Invincible Investment Corporation

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

December 9, 2019

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities code:8963)

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

Notice concerning Revision of Forecast of Financial Results 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 ending December 2019 (33rd Fiscal Period: from July 1, 2019 to December 31, 2019) as announced in "Financial Summary for the June 2019 Fiscal Period (from January 1, 2019 to June 30, 2019)" dated August 22, 2019 (together with the forecast of distribution announced therein, the "Previous Forecast").

1. Revision of the forecast of financial results for the fiscal period ending December 2019 (from July 1, 2019 to December 31, 2019)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on August 22, 2019)	JPY million 18,043	JPY million 12,107	JPY million 10,701	JPY million 10,700	JPY million 10,517
Revised forecast (B)	JPY million 18,753	JPY million 12,941	JPY million 11,685	JPY million 11,685	JPY million 10,517
Amount of Variance (B) – (A)	JPY million 710	JPY million 834	JPY million 984	JPY million 984	JPY million -
Rate of variance ((B) – (A)) / (A)	% 3.9	% 6.9	% 9.2	% 9.2	% -

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

	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 August 22, 2019)	JPY 1,755	JPY 1,725	JPY -	JPY 1,725
Revised forecast (B)	JPY 1,916	JPY 1,725	JPY -	JPY 1,725
Amount of Variance (B) – (A)	JPY 161	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% 9.2	% -	% -	% -

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 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 ending December 2019> "Distribution per unit" for details.

(Reference)
Assumptions underlying the forecast of financial results for the fiscal period ending December 2019 are provided in Appendix 1.

2. Reasons for the revision of forecast of financial results

As a result of sale of Winbell Kagurazaka as announced in the press release "Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests" dated December 9, 2019, INV expects to record a gain on sale of JPY 1,963 million in the fiscal period ending December 2019. INV is revising its forecast of financial results for the fiscal period ending December 2019 in order to reflect such sale and the most recent performances. The acquisition of Hotel MyStays Premier Narita and Art Hotel Morioka and the sale of City House Tokyo Shinbashi will be completed in the fiscal period ending June 2020, therefore these transactions will not affect the forecast of financial results for the fiscal period ending December 2019.

An overview of the current fiscal period is as follows.

In the fiscal period ending December 2019, the Japan hotel market continues to benefit from growth of inbound visitors to Japan as well as world class sporting events such as the Rugby World Cup 2019 in Japan, however a series of large typhoons adversely impacted domestic leisure travel demand. In addition, the prolonged trade and diplomatic dispute between Japan and South Korea has caused a significant reduction of inbound travelers from South Korea. This appears to have had an adverse effect on the entire hotel industry in Japan whereby hotel operators that are heavily dependent on South Korean guests cut rates. As a result, the performance of the hotel portfolio has underperformed our expectations. NOI for the entire portfolio, which is an underlying assumption of the forecast, is now

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

assumed to be JPY 15,374 million (down 7.4%) compared to the original assumption of JPY 16,609 million for the Previous Forecast as of August 22, 2019. On the other hand, despite the tough macro circumstances, INV benefited from its diversified portfolio and was able to grow RevPAR for the combined domestic and overseas hotel portfolio with expected year-on-year increase of 0.5% as a total.

Taking into consideration the JPY 1,963 million gain on sale of "Winbell Kagurazaka", the operating revenues and net income are expected to outperform the Previous Forecast by 3.9% and 9.2%, respectively. INV intends to reserve JPY 1,168 million from net income (Note), and there is no change from the Previous Forecast to the forecast of distribution per unit of JPY 1,725 for the fiscal period ending December 2019.

(Note) 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. The portion that is not used for cash distribution, however, will be subject to corporate income tax and other taxes. INV has some tax losses that were carried forward as a result of the past merger, and by utilizing such tax losses carried forward, INV can reserve its retained earnings without paying corporate income tax and other taxes.

(Reference)
Forecasts for Performance Indicators of Hotel Properties (73 hotels (Note 1))

	Y2019				
	June fiscal period (Actual)	December fiscal period (Previous Forecast)	December fiscal period (Revised Forecast)	Full-Year (Previous Forecast)	Full-Year (Revised Forecast)
Occupancy Rate (Note 2)	87.5%	89.9%	88.1%	88.7%	87.8%
ADR (JPY) (Note 3)	11,617	11,888	11,613	11,755	11,615
RevPAR (JPY) (Note 4)	10,168	10,687	10,233	10,429	10,201
GOP (JPY million) (Note 5)(Note 6)	13,987	15,111	13,729	29,099	27,717

Year-on-Year Changes

	Y2019				
	June fiscal period (Actual)	December fiscal period (Previous Forecast)	December fiscal period (Revised Forecast)	Full-Year (Previous Forecast)	Full-Year (Revised Forecast)
Occupancy Rate	+0.9pt	+0.8pt	-1.0pt	+0.8pt	-0.0pt
ADR	+4.4%	-0.5%	-2.8%	+1.8%	+0.6%
RevPAR	+5.4%	+0.4%	-3.8%	+2.8%	+0.5%
GOP	+3.9%	+2.0%	-7.4%	+2.9%	-2.0%

(Note 1) Calculated based on actual results and forecasts for 73 hotel properties; of the 84 hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) owned as of today, 9 hotels with fixed-rent lease agreements as well as Hotel MyStays Nagoya Nishiki and Hotel MyStays Sapporo Susukino which do not have comparable

