Invincible Investment Corporation

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

December 22, 2016

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
Name of representative:
Naoki Fukuda, Executive Director
Roppongi Hills Mori Tower
6-10-1 Roppongi, Minato-ku, Tokyo, Japan
(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 and Distribution for the 27th Fiscal Period Ending December 2016, together with Forecast of Financial Results and Distribution for the 28th Fiscal Period Ending June 2017 and 29th Fiscal Period Ending December 2017

Invincible Investment Corporation ("INV") today announced the revision of its forecast of financial results and distribution per unit ("DPU") for the fiscal period ending December 2016 (27th fiscal period), as previously announced in the release "Financial Summary for the June 2016 Fiscal Period" on August 23, 2016, together with the forecast of financial results and DPU for the fiscal period ending June 2017 (28th fiscal period) and fiscal period ending December 2017 (29th fiscal period).

1. Revision of forecasts of financial results and DPU for the fiscal period ending December 2016 (from July 1, 2016 to December 31, 2016)

<Fiscal Period Ending December 2016>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on August 23, 2016)	JPY million 10,015	JPY million 6,417	JPY million 5,872	JPY million 5,872	JPY million 5,870
Revised forecast (B)	JPY million 9,501	JPY million 5,877	JPY million 5,338	JPY million 5,337	JPY million 5,337
Amount of Variance (B) – (A)	JPY million (513)	JPY million (539)	JPY million (534)	JPY million (534)	JPY million (532)
Rate of variance ((B) – (A)) / (A)	% (5.1)	% (8.4)	% (9.1)	% (9.1)	% (9.1)

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Previous forecast (A) (announced on August 23, 2016)	JPY 1,597	JPY 1,597	JPY –	JPY 1,597
Revised forecast (B)	JPY 1,452	JPY 1,452	JPY -	JPY 1,452
Amount of Variance (B) – (A)	JPY (145)	JPY (145)	JPY –	JPY (145)
Rate of variance ((B) – (A)) / (A)	% (9.1)	% (9.1)	% –	% (9.1)

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 units

2. Forecasts of financial results and DPU for the fiscal periods ending June 2017 (from January 1, 2017 to June 30, 2017) and December 2017 (from July 1, 2017 to December 31, 2017)

<Fiscal Period Ending June 2017>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast for the fiscal period ending June 2017	JPY million 8,796	JPY million 5,090	JPY million 4,559	JPY million 4,558	JPY million 4,558

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Forecast for the fiscal period ending June 2017	JPY 1,240	JPY 1,240	JPY -	JPY 1,240

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 units

<Fiscal period ending December 2017>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast for the fiscal period ending December 2017	JPY million 9,666	JPY million 5,912	JPY million 5,377	JPY million 5,376	JPY million 5,374

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Forecast for the fiscal period ending December 2017	JPY 1,462	JPY 1,462	JPY -	JPY 1,462

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 units

Assumptions underlying the forecast of financial results and distributions for the fiscal periods ending December 2016, June 2017, and December 2017 are provided in Appendix 1.

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

<Fiscal Periods Ending December 2016>

INV is revising its forecast of financial results and DPU for the fiscal period ending December 2016 since the overall outlook has become clearer.

The earnings for the December 2016 period have been revised downward due to weaker than expected performance from the hotel portfolio. While there has been a slowdown in the hotel performance over the past few months, recent results show signs of a modest recovery. The full year 2016 hotel[1] performance remains positive in a non-inflationary environment; ADR[2] is forecast to increase 4.0% year-on-year, occupancy[3] will decline by 1.3pt and RevPAR[4] will increase by 2.6%. The 2016 full year DPU is forecast to be JPY 2,638 or 28.9% higher than full year 2015, above the J-REIT industry average.

The DPU for the December 2016 fiscal period is being revised down to JPY 1,452 (-9.1%) compared to JPY 1,597 as previously announced in the Financial Summary on August 23, 2016. The December 2016 DPU of JPY 1,452 represents a 22.3% increase over the December 2015 period. The main reason for the revision is due to weaker than expected performance from the hotel portfolio. After reflecting the updated performance figures for November and the most recent forecast for December 2016, hotel ADR is forecast to increase by 0.4%, occupancy is forecast to decline by 1.2pt to 90.5% resulting in a RevPAR decline of 0.9% for the December 2016 fiscal period year-on-year. This is compared to the previous forecast for ADR, occupancy and RevPAR growth of 5.5%, 0.6pt and 6.3% respectively, as announced in the Results Presentation Material on August 23, 2016.

