Invincible Investment Corporation

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

July 1, 2019

To All Concerned Parties

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Invincible Investment Corporation
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Notice concerning Revision of Forecast of Financial Results for the 32nd Fiscal Period Ended June 2019 and Revision of Forecast of Financial Results and Distribution for the 33rd Fiscal Period Ending December 2019

Invincible Investment Corporation ("INV") today announced the revision of its forecast of financial results for the fiscal period ended June 2019 (32nd Fiscal Period) as announced in "Notice concerning Revision of Forecast of Financial Results and Distribution for the 32nd Fiscal Period Ending June 2019" dated May 28, 2019, and the revision of its forecast of financial results and Distribution per Unit ("DPU") for the fiscal period ending December 2019 (33rd Fiscal Period) as announced in "Financial Summary for the December 2018 Fiscal Period (from July 1, 2018 to December 31, 2018)" dated February 21, 2019.

1. Revision of the forecast of financial results for the fiscal period ended June 2019 (from January 1, 2019 to June 30, 2019) and revision of the forecast of financial results and DPU for the fiscal period ending December 2019 (from July 1, 2019 to December 31, 2019)

<Fiscal Period Ended June 2019>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on May 28, 2019)	JPY million 27,319	JPY million 22,124	JPY million 21,210	JPY million 21,209	JPY million 9,384
Revised forecast (B)	JPY million 27,341	JPY million 22,187	JPY million 21,282	JPY million 21,281	JPY million 9,384
Amount of Variance (B) – (A)	JPY million 21	JPY million 63	JPY million 72	JPY million 72	JPY million -
Rate of variance ((B) – (A)) / (A)	% 0.1	% 0.3	% 0.3	% 0.3	% -

	Earnings per Unit (Note 1,2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1,2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on May 28, 2019)	JPY 3,742	JPY 1,656	JPY -	JPY 1,656
Revised forecast (B)	JPY 3,755	JPY 1,656	JPY -	JPY 1,656
Amount of Variance (B) – (A)	JPY 13	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% 0.3	% -	% -	% -

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 5,666,840 units

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to internal reserve from net income. Please refer to Appendix 1 <Assumptions Underlying the Forecast of Financial Results for the Fiscal Period ended June 2019 and the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2019> "Distribution per unit" for details.

<Fiscal Period Ending December 2019>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 21, 2019)	JPY million 15,596	JPY million 10,365	JPY million 9,422	JPY million 9,421	JPY million 9,497
Revised forecast (B)	JPY million 18,043	JPY million 12,107	JPY million 10,701	JPY million 10,700	JPY million 10,517
Amount of Variance (B) – (A)	JPY million 2,446	JPY million 1,742	JPY million 1,279	JPY million 1,279	JPY million 1,019
Rate of variance ((B) – (A)) / (A)	% 15.7	% 16.8	% 13.6	% 13.6	% 10.7

	Earnings per Unit (Note 1,2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1,2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on February 21, 2019)	JPY 1,662	JPY 1,662	JPY 14	JPY 1,676
Revised forecast (B)	JPY 1,755	JPY 1,725	JPY -	JPY 1,725

Amount of Variance (B) – (A)	JPY 93	JPY 63	JPY ▲14	JPY 49
Rate of variance ((B) – (A)) / (A)	% 5.6	% 3.8	% ▲100.0	% 2.9

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 5,666,840 units (previous forecast) and 6,096,840 units (revised forecast)

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to distribution from internal reserve. Please refer to Appendix 1 < Assumptions Underlying the Forecast of Financial Results for the Fiscal Period ended June 2019 and the Forecast of Financial Results and Distributions for the Fiscal Period ending December 2019 > “Distribution per unit” for details.

(Reference)

Assumptions underlying the forecast of financial results for the fiscal period ended June 2019 and the forecast of financial results and distribution for the fiscal period ending December 2019 are provided in Appendix 1. Simulated distribution per unit for the year 2019 are shown for reference purposes, which are calculated by applying adjustments, as the DPU for the fiscal period ended June 2019 could be affected due to the refinancing (Note 1), the change of investment structure regarding overseas hotel assets (the "Overseas Hotels") (Note 2) and prepayment of existing loan (Note 3), as well as the sale of properties (Note 4) (collectively, the "Transactions in the Fiscal Period Ended June 2019"), and the DPU for the fiscal period ending December 2019 will be affected due to acquisition of properties announced as of July 1, 2019 (the "Anticipated Acquisitions") (Note 5), the issuance of new investment units through the public offering and the third party allotment (collectively, the "Public Offering") (Note 6) announced as of July 1, 2019 and the new borrowings (the "Borrowings") (Note 7) announced as of July 1, 2019 (collectively, the "Transactions in the Fiscal Period Ending December 2019"), assuming that all Transactions in the Fiscal Period Ended June 2019 and Transactions in the Fiscal Period Ending December 2019 had occurred prior to the commencement of the fiscal period ended June 2019. For details on the method for calculation and figures of simulated distribution per unit, please refer to Appendix 2. In addition, the 2019 annual DPU sensitivity versus ADR growth based on simulated distribution per unit for the year 2019 is also shown in Appendix 3.

(Note 1) Refinancing announced in the press releases entitled "Notice concerning Debt Financing (Refinance)" as of January 18, 2019 and March 27, 2019, and "Notice concerning Debt Financing (Refinance) and Execution of Interest Rate Swap Agreement" as of June 13, 2019 and June 26, 2019, and implemented during the fiscal period ended June 2019 (collectively referred to as the "Refinancing in the Fiscal Period Ended June 2019").

(Note 2) Change in investment structure in the Overseas Hotels (the "Structure Change") implemented during the fiscal period ended June 2019, announced in the press release entitled "Notice concerning Change of Investment Structure regarding Overseas Assets" as of May 9, 2019.

(Note 3) Prepayment of loan announced in the press release entitled "Notice concerning Prepayment of Loan" as of May 31, 2019.

(Note 4) Sale of the properties announced in the press releases entitled "Notice concerning Sale of Domestic Trust Beneficiary Interest" as of May 17, 2019, and May 28, 2019, and implemented during the fiscal period ended June 2019 (collectively referred to as the "Sale in the Fiscal Period Ended June 2019").

(Note 5) The Anticipated Acquisitions refers to acquisition of the eighteen domestic hotel properties to be acquired announced in the press releases entitled "Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests" as of July 1, 2019.

(Note 6) The Public Offering refers to the issuance of new investment units through the public offering (the "Primary Offering") and the third party allotment (the "Third Party Allotment", and the together with the Primary Offering, the "Public Offering") announced in the press release entitled "Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units" as of July 1, 2019.

