Invincible Investment Corporation

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

July 17, 2018

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 30th Fiscal Period Ended 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 ended June 2018 (30th Fiscal Period) and fiscal period ending December 2018 (31st Fiscal Period) as announced in "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" dated June 25, 2018.

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

<Fiscal Period Ended June 2018>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on June 25, 2018)	JPY million 12,983	JPY million 8,274	JPY million 7,560	JPY million 7,559	JPY million 6,806
Revised forecast (B)	JPY million 13,039	JPY million 8,301	JPY million 7,590	JPY million 7,590	JPY million 6,835
Amount of Variance (B) – (A)	JPY million 56	JPY million 27	JPY million 30	JPY million 30	JPY million 28
Rate of variance ((B) – (A)) / (A)	% 0.4	% 0.3	% 0.4	% 0.4	% 0.4

	Earnings per Unit (Note 1,2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1,2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on June 25, 2018)	JPY 1,577	JPY 1,420	JPY -	JPY 1,420
Revised forecast (B)	JPY 1,583	JPY 1,426	JPY -	JPY 1,426
Amount of Variance (B) – (A)	JPY 6	JPY 6	JPY -	JPY 6
Rate of variance ((B) – (A)) / (A)	% 0.4	% 0.4	% -	% 0.4

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 4,793,181 units

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to internal reserve from net income. Please refer to Appendix 1 <Assumptions Underlying the Forecast of Financial Results and Distribution for the June 2018 Fiscal Period and the December 2018 Fiscal Period > "Distribution per unit" for details.

<Fiscal Period Ending December 2018>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on June 25, 2018)	JPY million 13,091	JPY million 8,310	JPY million 7,565	JPY million 7,565	JPY million 7,645
Revised forecast (B)	JPY million 14,278	JPY million 9,247	JPY million 7,961	JPY million 7,960	JPY million 9,674
Amount of Variance (B) – (A)	JPY million 1,187	JPY million 936	JPY million 395	JPY million 395	JPY million 2,029
Rate of variance ((B) – (A)) / (A)	% 9.1	% 11.3	% 5.2	% 5.2	% 26.5

	Earnings per Unit (Note 1,2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1,2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on June 25, 2018)	JPY 1,578	JPY 1,595	JPY -	JPY 1,595
Revised forecast (B)	JPY 1,384	JPY 1,516	JPY 167	JPY 1,683

Amount of Variance (B) – (A)	JPY (194)	JPY (79)	JPY 167	JPY 88
Rate of variance ((B) – (A)) / (A)	% (12.3)	% (5.0)	% -	% 5.5

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 4,793,181 units (previous forecast) and 5,748,181 units (revised forecast)

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to distribution from internal reserve. Please refer to Appendix 1 <Assumptions Underlying the Forecast of Financial Results and Distribution for the June 2018 Fiscal Period and the December 2018 Fiscal Period > “Distribution per unit” for details.

(Reference)

Assumptions underlying the forecast of financial results and distributions for the fiscal period ended June 2018 and the fiscal period ending December 2018 are provided in Appendix 1.

Simulated distribution per unit for the year 2018 are shown for reference purposes, which are calculated by applying adjustments, as the DPU for the fiscal period ended June 2018 could be affected by one-off expenses due to the sale of properties (Note 1) and acquisition of assets (Note 2) in the fiscal period ended June 2018 (collectively, the “Transactions in the Fiscal Period Ended June 2018”), and the DPU for the fiscal period ending December 2018 will be affected by one-off expenses due to the refinancing loan announced as of July 12, 2018 (Note 3) (“Refinance in July 2018”), acquisition of properties announced as of July 17, 2018 (Note 4), the issuance of new investment units through the public offering and the third party allotment (collectively, the “Public Offering”) (Note 5) and the new borrowings (the “Borrowings”) (Note 6) (collectively, the “Transactions in the Fiscal Period Ending December 2018”, “Refinance in July 2018” and together with the Transactions in the Fiscal Period Ended June 2018, the “Transactions”), assuming that all Transactions had occurred prior to the commencement of the fiscal period ended June 2018. For details on the method for calculation and figures of simulated distribution per unit, please refer to Appendix 2. In addition, the 2018 annual DPU sensitivity versus ADR growth based on simulated distribution per unit for the year 2018 is also shown in Appendix 3.

(Note 1) Sale of the properties announced in the press releases entitled “Notice concerning Sale of Assets” as of December 21, 2017, December 26, 2017 and “Notice concerning Sale of Asset” as of February 13, 2018 and implemented during the fiscal period ended June 2018 (Collectively referred to as the “Sale in the Fiscal Period Ended in June 2018”).

(Note 2) Acquisition of the properties announced in the press releases entitled “Notice concerning Acquisition of Assets” as of February 5, 2018 and “Notice concerning Acquisition of Assets” as of June 25, 2018 and implemented during the fiscal period ended June 2018 (Collectively referred to as the “Acquisition in the Fiscal Period Ended June 2018”).

(Note 3) Refinancing announced in the press release entitled “Notice concerning Debt Financing (Refinance)” as of July 12, 2018.

(Note 4) The Acquisitions refers to acquisition of the properties to be acquired announced in the press releases entitled “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” and “Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” as of July 17, 2018.

(Note 5) The Public Offering refers to the issuance of new investment units through the public offering (the “Primary Offering”) and the third party allotment (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 July 17, 2018.

(Note 6) The Borrowings refer to the borrowings announced in the press release entitled “Notice concerning Debt Financing” as of July 17, 2018.

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

As announced in the press releases "Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests", "Notice Concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets", "Notice concerning Debt Financing" and "Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units", INV expects to conduct the Public Offering as well as Borrowings in order to acquire the four domestic hotel properties on August 2, 2018 and the Cayman Hotel TK Interest by the end of October, 2018 (the "Anticipated Acquisition").

The revision of the forecast of financial results and distribution for the fiscal period ending December 2018 are based on expectation of an increase in revenue due to the contributions from properties to be acquired as well as an increase in expected performance of the hotels. There will be one-off expenses due to the Public Offering and Borrowings to which INV plans to pay out excess dividends to achieve a dividend equivalent to the annual simulated DPU.

The revision of the forecast of financial results and distribution for the fiscal period ended June 2018 are based on the performance of the existing portfolio as of today.

