





Invincible Investment Corporation
Portfolio Rebalance

TSE Code : 8963

February 5, 2018

- Portfolio rebalance, acquiring four Hotels from the Sponsor at a 6.2%¹ appraisal NOI cap rate, using the proceeds from the sale of nine assets (six Residential and three Office properties) at a 4.2%² NOI cap rate
- The nine properties sold were at a ¥2,048 million or 26.6% premium to book value³ and a ¥1,275 million or 15.1% premium to appraisal value³
- This is a further step by Invincible in recycling its capital into higher yielding assets on an accretive basis for its unitholders without issuing new equity or debt

Acquisition	Total of 4 Hotels		Hotel MyStays Yokohama Kannai	Art Hotel Joetsu	Art Hotel Hirosaki City	Hotel MyStays Oita
	Anticipated Acquisition Price	¥12,425 million				
	Appraisal Value	¥12,550 million				
	Appraisal NOI ¹ (NOI Yield)	¥767 million (6.2%)				
	Appraisal NOI After Depreciation ¹ (NOI Yield)	¥497 million (4.0%)				
(Anticipated Acquisition date : February 7, 2018)						

Disposition	Total of 6 Residential Assets & 3 Offices							
	Sales Price	¥9,746 million				(6 Residential Assets) 1. Harmonie Ochanomizu 2. Growth Maison Ikebukuro 3. Capital Heights Kagurazaka 4. Casa Eremitaggio 5. Lexel Mansion Ueno Matsugaya 6. Sun Terrace Minami-Ikebukuro		
	Book Value ^{3,4}	¥7,697 million						
	Gain on Sales ⁴	¥1,871 million						
	NOI ² (NOI Yield)	¥411 million (4.2%)				(3 Offices) 1. Shinjuku Island 2. Cross Square NAKANO 3. Ohki Aoba Building		
NOI After Depreciation ² (NOI Yield)	¥307 million (3.2%)							

**After
Acquisition
and
Disposition**

**Estimated Increased NOI⁵
(After Depreciation)
for full year**

:

**+ ¥190 million
(+ ¥38 per unit⁶)**

(Note 1) Appraisal NOI of the properties anticipated to be acquired is based on the total NOI derived from the direct capitalization method stated in the appraisal reports on the valuation date of January 1, 2018. The appraisal NOI after depreciation is calculated by deducting the depreciation amount from the Appraisal NOI. The depreciation amount is based on the estimate by CIM. Appraisal NOI Yield is calculated by dividing the NOI by the total of Anticipated Acquisition Price

(Note 2) NOI (after depreciation) of the sold properties is based on actual NOI from July 1, 2016 to June 30, 2017. NOI (after depreciation) is calculated by deducting the depreciation amount from NOI. NOI yield is calculated by dividing the NOI by the sales price

