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

February 22, 2017

To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 28th Fiscal Period Ending June 2017 and the 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 June 2017 (28th fiscal period) and the fiscal period ending December 2017 (29th fiscal period), which were previously announced in “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” dated December 22, 2016.

Details

1. Revision of 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
Previous forecast (A) (announced on December 22, 2016)	JPY million 8,796	JPY million 5,090	JPY million 4,559	JPY million 4,558	JPY million 4,558
Revised forecast (B)	JPY million 9,285	JPY million 5,268	JPY million 4,590	JPY million 4,589	JPY million 4,798
Amount of variance (B) – (A)	JPY million 489	JPY million 177	JPY million 30	JPY million 30	JPY million 240
Rate of variance ((B) – (A)) / (A)	% 5.6	% 3.5	% 0.7	% 0.7	% 5.3

	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 December 22, 2016)	JPY 1,240	JPY 1,240	JPY -	JPY 1,240
Revised forecast (B)	JPY 1,185	JPY 1,185	JPY 55	JPY 1,240
Amount of variance (B) – (A)	JPY (55)	JPY (55)	JPY 55	JPY -
Rate of variance ((B) – (A)) / (A)	% (4.4)	% (4.4)	% -	% -

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 (previous forecast) and 3,870,074 units (revised forecast).

<Fiscal Period Ending December 2017>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on December 22, 2016)	JPY million 9,666	JPY million 5,912	JPY million 5,377	JPY million 5,376	JPY million 5,374
Revised forecast (B)	JPY million 10,498	JPY million 6,245	JPY million 5,652	JPY million 5,651	JPY million 5,731
Amount of variance (B) – (A)	JPY million 831	JPY million 332	JPY million 274	JPY million 274	JPY million 357
Rate of variance ((B) – (A)) / (A)	% 8.6	% 5.6	% 5.1	% 5.1	% 6.7

	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 December 22, 2016)	JPY 1,462	JPY 1,462	JPY -	JPY 1,462
Revised forecast (B)	JPY 1,460	JPY 1,460	JPY 21	JPY 1,481
Amount of variance (B) – (A)	JPY (2)	JPY (2)	JPY 21	JPY 19
Rate of variance ((B) – (A)) / (A)	% (0.1)	% (0.1)	% -	% 1.3

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,675,824 (previous forecast) and 3,870,074 units (revised forecast).

(Reference)

Assumptions underlying the forecast of financial results and distributions for the fiscal periods ending June 2017 and December 2017 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 A below. Simulated distribution per unit are shown for reference purposes, which are calculated by applying adjustments including, assuming that the acquisition of properties to be acquired (the “Acquisition”) (Note 1), the issuance of new investment units through the public offering (the “Public Offering”) and the third party allotment (the “Third Party Allotment”) (collectively, the “Public Offering”) (Note 2) and borrowings (the “Borrowings”) (Note 3), each announced today, (collectively, the “Transactions”) occurred prior to the commencement of the fiscal period ending June 2017, as the DPU for the fiscal period ending June 2017 and the fiscal period ending December 2017 could be affected by one-off expenses due to the Transactions. 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 for reference purposes, intended to describe the effect of the Transactions, etc. described above and is neither a forecast nor prospect relating to INV’s net income or distribution per unit for a given operating period. In addition, the annual DPU sensitivity versus RevPAR growth based on simulated distribution per unit is also shown in Appendix 3.

(Note 1) The Acquisition refers to acquisition of the properties to be acquired announced in the press release entitled “Notice concerning Acquisition of Assets and Entering into Leasing Contract” as of today.

(Note 2) The Public Offering refers to the issuance of new investment units through the public offering and the third party allotment, announced in the press release entitled “Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units” as of today.

(Note 3) The Borrowings refer to the borrowings announced in the press release entitled “Notice concerning Debt Financing” as of today.

[Table A]

	Earnings per Unit (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)	Simulated Distribution per Unit (Note 1) (Note 2)
Forecast for the fiscal period ending June 2017	JPY 1,185	JPY 55	JPY 1,240	JPY 1,240
Forecast for the fiscal period ending December 2017	JPY 1,460	JPY 21	JPY 1,481	JPY 1,470
Forecast for the year 2017	JPY 2,645	JPY 76	JPY 2,721	JPY 2,710

(Note 1) Assumption: the number of investment units issued and outstanding at the end of the fiscal periods ending June 2017 and December 2017: 3,870,074 units.