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 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 mitigating the impact of corporate tax increases 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 ended June 2018, INV will record a capital gain of JPY 1,191 million, and a portion of the gain will be retained as reserves to enable INV to pay out additional funds if needed to help maintain distributions in the event of declines in revenues or increases in expenses. Therefore, the Distribution per Unit (Excluding Excess Profit Distribution per Unit) will be lower than the Earnings per Unit for the fiscal period ended June 2018.

On the other hand, with respect to the fiscal period ending December 2018, due to i)one-off expenses in connection with the Public Offering and the Borrowings, and ii) the Acquisitions expected to be owned during the December 2018 fiscal period for only part of the period, earnings per unit is expected to decrease in the second half. Therefore, from the perspective of maintaining stable distributions for the full calendar year of 2018, INV intends to reverse the reserves recorded in the prior fiscal period and make distributions in excess of profits in the fiscal period ending December 2018 so that the sum of DPU for the fiscal periods ended June 2018 and ending December 2018 will equal the sum of simulated DPU for the fiscal period ended June 2018 and the fiscal period ending December 2018. The figures for earnings per unit, distribution per unit (excluding excess profit distribution per unit), excess profit distribution per unit, and distribution per unit (including excess profit distribution per unit) and simulated distribution per unit are summarized in the table A below. The sum of the forecasted figures for the year 2018 is also stated therein. Simulated distribution per unit for the fiscal period ended June 2018 is calculated by applying the adjustments listed in 1 or 8, 10 and 11 among the adjustments described in Appendix 2, and simulated distribution per unit for the fiscal period ending December 2018 are calculated by applying adjustments listed in 4 and 7 or 12, respectively, among the adjustments described in Appendix 2. For the other assumptions, please refer to Appendix 1.

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 mitigate the impact of the discrepancy between tax and accounting treatment for the fiscal period ending December 2018 in the same manner as the fiscal period ended December 2017.

Invincible Investment Corporation

(Note 1) [Table A]

	Earnings per Unit	Distribution per Unit (Excluding Excess Profit Distribution per Unit)	Excess Profit Distribution per Unit	Distribution per Unit (Including Excess Profit Distribution per Unit)	Simulated Distribution per Unit
Forecast for the fiscal period ended June 2018 (Note 1)	JPY 1,583	JPY 1,426	JPY -	JPY 1,426	JPY 1,521
Forecast for the fiscal period ending December 2018 (Note 2)	JPY 1,384	JPY 1,516	JPY 167	JPY 1,683	JPY 1,588
Forecast for the year 2018	JPY 2,967	JPY 2,942	JPY 167	JPY 3,109	JPY 3,109

(Note 1) The number of investment units issued and outstanding as of the end of the fiscal period ended June 2018 is 4,793,181 units.

(Note 2) It is assumed the forecasted number of investment units issued and outstanding as of the end of the fiscal period ending December 2018 is 5,748,181 units. The earnings per unit, distribution per unit (excluding excess profit distribution per unit), excess profit distribution per unit, distribution per unit (including excess profit distribution per unit) and simulated distribution per unit for this fiscal period are JPY 1,395, JPY 1,528, JPY 181, JPY 1,709 and JPY 1,601, respectively, based on the assumption that such forecasted number is 5,702,705 where no investment units are issued through the Third Party Allotment.

(Note 3) Figures are rounded down to the indicated amount. Hereinafter the same.

4. Reasons for Forecast Revision

The revised DPU forecast for the fiscal period ended June 2018 is JPY 1,426 (+12.8% year-on-year) and the DPU forecast for the fiscal period ending December 2018 is JPY 1,683 (+7.6% year-on-year); the DPU for the full calendar year 2018 is forecast to be JPY 3,109 (+9.9% year-on-year) and DPU growth is expected in 2018 against actual DPU in 2017.

As described in “3. Excess profit distribution policy” above, the simulated DPU for the full calendar year 2018 will be JPY 3,109. Based on JPY 1,426 as the forecast DPU for the fiscal period ended June 2018, INV plans to distribute JPY 1,683 per unit for the fiscal period ending December 2018, which includes excess profit distributions, in order to pay out an amount equivalent to the simulated DPU for the full calendar year 2018.

NOI for INV’s entire portfolio is expected to grow by 28.4% due to revenue contributions from the assets to be acquired and internal growth of the existing portfolio.

As for internal growth of the hotel portfolio and the residential portfolio, NOI for the hotel portfolio (Note 1) and residential portfolio (Note 2) for the fiscal period ending December 2018 are expected to grow by 1.3% and 3.2%, respectively, vs. NOI for the same period in the previous year, and the total NOI for both hotel and residential portfolio is expected to grow by 1.7%. With regard to the hotel portfolio (Note 1), INV expects forecasts ADR, occupancy rate and RevPAR (Note 3) for the fiscal period ending December 2018 to increase by 2.2%, 0.8pt and 3.1%, respectively, resulting in GOP (Note 3) growth of 1.8%.

INV continues to cooperate with the operators of its hotels to achieve internal growth, and in particular, it is closely working with MyStays Hotel Management Co., Ltd. (“MHM”) and moving ahead with a wide array of initiatives. MHM has been actively improving its revenue management and overbooking strategy, and has continued to improve the overall compression nights with 2,527 nights that the occupancy rate of its hotels was 95% or more in the first half of the year compared to 2,354 nights in the prior year. MHM has also increased its direct bookings, especially through corporate sales which have increased the market share to 8.2% for the first half of 2018 compared to 7.4% for the same period in a prior year and 6.4% for the same period in 2016. Also, in terms of distribution, MyStays now sells room inventory from 63 hotels (both INV hotels and non-INV hotels) on the Fliggy platform (part of Alibaba) in China to attract additional Chinese tourists. In terms of cost cutting, MHM reduced the building maintenance cost at 38 hotels owned by INV by 13.9% and elevator maintenance at 34 hotels owned by INV by 50.4% on annual basis. Overall, MHM has continued to push its online marketing including through social media and other channels to increase its brand recognition and direct customer base.