The hotel market in Japan continues to benefit from structural changes including record numbers of inbound travel supported by improvements in travel infrastructure, penetration of Low Cost Carriers and government-led efforts at the national and local level. However, the December 2016 period was impacted by poor weather, day formation (reduced number of weekday holidays) of the Silver Week holiday in September 2016, an increase in hotel supply in Tokyo in the limited-service-hotel segment, an increase in the number of hotel rooms listed websites of Online Travel Agents and increased cancellations.

Further, INV is working closely with the operators of the hotels, primarily MyStays Hotel Management to proactively address the issues at hand. Specifically, MyStays continues to improve the web experience and strengthen its contents for users to engage customers through its online chat function to drive more direct bookings through the MyStays home page as well as increase brand awareness. MyStays is increasing the over-bookings ratio in strategic locations to achieve higher occupancy rates and to offset vacancies caused by cancellations. In addition, MyStays plans to convert a large number of smoking rooms to non-smoking rooms which have a higher RevPAR due to updated customer preferences.

The residential portfolio continues to perform well with 95.6% occupancy across all 68 residential properties as of the end of November 2016. For the 63 residential properties[5] in which a year-on-year comparison can be made, the occupancy rate was 94.5% as of the end of November 2016 and 94.6% for the July to November 2016 period. The rent increase program continues to maintain progress as rents, compared with immediately preceding leases, increased at 54.6% of new leases for an average increase of 1.5% across all new leases, and increased at 30.5% of renewal leases for an average increase of 0.9% across all renewal leases while the retention rate for existing tenants was 84.1% from July to November 2016. In total, all leases increased by 1.2% from July to November 2016. The rent increase program from January to November 2016 period is shown in Appendix 2. The residential portfolio NOI is forecast to increase by 2.2% for the December 2016 period and 3.6% for the full year 2016 year-on-year.

INV seeks to maximize unitholders' value while building its portfolio with hotel and residential assets as its core assets via focusing on both growth and stability. INV will carefully manage its balance of revenues by asset type. Rent revenue from residential assets, hotels with fixed rent and other assets account for 67.4% of revenue while hotels with variable rent comprises of 32.6% as shown in Appendix 3.

(Note 1) Based on 35 hotel properties; of the 48 hotel properties in our portfolio as of today, 9 hotels with fixed-rent lease agreements, the two hotels which opened in 2014, D24 Hotel MyStays Haneda and D47 Hotel MyStays Premier Kanazawa, and the two hotels which were renovated in 2015 and don't have full-year figures, D38 Hotel MyStays Shinsaibashi and D43 Hotel MyStays Gotanda Station are excluded. 9 hotels with fixed-rent lease agreements are D29 Super Hotel Shinbashi/ Karasumoriguchi, D33 Comfort Hotel Toyama, D36 Super Hotel Tokyo-JR Tachikawa Kitaguchi, D37 Super Hotel JR Ueno-iriyaguchi, D39 Comfort Hotel Kurosaki, D40 Comfort Hotel Maebashi, D41 Comfort Hotel Tsubamesanjo, D42 Comfort Hotel Kitami, and D48 Takamatsu Tokyu REI Hotel.

(Note 2) "ADR," or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by the total number of sold rooms for the same period.

(Note 3) "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 business days during target period)

(Note 4) "RevPAR", or Revenues Per Available Room, is calculated by dividing the total sales 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.

(Note 5) Based on the 63 residential properties owned as of the end of June 2015.

<Forecasts for Major Hotel Performance Indicators (35 hotel properties)[1]>

	Y2016				
	June fiscal period (Actual)	December fiscal period (Previous forecast)	December fiscal period (Revised forecast)	Full-Year (Previous forecast)	Full-Year (Revised forecast)
Occupancy Rate	89.0%	92.3%	90.5%	90.7%	89.7%
ADR (JPY)	8,874	10,233	9,738	9,570	9,312
RevPAR (JPY)	7,896	9,445	8,812	8,675	8,357
GOP (JPY million)	4,166	5,340	4,965	9,507	9,131

Year-on-Year Changes

	Y2016				
	June fiscal period (Actual)	December fiscal period (Previous forecast)	December fiscal period (Revised forecast)	Full-Year (Previous forecast)	Full-Year (Revised forecast)
Occupancy Rate	-1.3pt	+0.6pt	-1.2pt	-0.3pt	-1.3pt
ADR (JPY)	+8.5%	+5.5%	+0.4%	+6.9%	+4.0%
RevPAR (JPY)	+6.9%	+6.3%	-0.9%	+6.5%	+2.6%
GOP (JPY million)	+10.4%	+4.3%	-3.0%	+6.9%	+2.7%

(Note 1) For details of 35 hotel properties, please refer to “Note 1” above.

