Invincible Investment Corporation

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The Japanese language press release should be referred to as the original.]

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To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 24th Fiscal Period Ending June 2015 and the 25th Fiscal Period Ending December 2015, together with Forecast of Financial Results and Distribution for the 26th Fiscal Period Ending June 2016 and 27th Fiscal Period Ending December 2016

Invincible Investment Corporation ("INV") today announces the revision of its forecast of financial results and distribution per unit ("DPU") for the fiscal period ending June 2015 (24th fiscal period) and the fiscal period ending December 2015 (25th fiscal period), as previously announced in "Financial Summary for the 23rd Fiscal Period" dated February 25, 2015, together with the forecast of financial results and DPU for the fiscal period ending June 2016 (26th fiscal period) and fiscal period ending December 2016 (27th fiscal period).

Details

1. Revision of forecasts of financial results and DPU 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)

<Fiscal Period Ending June 2015>

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Previous forecast (A) (announced on February 25, 2015)	Million JPY 4,631	Million JPY 2,439	Million JPY 1,903	Million JPY 1,902	Million JPY 1,900
Revised forecast (B)	Million JPY 4,920	Million JPY 2,738	Million JPY 2,202	Million JPY 2,201	Million JPY 2,198

Amount of Variance (B) – (A)	Million JPY 288	Million JPY 298	Million JPY 298	Million JPY 298	Million JPY 298
Rate of variance ((B) – (A)) / (A)	% 6.2	% 12.2	% 15.7	% 15.7	% 15.7

	Earnings per unit (Note)	Reversal of Surplus 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 25, 2015)	JPY 712	JPY 0	JPY 712	JPY 0	JPY 712
Revised forecast (B)	JPY 824	JPY 0	JPY 824	JPY 0	JPY 824
Amount of Variance (B) – (A)	JPY 112	JPY －	JPY 112	JPY －	JPY 112
Rate of variance ((B) – (A)) / (A)	% 15.7	% －	% 15.7	% －	% 15.7

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

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<Fiscal Period Ending December 2015>

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Previous forecast (A) (announced on February 4, 2015)	Million JPY 5,034	Million JPY 2,812	Million JPY 2,294	Million JPY 2,293	Million JPY 2,292
Revised forecast (B)	Million JPY 6,437	Million JPY 3,882	Million JPY 2,447	Million JPY 2,447	Million JPY 3,286
Amount of Variance (B) – (A)	Million JPY 1,402	Million JPY 1,069	Million JPY 153	Million JPY 153	Million JPY 993
Rate of variance ((B) – (A)) / (A)	% 27.9	% 38.0	% 6.7	% 6.7	% 43.4

	Earnings per unit (Note 1)	Reversal of Surplus per unit (Note 1) (Note 2)	Distribution per unit (excluding excess profit distribution per unit) (Note 1)	Excess profit distribution per unit (Note 1) (Note 2)	Distribution per unit (including excess profit distribution per unit) (Note 1)
Previous forecast (A) (announced on February 25, 2015)	JPY 859	JPY 0	JPY 859	JPY 0	JPY 859
Revised forecast (B)	JPY 766	JPY 23	JPY 789	JPY 239	JPY 1,029
Amount of Variance (B) – (A)	JPY (93)	JPY 23	JPY (70)	JPY 239	JPY 170
Rate of variance ((B) – (A)) / (A)	% (10.8)	% —	% (8.1)	% —	% 19.8

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 2,668,686 (previous forecast) and 3,193,686 units (revised forecast).

(Note 2) Excess profit distribution per unit of JPY 239.1 = Distribution per unit of JPY 1,029 in the Fiscal Period Ending December 2015 - Earnings per unit of JPY 766.3 - Reversal of Surplus per unit of JPY 23.6

(Note 3) INV expects to distribute the rest of the surplus of JPY 75 million, which would be remained after the expected payment of the distribution in the fiscal period ending June 2015. INV will use excess profit distribution to normalize the distribution because INV expects to issue new investment units, prepay the existing borrowings and acquire 11 hotel properties and three residential properties, resulting in significant cost. Excess profit distribution is not a given assurance; it may not be distributed depending on the operational status.

