

May 28, 2019

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
Naoki Fukuda, Executive Director
(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 32nd Fiscal Period Ending June 2019

As a result of the expected gain on sale from the disposition of Royal Parks Tower Minami-Senju, Invincible Investment Corporation ("INV") is announcing the updated forecasts of financial results and distribution per unit ("DPU") for the fiscal period ending June 2019 (32nd Fiscal Period). The updated forecasts are based on the actual operating results for the January to April 2019 period and forecasted operating results for May and June 2019.

1. Revision of forecasts of financial results and DPU for the fiscal period ending June 2019 (from January 1, 2019 to June 30, 2019)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on May 17, 2019)	JPY million 21,514	JPY million 16,233	JPY million 15,318	JPY million 15,318	JPY million 8,964
Revised forecast (B)	JPY million 27,319	JPY million 22,124	JPY million 21,210	JPY million 21,209	JPY million 9,384
Amount of variance (B) – (A)	JPY million 5,804	JPY million 5,891	JPY million 5,891	JPY million 5,891	JPY million 419
Rate of variance ((B) – (A)) / (A)	% 27.0	% 36.3	% 38.5	% 38.5	% 4.7

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

	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 May 17, 2019)	JPY 2,703	JPY 1,582	JPY -	JPY 1,582
Revised forecast (B)	JPY 3,742	JPY 1,656	JPY -	JPY 1,656
Amount of variance (B) – (A)	JPY 1,039	JPY 74	JPY -	JPY 74
Rate of variance ((B) – (A)) / (A)	% 38.4	% 4.7	% -	% 4.7

(Note) The number of investment units issued and outstanding at the end of the fiscal period: 5,666,840 units.

(Reference)

Assumptions underlying the forecast of financial results and distributions for the fiscal period ending June 2019 are provided in Appendix 1.

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

INV is revising its forecasts of financial results and distribution for the fiscal period ending June 2019, as the operating revenue and net income for the fiscal period ending June 2019 are expected to increase by 10% and 30% or more, respectively, from the previous forecasts announced in “Notice concerning Revision of Forecast of Financial Results for the 32nd Fiscal Period Ending June 2019” dated May 17, 2019 due to an expected gain on sale¹ of JPY 5.5 billion from the sale of Royal Parks Tower Minami-Senju (the “Property”) as announced in the press release “Notice concerning Sale of Domestic Trust Beneficiary Interest” dated today. INV plans to retain substantially all of the sale proceeds in order to acquire additional assets in the future. While the closing of sale of the Property is expected to occur on June 7, 2019, INV plans to pay out dividends as if the Property was held through June 30, 2019.

In addition, as announced in “Performance Update for April 2019” dated May 27, 2019, INV’s hotel and residential portfolios have been performing well. Overall portfolio NOI is up 3.6% from January through April 2019 compared to the same period in 2018. The overall hotel portfolio recorded a cumulative 5.6% RevPAR growth for the January through April 2019 period compared to the same period in 2018. Both the domestic hotels and the overseas hotels experienced strong RevPAR growth with the domestic hotels recording a 3.0% increase and the overseas hotels recording a 17.4% RevPAR growth, both for the January through April 2019 period compared to same period in 2018. Please refer to “Performance Update for April 2019” dated May 27, 2019 for

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

the details of the hotel KPIs including the definitions and calculation method thereof².

INV is planning to payout a dividend for the fiscal period ending June 2019 based only on the operating results of its properties and not including any gain on sale of properties. With the improved performance, INV expects the DPU for the fiscal period ending June 2019 to be JPY 1,656, which is 4.7% higher than the previous guidance and 15.8% higher than the actual DPU in the same fiscal period last year.

Finally, mainly due to the fact that the gain from sale of the Property will be retained by INV, the distribution payout ratio will not be large enough to fulfill the tax conduit requirement³ of paying out at least 90% of net distributable income as dividends. However, INV has tax-loss carry forwards in the amount of JPY 22.6 billion (mainly arising out of disposition of the assets in December 2010 fiscal period) which is more than enough to fully offset the expected taxable income. As a result, INV does not expect to be required to pay any income taxes for the fiscal period ending June 2019.

(Note 1) Expected gain on sale is calculated by deducting the estimated transfer related cost and is an estimate as of today, and is subject to change.

(Note 2) The RevPAR of the overall hotel portfolio (the domestic hotel portfolio and the overseas hotels) is a weighted average rate of the RevPAR of the domestic hotel portfolio and the RevPAR of the overseas hotels stated in such press release based on the aggregate number of rooms (rooms x number of days).

(Note 3) Investment corporations under the J-REIT system can deduct the amount of cash distributions in calculating its taxable income as long as they satisfy certain conditions (conduit requirements), in order to prevent double taxation between J-REIT and unitholders.

