Invincible Investment Corporation

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

March 10, 2016

To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 26th Fiscal Period Ending June 2016 and the 27th Fiscal Period Ending December 2016

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

Details

1. Revision of 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
Previous forecast (A) (announced on February 25, 2016)	Million JPY 7,021	Million JPY 4,124	Million JPY 3,673	Million JPY 3,672	Million JPY 3,688
Revised forecast (B)	Million JPY 8,308	Million JPY 5,078	Million JPY 4,294	Million JPY 4,293	Million JPY 4,323
Amount of Variance (B) – (A)	Million JPY 1,287	Million JPY 953	Million JPY 620	Million JPY 620	Million JPY 634

Rate of variance ((B) – (A)) / (A)	% 18.3	% 23.1	% 16.9	% 16.9	% 17.2
(Reference) Result of previous fiscal period (from July 1, 2015 to December 31, 2015)	Million JPY 6,863	Million JPY 4,369	Million JPY 2,953	Million JPY 2,952	Million JPY 3,790

	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, 3)	Distribution per unit (including excess profit distribution per unit) (Note 1)
Previous forecast (A) (announced on February 25, 2016)	JPY 1,150	JPY –	JPY 1,150	JPY 5	JPY 1,155
Revised forecast (B)	JPY 1,167	JPY -	JPY 1,167	JPY 9	JPY 1,176
Amount of Variance (B) – (A)	JPY 17	JPY –	JPY 17	JPY 4	JPY 21
Rate of variance ((B) – (A)) / (A)	% 1.5	% –	% 1.5	% 80.0	% 1.8
(Reference) Result of previous fiscal period (from July 1, 2015 to December 31, 2015)	JPY 937	JPY 23	JPY 948	JPY 239	JPY 1,187

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 3,193,686 (previous forecast) and 3,676,174 units (revised forecast).

(Note 2) Reversal of surplus per unit means reversal of surplus including negative goodwill generated due to the merger in February 2010 (the "Surplus"). The same shall apply hereinafter.

(Note 3) INV will make distributions in excess of profits (Excess profit distribution per unit) worth JPY 9 per unit for the fiscal period ending June 2016 in order to cope with the discrepancy between tax and accounting treatment. Please refer to "3. Excess profit distribution policy" for the detail of the excess profit distribution policy and simulated distribution per unit in the fiscal period ending June 2016.

<Fiscal Period Ending December 2016>

	Operating revenues	Operating income	Ordinary income	Net income	Total distribution amount
Previous forecast (A) (announced on February 25, 2016)	Million JPY 7,773	Million JPY 4,847	Million JPY 4,408	Million JPY 4,408	Million JPY 4,423
Revised forecast (B)	Million JPY 9,813	Million JPY 6,344	Million JPY 5,837	Million JPY 5,836	Million JPY 5,870
Amount of Variance (B) – (A)	Million JPY 2,040	Million JPY 1,497	Million JPY 1,428	Million JPY 1,428	Million JPY 1,447
Rate of variance ((B) – (A)) / (A)	% 26.3	% 30.9	% 32.4	% 32.4	% 32.7

	Earnings per unit (Note 1)	Reversal of Surplus per unit (Note 1)	Distribution per unit (excluding excess profit distribution per unit) (Note 1)	Excess profit distribution per unit (Note 1)	Distribution per unit (including excess profit distribution per unit) (Note 1)
Previous forecast (A) (announced on February 25, 2016)	JPY 1,380	JPY –	JPY 1,380	JPY 5	JPY 1,385
Revised forecast (B)	JPY 1,587	JPY –	JPY 1,587	JPY 10	JPY 1,597
Amount of Variance (B) – (A)	JPY 207	JPY –	JPY 207	JPY 5	JPY 212
Rate of variance ((B) – (A)) / (A)	% 15.0	% –	% 15.0	% 100.0	% 15.3

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 3,193,686 (previous forecast) and 3,676,174 units (revised forecast).

(Reference)

Assumptions underlying the forecast of financial results and distributions for the fiscal periods ending 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 distribution per unit are summarized in the table below. Simulated distribution per unit are shown for reference purposes, which are calculated by applying adjustments including, assuming that the five hotel properties and one residential property were purchased on January 22, 2016 and that interest rate fixation based on the interest rate swap agreement dated as of March 4, 2016 was implemented, the global offering as announced by “Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units” as of today (the “Public Offering”), acquisition of properties to be acquired as announced by “Notice concerning Acquisition of Assets and Entering into Leasing Contract” as of today (the “Acquisition”) and borrowings as announced by “Notice concerning Debt Financing” as of today (the “Borrowings”) (collectively, the “Transactions”) occurred prior to the commencement of the fiscal period ending June 2016. For details on the method for calculating simulated distribution per unit, please refer to Appendix 2. The simulated distribution 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	Excess profit distribution per unit (Note 2)	Distribution per unit (including excess profit distribution per unit)(Note 2)	Simulated distribution per unit (Note 1)(Note 2)
Forecast for the fiscal period ending June 2016	JPY 1,167	JPY –	JPY 9	JPY 1,176	JPY 1,176
Forecast for the fiscal period ending December 2016	JPY 1,587	JPY –	JPY 10	JPY 1,597	JPY 1,572
Forecast for the year 2016	JPY 2,754	JPY –	JPY 19	JPY 2,773	JPY 2,748

(Note 1) For details of simulated earnings per unit, please refer to Appendix 2 below.

