Invincible Investment Corporation

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

May 25, 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 28th Fiscal Period Ending June 2017 and 29th Fiscal Period Ending December 2017" dated February 22, 2017.

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 February 22, 2017)	JPY million 9,285	JPY million 5,268	JPY million 4,590	JPY million 4,589	JPY million 4,798
Revised forecast (B)	JPY million 9,282	JPY million 5,311	JPY million 4,653	JPY million 4,652	JPY million 4,841
Amount of variance (B) – (A)	JPY million (2)	JPY million 42	JPY million 62	JPY million 62	JPY million 42
Rate of variance ((B) – (A)) / (A)	% (0.0)	% 0.8	% 1.4	% 1.4	% 0.9

	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 February 22, 2017)	JPY 1,185	JPY 1,185	JPY 55	JPY 1,240
Revised forecast (B)	JPY 1,205	JPY 1,205	JPY 49	JPY 1,254
Amount of variance (B) – (A)	JPY 20	JPY 20	JPY (6)	JPY 14
Rate of variance ((B) – (A)) / (A)	% 1.7	% 1.7	% (10.9)	% 1.1

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,870,074 (previous forecast) and 3,860,824 units (revised forecast).

<Fiscal Period Ending December 2017>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 22, 2017)	JPY million 10,498	JPY million 6,245	JPY million 5,652	JPY million 5,651	JPY million 5,731
Revised forecast (B)	JPY million 10,687	JPY million 6,402	JPY million 5,776	JPY million 5,775	JPY million 5,853
Amount of variance (B) – (A)	JPY million 189	JPY million 157	JPY million 123	JPY million 123	JPY million 121
Rate of variance ((B) – (A)) / (A)	% 1.8	% 2.5	% 2.2	% 2.2	% 2.1

	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 February 22, 2017)	JPY 1,460	JPY 1,460	JPY 21	JPY 1,481
Revised forecast (B)	JPY 1,495	JPY 1,495	JPY 21	JPY 1,516
Amount of variance (B) – (A)	JPY 35	JPY 35	JPY -	JPY 35
Rate of variance ((B) – (A)) / (A)	% 2.4	% 2.4	% -	% 2.4

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,870,074 (previous forecast) and 3,860,824 units (revised forecast).

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

As announced in the press releases “Notice concerning Acquisition of Asset and Entering into Leasing Contract” and “Notice concerning Debt Financing” INV will acquire one hotel property on May 29, 2017 by using funds from the borrowing of a new loan and cash-on-hand.

The revision of the forecast of financial results and distribution for the fiscal periods ending June 2017 and December 2017 are primarily based on expectation of an increase in revenue owing to the contributions from the property to be acquired.

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.

The acquisition of “Hotel MyStays Premier Hamamatsucho,” scheduled for May 29, 2017, is not leading to a temporary decline in distribution per unit due to dilution of investment units or significant expenses. Therefore, INV does not intend to make distributions in excess of profits in connection with the effect of this acquisition.

For the fiscal periods ending June 2017 and December 2017, INV intends to make (i) distributions in excess of profits in order to stabilize distributions to offset the effect of the public offering of investment units and new borrowings implemented in March 2017 and (ii) 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. Please refer to the press “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” dated February 22, 2017, as well as “(appendix 1) <Assumptions Underlying the Forecast of Financial Results and Distribution for the 28th Fiscal Period and the 29th Fiscal Period >” for details of such distributions in excess of profits.

4. Reasons for Forecast Revision

The revised DPU for the fiscal period ending June 2017 is forecast to be JPY 1,254 (+5.7% year-on-year) and the DPU for the fiscal period ending December 2017 is forecast to be JPY 1,516 (+2.6% year-on-year); the full year DPU for calendar year 2017 is forecast to be JPY 2,770 (+4.0% year-on-year). (Appendix 2)

NOI for the hotel and residential portfolio in the June 2017 fiscal period is expected to grow by 3.7% during the period from April to June year-on-year, following a decline of 0.9% during the period from January to March, and the overall forecast growth for the June 2017 fiscal period is 1.5%. (Appendix 3)

NOI for the hotel portfolio[1] in the ending June 2017 is expected to grow by 3.4% during the period from April to June year-on-year, following a decline of 1.8% year-on-year during the period from January to March, and the overall forecast growth for the fiscal period ending June 2017 is forecasted to be 1.0%. INV believes that Initial bookings for the summer indicate that this positive trend should continue.