Expected aggregate amount of excess profit distribution is based on the assumption of the normalized DPU in the fiscal period ending December 2015 as of today. It will be decided in the view of the circumstances in normalized distribution including the costs mentioned above, the securement of assets to maintain our asset value and the financing standing and liquidity in hand after Excess profit distribution. Please refer to “4. Excess profit distribution policy” and Appendix 2 for the detail of the excess profit distribution policy and simulatedearnings per unit in the fiscal period ending December 2015.

2. Forecasts of financial results and DPU for the fiscal periods ending June 2016 (from January 1, 2016 to June 30, 2016) and December 2016 (from July 1, 2016 to December 31, 2016)

<Fiscal Period Ending June 2016>

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Forecast for the fiscal period ending June 2016	Million JPY 6,315	Million JPY 3,532	Million JPY 3,148	Million JPY 3,147	Million JPY 3,145

	Earnings per unit (Note)	Reversal of surplus 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)
Forecast for the fiscal period ending June 2016	JPY 985	JPY 0	JPY 985	JPY 0	JPY 985

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 3,193,686 units

<Fiscal period ending December 2016>

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Forecast for the fiscal period ending December 2016	Million JPY 6,821	Million JPY 4,021	Million JPY 3,633	Million JPY 3,632	Million JPY 3,631

	Earnings per unit (Note)	Reversal of surplus 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)
Forecast for the fiscal period ending December 2016	JPY 1,137	JPY 0	JPY 1,137	JPY 0	JPY 1,137

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 3,193,686 units

(Reference)

Assumptions underlying the forecast of financial results and distributions for the fiscal periods ending June 2015, December 2015, June 2016 and December 2016 are provided in Appendix 1. For ease of reference, figures for earnings per unit, distribution per unit (including excess profit distribution per unit) and simulated earnings per unit are summarized in the table below. Simulated earnings per unit are shown for reference purposes, which are calculated by applying adjustments including, assuming that the three hotel properties purchased in February 2015, and the fourteen properties to be purchased in July 2015 occurred at end of the fiscal period ended December 2014, assuming that all anticipated units of the Offering were issued and there would be no other changes in outstanding units for the rest of year, exclusion of one-time costs in relation with financings, application of new interest rate of new syndicate loan to full year of 2015 and exclusion of equity offering related costs. For details on the method for calculating simulated earnings per unit, please refer to Appendix 2. The simulated earnings per unit is purely a simulation intended to describe the effect of the transactions, etc. described above and is neither a forecast nor prospect relating to INV's earnings or distribution per unit for a given operating period.

	Earnings per unit (Note 1) (Note 2)	Reversal of surplus per unit (Note 2)	Distribution per unit (excluding excess profit distribution per unit) (Note 2)	Distribution per unit (including excess profit distribution per unit)(Note 2)	Simulated earnings per unit (Note 1)(Note 2)
Forecast for the fiscal period ending June 2015	JPY 824	JPY 0	JPY 0	JPY 824	JPY 917
Forecast for the fiscal period ending December 2015	JPY 766	JPY 23	JPY 239	JPY 1,029	JPY 1,060
Forecast for the year 2015	JPY 1,590	JPY 23	JPY 239	JPY 1,853	JPY 1,977
Forecast for the fiscal period ending June 2016	JPY 985	JPY 0	JPY 0	JPY 985	JPY 985
Forecast for the fiscal period ending December 2016	JPY 1,137	JPY 0	JPY 0	JPY 1,137	JPY 1,137
Forecast for the year 2016	JPY 2,122	JPY 0	JPY 0	JPY 2,122	JPY 2,122

(Note 1) For details of simulated earnings per unit, please refer to Appendix 2 below. As noted in Appendix 2, the simulated earning per unit for the fiscal period ending June 2015 is calculated based on the assumption that a total of 525,000 units (500,000 units to be issued during the fiscal period ending December 2015 through the Public Offering and 25,000 units through the Over-Allotment Option) were issued at the beginning of the fiscal period ending June 2015 and the number of investment units issued and outstanding is 3,193,686. On the other hand, the forecasts for the earnings per unit and distribution per unit for the fiscal period ending June 2015 is based on the number of investment units issued and outstanding at the end of the fiscal period ending June 2015: 2,668,686 units.