In addition to the operating improvements mentioned above, INV and MHM renovated or will renovate five INV owned hotels in 2018. This will result in partial downtime from a portion of the rooms at these five hotels (Hotel MyStays Kyoto-Shijo, MyStays Shin-Urayasu Conference Center, Hotel MyStays Maihama, Hotel MyStays Premier Dojima and Hotel MyStays Hakodate-Goryokaku), but is expected to result in higher GOP at all five hotels in the second half.

INV and MHM also expect that the recent tightening regulatory requirements on private rental housing could improve demand for the hotels. As an example as of June 29, 2018, Airbnb (Note 4) delisted 29,051 of the 54,501 properties that the company had listed in Japan (Note 5) as of May 31, 2018. This has been especially true in Tokyo where listings dropped from 17,348 to 5,658 and in Osaka where listings dropped from 12,272 to 5,847 during the same period. In June 2018, RevPAR for INV’s Tokyo 23 wards hotels would exceed June 2017 by 7.8% and also 7.6% against the forecast in February 2018 (Note 6).

Meanwhile, with regard to internal growth of the residential portfolio, NOI for the fiscal period ending December 2018 for 64 residential properties owned by INV as of the end of June 2018 is expected to grow by 3.2% against that for the corresponding period in the previous year since the rent increase program has brought results. INV forecasts occupancy rate (Note 5) to increase from 94.7% to 96.0% and average rent per tsubo (Note 7) to increase by 2.3%, from JPY 9,620 to JPY 9,839 against those for the corresponding period in the previous year.

In addition, as announced in the press releases "Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests" and "Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets" dated July 17, 2018, INV will acquire 6 high-quality hotel properties (Note 8) totaling JPY 85,129 million (Note 9) in the fiscal period ending December 2018, and these hotels are anticipated to increase the simulated portfolio NOI by JPY 1,884 million, or JPY 327 per unit for the fiscal period ending December 2018.

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.

(Note 1) Based on actual results and forecasts for the 46 hotel properties of the 60 hotel properties (including "The Sheraton Grande Tokyo Bay Hotel" which INV holds as SPC backed by preferred equity interest) in our portfolio as of June 30, 2018 (including data provided by prior owners of properties acquired during 2017 and 2018, as adjusted to give effect to the cost structure of our hotels). Nine hotels with fixed-rent lease agreements and five hotels which are undergoing renovations are excluded. Such 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.Such five 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) Calculated based on actual results and forecasts for the 64 residential properties owned as of the end of June 2018 (including data provided by prior owners of properties acquired during 2017 and 2018, as adjusted to give effect to the cost structure).

(Note 3) For definition of ADR, occupancy rate for hotel portfolio, RevPAR and GOP, please refer to "4. Reasons for Forecast Revision (Reference)" below.

(Note 4) "Airbnb" is a company based in San Francisco in the United States that offers the service of matching the person who wants to lease a vacant room temporarily with the person who wants to rent accommodation during trip.

(Note 5) The number of listings on Airbnb is based on the data as of May 31, 2018 and June 29, 2018, sourced from Minpaku Databank. This is only a temporary, market snapshot immediately after new introduction of regulations and does not guarantee that number of listings will remain low in the future.

(Note 6) Basis on announced "Notice concerning Revision of Forecast of Financial Results for the 29th Fiscal Period Ended December 2017, together with Forecast of Financial Results and Distribution for the 30th Fiscal Period Ending June 2018 and 31st Fiscal Period Ending December 2018" dated February 14, 2018.

(Note 7) For definition of occupancy rate and average rent per tsubo, please refer to "4. Reasons for Forecast Revision (Reference)" below.

(Note 8) The Cayman hotel TK interest is counted as two hotel properties.

(Note 9) The anticipated acquisition price of overseas assets is INV's anticipated investment amount for the Cayman Hotel TK Interest. Calculated using an exchange rate of 1 USD=110 JPY (rounded down to the nearest yen) as of June 27, 2018 announced by Mizuho Bank Ltd.

(Reference)
<Forecasts for Performance Indicators of Hotel Properties (46 hotels (Note 1))>

	Y2018		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	89.5%	91.4%	90.4%
ADR (JPY) (Note 3)	10,004	11,013	10,518
RevPAR (JPY) (Note 4)	8,954	10,063	9,513
GOP (JPY million) (Note 5)(Note 6)	7,279	8,723	16,003

Year-on-Year Changes

	Y2018		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	+1.1pt	+0.8pt	+0.9pt
ADR	+0.6%	+2.2%	+1.4%
RevPAR	+1.8%	+3.1%	+2.5%
GOP	+2.1%	+1.8%	+1.9%

(Note 1) For definition of 46 hotel properties, please refer to Note 1 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 days during relevant period). Hereinafter the same.

(Note 3) “ADR,” or Average Daily Rate, is the value of the total room revenues for a certain period (excluding service fees) divided by the total number of sold rooms for the same period. Hereinafter the same.

(Note 4) “RevPAR,” or Revenues Per Available Room, is calculated by dividing the total revenues 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. Hereinafter the same.

(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. Hereinafter the same.

(Note 6) With respect to APA Hotel Yokohama-Kannai, we consider the rent paid to INV for this hotel as GOP of this hotel.

Invincible Investment Corporation

<Forecasts for Performance Indicators of Residential Properties (64 properties (Note 1))>

	Y2018		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	95.6%	96.0%	95.8%
Average Rent per Tsubo per Month (Note 3) (JPY)	9,731	9,839	9,785
NOI (JPY million) (Note 4)	2,525	2,522	5,048

Year-on-Year Changes

	Y2018		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	+0.5pt	+1.3pt	+0.9pt
Average Rent per Tsubo per Month	+2.5%	+2.3%	+2.4%
NOI	+2.9%	+3.2%	+3.0%

(Note 1) For definition of 64 residential properties, please refer to Note 2 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. Hereinafter the same.

(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. Hereinafter the same.

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

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

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

	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 June 25, 2018)	JPY 3,155	JPY 3,015	JPY -	JPY 3,015
Revised forecast (B)	JPY 2,967	JPY 2,942	JPY 167	JPY 3,109
Amount of variance (B)- (A)	JPY (188)	JPY (73)	JPY 167	JPY 94
Rate of variance ((B) – (A)) / (A)	% (6.0)	% (2.4)	% -	% 3.1

(Note) Assumption: the number of investment units issued and outstanding at the end of the fiscal period ended June 2018 was 4,793,181 units and the number of investment units issued and outstanding at the end of the fiscal period ending December 2018 is 5,748,181 units.