(Note 7) The Borrowings refer to the borrowings announced in the press release entitled "Notice concerning Debt Financing" as of July 1, 2019.

2. Reasons for the revision of forecast of financial results and distribution

As announced in the press releases “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests”, “Notice concerning Debt Financing” and “Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units” as of July 1, 2019, INV expects to conduct the Public Offering as well as Borrowings in order to acquire the Anticipated Acquisitions on July 19, 2019.

Due to the acquisition of the properties and other transactions mentioned above, the operating revenue for the fiscal period ending December 2019 is expected to increase by 10% or more from the previous forecasts announced in “Financial Summary for the December 2018 Fiscal Period (from July 1, 2018 to December 31, 2018)” dated February 21, 2019. Therefore, INV is revising the forecast of financial results and distributions for the fiscal period ending December 2019. The revision of the forecast of financial results for the fiscal period ended June 2019 is based on the improved performance of the existing portfolio as of today.

3. Excess profit distribution policy

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 per unit, 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 mitigating the impact of corporate tax increases arising from different rules and practices in tax and accounting, such as treatment on depreciation of fixed term land lease or asset retirement obligation.

With respect to the fiscal period ended June 2019, INV will record an estimated capital gain of JPY 11,154 million (Note 1) (the “Capital Gain”), and INV plans to reserve substantially all of the Capital Gain and to apply substantially all of the sale proceeds to a part of the Anticipated Acquisitions. Therefore, the Distribution per Unit will be lower than the Earnings per Unit for the fiscal period ended June 2019. Mainly due to the fact that the Capital Gain will be retained by INV, the distribution payout ratio will not be large enough to fulfill the tax conduit requirement (Note 2) of paying out at least 90% of net distributable income as dividends. However, INV has tax-loss carry forwards in the amount of JPY 22.6 billion (mainly arising out of disposition of the assets in the fiscal period ended December 2010) a portion of which will be applied to fully offset the expected taxable income. As a result, INV does not expect to be required to pay any additional income taxes for the fiscal period ended June 2019.

On the other hand, with respect to the fiscal period ending December 2019, INV will record one-off expenses in connection with the Public Offering and the Borrowings, but can expect income growth from the Anticipated Acquisitions and as a result, the net one-time transaction costs to DPU are expected to be limited. Moreover, INV plans to accumulate internal reserves in the amount of JPY183 million, which corresponds to the difference between net income per unit (JPY 1,755) and simulated DPU (JPY 1,725). INV will utilize such internal reserve for the growth in the medium to long term and/or stabilization of DPU level in the future.

Therefore, INV does not intend to make distributions in excess of profits in order to stabilize distributions for either of the fiscal period ended June 2019 or the fiscal period ending December 2019. Furthermore, INV does not need to make distributions in excess of profits in order to mitigate the impact of the discrepancy between tax and accounting treatment.

The sum of the forecasted figures for the year 2019 earnings per unit, distribution per unit (excluding excess profit distribution per unit), excess profit distribution per unit, and distribution per unit (including excess profit distribution per unit) and simulated distribution per unit are summarized in the table A below. Simulated distribution per unit for the fiscal period ended June 2019 is calculated by applying the adjustments listed in 1 through 9 among the adjustments described in Appendix 2, and simulated distribution per unit for the fiscal period ending December 2019 are calculated by applying adjustments listed in 7 through 10, respectively, among the adjustments described in Appendix 2. For the other assumptions, please refer to Appendix 1.

INV will seek to utilize any available accumulated retained earnings for the purpose of stabilizing DPU in the future as INV deems appropriate under the circumstances. In large part due to an estimated JPY 11.1 billion capital gain from asset sales, INV projects having JPY 11.8 billion of accumulated retained earnings at the end of the June 2019 fiscal period. This JPY 11.8 billion translates to JPY 1,951 per unit based on the number of issued units after the Public Offering assuming the maximum number of units is issued in the Public Offering. INV intends to maintain at least an annual dividend of JPY 3,400 per unit for 2020, which is approximately equivalent to JPY 3,407 simulated distributions per unit for the year 2019 as indicated below, by using accumulated retained earnings to the extent necessary.

(Note 1) Expected gain on sale is calculated by deducting the estimated transfer related cost and is an estimate as of today, and is subject to change.

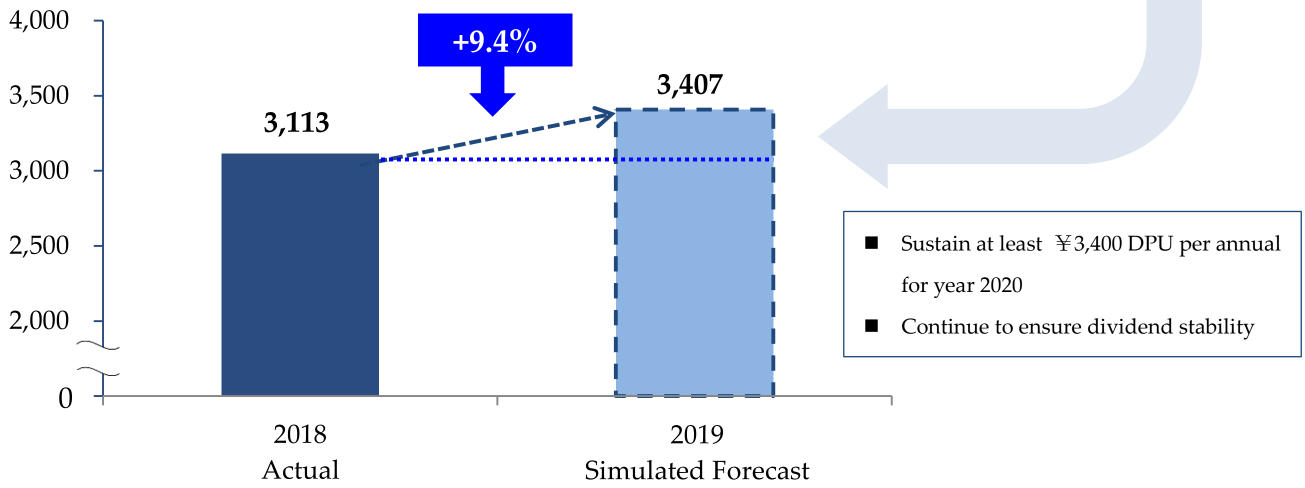
(Note 2) Investment corporations under the J-REIT system can deduct the amount of cash distributions in calculating its taxable income as long as they satisfy certain conditions (conduit requirements), in order to prevent double taxation between J-REIT and unitholders.

