Invincible Investment Corporation

[For Information Purpose Only]

November 26, 2018

To All Concerned Parties

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Performance Update for October 2018

Invincible Investment Corporation ("INV") hereby announces its monthly performance for hotel and residential assets.

1. Hotel and Residential Assets Overview

The combined NOI for the hotel and residential portfolio[1] for the December 2018 fiscal period (July to October) increased by 1.4% year-on-year.

2. Hotel Assets Overview

The hotel portfolio[2] performance for the month of October 2018 has shown an increase in ADR of 0.6%, a decrease in occupancy of 0.3pt., and an increase in RevPAR of 0.3% year-on-year.

Kansai and Hokkaido, the two regions that were negatively impacted by separate natural disasters in September 2018, have both shown a continual recovery. Notably, the November bookings in Hokkaido have returned to previous levels, in part due to a subsidy program introduced by the government in October 2018 to facilitate the recovery in tourism in the quake-hit region.

Aside from these two regions, the rest of the hotel portfolio[3] recorded a RevPAR increase of 3.8% year on year, representing a 0.9pt increase in occupancy and a 2.9% increase in ADR.

Out of the 37 hotels that INV owns in the Greater Tokyo (Tokyo, Kanagawa, Chiba and Saitama) area, the 34 hotels with variable rent continue to perform very well with an increase in RevPAR of 5.9%, occupancy growth of 1.5pt and ADR growth of 4.2%. The Greater Tokyo area continues to perform well due to the enforcement of Minpaku regulations since June 2018. Out of INV's total assets, these 37 hotels in Greater Tokyo area represent 36.5% of total property NOI[4] for the 2018 based upon forecasted normalized NOI.

The above mentioned hotel performance does not include the performance of the Cayman hotels (the Westin Grand Cayman Seven Mile Beach Resort and Spa and Sunshine Suites

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Resort), although the performance has so far exceed expectations. During October 2018, the Cayman hotels have achieved an occupancy rate, ADR and RevPAR that are 14.7%, 5.3% and 20.8% above last year's results in the same period, respectively.

The October 2018 NOI for the hotel portfolio[1] decreased by 0.4% (year on year) and the cumulative NOI for the December 2018 fiscal period (July to October) increased by 0.3% compared to the same period last year. Excluding disaster affected areas of Kansai and Hokkaido, the October 2018 NOI for the rest of the hotel portfolio increased by 2.5% year-on-year.

3. Residential Assets Overview

The residential portfolio[5] occupancy rate as of the end of October 2018 was 95.8% (+0.9pt year-on-year). The rent increase program continues to show strong results as average rent per tsubo as of the end of October 2018 increased by 2.3% year-on-year.

Rents, compared with immediately preceding leases, increased by 3.3% across all new leases, 5.4% across all renewal leases, and 4.4% across all combined new and renewal leases for the December 2018 fiscal period. INV achieved a rent increase for 55.0% of contract renewals (December 2018 fiscal period), in comparison to 54.2% for the full year 2017 (+0.8pt. year-on-year). The retention rate for the existing tenants continues to be high at 79.2% for the December 2018 fiscal period.

NOI[6] for the residential portfolio increased by 7.2% in October 2018 (year-on-year), and increased by 5.7% for the December 2018 fiscal period (July to October) compared to the same period in 2017. INV's residential portfolio comprises 64 assets and these residential assets represent 18.9% of total property NOI for the 2018 based upon forecasted normalized NOI.

4. Performance

(1) 54 Hotel Properties[2]

	October 2018 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate[7]	91.0%	91.3%	-0.3pt	-0.3%
ADR (JPY)[8]	10,870	10,806	+64	+0.6%
RevPAR (JPY)[9]	9,889	9,862	+27	+0.3%
Gross Revenue (JPY million)[10]	4,913	4,897	+16	+0.3%
# of Properties	54	54	—	—

	Fiscal period ending December 2018 Cumulative[11] (C)	Same period of the previous year[12] (D)	Difference (C－D)	YoY Change
Occupancy Rate[7]	91.1%	91.3%	-0.3pt	-0.3%
ADR (JPY)[8]	11,242	11,060	+182	+1.6%
RevPAR (JPY)[9]	10,236	10,099	+137	+1.4%
Gross Revenue (JPY million)[10]	19,282	18,762	+519	+2.8%

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# of Properties	54	54	—	—

(2) 64 Residential Properties[5]

	October 2018 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate	95.8%	94.9%	+0.9pt	+1.0%
Rent per Tsubo (JPY)	9,812	9,596	+216	+2.3%
# of Properties	64	64	—	—

	Fiscal period ending December 2018 Cumulative[11] (C)	Same period of the previous year[12] (D)	Difference (C－D)	YoY Change
Occupancy Rate[15]	95.4%	94.5%	+0.9pt	+1.0%
Rent per Tsubo[15] (JPY)	9,799	9,600	+199	+2.1%
# of Properties	64	64	—	—

(3) 45 Hotel Properties[12]

	October 2018 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate[7]	91.3%	91.4%	-0.1pt	-0.1%
ADR (JPY)[8]	11,018	10,996	+22	+0.2%
RevPAR (JPY)[9]	10,059	10,045	+14	+0.1%
Gross Revenue (JPY million)[10]	4,222	4,226	-3	-0.1%
# of Properties	45	45	—	—

