Invincible Investment Corporation

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

June 25, 2018

To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 30th Fiscal Period Ending June 2018 and 31st Fiscal Period Ending December 2018

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 2018 (30th Fiscal Period) and fiscal period ending December 2018 (31st Fiscal Period) as announced in "Summary of Financial Results (REIT) for the Fiscal Period Ended December 31, 2017" dated February 20, 2018.

1. Revision of forecasts of financial results and DPU for the fiscal periods ending June 2018 (from January 1, 2018 to June 30, 2018) and December 2018 (from July 1, 2018 to December 31, 2018)

<Fiscal Period Ending June 2018>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 20, 2018)	JPY million 12,784	JPY million 8,081	JPY million 7,370	JPY million 7,369	JPY million 6,628
Revised forecast (B)	JPY million 12,983	JPY million 8,274	JPY million 7,560	JPY million 7,559	JPY million 6,806
Amount of Variance (B) – (A)	JPY million 198	JPY million 192	JPY million 190	JPY million 190	JPY million 177
Rate of variance ((B) – (A)) / (A)	% 1.6	% 2.4	% 2.6	% 2.6	% 2.7

	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 February 20, 2018)	JPY 1,537	JPY 1,383	JPY -	JPY 1,383
Revised forecast (B)	JPY 1,577	JPY 1,420	JPY -	JPY 1,420
Amount of Variance (B) – (A)	JPY 40	JPY 37	JPY -	JPY 37
Rate of variance ((B) – (A)) / (A)	% 2.6	% 2.7	% -	% 2.7

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 4,793,181 units

<Fiscal Period Ending December 2018>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 20, 2018)	JPY million 12,884	JPY million 8,129	JPY million 7,410	JPY million 7,409	JPY million 7,486
Revised forecast (B)	JPY million 13,091	JPY million 8,310	JPY million 7,565	JPY million 7,565	JPY million 7,645
Amount of Variance (B) – (A)	JPY million 206	JPY million 180	JPY million 155	JPY million 155	JPY million 158
Rate of variance ((B) – (A)) / (A)	% 1.6	% 2.2	% 2.1	% 2.1	% 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 20, 2018)	JPY 1,545	JPY 1,562	JPY -	JPY 1,562
Revised forecast (B)	JPY 1,578	JPY 1,595	JPY -	JPY 1,595
Amount of Variance (B) – (A)	JPY 33	JPY 33	JPY -	JPY 33

Rate of variance ((B) – (A)) / (A)	% 2.1	% 2.1	% -	% 2.1

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 4,793,181 units

Assumptions underlying the forecast of financial results and distributions for the fiscal periods ending June 2018 and December 2018 are provided in Appendix 1.
Earnings per Unit and DPU for full-year 2018 based on the above forecasts are as follows.

<Full-year 2018> (Aggregate of the fiscal periods ending in June 2018 and December 2018)

	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) (February 20, 2018)	JPY 3,082	JPY 2,945	JPY -	JPY 2,945
Revised forecast (B)	JPY 3,155	JPY 3,015	JPY -	JPY 3,015
Amount of variance (B)- (A)	JPY 73	JPY 70	JPY -	JPY 70
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 2018: 4,793,181 units

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

As announced in the press releases “Notice concerning Acquisition of Assets” and “Notice concerning Debt Financing” dated today, INV plans to acquire two hotel properties (the “Properties to be Acquired”) on June 27, 2018 utilizing cash-on hand and funds through the borrowings and the issuance of investment corporation bonds. The revision of the forecast of financial results and distribution for the fiscal periods ending June 2018 and December 2018 are based on expectations of an increase in revenue owing to the contributions from Properties to be Acquired, as well as an updated forecast for the fiscal period ending June 2018 reflecting the strong operating conditions to date and the forecasts for the fiscal period ending June 2018 and ending December 2018 (Appendix 2).
After the revision, operating revenues will increase by JPY 198 million (+1.6%) in the fiscal period ending June 2018 and JPY 206 million (+1.6%) in the fiscal period ending December 2018, and more importantly, DPU will increase 2.7% and 2.1%, respectively, compared to the previous forecast.

