Invincible Investment Corporation

Financial Summary for the 24th Fiscal Period

(from January 1, 2015 to June 30, 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) Akiko Watanabe, Manager, Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	:	September 29, 2015

(values are rounded down to the nearest million yen)

1. Financial Results for the Fiscal Period ended June 30, 2015 (from January 1, 2015 to June 30, 2015)

(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 June 30, 2015	4,974	7.9	2,810	1.5	2,295	17.2	2,295	17.2
Fiscal period ended December 31, 2014	4,610	22.1	2,769	24.0	1,958	117.0	1,958	117.1

	Net Income per Unit	Net Income/ Unitholders' Equity	Ordinary Income/ TotalAssets	Ordinary Income/ OperatingRevenues
	yen	%	%	%
Fiscal period ended June 30, 2015	860	3.7	1.7	46.2
Fiscal period ended December 31, 2014	762	4.0	1.9	42.5

(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 (2,668,686 units) and rounded down to yen is JPY 860.

(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 June 30, 2015	860	2,295	0	0	100.0	3.7
Fiscal period ended December 31, 2014	733	1,956	0	0	99.9	3.2

(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 June 30, 2015	136,299	61,731	45.3	23,132
Fiscal period ended December 31, 2014	130,477	61,392	47.1	23,005

(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 June 30, 2015	4,545	(13,202)	3,006	7,514
Fiscal period ended December 31, 2014	1,209	(40,119)	48,551	13,165

2. Forecast for 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	Distribution per Unit (including excess profit distribution per unit) (Note)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen	yen	Yen
Fiscal Period ending December 31, 2015	6,601	32.7	3,986	41.8	2,528	10.1	2,527	10.1	815	248	1,064

(Reference) Estimated net income per unit for the fiscal period ending December 31, 2015 is JPY 791.5

(Note) INV will appropriate all of the remainder of the JPY 75 million surplus after the distribution for the fiscal period ended June 2015 to the distribution for the fiscal period ending December 31, 2015, in addition to excess profit distribution.
Distribution per unit (including excess profit distribution per unit) for the fiscal period ending December, 2015 (forecasted) is estimated as follows:
Distribution per unit (including excess profit distribution per unit) for the fiscal period ending December, 2015 (forecasted): JPY 1,064 = earnings per unit (forecasted): JPY 791.5 + reversal of surplus per unit: JPY 23.6 + excess profit distribution per unit: JPY 248.8

※ 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)	June 30, 2015	2,668,686	December 31, 2014	2,668,686
(b) Number of Treasury Units as of the End of Fiscal Period	June 30, 2015	0	December 31, 2014	0

(Note) Please refer to "Note concerning Information per Unit" regarding the number of investment units which is the basis for the calculation of net income per unit.

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 December 31, 2015 (from July 1, 2015 to December 31, 2015), 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)", on page 19 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 March 27, 2015).

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 March 27, 2015)

(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; 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).

After the merger with LCP Investment Corporation (“LCP”) was implemented on February 1, 2010, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha (“Calliope”), an affiliate of the Fortress Investment Group LLC (“FIG” and together with Calliope and other affiliates of FIG, collectively the “Fortress Group”) was the main allottee, and the sponsor changed to the Fortress Group.

Ever since the commencement of sponsorship from the Fortress Group, INV has been focused on the improvement of occupancy rates as well as the reduction of expenditures related to its properties and investment corporations by strengthening its asset management capabilities. Furthermore, in September 2012, INV newly acquired 24 residential properties without issuing new equity, thereby improving the earning power of its portfolio and establishing a revenue base in order to implement stable distributions.

Following such measures, INV refinanced existing bank borrowings with new borrowings through syndicate loans arranged by Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd. together with funds raised via a third-party allotment mainly to the Fortress Group on December 20, 2013. Through such refinancing, INV reduced its interest-bearing debt ratio, improved its earning power due to the significant reduction in interest expenses, and strengthened its lender formation, thereby improving its financial stability and establishing a financial base for future growth.

With this platform as a base for future growth, INV acquired its first two limited-service hotel properties on May 23, 2014. On June 23, 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets (the “Asset Manager”) revised the Investment Guidelines for INV, and added hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecast to rise going forward. In July 2014, INV acquired 18 limited-service hotels from the sponsor group using funds raised from a global public offering and the refinancing of existing loans. In the fiscal period ended June 2015 (the "Reporting Period"), INV acquired two hotels from the sponsor group and one hotel from a third-party on February 6, 2015 using the excess cash-on-hand and new loans, without issuing new equity.

INV’s distributions per unit ("DPU") from July 1, 2014 to June 30, 2015 reached JPY 1,593, an increase of approximately 1.96 times year-on-year. INV's end-of-term market capitalization was JPY 174,265 million, approximately 4.56 times larger than the final day of June of the previous year.

At the board meetings of INV and the Asset Manager held on June 25, 2015, resolutions were passed to pursue a global public offering and new share issuance (collectively, the "Capital Increase"), with the funds raised through the Capital Increase and new loans to acquire 11 hotels and three residential properties (the "Acquisition"), and to refinance all existing loans (the "Refinancing"; collectively with the Capital Increase and the Acquisition, the "Measures"). In addition, on June 25, 2015, INV entered into a Memorandum of Understanding (the " MOU") with affiliates of sponsor Fortress Group, thereby acquiring preferential negotiating rights regarding the acquisition of 21 hotels and nine residential properties, securing a pipeline for external growth.

