

To All Concerned Parties

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Performance Update for December 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 December 2016 (year-on-year) has shown ADR and RevPAR growth of 3.6% and 2.4% respectively and a decline in occupancy by 1.0pt. The performance for the December 2016 fiscal period (from July to December 2016) is as follows: ADR remained flat and occupancy and RevPAR decreased by 0.7pt and 0.8% respectively compared to the same period of the previous year.

(Note) Based on 36 hotel properties stated in “4. Performance” below.

2. Residential Assets Overview

The residential portfolio occupancy rate as of the end of December 2016 was 93.4% and decreased by 2.4pt year-on-year. The average occupancy rate for the December 2016 fiscal period was 94.4% and declined by 0.9pt compared to the same period of the previous year. The rent increase program continues to maintain progress as average rent per tsubo as of the end of December 2016 and the December 2016 fiscal period increased by 1.2% and 1.7% respectively year-on-year. Rents, compared with immediately preceding leases, increased by 1.5% across all new leases, 1.0% across all renewal leases and 1.2% across all combined new and renewal leases for the December 2016 fiscal period. The retention rate for existing tenants remained high at 83.7% for the December 2016 fiscal period. NOI increased by 1.5% for the month of December 2016 year-on-year, and increased by 3.8% for the December 2016 fiscal period compared to the same period of the previous year.

(Note) Based on 63 residential properties stated in “4. Performance” below; provided, however, that the rent increase and retention rate are based on 68 residential properties held by INV at the end of December 2016.

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

3. Hotel and Residential Assets Overview

The combined NOI for the hotel and residential portfolio decreased by 1.0% for the December 2016 fiscal period to date compared to the same period of the previous year.

(Note) Based on 36 hotel properties and 63 residential properties stated in "4. Performance" below.

4. Performance

(1) Hotel Portfolio¹

	December 2016 (A)	December 2015 (B)	Difference (A - B)	YoY Change
Occupancy Rate ²	87.4%	88.4%	-1.0pt	-1.2%
ADR (JPY) ³	9,650	9,316	+334	+3.6%
RevPAR (JPY) ⁴	8,432	8,237	+195	+2.4%
Gross Revenue (JPY million)	1,792	1,739	+53	+3.0%
# of Properties	36	36	—	—

	Fiscal period ending December 2016 Cumulative ⁵ (C)	Fiscal period ended December 2015 Cumulative ⁶ (D)	Difference (C - D)	YoY Change
Occupancy Rate ²	90.8%	91.6%	-0.7pt	-0.8%
ADR (JPY) ³	9,877	9,880	-3	-0.0%
RevPAR (JPY) ⁴	8,973	9,049	-76	-0.8%
Gross Revenue (JPY million)	11,530	11,555	-25	-0.2%
# of Properties	36	36	—	—

(2) Residential Portfolio⁷

	December 2016 (A)	December 2015 (B)	Difference (A - B)	YoY Change
Occupancy Rate	93.4%	95.8%	-2.4pt	-2.5%
Rent per Tsubo (JPY)	10,138	10,022	+116	+1.2%
# of Properties	63	63	—	—

	Fiscal period ending December 2016 Cumulative ⁵ (C)	Fiscal period ended December 2015 Cumulative ⁶ (D)	Difference (C - D)	YoY Change
Occupancy Rate	94.4%	95.3%	-0.9pt	-0.9%
Rent per Tsubo (JPY)	10,123	9,957	+165	+1.7%
# of Properties	63	63	—	—

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- (Note 1) Based on 36 hotel properties; of the 48 hotel properties in our portfolio as of December 2016, 9 hotels with fixed-rent lease agreements as well as 3 hotels, which were renovated during the period from January 2015 to December 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 D38 Hotel MyStays Shinsaibashi (renovated from January 25, 2015 to March 31, 2015), D 43 Hotel MyStays Gotanda Station (closed due to renovation from March 1, 2015 to November 24, 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) “Occupancy Rate” for hotel portfolio is calculated using the following formula:
room occupancy rate = total number of rooms occupied during the relevant period ÷ (aggregate number of rooms during the relevant period x 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) Cumulative figures from July 2016 to December 2016 are stated.
- (Note 6) Cumulative figures from July 2015 to December 2015 are stated.
- (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 94.7% in December 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>
- (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>