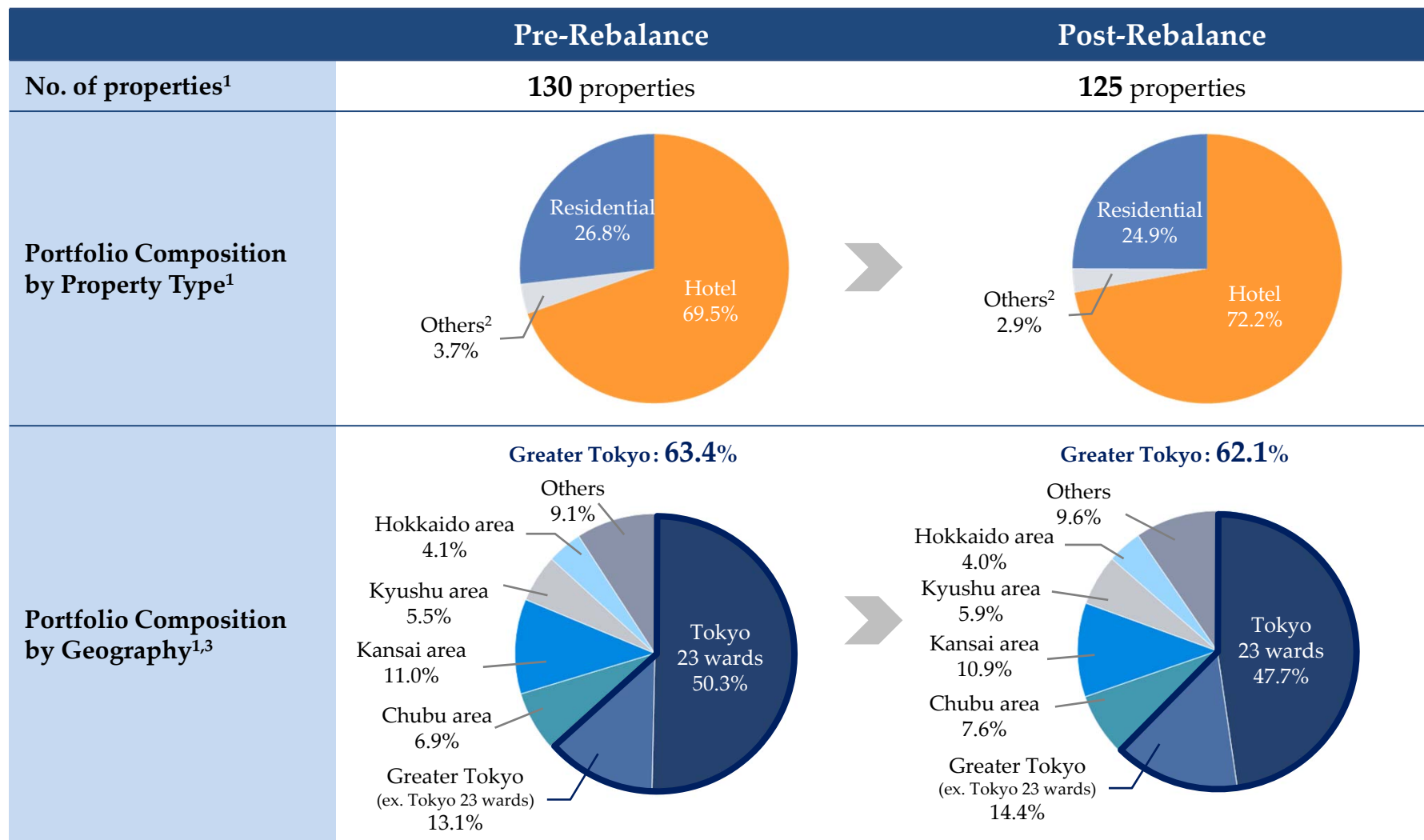
(Note 3) Based on book value as of June 30, 2017. The difference between the sales price and book value indicates estimate for reference purpose and are not coincident with a gain on sale

(Note 4) Planned or Estimated as of today, which is subject to change

(Note 5) The difference of total appraisal NOI after depreciation of the Four Hotel Properties and total actual NOI after depreciation for the Nine Sold Assets

(Note 6) Calculated by dividing the difference above by the total number of investment units issued and outstanding as of today (4,793,181 units). This figure does not show the actual impact on distribution per unit, and INV does not guarantee that such amount will increase in the distribution amount per unit.

- The anticipated acquisition of four hotels is consistent with recently acquired hotels in that all four are managed by MyStays and further diversifies the geographic footprint



(Note 1) Based on (anticipated) acquisition price. Preferred equity interest in the JV TMK which holds Sheraton Grande Tokyo Bay Hotel (SGTB) is counted as one hotel property in Greater Tokyo based on the property type and location of SGTB for Invincible's portfolio. Calculated by applying the anticipated amount of preferred equity contribution by Invincible to the JV TMK for the acquisition price of SGTB in Invincible's portfolio

