

Financial Summary
for the 25th Fiscal Period
(from July 1, 2015 to December 31, 2015)

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) Masayuki Inagaki , General Manager, Strategic Planning & IR Tel. +81-3-5411-2731
Start date for dividend distribution	: March 29, 2016

This English language notice is a translation of the Japanese-language notice released on February 25, 2016 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.

(b) Borrowing of Funds

INV implemented the new borrowings described in the following table on January 22, 2016 for use as a portion of the fund and related expenses to acquire properties described in “(a) Acquisition of Assets”.

Term Loan (B)

Lender	Borrowing Date	Borrowing Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Trust Bank, Limited Mitsubishi UFJ Trust and Banking Corporation	January 22, 2016	4,250	0.55% (Note 1) Variable interest rate (Note 2) (Note 5)	January 22, 2019	Unsecured / non guarantee
	January 22, 2016	4,250	0.75% (Note 1) Variable interest rate (Note 3) (Note 5)	January 22, 2021	Unsecured / non guarantee
Sumitomo Mitsui Trust Bank, Limited	January 22, 2016	498	0.35% (Note 1) Variable interest rate (Note 4) (Note 5)	January 22, 2017	Unsecured / non guarantee
Total		8,998			

(Note 1) Interest rate applicable for the period from January 22, 2016 to February 28, 2016

(Note 2) One-month JPY TIBOR (Base Rate) + spread (0.4%)

(Note 3) One-month JPY TIBOR (Base Rate) + spread (0.6%)

(Note 4) One-month JPY TIBOR (Base Rate) + spread (0.2%)

(Note 5) With respect only to the first interest calculation period, the two-month JPY TIBOR will be applied as the base rate, instead of the one-month JPY TIBOR.

d Operational Outlook

The following forecast is made for the fiscal period ending June 30, 2016 and the fiscal period ending December 31, 2016.

Fiscal Period ending June 30, 2016 (from January 1, 2016 to June 30, 2016)

Operating Revenues	JPY 7,021 million
Operating Income	JPY 4,124 million
Ordinary Income	JPY 3,673 million
Net Income	JPY 3,672 million
Earnings per Unit	JPY 1,150
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,150
Excess Profit Distribution per Unit	JPY 5
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,155

INV will make distributions in excess of profits for the fiscal period ending June 2016, in order to cope with the discrepancy between tax and accounting treatment, recording a difference between tax and accounting treatment as distribution of the reserve for temporary difference adjustments.

Excess profit distribution per unit: JPY 5

Fiscal Period ending December 31, 2016 (from July 1, 2016 to December 31, 2016)

Operating Revenues	JPY 7,773 million
Operating Income	JPY 4,847 million
Ordinary Income	JPY 4,408 million
Net Income	JPY 4,408 million
Earnings per Unit	JPY 1,380
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,380
Excess Profit Distribution per Unit	JPY 5
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,385

INV will make distributions in excess of profits for the fiscal period ending December 2016, in order to cope with the discrepancy between tax and accounting treatment, recording a difference between tax and accounting treatment as distribution of the reserve for temporary difference adjustments.

Excess profit distribution per unit: JPY 5

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) 2016 Annual (total of the fiscal periods ending June 30, 2016 and December 31, 2016)

Operating Revenues	JPY 14,795 million
Operating Income	JPY 8,972 million
Ordinary Income	JPY 8,082 million
Net Income	JPY 8,081 million
Earnings per Unit	JPY 2,530
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 2,530
Excess Profit Distribution per Unit	JPY 10
Distribution per Unit (Including excess profit distribution per unit)	JPY 2,540

For the assumptions underlying the operational outlook for the fiscal period ending June 30, 2016 and the fiscal period ending December 31, 2016, please see “Assumptions for the Forecasts for the Fiscal Period ending June 30, 2016 (from January 1, 2016 to June 30, 2016) and the Fiscal Period ending December 31, 2016 (from July 1, 2016 to December 31, 2016)”.

(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 Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 30, 2016 (from January 1, 2016 to June 30, 2016) and the Fiscal Period ending December 31, 2016 (from July 1, 2016 to December 31, 2016)>

