

To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 23rd
Fiscal Period Ending December 2014 and
Forecasts of Financial Results and Distribution for the 24th Fiscal Period Ending June 2015
and the 25th Fiscal Period Ending December 2015

Invincible Investment Corporation ("INV") today announces the revision of its forecast of financial results and distribution per unit for the fiscal period ending December 2014 (23rd fiscal period: from July 1, 2014 to December 31, 2014) as previously announced in the financial summary (*Kessan-Tanshin*) dated August 27, 2014, together with its forecasts of financial results and distribution per unit for the fiscal periods ending June 2015 (24th fiscal period: from January 1, 2015 to June 30, 2015) and December 2015 (25th fiscal period: from July 1, 2015 to December 31, 2015), as described below.

Details

1. Revision of forecast of financial results for the fiscal period ending December 2014 (from July 1, 2014 to December 31, 2014)

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Previous forecast (A) (announced on August 27, 2014)	Million JPY 4,323	Million JPY 2,429	Million JPY 1,602	Million JPY 1,601	Million JPY 1,601
Revised forecast (B)	Million JPY 4,474	Million JPY 2,580	Million JPY 1,752	Million JPY 1,752	Million JPY 1,750
Amount of Variance (B) – (A)	Million JPY 150	Million JPY 150	Million JPY 150	Million JPY 150	Million JPY 149
Rate of variance [(B) – (A)] ÷ (A)	% 3.5	% 6.2	% 9.4	% 9.4	% 9.3
(Reference) Actual results (22nd fiscal period)	Million JPY 3,775	Million JPY 2,234	Million JPY 902	Million JPY 901	Million JPY 901

	Earnings per unit (Note 1)	Reversal of Surplus per unit (Note 1) (Note 2)	Excess profit distribution per unit (Note 1)	Distribution per unit (excluding excess profit distribution per unit) (Note 1)	Distribution per unit (including excess profit distribution per unit) (Note 1)
Previous forecast (A) (announced on August 27, 2014)	JPY 600	JPY 0	JPY 0	JPY 600	JPY 600
Revised forecast (B)	JPY 656	JPY 0	JPY 0	JPY 656	JPY 656
Amount of Variance (B) – (A)	JPY 56	JPY —	JPY —	JPY 56	JPY 56
Rate of variance [(B) – (A)] ÷ (A)	% 9.3	% —	% —	% 9.3	% 9.3
(Reference) Actual results (22nd fiscal period)	JPY 573	JPY 0	JPY 0	JPY 573	JPY 573

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 2,668,686 units.

(Note 2) Reversal of surplus resulting from the gain on negative goodwill recognized in connection with the merger in February 2010 (the "Surplus"). The same shall apply hereafter.

(Note 3) Figures (including earnings per unit, reversal of Surplus per unit and excess profit distribution per unit) are rounded down to the indicated amount and percentages are rounded to the first decimal place.

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2. Forecasts of financial results and distribution per unit for the fiscal periods ending June 2015 (from January 1, 2015 to June 30, 2015) and December 2015 (from July 1, 2015 to December 31, 2015)

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
	Million JPY	Million JPY	Million JPY	Million JPY	Million JPY
24th fiscal period	4,343	2,241	1,761	1,760	1,758
25th fiscal period	4,631	2,514	2,037	2,036	2,036
Total (2015 Annual) (for information purpose only)	8,974	4,755	3,798	3,797	3,794

	Earnings per unit (Note 1)	Reversal of Surplus per unit (Note 1) (Note 2)	Excess profit distribution per unit (Note 1)	Distribution per unit (excluding excess profit distribution per unit) (Note 1)	Distribution per unit (including excess profit distribution per unit) (Note 1)
	JPY	JPY	JPY	JPY	JPY
24th fiscal period	659	0	659	0	659
25th fiscal period	763	0	763	0	763
Total (2015 Annual) (for information purpose only)	1,422	0	1,422	0	1,422

(Note 1) The number of investment units issued and outstanding at the end of each fiscal period: 2,668,686 units.

(Note 2) Figures (including earnings per unit, reversal of Surplus per unit and excess profit distribution per unit) are rounded down to the indicated amount and percentages are rounded to the first decimal place.

(Note 3) Forecasts of financial results and distribution per unit for the fiscal periods ending June 2015 and December 2015 as described above are calculated assuming that the proposal of partial amendments to the Articles of Incorporation regarding the asset management fees to be applied from January 2015 is approved at the unitholders' meeting to be held on November 28, 2014.

3. Reasons of Revision of Forecast of Financial Results and Distribution

(1) Fiscal Period Ending December 2014

The decision to revise the forecast was made at this time as a greater than 5% change is expected in the forecasted distribution per unit compared to the previous forecast for the 23rd fiscal period forecast announced in the financial summary (*Kessan- Tanshin*) dated August 27, 2014, as a result of review of the forecast.