(Note 2) The number of investment units issued and outstanding at the end of the fiscal periods ending December 2015, June 2016 and December 2016: 3,193,686 units.

(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 first decimal place.

The above forecast is based on the assumption that the Over-Allotment Option is fully exercised. The forecast in the table below represents the distribution amounts in the case where no shares are issued through the Over-Allotment Option. The forecast is also based on the assumption that the expected number of investment units issued and outstanding following the Offering will be 3,168,686 and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2015. Other assumptions underlying the forecast are provided in Appendix 1. Further, the calculation method for simulated earnings per unit, except with respect to the assumption that the number of investment units issued and outstanding at the beginning of the fiscal period ending June 2015 is 3,168,686, is provided in Appendix 2.

The simulated earnings per unit is purely a simulation intended to describe the effect of the transactions, etc. described above and is neither a forecast nor prospect relating to INV's earnings or distribution per unit for a given operating period.

	Earnings per unit (Note 2)	Reversal of surplus per unit (Note 2)	Distribution per unit (excluding excess profit distribution per unit) (Note 2)	Distribution per unit (including excess profit distribution per unit)(Note 2)	Simulated earnings per unit (Note 1)(Note 2)
Forecast for the fiscal period ending June 2015	JPY 824	JPY 0	JPY 0	JPY 824	JPY 917
Forecast for the fiscal period ending December 2015	JPY 772	JPY 23	JPY 241	JPY 1,037	JPY 1,069
Forecast for the year 2015	JPY 1,596	JPY 23	JPY 241	JPY 1,861	JPY 1,986
Forecast for the fiscal period ending June 2016	JPY 993	JPY 0	JPY 0	JPY 993	JPY 993
Forecast for the fiscal period ending December 2016	JPY 1,146	JPY 0	JPY 0	JPY 1,146	JPY 1,146
Forecast for the year 2016	JPY 2,139	JPY 0	JPY 0	JPY 2,139	JPY 2,139

(Note 1) For details of simulated earnings per unit, please refer to Appendix 2 below. As noted in Appendix 2, the simulated earning per unit for the fiscal period ending June 2015 is calculated based on the assumption that a total of 500,000 units were issued at the beginning of the fiscal period ending June 2015 and the number of investment units issued and outstanding is 3,168,686. On the other hand, the forecasts for the earnings per unit and distribution per unit for the fiscal period ending June 2015 is based on the number of investment units issued and outstanding at the end of the fiscal period ending June 2015: 2,668,686 units.

(Note 2) The number of investment units issued and outstanding at the end of the fiscal periods ending December 2015, June 2016 and December 2016: 3,168,686 units.

(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 first decimal place.

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

<Fiscal Period Ending June 2015>

Operating revenue is expected to increase by JPY 288 million from the previous forecast, mainly because of the strong performance of the 23 hotels in the portfolio during the period from January to June 2015 (as compared to previous year), owing to the increase in the total number of tourists including the substantial increase in the number of foreign visitors and hotel operators' efficient revenue management and a concurrent increase in ADR.

As a result, the total distribution amount for the fiscal period ending June 2015 is JPY 2,198 million and the distribution per unit is JPY 824.

<Fiscal Period Ending December 2015>

As announced today in the “Notice concerning Acquisition of Assets and Entering into Leasing Contract”, INV expects to acquire 11 hotels and 3 residential properties.