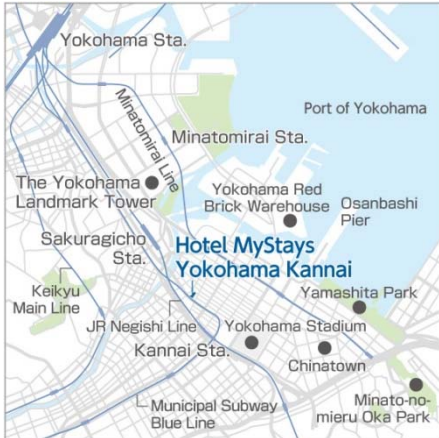
(Note 2) "Others" includes Offices, Commercial facilities and Parking lots

(Note 3) Defined as follows: "Greater Tokyo" is Tokyo, Kanagawa, Chiba and Saitama. Greater Tokyo (ex. Tokyo 23 wards) is Tokyo (ex. Tokyo 23 Wards), Kanagawa, Chiba and Saitama. Kansai area is Osaka, Hyogo, Kyoto, Shiga, Wakayama and Nara. Chubu area is Aichi, Gifu, Mie, Shizuoka, Nagano, Yamanashi, Niigata, Toyama, Ishikawa and Fukui.

Hotel MyStays Yokohama Kannai

Characteristics

- Newly opened in October 2016, the stylish hotel is a one minute walk to Kannai Station and five minutes by train to Yokohama Station
- Yokohama Stadium and well-known Chinatown are within walking distance, and are popular attractions for both local and overseas guests
- Kannai is the heart of the government and commercial area of Yokohama, encompassing the old districts of Bashamichi and Yamashita Park

Address	5-67-1 Onoecho, Naka-ku, Yokohama-shi, Kanagawa
Access	1 minute walk from Kannai Station (Yokohama Municipal Subway Blue Line) 4 minute walk from Kannai Station (JR Keihin-Tohoku Line) 5 minute walk from Bashamichi Station (Minatomirai Line)
Completion Date	August 2016
No. of Rooms	165 rooms
Rentable Space	4,501.18 m ²
Land Area	519.32 m ²
Map	



Hotel KPI (2017 Actual)

Occupancy	ADR	RevPAR	NOI
93.6%	¥ 9,069	¥ 8,485	¥ 251 mn

Characteristics

- This 198 room hotel offers a variety of services to fit the needs of business or leisure travelers alike, with conference space, a wedding chapel, beer garden, two restaurants, concierge and massage services
- Cultural attractions include a visit to Takada Castle and the Rinsen-ji Temple, or enjoy a day at Joetsu Municipal Aquarium

Address	5-1-11 Honcho, Joetsu-shi, Niigata
Access	4 minute walk from Takada Station (Myoko-Haneuma-Line) 15 minutes by car from Joetsu Takada I.C. (Joshinetsu Expressway)
Completion Date	November 1993
No. of Rooms	198 rooms
Rentable Space	7,563.60 m ²
Land Area ¹	3,321.81 m ²
Map	



Hotel KPI (2017 Actual)

Occupancy	ADR	RevPAR	NOI
74.8%	¥ 7,552	¥ 5,646	¥ 217 mn

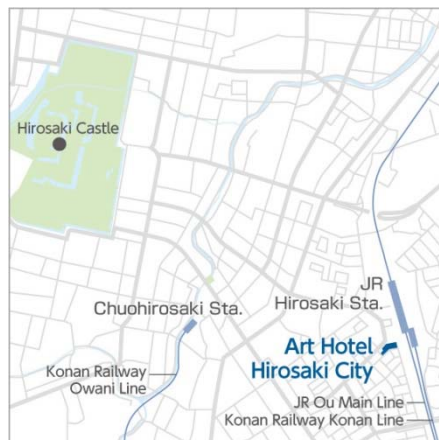
(Note 1) In addition, rights of Leasehold will be acquired for parking lot (6 land lots, sum of 591.7 m²) Further, the rent for the leasehold (approximately JPY 6 million per annum) will be paid by the operator of this property, and the GOP of the hotel operation will be reduced in the corresponding amount.