Through implementation of the Measures, INV will achieve further growth in DPU and an increase in scale for both the portfolio and market capitalization. Furthermore, the conversion of all existing loans into unsecured debt has further strengthened INV’s financial soundness and stability.

The Measures are described in greater detail below in “c. Significant Subsequent Events”.

(b) Operational Environment and Performance

In the Reporting Period, real GDP growth rate for the period from April to June 2015 showed a decline of 1.6% year-on-year compared to 4.5% increase year-on-year from January to March. However, the Japanese economy saw strong corporate activity in the first half of the year, as corporate profits for the January-March 2015 quarter reached pre-Lehman bankruptcy level of 2007 and capital investment increased. As a result, the employment and wage environment showed further improvement, as the unemployment rate for June 2015 fell to 3.4%, the jobs-to-applicants ratio was 1.19x, and the number of unemployed declined for the 61st consecutive month. Going forward, it is necessary to take notice of the risk such as slowdown in overseas economies including China, but the domestic economic upswing is expected to continue due to the recovery in consumer spending on the back of the improved employment and wage environment, the impact of the government’s financial policy and the Bank of Japan’s large-scale monetary easing policy, and 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 an end to deflation. According to the Japanese Real Estate Investor Survey (April 2015) conducted by the Japan Real Estate Institute, investors expect capitalization rates for offices, residences, retail facilities, and hotels to continue to decline. Although investors who responded that they will make new investments over the next year dropped by 4 points to 90% from the previous survey (October 2014), investment demand remains high and maintains a positive stance.

Regarding the property rental market, Tokyo office building vacancy rates continue to decline while rates are bottoming out in parts of other major cities such as Osaka and Nagoya. 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 in the Tokyo area. With respect to the residential sector, market rent trends for small-type city-center properties are continuingly improving. In the hotel sector, the Japanese government’s promotion of 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, etc., coupled with macro structural changes such as a sharp increase in the number of cross-border travelers due to the global rise of the middle-income bracket, has led to a significant increase in the number of international visitors to Japan from China and Southeast Asian countries such as Thailand, Malaysia, the Philippines, Indonesia and Vietnam. This robust combination helped Japan log a record high of 13.41 million visitors in 2014, providing firm demand for accommodations. In the current reporting period, this trend further accelerated and the number of international visitors to Japan from January to July 2015 increased to 11.05 million visitors (+47% year-on-year), leading to a significant increase in foreigner lodging demand.

INV implemented a rent increase program for new residential leases and renewals as well as a program to reduce leasing costs for residential properties based on a market analysis of each unit and property. As a result, in the Reporting Period, INV realized a rent increase for 68.0% of the new residential lease contracts or a rent increase of 1.9% compared to the previous rent, and a rent increase for 39.2% of contract renewals or a rent increase of 1.2% compared to the previous rent. Net leasing costs (advertising expenses + free rent – key money) were reduced to an average of 0.90 months per new lease, a reduction of 0.28 months year-on-year.

Regarding hotels, INV acquired two hotels from the sponsor group and one hotel from a third party at a total price of JPY 13,261 million on February 6, 2015. In terms of internal growth, in addition to the abovementioned external environmental factors, the hotel operators adeptly captured inbound demand through strong revenue management techniques. INV's 23 acquired hotels recorded a significant growth in the Reporting Period led by an occupancy rate (Note 1) of 91.9% (+3.4 points year-on-year), ADR (Note 2) of JPY 8,130 (+20.9% year-on-year), and RevPAR (Note 3) of JPY 7,470 (+25.4% year-on-year). The ratio of overseas sales (Note 4) at the acquired 23 hotels increased to 33.7% (+25.1 points year-on-year) (Note 5) for the Reporting Period.

As a result, INV's average occupancy rate across the entire portfolio for the Reporting Period maintained a high level of 96.8%, and the NOI increased by 6.9% year-on-year to JPY 4,127 million.

At the end of the Reporting Period, the number of properties held by INV totaled 94 properties including 23 hotels, 63 residential properties, seven office buildings and retail facilities as well as one parking lot at a total acquisition price of JPY 131,188 million and total leasable area of 240,858.19 m^2.

As a result of the internal growth performance and trends in the real estate investment and rental market, as well as the strong performance of the hotels, the total appraisal value at the end of the Reporting Period was JPY 146,874 million, an increase of JPY 6,856 million (+4.9%) year-on-year (Note 6). In particular, the appraisal value of the 23 hotels increased to JPY 5,336 million (+8.1%) year-on-year (Note 6) and achieved an unrealized gain ratio of 15.4% (Note 7), significantly helping to continually enhance the overall portfolio asset value.

(Note 1) "Occupancy rates" are calculated in accordance with the following formula:
Occupancy rates = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days)

(Note 2) "ADR" means average daily rate, and is calculated by dividing total room sales (except for service fee) for a certain period by the total number of days per room for which each room was occupied during the same period.

(Note 3) "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 4) "Overseas sales ratio" is the ratio of sales amount through overseas web agents to revenues. Overseas sales ratio is based on the data of 20 hotels of the existing 23 hotels, excluding Hotel Vista Premio Dojima, APA Hotel Yokohama-Kannai and Hotel Nets Hakodate, because the hotel operator is not K.K. Mystays Hotel Management ("MHM").

(Note 5) The performance of the same period in the previous year (from January to June 2014) is based on the operational performance data provided by the seller of the 23 hotels before INV acquired the 23 hotels. Likewise, the performance of the period from January 1, 2015 to February 5, 2015 of the three hotels INV acquired on February 6, 2015 is based on the operational performance data provided by the seller of those hotels.