The revision of the forecast of financial results and distribution for the fiscal period ending December 2015 is based on INV’s current review of its previous forecast of financial results in connection with the transactions, including a second half increase in ADR as compared to the same period a year earlier in the already owned hotels as well as an increase in the ADR compared of the to-be-acquired hotels compared to a year earlier. The other major factor in the estimated second half operating statements includes a lowering of the average interest rate in connection with the refinancing of its debt.

<Fiscal Period Ending June 2016 and Fiscal Period Ending December 2016>

INV intends to disclose the forecasts of financial results and DPU for the fiscal period ending June 2016 and fiscal period ending December 2016 considering the seasonality in the performance of the hotels in order to provide the useful information to calculate INV’s full year performance to investors based on information currently available to INV and certain assumptions that are deemed reasonable by INV.

4. 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, in cases where significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a significant decrease in earnings, INV has decided to make distributions in excess of profits in order to stabilize distributions and be more reflective of INV’s simulated earnings.

With respect to the distribution per unit for the fiscal period ending December 2015, due to various expenses that are expected to be recorded in connection with the Transactions in such fiscal period, it is expected that earnings will decrease significantly. Therefore, from the perspective of maintaining stable distributions, INV expects to pay distributions in excess of profits within the scope of the expected shortfall between actual earnings per unit and of the simulated earnings per unit. INV believes that a distribution per unit (including distributions in excess of profits) of JPY 1,029 for the fiscal period ending December 2015, which is more reflective of the simulated earnings per unit, is appropriate given the expected profit levels that will be achieved after completion of the Transactions. INV has determined that even though the actual distribution per unit exceeds forecasted earnings per unit for the fiscal period ending December 2015, the Transactions as a whole are profitable for INV’s investors, and will result in higher future earnings in excess of one-time costs in connection with implementing the Transactions. Further, at the present time, INV has also determined that such a distribution will not adversely impact INV’s ability to pay for the maintenance of INV’s assets following such distribution in excess of profits, its financial position or its liquidity. Therefore, INV believes that making such a distribution in excess of profits for the fiscal period ending December 2015 is reasonable. However, the payment is not guaranteed and it may not be made depending on the financial results, etc.

5. Other: surplus
Following the distribution for the fiscal period ended December 2015, the balance of the Surplus is expected to be JPY 0.

6. Reasons for Forecast Revision
INV expects DPU for the 24th fiscal period ending June 2015 of JPY 824, which is 15.7% higher than the previous forecast of JPY 712 on February 25, 2015 and 43.8% higher than the actual DPU in the same period one year earlier.

In addition, as outlined in the press releases titled “Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units” and “Notice concerning Debt Financing and Prepayment of Existing Borrowings” each separately announced today, INV is planning an offering of 525,000 newly issued units (assuming the over-allotment option is exercised in full), the acquisition of 14 assets for JPY 35 billion, and the refinancing of all its existing debt. Accordingly, INV is increasing its forecasted DPU for the fiscal period ending December 2015 to JPY 1,029 which is 19.8% higher than the previous forecast and 40.4% higher than the same period a year earlier. As described in Item 3 of this press release, these upward revisions are based largely on assumptions of a second half increase in ADR for already-owned and to-be-acquired hotels as compared to the same period in the previous year. The other major factor affecting the forecasted second half operating statements includes a lowering of the average interest rate as a result of the refinancing of the existing debt. In addition, the forecast revisions reflect the contribution to NOI of the 14 new assets including 11 hotels and 3 residential assets.

As the transactions mentioned above are expected to occur in July 2015 and also involve several one-time expenses, INV has prepared a simulated DPU for 2015. As DPU for the fiscal period ending December 31, 2015 is expected to be impacted by the one-time expenses in connection with the Transactions, as we mentioned “4. Excess profit distribution policy”, INV plans to utilize distribution in excess of profit to maintain a stable DPU for the fiscal period, provided that such amount will not exceed the difference of DPU and earnings per unit on a stabilized basis. The simulated DPU assumes that all of the contemplated transactions mentioned above would have occurred prior to January 1, 2015 as described in Appendix 2 of this press release.