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 Fiscal Period and the December 2018 Fiscal Period >

Item	Assumptions
Fiscal period	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)
Assets under management	Properties held as of the end of the June 2018 fiscal period: 125 properties and preferred equity interests in one special purpose company Properties held as of the end of the December 2018 fiscal period: 129 properties and preferred equity interests in one special purpose company and a TK interest in one special purpose company INV assumes that INV will newly acquire four hotel properties as of August 2, 2018 (Anticipated Domestic Assets) and TK interest in Cayman Hotel TK Interest in a one special purpose company which anticipate to invest in two Cayman hotels by October 30, 2018 (Note), and that there will be no other change through the end of the fiscal period ending December 2018. (Note) Regarding the acquisition of four hotel properties and Cayman Hotel TK Interest, please refer to “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” and “Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” as of today. Further, as the distribution from Cayman Hotel TK interest will be made in or after the fiscal period ending June 2019, the acquisition date of Cayman Hotel TK Interest on or prior to October 31, 2018 will not affect the forecast of the operating revenues of the INV for the fiscal period ending December 2018. However, in relation to the interest-bearing liabilities (borrowings), INV assumes that it will implement the borrowings immediately prior to the acquisition of Cayman Hotel TK Investment on September 27, 2018.
Units outstanding	As of the end of the June 2018 fiscal period: 4,793,181 units As of the end of the December 2018 fiscal period: 5,748,181 units INV assumes that a total of 955,000 new investment units will be issued through the Primary Offering (909,524 new investment units) and the Third Party Allotment (up to 45,476 new investment units), and that the expected number of investment units issued and outstanding following the Offering will be 5,748,181 units, and that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 2018.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Interest-bearing liabilities</td><td>Balance as of the end of the fiscal period ended June 2018: JPY 189,415 million (borrowing: JPY 187,415 million, investment corporation bonds: JPY 2,000 million)
Balance as of the end of the fiscal period ending December 2018: JPY 229,873 million (borrowing: JPY 227,873 million, investment corporation bonds: JPY 2,000 million)

INV assumes that JPY 3,458 million of borrowing is implemented as of August 2, 2018 and JPY 37,000 million on 27 September 2018, for the fiscal period ending December 2018, as mentioned in the press release entitled “Notice concerning Debt Financing” as of today. In addition, INV intends refinance short term loan of JPY 2,000 million due October 13, 2018 in December 2018 fiscal period at a similar condition. INV executed JPY 28,979 million of borrowing (refinance) on July 17, 2018. (for more details, please see “Notice concerning Debt Financing (Refinance)” as of July 12, 2018). 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 rental 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 11,115 million</td><td>JPY 13,447 million</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 7,323 million)</td><td>(JPY 9,731 million)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 3,534 million)</td><td>(JPY 4,909 million)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 3,788 million)</td><td>(JPY 4,821 million)</td></tr>
<tr><td>・SPC Dividend amount</td><td>JPY 732 million</td><td>JPY 831 million</td></tr>
<tr><td>・Gain on sale</td><td>JPY 1,191 million</td><td>- million</td></tr>
<tr><td>・Dividend amount</td><td>- million</td><td>- million</td></tr>
</table>

INV estimates gain on sales of JPY 796 million from sale of Harmony Ochanomizu, Growth Maison Ikebukuro, Capital Heights Kagurazaka, Cross Square NAKANO and Oki Aoba Building 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 ended June 2018.

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.

With respect to dividend from Cayman Hotel TK Interest, as the initial dividend from SPC in expected in March 2019 which falls during fiscal period ending June 2019, dividend amount is not recorded in fiscal period ending December 2018.

Rental revenues in the fiscal period ended June 2018 and the fiscal period ending December 2018 are calculated based on estimates as of today. 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>
</table>

<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>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Facility management fees
(of these, repair costs)</td><td>JPY 668 million
(JPY 24 million)</td><td>JPY 680 million
(JPY 24 million)</td></tr>
<tr><td>・Taxes and other public charges (Note)</td><td>JPY 458 million</td><td>JPY 542 million</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 12 million</td><td>JPY 12 million</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 2,837 million</td><td>JPY 3,091 million</td></tr>
<tr><td>・Other expenses</td><td>JPY 208 million</td><td>JPY 191 million</td></tr>
<tr><td>Total property related expenses</td><td>JPY 4,185 million</td><td>JPY 4,519 million</td></tr>
</table>

(Note) Property taxes and city planning taxes on the assets acquired in 2018 including anticipated acquisition of assets 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 the fiscal period ending December 2018 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 552 million</td><td>JPY 512 million</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 275 million)</td><td>(JPY 275 million)</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 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 10,499 million</td><td>JPY 12,851 million</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 6,971 million)</td><td>(JPY 9,313 million)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 2,562 million)</td><td>(JPY 2,522 million)</td></tr>
<tr><td>(of these, dividend amount)</td><td>JPY 732 million</td><td>JPY 831 million</td></tr>
<tr><td>(of these, SPC dividend amount)</td><td>-</td><td>-</td></tr>
</table>

NOI calculation method in the above table is as follows
・NOI＝ Rental Revenues (including the amount of dividends on the preferred equity interests) － Property Related Expenses + Depreciation Expenses+ Dividends on the preferred equity interests+ Dividend on SPC</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 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>・Interest expense</td><td>JPY 478 million</td><td>JPY 575 million</td></tr>
<tr><td>・Finance related costs</td><td>JPY 233 million</td><td>JPY 502 million</td></tr>
<tr><td>・Interest for investment corporation bonds</td><td>JPY 1 million</td><td>JPY 6 million</td></tr>
<tr><td>・Depreciation of investment corporation bonds issuance expenses</td><td>JPY 0 million</td><td>JPY 1 million</td></tr>
<tr><td>・Other non-operating expenses (expenses relating to the issuance of new units for the Offering)</td><td>-</td><td>JPY 200 million</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 713 million</td><td>JPY 1,286 million</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 ended June 2018, INV expects to distribute an aggregate amount of JPY 6,835 million (distribution per unit: JPY 1,426) which is the remaining amount after retaining JPY 755 million as internal reserve from net income for the fiscal period ended June 2018 (JPY 7,590 million).
With respect to the distribution for the fiscal period ending December 2018, INV expects to distribute an aggregate amount of JPY 9,674 million (distribution per unit: JPY 1,683) based on the assumption that excess profit distribution in the amount of JPY 959 million will be paid, in addition to JPY 8,714 million from net income for the fiscal period ending December 2018 (JPY 7,960 million) and JPY 755 million from internal reserve.