(Note 6) Of the 23 hotels, the comparison was made after the appraisal value as of December 1, 2014 of the three properties acquired as of February 6, 2015 was added to the total appraisal value of the portfolio assets of the end of the previous period.

(Note 7) The unrealized gain ratio is calculated using the following formula: (the appraisal value as of the end of the Reporting Period - book value as of the end of the Reporting Period) ÷ book value as of the end of the Reporting Period

Regarding the 11 hotels and three residential properties acquired by funds procured through a global offering and decided upon by INV's Board of Directors on June 25, 2015, refer to "c. Significant Subsequent Events" below.

(c) Overview of Fund Raising

In the Reporting Period, INV raised funds through a new syndicate loan (total borrowings: JPY 6,241 million; interest at time of borrowing: 0.93%) on February 6, 2015, with Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ and Mizuho Bank, Ltd. as arrangers, to acquire three new hotels and pay related expenses. Using consumption tax refunds from two hotels acquired on May 23, 2014, INV repaid, on April 30, 2015, the portion of Syndicate Loan (C) that corresponds to the borrowings corresponding to the expected consumption tax refund (Note 1), of JPY 1,200 million.

As a result of the above measures, the outstanding balance of interest-bearing debt for INV was JPY 72,301 million, and the Loan-to-Value ratio was 52.8% (Note 2) as of the end of the Reporting Period.

As described below in “C Subsequent material events”, INV decided on June 25, 2015 to procure a new unsecured syndicate loan (total amount borrowed: JPY 88,338 million; interest at time of borrowing: 0.63%) dated July 1, 2015 and executed on July 16, 2015 for use as a portion of the funds to acquire 11 hotels and three residential properties on July 16, 2015 and repayment of all existing loans (Syndicate Loan (C), Syndicate Loan (D) and Prudential LPS Loan B).

Through the Refinancing, INV converted all debt to unsecured debt, lengthened the debt maturity duration and further reduced loan costs. Henceforth, INV moved forward with a financial strategy that takes into consideration obtaining a credit rating and the issuing investment corporation bonds.

(Note 1) Borrowings corresponding to the expected consumption tax refund mean the borrowings which will be prepaid in the amount equivalent to the refund of consumption tax, which were paid in relation to the acquisition of the trust beneficiary interests acquired by the borrowings executed at the same time, in the case where the above-mentioned consumption tax refunds are received. The same shall apply hereinafter.

(Note 2) The calculation for the Loan-to-Value ratio uses the calculation formula below:

Loan-to-Value ratio = amount of interest-bearing debt (excluding JPY 321 million borrowings corresponding to the expected consumption tax refund) ÷ amount of total assets at end of the Reporting Period x 100

(d) Overview of Results of Operations and Distributions

As results of the operations mentioned above, operating revenues for the reporting period increased by JPY 364 million from the previous period (+7.9%) to JPY 4,974 million, and net income increased by JPY 337 million from the previous period (+17.2%) to JPY 2,295 million. Distribution per unit was JPY 860 yen, an increase of JPY 127 (+17.3%) year-on-year.

b Outlook for the Fiscal Period Ending June 30, 2015

(a) Future operational policy and issues to be addressed

Since July 2011, when the Fortress Group became sponsor, as mentioned above, INV has enhanced unitholder value.

Going forward, INV will implement various strategies to maintain further growth, including the following measures.

- Continuous acquisition of properties from sponsor and third parties
- Further internal growth at hotel properties
- Obtain credit rating
- Diversification of financing measures, including the issuance of REIT bonds

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV will move forward with acquisition of new properties focusing on hotels, where growth in portfolio revenues is anticipated. INV will also acquire a certain proportion of residential properties and hotels using fixed rent schemes, which contribute to stable revenue. This acquisition strategy will enable INV to build a portfolio with a good balance between growth and stability.

In regards to hotels, INV will take into consideration the trends in foreign visitors, demands of business and leisure customers, the competitive hotel environment, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of gross operating profit (GOP) and rental revenue are forecasted to increase.

In regards to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties and other factors, and consider acquiring mainly small-type properties in large cities with strong competitiveness.

In recent years, the property acquisition environment has become increasingly severe, however, INV, as shown below, has continued to achieve steady external growth from the pipeline of the sponsor, the Fortress Group.

Properties Acquired from affiliates of the Fortress Group (including anticipated acquisitions)

Date	Details	Total acquisition price
September 2012	Acquired 24 residential properties	JPY 14,043 million
May 2014	Acquired two hotels	JPY 5,435 million
July 2014	Acquired 18 hotels	JPY 39,938 million
February 2015	Acquired two hotels	JPY 4,911 million
July 2015	Acquired 11 hotels and three residential properties	JPY 35,258 million
August 2015 (anticipated)	Acquired one hotel	JPY 5,069 million
Total	61 properties (of which 27 are residential and 34 are hotels)	JPY 104,654 million (of which residential: JPY 19,142 million; hotels: JPY 85,512 million)

The Fortress Group manages four dedicated Japanese real estate funds, including the Fortress Japan Opportunity Funds I and II. The Fortress Group's committed equity is over JPY 300 billion and the number of properties that the Fortress Group is invested in exceeds 1,400. In order to ensure future growth options for the portfolio, INV entered into the MOU with the Fortress Group that provides preferential negotiation rights with respect to the acquisition of 21 hotels and nine residential properties as of June 25, 2015 (see the table below) (Note 1).

In addition, by utilizing the property transaction information available through the Fortress Group and INV's own network, INV will continuously consider and implement the acquisition of properties from third parties that will contribute to stability and growth in revenue and cash flow and an increase in DPU.