INV is working closely with the hotel operators, mainly MyStays Hotel Management Co., Ltd. ("MyStays"), to realize internal growth. MyStays is taking various actions based on extensive operational analysis and customer feedback through TrustYou[2] Analytics to improve the customer experience. MyStays expects to increase direct bookingsand maximize revenue at time of high demand through promotional campaigns, an improved website and enhanced revenue management analytics. MyStays is also focused on the following initiatives such as increasing overbooking ratios strategically in order to offset increased cancelations, converting a select number of smoking rooms to non-smoking to generate higher ADRs for non-smoking rooms, saving cost for linen and cleaning, increasing services for Chinese speaking guests, and strengthening relations with travel agents, airlines and OTA's (online travel agents) based in China, Hong Kong, Taiwan and Korea to diversify and improve distribution channel. For more details on specific initiatives, please refer to the presentation materials "Invincible Investment Corporation Follow on Acquisition" as of today

In the residential portfolio, INV has also achieved internal growth. INV's residential rent increase program continues to make progress. INV believes that the progress has been accelerated especially by the replacement of Property Managers at 16 residential properties in December 2016 and through the first four months of 2017, the figure of average rent increase is 2.3% (in calendar year 2016, the figure was 1.2%) as shown in Appendix 4. The residential portfolio is expected to provide internal NOI growth of 2.1% (for 66 residential properties in which a year-on-year comparison can be made[3]) year-on-year, the occupancy is expected to increase from 95.2% to 95.3% and the rent per tsubo is expected to increase from JPY 9,969 to JPY 10,051 (+0.8%) year-on-year.

(Note 1) Based on the 38 hotel properties of the 48 hotel properties in our portfolio as of the date of this notice, 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 2) TrustYou analyzes hundreds of millions of travel reviews and is one of the world's largest guest feedback platforms

(Note 3) Based on the 66 residential properties owned as of the end of December 2015. Excludes one-off insurance-related revenues and expenses in NOI.

(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]	89.3%	92.1%	90.8%
ADR (JPY)[3]	9,188	9,975	9,591
RevPAR (JPY)[4]	8,208	9,192	8,704
GOP (JPY million)[5]	5,050	5,963	11,013

Year-on-Year Changes

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	-0.6pt	+0.9pt	+0.2pt
ADR[3]	+0.4%	+0.2%	+0.3%
RevPAR[4]	-0.3%	+1.2%	+0.5%
GOP[5]	+0.9%	+1.8%	+1.3%

(Note 1) Based on the 38 hotel properties stated in Note 4 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]	95.3%	95.4%	95.3%
Average Rent per Tsubo per Month[3] (JPY)	10,024	10,079	10,051
NOI[4] (JPY million)[2]	1,723	1,704	3,428

Year-on-Year Changes

	Y2017		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[2]	-0.4pt	+0.7pt	+0.2pt
Average Rent per Tsubo per Month[3]	+1.0%	+0.7%	+0.8%
NOI[4]	+2.9%	+1.3%	+2.1%

(Note 1) Based on the 66 hotel properties stated in Note 3 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 2,645	JPY 2,645	JPY 76	JPY 2,721
Revised forecast (B)	JPY 2,700	JPY 2,700	JPY 70	JPY 2,770
Amount of variance (B)- (A)	JPY 55	JPY 55	JPY (6)	JPY 49
Rate of variance ((B) – (A)) / (A)	% 2.1	% 2.1	% (7.9)	% 1.8

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 3,870,074 (previous forecast) and 3,860,824 units (revised forecast).