INV is also forecasting DPU for full calendar year 2016 (aggregate of the fiscal periods ending in June 2016 and December 2016) of JPY 2,122 as described in Item 2 of this press release. This full year 2016 forecast assumes the above transactions occur and does not factor in any other acquisition transactions or financings.

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Earnings per unit and distribution per unit for the calendar years 2015 and 2016 are as follows:

<Full-year 2015> (Aggregate of the fiscal periods ending in June 2015 and December 2015)

	Earnings per unit	Reversal of Surplus 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)
Previous forecast (A) (February 25, 2015)	JPY 1,571	JPY 0	JPY 1,571	JPY 0	JPY 1,571
Revised forecast (B)	JPY 1,590	JPY 23	JPY 1,613	JPY 239	JPY 1,853
Amount of variance (B)- (A)	JPY 19	JPY 23	JPY 42	JPY 239	JPY 282
Rate of variance ((B) – (A)) / (A)	% 1.2	% —	% 2.7	% —	% 18.0

<Full-year 2016> (Aggregate of the fiscal periods ending in June 2016 and December 2016)

	Earnings per unit	Reversal of Surplus 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)
Forecast	JPY 2,122	JPY 0	JPY 2,122	JPY 0	JPY 2,122

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(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the 24th Fiscal Period, the 25th Fiscal Period, the 26th Fiscal Period and the 27th Fiscal Period>

Item	Assumptions
Fiscal period	The 24th fiscal period: from January 1, 2015 to June 30, 2015 (181 days) The 25th fiscal period: from July 1, 2015 to December 31, 2015 (184 days) The 26th fiscal period: January 1, 2016 to June 30, 2016 (182 days) The 27th fiscal period: from July 1, 2016 to December 31, 2016 (184 days)
Assets under management	Properties held as of the end of the 24th fiscal period: 94 properties Properties held as of the end of the 25th fiscal period: 108 properties Properties held as of the end of the 26th fiscal period: 108 properties Properties held as of the end of the 27th fiscal period: 108 properties INV assumes that INV will newly acquire 11 hotel properties and 3 residential properties (Note) as of July 16, 2015 in addition to existing 94 properties, and there will be no change through the end of the fiscal period ending December 2016. (Note) Regarding the acquisition of properties as of July 16, 2015, please refer to “Notice concerning Acquisition and Leasing of Assets” dated as of today.
Units outstanding	As of the end of the 24th fiscal period: 2,668,686 units As of the end of the 25th fiscal period: 3,193,686 units As of the end of the 26th fiscal period: 3,193,686 units As of the end of the 27th fiscal period: 3,193,686 units INV assumes that a total of 525,000 new investment units will be issued through the Public Offering (500,000 new investment units) and the Over-Allotment Option (up to 25,000 new investment units), that the expected number of investment units issued and outstanding following the Offering will be 3,193,686 units, and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2016.
Interest-bearing liabilities	Balance as of the end of the 24th fiscal period: JPY 72,301 mn Balance as of the end of the 25th fiscal period: JPY 88,338 mn Balance as of the end of the 26th fiscal period: JPY 86,937 mn (Note) Balance as of the end of the 27th fiscal period: JPY 86,937 mn (Note) (Note) consumption tax loan of JPY 1,401 million is assumed to be repaid until May 16, 2016. INV assumes that, as of July 16, 2015, it will draw down the New Syndicate Loan(E) and prepay New Syndicate Loan (C), New Syndicate Loan (D) and Prudential LPS Loan B (for details, please refer to the “Notice concerning Debt Financing and Prepayment of Existing Borrowings” dated today), and that there will be no other borrowings or prepayments.