<Forecasts for Major Residential Performance Indicators (63 residential properties)[1]>

	Y2016				
	June fiscal period (Actual)	December fiscal period (Previous forecast)	December fiscal period (Revised forecast)	Full-Year (Previous forecast)	Full-Year (Revised forecast)
Occupancy Rate	95.5%	96.4%	94.5%	96.0%	95.0%
Average Rent per Tsubo (JPY)	10,040	10,108	10,128	10,074	10,085
NOI (JPY million)[2]	1,540	1,545	1,529	3,085	3,069

Year-on-Year Changes

	Y2016				
	June fiscal period (Actual)	December fiscal period (Previous forecast)	December fiscal period (Revised forecast)	Full-Year (Previous forecast)	Full-Year (Revised forecast)
Occupancy Rate	+1.8pt	+1.1pt	-0.8pt	+1.5pt	+0.5pt
Average Rent per Tsubo (JPY)	+1.3%	+1.5%	+1.7%	+1.4%	+1.5%
NOI (JPY million)[2]	+5.1%	+3.3%	+2.2%	+4.2%	+3.6%

(Note 1) For details of 63 residential properties, please refer to “Note 5” above.
(Note 2) Excludes one-off insurance-related revenues and expenses

<Fiscal Periods Ending June 2017 and December 2017>

INV discloses the financial and DPU forecasts for the fiscal periods ending June and December 2017, after reflecting updated performance based on information currently available to INV and certain assumptions that are deemed reasonable by INV.

The Residential portfolio is expected to continue to provide internal growth potential through proactive revenue management with projected NOI growth of 1.2% (for properties in which a year-on-year comparison can be made[1]) year-on-year. The occupancy is expected to increase from 95.0% to 95.4% and the rent per tsubo is expected to increase from JPY 10,085 to JPY 10,167 (+0.8%) year-on-year.

The NOI for the hotels[2] will see a modest 1.8% increase year-on-year; 0.2% of it is derived from the existing hotels and 1.6% will come from full year contributions from the 6 hotels acquired in 2016. INV forecasts flat ADR growth and a 0.6pt increase in occupancy, resulting in RevPAR growth of 0.6% year-on-year for the June 2017 period; for the December 2017 period, ADR, occupancy and RevPAR are forecast to increase by 0.1%, 0.8pt, and 1.0% respectively year-on-year. For the full year 2017, INV forecasts flat ADR growth and a 0.7pt increase in occupancy, resulting in RevPAR growth of 0.8% year-on-year.

The DPU for the June 2017 period is forecast to be JPY 1,240 (+4.6% YoY) and the DPU for the December 2017 period is forecast to be JPY 1,462 (+0.7% YoY); the full year DPU for calendar year 2017 is forecast to be a modest growth of JPY 2,702 (+2.4% YoY).

(Note 1) Based on the 63 residential properties owned as of the end of June 2015.

(Note 2) Based on the 38 hotel properties in which year-on-year comparison from 2016 can be made; of the 48 hotel properties in our portfolio as of today, 9 hotels with fixed-rent lease agreements and one hotel which was renovated in 2016, D01 Hotel MyStays Kanda, are excluded. 9 hotels with fixed-rent lease agreements are D29 Super Hotel Shinbashi/ Karasumoriguchi, D33 Comfort Hotel Toyama, D36 Super Hotel Tokyo-JR Tachikawa Kitaguchi, D37 Super Hotel JR Ueno-iriyaguchi, D39 Comfort Hotel Kurosaki, D40 Comfort Hotel Maebashi, D41 Comfort Hotel Tsubamesanjo, D42 Comfort Hotel Kitami, and D48 Takamatsu Tokyu REI Hotel.

(Reference)
Performance Indicators of Hotel Properties (38 hotel properties[1])

	Y2016		
	June fiscal period (Actual)	December fiscal period (Revised forecast)	Full-Year (Revised forecast)
Occupancy Rate	89.9%	91.3%	90.6%
ADR (JPY)	9,155	9,969	9,567
RevPAR (JPY)	8,233	9,102	8,670
GOP (JPY million)[2]	5,007	5,857	10,865

	Y2017		
	June fiscal period (New forecast)	December fiscal period (New forecast)	Full-Year (New forecast)
Occupancy Rate	90.5%	92.1%	91.3%
ADR (JPY)	9,153	9,975	9,571
RevPAR (JPY)	8,286	9,192	8,743
GOP (JPY million)	5,085	5,963	11,048

Year-on-Year Changes

	Y2017		
	June fiscal period (New forecast)	December fiscal period (New forecast)	Full-Year (New forecast)
Occupancy Rate	+0.6pt	+0.8pt	+0.7pt
ADR (JPY)	-0.0%	+0.1%	+0.0%
RevPAR (JPY)	+0.6%	+1.0%	+0.8%
GOP (JPY million)	+1.6%	+1.8%	+1.7%

(Note 1) Based on 38 hotel properties. For details, please refer to Note 2 of <Fiscal Periods Ending June 2017 and December 2017> above.

