Invincible Investment Corporation

Financial Summary for the 23rd Fiscal Period

(from July 1, 2014 to December 31, 2014)

Name	:	Invincible Investment Corporation
Representative	:	Naoki Fukuda, Executive Director
Stock Listing	:	Tokyo Stock Exchange
Securities Code	:	8963
URL	:	http://www.invincible-inv.co.jp/eng/
Contact	:	Consonant Investment Management Co., Ltd. (Asset Manager of Invincible Investment Corporation) Akiko Watanabe, Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	:	March 27, 2015

(values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period ended December 31, 2014 (from July 1, 2014 to December 31, 2014)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal period ended December 31, 2014	4,610	22.1	2,769	24.0	1,958	117.0	1,958	117.1
Fiscal period ended June 30, 2014	3,775	37.8	2,234	76.5	902	155.4	901	155.6

	Net Income per Unit	Net Income/ Unitholders' Equity	Ordinary Income/ TotalAssets	Ordinary Income/ OperatingRevenues
	yen	%	%	%
Fiscal period ended December 31, 2014	762	4.0	1.9	42.5
Fiscal period ended June 30, 2014	573	2.5	1.1	23.9

(Note) "Net Income per Unit" is calculated based on the average number of investment units during the period and is rounded to the nearest yen. Net income per unit calculated based on the number of investment units issued and outstanding at the end of the fiscal period ended December 31, 2014 and rounded down to yen. is JPY 733.

(2) Distributions

	Distribution per Unit (Excluding excess profit distribution per unit)	Distribution Amount (Excluding excess profit distribution per unit)	Excess Profit Distribution per Unit	Excess Profit Distribution Amount	Dividend Payout Ratio	Distribution/ Net Assets
	yen	Millions of yen	yen	Millions of yen	%	%
Fiscal period ended December 31, 2014	733	1,956	0	0	99.9	3.2
Fiscal period ended June 30, 2014	573	901	0	0	100.0	2.5

(Note) Dividend payout ratio is calculated by dividing "Distribution Amount" by "Net Income".

(3) Financial Position

	Total Assets	Net Assets	Net Assets/Total Assets	Net Assets per Unit
	Millions of yen	Millions of yen	%	yen
Fiscal period ended December 31, 2014	130,477	61,392	47.1	23,005
Fiscal period ended June 30, 2014	79,261	36,373	45.9	23,121

(Note) "Net Assets per Unit" is calculated based on the number of investment units issued and outstanding at the end of each period, and is rounded to the nearest yen.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal period ended December 31, 2014	1,209	(40,119)	48,551	13,165
Fiscal period ended June 30, 2014	6,622	(5,802)	(1,482)	3,524

2. Forecast for the Fiscal Period ending June 30, 2015 (from January 1, 2015 to June 30, 2015) and the Fiscal Period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)

(Percentages in brackets represent change from preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution per unit)	Excess Profit Distribution per Unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen
Fiscal Period ending June 30, 2015	4,631	0.4	2,439	(11.9)	1,903	(2.8)	1,902	(2.8)	712	0
Fiscal Period ending December 31, 2015	5,034	8.7	2,812	15.3	2,294	20.6	2,293	20.6	859	0

(Reference) Estimated net income per unit for the fiscal period ending June 30, 2015 is JPY 712 and Estimated net income per unit for the fiscal period ending December 31, 2015 is JPY 859.

3. Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

(a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations	None
(b) Changes in Accounting Policies due to Other Reasons	None
(c) Changes in Accounting Estimates	None
(d) Restatements	None

(2) Number of Investment Units Issued and Outstanding

(a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units)	December 31, 2014	2,668,686	June 30, 2014	1,573,179
(b) Number of Treasury Units as of the End of Fiscal Period	December 31, 2014	0	June 30, 2014	0

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The Implementation Status of Statutory Audit

At the time of this financial report, the audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act are yet to be completed.