(Note 2) For details of the simulated distribution per unit, please refer to Appendix 2. Hereinafter the same.

(Note 3) Figures (including earnings per unit and excess profit distribution per unit) are rounded down to the indicated amount. Hereinafter the same.

The above forecast in Table A is based on the assumption that option in the Third Party Allotment is fully exercised. The forecast in the Table B below represents the DPU in the case where no investment units are issued through the Third Party Allotment. The forecast below is based on the assumption that the expected number of investment units issued and outstanding following the Public Offering will be 3,860,824. The other assumptions underlying the forecast are same as 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 2017 is 3,860,824, is provided in Appendix 2. The simulated distribution per unit is purely a simulation for reference purposes, intended to describe the effect of the transactions, etc. described above and is neither a forecast nor prospect relating to INV's net income or distribution per unit for a given operating period.

[Table B]

	Earnings per Unit (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)	Simulated Distribution per Unit (Note 1)
Forecast for the fiscal period ending June 2017	JPY 1,188	JPY 55	JPY 1,243	JPY 1,243
Forecast for the fiscal period ending December 2017	JPY 1,463	JPY 21	JPY 1,484	JPY 1,474
Forecast for the year 2017	JPY 2,651	JPY 76	JPY 2,727	JPY 2,717

(Note 1) Assumption: the number of investment units issued and outstanding at the end of the fiscal periods ending June 2017 and December 2017: 3,860,824 units.

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

As announced in the press releases “Notice concerning Acquisition of Assets and Entering into Leasing Contract”, “Notice concerning Debt Financing” and “Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units,” INV expects to conduct a Public Offering as well as Borrowings in order to acquire two residential properties on March 14, 2017.

The revision of the forecast of financial results and distribution for the fiscal periods ending June 2017 and December 2017 are based on expectation of an increase in revenue owing to the contributions from properties to be acquired as well as one-off expenses due to Public Offering and Borrowings.

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, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.

INV may also consider making distributions in excess of profits for the purpose of mitigating the impact of corporate tax increase arising from different rules and practices in tax and accounting, such as treatment on depreciation of fixed term land lease or asset retirement obligation.

With respect to the fiscal period ending June 2017, due to one-off expenses in connection with the Transactions, earnings per unit is expected to decrease. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the Transactions.

In addition to the distributions in excess of profits to stabilize distributions as mentioned above, INV also intends to make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment for the fiscal period ending June 2017 and the fiscal period ending December 2017.

This English language notice is a translation of the Japanese-language notice released on February 22, 2017 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

4. Reasons for Forecast Revision

The DPU for the fiscal period ending June 2017 is forecast to be JPY 1,240 (+4.6% year-on-year) and the DPU for the fiscal period ending December 2017 is forecast to be JPY 1,481 (+0.3% year-on-year); the full year DPU for calendar year 2017 is forecast to be JPY 2,721 (+2.2% year-on-year) and moderate growth is expected in 2017.

NOI for the total portfolio is expected to grow by 9.8% above 2016, 7.4% of which is expected to be derived from growth of NOI for the residential portfolio and 2.4% is from growth of NOI for the hotel portfolio.

The residential portfolio is expected to provide internal growth with projected NOI growth of 1.2% (for 66 residential properties in which a year-on-year comparison can be made) (Note 1) year-on-year, while INV's rent increase program continues to make progress as shown in Appendix 4. The occupancy is expected to increase from 95.2% to 95.6% and the rent per tsubo is expected to increase from JPY 9,968 to JPY 10,054 (+0.4%) year-on-year.

The NOI for the hotels (Note 2) is expected to grow 1.8% year-on-year; 0.3% of which is expected to be derived from the hotels acquired in 2015 or before and 1.5% from the six 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 fiscal period ending June 2017. For the fiscal period ending December 2017, ADR, occupancy and RevPAR are forecast to increase by 0.2%, 0.9pt, and 1.2% respectively year-on-year. For the full year 2017, INV forecasts ADR and occupancy to increase by 0.1% and 0.8pt respectively, resulting in RevPAR Growth of 1.0%.

INV is working closely with the operators of the hotels, such as MyStays Hotel Management, to address the issues at hand. MyStays significantly improves its website and utilizes social media in order to increase brand awareness and to improve functionality and convenience of online booking, which in turn drives more direct bookings through the MyStays website. In addition, MyStays is increasing strategically the over-bookings to achieve higher RevPAR and to offset vacancies caused by last minute cancellations. Moreover, MyStays is currently undergoing conversion of a large number of smoking rooms to non-smoking rooms which will have a higher RevPAR due to updated customer preferences.