Invincible Investment Corporation

Performance Indicators of Residential Properties (63 properties[1])

	Y2016		
	June fiscal period (Actual)	December fiscal period (Revised forecast)	Full-Year (Revised forecast)
Occupancy Rate	95.5%	94.5%	95.0%
Average Rent per Tsubo (JPY)	10,040	10,128	10,085
NOI (JPY million)[2]	1,540	1,529	3,069

	Y2017		
	June fiscal period (New forecast)	December fiscal period (New forecast)	Full-Year (New forecast)
Occupancy Rate	95.7%	95.2%	95.4%
Average Rent per Tsubo (JPY)	10,142	10,192	10,167
NOI (JPY million)[2]	1,547	1,558	3,106

Year-on-Year Changes

	Y2017		
	June fiscal period (New forecast)	December fiscal period (New forecast)	Full-Year (New forecast)
Occupancy Rate	+0.2pt	+0.7pt	+0.4pt
Average Rent per Tsubo (JPY)	+1.0%	+0.6%	+0.8%
NOI (JPY million)[2]	+0.5%	+1.9%	+1.2%

(Note 1) Based on 63 hotel properties. For details, please refer to Note 5 above.

(Note 2) Excludes one-off insurance-related revenues and expenses

Earnings per unit and distribution per unit for the full year 2016 and 2017 are as follows:

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

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Previous forecast (A) (August 23, 2016)	JPY 2,784	JPY 2,722	JPY 61	JPY 2,783
Revised forecast (B)	JPY 2,639	JPY 2,577	JPY 61	JPY 2,638
Amount of variance (B)- (A)	JPY (145)	JPY (145)	JPY –	JPY (145)
Rate of variance ((B) – (A)) / (A)	% (5.2)	% (5.3)	% –	% (5.2)

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 units

<Full-year 2017> (Aggregate of the fiscal periods ending in June 2017 and December 2017)

	Earnings per Unit (Note)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note)	Excess Profit Distribution per Unit (Note)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note)
Forecast	JPY 2,702	JPY 2,702	JPY –	JPY 2,702

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 units

(Reference)

The variance between Y2016 and Y2017 forecasts are illustrated on Appendix 4 by indicating the major changes in earnings and expenses. The hotel key performance indicators that are used as underlying assumptions for Y2016 and Y2017 are shown above.

A sensitivity analysis showing the impact on DPU to increases/decreases in RevPAR is provided in Appendix 5. The simulated distribution per unit for full-year 2017 uses the annualized DPU, and is derived by assuming all of INV's assets as of today were owned since January 1, 2016. This simulation eliminates the effect of fixed asset tax and city-planning tax.

The simulated distribution per unit is purely a simulation intended to describe the effect of the fluctuation of RevPAR growth on DPU and is neither a forecast nor prospect relating to INV's earnings or distribution per unit for a given operating period.

	Earnings per unit	Excess profit distribution per unit	Distribution per unit (including excess profit distribution per unit)	Simulated distribution per unit
Forecast for the fiscal period ending June 2017	JPY 1,240	JPY —	JPY —	JPY 1,227
Forecast for the fiscal period ending December 2017	JPY 1,462	JPY —	JPY —	JPY 1,462
Forecast for the year 2017	JPY 2,702	JPY —	JPY —	JPY 2,689

(Note 1) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ending June 2017 and December 2017: 3,675,824 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.