The increase in the June 2018 period is mostly due to the expected increase in NOI from the whole existing portfolio of INV by JPY 255 million or 2.5% above forecast as of the beginning of the period, which includes JPY 242 million or 3.3% outperformance compared to forecast as of the beginning of the period by the hotel portfolio of INV. The hotel outperformance mainly came from the hotels INV acquired on and after October 2018 that are located in regional cities (Hotel MyStays Sapporo Station, Beppu Kamenoi Hotel, Art Hotel Hirosaki City and Art Hotel Joetsu)

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and hotels branded as “Mystays Premier” in Tokyo which are positioned at higher grade hotels among Mystays brand hotels (Hotel MyStays Premier Hamamatsucho and Hotel MyStays Premier Omori). In addition, the continued success of the residential rent increase program helped to increase rents by 2.5% across all new leases, 2.2% across all renewal leases, and 2.4% across all combined new and renewal leases for the June 2018 fiscal period (cumulative January to May 2018), as announce in the press release “Performance Update for May 2018” dated today The increase in the December 2018 DPU projection comes from an expected increase by the acquisition of the Properties to be Acquired.

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

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the June 2018, and December 2018 Fiscal Periods>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Fiscal Period</td><td>The June 2018 fiscal period: from January 1, 2018 to June 30, 2018 (181 days)
The December 2018 fiscal period: from July 1, 2018 to December 31, 2018 (184 days)</td></tr>
<tr><td>Assets under Management</td><td>Assets held as of the end of the June 2018 fiscal period: 125 properties and preferred equity interests in one special purpose company
Assets held as of the end of the December 2018 fiscal period: 125 properties and preferred equity interests in one special purpose company

INV assumes the acquisition of two hotel properties on June 27, 2018. Other than that, INV assumes no acquisitions or dispositions of the assets through the end of the December 2018 fiscal period.</td></tr>
<tr><td>Units Outstanding</td><td>As of the end of the June 2018 fiscal period: 4,793,181 units
As of the end of the December 2018 fiscal period: 4,793,181 units

INV assumes there will be no change to the current 4,793,181 units issued and outstanding through the end of the fiscal periods.</td></tr>
<tr><td>Interest-Bearing Liabilities</td><td>Balance as of the end of the June 2018 fiscal period: JPY 189,415 million
(Borrowing: JPY 187,415 million, Investment corporation bonds: JPY 2,000 million)
Balance as of the end of the December 2018 fiscal period: JPY 189,415 million
(Borrowing: JPY 187,415 million, Investment corporation bonds: JPY 2,000 million)

INV assumes that JPY 1,500 million of new borrowing is implemented as of June 27, 2018 in the fiscal period ending June 2018, as mentioned in the press release entitled “Notice concerning Debt Financing” dated today. INV assumes that of the balance of JPY 189,415 million after the abovementioned borrowing. In addition, INV intends refinance long term loan of JPY 28,979 million due July 16, 2018 and short term loan of JPY 2,000 million due October 13, 2018 in December 2018 fiscal period at a similar condition. INV assumes no other new loan or prepayment of loan through the end of the December 2018 fiscal period.</td></tr>
<tr><td>Operating Revenues</td><td>INV expects to record operating revenues for each fiscal period as follows:
<table>
<tr><th></th><th>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 11,059 mn</td><td>JPY 12,214 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 7,294 mn)</td><td>(JPY 8,523 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 3,556 mn)</td><td>(JPY 4,423 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 3,738 mn)</td><td>(JPY 4,099 mn)</td></tr>
<tr><td>・TMK Dividend amount</td><td>JPY 732 mn</td><td>JPY 876 mn</td></tr>
<tr><td>・Gain on sale</td><td>JPY 1,191 mn</td><td>-</td></tr>
</table>
INV estimates gain on sales of JPY 796 million from sale of Harmony Ochanomizu, Growth Maison Ikebukuro, Capital Heights Kagurazaka and Cross Square NAKANO completed on January 31, 2018, and JPY 395 million from sale of Lexinton Plaza Nishi-Gotanda completed on March 9, 2018 for the fiscal period ending June 2018.</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating Revenues (continued)</td><td>Moreover, we estimate the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the special purpose company.