Explanation on the Appropriate Use of the Forecast of Results and Other Matters of Special Consideration

(Explanation on the Appropriate Use of the Forecast of Results)

The forward-looking statements in this financial report are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of this date, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Further, there is no guarantee of the payment of the forecast distribution amount.

Please refer to “Assumptions for the Forecasts for the Fiscal Period ending June 30, 2015 (from January 1, 2015 to June 30, 2015) and the Fiscal Period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)”, on page 14 for assumptions used in the forecasts and precautions regarding the use of such forecasts.

1. Related Companies of the Investment Corporation

Disclosure is omitted because there have been no material changes in the "Structure of the Investment Corporation" section of the latest securities report (filed on September 26, 2014).

2. Management Policy and Operating Conditions

(1) Management Policy

Disclosure of "Investment Policies" and the "Investment Targets" is omitted because there have been no material changes from the relevant sections of the latest securities report (filed on September 26, 2014)

Further, INV decided to partially amend its Articles of Incorporation at the general unitholders' meeting held on November 28, 2014 and changed its "Distribution Policy". In accordance with this, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the "Asset Manager"), decided to partially change the Distribution Policy in its Investment Guidelines.

(2) Operating Conditions

a Overview of the Reporting Period

(a) Main Trends in the Investment Corporation

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended; hereinafter referred to as the "Investment Trust Act"). In May 2004, INV was listed on the Osaka Securities Exchange (application for delisting was made in August 2007), and in August 2006 was listed on the Real Estate Investment and Trust Securities Section of the Tokyo Stock Exchange (Ticker Code: 8963).

In addition, a merger with LCP Investment Corporation ("LCP") was implemented on February 1, 2010.

Ever since the commencement of sponsorship from Calliope Godo Kaisha ("Calliope"), an affiliate of Fortress Investment Group LLC ("FIG" and together with Calliope and other affiliates of FIG, the "Fortress Group") in July 2011, INV has been focused on the improvement of its properties' occupancy rates, the reduction of expenditures and strengthening its asset management capabilities. Furthermore, in September 2012, INV newly acquired 24 residential properties without issuing new equity thereby improving earnings and distributions per unit through external growth.

Moreover, in December 2013, INV refinanced existing bank borrowings with new borrowings arranged by Sumitomo Mitsui Banking Corporation ("SMBC") and The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") together with funds raised via third-party allotment mainly to the Fortress Group. This marked the first lending to INV from Japanese mega-banks since the new sponsorship and strengthened its lender formation, established a strong financial base for future growth and significantly reduced interest expenses.

In May 2014 (during the fiscal period ended June 30, 2014 (previous fiscal period)) and in July 2014 (during the fiscal period ended December 31, 2014 (reporting period)), INV implemented the following series of transactions (the "Transactions") to reposition the portfolio in order to focus on an asset class with expanding market share in the hospitality market that complements the existing portfolio characterized by stable earnings.

<Outline of the Transactions>

Date	Overview	
May 2014	Acquisition and sale of properties	Acquisition of 2 limited service hotels and sale of 7 senior housing properties via new lending.
June 2014	Revision of the Investment Guidelines	Added hotel assets to 'core asset' type.
July 2014	Asset acquisition funded by Global Public Offering of new units	Acquisition of 18 limited service hotels by the funds procured through the global offering and new loan.

Due to the asset expansion and the strong performance of the relevant 20 hotels, net income per unit increased substantially leading to an annual DPU for the period ended December 2014 of JPY 1,306, which increased from JPY 1,150 previously forecast on June 23, 2014. The total market value as of January 30, 2015 reached JPY 140,372 million, helping INV achieve its mid-term market capitalization target of JPY 100 billion (announced in February 2014) in less than a year.