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

performance figures for the previous year, are excluded. For the actual performance before the acquisition of the properties acquired in 2018 and 2019, based on the actual figures provided by the sellers. 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) "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 (Actual)	December fiscal period (Previous Forecast)	December fiscal period (Revised Forecast)	Full-Year (Previous Forecast)	Full-Year (Revised Forecast)
Occupancy Rate (Note 2)	96.1%	97.1%	96.6%	96.6%	96.4%
Average Rent per Tsubo per Month (Note 3) (JPY)	9,351	9,381	9,396	9,366	9,374
NOI (JPY million) (Note 4)	1,786	1,810	1,809	3,596	3,596

Year-on-Year Changes

	Y2019				
	June fiscal period (Actual)	December fiscal period (Previous Forecast)	December fiscal period (Revised Forecast)	Full-Year (Previous Forecast)	Full-Year (Revised Forecast)
Occupancy Rate	-0.1pt	+1.1pt	+0.6pt	+0.5pt	+0.3pt
Average Rent per Tsubo per Month	+0.5%	+0.3%	+0.5%	+0.4%	+0.5%
NOI	+1.0%	+1.1%	+1.1%	+1.0%	+1.0%

(Note 1) Calculated based on actual results and forecasts for the 62 residential properties owned as of the end of June 2019. Of the 62 properties, Winbell Kagurazaka will be sold on December 17, 2019. Therefore, for Winbell Kagurazaka, July 1, 2019 through December 16, 2019 is deemed the operating period for the fiscal period ending December 2019, and the leased area and the leasable area expected as of December 16, 2019 is deemed as the leased area and the leasable area as of the end of December 2019 to calculate each number. Hereinafter the same.

(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.

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

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

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

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results for the Fiscal Period ending December 2019>

Item	Assumptions
Fiscal period	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 December 2019 Fiscal Period: 146 properties and preferred equity interests in one TMK Of the properties held as of today (147 properties and preferred equity interests in one TMK), INV assumes that INV will dispose of one residential property as of December 17, 2019 (Note) and that there will be no other change in the portfolio through the end of the fiscal period ending December 2019 (Note) For details regarding the disposition, please refer to “Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests” dated today.
Units outstanding	As of the end of the December 2019 Fiscal Period: 6,096,840 units INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the December 2019 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the fiscal period ending December 2019: JPY 259,174 million (borrowing: JPY 252,174 million, investment corporation bonds: JPY 7,000 million) INV assumes no other new loan or prepayment of loan through the end of the December 2019 Fiscal Period.

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

<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:

| | December 2019 Fiscal Period |
・Rental revenues — JPY 14,681 million
(of these, hotel rents) — (JPY 11,956 million)
(fixed hotel rents) — (JPY 6,466 million)
(variable hotel rents) — (JPY 5,489 million)
・Management contract revenue — JPY 1,447 million
・TMK dividend amount — JPY 661 million
・Gain on sale — JPY 1,963 million
Total operating revenues — JPY 18,753 million

INV estimates gain on sale of JPY 1,963 million from sale of Winbell Kagurazaka to be completed on December 17, 2019 for the fiscal period ending December 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.

INV recognizes management contract revenue from the overseas hotels. The forecasts of management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. 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 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>

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Item	Assumptions
Operating expenses	INV expects to incur property related expenses and management contract expenses out of operating expenses for each fiscal period as follows: December 2019 Fiscal Period ・Facility management fees: JPY 516 million (of these, repair costs): (JPY 22 million) ・Taxes and other public charges (Note): JPY 621 million ・Insurance expenses: JPY 145 million ・Depreciation expenses: JPY 3,804 million ・Other expenses: JPY 131 million Total property related expenses and management contract expenses: JPY 5,219 million (Note) Property taxes and city planning taxes on the assets acquired in 2019 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. 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: December 2019 Fiscal Period ・Other operating expenses: JPY 592 million (of these, asset management fees): (JPY 300 million)
NOI	INV expects to record net operating income for each fiscal period as follows: December 2019 Fiscal Period ・NOI: JPY 15,374 million (of these, domestic hotel NOI): (JPY 12,060 million) (of these, overseas hotel NOI): (JPY 1,317 million) (of these, residential NOI): (JPY 1,811 million) NOI calculation method in the above table is as follows ・NOI＝ Rental Revenues － Property Related Expenses + Depreciation Expenses+ Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue－Management Contract Expense)

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

<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>December 2019 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 692 million</td></tr>
<tr><td>・Finance related costs</td><td>JPY 399 million</td></tr>
<tr><td>・Interest for investment corporation bonds</td><td>JPY 15 million</td></tr>
<tr><td>・Depreciation of investment corporation bonds issuance expenses</td><td>JPY 4 million</td></tr>
<tr><td>・Other non-operating expenses (expenses relating to the issuance of new units)</td><td>JPY 144 million</td></tr>
<tr><td>Total non-operating expenses</td><td>JPY 1,256 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 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 1,168 million for internal reserve from net income for the fiscal period ending December 2019 (JPY 11,685 million).

For the 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 87 million, which is equal to the amount for the fiscal period ended June 2019. 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>

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Invincible Investment Corporation

<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.

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 and the borrowings is limited with the increase in revenue from the acquisitions of new properties. 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>December 2019 Fiscal Period</th></tr><tr><td>Excess profit distribution per unit</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.

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>

This English language notice is a translation of the Japanese-language notice released on December 9, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.