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

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the December 2016, June 2017, and December 2017 Fiscal Periods>

Item	Assumptions
Fiscal Period	The December 2016 fiscal period: from July 1, 2016 to December 31, 2016 (184 days) The June 2017 fiscal period: from January 1, 2017 to June 30, 2017 (181 days) The December 2017 fiscal period: from July 1, 2017 to December 31, 2017 (184 days)
Assets under Management	Properties held as of the end of December 2016 fiscal period: 124 properties Properties held as of the end of the June 2017 fiscal period: 124 properties Properties held as of the end of the December 2017 fiscal period: 124 properties INV assumes there will be no change to the currently owned 124 properties through the end of the fiscal periods.
Units Outstanding	As of the end of December 2016 fiscal period: 3,675,824 units As of the end of the June 2017 fiscal period: 3,675,824 units As of the end of the December 2017 fiscal period: 3,675,824 units INV assumes there will be no change to the current 3,675,824 units issued and outstanding through the end of the fiscal periods.
Interest-Bearing Liabilities	Balance as of the end of December 2016 fiscal period: JPY 142,419 million Balance as of the end of the June 2017 fiscal period: JPY 142,419 million Balance as of the end of the December 2017 fiscal period: JPY 142,419 million INV assumes there will be no change to the current balance of JPY 142,419 million through the end of the fiscal periods.
Operating Revenues	INV expects to record rental revenues for each fiscal period as follows: (columns: December 2016 Fiscal Period / June 2017 Fiscal Period / December 2017 Fiscal Period) ・Rental revenues: JPY 9,501 mn / JPY 8,796 mn / JPY 9,666 mn (of these, hotel rents): (JPY 6,317 mn) / (JPY 5,539 mn) / (JPY 6,425 mn) (fixed hotel rents): (JPY 3,232 mn) / (JPY 2,644 mn) / (JPY 3,232 mn) (variable hotel rents): (JPY 3,084 mn) / (JPY 2,895 mn) / (JPY 3,192 mn) Rental revenues in the fiscal period ending December 2016, the fiscal period ending June 2017, and the fiscal period ending December 2017 are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.

Operating Revenues — rental revenues:

	December 2016 Fiscal Period	June 2017 Fiscal Period	December 2017 Fiscal Period
・Rental revenues	JPY 9,501 mn	JPY 8,796 mn	JPY 9,666 mn
(of these, hotel rents)	(JPY 6,317 mn)	(JPY 5,539 mn)	(JPY 6,425 mn)
(fixed hotel rents)	(JPY 3,232 mn)	(JPY 2,644 mn)	(JPY 3,232 mn)
(variable hotel rents)	(JPY 3,084 mn)	(JPY 2,895 mn)	(JPY 3,192 mn)

<table>
<tr><th>Item</th><th>Assumptions</th></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>December 2016 Fiscal Period</th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Facility management fees (of these, repair costs)</td><td>JPY 438 mn
(JPY 27 mn)</td><td>JPY 459 mn
(JPY 35 mn)</td><td>JPY 462 mn
(JPY 40 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 347 mn</td><td>JPY 386 mn</td><td>JPY 470 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 11 mn</td><td>JPY 10 mn</td><td>JPY 8 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,080 mn</td><td>JPY 2,068 mn</td><td>JPY 2,062 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 316 mn</td><td>JPY 361 mn</td><td>JPY 316 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 3,194 mn</td><td>JPY 3,286 mn</td><td>JPY 3,319 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>December 2016 Fiscal Period</th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 429 mn</td><td>JPY 418 mn</td><td>JPY 434 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 250 mn)</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>December 2016 Fiscal Period</th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・NOI
(of these, hotel NOI)</td><td>JPY 8,387 mn
(JPY 6,076 mn)</td><td>JPY 7,577 mn
(JPY 5,256 mn)</td><td>JPY 8,410 mn
(JPY 6,084 mn)</td></tr>
</table>
</td></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 2016 Fiscal Period</th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 361 mn</td><td>JPY 355 mn</td><td>JPY 361 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 184 mn</td><td>JPY 175 mn</td><td>JPY 174 mn</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 546 mn</td><td>JPY 531 mn</td><td>JPY 535 mn</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 2016, INV expects to distribute an aggregate amount of JPY 5,337 million (distribution per unit: JPY 1,452) based on the funds of Net Income for the fiscal period ending December 2016 (JPY 5,337 million).

With respect to the distribution for the fiscal period ending June 2017, INV expects to distribute an aggregate amount of JPY 4,558 million (distribution per unit: JPY 1,240) based on the funds of Net Income for the fiscal period ending June 2017 (JPY 4,558 million).

