

To All Concerned Parties

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Invincible Investment Corporation

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Performance Update for November 2016

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

1. Hotel Assets Overview

The hotel portfolio performance for the month of November 2016 (year-on-year) was impacted by day formation (reduced number of weekday holidays), an increase in hotel supply in Tokyo in the limited-service-hotel segment and poor weather. As a result, occupancy, ADR, and RevPAR decreased by 0.6pt., 5.6%, and 6.2% respectively. The performance has been weaker than expected for the December 2016 fiscal period to date (from July to November 2016), with declines in occupancy, ADR and RevPAR of 0.7pt., 0.7%, and 1.4% respectively compared to the same period last year.

(Note) Based on properties stated in “4. Performance (Note 1)” below.

2. Residential Assets Overview

The residential portfolio recorded a high occupancy rate of 94.5% as of the end of November 2016 and 94.6% for the July to November 2016 period. The rent increase program continues to maintain progress as rents, compared with immediately preceding leases, increased by 1.5% for new leases and 0.9% for renewal leases while the retention rate for existing tenants was 84.1% from July to November 2016. In total, new leases and renewal leases combined for an increase of 1.2%. NOI increased by 3.8% for the month of November 2016 (year-on-year), and increased by 4.5% for the December 2016 fiscal period to date compared to the same period last year.

(Note) Based on properties stated in “4. Performance (Note 7)” below; provided, however, that the rent increase and retention

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rate are based on 68 residential properties held by INV at the end of November 2016.

3. Hotel and Residential Assets Overview

The combined NOI for the hotel and residential portfolio decreased by 0.6% for the December 2016 fiscal period to date compared to the same period last year.

(Note) Based on properties stated in "4. Performance (Note 1)" and "(Note 7)" below.

4. Performance

(1) Hotel Portfolio¹

| | Fiscal period ending December 2016 Cumulative ² (A) | Fiscal period ended December 2015 Cumulative ³ (B) | Difference (A - B) | YoY Change |
|-----------------------------|---|--|--------------------|------------|
| Occupancy Rate ⁴ | 91.6% | 92.2% | -0.7pt | -0.7% |
| ADR (JPY) ⁵ | 9,921 | 9,989 | -68 | -0.7% |
| RevPAR (JPY) ⁶ | 9,083 | 9,214 | -131 | -1.4% |
| Gross Revenue (JPY million) | 9,747 | 9,816 | -69 | -0.7% |
| # of Properties | 36 | 36 | — | — |

| | November 2016 (C) | November 2015 (D) | Difference (C - D) | YoY Change |
|-----------------------------|----------------------|----------------------|--------------------|------------|
| Occupancy Rate ⁴ | 90.2% | 90.8% | -0.6pt | -0.7% |
| ADR (JPY) ⁵ | 9,877 | 10,460 | -583 | -5.6% |
| RevPAR (JPY) ⁶ | 8,907 | 9,499 | -592 | -6.2% |
| Gross Revenue (JPY million) | 1,895 | 1,979 | -84 | -4.3% |
| # of Properties | 36 | 36 | — | — |

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(2) Residential Portfolio⁷

| | Fiscal period ending December 2016 Cumulative ² (A) | Fiscal period ended December 2015 Cumulative ³ (B) | Difference (A – B) | YoY Change |
|----------------------|---|--|--------------------|------------|
| Occupancy Rate | 94.6% | 95.2% | -0.6pt | -0.6% |
| Rent per Tsubo (JPY) | 10,143 | 9,945 | 198 | +2.0% |
| # of Properties | 63 | 63 | — | — |

| | November 2016 (C) | November 2015 (D) | Difference (C – D) | YoY Change |
|----------------------|----------------------|----------------------|--------------------|------------|
| Occupancy Rate | 94.5% | 95.9% | -1.4pt | -1.5% |
| Rent per Tsubo (JPY) | 10,232 | 9,996 | 237 | +2.4% |
| # of Properties | 63 | 63 | — | — |

(Note 1) Based on 36 hotel properties; of the 48 hotel properties in our portfolio as of November 2016, 9 hotels with fixed-rent lease agreements as well as 3 hotels, which were renovated during the period from January 2015 to November 2016, are 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. In addition, 3 renovated hotels include D 43 Hotel MyStays Gotanda Station (closed due to renovation from March 1, 2015 to November 24, 2015), D38 Hotel MyStays Shinsaibashi (renovated from January 25, 2015 to March 31, 2015), and D01 Hotel MyStays Kanda (renovated from May 20, 2016 to August 22, 2016). Furthermore, the 2015 performance includes the pre-acquisition data for the properties acquired in 2015 and 2016, which was obtained from third-parties including previous owners.

(Note 2) Cumulative figures from July 2016 to November 2016 are stated.

(Note 3) Cumulative figures from July 2015 to November 2015 are stated.

(Note 4) “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 5) “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 6) “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 7) Based on 63 residential properties owned as of the beginning of July 2015. Current portfolio consists of 68 residential properties, and the occupancy rate for the entire residential portfolio is 95.6% in November 2016.

(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>

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(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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