As demonstrated by the strong income growth from its existing 20 hotel portfolio and market trends, INV acquired additional hotel properties taking into consideration the revenue potential of the properties. On February 6, 2015, INV acquired one hotel from a third-party and two from the Sponsor's pipeline MOU. The asset acquisition was completed using cash-on-hand and new loans, without issuing new equity(Note). As a result of the February 2015 acquisition, INV expects the annual net income per unit and DPU for 2015 to increase to JPY 1,571 compared to the previous forecast of JPY 1,422 announced on October 31, 2014.

INV continues to pro-actively manage the portfolio by acquiring assets that produce stable income and provide upside potential, while reducing costs such as interest-bearing debt expenses. The series of deliberate steps were implemented since the Sponsorship of the Fortress Group in order to increase unitholders' value.

(Note) Please refer to "c Significant subsequent events" below regarding the acquisition of the 3 hotels on February 6, 2015.

(b) Operational Environment and Performance

During the reporting period, although consumer spending slowed due to the consumption tax increase in April 2014, the Japanese economy showed continuous improvement on the back of strong corporate performance centered on large manufacturers. In December 2014, the unemployment rate dropped to 3.4% and the jobs-to-applicants ratio increased to 1.15 (the highest ratio in over 22 years and 9 months). In and after the fiscal period ending June 30, 2015, the economic upswing is expected to continue due to (i) the postponement of an additional increase in the consumption tax, (ii) the recovery in consumer spending on the back of the improved employment and salary environment, (iii) the impact of government's financial policy and the Bank of Japan's large scale monetary easing policy and (iv) the increase in corporate profits in connection with the decline in the price of crude oil.

Regarding the real estate investment market, real estate transaction prices continued to rise in Tokyo and other large cities as a result of Japan's economic recovery and expectations of reflation. According to the *Japanese Real Estate Investor Survey* (October 2014) conducted by the Japan Real Estate Institute, investors expect capitalization rates for offices, residences, retail facilities and hotels to decline. Investment demand is still high such that investors who responded that they will make new investments over the next year rose by 2 points to 94% from the previous survey (April 2014).

Regarding the property rental market, the Tokyo office building vacancy rates continue to decline while rates are bottoming out in parts of other major cities. Large corporations are consolidating their floor space as well as expanding leasing space in the same buildings. Rents increased mainly for newly constructed buildings and premium properties.

With respect to the residential sector, market rent trends for small-type city-center properties are improving and the Asset Manager increased the rent from the previous fiscal period after a careful unit-by-unit analysis of the residential assets. As a result, INV realized a rent increase for 62.3% (versus 53.3% in the previous period) of the new residential lease agreements or a total rent increase of 2.1% compared to the previous rent (versus a 1.8% increase in the previous period). As part of the rent increase program, INV achieved a rent increase for 51.9% of contract renewals (versus 24.9% in the previous period); and a 1.8% increase compared to the previous rent (versus a 0.8% increase in the previous period). Net leasing costs (advertising expenses + free rent – key money), were reduced to an average of 1.18 months per new lease agreement, or a reduction of 0.33 months year-on-year, and a 0.02 month reduction compared to the budget.

The hotel sector has consistently performed well in large part due to the Japanese government's proactive stance to promote tourism initiatives such as airport capacity expansion, the entry of LCC's into the Japanese market, and the relaxation of visa requirements for some Asian countries. The number of international visitors to Japan from China and Southeast Asian countries such as Indonesia, the Philippines and Vietnam has increased significantly, helping Japan log a record high 13.4 million visitors in 2014, providing firm demand for accommodations. In addition to the above-mentioned favorable external factors and intensive revenue management actions from the hotel operators, INV's 20 hotel properties recorded strong performance led by an increase in sales to overseas guests whose share of total sales increased by 18.2 points, a 2.3 point increase in the occupancy rate (Note 2), a 14.9% increase in ADR (Note 3), and a 17.9% increase in RevPAR (Note 4), compared with the same period in the previous year.

As a result, INV's average occupancy rate across the entire portfolio increased to 96.1%, and NOI increased by 91.3% over the previous fiscal period to JPY 3,861 million.