For the fiscal period ended June 2018 and fiscal period ending December 2018, INV expects to record deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 113 million, which is equal to the amount for the fiscal period ended December 2017. 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 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.
INV will not make distributions in excess of profits for the fiscal period ended June 2018, as INV intends to retain a certain amount of the net income.
With respect to the fiscal period ending December 2018, due to i) one-off expenses in connection with the Public Offering and the Borrowings, ii) the Acquisitions expected to be owned during the December 2018 fiscal period for only part of the period, and iii) distributions from the TK interest will start from the fiscal period ending June 2019, earnings per unit is expected to decrease in the second half. Therefore, from the perspective of maintaining stable distributions, INV intends to make distributions in excess of profits (JPY 153 per unit) within the scope of the expected shortfall between actual earnings per unit and the simulated earnings per unit after the Transactions. Further, INV intends to make distribution in excess of profits (JPY 14 per unit) in order to cope with the discrepancy between tax and accounting treatment.

<table>
<tr><th></th><th>June 2018 Fiscal Period</th><th>December 2018 Fiscal Period</th></tr>
<tr><td>Excess profit distribution per unit</td><td>-</td><td>JPY 167</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 for full-year 2018>

Simulated distribution per unit for the year 2018 refers to sum of earnings per unit calculated by first assuming the forecast financial results for the fiscal period ended June 2018 and the forecast of financial results for the fiscal period ending December 2018 and then, by applying the simulated adjustments below, eliminating the effects of such factors as one-off expenses and treating the Acquisitions in the Fiscal Period Ended June 2018, the Previous Public Offering, the Borrowings in the Fiscal Period Ended June 2018, the Refinancing in July, the Acquisitions, the Public Offering and the Borrowings etc. as if they had occurred prior to the beginning of the fiscal period ended June 2018, and excess profit distribution per unit (limited to distribution in excess of profit for coping with the discrepancy between tax accounting treatment).

Simulated adjustments used to calculate simulated distribution per unit for the year 2018 include the following adjustments

1. Elimination of one-off expenses in connection with the Transactions for the Fiscal Period Ended June 2018.
2. Elimination of gain on sales of the assets sold announced in the press releases entitled “Notice concerning Sale of Assets” as of December 21, 2017 and December 26, 2017.
3. The figures are on the assumption that the revenue from the assets sold as announced in the press releases entitled “Notice concerning Sale of Assets” as of December 21, 2017 and December 26, 2017 had not been recorded from the beginning of the fiscal period ended June 2017.
4. The figures are on the assumption that revenue contributions as well as expenses such as property taxes and city planning taxes on the assets acquired announced in the press release entitled “Notice concerning Acquisition of Assets and Entering into Leasing Contract” as of February 5, 2018 were recorded from the beginning of the fiscal period ended June 2018.
5. Elimination of gain on sales of the assets sold announced in the press release entitled “Notice concerning Sale of Assets” as of February 13, 2018.
6. The figures are on the assumption that the revenue from the assets sold announced in the press release entitled “Notice concerning Acquisition and Sale of Asset” as of February 13, 2018 had not been recorded from the beginning of the fiscal period ended June 2018.
7. The figures are on the assumption that revenue contributions as well as expenses such as property taxes and city planning taxes on the asset to be acquired announced in the press release entitled “Notice concerning Acquisition of Assets” as of June 25, 2018 were recorded from the beginning of the fiscal period ended June 2018.
8. Adjustments to give effect to the assumption that the refinancing announced in the press release entitled “Notice concerning Debt Financing (Refinance)” as of July 12, 2018, took place prior to the fiscal period ended June 2018.
9. Elimination of one-off expenses in connection with the refinancing executed on July 2018.
10. The figures are on the assumption that revenue contributions as well as expenses such as property taxes and city planning taxes on the assets to be acquired announced in the press releases entitled “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” and “Notice

concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets" as of today were recorded from the beginning of the fiscal period ended June 2018.

11. The figures are on the assumption that a total of 955,000 units (909,524 units through the Public Offering and up to 45,476 units through the Third Party Allotment) were issued at the beginning of the fiscal period ended June 2018.
12. Elimination of one-off expenses in connection with the Transactions for the Fiscal Period Ending December 2018.

The simulated distribution per unit for the year 2018 as well as the simulated earnings per unit, simulated distribution per unit (excluding excess profit distribution per unit) and simulated excess profit distribution per unit, for the year 2018, which are calculated by applying the same adjustments as the simulated distribution per unit for the year 2017 are summarized in the column of "After the Transactions in the Fiscal Period Ending December 2018" of the Table A below. In addition, to exhibit the effect of the transactions stated in "Notice concerning Acquisition of Assets and Entering into Leasing Contract", "Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets", "Notice concerning Debt Financing" and "Notice concerning Issuance of New Investment Units and Secondary Distribution of Investment Units" as of July 17, 2018 and the implementation of the Transactions in the Fiscal Period Ending December 2018, these figures before the Transactions in the Fiscal Period Ending December 2018 are also included in the Table A.

Simulated distribution per unit after the Transactions in the Fiscal Period Ending December 2018 are calculated by applying all adjustments listed above, while simulated distribution per unit before the Transactions in the Fiscal Period Ending December 2018 are calculated by applying the adjustments listed in 1 or 9 above which are related to transactions etc. implemented before the Transactions in the Fiscal Period Ending December 2018.

The simulated distribution per unit for the year 2018 and the other figures in the Table A below are purely a simulation intended to describe the effect of the Transactions, etc. described above and are 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 for the year 2018 will ever be realized for any future, and INV is not obligated to revise any of the simulated figures regardless of any changes in circumstances that may affect the above simulation.