With respect to the distribution for the fiscal period ending December 2017, INV expects to distribute an aggregate amount of JPY 5,374 million (distribution per unit: JPY 1,462) based on the funds of Net Income for the fiscal period ending December 2017 (JPY 5,376 million).
</td></tr>
</table>

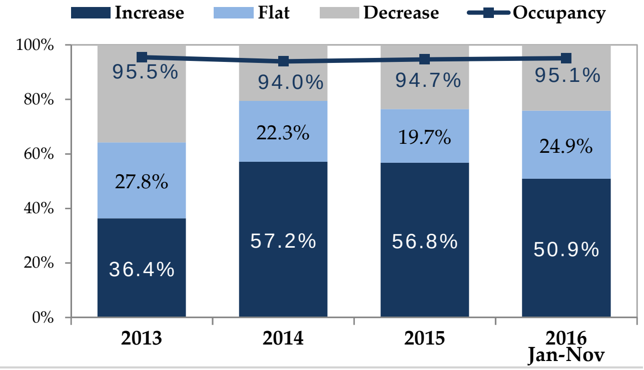
Item	Assumptions
Excess Profit Distribution per Unit	INV does not expect to make distributions in excess of profits (Excess profit distribution per unit). In addition, INV assumes there will be no changes in the market value of interest rate swap.
Other	INV assumes there will be no amendments to applicable 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.

Invincible Investment Corporation

(Appendix 2)

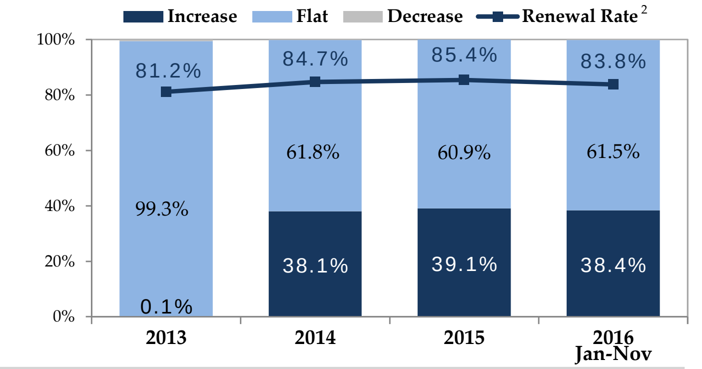
<Residential Rent Increase Initiative>

Change in Rent for New Contracts[1]



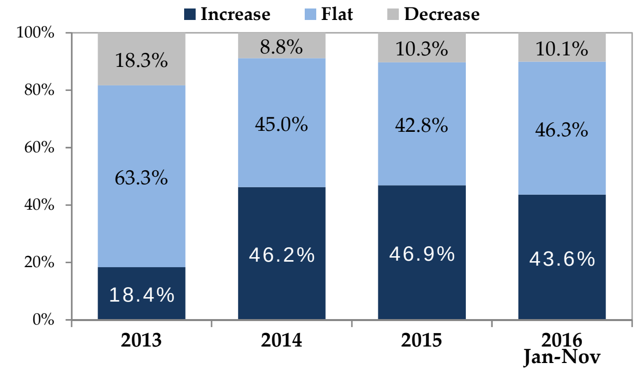
	2013	2014	2015	2016 Jan-Nov
No. of New Contracts	827	649	943	746
Net Leasing Cost (# of months)[3]	1.15	1.01	1.23	1.13

Change in Rent for Renewal Contracts[1]

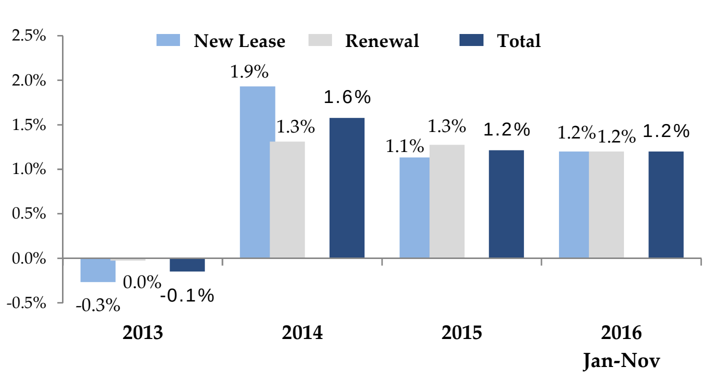


	2013	2014	2015	2016 Jan-Nov
No. of Renewals	818	872	1,209	1,054

Change in Rent for All Contracts[1]



Average Rent Increase/Decrease[4]



(Note 1) Based on the properties owned at the end of period. 63 properties for 2013 and 2014, 66 properties for 2015, and 68 properties from January to November 2016

(Note 2) Renewal rate is calculated by “Number of Renewal Contracts during the Period” ÷ “Number of Contracts Targeted for Renewal during the Period”