At the end of the reporting period, the number of properties held by INV totaled 91, including 63 residential properties, 20 hotels, 7 office buildings and retail facilities as well as one parking lot at a total acquisition price of JPY 117,917 million and total leasable area of 224,574.36 m^2.

As a result of the above trends in real estate investment and the rental market, as well as the strong performance of the hotel properties, the total appraisal value was JPY 126,558 million, an increase of JPY 8,948 million (+7.6%) (Note 5). In particular, the appraisal value of the 20 hotel properties recorded a substantial increase of JPY 6,927 million (+15.1%) (Note 5) helping to enhance the portfolio asset value.

(Note 1) The performance of the same period in the previous year (from July 2013 to December 2013) is based on data provided by the seller of the 20 hotels before INV acquired the 20 hotels. Likewise, the performance of the period from July 1, 2014 to July 16, 2014 of the 18 hotels INV acquired on July 17, 2014 is based on data provided by the seller of those hotels.

(Note2) "Occupancy rates" are calculated in accordance with the following formula:

Occupancy rates = total number of occupied rooms during a certain period / (the total number of rooms available during the same period x total operating days during the same period)

(Note 3) "ADR" means average daily rate, and is calculated by dividing total room sales (except for service fee) for a certain period by the aggregate number of days per room for which each room was occupied during the same period.

(Note 4) "RevPar" means revenue per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying occupancy rates by ADR.

(Note 5) For the 18 out of the 20 hotels, which were acquired as of July 17, 2014, the comparison was made with the appraisal value as of April 30, 2014. For the other two properties, the comparison was made with the value as of the previous fiscal period.

(c) Overview of Fund Raising

INV raised JPY 23,961 million through a Global Public Offering and third-party allotment in order to procure funds for the acquisition of 18 hotels (Global public offering, 1,040,000 new units in July 2014, paid-in JPY 22,747 million; third-party allotment, 55,507 new units in August 2014, paid-in JPY 1,214 million). INV simultaneously obtained New Syndicate Loan (C) in the amount of JPY 57,300 million in order to refinance the existing borrowings New Syndicate Loan (A) and New Syndicate Loan (B) through a syndicate arranged by SMBC, BTMU, and Mizuho Bank on July 17, 2014, which lowered interest-bearing debt costs to 1.09% (as of July 31, 2014) from 1.48% (as of June 30, 2014).

As a result of the above measures, the outstanding balance of interest-bearing debt for INV was JPY 67,260 million, and the Loan-to-Value ratio was 51.5 % (Note) as of the end of December 2014.

(Note) The calculation for the Loan-to-Value ratio uses the calculation formula below:

Loan-to-Value ratio = amount of interest-bearing debt ÷ total amount of assets at end of period x 100

(d) Overview of Results of Operations and Distributions

Operating revenues for the reporting period increased by JPY 835 million from the previous period (+22.1%) to JPY 4,610 million, and net income for the reporting period increased by JPY 1,057 million from the previous period (+117.3%) to JPY 1,958 million.

Distribution per unit for the period ending December 2014 was JPY 733, an increase of JPY 133 (+22.2%) above the original forecast of JPY 600 as announced in the Summary of Financial Results on August 27, 2014. INV will distribute the entire amount of net income (excluding fractions less than one JPY per unit), without a reversal of the surplus utilizing negative goodwill from the Merger in February 2010.

b Outlook for the Fiscal Period Ending June 30, 2015

(a) Future operational policy and issues to be addressed

(i) External growth strategy

<u>New Property Acquisitions</u>

INV believes the strengthening of the financial base through reduction of borrowing costs, a significant improvement in the debt service coverage ratio, and further strengthening of the lender formation enhances both debt and equity fund raising capacity, thus greatly improving the external growth capability.