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

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the June 2019 Fiscal Period>

Item	Assumptions
Fiscal period	The June 2019 fiscal period: from January 1, 2019 to June 30, 2019 (181 days)
Assets under management	Based on the properties held as of the date of this document (131 properties and a preferred equity interest in one TMK), INV assumes the transfers of Royal Parks Tower Minami-Senju on June 7, 2019 and Spacia Ebisu on June 19, 2019, and that there will be no other changes through the end of the fiscal period ending June 30, 2019.
Units outstanding	As of the end of the June 2019 fiscal period: 5,666,840 units INV assumes that there will be no change to the 5,666,840 units issued and outstanding as of today through the end of the fiscal period ending June 30, 2019.
Interest-bearing liabilities	Balance as of the end of the fiscal period ending June 30, 2019: JPY 229,873 million (borrowing: JPY 225,873 million, investment corporation bonds: JPY 4,000 million) INV assumes that out of the debt balance of JPY 229,873 million as of today, regarding the loans maturing during the June 2019 fiscal period, INV will refinance such loans on similar terms. INV assumes no other new loan or prepayment of loans through the end of the June 2019 fiscal period.

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Item	Assumptions
Operating revenues	INV expects to record operating revenues as follows:
	<div> <div>June 2019</div> <div>Fiscal Period</div> </div>
	<div> <div>• Rental revenues</div> <div>JPY 12,210 million</div> </div>
	<div> <div>(of these, hotel rents)</div> <div>(JPY 8,562 million)</div> </div>
	<div> <div>(fixed hotel rents)</div> <div>(JPY 4,168 million)</div> </div>
	<div> <div>(variable hotel rents)</div> <div>(JPY 4,394 million)</div> </div>
	<div> <div>• Management contract revenue</div> <div>JPY 569 million</div> </div>
	<div> <div>• TMK Dividend amount</div> <div>JPY 800 million</div> </div>
	<div> <div>• TK Dividend amount</div> <div>JPY 2,606 million</div> </div>
	<div> <div>• Gain on sale</div> <div>JPY 11,132 million</div> </div>
	<div> <div>Total operating revenues</div> <div>JPY 27,319 million</div> </div>
	<p>We estimate the amount of dividends on the preferred equity interests (TMK dividend) based on the performance of the underlying asset and the assumed amount of expenses incurred by the TMK.</p> <p>Due to the investment structure change (the “Structure Change”) implemented with regard to the two Cayman hotels as announced in the press release “Notice concerning Change of Investment Structure regarding Overseas Assets” dated May 9, 2019, INV receives revenue from the Cayman Hotels as TK dividend until May 9, 2019 and recognizes management contract revenue from the Cayman Hotels on and after May 10, 2019. The forecasts of TK dividend and management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the TK operator or the hotel management company. TK dividend and management contract revenue have been calculated based on the exchange rate of 1 USD = 110.00 JPY, as the exchange rate is fixed based on the currency put/call options, covering approximately 85% of expected cash flow.</p> <p>Rental revenues are calculated based on estimates as of the date of this document. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.</p>