No.	Asset Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations
1	Hotel MyStays Gotanda-Ekimae (Note 2)	Limited Service Hotel	Shinagawa-ku, Tokyo	333	✔
2	Hotel MyStays Akasaka (Note 3)	Limited Service Hotel	Minato-ku,Tokyo	327	✔

No.	Asset Name	Asset Type	Location	No. of Rooms	Top 10 Inbound Tourist Destinations
3	Hotel MyStays Kanazawa	Limited Service Hotel	Kanazawa-shi, Ishikawa	244	
4	Hotel MyStays Fukuoka-Tenjin	Limited Service Hotel	Fukuoka-shi, Fukuoka	217	✔
5	Hotel MyStays Yokohama -Kannai (Note 4)	Limited Service Hotel	Yokohama-shi, Kanagawa	166	✔
6	Hotel MyStays Hamamatsucho	Limited Service Hotel	Minato-ku, Tokyo	105	✔
7	Hotel MyStays Shinsaibashi	Limited Service Hotel	Osaka-shi, Osaka	54	✔
8	Flexstay Inn Ekoda (Note 5)	Limited Service Hotel	Nerima-ku, Tokyo	210	✔
9	Rihga Royal Hotel Kyoto (Note 6)	Full Service Hotel	Kyoto-shi, Kyoto	475	✔
10	Narita Excel Hotel Tokyu	Full Service Hotel	Narita-shi, Chiba	706	✔
11	Art Hotels Sapporo	Full Service Hotel	Sapporo-shi, Hokkaido	412	✔
12	Best Western Hotel Fino Sapporo	Limited Service Hotel	Sapporo-shi, Hokkaido	242	✔
13	Best Western Hotel Fino Oita	Limited Service Hotel	Oita-shi, Oita	145	
14	Takamatsu Tokyu REI Hotel	Limited Service Hotel	Takamatsu-shi, Kagawa	191	
15	Comfort Hotel Maebashi	Limited Service Hotel	Maebashi-shi, Gunma	153	
16	Comfort Hotel Kurosaki	Limited Service Hotel	Kitakyushu-shi, Fukuoka	151	✔
17	Comfort Hotel Tsubame-Sanjo	Limited Service Hotel	Sanjo-shi, Niigata	132	
18	Comfort Hotel Kitami	Limited Service Hotel	Kitami-shi, Hokkaido	127	✔
19	Hotel Naqua City Hirosaki	Full Service Hotel	Hirosaki-shi, Aomori	134	
20	Beppu Kamenoi Hotel	Resort Hotel	Beppu-shi, Oita	322	
21	Fusaki Resort Village	Resort Hotel	Ishigaki-shi, Okinawa	195	✔
Hotel Subtotal				5,041	
22	Gran Charm Hiroo	Residential/Small Type (Note 7)	Shibuya-ku, Tokyo	121	
23	Plestay Win Kinshicho	Residential/Small Type (Note 7)	Sumida-ku, Tokyo	92	
24	Gran Charm Kichijoji	Residential/Small Type (Note 7)	Musashino-shi, Tokyo	28	
25	Green Patio Noda	Residential/Small Type (Note 7)	Noda-shi, Chiba	240	
26	Dainichi F-45	Residential/Small Type (Note 7)	Urayasu-shi, Chiba	54	
27	Gran Charm Urayasu	Residential/Small Type (Note 7)	Urayasu-shi, Chiba	54	
28	Gran Charm Urayasu 5	Residential/Small Type (Note 7)	Ichikawa-shi, Chiba	54	
29	Gran Charm Minami Gyotoku I	Residential/Small Type (Note 7)	Ichikawa-shi, Chiba	52	
30	Gran Charm Minami Gyotoku II	Residential/Small Type (Note 7)		48	
Residential Property Subtotal				743	

(Note 1) Regarding the 29 properties, excluding “Flexstay Inn Ekoda” (Note 5), from the 30 properties listed above, there is no guarantee that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties.

(Note 2) Hotel Gotanda-Ekimae partially reopened on August 24, 2015 after renewal and is scheduled to fully reopen on November 25, 2015.

(Note 3) Hotel MyStays Akasaka is scheduled to be completed in August 2016.

(Note 4) Hotel MyStays Yokohama Kannai is scheduled to be completed in August 2016.

(Note 5) Flexstay Inn Ekoda is schedule to be acquired by INV on August 28, 2015.

(Note 6) Rihga Royal Hotel Kyoto is scheduled to partially reopen on September 1, 2016 after renewal and fully reopen on November 1, 2016.

(Note 7) “Small Type” means a residential property in which the majority of dwelling units are less than 30 m^2.

Property Sales

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

(ii) Strategy for internal growth

(Hotels)

Of the 37 hotels that INV owns or anticipates to acquire (including the three properties that it anticipates to acquire on August 28, 2015), 32 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives gross operating profit (GOP) after deducting management fees for the hotel operator, and INV’s variable rent scheme is set up so that INV can directly enjoy the hotel revenue upside. For 29 hotels, MHM, a hotel operator in the sponsor group, has implemented strict revenue management seeking to maximize revenue. INV will continue to accurately ascertain and analyze operating conditions of its hotels, the conditions of nearby hotels, market trends and other factors through operating conferences and other contact with hotel operators and will focus on operations that maximize rent income.

(Residential properties and others)

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, while keeping in mind the off-season in the residential rental market that occurs during the December 2015 period, INV will focus on increasing rent for new lease contracts as well as for lease renewals for each of its properties as well as formulating net leasing management policies in order to continue maximizing profits.