(Note 2) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ending June 2016 and December 2016: 3,676,174 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 Third Party Allotment Option is fully exercised. The forecast in the table below represents the distribution amounts in the case where no units are issued through the Third Party 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 3,653,198 and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2016. Other assumptions underlying the forecast are provided in Appendix 1.

Further, the calculation method for simulated distribution 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 2016 is 3,653,198, is provided in Appendix 2.The simulated distribution 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)	Excess profit distribution per unit (Note 2)	Distribution per unit (including excess profit distribution per unit)(Note 2)	Simulated distribution per unit (Note 1)(Note 2)
Forecast for the fiscal period ending June 2016	JPY 1,175	JPY –	JPY 10	JPY 1,185	JPY 1,183
Forecast for the fiscal period ending December 2016	JPY 1,597	JPY –	JPY 10	JPY 1,607	JPY 1,582
Forecast for the year 2016	JPY 2,772	JPY –	JPY 20	JPY 2,792	JPY 2,765

(Note 1) For details of simulated distribution per unit, please refer to Appendix 2 below.

(Note 2) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ending June 2016 and December 2016: 3,653,198 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.

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

<Fiscal Periods Ending June 2016 and December 2016>

As announced today in the "Notice concerning Acquisition of Assets and Entering into Leasing Contract", INV expects to acquire four hotel properties and one residential property.

The revision of the forecast of financial results and distribution for the fiscal periods ending June 2016 and December 2016 are based on INV's current review of its previous forecast of financial results in connection with an increase in revenue owing to the contributions from properties to be acquired. The other major factor includes a lowering of the average interest rate.

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, 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, INV has decided to make distributions in excess of profits in order to stabilize distributions and be more reflective of INV's simulated earnings.

INV may consider paying distributions in excess of profits for the purpose of offsetting 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 distribution per unit for the fiscal period ending June 2016, due to various expenses that are expected to be recorded in connection with the Transactions in such fiscal period, it is expected that distribution per unit will not decrease significantly.

Therefore, INV will make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment and will not 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 both for the fiscal period ending June 2016 and the fiscal period ending December 2016.

4. Reasons for Forecast Revision

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 " each separately announced today, INV is planning an offering of 482,488 newly issued units (assuming the over-allotment option is exercised in full), the acquisition of 5 assets for JPY 66,697 million, and entering into a new syndicated loan agreement. The forecasted DPU for the fiscal period ending June 2016 to JPY 1,176 is 1.8% higher than the previous forecast as of February 25, 2016 and 36.7% higher than the same period a year earlier. As described in Item 2 of this press release, this forecast is based largely on assumptions of a full-year increase in ADR and NOI for hotels which INV owned as of the end of February 2016 by 10.3%

and 11.7% respectively as compared to the same period in the previous year, due to the continued strong fundamentals surrounding the hotel sector in 2016. The other major factors reflected in the upward revisions of forecasted operating statements include NOI growth in the INV portfolio in association with the acquisition of the five properties to be acquired and lowering of the average interest rate as a result of the Borrowings. Furthermore, on March 4, 2016, INV has entered into an interest rate swap, which fixed the interest rates on all of the existing long-term debt and 75.4% of the debt will be fixed interest debt if the upcoming acquisition occurs. This swap results in savings of JPY 123 million in 2016 based on the current outstanding debt at the assuming 1 month TIBOR rate (0.13%), which we assumed in the previous forecast.

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

<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)
Previous forecast (A) (February 25, 2016)	JPY 2,530	JPY –	JPY 2,530	JPY 10	JPY 2,540
Revised forecast (B)	JPY 2,754	JPY –	JPY 2,754	JPY 19	JPY 2,773
Amount of variance (B)- (A)	JPY 224	JPY –	JPY 224	JPY 9	JPY 233
Rate of variance ((B) – (A)) / (A)	% 8.9	% –	% 8.9	% 90.0	% 9.2

(Appendix 1)

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

Item	Assumptions
Fiscal period	The 26th fiscal period: from 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 26th fiscal period: 122 properties Properties held as of the end of the 27th fiscal period: 122 properties INV assumes that INV will newly acquire 4 hotel properties and 1 residential property (Note) as of March 31, 2016 in addition to existing 117 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 March 31, 2016, please refer to “Notice concerning Acquisition and of Assets and Entering into Leasing Contract” dated as of today.
Units outstanding	As of the end of the 26th fiscal period: 3,676,174 units As of the end of the 27th fiscal period: 3,676,174 units INV assumes that a total of 482,488 new investment units will be issued through the Public Offering (459,512 new investment units) and the Third Party Allotment (up to 22,976 new investment units), that the expected number of investment units issued and outstanding following the Offering will be 3,676,174 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 26th fiscal period: JPY 131,419 mn (Note) Balance as of the end of the 27th fiscal period: JPY 131,419 mn (Note) (Note) consumption tax loan of JPY 1,080 million implemented as of June 16, 2015 is assumed to be repaid on May 16, 2016. INV assumes that New Syndicate Loan (F) is implemented as of March 31, 2016, as mentioned in the “Notice concerning Debt Financing” dated as of March 10, 2016 and no other loan is implemented.