	Fiscal period ending December 2018 Cumulative[11] (C)	Same period of the previous year[12] (D)	Difference (C－D)	YoY Change
Occupancy Rate[7]	91.3%	91.2%	+0.2pt	+0.2%
ADR (JPY)[8]	11,356	11,185	+170	+1.5%
RevPAR (JPY)[9]	10,372	10,198	+174	+1.7%
Gross Revenue (JPY million)[10]	16,430	15,951	+478	+3.0%
# of Properties	45	45	—	—

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(4) Cayman Hotels

	October 2018 (A)	Same month of the previous year (B)	Difference (A－B)	YoY Change
Occupancy Rate[7]	67.7%	59.0%	+8.7pt	+14.7%
ADR (USD)[8]	210	200	+11	+5.3%
RevPAR (USD)[9]	142	118	+24	+20.8%
Gross Revenue (USD)[10]	4,136,293	3,272,709	+863,584	+26.4%
# of Properties	2	2	—	—

	Fiscal period ending December 2018 Cumulative[12] (C)	Same period of the previous year[13] (D)	Difference (C－D)	YoY Change
Occupancy Rate[7]	72.0%	70.0%	+1.9pt	+2.8%
ADR (USD)[8]	231	161	+70	+43.5%
RevPAR (USD)[9]	166	113	+53	+47.5%
Gross Revenue (USD)[10]	19,253,955	11,707,811	+7,546,144	+64.5%
# of Properties	2	2	—	—

(Note 1) Based on 54 hotel properties and 64 residential properties stated in (Note 2) and (Note 5) below. NOI includes a simulated amount of dividend income from Kingdom TMK (the "TMK") that owns Sheraton Grande Tokyo Bay Hotel as an underlying asset. The fiscal periods of the TMK are semi-annual periods from April 1 to September 30 and from October 1 to March 31 every year, and INV will receive the dividend within three months from the end of each semi-annual fiscal period of the TMK. Since INV does not receive a dividend from the TMK on a monthly basis, the amount of dividend INV receives from the TMK for each month is a simulated figure, which is calculated by deducting (i) simulated expenses such as operating expense of the TMK and the interest of debt (calculated dividing the budget of the TMK for the fiscal period that includes the relevant month by the number of months in such fiscal period) from (ii) NOI based on the performance of Sheraton Grande Tokyo Bay Hotel in the month which is three months before the target month for this performance disclosure and multiplied by INV's ownership ratio of the preferred equity interest in the TMK (49.0%). Moreover, NOI does not include the simulated amount of dividend income from the overseas TK interest that owns the Westin Grand Cayman Seven Mile Beach Resort and Spa and Sunshine Suites Resort as underline assets acquired by INV in September 2018. Furthermore, NOI is provisional figure and subject to change when it is determined at financial closing; hereinafter the same.

(Note 2) Based on 54 hotel properties; of the 64 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) held as of the end of October 2018, 9 hotels with fixed-rent lease agreements and D63 Hotel MyStays Midosuji Honmachi which does not have performance figure for the previous year since it newly opened in December 2017, 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. As for Sheraton Grande Tokyo Bay hotel, NOI is based on the figure for the month which is three months prior to the target month for this performance disclosure as INV will receive the dividend from the TMK within three months of each fiscal period end for the TMK as described above. However, in consideration of seasonality, figures in the table above are based on the figures for October 2018. Moreover, the Westin Grand Cayman Resort and Spa and Sunshine Suites Resorts which are the underlying assets of the overseas TK interest acquired by INV in September 2018 are not included.

(Note 3) Based on 45 hotel properties; of the 54 hotel properties stated in (Note 2) above, 9 hotels located in Kansai region and Hokkaido prefecture are excluded.

(Note 4) NOI for Sheraton Grande Tokyo Bay Hotel includes a simulated amount of dividend income from the TMK. Please refer to (Note 1) above. Moreover, NOI figures before acquisition by INV is based on the data obtained from third-parties including previous owners.

(Note 5) Based on 64 properties held as of the beginning of July 2018.

(Note 6) NOI excludes one-off insurance-related revenues and expenses.

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(Note 7) "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 8) "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 9) "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 10) Gross Revenue of Sheraton Grande Tokyo Bay Hotel used in the table is the whole gross revenue of such hotel, regardless of INV's ownership ratio of the preferred equity interest in the TMK (49.0%)

(Note 11) Figures from July 2018 to October 2018 are stated.

(Note 12) Figures from July 2017 to October 2017 are stated. Figures are based on the assumption that the properties acquired from July 1, 2017 to December 31, 2017 were held as of July 1, 2017, and figures before acquisition by INV is based on the data obtained from third-parties including previous owners.

(Note 13) 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 14) For the details of performance for each asset, please visit INV's website:
http://www.invincible-inv.co.jp/eng/cms/review.html

(Note 15) 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.

(Note 16) 9 hotels properties acquired during January 2018 and August 2018 are excluded from the 54 hotel properties described in (Note 2) above. The 9 hotels are D54 Hotel MyStays Yokohama Kannai, D55 Art Hotel Joetsu, D56 Art Hotel Hirosaki City, D57 Hotel MyStays Oita, D58 Hotel MyStays Gotanda, D59 Hotel MyStays Tachikawa, D60 Hotel MyStays Premier Akasaka, D61 Hotel MyStays Premier Sapporo Park, and D62 Hotel MyStays Ueno East.

Website of INV: http://www.invincible-inv.co.jp/eng

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