Invincible Investment Corporation

[For Information Purpose Only]

July 25, 2017

To All Concerned Parties

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Performance Update for June 2017

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

1. Hotel and Residential Assets Overview

The combined NOI for the hotel and residential portfolio[1] increased by 2.0% for the June 2017 fiscal period to date, which is in line with the guidance provided in the press release "Notice concerning Revision of Forecast of Financial Results and Distribution for the 28th Fiscal Period Ending June 2017 and the 29th Fiscal Period Ending December 2017" on May 25, 2017.

(Note 1) Based on 40 hotel properties and 70 residential properties stated in "4. Performance (1) 40 Hotel Properties" and "(2) 70 Residential Properties" below.

2. Hotel Assets Overview

The hotel portfolio[1] performance for the month of June 2017 (year-on-year) has shown declines in occupancy, ADR and RevPAR of 1.1pt, 1.5% and 2.8% respectively. Although the regional hotels in Nasu, Utsunomiya, Fukuoka and Hakodate achieved strong performance, the weakness was mainly impacted by fewer domestic and international conferences held in Kyoto in June 2017 compared to the same period last year.

The cumulative performance for the June 2017 fiscal period (January to June 2017) is as follows: ADR increased by 0.7%, occupancy and RevPAR decreased by 0.8pt and 0.2% respectively compared to the same period in the previous year.

(Note 1) Based on 40 hotel properties stated in "4. Performance (1) 40 Hotel Properties" below.

This English language notice is a translation of the Japanese-language notice released on July 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. Residential Assets Overview

The residential portfolio[1] occupancy rate as of the end of June 2017 was 94.6% (-1.2pt year-on-year). The rent increase program continues to maintain progress as average rent per tsubo as of the end of June 2017 increased by 2.3% year-on-year.

Rents, compared with immediately preceding leases, increased by 3.2% across all new leases, 2.1% across all renewal leases and 2.6% across all combined new and renewal leases for the June 2017 fiscal period (cumulative).

INV achieved a rent increase for 51.2% of contract renewals (June 2017 fiscal period cumulative), which is an increase of 12.1pt compared to 39.1% for the previous calendar year. The retention rate for existing tenants remained high at 81.0% for the June 2017 fiscal period (cumulative). NOI[2] increased by 5.9% for the month of June 2017 year-on-year, and increased by 2.4% for the June 2017 fiscal period (cumulative) compared to the same period in the previous year, as a result of the rent increase program and reduction in repair and restoration costs.

(Note 1) Based on 70 residential properties stated in "4. Performance (2) 70 Residential Properties" below.

(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.

4. Performance

(1) 40 Hotel Properties[1]

	June 2017 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate[2]	88.9%	90.1%	-1.1pt	-1.2%
ADR (JPY)[3]	8,377	8,509	-131	-1.5%
RevPAR (JPY)[4]	7,451	7,663	-211	-2.8%
Gross Revenue (JPY million)	1,783	1,799	-6	-0.8%
# of Properties	40	40	—	—

	Fiscal period ending June 2017 Cumulative[5] (C)	Same period of the previous year[6] (D)	Difference (C－D)	YoY Change
Occupancy Rate[2]	89.0%	89.8%	-0.8pt	-0.9%
ADR (JPY)[3]	9,345	9,282	+62	+0.7%
RevPAR (JPY)[4]	8,320	8,338	-18	-0.2%
Gross Revenue (JPY million)	11,510	11,472	+37	+0.3%
# of Properties	40	40	—	—

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(2) 70 Residential Properties[7]

	June 2017 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate	94.6%	95.8%	-1.2pt	-1.3%
Rent per Tsubo (JPY)	9,685	9,464	+220	+2.3%
# of Properties	70	70	—	—

	Fiscal period ending June 2017 Cumulative[5] (C)	Same period of the previous year[6] (D)	Difference (C－D)	YoY Change
Occupancy Rate	95.2%	96.1%	-0.9pt	-1.0%
Rent per Tsubo (JPY)	9,595	9,440	+154	+1.6%
# of Properties	70	70	—	—

(Note 1) Based on 40 hotel properties; of the 49 hotel properties in our portfolio as of the end of June 2017, 9 hotels with fixed-rent lease agreements 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. 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:
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 June 2017 are stated.

(Note 6) Cumulative figures from January 2016 to June 2016 are stated.

(Note 7) Based on 70 residential properties owned as of the end of June 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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