[Table A]

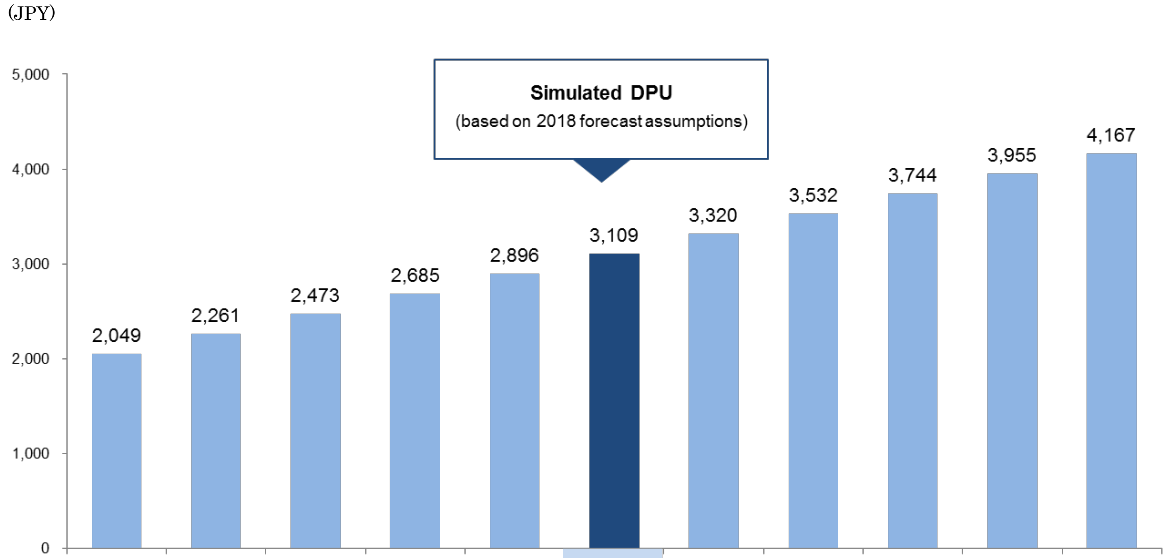
	Simulated Earnings per Unit for the year 2018 (Note)	Simulated Distribution per Unit (Excluding Excess Profit Distribution per Unit) for the year 2018 (Note)	Simulated Excess Profit Distribution per Unit for the year 2018 (Note)	Simulated Distribution per Unit (Including Excess Profit Distribution per Unit) for the year 2018 (Note)
Before the Transactions in the full-year 2018 (A)	JPY 2,912	JPY 2,912	JPY 34	JPY 2,946
After the Transactions in the full-year 2018 (B)	JPY 3,081	JPY 3,081	JPY 28	JPY 3,109
Amount of variance (B) – (A)	JPY 169	JPY 169	JPY (6)	JPY 163
Rate of variance ((B) – (A)) / (A)	% 5.8	% 5.8	% (17.6)	% 5.5

(Note) Assumption: the number of investment units issued and outstanding before the Transactions in the full-ear 2018: 4,793,181 units; the number of investment units issued and outstanding after the Transactions in the full-year December 2018: 5,748,181 units.

Invincible Investment Corporation

(Appendix 3)

<Simulated DPU for full-year 2018 Sensitivity (vs ADR Growth) >



ADR Growth[1]	-25%	-20%	-15%	-10%	-5%	**0%**	5%	10%	15%	20%	25%
Hotel ADR[2]	7,587	8,093	8,599	9,104	9,610	**10,116**	10,622	11,128	11,633	12,139	12,645
Simulated DPU Growth[3]	-34.1%	-27.3%	-20.4%	-13.6%	-6.8%	**-**	+6.8%	+13.6%	+20.5%	+27.3%	+34.1%

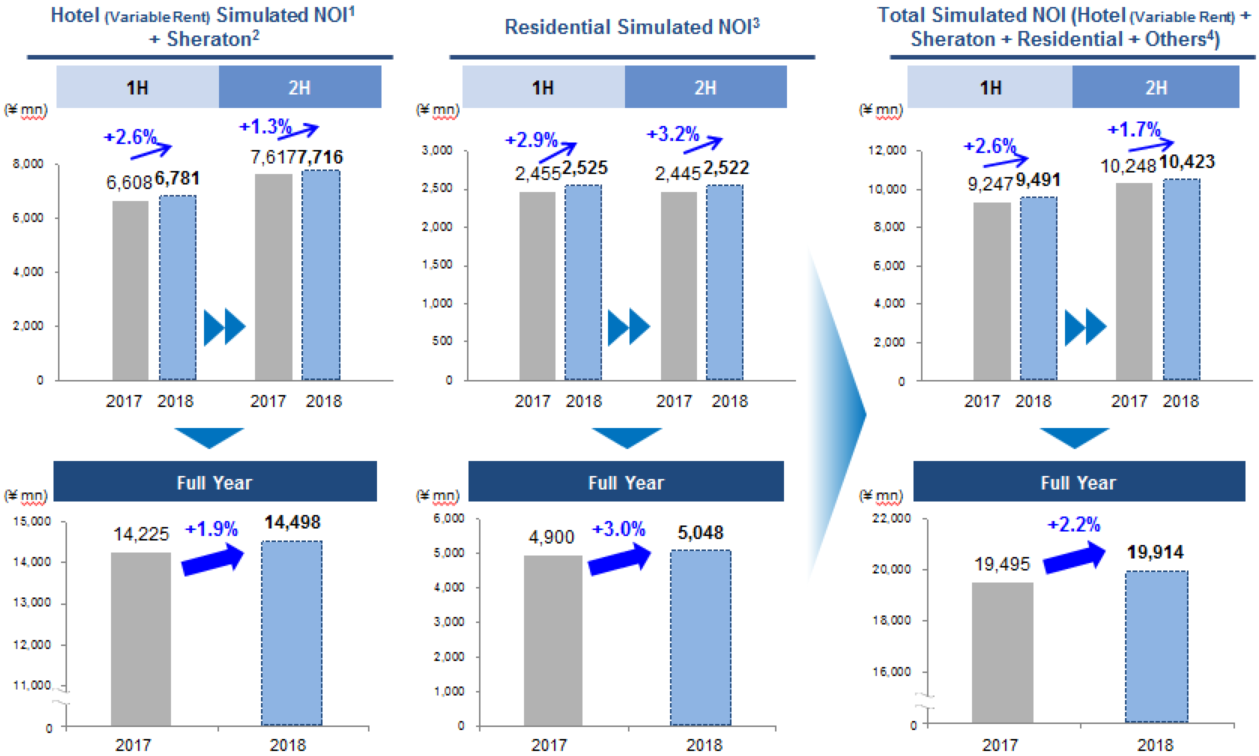
(Note 1) "ADR Growth" is shown as a % change from the ADR assumption for the 2018 forecast for the 54 hotels with a variable rent scheme owned by INV after anticipated acquisition excluding Sheraton Grande Tokyo Bay Hotel (Preferred Equity Interest), Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (TK interest)

(Note 2) "Hotel ADR" is average of ADR of the said 54 hotels (Same as Note 1).