<Use of Retained Earnings to Maintain Annual DPU Going Forward>

INV projects to have JPY 11.8 billion of accumulated retained earnings, largely due to an estimated JPY 11.1 billion gain from the sales of two residential properties, which is equivalent to JPY 1,951 of retained earnings per unit after the Public Offering (Note 1). INV intends to use such retained earnings to maintain at least an annual DPU of JPY 3,400 for 2020, and plans to continue to ensure distribution stability thereafter.

Total Retention of Net Income (Forecast)	Sale of Spacia Ebisu	Sales of Royal Parks Minami-Senju	Others		Projected Units after the Offering[1] (Forecast)		Total Estimated Retained Earnings per Unit (Forecast)
¥11.8 billion	¥5.6 billion	¥5.5 billion	¥0.7 billion	÷	6,096,840 units	=	¥1,951

Annual DPU: 2018 Actual and 2019 Simulated Forecast



(Note 1) Assuming that the over-allotment option is fully exercised

(Note 2) The above only shows INV's current intention of how to utilize the accumulated retained earnings and is not a guarantee of minimum DPU level. INV may not achieve JPY 3,400 annual DPU in 2020 even if INV fully applies the accumulated retained earnings to distribution where there is a substantial decrease in income due to unforeseeable circumstances.

Invincible Investment Corporation

[Table A]

	Earnings per Unit	Distribution per Unit (Excluding Excess Profit Distribution per Unit)	Excess Profit Distribution per Unit	Distribution per Unit (Including Excess Profit Distribution per Unit)	Simulated Distribution per Unit
Forecast for the fiscal period ended June 2019 (Note 1)	JPY 3,755	JPY 1,656	JPY -	JPY 1,656	JPY 1,682
Forecast for the fiscal period ending December 2019 (Note 2)	JPY 1,755	JPY 1,725	JPY -	JPY 1,725	JPY 1,725
Forecast for the year 2019	JPY 5,510	JPY 3,381	JPY -	JPY 3,381	JPY 3,407

(Note 1) Based on the number of investment units issued and outstanding as of the end of the fiscal period ended June 2019 of 5,666,840 units.

(Note 2) It is assumed the forecasted number of investment units issued and outstanding as of the end of the fiscal period ending December 2019 is 6,096,840 units. The earnings per unit, distribution per unit (excluding excess profit distribution per unit), excess profit distribution per unit, distribution per unit (including excess profit distribution per unit) and simulated distribution per unit for this fiscal period are JPY 1,761, JPY 1,731, JPY 0, JPY 1,731 and JPY 1,731, respectively, based on the assumption that such forecasted number is 6,076,364 where no investment units are issued through the Third Party Allotment.

(Note 3) Figures are rounded down to the indicated amount. Hereinafter the same.

4. Reasons for Forecast Revision

The revised DPU forecast for the fiscal period ended June 2019 is JPY 1,656 (+15.8% year-on-year) and the DPU forecast for the fiscal period ending December 2019 is JPY 1,725 (+2.5% year-on-year); the DPU for the full calendar year 2019 is forecast to be JPY 3,381 (+8.6% year-on-year) and DPU growth is expected steady in 2019 against actual DPU in 2018.

NOI for INV's entire portfolio as of the fiscal period ending December 2019 is expected to grow by 36.2% due to revenue contributions from the assets to be acquired and internal growth of the existing portfolio. As for internal growth of the hotel portfolio and the residential portfolio, NOI for the hotel portfolio (Note 1) and residential portfolio (Note 2) for the fiscal period ending December 2019 are expected to grow by 1.1% and 1.2%, respectively, vs. NOI for the same period in the previous year, and the total NOI is expected to grow by 1.1%. With regard to the hotel portfolio (Note 1), INV expects occupancy rate and RevPAR (Note 3) for the fiscal period ending December 2019 to increase by 1.0pt and 0.6%, respectively, while ADR to decline by 0.5%, resulting in GOP (Note 3) growth of 2.1%.

INV continues to cooperate with the operators of its hotels to achieve internal growth, and in particular, it is closely working with MyStays Hotel Management Co., Ltd. ("MHM") and moving ahead with a wide array of initiatives. MHM has been actively improving its revenue management and overbooking strategy. In terms of distribution, MHM now sells room inventory on the Fliggy platform (part of Alibaba, a prestigious IT company in China invested by SoftBank Group) in China to attract additional Chinese tourists. Overall, MHM has continued to push its online marketing including through social media and other channels to increase its brand recognition and direct customer base.

In addition to the operating improvements mentioned above, INV renovated or will renovate five hotels in 2019 (Hotel MyStays Yokohama, Hotel MyStays Shimizu, Hotel MyStays Premier Kanazawa, Hotel MyStays Gotanda Station and Flexstay Inn Kiyosumi Shirakawa). This resulted or will result in partial downtime from a portion of the rooms at these five hotels, but is expected to result in higher GOP at all five hotels in the fiscal period ending 2019.

INV expects tourism to continue to drive demand for rooms with the upcoming large events such as 2019 Rugby World Cup and the Tokyo 2020 Olympic and Paralympic Games. INV's hotels are well positioned to benefit as INV will own hotels in 8 prefectures out of 12 prefectures where the rugby venues are located, as well as its unique footprint where it has 33 hotels and 5,236 rooms that surround major Tokyo Olympic and Paralympic venues.

Meanwhile, with regard to internal growth of the residential portfolio, NOI for the fiscal period ending December 2019 for 62 residential properties owned by INV as of the end of June 2019 is expected to grow by 1.2% against that for the corresponding period in the previous year since the rent increase program has brought results. INV forecasts occupancy rate (Note 4) to increase from 96.0% to 97.1% and average rent per tsubo (Note 4) to increase by 0.6%, from JPY 9,353 to JPY 9,407 against those for the corresponding period in the previous year.

In addition, as announced in the press releases “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” dated July 1, 2019, INV will acquire eighteen hotel properties totaling JPY 82,646 million in the fiscal period ending December 2019, and these hotels are anticipated to increase the simulated portfolio NOI by JPY 2,746 million, or JPY 450 per unit for the fiscal period ending December 2019, based on forecasted number of investment units issued and outstanding after the Public Offering, as of the end of the fiscal period ending December 2019. INV seeks to maximize unitholders' value while building its portfolio with hotels and residential properties as its core assets via focusing on both growth and stability.

(Note 1) Calculated based on 74 hotel properties; of the 84 hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) to be owned after the anticipated acquisition, 9 hotels with fixed-rent lease agreements as well as Hotel MyStays Nagoya Nishiki, which was rebranded as MyStays and reopened in July 2018, are excluded. Such nine hotels with fixed-rent are 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 Tsubamesanjo, Comfort Hotel Kitami, and Takamatsu Tokyu REI Hotel.