Although the acquisition of properties in the housing and the hotel sectors, which comprise INV's core assets, is highly competitive, Fortress Group, INV's sponsor, has established a strong track record of large-scale real estate investments in Japan providing a substantial pipeline of assets for INV. INV entered into a memorandum of understanding on June 23, 2014, giving INV preferential negotiating rights (Note 2) in respect to the acquisition of 22 limited service hotels (as described below) out of the pipeline assets held by the Fortress Group, in order to ensure further future growth.

By utilizing such pipeline support from the sponsor and the property sale information from the Asset Manager’s independent network, INV plans to continue acquiring properties that contribute to stable profit and cash flow growth leading to an increase in the distribution per unit.

As described in “c Significant subsequent events” below, on February 6, 2015, INV acquired 3 hotels, of which 2 hotels, “Hotel Nets Hakodate” and “Flexstay Inn Shirogane” were properties listed in the memorandum of understanding.

Property Name	Location	Number of Guest Rooms
Hotel Mystays Akasaka (Note 1)	2-17-54 Akasaka, Minato-ku, Tokyo	319
Hotel Mystays Kameido P1	6-32-1 Kameido, Koto-ku, Tokyo	265
Hotel Mystays Kanazawa	2-13-5 Hirooka, Kanazawa, Ishikawa	244
Hotel Mystays Kameido P2	6-7-8 Kameido, Koto-ku, Tokyo	175
Hotel Mystays Haneda	5-1-13 Haneda, Ota-ku, Tokyo	174
Hotel Mystays Yokohama Kannai (tentative name) (Note 1)	5-65 Onoecho, Naka-ku, Yokohama, Kanagawa	166
Hotel Mystays Utsunomiya	2-4-1 Higashishukugo, Utsunomiya, Tochigi	116
Hotel Mystays Ueno Iriyaguchi	5-5-13 Higashiueno, Taito-ku, Tokyo	97
Flexstay Inn Ekoda	8-6 Sakaecho, Nerima-ku, Tokyo	210
Flexstay Inn Higashi-Jujoh	8-6 Sakaecho, Nerima-ku, Tokyo	88
Flexstay Inn Shirogane	**5-10-15 Shirogane, Minato-ku, Tokyo**	**84**
Flexstay Inn Kawasakikaizuka	1-13-2 Kaizuka, Kawasaki-ku, Kawasaki, Kanagawa	64
Flexstay Inn Kawasakiogawacho	15-9 Ogawacho, Kawasaki-ku, Kawasaki, Kanagawa	62
Flexstay Inn Shinsaibashi	1-9-30 Nishishinsaibashi, Chuo-ku, Osaka, Osaka	54
Toko Hotel	2-6-8 Nishigotanda, Shinagawa-ku, Tokyo	338
Best Western Hotel Fino Sapporo	4-15 Kita8jo-Nishi, Kita-ku, Sapporo, Hokkaido	242
Hotel Nets Hakodate	**26-17 Honcho, Hakodate, Hokkaido**	**202**
Takamatsu Tokyu Inn	9-9 Hyogomachi, Takamatsu, Kagawa	191
Hotel Vista Shimizu	1-23 Masagocho, Shimizu-ku, Shizuoka, Shizuoka	152
Comfort Hotel Toyama Ekimae	1-3-2 Takaramachi, Toyama, Toyama	150
Best Western Hotel Fino Oita	1-32 Niagemachi, Oita, Oita	145
Super Hotel Shinbashi Karasumoriguchi	5-16-4 Shinbashi, Minato-ku, Tokyo	74
Total		3,612
(2 hotels acquired out of the properties listed above.)		(286)
20 properties left after the acquisition of 2 properties		3,326

(Note 1) “Hotel Mystays Akasaka” is under reconstruction, and “Hotel Mystays Yokohama Kannai (tentative name) is under construction.

(Note 2) INV has preferential negotiating rights for one year after the execution date of the memorandum of understanding (June 23, 2014) with sponsor related entities. For the 20 properties other than 2 properties already acquired, there are no specific plans to acquire, and INV cannot guarantee that INV will acquire any of these properties

Property Sales

While INV places priority on increasing unitholders' value through external growth, taking into account the increased level of activity in the real estate trading market, it also plans to consider the possibility of property sale taking into consideration the portfolio sector composition, geographic distribution and competitiveness of each property, as appropriate.