Further, 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

In continuation of the strengthening of the financial base via the new borrowings implemented in February 2015 and the refinancing resulting in its debt becoming unsecured borrowing implemented in July 2015, INV will promote a financial strategy which envisages to obtain a future credit rating and to issue investment corporate bonds. Also, INV seeks to maximize unitholders’ value 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 and strengthening of its lender formation, 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 issued the new investment units through a global public offering and the third-party allotment (collectively, the "Capital Increase") conducted in connection with the overallotment secondary offering for the global public offering in the fiscal period ending December 31, 2015 (25th fiscal period). INV acquired the 11 hotels and the three residential properties on July 16, 2015, from the funds procured through the Capital Increase along with the refinancing of the existing borrowings.

Furthermore, the acquisition of three hotels by utilizing cash-on-hand and new loans was decided and the sale and purchase agreement was executed on August 21, 2015.

(a) Issuance of New Investment Units

INV resolved at its meeting of the Board of Directors held on June 25, 2015 and July 8, 2015 respectively to conduct the issuance of new investment units and secondary distribution of investment units. Payment for the new investment units issued through the public offering was completed on July 15, 2015, in accordance with the following terms and conditions. In addition, with respect to the issuance of new investment units through the third-party allotment in connection with the overallotment secondary offering, the payment was completed on August 12, 2015. As a result, the unitholders' equity of INV is JPY 82,465 million and the number of investment units issued and outstanding of INV increased to 3,193,686.

(i) Issuance of new investment units through public offering

Number of New Investment Units Issued	: 500,000 units Domestic public offering: 211,250 units Overseas offering: 288,750 units
Issue Price (Offer Price)	: JPY 57,817 per unit
Amount Paid In (Issue Value)	: JPY 55,941 per unit
Total Amount Paid In (Total Issue Value)	: JPY 27,970,500,000
Payment Date	: July 15, 2015

(ii) Secondary offering of investment units (overallotment secondary offering)

Number of Investment Units Offered in the Secondary Offering	: 25,000 units
Offer Price	: JPY 57,817 per unit
Total Offer Value	: JPY 1,445,425,000
Delivery Date	: July 16, 2015

(iii) Issuance of new investment units through third-party allotment

Number of New Investment Units Issued	: 25,000 units
Amount Paid In (Issue Value)	: JPY 55,941 per unit
Total Amount Paid In (Total Issue Value)	: JPY 1,398,525,000
Payment Date	: August 12, 2015
Allotee	: Mizuho Securities Co., Ltd.

(b) Refinancing and New Borrowing

In order to implement refinancing via unsecured lower-interest borrowings for part of the funds for the acquisition of 11 hotel properties and 3 residential properties acquired on July 16, 2015 and all of the existing secured loans (New Syndicate Loan (C), New Syndicate Loan (D) and Prudential LPS Loan B), INV entered into a loan agreement for a new syndicate loan (New Syndicate Loan (E)) at a variable interest rate of 0.40%, 0.50%, 0.60% and 0.20% plus one-month JPY TIBOR as of July 1, 2015, and implemented the borrowing on July 16, 2015.

Furthermore, in order to procure a part of funds for the acquisition of 3 hotel properties, INV resolved at its meeting of the Board of Directors held on August 21, 2015, to enter into a loan agreement ("New Borrowing") for a new term loan (New Term Loan A) at a variable interest rate of one-month JPY TIBOR (Base Rate) + spread (0.5%) (Note) on August 26, 2015 and to implement the New Borrowing on August 28, 2015.

As a result, INV's outstanding balance of the interest-bearing debt is to be JPY 92,020 million, INV's interest-bearing debt ratio is to be 47.7%, and INV's average interest rate is to be 0.63% after the implementation of the Refinancing and the New Borrowing.

(Note) The interest rate applicable for the first interest calculation period only will be two-month JPY TIBOR (Base Rate) + spread (0.5%).

(i) Overview of the Refinancing

Overview of the Refinancing implemented as of July 16, 2015 is as follows.

I. Overview of the New Borrowing

New Syndicate Loan (E)

Lender	Borrowing Date	Borrowing Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd. Shinsei Bank, Limited Citibank Japan Ltd. Sumitomo Mitsui Trust Bank,Limited	July 16, 2015	28,979	0.53% Variable interest rate (Note 2)	July 16, 2018	Unsecured / non guarantee
	July 16, 2015	28,979	0.63% Variable interest rate (Note 3)	July 16, 2019	Unsecured / non guarantee

Lender	Borrowing Date	Borrowing Amount (mn JPY)	Interest Rate (per annum) (Note 1)	Principal Maturity Date	Borrowing Method
Resona Bank, Limited Mitsubishi UFJ Trust and Banking Corporation	July 16, 2015	28,979	0.73% Variable interest rate (Note 4)	July 16, 2020	Unsecured / non guarantee
Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.	July 16, 2015	1,401	0.33% Variable interest rate (Note 5)	May 16, 2016	Unsecured / non guarantee
Total		88,338			

(Note 1) Interest rate applicable for the period from July 31, 2015 to August 30, 2015

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

(Note 3) One-month JPY TIBOR + spread (0.5%)

(Note 4) One-month JPY TIBOR + spread (0.6%)

(Note 5) One-month JPY TIBOR + spread (0.2%)

II. Overview of the Prepayment of the Existing Borrowing

New Syndicate Loan (C)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum) (Note 1)	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	July 17, 2014	56,100	0.93% Variable interest rate (Note 2)	July 14, 2017	Secured / non guarantee