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(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: 127 properties Properties held as of the end of the 29th fiscal period: 127 properties INV assumes that INV will newly acquire on hotel property (Note) as of May 29, 2017 in addition to existing 126 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 May 29, 2017, please refer to “Notice concerning Acquisition and of Asset and Entering into Leasing Contract” dated as of today.
Units outstanding	As of the end of the 28th fiscal period: 3,860,824 units As of the end of the 29th fiscal period: 3,860,824 units As announced in “Notice Concerning Results of New Investment Units to be Issued via Third-Party Allotment” dated April 7, 2017, new investment units were not issued via a third-party allotment. Therefore the units issued and outstanding is 3,860,824 units, which is 9,250 units less than the assumption in “Notice concerning Revision of Forecast of Financial Results and Distribution for the 28th Fiscal Period Ending June 2017 and 29th Fiscal Period Ending December 2017” (“the Previous Forecast”).
Interest-bearing liabilities	Balance as of the end of the 28th fiscal period: JPY 163,990 mn Balance as of the end of the 29th fiscal period: JPY 163,990 mn INV assumes that Term Loan (G) is implemented as of May 29, 2017, as mentioned in today’s release “Notice concerning Debt Financing” and no other loan or repayment 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 9,282 mn</td><td>JPY 10, 687 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 5,544 mn)</td><td>(JPY 6,614 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 2,663 mn)</td><td>(JPY 3,340 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 2,881 mn)</td><td>(JPY 3,274 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 485 mn</td><td>JPY 537 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 28 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 10 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,282 mn</td><td>JPY 2,434 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 373 mn</td><td>JPY 383 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 3,538 mn</td><td>JPY 3,835 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 432 mn</td><td>JPY 448 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 8,026 mn</td><td>JPY 9,286 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 5,264 mn)</td><td>(JPY 6,271 mn)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,387 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 382 mn</td><td>JPY 422 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 224 mn</td><td>JPY 203 mn</td></tr>
<tr><td>・Other non-operating expenses</td><td>JPY 51 mn</td><td>-</td></tr>
<tr><td>(expenses relating to the issuance of new units for the public offering)</td><td>(JPY 51 mn)</td><td>(-)</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 658 mn</td><td>JPY 626 mn</td></tr>
</table>
In the Previous Forecast, INV assumed JPY 80 million as “Other non-operating expenses (expenses relating to the issuance of new units for the public offering)” (the “Offering Expenses”) for the fiscal period ending June 2017. INV revises down the Offering Expenses to approximately JPY 51 million, as the actual amount has almost turned out.
INV has a policy to make distributions in excess of profits in order to stabilize distributions, in cases where significant expenses are to be recorded in connection with the raising of capital. Therefore, INV reduces the amount of distributions in excess of profits in conjunction with the reduction in the Offering Expenses. However, the total amount of distributions, which is a sum of distribution of profit and distribution in excess of profit will not be affected, as the reduction in the Offering Expenses will result in an increase of net income.
</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 4,841 million (distribution per unit: JPY 1,254) based on the assumption that excess profit distribution will be paid (JPY 189 million), in addition to net income for the fiscal period ending June 2017 (JPY 4,652 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 5,853 million (distribution per unit: JPY 1,516) based on the assumption that excess profit distribution will be paid (JPY 77 million), in addition to net income for the fiscal period ending December 2017 (JPY 5,775 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.
Based on such policy, INV intended to make distributions in excess of profits of JPY 43 per unit to offset a temporary decline in distribution per unit due to public offering and borrowing associated with the acquisition of two residential properties in the Previous forecast. However, due to change in the estimated amount of Offering Expenses described in “Non-operating expenses” above, INV revises the amount of excess profit distribution per unit.
As described in “3. Excess profit distribution policy” above, the acquisition of “Hotel MyStays Premier Hamamatsucho,” scheduled for May 29, 2017, is not leading to a temporary decline in distribution per unit due to dilution of investment units or significant expenses to be recorded. Therefore, INV does not intend to make distributions in excess of profits in connection with the effect of the acquisition of the property.
In addition, as described in “Units outstanding” above, the assumption of units issued and outstanding has been changed from the Previous Forecasts.
Based on the above assumptions, INV intends to make distributions in excess of profits of JPY 37 per unit to stabilize the distribution per unit.