(Note 2) Calculated based on actual results and forecasts for the 62 residential properties owned as of the end of June 2019. Excludes one-off insurance-related revenues and expenses.

(Note 3) For definition of ADR, occupancy rate for hotel portfolio, RevPAR and GOP, please refer to “4. Reasons for Forecast Revision (Reference)” below.

(Note 4) For definition of occupancy rate and average rent per tsubo, please refer to “4. Reasons for Forecast Revision (Reference)” below.

(Reference)

<Forecasts for Performance Indicators of Hotel Properties (74 hotels (Note 1))>

	Y2019		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	87.7%	89.9%	88.8%
ADR (JPY) (Note 3)	11,590	11,880	11,738
RevPAR (JPY) (Note 4)	10,160	10,676	10,420
GOP (JPY million) (Note 5)(Note 6)	14,047	15,211	29,258

Year-on-Year Changes

	Y2019		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	+1.4pt	+1.0pt	+1.2pt
ADR	+4.3%	-0.5%	+1.7%
RevPAR	+5.9%	+0.6%	+3.1%
GOP	+4.8%	+2.1%	+3.4%

(Note 1) For definition of 74 hotel properties, please refer to Note 1 of “4. Reasons for Forecast Revision” above.

(Note 2) “Occupancy Rate” for hotel portfolio is calculated using the following formula: room occupancy rate = total number of rooms occupied during the relevant period ÷ (aggregate number of rooms during the relevant period x number of days during relevant period). Hereinafter the same.

(Note 3) “ADR,” or Average Daily Rate, is the value of the total room revenues for a certain period (excluding service fees) divided by the total number of sold rooms for the same period. Hereinafter the same.

(Note 4) “RevPAR,” or Revenues Per Available Room, is calculated by dividing the total revenues 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 ADR and occupancy rate. Hereinafter the same.

(Note 5) “GOP,” or Gross Operating Profit, is rent revenue INV receives as a rent which is the amount remaining after deducting the personnel, material, water, electricity, and heating and advertising expenses as well as the management service fee for the hotel operations (if any) from the hotel’s revenues. Hereinafter the same.

(Note 6) With respect to APA Hotel Yokohama-Kannai, we consider the rent paid to INV for this hotel as GOP of this hotel.

<Forecasts for Performance Indicators of Residential Properties (62 properties (Note 1))>

	Y2019		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	96.5%	97.1%	96.8%
Average Rent per Tsubo per Month (Note 3) (JPY)	9,362	9,407	9,385
NOI (JPY million) (Note 4)	1,797	1,810	3,607

Year-on-Year Changes

	Y2019		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	+0.4pt	+1.1pt	+0.7pt
Average Rent per Tsubo per Month	+0.7%	+0.6%	+0.6%
NOI	+1.6%	+1.7%	+1.6%

(Note 1) For definition of 62 residential properties, please refer to Note 2 of "4. Reasons for Forecast Revision" above.

(Note 2) "Occupancy Rate" is calculated by dividing the sum of total residential leased area by the sum of total residential leasable area at the end of each month of each period. Hereinafter the same.

(Note 3) "Average Rent per Tsubo per Month" is calculated by dividing the total residential rental revenue including common area charges for each month by the sum of total residential leasable area at the end of each month, indicating the average rent per Tsubo weighted by leased area. Hereinafter the same.

(Note 4) Figures are rounded down to the indicated amount. Excludes one-off insurance-related revenues and expenses. Hereinafter the same.

Based on the above, the forecasts of earnings per unit and distribution per unit for the full calendar year 2019 are as follows:

<Full-year 2019> (Aggregate of the fiscal periods ended June 2019 (Forecast) and ending December 2019 (Forecast))

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Previous forecast (A) (announced on February 21, 2019 and May 28, 2019)	JPY 5,404	JPY 3,318	JPY 14	JPY 3,332
Revised forecast (B)	JPY 5,510	JPY 3,381	JPY -	JPY 3,381
Amount of variance (B)- (A)	JPY 106	JPY 63	JPY ▲14	JPY 49
Rate of variance ((B) – (A)) / (A)	% 2.0	% 1.9	% ▲100.0	% 1.5

(Note) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ended June 2019 was 5,666,840 units and the number of investment units issued and outstanding at the end of the fiscal period ending December 2019 is 6,096,840 units.

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

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results for the Fiscal Period ended June 2019 and the Forecast of Financial Results and Distribution for the Fiscal Period ending December 2019>

Item	Assumptions
Fiscal period	The June 2019 Fiscal Period: from January 1, 2019 to June 30, 2019 (181 days) The December 2019 Fiscal Period: from July 1, 2019 to December 31, 2019 (184 days)
Assets under management	Properties held as of the end of the June 2019 Fiscal Period: 129 properties and preferred equity interests in one TMK Properties held as of the end of the December 2019 Fiscal Period: 147 properties and preferred equity interests in one TMK In addition to the properties held as of today (129 properties and preferred equity interests in one TMK), INV assumes that INV will newly acquire eighteen Anticipated Acquisitions as of July 19, 2019 (Note) and that there will be no other change in the portfolio through the end of the fiscal period ending December 2019. For the financial results for the fiscal period ended June 2019, the performance of Royal Parks Tower Minami-Senju and Spacia Ebisu during the period is taken into account. (Note) For details regarding the details of Anticipated Acquisitions, please refer to "Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests" as of today.
Units outstanding	As of the end of the June 2019 Fiscal Period: 5,666,840 units As of the end of the December 2019 Fiscal Period: 6,096,840 units INV assumes that a total of 430,000 new investment units will be issued through the Primary Offering (409,524 new investment units) and the Third Party Allotment (up to 20,476 new investment units), and that the expected number of investment units issued and outstanding following the Offering will be 6,096,840 units, and that there will be no additional issuance of units thereafter through the end of the December 2019 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the fiscal period ended June 2019: JPY 228,774 million (borrowing: JPY 224,774 million, investment corporation bonds: JPY 4,000 million) Balance as of the end of the fiscal period ending December 2019: JPY 256,174 million (borrowing: JPY 252,174 million, investment corporation bonds: JPY 4,000 million) INV assumes that JPY 27,400 million of borrowing is implemented as of July 19, 2019, for the fiscal period ending December 2019, as mentioned in the press release entitled "Notice concerning Debt Financing" as of today. In addition, INV intends refinance the same amount of loan due in December 2019 Fiscal Period at a similar condition. INV assumes no other new loan or prepayment of loan through the end of the December 2019 Fiscal Period.