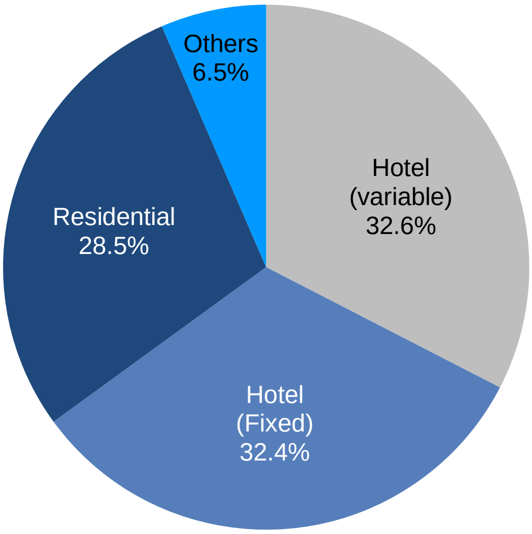
(Note 3) Net Leasing Cost (Multiple of Monthly Rent) = Advertising Expenses (Multiple of Monthly Rent) + Free Rent (Multiple of Monthly Rent) – Key Money (Multiple of Monthly Rent)

(Note 4) Monthly rent increase (%) of new or renewed contracts compared with previous contracts of existing properties, calculated on weighted average basis.

Invincible Investment Corporation

(Appendix 3)

<Rental Revenue Composition (Normalized / Estimated)>



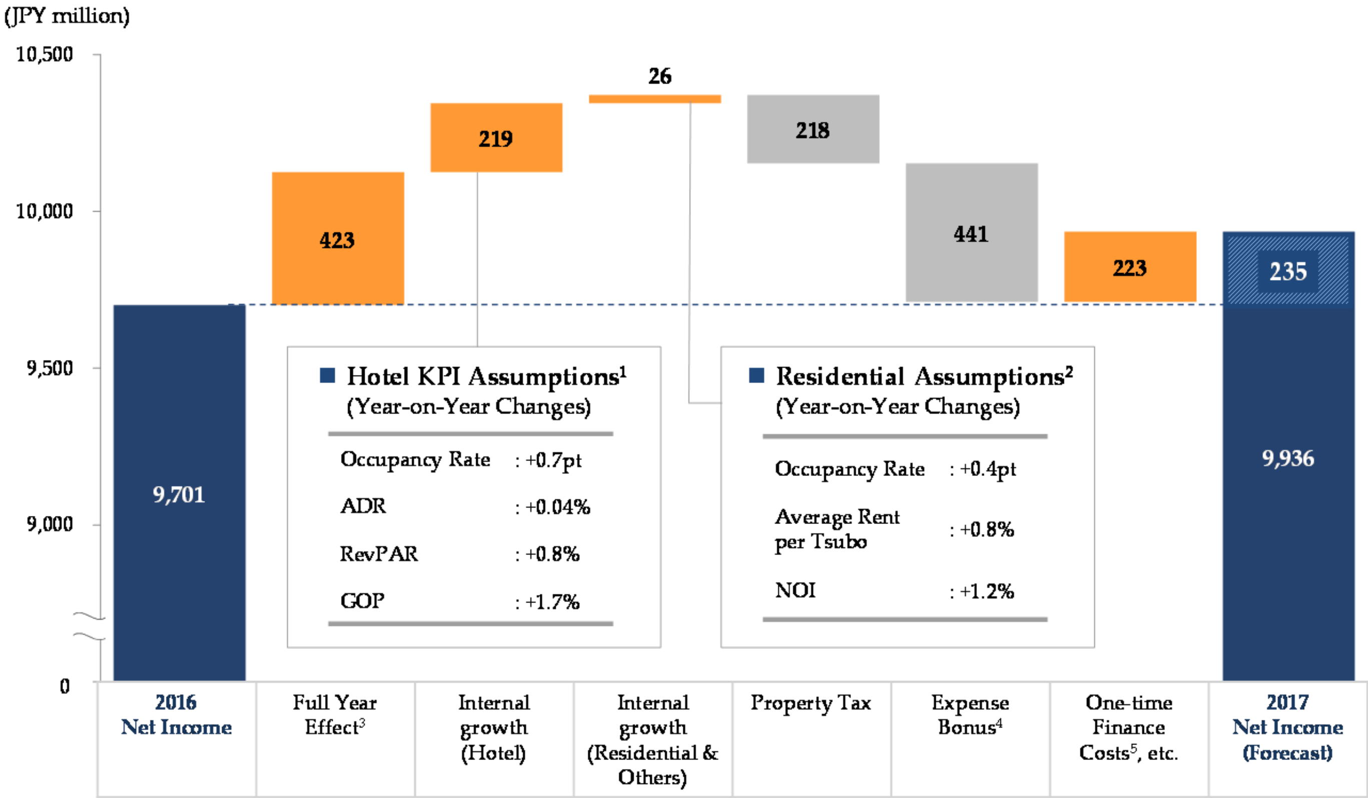
(JPY million)

Revenue[1]			
Hotel	(variable)	5,910	32.6%
	(Fixed)	5,873	32.4%
Residential		5,167	28.5%
Others		1,175	6.5%
Total		18,124	100.0%

(Note 1) Normalized for full-year by assuming all INV's assets as of today were owned since January 1, 2016, and calculated based on the forecast for December 2016 fiscal period.