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 49</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>

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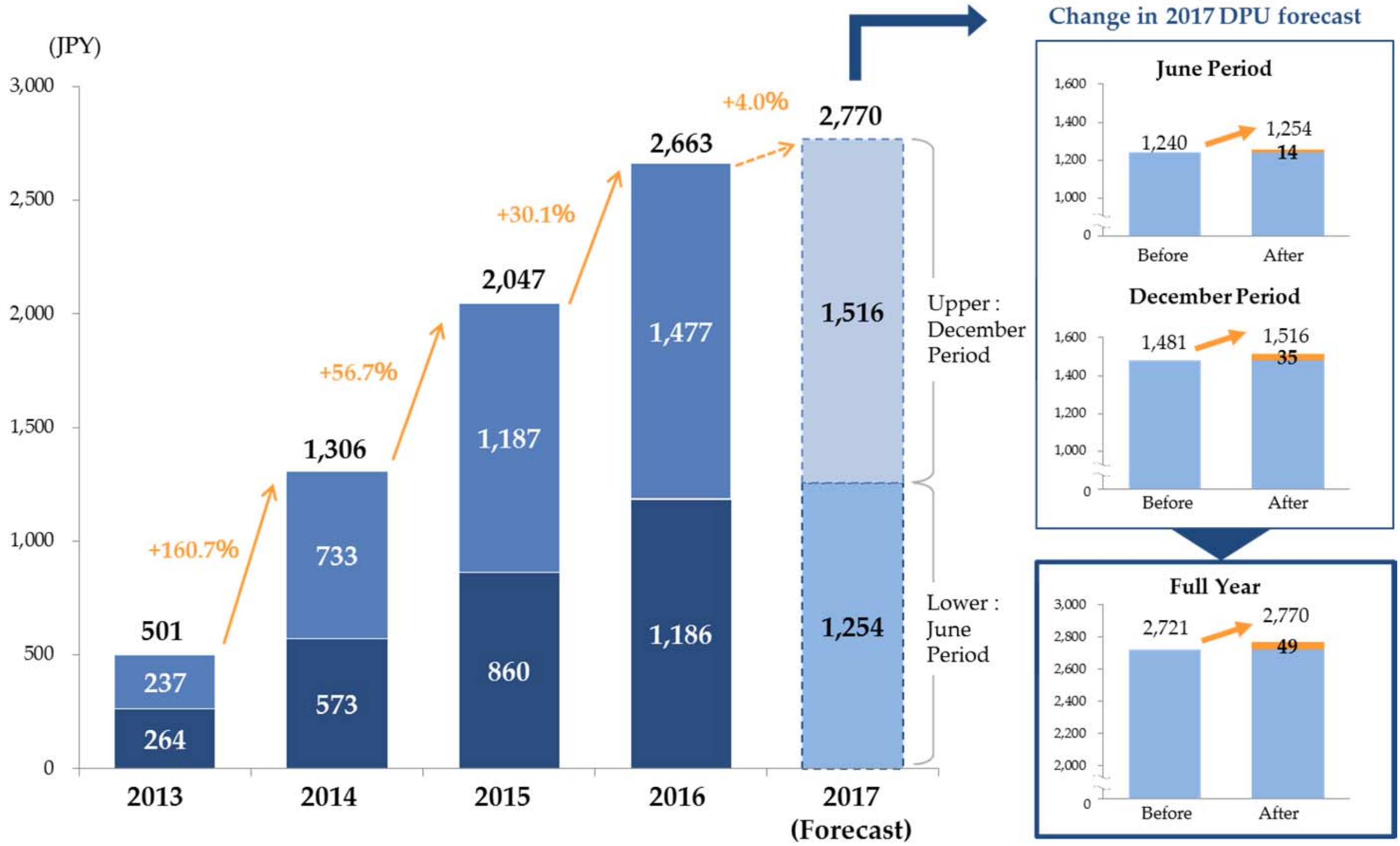
(Appendix 2)

<DPU Growth>



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(Appendix 3)

<Performance of Existing Properties>

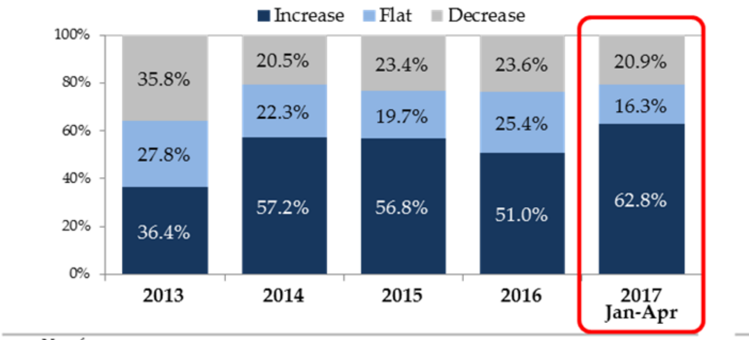
(Note 1) Based on 38 hotel properties; of the 48 hotel properties in our portfolio as of the end of April 2017, 9 hotels with fixed-rent lease agreements as well as Hotel MyStays Kanda, which were renovated in 2016, are excluded