(Note 1) Interest rate applicable for the period from June 30, 2015 to July 30, 2015

(Note 2) One-month JPY TIBOR + spread (0.8%)

New Syndicate Loan (D)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum) (Note 1)	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	6,241	0.93% Variable interest rate (Note 2)	February 6, 2018	Secured / non guarantee

(Note 1) Interest rate applicable for the period from June 30, 2015 to July 30, 2015

(Note 2) One-month JPY TIBOR + spread (0.8%)

Prudential LPS Loan B

Lender		Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	First lending	September 28, 2012	2,700	1.90% Fixed interest rate	March 31, 2018	Secured / non guarantee
	Second lending	September 28, 2012	2,860	1.90% Fixed interest rate	March 31, 2019	Secured / non guarantee
	Third lending	September 28, 2012	1,830	1.90% Fixed interest rate	March 31, 2020	Secured / non guarantee
	Fourth lending	September 28, 2012	2,570	1.90% Fixed interest rate	March 31, 2019	Secured / non guarantee
Total			9,960			

(ii) Overview of the New Borrowing

Overview of the New Borrowing to be implemented as of August 28, 2015 is as follows.

Term Loan (A)

Lender	Borrowing Date	Prepayment Amount (mn JPY)	Interest Rate (per annum)	Principal Maturity Date	Borrowing Method
Mizuho Bank, Ltd.	August 28, 2015	3,682	Variable interest rate (Note)	August 28, 2019	Unsecured / non guarantee

(Note) One-month JPY TIBOR + spread (0.5%)

(a) Acquisition of Assets

INV completed the Acquisition on July 16, 2015. In addition, INV decided on August 21, 2015 to acquire one hotel from properties listed in the MOU and two hotels from a third-party (collectively “Additional Acquisition”), by utilizing cash-on-hand and New Borrowing.

As a result, the total number of properties held by INV after the implementation of the Acquisition and Additional Acquisition will increase to 111 properties (66 residential properties, 37 hotels, 7 retail and office buildings as well as one parking lot) with a total acquisition price of JPY 173,815 million and total leasable area of 296,526.92 m^2.

The overview of 11 hotels and three residential properties acquired in the Acquisition as of July 16, 2015 is as follows.

Use	Property Number	Property Name	Location	Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 2)	Seller	Category of Specified Assets
Hotel	D24	Hotel Mystays Haneda	Ota-ku, Tokyo	7,801	7,880	Skye TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D25	Hotel Mystays Kameido P1	Koto-ku, Tokyo	5,594	5,650	Nishi TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D26	Hotel Mystays Ueno Iriyaguchi	Taito-ku, Tokyo	3,821	3,860	Rannoch TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D27	Hotel Mystays Kameido P2	Koto-ku, Tokyo	3,742	3,760	Nishi TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D28	Hotel Vista Shimizu	Shizuoka-shi, Shizuoka	2,198	2,220	Wakusei TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D29	Super Hotel Shinbashi/ Karasumoriguchi	Minato-ku, Tokyo	1,624	1,640	Suisei TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D30	Flexstay Inn Higashi-Jujo	Kita-ku, Tokyo	1,277	1,290	Aki TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D31	Hotel MyStays Utsunomiya	Utsunomiya, -shi Tochigi	1,237	1,250	Zephyrus TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D32	Flexstay Inn Kawasaki-Kaizuka	Kawasaki-shi, Kanagawa	980	990	Rannoch TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D33	Comfort Hotel Toyama	Toyama-shi, Toyama	979	989	Suisei TokuteiMokuteki Kaisha	Trust Beneficial Interest
	D34	Flexstay Inn Kawasaki-Ogawacho	Kawasaki-shi, Kanagawa	906	915	Rannoch TokuteiMokuteki Kaisha	Trust Beneficial Interest
Subtotal				30,159	30,464		

Use	Property Number	Property Name	Location	Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 2)	Seller	Category of Specified Assets
Resi-dential	A100	City Court Kitaichijo	Sapporo-shi, Hokkaido	1,782	1,800	Godo Kaisha Baretta	Trust Beneficial Interest
	A101	Lieto Court Mukojima	Sumida-ku, Tokyo	1,683	1,700	Godo Kaisha Baretta	Trust Beneficial Interest
	A102	Lieto Court Nishi-Ojima	Koto-ku, Tokyo	1,634	1,650	Godo Kaisha Baretta	Trust Beneficial Interest
Subtotal				5,099	5,150		
Total				35,258	35,614		

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

(Note 2) Based on the appraisal value as of May 1, 2015 by a report of Japan Real Estate Institute.

The overview of three hotels to be acquired in the Additional Acquisition to be completed on August 28, 2015 is as follows.

Use	Property Number	Property Name	Location	Anticipated Acquisition Price (mn JPY) (Note 1)	Appraisal Value (mn JPY) (Note 3)	Seller	Category of Specified Assets
Hotel	D35	Flexstay Inn Ekoda	Nerima-ku, Tokyo	5,069	5,120	Nishi Tokutei Mokuteki Kaisha	Trust Beneficial Interest
	D36	Super Hotel Tokyo-JR Tachikawa Kitaguchi	Tachikawa-shi, Tokyo	1,170	1,180	Tsukiji One Godo Kaisha	Trust Beneficial Interest
	D37	Super Hotel JR Ueno-Iriyaguchi	Taito-ku, Tokyo	1,130	1,140	Tsukiji One Godo Kaisha	Trust Beneficial Interest
Total				7,369	7,440		

(Note 3) Flexstay Inn Ekoda is based on the appraisal value as of August 10, 2015 by a report of Japan Real Estate Institute. Super Hotel Tokyo-JR Tachikawa Kitaguchi and Super Hotel JR Ueno-Iriyaguchi are based on the appraisal value as of July 31, 2015 by a report of Daiwa Real Estate Appraisal Co., Ltd.

d Operational Outlook

The following forecast is made for the fiscal period ending December 31, 2015, the fiscal period ending June 30, 2016 and the fiscal period ending December 31, 2016.