(Appendix 4)

<INV Net Income Impact Analysis>



(Note 1) Based on 38 hotel properties. For details, please refer to Note 2 of <Fiscal Periods Ending June 2017 and December 2017> above

(Note 2) Based on 63 residential properties. For details, please refer to Note 5 of <Fiscal Periods Ending December 2016> above

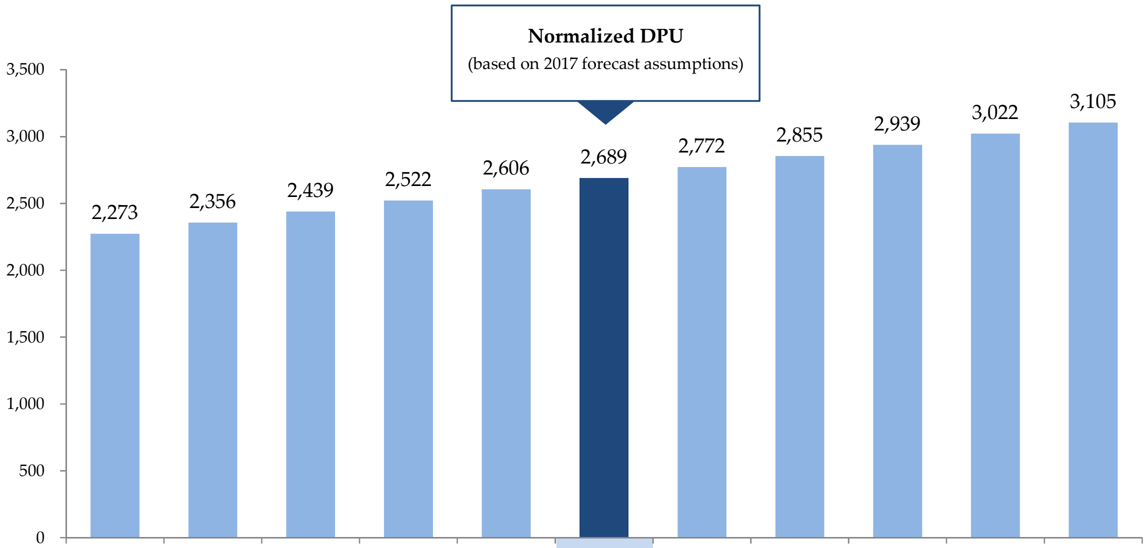
(Note 3) An increase of net income arising from full-year rent contribution, minus the increased expenses and ongoing finance costs from the assets acquired in 2016

(Note 4) For the first one month after the hotel acquisition, GOP increases because it is calculated without deducting hotel expenses, which are recorded on a cash basis in the following month, as stated in the lease agreement. Expenses are deducted from the second month.

(Note 5) An increase of net income since INV does not incur one-time financing costs for the March 2016 equity offering, and debt finance fee for assets acquired in 2016

(Appendix 5)

<2017 Annual DPU Sensitivity (vs RevPAR Growth) >



RevPAR Growth[1]	-10%	-8%	-6%	-4%	-2%	**+0%**	+2%	+4%	+6%	+8%	+10%
Hotel RevPAR[2]	7,874	8,048	8,223	8,398	8,573	**8,748**	8,923	9,098	9,273	9,448	9,623
Simulated DPU Growth[3]	-15.5%	-12.4%	-9.3%	-6.2%	-3.1%	**-**	+3.1%	+6.2%	+9.3%	+12.4%	+15.5%

(Note 1) RevPAR growth is shown as a % change from the RevPAR assumption for the 2017 forecast; the sensitivity analysis is based on potential changes to RevPAR for the 39 hotels with a variable rent scheme

(Note 2) The average RevPAR for the entire hotel portfolio, excluding the hotels with a fixed rent scheme

(Note 3) Simulated DPU Growth is calculated by the normalized DPU, which is annualized by assuming all of INV's assets as of today were owned since January 1, 2016 and all assumptions for the 2017 forecast remain the same, except for the RevPAR.