<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>The 26th fiscal period</th><th>The 27th fiscal period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 8,308 mn</td><td>JPY 9,813 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 5,239 mn)</td><td>(JPY 6,643 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 2,147 mn)</td><td>(JPY 2,927 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 3,091 mn)</td><td>(JPY 3,716 mn)</td></tr>
</table>
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. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
</td></tr>
<tr><td>Operating expenses</td><td>
INV expects to incur property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>The 26th fiscal period</th><th>The 27th fiscal period</th></tr>
<tr><td>・Facility management fees</td><td>JPY 602 mn</td><td>JPY 613 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 44 mn)</td><td>(JPY 66 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 297 mn</td><td>JPY 336 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 12 mn</td><td>JPY 13 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 185 mn</td><td>JPY 151 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 1,685 mn</td><td>JPY 1,932 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 2,782 mn</td><td>JPY 3,047 mn</td></tr>
</table>
INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>The 26th fiscal period</th><th>The 27th fiscal period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 447 mn</td><td>JPY 421 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 250 mn)</td><td>(JPY 250 mn)</td></tr>
</table>
</td></tr>
<tr><td>Net Operating Income</td><td>
INV expects to record net operating income for each fiscal period as follows:
<table>
<tr><th></th><th>The 26th fiscal period</th><th>The 27th fiscal period</th></tr>
<tr><td>・NOI</td><td>JPY 7,211 mn</td><td>JPY 8,698 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 5,042 mn)</td><td>(JPY 6,397 mn)</td></tr>
</table>
</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:

| | The 26th fiscal period | The 27th fiscal period |
・Interest expense: JPY 312 mn / JPY 345 mn
・Finance related costs: JPY 321 mn / JPY 162 mn
・Other non-operating expenses (expenses relating to the issuance of new units for the Offering): JPY 150 mn (JPY 150 mn) / - (-)
Total Non-operating expenses: JPY 784 mn / JPY 507 mn</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 June 2016, INV expects to distribute an aggregate amount of JPY 4,323 million (distribution per unit: JPY 1,176) based on the assumption that excess profit distribution will be paid (JPY 33 million), in addition to the earnings for the fiscal period ending June 2016 (JPY 4,293 million) which 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 5,870 million (distribution per unit: JPY 1,597) based on the assumption that excess profit distribution will be paid (JPY 36 million), in addition to the earnings for the fiscal period ending December 2016 (JPY 5,836 million) which will be used as funds.</td></tr>
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<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Excess profit distribution per unit</td><td>INV expects to make distributions in excess of profits (Excess profit distribution per unit), based on our assumed allowance to cope with the discrepancy between tax and accounting treatment for the fiscal periods ending June 2016 and December 2016 as follows.

<table><tr><th></th><th>The 26th fiscal period</th><th>The 27th fiscal period</th></tr><tr><td>Excess profit distribution per unit</td><td>JPY 9</td><td>JPY 10</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>

(Appendix 2)

＜Simulated distribution per unit＞

Simulated distribution per unit refer to sum of earnings per unit calculated by first assuming the forecast of financial results for the fiscal period ending June 2016 and the fiscal period ending December 2016 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 2016, and excess profit distribution per unit (limited to distribution in excess of profit for coping with the discrepancy between tax accounting treatment).

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

1. The impact based on the assumption that the acquisitions of five hotels and one residential property acquired as of January 22, 2016 and those described in the "Notice concerning Acquisition of Assets and Entering into Leasing contract" dated as of March 10, 2016 were implemented prior to the beginning of the fiscal period ending June 2016.
2. The impact based on the assumption that the borrowings described in the "Notice concerning Debt Financing" dated as of March 10, 2016 were implemented prior to the beginning of the fiscal period ending June 2016.
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 June2016 on the four hotels and one residential property described in the "Notice concerning Acquisition of Assets and Entering into Leasing contract" dated as of January 22, 2016 and properties to be acquired described in "Notice concerning Acquisition of Assets and Entering into Leasing Contract" dated as of March 10, 2016.
4. The impact based on the assumption that interest rate fixation based on the interest rate swap agreement dated as of March 4, 2016 was implemented prior to the beginning of the fiscal period ending June 2016.
5. Elimination of various one-time charges in connection with the implementation of the Transactions.
6. With respect to both the fiscal period ending June 2016 and the fiscal period ending December 2016, calculation is based on the assumption that a total of 3,676,174 units (459,512 units through the Public Offering and 22,976 units through the Third Party Allotment) were issued at the beginning of the fiscal period ending June 2016.

The simulated distribution per unit as compared to the estimated earnings per unit for the fiscal period ending June 2016 and the fiscal period ending December 2016 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 distribution 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.