Characteristics

- Located in northern Japan's beautiful Hirosaki City, the hotel offers a wide variety of room types, with ample space for travelling families
- The hotel is situated directly opposite JR Hirosaki Station, providing easy access from both Aomori Station and Shin-Aomori Station which connects to Tokyo Station by bullet train
- Guests can enjoy the cherry blossoms at Hirosaki Park, the Hirosaki Neputa Festival, Hirosaki Castle, Lake Towada as well as the UNESCO World Natural Heritage Sight Shirakami Sanchi

Address	1-1-2 Omachi, Hirosaki-shi, Aomori
Access	1 minute walk from JR Hirosaki Station (JR Ou Main Line and Konan Railway Konan Line) 15 minutes by car from Owani/Hirosaki I.C. (Tohoku Expressway)
Completion Date	August 1989
Renovation Date	March 2008
No. of Rooms	134 rooms
Rentable Space	14,826.30 m ²
Land Area ¹	3,195.86 m ²

Map



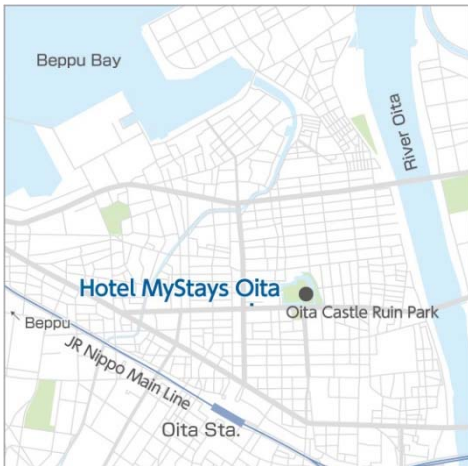
Hotel KPI (2017 Actual)

Occupancy	ADR	RevPAR	NOI
77.6%	¥ 8,993	¥ 6,980	¥ 196 mn

(Note 1) Indicates the total land area. INV will acquire co-ownership interest at one of the lots

Characteristics

- Conveniently located an 10 minute walk from Oita Station, on the coast of Kyushu Island
- The hotel features high ceilings and large windows providing spatial comfort
- A short 11 minute train ride to the famous Beppu Onsen (hot springs) area, where visitors can relax and enjoy as many as eight different springs
- Popular tourist attractions such as Takasakiyama Natural Zoo and the Oita Marine Palace Aquarium Umitamago offers over 90 types of marine life and is great for all ages

Address	1-32 Niagemachi, Oita-shi, Oita
Access	10 minute walk from Oita Station (JR Nippo Line, Kyudai Main Line and Hohi Main Line) 15 minute by car from Oita I.C. (Oita Expressway)
Completion Date	July 2007
No. of Rooms	145 rooms
Rentable Space ¹	3,254.69m ²
Land Area	537.96 m ²
Map	

(Note 1) The Property has parking facilities of 38.68 square meters besides the main hotel building.



Hotel KPI (2017 Actual)

Occupancy	ADR	RevPAR	NOI
86.4%	¥ 5,898	¥ 5,097	¥ 108 mn

- Robust pipeline of 26 assets provides opportunity for growth and stability, even after the anticipated acquisition