Rental revenues in the fiscal period ending June 2018 and the fiscal period ending December 2018 are calculated based on estimates as of June 25, 2018. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.

The majority of INV’s owned hotels use 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 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Facility management fees (of these, repair costs)</td><td>JPY 651 mn
(JPY 27 mn)</td><td>JPY 666 mn
(JPY 28 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 458 mn</td><td>JPY 538 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 12 mn</td><td>JPY 14 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,842 mn</td><td>JPY 2,891 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 198 mn</td><td>JPY 185 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 4,164 mn</td><td>JPY 4,295 mn</td></tr>
</table>
(Note1) While land lease fee (June 2018 Fiscal Period: JPY 201 mn, December 2018 Fiscal Period: JPY 203 mn) was included in other expenses in the previous forecast dated February 20, 2018, it is included in facility management fees in the current forecast. Therefore, facility management fee of the current forecast has increased and other expenses of the current forecast has decreased compared to the previous forecast, but this is mostly attributable to such change in treatment of land lease fee, and there is no differences between the amount of land lease fee in the previous forecast and the current forecast.
(Note2) Property taxes and city planning taxes on the assets acquired in 2018 are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December 2018 and recorded from the fiscal period ending June 2019 as the amount equivalent to such settlement is included in the acquisition cost.

INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 544 mn</td><td>JPY 484 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 275 mn)</td><td>(JPY 275 mn)</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></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>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 10,469 mn</td><td>JPY 11,686 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 6,941 mn)</td><td>(JPY 8,104 mn)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,561 mn)</td><td>(JPY 2,522 mn)</td></tr>
<tr><td>(of these, dividend amount)</td><td>JPY 732 mn</td><td>JPY 876 mn</td></tr>
</table>
NOI calculation method in the above table is as follows
・NOI＝ Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interests
</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>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 478 mn</td><td>JPY 501 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 233 mn</td><td>JPY 235 mn</td></tr>
<tr><td>・Interest for investment corporation bonds</td><td>JPY 1 mn</td><td>JPY 6 mn</td></tr>
<tr><td>・Depreciation of investment corporation bonds issuance expenses</td><td>JPY 0 mn</td><td>JPY 1 mn</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 713 mn</td><td>JPY 744 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 2018, INV expects to distribute an aggregate amount of JPY 6,806 million (distribution per unit: JPY 1,420) which is the remaining amount after retaining JPY 753 million as internal reserve from Net Income for the fiscal period ending June 2018 (JPY 7,559 million).