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Item	Assumptions
Operating revenues	INV expects to record rental revenues for each fiscal period as follows: | | The 24th fiscal period | The 25th fiscal period | ・Rental revenues: JPY 4,920 mn / JPY 6,437 mn (of these, hotel rents): (JPY 2,329 mn) / (JPY 3,644 mn) (fixed hotel rents): (JPY 942mn) / (JPY1,547mn) (variable hotel rents): (JPY 1,386mn) / (JPY2,096mn) The 26th fiscal period / The 27th fiscal period ・Rental revenues: JPY 6,315 mn / JPY 6,821 mn (of these, hotel rents): (JPY 3,560 mn) / (JPY 3,999 mn) (fixed hotel rents): (JPY 1,494mn) / (JPY1,605mn) (variable hotel rents): (JPY 2,065mn) / (JPY2,393mn) Rental revenues in the fiscal period ending June 2015 and the fiscal period ending December 2015 are calculated based on estimates as of today from January 2015 to December 2015, and rental revenues in the fiscal period ending June 2016 and the fiscal period ending December 2016 are calculated based on estimates as of today from January 2016 to December 2016. One key assumption relating to variable hotel rents is the assumption that average ADR for the 26th fiscal period will increase by 11.9% for existing hotels and 11.3% for to-be-acquired hotels, in each case compared to same period of the previous year. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
Operating expenses	INV expects to incur property related expenses for each fiscal period as follows: The 24th fiscal period / The 25th fiscal period ・Facility management fees: JPY 457 mn / JPY 510 mn (of these, repair costs): (JPY 26 mn) / (JPY 40 mn) ・Taxes and other public charges: JPY 204 mn / JPY 256 mn ・Insurance expenses: JPY 6 mn / JPY 7 mn ・Other expenses: JPY 180 mn / JPY 149 mn ・Depreciation expenses: JPY 1,004 mn / JPY 1,276 mn Total property related expenses: JPY 1,853 mn / JPY 2,192 mn The 26th fiscal period / The 27th fiscal period ・Facility management fees: JPY 480 mn / JPY 503 mn (of these, repair costs): (JPY 30 mn) / (JPY 40 mn) ・Taxes and other public charges: JPY 291 mn / JPY 337 mn ・Insurance expenses: JPY 8 mn / JPY 7 mn ・Other expenses: JPY 189 mn / JPY 150 mn ・Depreciation expenses: JPY 1,308 mn / JPY 1,298 mn Total property related expenses: JPY 2,278 mn / JPY 2,298 mn INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows: The 24th fiscal period / The 25th fiscal period ・Other operating expenses: JPY 327 mn / JPY 363 mn (of these, asset management fees): (JPY 180 mn) / (JPY 180 mn) The 26th fiscal period / The 27th fiscal period ・Other operating expenses: JPY 504 mn / JPY 501 mn (of these, asset management fees): (JPY 343 mn) / (JPY 344 mn)