Fiscal Period ending December 31, 2015 (from July 1, 2015 to December 31, 2015)

Operating Revenues	JPY 6,601 million
Operating Income	JPY 3,986 million
Ordinary Income	JPY 2,528 million
Net Income	JPY 2,527 million
Earnings per Unit	JPY 791
Reversal of Surplus per Unit	JPY 23
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 815
Excess Profit Distribution per Unit	JPY 248
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,064

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

Operating Revenues	JPY 6,500 million
Operating Income	JPY 3,631 million
Ordinary Income	JPY 3,225 million
Net Income	JPY 3,224 million
Earnings per Unit	JPY 1,009
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,009
Excess Profit Distribution per Unit	-

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

Operating Revenues	JPY 7,008 million
Operating Income	JPY 4,117 million
Ordinary Income	JPY 3,717 million
Net Income	JPY 3,716 million
Earnings per Unit	JPY 1,163
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,163
Excess Profit Distribution per Unit	-

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 11,576 million
Operating Income	JPY 6,797 million
Ordinary Income	JPY 4,824 million
Net Income	JPY 4,823 million
Earnings per Unit	JPY 1,651
Reversal of Surplus per Unit	JPY 23
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 1,675
Excess Profit Distribution per Unit	JPY 248
Distribution per Unit (Including excess profit distribution per unit)	JPY 1,924

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

Operating Revenues	JPY 13,508 million
Operating Income	JPY 7,748 million
Ordinary Income	JPY 6,942 million
Net Income	JPY 6,941 million
Earnings per Unit	JPY 2,172
Reversal of Surplus per Unit	-
Distribution per Unit (Excluding excess profit distribution per unit)	JPY 2,172
Excess Profit Distribution per Unit	-