<table>
<tr><th>Item</th><th>Assumptions</th></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 2019 Fiscal Period</th><th>December 2019 Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 12,210 million</td><td>JPY 15,944 million</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 8,562 million)</td><td>(JPY 13,201 million)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 4,168 million)</td><td>(JPY 6,466 million)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 4,394 million)</td><td>(JPY 6,734 million)</td></tr>
<tr><td>・Management contract revenue</td><td>JPY 569 million</td><td>JPY 1,393 million</td></tr>
<tr><td>・TMK Dividend amount</td><td>JPY 800 million</td><td>JPY 705 million</td></tr>
<tr><td>・TK Dividend amount</td><td>JPY 2,606 million</td><td>-</td></tr>
<tr><td>・Gain on sale</td><td>JPY 11,154 million</td><td>-</td></tr>
<tr><td>Total operating revenues</td><td>JPY 27,341 million</td><td>JPY 18,043 million</td></tr>
</table>

INV estimates gain on sales of JPY 5,509 million from sale of Royal Parks Tower Minami-Senju completed on June 7, 2019, and JPY 5,644 million from sale of Spacia Ebisu completed on June 19, 2019 for the fiscal period ended June 2019.

INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the special purpose company.

Due to the Structure Change, INV receives revenue from the Overseas Hotels as TK dividend until May 9, 2019 and recognizes management contract revenue from the Overseas Hotels on and after May 10, 2019. The forecasts of TK dividend and management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the TK operator or the hotel management company. TK dividend and management contract revenue have been calculated based on the exchange rate of USD 1 = JPY 110.00, as the exchange rate is fixed based on the currency put/call options covering approximately 85% of expected cash flow.

Rental revenues in the fiscal period ended June 2019 and the fiscal period ending December 2019 are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
</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 and management contract expenses out of operating expenses for each fiscal period as follows:

<table>
<tr><th></th><th>June 2019 Fiscal Period</th><th>December 2019 Fiscal Period</th></tr>
<tr><td>・Facility management fees
(of these, repair costs)</td><td>JPY 632 million
(JPY 25 million)</td><td>JPY 519 million
(JPY 21 million)</td></tr>
<tr><td>・Taxes and other public charges (Note)</td><td>JPY 545 million</td><td>JPY 621 million</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 51 million</td><td>JPY 145 million</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 3,198 million</td><td>JPY 3,882 million</td></tr>
<tr><td>・Other expenses</td><td>JPY 193 million</td><td>JPY 147 million</td></tr>
<tr><td>Total property related expenses and management contract expenses</td><td>JPY 4,621 million</td><td>JPY 5,317 million</td></tr>
</table>

(Note) Property taxes and city planning taxes on the assets to be acquired in 2019 including anticipated acquisition of assets are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December 2019 and recorded from the fiscal period ending June 2020 as the amount equivalent to such settlement is included in the acquisition cost.

For the Anticipated Acquisitions, INV expects to record the property taxes and city planning taxes of JPY 109 million as part of the total acquisition cost, and an annual amount of JPY 241 million of such taxes as expenses starting from the fiscal period ending June 2020.

INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal period ending December 2019 as follows:

<table>
<tr><th></th><th>June 2019 Fiscal Period</th><th>December 2019 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 532 million</td><td>JPY 618 million</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 300 million)</td><td>(JPY 300 million)</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 2019 Fiscal Period</th><th>December 2019 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 14,764 million</td><td>JPY 16,609 million</td></tr>
<tr><td>(of these, domestic hotel NOI)</td><td>(JPY 8,923 million)</td><td>(JPY 13,350 million)</td></tr>
<tr><td>(of these, overseas hotel NOI)</td><td>(JPY 3,138 million)</td><td>(JPY 1,263 million)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,517 million)</td><td>(JPY 1,810 million)</td></tr>
</table>

NOI calculation method in the above table is as follows
(until May 9, 2019)
・NOI＝ Rental Revenues － Property Related Expenses + Depreciation Expenses+ Dividend on the preferred equity interest(TMK dividend) + Dividend on TK Interest (TK dividend)

(on and after May 10, 2019)
・NOI＝ Rental Revenues － Property Related Expenses + Depreciation Expenses+ Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue－Management Contract Expense)
</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></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 2019 Fiscal Period</th><th>December 2019 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 591 million</td><td>JPY 692 million</td></tr>
<tr><td>・Finance related costs</td><td>JPY 298 million</td><td>JPY 498 million</td></tr>
<tr><td>・Interest for investment corporation bonds</td><td>JPY 11 million</td><td>JPY 11 million</td></tr>
<tr><td>・Depreciation of investment corporation bonds issuance expenses</td><td>JPY 3 million</td><td>JPY 3 million</td></tr>
<tr><td>・Other non-operating expenses (expenses relating to the issuance of new units for the Offering)</td><td>-</td><td>JPY 200 million</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 905 million</td><td>JPY 1,406 million</td></tr>
</table></td></tr>
<tr><td>Distribution per unit</td><td>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 ended June 2019, INV expects to distribute as profit distributions an aggregate amount of JPY 9,384 million (distribution per unit: JPY 1,656) which is the remaining amount after retaining internal reserve (JPY 11,897), a portion of the increase in net income million due to Structure Change and sales of Royal Parks Tower Minami-Senju and Spacia Ebisu for the fiscal period ended June 2019 (JPY 21,281 million).

With respect to the distribution for the fiscal period ending December 2019, INV expects to distribute an aggregate amount of JPY 10,517 million (distribution per unit: JPY 1,725) which is the remaining amount after retaining JPY 183 million for internal reserve from net income for the fiscal period ending December 2019 (JPY 10,700 million).
For the fiscal period ended June 2019 and fiscal period ending December 2019, INV expects to record deferred gain on hedge of the interest rate swap and the currency option as the valuation and conversion adjustments, etc. of JPY 108 million, which is equal to the amount for the fiscal period ended December 2018. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap and the currency option 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.</td></tr>
</table>

<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 per unit, 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.
INV will not make distributions in excess of profits for the fiscal period ended June 2019, as INV intends to retain a certain amount of the net income.
With respect to the fiscal period ending December 2019, INV will not make distributions in excess of profits as the impact to distribution per unit due to one off expenses in connection with the Public Offering, Anticipated Acquisition and the Borrowings is limited with the increase in revenue from the Anticipated Acquisition. In addition, INV will not make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.
<table><tr><th></th><th>June 2019
Fiscal Period</th><th>December 2019
Fiscal Period</th></tr><tr><td>Excess profit distribution per unit</td><td>-</td><td>-</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.
On April 1, 2019, an amended Act on Special Measures Concerning Taxation was enacted in Japan that amends the requirement that “a J-REIT must not hold 50% or more of the shares or investment in another corporation” by expanding the regulation to include investments in anonymous associations (tokumei kumiai or TK). By implementing the Structure Change, INV expects to comply with the tax conduit requirement in the fiscal period ending December 2019, which commences after the effective date of the amended Act on Special Measures Concerning Taxation
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>