INV seeks to maximize unitholders' value while building its portfolio with hotels and residential properties as its core assets via focusing on both growth and stability. Currently, revenue (Note 3) from hotels with fixed rent and residential and other properties account for 67.4% of revenue while hotels with variable rent comprises of 32.6% as shown in Appendix 6.

Post-acquisition, rent revenue (Note 4) from hotels with fixed rent and residential and other properties are forecast to account for 70.0% of revenue.

(Note 1) Based on the 66 residential properties owned as of the end of December 2015. Excludes one-off insurance-related revenues and expenses.

(Note 2) Based on the 38 hotel properties of the 48 hotel properties in our portfolio as of today, nine hotels with fixed-rent lease agreements and one hotel which was renovated in 2016, Hotel MyStays Kanda, are excluded. Nine hotels with fixed-rent are Super Hotel Shinbashi/ Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubamesanjo, Comfort Hotel Kitami, and Takamatsu Tokyu REI Hotel.

(Note 3) Normalized for full-year by assuming all INV's assets as of end of December 31, 2016 were owned since January 1, 2016, and calculated based on the actual 2016 full year operating revenues(rental revenues). Performance of the properties acquired in 2016 for the pre-acquisition period is based on actual results provided by the respective sellers.

(Note 4) Normalized for full-year by assuming all INV's assets including anticipated acquisition of the two residential assets were owned since January 1, 2016, and calculated based on the actual 2016 full year operating revenues(rental revenues). Performance of the properties acquired in 2016 for the pre-acquisition period and performance of the assets to be acquired is based on actual results provided by the respective sellers.

(Reference)

<Forecasts for Performance Indicators of Hotel Properties (38 hotels[1])>

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	90.5%	92.1%	91.3%
ADR (JPY)[3]	9,153	9,975	9,571
RevPAR (JPY)[4]	8,286	9,192	8,743
GOP (JPY million)[5]	5,085	5,963	11,048

Year-on-Year Changes

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	+0.6pt	+0.9pt	+0.8pt
ADR[3]	-0.0%	+0.2%	+0.1%
RevPAR[4]	+0.6%	+1.2%	+1.0%
GOP[5]	+1.6%	+1.8%	+1.7%

(Note 1) For definition of 38 hotel properties, please refer to Note 2 of ”4. Reasons for Forecast Revision” above.

(Note 2) “Occupancy Rate” for hotel portfolio is calculated using the following formula: room occupancy rate = total number of rooms occupied during the relevant period ÷ (aggregate number of rooms during the relevant period x number of business days during target period)

(Note 3) “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 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) “GOP,” or Gross Operating Profit, is rent revenue INV receives as a rent which is the amount remaining after deducting the personnel, material, water, electricity, and heating and advertising expenses as well as the management service fee for the hotel operations (if any) from the hotel’s revenues.

<Forecasts for Performance Indicators of Residential Properties (66 properties[1])>

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	95.8%	95.4%	95.6%
Average Rent per Tsubo per Month[3] (JPY)	10,029	10,079	10,054
NOI[4] (JPY million)[2]	1,692	1,704	3,397

Year-on-Year Changes

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	+0.1pt	+0.7pt	+0.4pt
Average Rent per Tsubo per Month[3]	+1.0%	+0.8%	+0.4%
NOI[4]	+1.0%	+1.3%	+1.2%

(Note 1) For definition of 66 hotel properties, please refer to Note 1 of ”4. Reasons for Forecast Revision” above.

(Note 2) “Occupancy Rate” is calculated by dividing the sum of total residential leased area by the sum of total residential leasable area at the end of each month of each period.

(Note 3) “Average Rent per Tsubo per Month” is calculated by dividing the total residential rental revenue including common area charges for each month by the sum of total residential leasable area at the end of each month, indicating the average rent per Tsubo weighted by leased area

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

Based on the above, earnings per unit and distribution per unit for the full calendar year 2017 are as follows:

<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)
Previous forecast (A) (announced on December 22, 2016)	JPY 2,702	JPY 2,702	JPY –	JPY 2,702
Revised forecast (B)	JPY 2,645	JPY 2,645	JPY 76	JPY 2,721
Amount of variance (B)- (A)	JPY (57)	JPY (57)	JPY 76	JPY 19
Rate of variance ((B) – (A)) / (A)	% (2.1)	% (2.1)	% -	% 0.7

(Note) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ending June 2017 and December 2017: 3,870,074 units.