Item	Assumptions
Net Operating Income	INV expects to record net operating income for each fiscal period as follows: | | The 24th fiscal period | The 25th fiscal period | ・NOI | JPY 4,070 mn | JPY 5,521 mn (of these, hotel NOI) | (JPY 2,243 mn) | (JPY 3,619 mn) | | The 26th fiscal period | The 27th fiscal period | ・NOI | JPY 5,345 mn | JPY 5,822 mn (of these, hotel NOI) | (JPY 3,514 mn) | (JPY3,909 mn)
Non-operating expenses	INV expects to incur non-operating expenses for each fiscal period as follows: | | The 24th fiscal period | The 25th fiscal period | ・Interest expense | JPY 391 mn | JPY 300 mn ・Finance related costs | JPY 144 mn | JPY 991 mn (Prepayment premiums (note1)) | (－) | (JPY 273 mn) ・Other non-operating expenses (expenses relating to the issuance of new units for the Offering) | － (－) | JPY 142 mn (JPY 142 mn) Total Non-operating expenses | JPY 536 mn | JPY 1,434 mn | | The 26th fiscal period | The 27th fiscal period | ・Interest expense | JPY 277 mn | JPY 280 mn ・Finance related costs | JPY 106 mn | JPY 107 mn ・Other non-operating expenses | JPY － mn | JPY － mn Total Non-operating expenses | JPY 384 mn | JPY 388 mn (Note 1) Prepayment penalty of Prudential LPS Loan
Distribution per unit	The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation. With respect to the distribution for the fiscal period ending June 2015, INV expects to distribute an aggregate amount of JPY 2,198 million (distribution per unit: JPY 824) based on the assumption that the earnings for the fiscal period ending June 2015 (JPY 2,201 million) will be used as funds. With respect to the distribution for the fiscal period ending December 2015, INV expects to distribute an aggregate amount of JPY 3,286 million (distribution per unit: JPY 1,029) based on the assumption that the earnings for the fiscal period ending December 2015 (JPY 2,447 million) and all of the surplus based on the gain on negative goodwill resulting from the merger (JPY 75 million) will be used as funds. With respect to the distribution for the fiscal period ending June 2016, INV expects to distribute an aggregate amount of JPY 3,145 million (distribution per unit: JPY 985) based on the assumption that the earnings for the fiscal period ending June 2016 (JPY 3,146 million) will be used as funds. With respect to the distribution for the fiscal period ending December 2016, INV expects to distribute an aggregate amount of JPY 3,631 million (distribution per unit: JPY 1,137) based on the assumption that the earnings for the fiscal period ending December 2016 (JPY 3,632 million) will be used as funds.

Item	Assumptions
Excess profit distribution per unit	INV make distributions in excess of profits (Excess profit distribution per unit) for the fiscal period ending December 2015 to bridge gap with simulated earnings per unit | | The 24th fiscal period | The 25th fiscal period | Excess profit distribution per unit: The 24th fiscal period —; The 25th fiscal period JPY 239 Excess profit distribution per unit: The 26th fiscal period —; The 27th fiscal period —
Other	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.

(Appendix 2)

＜Simulated earnings per unit＞

Simulated earnings per unit refer to earnings per unit calculated by first assuming the forecast of financial results for the fiscal period ending June 2015 and the fiscal period ending December 2015 and then, by applying the simulated adjustments below, eliminating the effects of such factors as one-time expenses and treating the planned acquisition of assets as if it had occurred prior to the beginning of the fiscal period ending June 2015.

Simulated adjustment is based on the total of the following adjustments:

1. The impact based on the assumption that the acquisitions described in the "Notice concerning Acquisition of Assets and Entering into Leasing contract" dated as of June 25, 2015 were implemented prior to the beginning of the fiscal period ending June 2015.
2. The impact based on the assumption that the borrowings described in the "Notice concerning Debt Financing" dated as of June 25, 2015 were implemented prior to the beginning of the fiscal period ending June 2015.
3. The tax amount based on the assumption that property taxes and city planning taxes will be expensed at the beginning of the fiscal period ending June 2015 on the three acquired hotels described in the "Notice concerning Acquisition of Assets and Entering into Leasing contract" dated as of February 4, 2015 and "Notice concerning Acquisition of Assets and Entering into Leasing Contract" dated as of June 25, 2015.
4. Elimination of various one-time charges in connection with the implementation of the Transactions.
5. With respect to both the fiscal period ending June 2015 and the fiscal period ending December 2015, calculation is based on the assumption that a total of 3,193,686 units (500,000 units through the Public Offering and 25,000 units through the Over-Allotment Option) were issued at the beginning of the fiscal period ending June 2015 and the number of investment units issued and outstanding is 2,668,686.

The simulated earnings per unit as compared to the estimated earnings per unit for the fiscal period ending June 2015 and the fiscal period ending December 2015 is purely a simulation intended to describe the effect of the transactions, etc. described above and is 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 earnings per unit will ever be realized for any future operating 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.