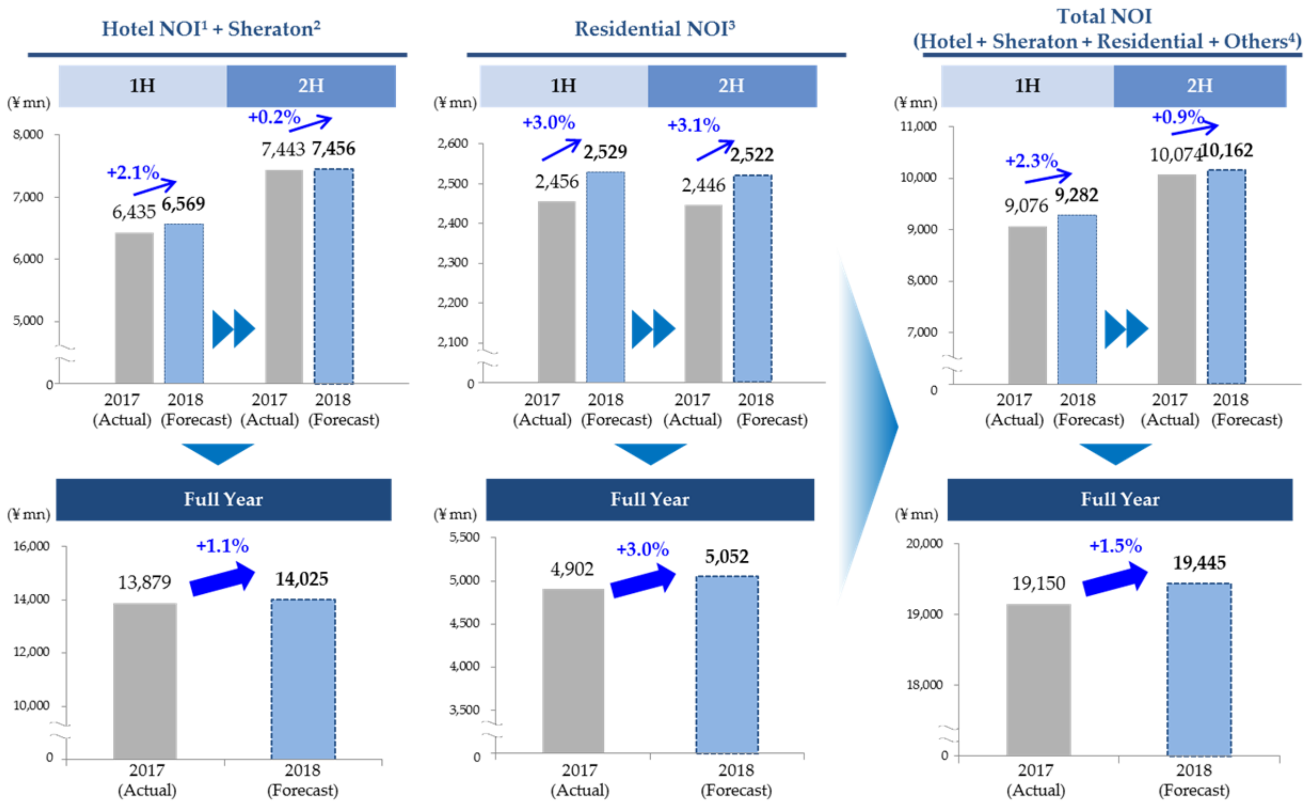
With respect to the distribution for the fiscal period ending December 2018, INV expects to distribute an aggregate amount of JPY 7,645 million (distribution per unit: JPY 1,595) based on JPY 7,563 million from Net Income for the fiscal period ending December 2018 (JPY 7,565 million) and JPY 81 million from internal reserve.

INV assumes a same amount (JPY 113 million) of deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. for the fiscal periods ending June 2018 and December 2018. 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>

Item	Assumptions
Excess Profit Distribution per Unit	INV does not assume distributions in excess of profits from allowance for temporary differences adjustment, based on the assumption that the market value of the interest rate swap will remain unchanged for fiscal periods ending June 2018 and December 2018. 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 per unit, 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. Moreover, INV will not make distributions in excess of profits for the fiscal period ending June 2018, as INV intends to retain a certain amount of the net income. Further, while INV will not make distributions in excess of profits as INV will have a certain amount of internal reserve, INV intends to distribute a certain amount from internal reserve in order to cope with the discrepancy between tax and accounting treatment.
Other	INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts. In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.

(Appendix 2)



(Note 1) Based on 44 hotel properties; of the 58 hotel properties in our portfolio as of today, 9 hotels with fixed-rent lease agreements as well as 5 hotels, which are or will be under renovation in 2018, are excluded. 5 hotels under renovation are Hotel MyStays Kyoto-Shijo, MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel MyStays Premier Dojima and Hotel MyStays Hakodate-Goryokaku

(Note 2) Includes the dividends from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel as the underlying asset, assuming INV owned the preferred equity interest of TMK from the beginning of 2017

(Note 3) Based on the 64 residential properties owned as of today. Excludes one-off insurance-related revenues and expenses

(Note 4) Based on 2 commercial properties owned by INV as of today.

(Note 5) For all properties, the pre-acquisition period of the properties acquired between January 2017 and June 2018 is based on actual results provided by sellers