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the 28th Fiscal Period and the 29th Fiscal Period >

Item	Assumptions
Fiscal period	The 28th fiscal period: from January 1, 2017 to June 30, 2017 (181 days) The 29th fiscal period: from July 1, 2017 to December 31, 2017 (184 days)
Assets under management	Properties held as of the end of the 28th fiscal period: 126 properties Properties held as of the end of the 29th fiscal period: 126 properties INV assumes that INV will newly acquire two residential properties (Note) as of March 14, 2017 in addition to existing 124 properties, and there will be no change through the end of the fiscal period ending December 2017. (Note) Regarding the acquisition of properties as of March 14, 2017, 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 28th fiscal period: 3,870,074 units As of the end of the 29th fiscal period: 3,870,074 units INV assumes that a total of 194,250 new investment units will be issued through the Public Offering (185,000 new investment units) and the Third Party Allotment (up to 9,250 new investment units), that the expected number of investment units issued and outstanding following the Public Offering will be 3,870,074 units, and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2017.
Interest-bearing liabilities	Balance as of the end of the 28th fiscal period: JPY 156,669 mn Balance as of the end of the 29th fiscal period: JPY 156,669 mn INV assumes that New Syndicate Loan (G) and Term Loan (F) are implemented as of March 14, 2017, as mentioned in today’s release “Notice concerning Debt Financing” 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>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 9,285 mn</td><td>JPY 10,498 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 5,539 mn)</td><td>(JPY 6,425 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 2,644 mn)</td><td>(JPY 3,232 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 2,895 mn)</td><td>(JPY 3,192 mn)</td></tr>
</table>
Rental revenues in the fiscal period ending June 2017 and the fiscal period ending December 2017 are calculated based on estimates as of today from January 2017 to December 2017. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
The majority of INV’s owned hotels uses a variable rent scheme linked to performance of the relevant hotel. Hotel demand is affected by seasonal factors and the December ending fiscal periods (from July to December) which include summer holiday and autumn outing seasons tend to record higher revenue than the June ending fiscal periods (from January to June). Accordingly, rental revenue of INV tends to be higher in the December ending fiscal periods than in the June ending fiscal periods.</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>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Facility management fees</td><td>JPY 504 mn</td><td>JPY 537 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 33 mn)</td><td>(JPY 36 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 386 mn</td><td>JPY 470 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 9 mn</td><td>JPY 9 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,277 mn</td><td>JPY 2,407 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 403 mn</td><td>JPY 382 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 3,582 mn</td><td>JPY 3,807 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>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 434 mn</td><td>JPY 445 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>NOI</td><td>INV expects to record net operating income for each fiscal period as follows:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 7,980 mn</td><td>JPY 9,097 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 5,259 mn)</td><td>(JPY 6,083 mn)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,347 mn)</td><td>(JPY 2,630 mn)</td></tr>
</table>
NOI calculation method in the above table is as follows
・NOI＝ Rental Revenues － Property Related Expenses + Depreciation Expenses</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:
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 378 mn</td><td>JPY 400 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 220 mn</td><td>JPY 192 mn</td></tr>
<tr><td>・Other non-operating expenses</td><td>JPY 80 mn</td><td>-</td></tr>
<tr><td>(expenses relating to the issuance of new units for the Public Offering)</td><td>(JPY 80 mn)</td><td>(-)</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 678 mn</td><td>JPY 592 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 June 2017, INV expects to distribute an aggregate amount of JPY 4,798 million (distribution per unit: JPY 1,240) based on the assumption that excess profit distribution will be paid (JPY 209 million), in addition to net income for the fiscal period ending June 2017 (JPY 4,589 million) which will be used as funds.
With respect to the distribution for the fiscal period ending December 2017, INV expects to distribute an aggregate amount of JPY 5,731 million (distribution per unit: JPY 1,481) based on the assumption that excess profit distribution will be paid (JPY 80 million), in addition to net income for the fiscal period ending December 2017 (JPY 5,651 million) which will be used as funds.
For the fiscal periods ending June 2017 and December 2017, INV expects to record deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 151 million, which is equal to the amount for the fiscal period ended December 2016. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap does not affect the distribution per unit. Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Excess profit distribution per unit</td><td>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.
INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.
With respect to the fiscal period ending June 2017, due to one-off expenses in connection with Public Offering, Acquisition and Borrowings, earnings per unit is expected to decrease. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits (JPY 43 per unit) within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the Transactions.
In addition, INV also intends to make distributions in excess of profits (JPY 12 per unit for the fiscal period ending June 2017, JPY 21 per unit for the fiscal period ending December 2017) in order to cope with the discrepancy between tax and accounting treatment for the fiscal period ending June 2017 and the fiscal period ending December 2017.
<table>
<tr><th></th><th>June 2017 Fiscal Period</th><th>December 2017 Fiscal Period</th></tr>
<tr><td>Excess profit distribution per unit</td><td>JPY 55</td><td>JPY 21</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 2017 and the fiscal period ending December 2017 and then, by applying the simulated adjustments below, eliminating the effects of such factors as one-time expenses and treating the Acquisition, the Public Offering and the Borrowings as if they had occurred prior to the beginning of the fiscal period ending June 2017, and excess profit distribution per unit (limited to distribution in excess of profit for coping with the discrepancy between tax accounting treatment).