(Appendix 2)

<Simulated distribution per unit for full-year 2019>

Simulated distribution per unit for the year 2019 refers to sum of (i) earnings per unit calculated by first assuming the forecast financial results for the fiscal period ended June 2019 and the forecast of financial results for the fiscal period ending December 2019 and then, by applying the simulated adjustments below, eliminating the effects of such factors as one-off expenses and treating the Refinancing in the Fiscal Period Ended June 2019, the Structure Change, the Sale in the Fiscal Period Ended June 2019, the Anticipated Acquisitions, the Public Offering and the Borrowings etc. as if they had occurred prior to the beginning of the fiscal period ended June 2019 (except that the adjustment with respect to Sale in the Fiscal Period Ended June 2019 described in 11 below applies only to the simulated figures *Before the Transactions*), and (ii) excess profit distribution per unit (limited to distribution in excess of profit for coping with the discrepancy between tax accounting treatment).

Simulated adjustments used to calculate simulated distribution per unit for the year 2019 include the following adjustments

1. Elimination of one-off revenues/expenses in connection with the Transactions for the Fiscal Period Ended June 2019.
2. The figures are on the assumption that the debt refinance as announced in the press releases entitled “Notice concerning Debt Financing (Refinance)” as of January 18, 2019 and March 27, 2019 and “Notice concerning Debt Financing (Refinance) and Execution of Interest Rate Swap Agreement” as of June 13, 2019 and June 26, 2019, had been implemented from the beginning of the fiscal period ended June 2019.
3. The figures are on the assumption that the change in recognition of revenue and expenses of the Overseas Hotels as announced in the press releases entitled “Notice concerning Change of Investment Structure regarding Overseas Assets” as of May 9, 2019 had been reflected from the beginning of the fiscal period ended June 2019.
4. Elimination of gain on sales of the assets sold announced in the press releases entitled “Notice concerning Sale of Domestic Trust Beneficiary Interest” as of May 17, 2019 and May 28, 2019.
5. The figures are on the assumption that the decrease in revenue attributable to the assets sold as announced in the press releases entitled “Notice concerning Sale of Domestic Trust Beneficiary Interest” as of May 17, 2019 and May 28, 2019 had been recorded from the beginning of the fiscal period ended June 2019.
6. The figures are on the assumption that the repayment of loan announced in the press release entitled “Notice concerning Prepayment of Loan” as of May 31, 2019 had been implemented from the beginning of the fiscal period ended June 2019.
7. The figures are on the assumption that revenue contributions as well as expenses such as property taxes and city planning taxes on the assets to be acquired announced in the press releases entitled “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” as of today were recorded from the beginning of the fiscal period ended June 2019.
8. The figures are on the assumption that borrowings announced in the press release entitled “Notice

concerning Debt Financing" as of today were recorded from the beginning of the fiscal period ended June 2019.

9. The figures are on the assumption that a total of 430,000 units (409,524 units through the Public Offering and up to 20,476 units through the Third Party Allotment) were issued at the beginning of the fiscal period ended June 2019.
10. Elimination of one-off revenues/expenses in connection with the Transactions for the Fiscal Period Ending December 2019.
11. The figures are based on the assumption that the sale of assets as announced in the press releases entitled "Notice concerning Sale of Domestic Trust Beneficiary Interest" as of May 17, 2019 and May 28 2019, had not occurred by the end of the fiscal period ending December 2019.

The simulated distribution per unit for the year 2019 as well as the simulated earnings per unit, simulated distribution per unit (excluding excess profit distribution per unit) and simulated excess profit distribution per unit, for the year 2019, which are calculated by applying the same adjustments as the simulated distribution per unit for the year 2019 are summarized in the column of "After the Transactions" of the Table A below. In addition, to exhibit the effect of the transactions in connection to asset replacement stated in "Notice concerning Sale of Domestic Trust Beneficiary Interest" as of May 17, 2019 and May 28 2019, and "Notice concerning Acquisition of Assets and Entering into Leasing Contract", "Notice concerning Debt Financing" and "Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units" as of July 1, 2019 (collectively, the "Transactions"), these figures before the Transactions are also included in the Table A.

Simulated distribution per unit after the Transactions are calculated by applying all adjustments in 1 through 10 listed above, while simulated distribution per unit before the Transactions are calculated by applying the adjustments listed in 1 through 4, 6 and 11 above which are related to transactions etc. implemented before the Transactions.

The simulated distribution per unit for the year 2019 and the other figures in the Table A below are purely a simulation intended to describe the effect of the Transactions, etc. described above and are neither a forecast nor prospect relating to INV's earnings or distribution per unit for a given operating period. Accordingly, there is no guarantee that the simulated distribution per unit for the year 2019 will ever be realized for any future period, and INV is not obligated to revise any of the simulated figures regardless of any changes in circumstances that may affect the above simulation.

[Table A]

	Simulated Earnings per Unit for the year 2019 (Note)	Simulated Distribution per Unit (Excluding Excess Profit Distribution per Unit) for the year 2019 (Note)	Simulated Excess Profit Distribution per Unit for the year 2019 (Note)	Simulated Distribution per Unit (Including Excess Profit Distribution per Unit) for the year 2019 (Note)
Before the Transactions (A)	JPY 3,262	JPY 3,262	JPY 28	JPY 3,290
After the Transactions (B)	JPY 3,403	JPY 3,403	JPY 4	JPY 3,407
Amount of variance (B) – (A)	JPY 141	JPY 141	JPY ▲24	JPY 119
Rate of variance ((B) – (A)) / (A)	% 4.3	% 4.3	% ▲85.7	% 3.6

(Note) Assumption: the number of investment units issued and outstanding before the Transactions: 5,666,840 units; the number of investment units issued and outstanding after the Transactions: 6,096,840 units.