(ii) Strategy for internal growth

INV will continue to strengthen its collaborative ties with Property Management (PM) companies and brokers to further boost occupancy rates and earning capabilities of its properties.

With respect to INV's residential properties, INV will focus on increasing rent for new lease contracts as well as for lease renewals while reducing net leasing costs for new lease contracts in conjunction with the peak residential leasing season that occurs during the June 2015 period in order to maximize profits.

With respect to the hotel properties, INV intends to increase rent revenue through detailed analysis and understanding of each hotel based on market trends and close communication with the hotel operators, and by continuous strategic initiatives to further enhance revenue management. The implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring stable operations and high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit.

(iii) Financial strategy

Following the strengthening of the financial base via the refinancing implemented during the reporting period and the new borrowing implemented in February 2015, INV will promote a financial strategy which envisages to switch to unsecured borrowings in the future, to obtain a credit rating and to issue investment corporate bonds. Also, INV seeks to strengthen its earnings base by way of lengthening and diversification of borrowing terms, further reduction of borrowing costs, adjustment of appropriate fixed/variable interest rate ratio taking into consideration the interest rate trends, strengthening of its lender formation and improving fund raising capacity, in order to maximize unitholders' value and increase distributions per unit.

(iv) Compliance risk management

While the executive officer of INV concurrently serves as the representative director at the Asset Manager, two supervisory directors (an attorney and a certified public account) oversee the execution of the executive officer's duties via the Board of Directors of INV. In addition, the compliance officer of the Asset Manager attends each meeting of the Board of Directors in the capacity of an observer.

The Asset Manager has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV's compliance with laws and regulations.

INV intends to continually take steps to strengthen its compliance structure.

c Significant subsequent events

INV acquired 3 high-quality limited service hotels (total acquisition price JPY 13,261 million) with stable revenue and growth potential, using its surplus of cash-on-hand and a new loan (JPY 6,241 million) without issuing new investment units in the fiscal period ending June 30, 2015 (24th fiscal period).

As a result, the total number of properties held by INV after the acquisition increased to 94 properties (of which 63 residential properties, 23 hotels properties and 8 other properties) with a total acquisition price of JPY 131,188 million (of which, JPY 58,083 million for residential properties, JPY 58,634 million for hotel properties and JPY 14,470 million for other properties).

(a) Acquisition of Assets

INV acquired the 3 limited service hotels (trust Beneficial Interests in Domestic Real Estates) (total acquisition price of JPY 13,261 million) on February 6, 2015 as follows.

Use	Property Number	Property Name	Location	Acquisition Price (JPY million) (Note 1)	Appraisal Value at Acquisition (JPY million) (Note 2)	Seller	Category of Specified Assets
Hotel	D21	APA Hotel Yokohama Kannai	Yokohama, Kanagawa	8,350	8,500	AYK Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D22	Hotel Nets Hakodate	Hakodate City, Hokkaido	2,792	2,820	Zephyrus Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D23	Flexstay Inn Shirogane	Minato-ku, Tokyo	2,119	2,140	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
Total				13,261	13,460		

(Note 1) Acquisition prices do not include adjustments for property taxes or city planning taxes, or national or local consumption taxes.

(Note 2) Appraisal value at Acquisition is the appraisal value as of December 1, 2014 based on the appraisal report from Japan Real Estate Institute.

(b) Financing

INV obtained new debt financing (hereinafter the "Financing") in order to procure funds for the acquisition of 3 hotel properties (trust beneficiary interests in domestic real estate), which were acquired on February 6, 2015 as follows.