(Note 3) "Simulated DPU Growth" is simulated data based on the simulated distribution per unit for the year 2018, on the assumption that all assumptions used to calculate simulated distribution per unit for the year 2018 for INV's current assets and the assets to be acquired remain the same, except for the ADR.

(Appendix 4)

<Simulated NOI of our portfolio >



(Note 1) Hotel (Variable Rent) Simulated NOI is based on the actual and forecast results of 46 variable rent hotel properties out of the 60 hotel properties INV holds as of the end of June 30, 2018, excluding (i) nine hotel properties with fixed‐rent lease agreements since the performance of the hotels with fixed‐rent lease agreements do not significantly affect year-on-year variances and (ii) five hotel properties undergoing renovation in 2018 (for more details, please see "4. Reasons for Forecast Revision, (Note 1)").

(Note 2) Simulated NOI of Sheraton is calculated based on the actual and forecast results of preferred equity interest of TMK that owns SGTB, assuming INV owned the preferred equity interest of TMK from the beginning of 2017

(Note 3) Residential Simulated NOI is based on the actual and forecast results of the existing 64 residential properties held as of June 1, 2018. Temporary insurance benefit and cost corresponding it is excluded.

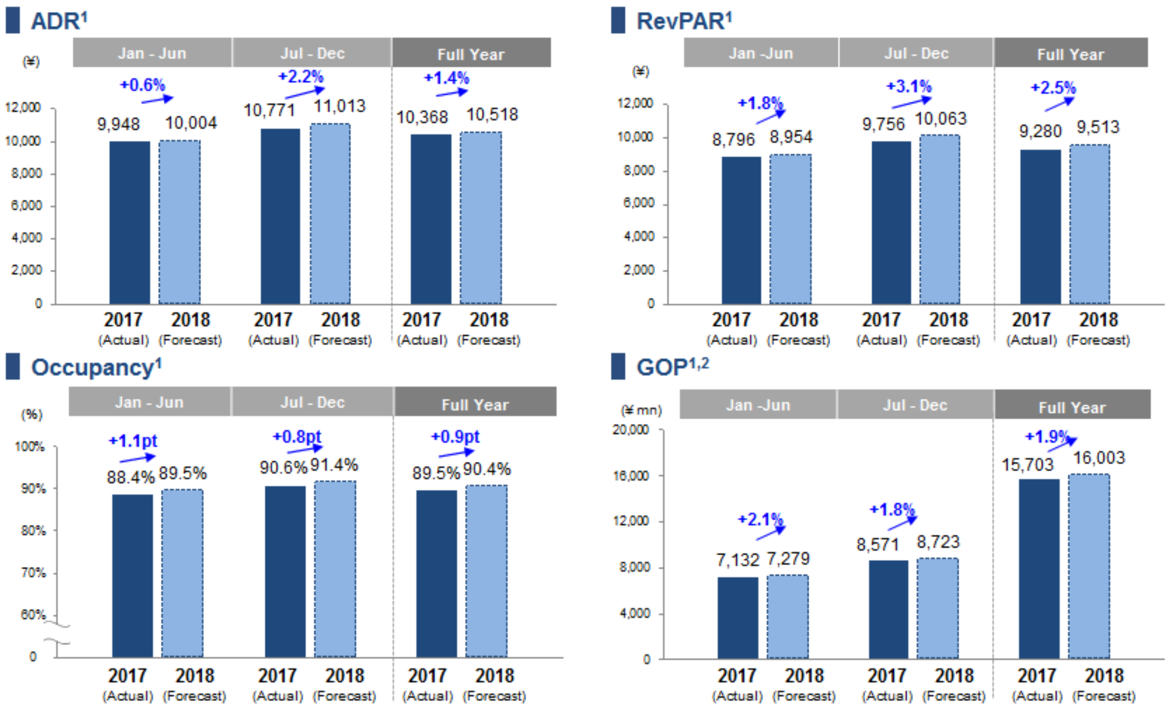
(Note 4) Simulated NOI of Others is based on the actual and forecast results of two retail properties owned by INV as of June 30, 2018.

(Note 5) For simulated NOI for Hotel, Sheraton, Residential and Others, actual results of (i) existing properties acquired on or after January 1, 2017 and (ii) the assets to be acquired are based on actual results provided by sellers and adjusted to reflect trust fees and insurance premiums assuming the properties had been held by INV.

Invincible Investment Corporation

(Appendix 5)

<KPI of our current Hotel portfolio>



(Note 1) For the assumptions of the actual and forecasts of ADR, occupancy, RevPAR and simulated GOP, please refer to (Note 1) of Appendix 4 above.

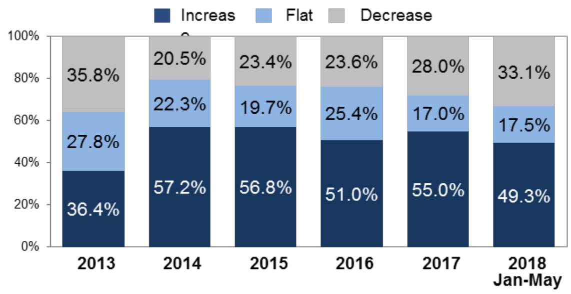
(Note 2) In calculating the simulated GOP, the rent paid for APA Hotel Yokohama-Kannai, is regarded as GOP of the hotel.

