

To All Concerned Parties

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Performance Update for January 2017

Invincible Investment Corporation (“INV”) hereby announces its monthly performance for the hotel and residential assets.

1. Hotel Assets Overview

The hotel portfolio¹ performance for the month of January 2017 (year-on-year) has shown ADR growth of 2.8% and declines in occupancy and RevPAR by 2.5pt and 0.2% respectively, due to the start of guest room renovation work at Hotel Epinard Nasu. The January 2017 performance of 37 hotel properties excluding Hotel Epinard Nasu is as follows: ADR increased by 2.9% and occupancy decreased by 2.3pt, resulting in an increase of RevPAR by 0.2% year-on-year.

(Note 1) Based on 38 hotel properties stated in “4. Performance (1) 38 Hotel Properties” below.

2. Residential Assets Overview

The residential portfolio¹ occupancy rate as of the end of January 2017 was 93.3% and decreased by 2.2pt year-on-year. However, the rent increase program continues to maintain progress as average rent per tsubo as of the end of January 2017 increased by 1.3% year-on-year. Rents, compared with immediately preceding leases, increased by 2.6% across all new leases, 2.1% across all renewal leases and 2.3% across all combined new and renewal leases in January 2017.

As a result of proactive asset management initiatives including the changing of property managers² in December 2016 and January 2017, INV realized a rent increase of 55.9% for contract renewals, which is an increase of 16.8pt compared to 39.1% for the previous calendar year. The retention rate for existing tenants remained high at 95.8% for January 2017. NOI³ increased by 2.8% for the month of January 2017 year-on-year.

This English language notice is a translation of the Japanese-language notice released on February 22, 2017 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.

(Note 1) Based on 66 residential properties stated in “4. Performance (2) 66 Residential Properties” below; provided, however, that the rent increase and retention rate are based on 68 residential properties held by INV at the end of January 2017.

(Note 2) For details, please refer to the release “Notice Concerning Changes of Master Lessee and Property Manager” on November 21, 2016

(Note 3) NOI excludes one-off insurance-related revenues and expenses. NOI is provisional figure and subject to change when it is determined at financial closing; hereinafter the same.

3. Hotel and Residential Assets Overview

The combined NOI for the hotel and residential portfolio¹ decreased by 0.6% for the month of January 2017 year-on-year. The combined NOI for the 37 hotels excluding Hotel Epinard Nasu and residential portfolio increased by 1.7% year-on-year.

(Note 1) Based on 38 hotel properties and 66 residential properties stated in “4. Performance (1) 38 Hotel Properties” and “(2) 66 Residential Properties” below.

4. Performance

(1) 38 Hotel Properties¹

	January 2017 (A)	January 2016 (B)	Difference (A – B)	YoY Change
Occupancy Rate ²	83.2%	85.8%	-2.5pt	-3.0%
ADR (JPY) ³	8,136	7,914	+222	+2.8%
RevPAR (JPY) ⁴	6,773	6,789	-16	-0.2%
Gross Revenue (JPY million)	1,549	1,534	+15	+1.0%
# of Properties	38	38	—	—

	Fiscal period ending June 2017 Cumulative ⁵ (C)	Fiscal period ended June 2016 Cumulative ⁶ (D)	Difference (C – D)	YoY Change
Occupancy Rate ²	83.2%	85.8%	-2.5pt	-3.0%
ADR (JPY) ³	8,136	7,914	+222	+2.8%
RevPAR (JPY) ⁴	6,773	6,789	-16	-0.2%
Gross Revenue (JPY million)	1,549	1,534	+15	+1.0%
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(2) 66 Residential Properties⁷

	January 2017 (A)	January 2016 (B)	Difference (A - B)	YoY Change
Occupancy Rate	93.3%	95.6%	-2.2pt	-2.3%
Rent per Tsubo (JPY)	10,037	9,908	+129	+1.3%
# of Properties	66	66	—	—

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Occupancy Rate	93.3%	95.6%	-2.2pt	-2.3%
Rent per Tsubo (JPY)	10,037	9,908	+129	+1.3%
# of Properties	66	66	—	—

(Note 1) Based on 38 hotel properties; of the 48 hotel properties in our portfolio as of January 2017, 9 hotels with fixed-rent lease agreements as well as one hotel, D01 Hotel MyStays Kanda, which was renovated from May 20, 2016 to August 22, 2016 is excluded. 9 hotels with fixed-rent lease agreements are D29 Super Hotel Shinbashi/ Karasumoriguchi, D33 Comfort Hotel Toyama, D36 Super Hotel Tokyo-JR Tachikawa Kitaguchi, D37 Super Hotel JR Ueno-iriyaguchi, D39 Comfort Hotel Kurosaki, D40 Comfort Hotel Maebashi, D41 Comfort Hotel Tsubame-Sanjo, D42 Comfort Hotel Kitami, and D48 Takamatsu Tokyu REI Hotel. Furthermore, the 2016 performance includes the pre-acquisition data for the properties acquired in 2016, which was obtained from third-parties including previous owners.

(Note 2) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

$$\text{room occupancy rate} = \frac{\text{total number of rooms occupied during the relevant period}}{\text{aggregate number of rooms during the relevant period} \times \text{number of business days during target period}}$$

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

(Note 4) "RevPAR", or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms for the same period (rooms x number of days), and is the same figure as that of a product of ADR and occupancy rate.

(Note 5) Figures for January 2017 are stated.

(Note 6) Figures for January 2016 are stated.

(Note 7) Based on 66 residential properties owned as of the beginning of January 2016. Current portfolio consists of 68 residential properties, and the occupancy rate for the entire residential portfolio is 94.5% as of the end of January 2017.

(Note 8) Percentages are rounded to one decimal place. ADR and RevPAR are rounded to the nearest yen and Gross Revenue is rounded down to the nearest million yen.

(Note 9) For the details of performance for each asset, please visit INV's website:
<http://www.invincible-inv.co.jp/eng/cms/review.html>

(Note 10) Cumulative occupancy rate for residential portfolio is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month and the percentages are rounded to one decimal place. Cumulative rent per tsubo is calculated by dividing the total rental revenue including common area charges for each month by the sum of total leasable area at the end of each month.

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

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