The main factors resulting in the revision of the forecast are as follows:

As described in "4. Overview of Performance for the Fiscal Periods ending December 2014", operating revenues are expected to increase by JPY 150 million compared to the previous forecast, mainly due to the strong performance of the 20 hotels acquired on May 23, 2014 and July 17, 2014 (hereinafter "20 Hotels") from July to September in 2014.

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As a result of the above factors, the total distribution amount for the fiscal period ending December 2014 is expected to be JPY 1,750 million and the distribution per unit is expected to be JPY 656 (9.3% increase).

(2) Fiscal Periods Ending June 2015 and December 2015

INV plans to propose an agendum concerning partial amendments to the Articles of Incorporation regarding the asset management fees (Note) to be applied from January 2015 at the General Meeting of Unitholders scheduled to be held on November 28, 2014. INV is announcing the forecast of the financial results and distribution for the fiscal periods ending June 2015 and December 2015 for the purpose of presenting forecast information on the condition that the above proposal is approved at the unitholders' meeting to be held on November 28, 2014, based on currently available information and certain assumptions which INV judges to be reasonable. INV also presents full year figures of financial results and distribution because rental revenues of hotel properties tend to fluctuate by season, for information purpose only.

(Note) With respect to the asset management fee, which have been decreased as a temporary measure for the period from January 2013 to December 2014, while the new proposed asset management fees for the period from January 2015 to December 2015 would be higher than such fees in 2014, the new proposed asset management fees are lower than the amount if an amendment is not made and the current asset management fees are applied. The new proposed asset management fees are proposed to be reduced for the purpose of making the asset management fee at an appropriate level taking into consideration the expansion of the INV's asset scale, profit level and other factors achieved through its internal and external growth. For the detail, please refer to "Notice concerning Amendments of Articles of Incorporation and Appointment of Directors" as of today.

Regarding the details of the assumptions underlying forecasts of each fiscal period, please see the "Appendix" below.

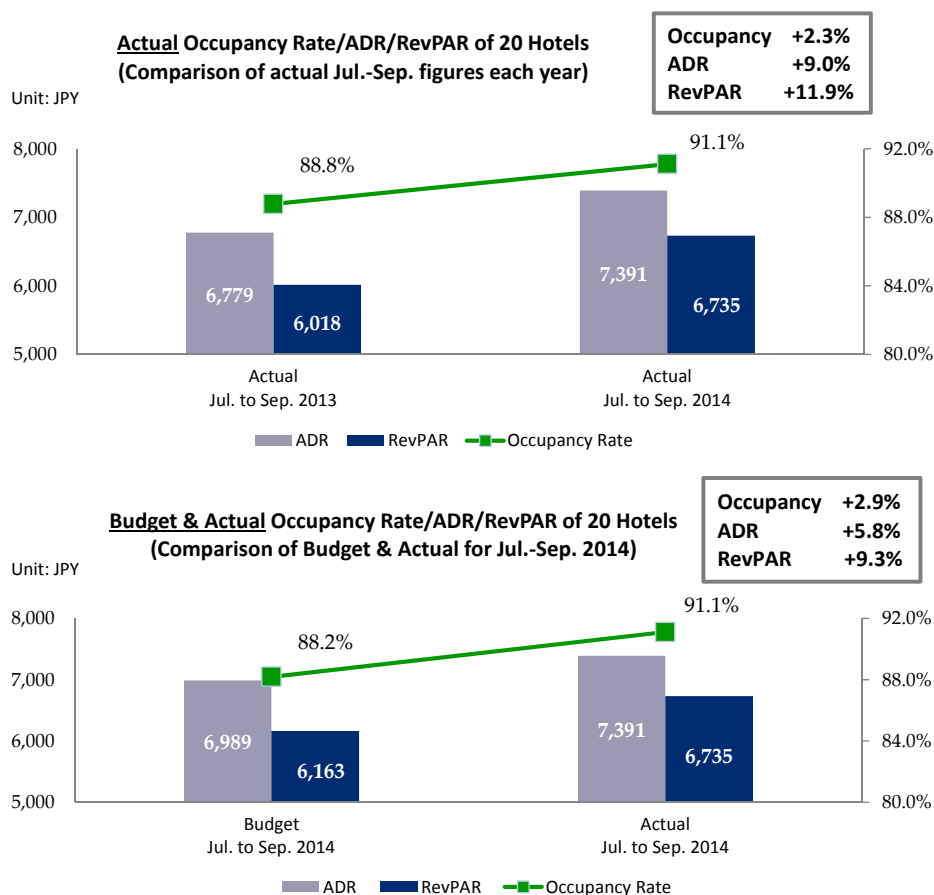
4. Overview of Performance for the Fiscal Periods ending December 2014

The 20 Hotels are performing well through the end of September 2014. The average occupancy rate of the 20 Hotels from July through September in 2014 was 91.1%, 2.3% higher than the same period in the previous year and 2.9% higher than the budget. The average ADR for the same period was JPY 7,391 which is 9.0% higher than the same period in the previous year and 5.8% higher than the budget.