Lender	Borrowing Date	Borrowing Amount	Interest Rate (annual)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Citibank Japan Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited Resona Bank, Limited	February 6, 2015	JPY 6,241 million	0.93000% Variable interest rate (Note 1)	February 6, 2018	Secured (Note 2) / with no guarantee

(Note 1) Interest rate applicable for the period from February 6, 2015 to February 26, 2015.
One-month JPY TIBOR + spread (0.8%); however, two-month JPY TIBOR + spread (0.8%) for the first interest calculation period only

(Note 2) First priority pledges over the real estate trust beneficiary interests for 3 properties: APA Hotel Yokohama-Kannai, Hotel Nets Hakodate, Flexstay Inn Shirogane, and 65 properties: Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakujii Koen, Growth Maison Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Acseeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over 2 real estate properties: Shinjuku Island and Times Kanda-Sudacho 4th.

d Operational Outlook

The following forecast is made for the fiscal period ending June 30, 2015 and the fiscal period ending December 31, 2015.

The Fiscal Period ending June 30, 2015(from January 1, 2015 to June 30, 2015)

Operating Revenues	JPY 4,631 million
Operating Income	JPY 2,439 million
Ordinary Income	JPY 1,903 million
Net Income	JPY 1,902 million
Earnings per Unit	JPY 712
Reversal of Surplus per Unit	JPY 0
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 712
Excess Profit Distribution per Unit	JPY 0

INV plans to distribute all of the net income except for a fractional portion in which Distribution Per Unit is less than JPY 1, using the proceeds from net income for the fiscal period ending June 30, 2015.

The fiscal period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)

Operating Revenues	JPY 5,034 million
Operating Income	JPY 2,812 million
Ordinary Income	JPY 2,294 million
Net Income	JPY 2,293 million
Earnings per Unit	JPY 859
Reversal of Surplus per Unit	JPY 0
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 859
Excess Profit Distribution per Unit	JPY 0

INV plans to distribute all of the net income except for a fractional portion in which Distribution per Unit is less than JPY 1, using the proceeds from net income for the fiscal period ending December 31, 2015.

INV presents full year figures for financial results and distribution for information purpose only because rental revenues of hotel properties tend to fluctuate by season.

(Reference) 2015 Annual (total of the fiscal periods ending June 30, 2015 and December 31, 2015)

Operating Revenues	JPY 9,665 million
Operating Income	JPY 5,251 million
Ordinary Income	JPY 4,197 million
Net Income	JPY 4,196 million
Earnings per Unit	JPY 1,571
Reversal of Surplus per Unit	JPY 0
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,571
Excess Profit Distribution per Unit	JPY 0

For the assumptions underlying the operational outlook for the fiscal periods ending June 30, 2015 and ending December 31, 2015, please see “Assumptions for the Forecasts for the Fiscal Periods ending June 30, 2015 (from January 1, 2015 to June 30, 2015) and for the Fiscal Period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)”.

(Cautionary Note regarding Forward Looking Statements)

Forward looking statements such as the forecasts set forth herein are based on information currently available and certain assumptions that are deemed reasonable. Actual operating performance may vary significantly due to factors not foreseen at the time of this present notice, such as the occurrence of gains and losses associated with the sale of properties, repayment of borrowings and a decrease in rent received. Also, this forecast is not a guarantee of distribution amounts.

Assumptions for the Forecasts for the Fiscal Period ending June 30, 2015 (from January 1, 2015 to June 30, 2015) and the Fiscal Period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)