For the assumptions underlying the operational outlook for the fiscal periods ending December 31, 2015, 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 December 31, 2015 (from July 1, 2015 to December 31, 2015), 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 December 31, 2015 (from July 1, 2015 to December 31, 2015), 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 fiscal period ending December 31, 2015: from July 1, 2015 to December 31, 2015 (184 days) The fiscal period ending June 30, 2016: January 1, 2016 to June 30, 2016 (182 days) The fiscal period ending December 31, 2016: from July 1, 2016 to December 31, 2016 (184 days)
Assets under management	Properties held as of the end of the fiscal period ending December 31, 2015: 111 properties Properties held as of the end of the fiscal period ending June 30, 2016: 111 properties Properties held as of the end of the fiscal period ending December 31, 2016: 111 properties INV assumes that INV will newly acquire 3 hotel properties (Note) as of August 28, 2015 in addition to existing 108 properties, and there will be no new acquisitions or disposals of existing properties thereafter through the end of the fiscal period ending December 31, 2016.
Units outstanding	As of the end of the fiscal period ending December 31, 2015: 3,193,686 units As of the end of the fiscal period ending June 30, 2016: 3,193,686 units As of the end of the fiscal period ending December 31, 2016: 3,193,686 units INV assumes that there will be no additional issuance of units thereafter through the end of the fiscal period ending December 31, 2016.
Interest-bearing liabilities	Balance as of the end of the fiscal period ending December 31, 2015: JPY 91,699 mn (Note) Balance as of the end of the fiscal period ending June 30, 2016: JPY 90,619 mn (Note) Balance as of the end of the fiscal period ending December 31, 2016: JPY 90,619 mn (Note) (Note) JPY 321 million of the consumption tax loan of JPY 1,401 million implemented on July 16, 2015 is assumed to be repaid on October 30, 2015 during the 25th fiscal period and JPY 1,080 million of consumption tax loan of JPY 1,401 million is assumed to be repaid on May 16, 2016 during the 26th fiscal period. INV assumes that, as of August 28, 2015, it will draw down the New Term Loan A, and that there will be no other borrowings or prepayments.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating revenues</td><td>
INV expects to record rental revenues for each fiscal period as follows:
<table>
<tr><td></td><td>The fiscal period ending December 31, 2015</td></tr>
<tr><td>・Rental revenues</td><td>JPY 6,601 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 3,804 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY1,645 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY2,159 mn)</td></tr>
</table>
<table>
<tr><td></td><td>The fiscal period ending June 30, 2016</td><td>The fiscal period ending December 31, 2016</td></tr>
<tr><td>・Rental revenues</td><td>JPY 6,500 mn</td><td>JPY 7,008 mn</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 3,745 mn)</td><td>(JPY 4,186 mn)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 1,614 mn)</td><td>(JPY 1,726 mn)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 2,130 mn)</td><td>(JPY 2,460 mn)</td></tr>
</table>
Rental revenues in the fiscal period ending December 2015 are calculated based on estimates as of today from July 2015 to December 2015. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
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.
</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>The fiscal period ending December 31, 2015</th></tr>
<tr><td>・Facility management fees</td><td>JPY 503 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 42 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 256 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 8 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 1,329 mn</td></tr>
<tr><td>・ Other expenses</td><td>JPY 150 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 2,249 mn</td></tr>
</table>
<table>
<tr><th></th><th>The fiscal period ending June 30, 2016</th><th>The fiscal period ending December 31, 2016</th></tr>
<tr><td>・Facility management fees</td><td>JPY 482 mn</td><td>JPY 505 mn</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 33 mn)</td><td>(JPY 43 mn)</td></tr>
<tr><td>・Taxes and other public charges</td><td>JPY 295 mn</td><td>JPY 346 mn</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 8 mn</td><td>JPY 8 mn</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 1,365 mn</td><td>JPY 1,356 mn</td></tr>
<tr><td>・Other expenses</td><td>JPY 191 mn</td><td>JPY 151 mn</td></tr>
<tr><td>Total property related expenses</td><td>JPY 2,344 mn</td><td>JPY 2,369 mn</td></tr>
</table>
INV expects to incur other operating expenses than the property related expenses for each fiscal period as follows:
<table>
<tr><th></th><th>The fiscal period ending December 31, 2015</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 365 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 180 mn)</td></tr>
</table>
<table>
<tr><th></th><th>The fiscal period ending June 30, 2016</th><th>The fiscal period ending December 31, 2016</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 524 mn</td><td>JPY 521 mn</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 358 mn)</td><td>(JPY 359 mn)</td></tr>
</table>
</td></tr>
<tr><td>Net Operating Income</td><td>
INV expects to record net operating income for each fiscal period as follows:
<table>
<tr><th></th><th>The fiscal period ending December 31, 2015</th></tr>
<tr><td>・NOI</td><td>JPY 5,681 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 3,659 mn)</td></tr>
</table>
<table>
<tr><th></th><th>The fiscal period ending June 30, 2016</th><th>The fiscal period ending December 31, 2016</th></tr>
<tr><td>・NOI</td><td>JPY 5,521 mn</td><td>JPY 5,995 mn</td></tr>
<tr><td>(of these, hotel NOI)</td><td>(JPY 3,558 mn)</td><td>(JPY3,959 mn)</td></tr>
</table>
</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><td></td><td>The fiscal period ending December 31, 2015</td></tr>
<tr><td>・Interest expense</td><td>JPY 307 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 1,008 mn</td></tr>
<tr><td>(Prepayment premiums (Note1))</td><td>(JPY 273 mn)</td></tr>
<tr><td>・Other non-operating expenses
(Expenses relating to the issuance of new units for the Offering(Note 2))</td><td>JPY 142 mn
(JPY 142 mn)</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 1,458 mn</td></tr>
</table>
<table>
<tr><td></td><td>The fiscal period ending June 30, 2016</td><td>The fiscal period ending December 31, 2016</td></tr>
<tr><td>・Interest expense</td><td>JPY 286 mn</td><td>JPY 287 mn</td></tr>
<tr><td>・Finance related costs</td><td>JPY 119 mn</td><td>JPY 112 mn</td></tr>
<tr><td>・Other non-operating expenses</td><td>JPY － mn</td><td>JPY － mn</td></tr>
<tr><td>Total Non-operating expenses</td><td>JPY 405 mn</td><td>JPY 400 mn</td></tr>
</table>
(Note1) Prepayment penalty of Prudential LPS Loan
(Note2) Expenses incurred relating to the public offering implemented in July 2015</td></tr>
<tr><td>Distribution per unit</td><td>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.
With respect to the distribution for the fiscal period ending December 31, 2015, INV expects to distribute an aggregate amount of JPY 3,398 million (distribution per unit: JPY 1,064) based on the assumption that the earnings for the fiscal period ending December 2015 (JPY 2,527 million) and all of the surplus based on the gain on negative goodwill resulting from the merger (JPY 75 million) will be used as funds.
With respect to the distribution for the fiscal period ending June 30, 2016, INV expects to distribute an aggregate amount of JPY 3,222 million (distribution per unit: JPY 1,009) based on the assumption that the earnings for the fiscal period ending June 2016 (JPY 3,224 million) will be used as funds.
With respect to the distribution for the fiscal period ending December 31, 2016, INV expects to distribute an aggregate amount of JPY 3,714 million (distribution per unit: JPY 1,163) based on the assumption that the earnings for the fiscal period ending December 2016 (JPY 3,716 million) will be used as funds.</td></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, in cases where dilution of units is to be occurred 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 one-time decrease in distribution per unit, INV has decided to make distributions in excess of profits in order to stabilize distributions using, as a benchmark, distribution per unit assuming that the acquisition of assets, the raising of capital or other things contributed to financial results through the whole period.
With respect to the distribution per unit for the fiscal period ending December 2015, distributions per unit are expected to decrease due to various one-time expenses that are expected to be recorded in connection with the transactions in connection with the Measure, including the Capital Increase. In addition, the Additional Acquisition and the New Borrowing (collectively, "Additional Measures") are implemented by utilizing the excess cash-on-hand</td></tr>
</table>

Item	Assumptions
	obtained from the Capital Increase. Therefore, from the perspective of maintaining stable distributions, INV expects to pay distributions in excess of profits within the scope of the expected shortfall between actual earnings per unit and of the simulated earnings per unit after the Measure and the Additional Measures. Excess profit distribution per unit for the fiscal period ending December 31, 2015: JPY 248 (Reference) Simulated earnings per unit: JPY 1,084 INV does not intend to make no distributions in excess of profits (Excess profit distribution per unit) for the fiscal period ending June 30, 2016 and the fiscal period ending December 31, 2016 as at the time of this report.
Other	INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts. In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.