

[For Information Purpose Only]

May 25, 2017

To All Concerned Parties

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## **Performance Update for April 2017**

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<sup>1</sup> performance for the month of April 2017 (year-on-year) has shown growth in occupancy, ADR and RevPAR by 1.3pt, 0.3% and 1.7% respectively, as a result of a shift in tourism demand from late March to early April due to factors such as (i) unseasonal weather that pushed the cherry blossom season back later than last year and (ii) the timing of Easter holidays was in April this year compared to March 2016. Foreign arrivals continue to hit record levels, as April inbound figures reached an all-time high of 2.57 million (+23.9% year-on-year)<sup>2</sup>. The preceding factors more than offset the unfavorable calendar effect in which there was a three-day weekend in April 2016 but not in April 2017.

The cumulative performance for the June 2017 fiscal period (January to April 2017) is as follows: occupancy, ADR and RevPAR decreased by 0.7pt, 0.1% and 0.8% respectively compared to the same period of the previous year.

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

(Note 2) Source: Japan National Tourism Organization

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## 2. Residential Assets Overview

The residential portfolio<sup>1</sup> occupancy rate as of the end of April 2017 was 95.0% (-0.3pt year-on-year). The rent increase program continues to maintain progress as average rent per subunit as of the end of April 2017 increased by 0.8% year-on-year.

Rents, compared with immediately preceding leases, increased by 2.7% across all new leases, 1.9% across all renewal leases and 2.3% across all combined new and renewal leases for the June 2017 fiscal period (cumulative).

INV achieved a rent increase for 49.0% of contract renewals, which is an increase of 9.9pt compared to 39.1% for the previous calendar year. The retention rate for existing tenants remained high at 81.9% for the June 2017 fiscal period. While the rent increase program increased rental revenues by 0.5% in April 2017 year-on-year, NOI<sup>2</sup> decreased by 1.8% as expenses related to leasing activities have increased due to an increase in new lease contracts. However, NOI increased by a solid 0.6% for the June 2017 fiscal period compared to the same period of the previous year.

(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 70 residential properties held by INV at the end of April 2017.

(Note 2) 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 portfolio<sup>1</sup> increased by 1.0% for the June 2017 fiscal period to date.

(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.

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## 4. Performance

### (1) 38 Hotel Properties<sup>1</sup>

	April 2017 (A)	Same month of the previous year (B)	Difference (A - B)	YoY Change
Occupancy Rate <sup>2</sup>	92.5%	91.2%	+1.3pt	+1.4%
ADR (JPY) <sup>3</sup>	10,414	10,385	+30	+0.3%
RevPAR (JPY) <sup>4</sup>	9,635	9,472	+163	+1.7%
Gross Revenue (JPY million)	2,100	2,052	+48	+2.4%
# of Properties	38	38	—	—

	Fiscal period ending June 2017 Cumulative <sup>5</sup> (C)	Same period of the previous year <sup>6</sup> (D)	Difference (C - D)	YoY Change
Occupancy Rate <sup>2</sup>	88.9%	89.6%	-0.7pt	-0.8%
ADR (JPY) <sup>3</sup>	9,279	9,284	-5	-0.1%
RevPAR (JPY) <sup>4</sup>	8,251	8,320	-70	-0.8%
Gross Revenue (JPY million)	7,278	7,263	+15	+0.2%
# of Properties	38	38	—	—

### (2) 66 Residential Properties<sup>7</sup>

	April 2017 (A)	Same month of the previous year (B)	Difference (A - B)	YoY Change
Occupancy Rate	95.0%	95.3%	-0.3pt	-0.3%
Rent per Tsubo (JPY)	10,102	10,023	+79	+0.8%
# of Properties	66	66	—	—

	Fiscal period ending June 2017 Cumulative <sup>5</sup> (C)	Same period of the previous year <sup>6</sup> (D)	Difference (C - D)	YoY Change
Occupancy Rate	94.6%	95.9%	-1.3pt	-1.4%
Rent per Tsubo (JPY)	10,003	9,913	+90	+0.9%
# of Properties	66	66	—	—

(Note 1) Based on 38 hotel properties; of the 48 hotel properties in our portfolio as of the end of April 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 Tokyo REI Hotel. Furthermore, the 2016 performance includes the pre-acquisition data for the

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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:  
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 as product of room occupancy rate and ADR.
- (Note 5) Cumulative figures from January 2017 to April 2017 are stated.
- (Note 6) Cumulative figures from January 2016 to April 2016 are stated.
- (Note 7) Based on 66 residential properties owned as of the beginning of January 2016. Portfolio consists of 70 residential properties, and the occupancy rate for the entire residential portfolio is 95.6%, as of the end of April 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>