The stronger performance of both occupancy and ADR led a JPY 6,735 RevPAR which is 11.9% higher than the same period last year or 9.3% higher than budget.

(Note) The performance of the same period in the previous year (from July 2013 to September 2013) is based on data provided by the seller of the 20 Hotels before INV acquired the 20 Hotels. Likewise, the performance of the period from July 1, 2014 to July 17, 2014 is based on data provided by the seller of the 18 hotels before INV acquired them on July 17, 2014. The same applies to following graphs.

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(Note 1) "Occupancy rates" is calculated in accordance with the following formula:

(Occupancy rates) = (total number of occupied rooms during a certain period) / (the total number of rooms available during the same period × total operating days during the same period)

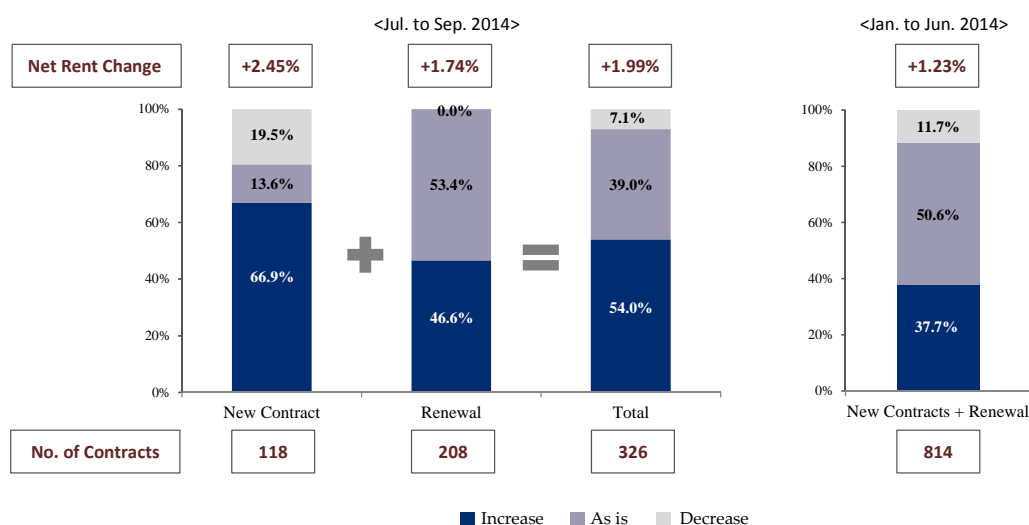
(Note 2) "ADR" means average daily rate, and is calculated by dividing total room sales (except for service fee) for a certain period by the aggregate number of days per room for which each room was occupied during the same period.

(Note 3) "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 × number of days) during the same period, and is the same as the figure obtained by multiplying occupancy rates by ADR.

INV's portfolio also continues to perform well with an overall 1.99% increase in residential rents for new and renewed leasing contracts entered into in the period from July through September in 2014 compared to the prior rent.

During the period, 66.9% (based on the number of contracts) of the new lease rents were up from prior rents and the average increase for these leases was 2.45% from the prior rents. As for the lease renewals, 46.6% (based on the number of contracts) of the leases were renewed at higher rents and the average increase was 1.74% from prior rents. The amount of the increase and percentage of leases with rent increases have both increased in this period compared to the first half of the year.

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(Note) Net Rent Change is calculated by dividing (total amount of monthly rent after executing new contracts/renewal contracts - total amount of monthly rent of previous contracts) by total amount of monthly rent of previous contracts, and is rounded to the first decimal place.

Based on the foregoing performance up to September 2014, INV revised its forecast for the fiscal period ending December 2014, and the revised forecast of earnings per unit is JPY 656, 9.3% increase from the previous forecast of JPY 600.

5. 2015 Projected Earnings

INV also intends to provide two fiscal terms (or 12 months) guidance going forward, as rental revenues of hotel properties tend to fluctuate by season. INV projects earnings per unit for the calendar year 2015 of JPY 1,422 or 15.7% higher than the expected earnings for the calendar year 2014 of JPY 1,229 per unit due to continued strong performance of the hotel portfolio, higher residential rents, leasing cost savings, and the assumption that the amendments to the asset management fees in the Articles of Incorporation is approved as proposed. On the other hand, in the case that the above-mentioned proposal of the partial amendments to the Articles of Incorporation is not approved at the unitholders' meeting to be held on November 28, 2014, the projected earnings are JPY 1,362 per unit or a 10.8% increase compared to 2014 expected earnings per unit of JPY 1,229.