Item	Assumptions															
Fiscal period	The 26th Fiscal Period: from January 1, 2016 to June 30, 2016 (182 days) The 27th Fiscal Period: from July 1, 2016 to December 31, 2016 (184 days)															
Assets under management	Properties held as of the end of the 26th Fiscal Period: 117 properties Properties held as of the end of the 27th Fiscal Period: 117 properties The assets under management are based on the 117 properties held by INV as of today and INV assumes that there will be no change through the end of the fiscal period ending December 2016.															
Units outstanding	As of the end of the 26th Fiscal Period: 3,193,686 units As of the end of the 27th Fiscal Period: 3,193,686 units INV assumes that there will be no additional issuance of units through the end of the fiscal period ending December 2016.															
Interest-bearing liabilities	Balance as of the end of the 26th Fiscal Period: JPY 99,617 mn (Note) Balance as of the end of the 27th Fiscal Period: JPY 99,617 mn (Note) (Note) JPY 1,080 million of consumption tax loan is assumed to be repaid during the 26th fiscal period, on May 16, 2016. INV assumes that there will be no other borrowings or prepayments.															
Operating revenues	INV expects to record rental revenues for each fiscal period as follows: <table data-bbox="550 1429 1321 1668" style="margin-left: 40px; border-collapse: collapse;"> <thead> <tr> <th style="border: none;"></th> <th style="border: none; text-align: center;">The 26th Fiscal Period</th> <th style="border: none; text-align: center;">The 27th Fiscal Period</th> </tr> </thead> <tbody> <tr> <td style="border: none;">• Rental revenues</td> <td style="border: none; text-align: center;">JPY 7,021 mn</td> <td style="border: none; text-align: center;">JPY 7,773 mn</td> </tr> <tr> <td style="border: none;">(of these, hotel rents)</td> <td style="border: none; text-align: center;">(JPY 4,142 mn)</td> <td style="border: none; text-align: center;">(JPY 4,811 mn)</td> </tr> <tr> <td style="border: none;">(of these, hotel variable rents)</td> <td style="border: none; text-align: center;">(JPY 1,778 mn)</td> <td style="border: none; text-align: center;">(JPY 1,921 mn)</td> </tr> <tr> <td style="border: none;">(of these, hotel fixed rents)</td> <td style="border: none; text-align: center;">(JPY 2,364 mn)</td> <td style="border: none; text-align: center;">(JPY 2,890 mn)</td> </tr> </tbody> </table> Rental revenues in the fiscal period ending June 2016 and the fiscal period ending December 2016 are calculated based on estimates as of today from January 2016 to December 2016. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.		The 26th Fiscal Period	The 27th Fiscal Period	• Rental revenues	JPY 7,021 mn	JPY 7,773 mn	(of these, hotel rents)	(JPY 4,142 mn)	(JPY 4,811 mn)	(of these, hotel variable rents)	(JPY 1,778 mn)	(JPY 1,921 mn)	(of these, hotel fixed rents)	(JPY 2,364 mn)	(JPY 2,890 mn)
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Item	Assumptions		
Operating expenses	INV expects to incur property related expenses for each fiscal period as follows:		
		The 26th Fiscal Period	The 27th Fiscal Period
	• Facility management fees (of these, repair costs)	JPY 524 mn (JPY 34 mn)	JPY 552 mn (JPY 44 mn)
	• Taxes and other public charges	JPY 297 mn	JPY 349 mn
	• Insurance expenses	JPY 9 mn	JPY 9 mn
	• Depreciation expenses	JPY 1,439 mn	JPY 1,441 mn
	• Other expenses	JPY 192 mn	JPY 153 mn
	Total property related expenses	JPY 2,463 mn	JPY 2,506 mn
	INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:		
		The 26th Fiscal Period	The 27th Fiscal Period
	• Other operating expenses (of these, asset management fees)	JPY 433 mn (JPY 250 mn)	JPY 419 mn (JPY 250 mn)
Net Operating Income	INV expects to record net operating income for each fiscal period as follows:		
		The 26th Fiscal Period	The 27th Fiscal Period
	• NOI (of these, hotel NOI)	JPY 5,997 mn (JPY 3,953 mn)	JPY 6,708 mn (JPY 4,580 mn)
	NOI is calculated based on the formula as follows. NOI = rental revenues - property related expenses + depreciation expenses		
Non-operating expenses	INV expects to incur non-operating expenses for each fiscal period as follows:		
		The 26th Fiscal Period	The 27th Fiscal Period
	• Interest expense	JPY 309 mn	JPY 315 mn
	• Finance related costs	JPY 141 mn	JPY 122 mn
	Total Non-operating expenses	JPY 451 mn	JPY 438 mn
Distribution per unit	The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.		

Item	Assumptions
	<p>With respect to the distribution for the fiscal period ending June 30, 2016, INV expects to distribute an aggregate amount of JPY 3,688 million (distribution per unit: JPY 1,155) based on the assumption that the earnings for the fiscal period ending June 2016 (JPY 3,672 million) will be used as funds and excess profit distribution (JPY 15 million) will be made.</p> <p>With respect to the distribution for the fiscal period ending December 31, 2016, INV expects to distribute an aggregate amount of JPY 4,423 million (distribution per unit: JPY 1,385) based on the assumption that the earnings for the fiscal period ending December 2016 (JPY 4,408 million) will be used as funds and excess profit distribution (JPY 15 million) will be made.</p>
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, in cases where significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a significant decrease in earnings, INV has decided to make distributions in excess of profits in order to stabilize distributions and be more reflective of INV's simulated earnings.</p> <p>INV will record a difference between tax and accounting treatment as distribution of the reserve for temporary difference adjustments and make distributions of the equivalent amount in accordance with the tax revision in 2016 for the fiscal period ending June 2016 and fiscal period ending December 2016.</p> <p>Excess profit distribution per unit (26th Fiscal Period) JPY 5</p> <p>Excess profit distribution per unit (27th Fiscal Period) JPY 5</p>
Other	<p>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.</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>