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Item	Assumptions																		
Operating expenses	<p>INV expects to incur property related expenses and management contract expenses out of operating expenses as follows:</p> <table> <tr> <td></td><td>June 2019 Fiscal Period</td></tr> <tr> <td>• Facility management fees (of these, repair costs)</td><td>JPY 632 million (JPY 25 million)</td></tr> <tr> <td>• Taxes and other public charges (Note)</td><td>JPY 545 million</td></tr> <tr> <td>• Insurance expenses</td><td>JPY 51 million</td></tr> <tr> <td>• Depreciation expenses</td><td>JPY 3,256 million</td></tr> <tr> <td>• Other expenses</td><td>JPY 193 million</td></tr> <tr> <td>Total property related expenses and management contract expenses</td><td>JPY 4,679 million</td></tr> </table> <p>(Note) 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 ended December 31, 2018 and will be recorded from the fiscal period ending June 30, 2019 as the amount equivalent to such settlement is included in the acquisition cost.</p> <p>INV expects to incur other operating expenses other than the property related expenses or management contract expenses as follows:</p> <table> <tr> <td></td><td>June 2019 Fiscal Period</td></tr> <tr> <td>• Other operating expenses (of these, asset management fees)</td><td>JPY 515 million (JPY 300 million)</td></tr> </table>		June 2019 Fiscal Period	• Facility management fees (of these, repair costs)	JPY 632 million (JPY 25 million)	• Taxes and other public charges (Note)	JPY 545 million	• Insurance expenses	JPY 51 million	• Depreciation expenses	JPY 3,256 million	• Other expenses	JPY 193 million	Total property related expenses and management contract expenses	JPY 4,679 million		June 2019 Fiscal Period	• Other operating expenses (of these, asset management fees)	JPY 515 million (JPY 300 million)
	June 2019 Fiscal Period																		
• Facility management fees (of these, repair costs)	JPY 632 million (JPY 25 million)																		
• Taxes and other public charges (Note)	JPY 545 million																		
• Insurance expenses	JPY 51 million																		
• Depreciation expenses	JPY 3,256 million																		
• Other expenses	JPY 193 million																		
Total property related expenses and management contract expenses	JPY 4,679 million																		
	June 2019 Fiscal Period																		
• Other operating expenses (of these, asset management fees)	JPY 515 million (JPY 300 million)																		
NOI	<p>INV expects to record net operating income as follows:</p> <table> <tr> <td></td><td>June 2019 Fiscal Period</td></tr> <tr> <td>• NOI</td><td>JPY 14,764 million</td></tr> <tr> <td>(of these, domestic hotel NOI)</td><td>(JPY 8,122 million)</td></tr> <tr> <td>(of these, overseas hotel NOI)</td><td>(JPY 532 million)</td></tr> <tr> <td>(of these, residential NOI)</td><td>(JPY 2,517 million)</td></tr> <tr> <td>(of these, TMK dividend amount)</td><td>(JPY 800 million)</td></tr> <tr> <td>(of these, TK dividend amount)</td><td>(JPY 2,606 million)</td></tr> </table> <p>NOI calculation method in the above table is as follows (up to May 9, 2019)</p> <p>• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividend on the preferred equity interest (TMK dividend) + Dividend on TK interest (TK dividend)</p> <p>(on and after May 10, 2019)</p> <p>• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividend on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)</p>		June 2019 Fiscal Period	• NOI	JPY 14,764 million	(of these, domestic hotel NOI)	(JPY 8,122 million)	(of these, overseas hotel NOI)	(JPY 532 million)	(of these, residential NOI)	(JPY 2,517 million)	(of these, TMK dividend amount)	(JPY 800 million)	(of these, TK dividend amount)	(JPY 2,606 million)				
	June 2019 Fiscal Period																		
• NOI	JPY 14,764 million																		
(of these, domestic hotel NOI)	(JPY 8,122 million)																		
(of these, overseas hotel NOI)	(JPY 532 million)																		
(of these, residential NOI)	(JPY 2,517 million)																		
(of these, TMK dividend amount)	(JPY 800 million)																		
(of these, TK dividend amount)	(JPY 2,606 million)																		

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Item	Assumptions												
Non-operating expenses	<p>INV expects to incur non-operating expenses as follows:</p> <table> <tr> <td></td><td>June 2019 Fiscal Period</td></tr> <tr> <td>• Interest expense</td><td>JPY 600 million</td></tr> <tr> <td>• Finance related costs</td><td>JPY 298 million</td></tr> <tr> <td>• Interest for investment corporation bonds</td><td>JPY 11 million</td></tr> <tr> <td>• Depreciation of investment corporation bonds issuance expenses</td><td>JPY 3 million</td></tr> <tr> <td>Total non-operating expenses</td><td>JPY 914 million</td></tr> </table>		June 2019 Fiscal Period	• Interest expense	JPY 600 million	• Finance related costs	JPY 298 million	• Interest for investment corporation bonds	JPY 11 million	• Depreciation of investment corporation bonds issuance expenses	JPY 3 million	Total non-operating expenses	JPY 914 million
	June 2019 Fiscal Period												
• Interest expense	JPY 600 million												
• Finance related costs	JPY 298 million												
• Interest for investment corporation bonds	JPY 11 million												
• Depreciation of investment corporation bonds issuance expenses	JPY 3 million												
Total non-operating expenses	JPY 914 million												
Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending June 30, 2019, INV expects to distribute an aggregate amount of JPY 9,384 million (distribution per unit: JPY 1,656), after reserving JPY 11,825 million, a portion of the increase in net income due to the Structure Change and the sale of Royal Parks Tower Minami-Senju and Spacia Ebisu, from the net income for the fiscal period ending June 30, 2019 in the amount of JPY 21,209 million).</p> <p>For the fiscal period ending June 30, 2019, INV expects to record deferred gain on hedge of the interest rate swap and the currency option as the valuation and conversion adjustments, etc. of JPY 108 million, which is equal to the amount for the fiscal period ended December 31, 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.</p> <p>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.</p>												

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

Item	Assumptions
Excess profit distribution per unit	<p>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.</p> <p>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.</p> <p>INV will not make distribution in excess of profits for the fiscal period ending June 30, 2019, as INV intends to retain a certain amount of the net income.</p> <div style="text-align: right;">June 2019 Fiscal Period</div> <p style="text-align: center;">Excess profit distribution per unit -</p>
Other	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations.</p> <p>On April 1, 2019, an amended Act on Special Measures Concerning Taxation was enacted in Japan that amends the requirement that “a J-REIT must not hold 50% or more of the shares or investment in another corporation” by expanding the regulation to include investments in anonymous associations (tokumei kumiai or TK). By implementing the Structure Change, INV expects to comply with the tax conduit requirement in the fiscal period ending December 2019, which commences after the effective date of the amended Act on Special Measures Concerning Taxation and the new regulation is applicable.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>

This English language notice is a translation of the Japanese-language notice released on May 28, 2019 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.