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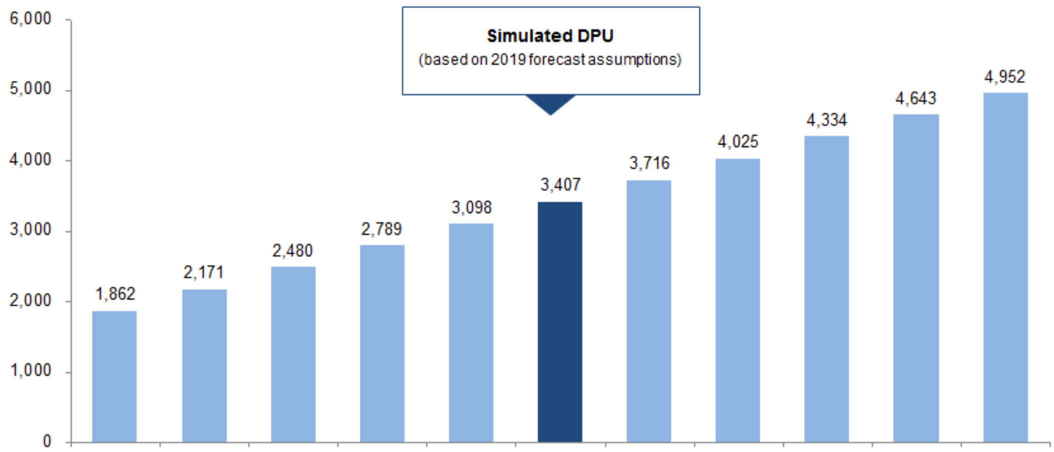
(Appendix 3)

<Simulated DPU for full-year 2019 Sensitivity (vs ADR Growth) >

(JPY)



ADR Growth[1]	-25%	-20%	-15%	-10%	-5%	**0%**	5%	10%	15%	20%	25%
Hotel ADR[2]	8,357	8,914	9,471	10,029	10,586	**11,143**	11,700	12,257	12,814	13,371	13,929
Simulated DPU Growth[3]	-45.3%	-36.3%	-27.2%	-18.1%	-9.1%	-	9.1%	18.1%	27.2%	36.3%	45.3%

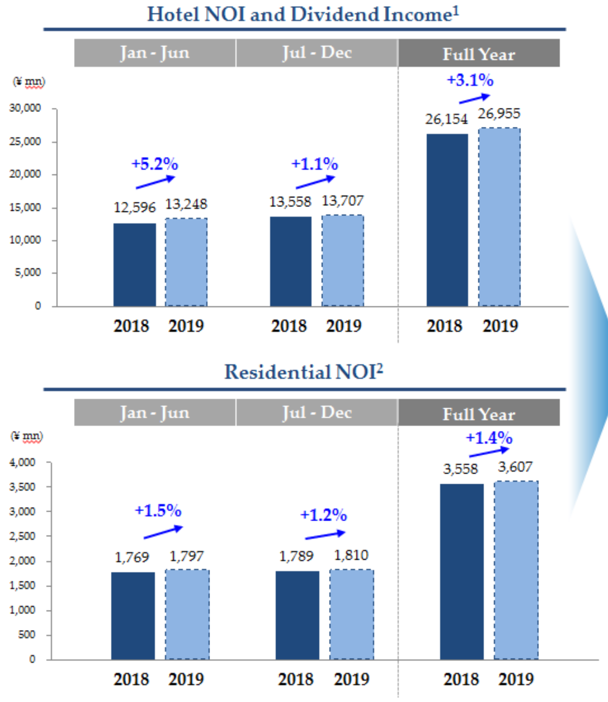
(Note 1) “ADR Growth” is shown as a % change from the ADR assumption for the 2019 forecast for the 73 properties that have a variable rent structure; of the 83 hotel properties (excluding the preferred equity TMK interest in Sheraton Grande Tokyo Bay Hotel) that have a variable rent structure to be owned after the anticipated acquisition 9 hotels with fixed-rent lease agreements as well as Hotel MyStays Nagoya Nishiki, which was rebranded as MyStays and reopened in July 2018 are excluded.

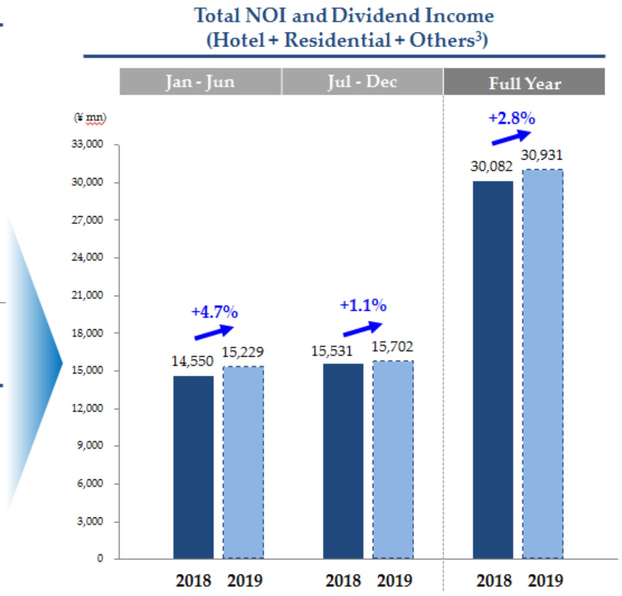
(Note 2) “Hotel ADR” is average of ADR of the said 73 hotels (Same as Note 1).

(Note 3) “Simulated DPU Growth” is simulated data based on the simulated distribution per unit for the year 2019, on the assumption that all assumptions used to calculate simulated distribution per unit for the year 2019 for INV’s current assets and the assets to be acquired remain the same, except for the ADR.

(Appendix 4)

<Simulated NOI of our portfolio >





(Note 1) Simulated hotel NOI and dividend income is based on the actual and simulated NOI of 74 hotel properties; of the 84 hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) to be owned after the anticipated acquisition. 9 hotels with fixed-rent lease agreements as well as Hotel MyStays Nagoya Nishiki, which was rebranded as MyStays and reopened in July 2018, are excluded. Assumes all properties including overseas properties were owned since the beginning of 2018 and that the change in ownership structure of the overseas properties had occurred prior to 2018. Includes properties that were renovated or are planned to be renovated from 2018 to 2019. The dividends from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel is included as NOI of these properties, assuming these dividends were received for the full year 2018.

(Note 2) Simulated residential NOI is based on the actual and simulated NOI of the 62 residential properties to be owned by INV after the anticipated acquisition. Excludes one-off insurance-related revenues and expenses, as well as expenses required to detach trust beneficiary interest from an integrated trust account

(Note 3) Simulated NOI for Other is based on the actual and simulated NOI of 2 commercial properties to be owned by INV after the anticipated acquisition.

(Note 4) For all properties, the pre-acquisition period of the properties is based on actual results provided by sellers and adjusted to reflect trust fees and insurance premiums assuming the properties had been held by INV.