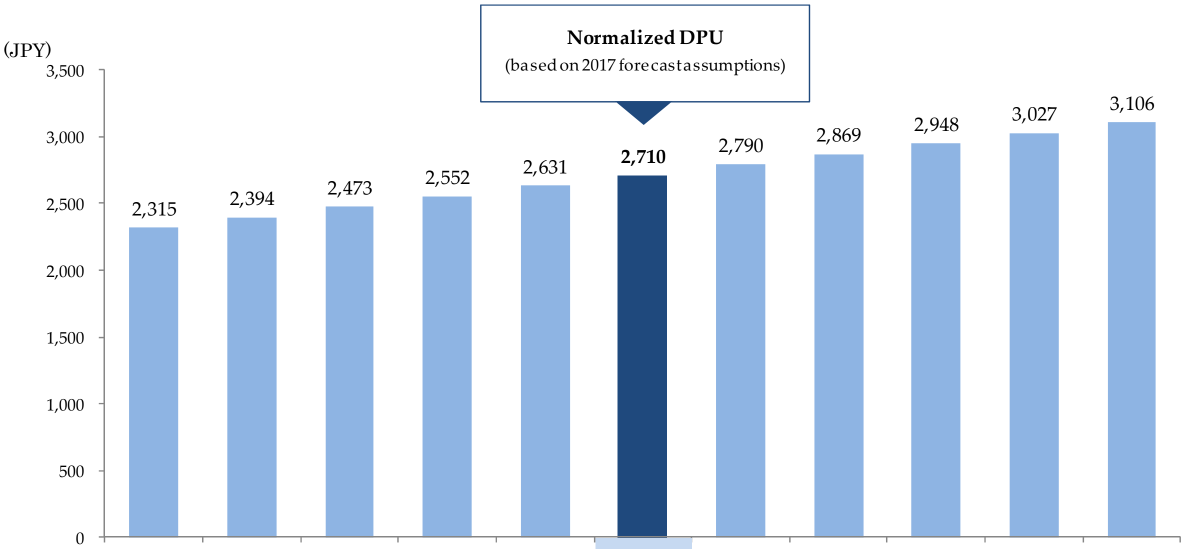
Simulated adjustment is based on the total of the following adjustments:

1. The figures are on the assumption that the transactions described in the "Notice concerning Acquisition of Assets and Entering into Leasing contract" dated as of today were implemented prior to the beginning of the fiscal period ending June 2017, and that revenue contributions as well as expenses such as property taxes and city planning taxes on such properties to be acquired were recorded from the beginning of the fiscal period ending June 2017.
2. Elimination of various one-time charges in connection with the implementation of the Transactions.
3. With respect to both the fiscal period ending June 2017 and the fiscal period ending December 2017, calculation is based on the assumption the number of investment units issued and outstanding is 3,870,074, assuming that a total of 194,250 units (185,000 units through the Public Offering and 9,250 units through the Third Party Allotment) were issued at the beginning of the fiscal period ending June 2017.

The simulated distribution per unit as compared to the estimated earnings per unit for the fiscal period ending June 2017 and the fiscal period ending December 2017 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.