6. Other: Surplus

Following the distribution for the fiscal period ending December 2015, the balance of the Surplus is expected to be JPY 73 million, unchanged from the fiscal period ended June 2014.

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**< Assumptions Underlying Forecast of Financial Results and Distribution
for the 23rd Fiscal Period, for the 24th Fiscal Period and for the 25th Fiscal Period >**

Item	Assumptions								
Fiscal period	The 23 rd fiscal period: from July 1, 2014 to December 31, 2014 (184 days) The 24 th fiscal period: from January 1, 2015 to June 30, 2015 (181 days) The 25 th fiscal period: from July 1, 2015 to December 31, 2015 (184 days)								
Assets under management	Properties held as of the end of the 23 rd fiscal period: 91 properties Properties held as of the end of the 24 th fiscal period: 91 properties Properties held as of the end of the 25 th fiscal period: 91 properties INV assumes that there will be no change to the managed 91 assets thereafter through the end of the fiscal period ending December 2015.								
Units outstanding	As of the end of the 23 rd fiscal period: 2,668,686 units As of the end of the 24 th fiscal period: 2,668,686 units As of the end of the 25 th fiscal period: 2,668,686 units INV assumes that there will be no additional issuance of units through the end of the fiscal period ending December 2015.								
Interest-bearing liabilities	Balance as of the end of the 23 rd fiscal period: JPY 67,260 mn Balance as of the end of the 24 th fiscal period: JPY 66,060 mn Balance as of the end of the 25 th fiscal period: JPY 66,041 mn INV assumes that there will be no other borrowings or prepayments through the end of the fiscal period ending December 2015.								
Operating revenues	INV expects to record rental revenues for each fiscal period as follows: <table><thead><tr><th></th><th>The 23rd fiscal period</th><th>The 24th fiscal period</th><th>The 25th fiscal period</th></tr></thead><tbody><tr><td>• Rental revenues (of these, hotel rents)</td><td>JPY 4,474 mn (JPY 1,890 mn)</td><td>JPY 4,343 mn (JPY 1,707 mn)</td><td>JPY 4,631 mn (JPY 2,010 mn)</td></tr></tbody></table> Rental revenues are calculated based on historical data and taking into account tenant trends, property competitiveness, market environment and other factors. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.		The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period	• Rental revenues (of these, hotel rents)	JPY 4,474 mn (JPY 1,890 mn)	JPY 4,343 mn (JPY 1,707 mn)	JPY 4,631 mn (JPY 2,010 mn)
	The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period						
• Rental revenues (of these, hotel rents)	JPY 4,474 mn (JPY 1,890 mn)	JPY 4,343 mn (JPY 1,707 mn)	JPY 4,631 mn (JPY 2,010 mn)						

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Item	Assumptions			
Operating expenses	INV expects to incur property related expenses for each fiscal period as follows:			
		The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period
	• Facility management fees (of these, repair costs)	JPY 475 mn (JPY 40 mn)	JPY 492 mn (JPY 40 mn)	JPY 479 mn (JPY 40 mn)
	• Taxes and other public charges	JPY 163 mn	JPY 204 mn	JPY 255 mn
	• Insurance expenses	JPY 5 mn	JPY 6 mn	JPY 6 mn
	• Other expenses	JPY 134 mn	JPY 163 mn	JPY 140 mn
	• Depreciation expenses	JPY 881 mn	JPY 914 mn	JPY 914 mn
	Total property related expenses	JPY 1,661 mn	JPY 1,782 mn	JPY 1,797 mn
	INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:.			
		The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period
Non-operating expenses	• Other operating expenses (of there, asset management fees)	JPY 232 mn (JPY 125 mn)	JPY 320 mn (JPY 180 mn)	JPY 319 mn (JPY 180 mn)
	INV expects to incur non-operating expenses for each fiscal period as follows:			
		The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period
	• Interest expense	JPY 370 mn	JPY 364 mn	JPY 363 mn
	• Finance related costs	JPY 300 mn	JPY 115 mn	JPY 113 mn
Distribution per unit	• Other non-operating expenses	JPY 157 mn	JPY — mn	JPY — mn
	Total Non-operating expenses	JPY 827 mn	JPY 480 mn	JPY 477 mn
	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 per unit and the total amount of distribution for each fiscal period, INV expects to distribute an aggregate as follows, based on the assumption that the earnings for each fiscal period will be used as financial funds.			
		The 23 rd fiscal period	The 24 th fiscal period	The 25 th fiscal period
Excess profit distribution per unit	• Distribution per unit	JPY 656	JPY 659	JPY 763
	• Total amount of distribution	JPY 1,750 mn	JPY 1,758 mn	JPY 2,036 mn
Other	INV does not expect to distribute in excess of profits (Excess profit distribution per unit) for the fiscal period ending December 2014 as of today.			
	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.			

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