Item	Assumptions
Fiscal Period	Fiscal Period ending June 30, 2015: From January 1, 2015 to June 30, 2015 (181 days) Fiscal Period ending December 31, 2015: From July 1, 2015 to December 31, 2015 (184 days)
Assets under Management	Number of properties held by INV as of the end of the fiscal period ending June 30, 2015: 94 properties Number of properties held by INV as of the end of the fiscal period ending December 31, 2015: 94 properties The assets under management are based on the 94 properties held by INV as of today. Also, INV assumes there will be no new acquisitions or disposals of existing properties thereafter through to the end of the fiscal period ending December 31, 2015.
Units Outstanding	Number of units issued and outstanding as of the end of the fiscal period ending June 30, 2015: 2,668,686 units Number of units issued and outstanding as of the end of the fiscal period ending December 31, 2015: 2,668,686 units INV assumes there will be no additional issuance of investment units thereafter through to the end of the fiscal period ending December 31, 2015.
Interest-bearing Liabilities	Balance of borrowing at the end of the fiscal period ending June 30, 2015: JPY 72,301 million Balance of borrowings as of the end of the fiscal period ending December 31, 2015: JPY 71,961 million INV assumes that: JPY 1,200 million of the existing borrowing, New Syndicate Loan (C), will be repaid as the borrowing corresponding to the return of consumption tax in the fiscal period ending June 2015; JPY 321 million of the new loan, New Syndicate Loan (D), will be repaid as the borrowing corresponds to the return of consumption tax in the fiscal period ending December 2015; and JPY 18 million of the Prudential LPS Loan B will be repaid in accordance with the contract.
Operating Revenues	INV assumes the following rental revenues regarding the operating revenues for each of the applicable fiscal periods. Rental revenues: Fiscal Period ending June 30, 2015: JPY 4,631 million; Fiscal Period ending December 31, 2015: JPY 5,034 million (of these, hotel revenues): (JPY 1,993 million); (JPY 2,410 million) (of these, fixed rent master lease): (JPY 942 million); (JPY 1,067 million) (of these, variable rent lease): (JPY 1,050 million); (JPY 1,342 million) * Rental revenues are calculated based on historical data thus obtained and taking into account tenant trends, property competitiveness, the market environment and other factors. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
Operating Expenses	INV assumes it will incur the property-related expenses regarding the operating expenses for each of the applicable fiscal periods. (Fiscal Period ending June 30, 2015 / Fiscal Period ending December 31, 2015) ・Facility management fees: JPY 492 million / JPY 479 million (of these, repair costs): (JPY 40 million) / (JPY 40 million) ・Taxes and other public charges: JPY 204 million / JPY 255 million ・Insurance expenses: JPY 7 million / JPY 7 million ・Other expenses: JPY 164 million / JPY 141 million ・Depreciation expenses: JPY 1,005 million / JPY 1,025 million Total of property related expenses: JPY 1,874 million / JPY 1,909 million For those other than these property-related expenses regarding the operating expenses, INV assumes it will incur the following amounts for each of the applicable fiscal periods.

Item	Assumptions		
		Fiscal Period ending June 30, 2015	Fiscal Period ending December 31, 2015
	・Amount other than property related expenses	JPY 317 million	JPY 312 million
	(of these, asset management fees)	(JPY 180 million)	(JPY 180 million)
NOI		Fiscal Period ending June 30, 2015	Fiscal Period ending December 31, 2015
	・NOI	JPY 3,762 million	JPY 4,150 million
	(of these, hotel NOI)	(JPY 1,907 million)	(JPY 2,277 million)
Non-operating Expenses	INV assumes it will incur the following non-operating expenses for each of the applicable fiscal periods.		
		Fiscal Period ending June 30, 2015	Fiscal Period ending December 31, 2015
	・Interest expenses	JPY 392 million	JPY 398 million
	・Finance related costs	JPY 144 million	JPY 118 million
	・Other non-operating expenses	JPY -	JPY -
	Total of non-operating expenses	JPY 536 million	JPY 517 million
Distribution per Unit	The distribution per unit is calculated in accordance with the cash distribution policy set forth in INV’s articles of incorporation.		
Excess Profit Distribution per Unit	INV currently does not expect to make distributions in excess of profits (excess profit distribution per unit).		
Others	INV assumes there will be no amendments to laws and ordinances, the taxation system, accounting standards and other regulations that will affect the foregoing forecasts. In addition, INV assumes there will be no unforeseen material changes in the market environment, including general economic trends and real estate market conditions.		