Properties Covered by the MOU^{1,2}

■ Hotels *the anticipated acquisition

No.	Property name	Location	Type ³	No. of Rooms	Status	Renovation Completion
* 1	Hotel MyStays Yokohama Kannai	Yokohama, Kanagawa	Limited	165	In Operation	-
* 2	Art Hotel Joetsu	Joetsu, Niigata	Full	198	In Operation	-
* 3	Art Hotel Hirosaki City	Hirosaki, Aomori	Full	134	In Operation	-
* 4	Hotel MyStays Oita	Oita, Oita	Limited	145	In Operation	-
1	Hotel MyStays Premier Akasaka	Minato-ku, Tokyo	Limited	327	In Operation	-
2	Rihga Royal Hotel Kyoto	Kyoto, Kyoto	Full	489	In Operation	-
3	Hotel MyStays Premier Narita	Narita, Chiba	Full	706	In Operation	Jan 2018
4	Hotel MyStays Premier Sapporo Park	Sapporo, Hokkaido	Full	418	In Operation	-
5	Fusaki Resort Village	Ishigaki, Okinawa	Resort	195	In Operation	-
6	Art Hotel Asahikawa	Asahikawa, Hokkaido	Full	265	In Operation	-
7	Hotel MyStays Kanazawa Castle	Kanazawa, Ishikawa	Limited	206	In Operation	-
8	Hotel MyStays Matsuyama	Matsuyama, Ehime	Full	161	In Operation	Nov 2017
9	Hotel MyStays Ueno East	Taito-ku, Tokyo	Limited	150	In Operation	-
10	Hotel MyStays Midosuji Honmachi	Osaka, Osaka	Limited	120	In Operation	Nov 2017
11	Hotel Mystays Sapporo Nakajima Park	Sapporo, Hokkaido	Limited	86	In Operation	-
12	Flexstay Inn Sakuragicho	Yokohama, Kanagawa	Limited	70	In Operation	-
13	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Limited	161	In Operation	-
14	Hotel MyStays Fuji	Fujiyoshida, Yamanashi	Resort	159	In Operation	-
15	Hotel Nord Otaru	Otaru, Hokkaido	Limited	98	In Operation	-
16	Hotel Sonia Otaru	Otaru, Hokkaido	Limited	94	In Operation	-
17	Art Hotel Niigata Station	Niigata, Niigata	Full	304	In Operation	-

■ Residential properties

No.	Property name	Location	No. of Apartment Units
18	Gran Charm Hiroo	Shibuya-ku, Tokyo	121
19	Plestay Win Kinshicho	Sumida-ku, Tokyo	92
20	Gran Charm Kichijoji	Musashino, Tokyo	28
21	Green Patio Noda	Noda, Chiba	240
22	Dainichi F-45	Urayasu, Chiba	54
23	Gran Charm Urayasu	Urayasu, Chiba	54
24	Gran Charm Urayasu 5	Urayasu, Chiba	54
25	Gran Charm Minami Gytoku I	Ichikawa, Chiba	52
26	Gran Charm Minami Gytoku II	Ichikawa, Chiba	48

No. of Hotel Rooms⁴

4,009

No. of Apartment Units

743

(Note 1) MOU providing preferential negotiation rights

(Note 2) We do not intend to acquire any of the properties listed above as of the date of this material and there is no assurance that we will acquire any of these properties in the future

(Note 3) "Limited" refers to "Limited Service Hotel", "Full" refers to "Full Service Hotel", and "Resort" refers to "Resort Hotel"

(Note 4) Based on the properties after anticipated acquisition

MyStays Uniquely Caters to Inbound Tourists



MYSTAYS HOTEL MANAGEMENT CO., LTD.

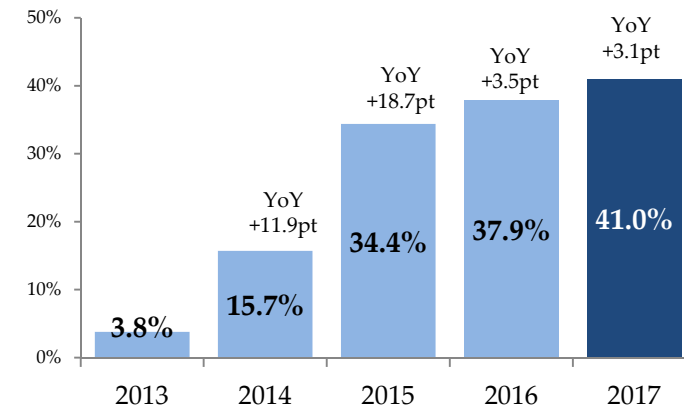
Foreign Guest-friendly Features

- MyStays website and guest relations offer 5 languages: Japanese, English, Chinese (Simplified), Chinese (Traditional), and Korean
- Front desks are usually multi-lingual staffed