Invincible Investment Corporation

(Appendix 6)

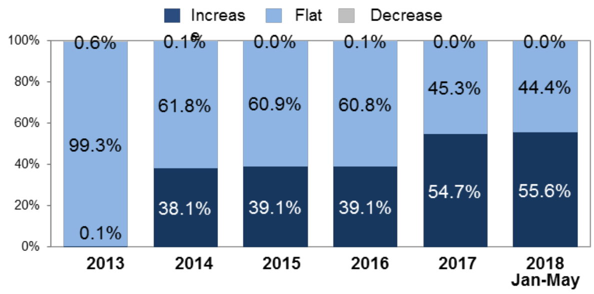
<Rent Increase Initiative regarding our portfolio of the residential properties>

Change in Rent for New Contracts[1]



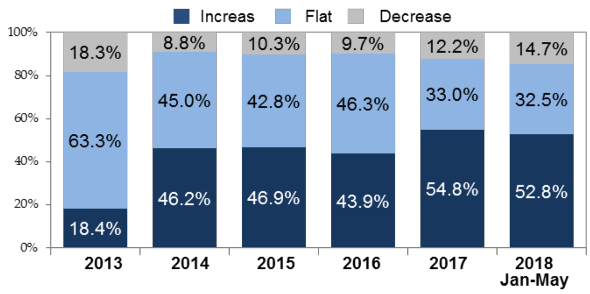
No. of New Contracts	827	649	943	783	1,030	537
Occupancy[2] (%)	95.5	94.0	94.7	95.9	95.0	95.5
Net Leasing Cost (No. of months)[3]	1.15	1.01	1.23	1.15	1.02	0.68

Change in Rent for Renewal Contracts[1]

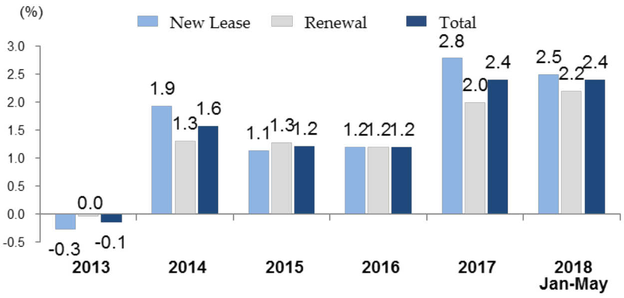


No. of Renewals	818	872	1,209	1,126	1,337	675
Renewal Rate[4] (%)	81.2	84.7	85.4	83.7	82.8	85.9

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 and 2014, 66 properties for 2015, 68 properties for 2016, 70 properties for 2017 and 64 properties as of June 30, 2018.

(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.

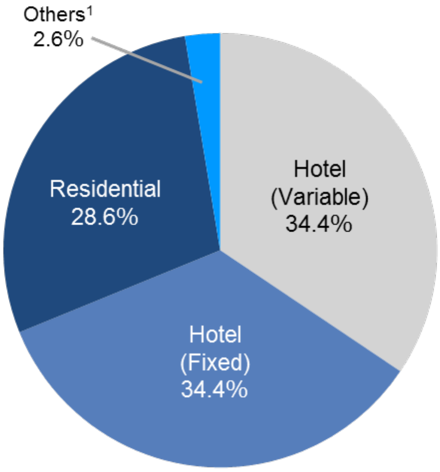
(Note 4) Renewal rate is calculated by the number of renewal rents during the relevant period divided by the number of contracts due up for renewal during the relevant period.

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

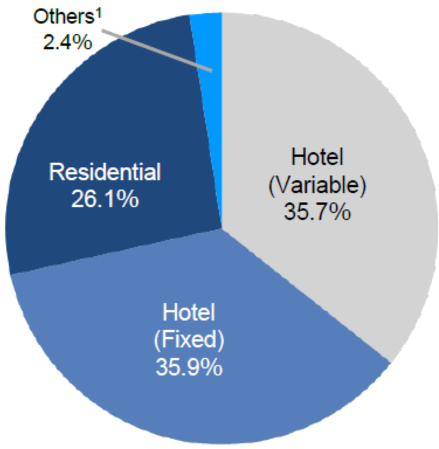
(Appendix 7)

<Operating Revenue Composition (Simulated)>

Existing portfolio



Post-acquisition



(JPY million)

Revenue			
Hotel	(Variable)	8,075	34.4%
	(Fixed)	8,080	34.4%
Residential		6,701	28.6%
Others[1]		612	2.6%
Total		23,470	100.0%
Sheraton Grande Tokyo Bay Hotel (Preferred Equity Interest)		1,629	–

(JPY million)

Revenue			
Hotel	(Variable)	9,169	35.7%
	(Fixed)	9,212	35.9%
Residential		6,701	26.1%
Others[1]		612	2.4%
Total		25,696	100.0%
Sheraton Grande Tokyo Bay Hotel (Preferred Equity Interest)		1,629	–
Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort (TK interest)		2,580	–

(Note 1) "Others" includes Commercial facilities.

(Note 2) "Existing Portfolio Operating Revenue Composition" is calculated based on the 2018 full year operating revenue estimates (actual results for January to May and estimates for June to December) for all INV's assets as of today. The properties acquired in February and June 2018 are on the assumption that they had been owned since January 1, 2018. Performance for the pre-acquisition period is based on actual results provided by the respective sellers and performance for the post-acquisition period is based on actual results until May 31, 2018 or based on estimates after June 2018. "Post-acquisition Operating Revenue Composition" is calculated by adding the 2018 full year operating revenue estimates on the assets to be acquired (actual results for January to May and estimates for June to December) calculated by Consonant Investment Management Co., Ltd, the asset manager of INV, to the figures for the existing portfolio. Annualized estimates of dividends INV expects to receive from preferred equity interests in the TMK that owns Sheraton Grande Tokyo Bay Hotel based on actual and forecast result of the TMK assuming that INV had owned the preferred equity interest from the beginning of 2017 is used. With regard to TK interest in a special purpose company that will hold Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort, annualized estimates of dividends INV expects to receive from TK interest is used. Currency hedging transaction in the future is not taken into consideration. Calculated based on exchange rate USD 1= JPY 110.

(Note 3) Ratios are rounded to one decimal places.