(Note 2) Based on actual results of 66 residential properties owned by INV as of the end of 2015. Excludes one-off insurance-related revenues and expenses

(Appendix 4)

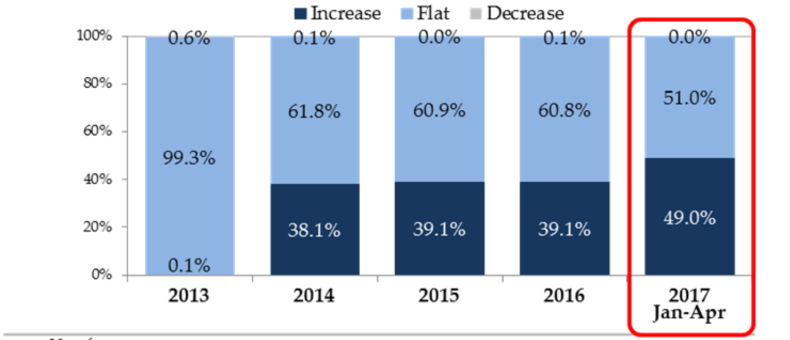
<Rent Increase Initiative>

Change in Rent for New Contracts[1]



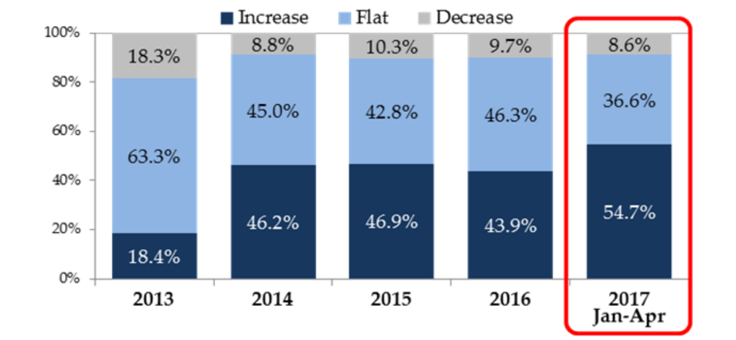
	2013	2014	2015	2016	2017 Jan-Apr
No. of New Contracts	827	649	943	783	417
Occupancy[2] (%)	95.5	94.0	94.7	95.9	95.4
Net Leasing Cost (No. of months)[3]	1.15	1.01	1.23	1.15	0.93

Change in Rent for Renewal Contracts[1]

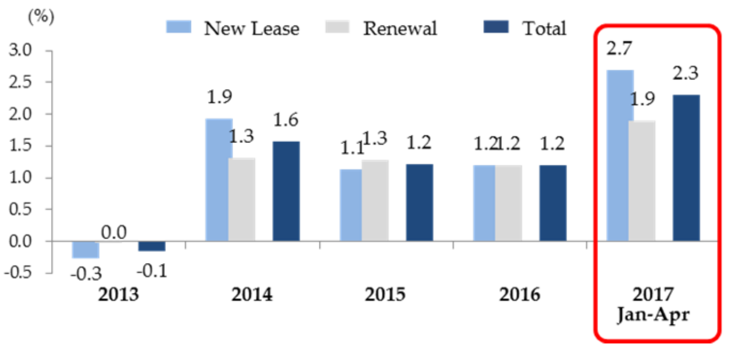


	2013	2014	2015	2016	2017 Jan-Apr
No. of Renewals	818	872	1,209	1,126	590
Renewal Rate[4] (%)	81.2	84.7	85.4	83.7	81.9

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 period for the properties acquired during the year. The numbers of the properties at the end each year is as follows: 63 properties for 2013, 63 properties for 2014, 66 properties for 2015, and 68 properties for 2016, 70 properties for 2017 Jan-Apr

(Note 2) Occupancy 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 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.