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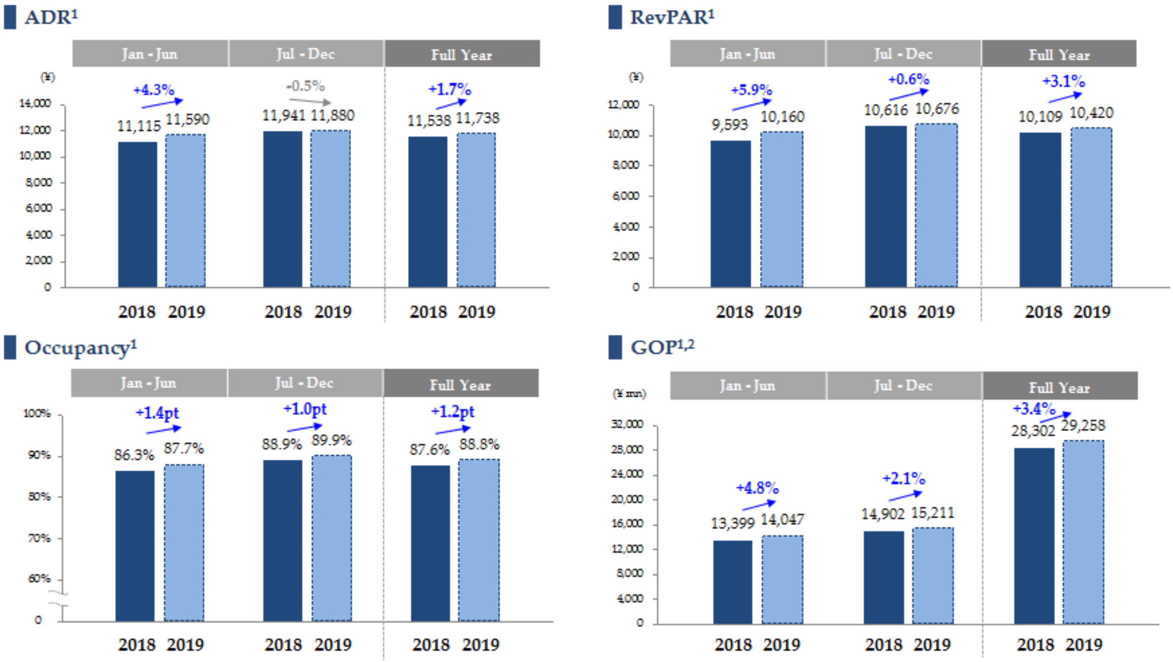
(Appendix 5)

<KPI of our current Hotel portfolio>



(Note 1) For the assumptions of the actual and forecasts of ADR, occupancy, RevPAR and simulated GOP, please refer to (Note 1) of Appendix 4 above. Assumed an exchange rate of ¥110 to the US dollar to calculate income from overseas properties.

(Note 2) In calculating the simulated GOP, the rent paid for APA Hotel Yokohama-Kannai, is regarded as GOP of the hotel. GOP for Sheraton Grande Tokyo Bay Hotel, in which we have a 49% preferred TMK interest, is calculated as the 49% of the GOP for the entire property.

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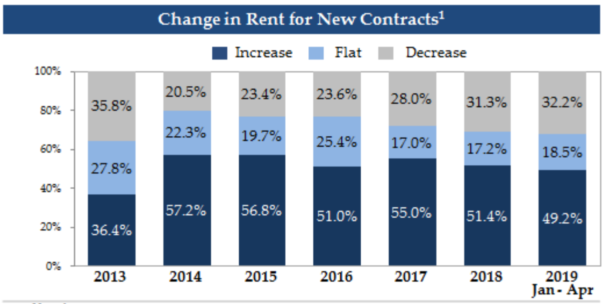
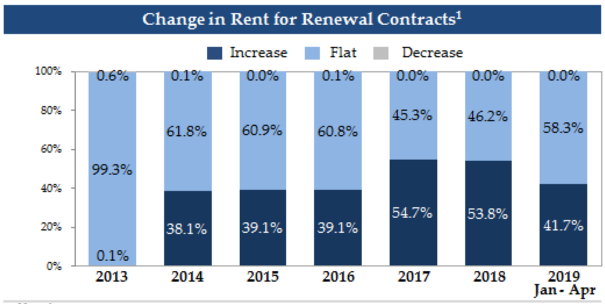
(Appendix 6)

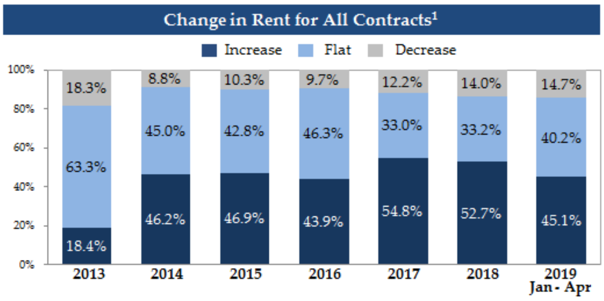
<Rent Increase Initiative regarding our portfolio of the residential properties>

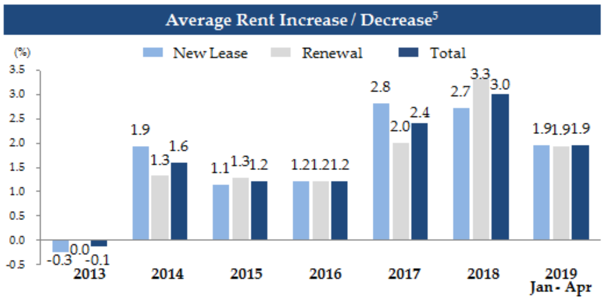


	2013	2014	2015	2016	2017	2018	2019 Jan - Apr
No. of New Contracts	827	649	943	783	1,030	1,015	453
Occupancy[2]	95.5%	94.0%	94.7%	95.9%	95.0%	95.5%	96.1%
Net Leasing Cost (No. of months)[3]	1.15	1.01	1.23	1.15	1.02	0.74	0.51



	2013	2014	2015	2016	2017	2018	2019 Jan - Apr
No. of Renewals	818	872	1,209	1,126	1,337	1,253	540
Renewal Rate[4]	81.2%	84.7%	85.4%	83.7%	82.8%	82.5%	73.9%





(Note 1) Based on the residential properties owned by INV for the relevant period. The properties INV acquired / disposed during the period are included only for the term when owned by INV

(Note 2) Occupancy is calculated by dividing the sum of total residential leased area by the sum of total residential leasable area at the end of each month of each year.

(Note 3) Net Leasing Cost (Multiple of Monthly Rent) = Advertising Expenses (Multiple of Monthly Rent) + Free Rent (Multiple of Monthly Rent) – Key Money (Multiple of Monthly Rent), rounded to second decimal place.

(Note 4) Renewal rate is calculated by “Number of Renewals during the Period” ÷ “Number of Cases Targeted for Renewal during the Period”.

(Note 5) Weighted average of monthly rent increase or decrease (%) of new or renewal contracts, or the total of both, compared with previous contracts of properties owned at the end of period.