumes that New Syndicate Loan (G) and Term Loan (F) are implemented as of March 14, 2017, as mentioned in today’s release “Notice concerning Debt Financing” and no other loan is implemented.</td></tr>
<tr><td>Operating revenues</td><td>INV expects to record rental revenues for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 9,285 mn</td><td>JPY 10,498 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 5,539 mn)</td><td>(JPY 6,425 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 2,644 mn)</td><td>(JPY 3,232 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 2,895 mn)</td><td>(JPY 3,192 mn)</td></tr>
</table>
Rental revenues in the fiscal period ending June 2017 and the fiscal period ending December 2017 are calculated based on estimates as of today from January 2017 to December 2017. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
The majority of INV’s owned hotels uses a variable rent scheme linked to performance of the relevant hotel. Hotel demand is affected by seasonal factors and the December ending fiscal periods (from July to December) which include summer holiday and autumn outing seasons tend to record higher revenue than the June ending fiscal periods (from January to June). Accordingly, rental revenue of INV tends to be higher in the December ending fiscal periods than in the June ending fiscal periods</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating expenses</td><td>
INV expects to incur property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Facility management fees</td><td>JPY 504 mn</td><td>JPY 537 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 33 mn)</td><td>(JPY 36 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 386 mn</td><td>JPY 470 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 9 mn</td><td>JPY 9 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,277 mn</td><td>JPY 2,407 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 403 mn</td><td>JPY 382 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 3,582 mn</td><td>JPY 3,807 mn</td></tr>
</table>
INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 434 mn</td><td>JPY 445 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 250 mn)</td><td>(JPY 250 mn)</td></tr>
</table>
</td></tr>
<tr><td>NOI</td><td>
INV expects to record net operating income for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 7,980 mn</td><td>JPY 9,097 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 5,259 mn)</td><td>(JPY 6,083 mn)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,347 mn)</td><td>(JPY 2,630 mn)</td></tr>
</table>
NOI calculation method in the above table is as follows
・NOI＝ Rental Revenues － Property Related Expenses + Depreciation Expenses
</td></tr>
<tr><td>Non-operating expenses</td><td>
INV expects to incur non-operating expenses for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 378 mn</td><td>JPY 400 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 220 mn</td><td>JPY 192 mn</td></tr>
<tr><td>・Other non-operating expenses</td><td>JPY 80 mn</td><td>-</td></tr>
<tr><td>(expenses relating to the issuance of new units for the Offering)</td><td>(JPY 80 mn)</td><td>(-)</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 678 mn</td><td>JPY 592 mn</td></tr>
</table>
</td></tr>
</table>

Item	Assumptions
Distribution per unit	The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation. With respect to the distribution for the fiscal period ending June 2017, INV expects to distribute an aggregate amount of JPY 4,798 million (distribution per unit: JPY 1,240) based on the assumption that excess profit distribution will be paid (JPY 209 million), in addition to net income for the fiscal period ending June 2017 (JPY 4,589 million) which will be used as funds. With respect to the distribution for the fiscal period ending December 2017, INV expects to distribute an aggregate amount of JPY 5,731 million (distribution per unit: JPY 1,481) based on the assumption that excess profit distribution will be paid (JPY 80 million), in addition to net income for the fiscal period ending December 2017 (JPY 5,651 million) which will be used as funds. For the fiscal periods ending June 2017 and December 2017, INV expects to record deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 151 million, which is equal to the amount for the fiscal period ended December 2016. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap does not affect the distribution per unit. Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Excess profit distribution per unit</td><td>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.
INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.

With respect to the fiscal period ending June 2017, due to one-off expenses in connection with Public Offering, Acquisition and Borrowings, earnings per unit is expected to decrease. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits (JPY 43 per unit) within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the transactions.

In addition, INV also intends to make distributions in excess of profits (JPY 12 per unit for the fiscal period ending June 2017, JPY 21 per unit for the fiscal period ending December 2017) in order to cope with the discrepancy between tax and accounting treatment for the fiscal period ending June 2017 and the fiscal period ending December 2017.

<table><tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr><tr><td>Excess profit distribution per unit</td><td>JPY 55</td><td>JPY 21</td></tr></table></td></tr>
<tr><td>Other</td><td>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.
In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</td></tr>
</table>