(Appendix 3)

<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]	-14.6%	-11.7%	-8.8%	-5.9%	-3.0%	**–**	+3.0%	+5.9%	+8.8%	+11.7%	+14.6%

(Note 1) “RevPAR Growth” is shown as a % change from the RevPAR assumption for the 2017 forecast for the 39 hotels with a variable rent scheme owned by INV as of today

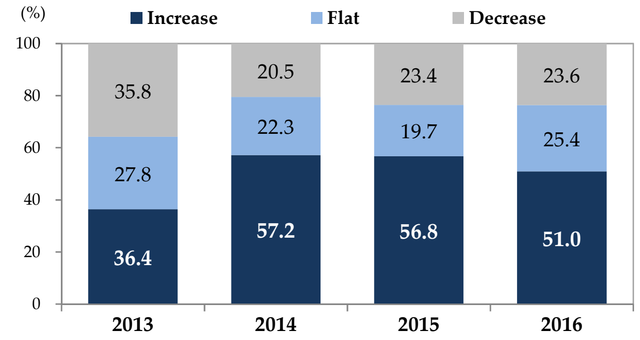
(Note 2) “Hotel RevPAR” is average of RevPAR of the said 39 hotels.

(Note 3) “Simulated DPU Growth” is a simulated data based on the normalized DPU, which is annualized, on the assumption that all assumptions for the simulated distribution per unit with regard to all of INV’s assets as of today and assets to be acquired except for the RevPAR remain the same.

(Appendix 4)

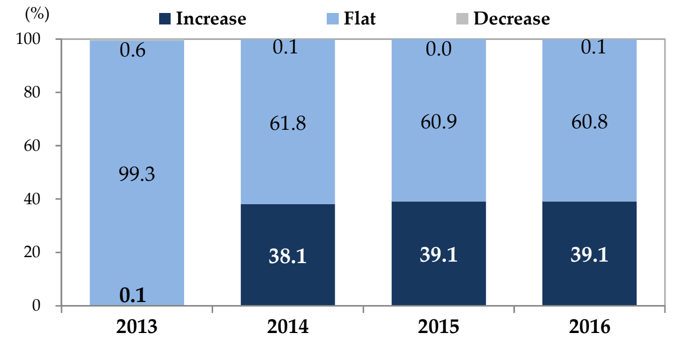
<Rent Increase Initiative>

Change in Rent for New Contracts[1]



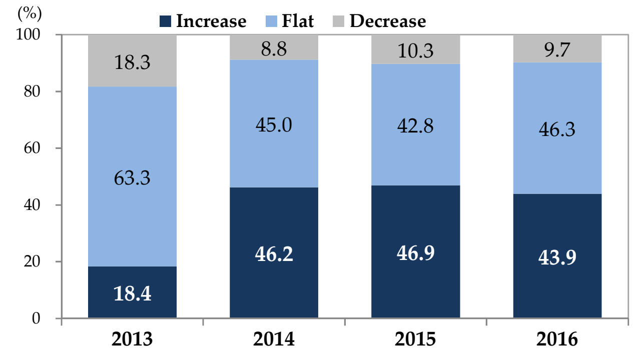
No. of New Contracts	827	649	943	783
Occupancy[2]	**95.5%**	**94.0%**	**94.7%**	**95.9%**
Net Leasing Cost (No. of months)[3]	**1.15**	**1.01**	**1.23**	**1.15**

Change in Rent for Renewal Contracts[1]

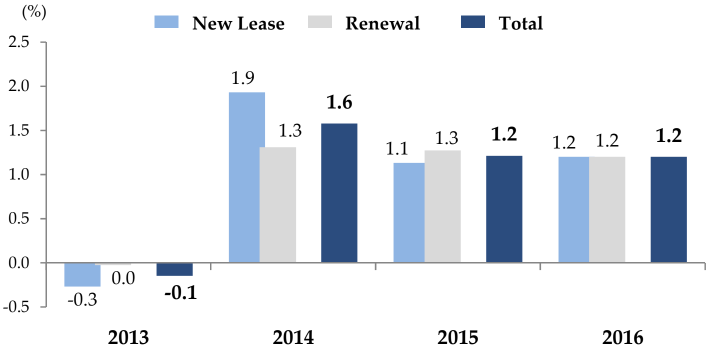


No. of Renewals	818	872	1,209	1,126
Renewal Rate [4]	**81.2%**	**84.7%**	**85.4%**	**83.7%**

Change in Rent for All Contracts[1]



Average Rent Increase / Decrease[5]



(Note 1) Based on the residential properties owned in relevant year excluding the performance for the pre-acquisition preiod for the properties acquired during the year. The numbers of the properties at the end each year is as follows: 63 properties for 2013 and 2014, 66 properties for 2015, and 68 properties for 2016.