Online Presence

- Contracted with new vendors to renew website and booking engine
- Implementing new CRM program and plan to start customer loyalty program

Increased revenue from foreign guests¹



Major Recent Initiatives to Capitalize on Updated Customer Preferences & Market Trends

Non-smoking Rooms

RevPAR has increased by 5.4%² on average. 650 rooms were converted to non-smoking rooms, reflecting customer preferences



Hotel MyStays Hamamatsucho

Revenue Management Expertise

- Manage and monitor overbooking curves through the use of algorithms to increase occupancy and compensate for increased cancellations
- Increased 99%+ occupied nights from 1,171 to 1,658 YoY for 2017³
- Implementation of new AI revenue management software

Extensive Online Marketing

- Affiliate marketing program with CTBC Bank Co., Ltd. (Taiwan's largest credit card issuer)
- Joint marketing programs with Hong Kong Airlines and ANA / Union Pay



CTBC campaign

Robot Concierge Service

Introduction of multi-language robot concierge service at 3 hotels in Tokyo from July 2017, representing a synergy with SoftBank Group



Humanoid Robot 'Pepper'

(Note 1) Overseas Sales Ratio refers to the sales revenue booked through overseas Online Travel Agents as a percent of the total room revenue, and is calculated based on the 29 hotels out of the 41 hotels managed by MHM for Invincible's portfolio as of the end of 2017, and does not include the following 12 hotels which have no data for the period from 2013 through 2017 due to rebrand etc. (Excluded properties: Hotel MyStays Nagoya-Sakae, Hotel MyStays Haneda, Hotel MyStays Utsunomiya, Hotel MyStays Gotanda Station, Hotel Epinard Nasu, Hotel MyStays Hamamatsucho, Hotel MyStays Premier Kanazawa, Hotel MyStays Premier Hamamatsucho, Hotel MyStays Dojima, Hotel MyStays Shin-osaka CC, Hotel MyStays Premier Omori, Beppu Kamenoi Hotel, Hotel MyStays Sapporo Station)

(Note 2) Based on the hotels owned by Invincible as of the end of December 2017 that completed such conversion by the end of December 2017, and have both smoking room and non-smoking room after such conversion. The percentage is calculated by comparing (i) with (ii); (i) the average of the RevPAR from March 2017 to December 2017 of smoking room multiplied by the number of rooms converted at each hotel (ii) the average of RevPAR for the same term of non-smoking room multiplied by the same number of rooms at each hotel

(Note 3) Based on 35 hotel properties; of the 41 MHM operating hotels owned by INV as of the end of December 2017, excluding properties that include the period under renovation in 2016 or 2017

- SoftBank, including its group companies, focuses on multiple telecommunication and technology fields including advanced telecommunications, internet services, AI (artificial intelligence), smart robotics, IoT and clean energy technology providers. SoftBank has 68,402 employees globally¹
- MyStays and SoftBank are working to introduce SoftBank's Pepper robot to MyStays hotels in order to sign up more MyStays members and provide multilingual concierge services such as introducing hotel services and local attractions
- MyStays and SoftBank are discussing other areas of potential cooperation around AI, robotics, and marketing

Introduction of Pepper as remote concierge in MyStays hotels

- Pepper was introduced in three MyStays hotels from July 2017
- Pepper provides multilingual concierge services



(Note 1) As of March 31, 2017

Major Companies in SoftBank Group



- Sprint Corporation
- Yahoo Japan Corporation
- Brightstar Corp.
- SoftBank Commerce & Service Corp.
- Arm Holdings plc
- SoftBank Vision Fund L.P.

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