(Note 2) Occupancy is calculated by dividing the sum of leased area by the sum of leasable area at the end of each month of each year, based on the properties owned in the relevant year excluding the performance for the pre-acquisition period for the properties acquired during the year.

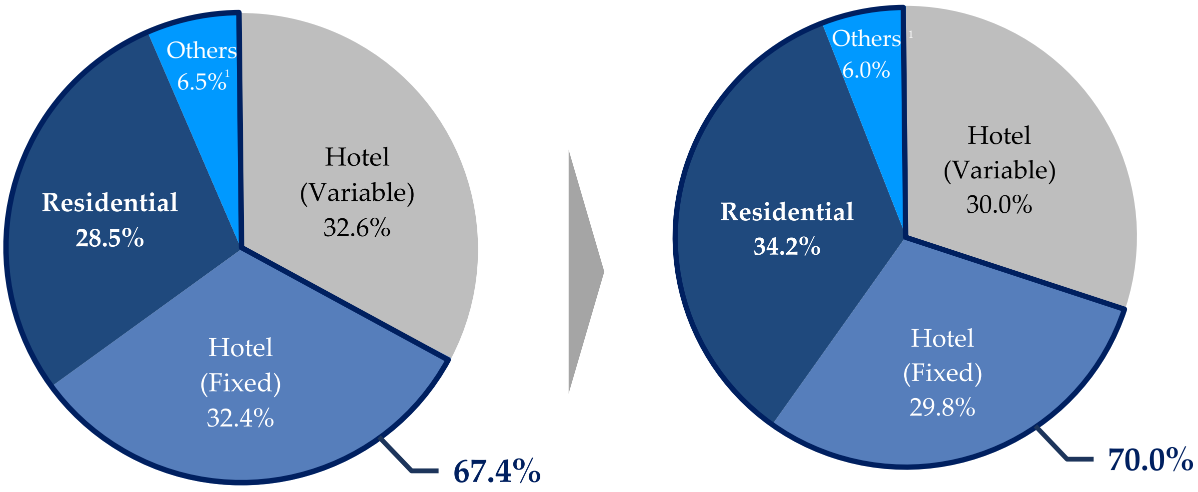
(Note 3) Net Leasing Cost (Multiple of Monthly Rent) = Advertising Expenses (Multiple of Monthly Rent) + Free Rent (Multiple of Monthly Rent) – Key Money (Multiple of Monthly Rent). Multiple of Monthly Rent is converted by the monthly rent for the relevant lease agreement during the relevant period and rounded to two decimal places.

(Note 4) Renewal rate is calculated by the number of renewal rents during the relevant period divided by the number of contracts due up for renewal during the relevant period.

(Note 5) Average Rent Increase/Decrease is increase or decrease (%) in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents.

(Appendix 5)

<Pre/Post Acquisition Operating Revenue Composition (Normalized)>



(JPY million)

Revenue[2]			
Hotel (Variable)		5,912	32.6%
	(Fixed)	5,872	32.4%
Residential		5,165	28.5%
Others [1]		1,174	6.5%
Total		18,124	100.0%

(JPY million)

Revenue[3]			
Hotel (Variable)		5,912	30.0%
	(Fixed)	5,872	29.8%
Residential		6,746	34.2%
Others [1]		1,174	6.0%
Total		19,704	100.0%

(Note 1) Includes Offices, Commercial facilities and Parking lots.

(Note 2) Percentages are based on annual operating revenue (rental revenue) based on the 2016 actual results of each property and on the assumption that all such properties owned by INV immediately prior to acquisition of the assets to be acquired had been owned since January 1, 2016. Performance of properties acquired in 2016 for the pre-acquisition period is based on actual results provided by the respective sellers.

(Note 3) Percentages are based on annual operating revenue (rental revenue) based on the 2016 actual results of each property and on the assumption that all such properties owned by INV immediately after acquisition of the assets to be acquired had been owned since January 1, 2016. Performance of properties acquired in 2016 for the pre-acquisition period and for the properties anticipated to be acquired is based on actual results provided by the respective sellers.