

[For Information Purpose Only]

August 22, 2018

To All Concerned Parties

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Performance Update for July 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 portfolio¹ for the month of July 2018 increased by 2.1% year on year.

(Note 1) Based on 51 hotel properties and 64 residential properties stated in “4. Performance (1) 51 Hotel Properties” and “(2) 64 Residential Properties” below.

(Note 2) 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 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%).

2. Hotel Assets Overview

The hotel portfolio¹ performance for the month of July 2018 has shown an increase in occupancy of 0.4 pt., an increase in ADR of 0.4% and an increase in RevPAR of 0.9% year on year. Although some supplies returned to the private lodging operators including Airbnb, hotels located in Tokyo continues to enjoy the benefit of the market which has seen a sharp decline in the supply from private lodging operators after the enforcement of new regulations governing private lodging businesses in June 2018.

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The occupancy, ADR and RevPAR for the 23 hotels INV owns in Tokyo 23 Wards increased by 2.3pt., 3.3% and 5.8% respectively in July 2018 (year on year).

The July 2018 NOI for the hotel portfolio increased by 1.3% (year-on-year)

(Note 1) Based on 51 hotel properties stated in "4. Performance (1) 51 Hotel Properties" below.

3. Residential Assets Overview

The residential portfolio¹ occupancy rate as of the end of July 2018 was 95.1% (+0.5pt year-on-year). The rent increase program continues to show good results as average rent per tsubo as of the end of July 2018 increased by 2.2% year-on-year.

Rents, compared with immediately preceding leases, increased by 4.8% across all new leases, 7.2% across all renewal leases, and 6.4% across all combined new and renewal leases for the month of July 2018.

INV achieved a rent increase for 64.9% of contract renewals (in July 2018), in comparison to 54.2% for the full year 2017 (+10.7pt. year-on-year). The retention rate for the existing tenants continued to be high at 77.6% for the month of July 2018.

NOI² for the residential portfolio increased by 5.0% in June 2018 (year on year).

(Note 1) Based on 64 residential properties stated in "4. Performance (2) 64 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) 51 Hotel Properties¹

	July 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ²	90.8%	90.4%	+0.4pt	+0.5%
ADR (JPY) ³	10,604	10,561	+43	+0.4%
RevPAR (JPY) ⁴	9,632	9,550	+82	+0.9%
Gross Revenue (JPY million) ⁵	4,218	4,115	+103	+2.5%
# of Properties	51	51	—	—

	Fiscal period ending December 2018 Cumulative ⁶ (C)	Same period of the previous year ⁷ (D)	Difference (C – D)	YoY Change
Occupancy Rate ²	90.8%	90.4%	+0.4pt	+0.5%
ADR (JPY) ³	10,604	10,561	+43	+0.4%
RevPAR (JPY) ⁴	9,632	9,550	+82	+0.9%
Gross Revenue (JPY million) ⁵	4,218	4,115	+103	+2.5%
# of Properties	51	51	—	—

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(2) 64 Residential Properties⁸

	July 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	95.1%	94.6%	+0.5pt	+0.5%
Rent per Tsubo (JPY)	9,808	9,595	+213	+2.2%
# of Properties	64	64	—	—

	Fiscal period ending December 2018 Cumulative ⁶ (C)	Same period of the previous year ⁷ (D)	Difference (C – D)	YoY Change
Occupancy Rate ¹¹	95.1%	94.6%	+0.5pt	+0.5%
Rent per Tsubo ¹¹ (JPY)	9,808	9,595	+213	+2.2%
# of Properties	64	64	—	—

(3) 45 Hotel Properties¹²

	July 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ²	91.1%	90.9%	+0.3pt	+0.3%
ADR (JPY) ³	10,883	10,854	+29	+0.3%
RevPAR (JPY) ⁴	9,916	9,861	+54	+0.6%
Gross Revenue (JPY million) ⁵	3,902	3,821	+80	+2.1%
# of Properties	45	45	—	—

	Fiscal period ending December 2018 Cumulative ⁶ (C)	Same period of the previous year ⁷ (D)	Difference (C – D)	YoY Change
Occupancy Rate ²	91.1%	90.9%	+0.3pt	+0.3%
ADR (JPY) ³	10,883	10,854	+29	+0.3%
RevPAR (JPY) ⁴	9,916	9,861	+54	+0.6%
Gross Revenue (JPY million) ⁵	3,902	3,821	+80	+2.1%
# of Properties	45	45	—	—

(Note 1) Based on 51 hotel properties; of the 60 hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) held as of the beginning of July 2018, 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. 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

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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 July 2018.

- (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) 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 6) Figures for January 2018 are stated.
- (Note 7) Figures for January 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 8) Based on 64 properties held as of the beginning of July 2018.
- (Note 9) 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 10) For the details of performance for each asset, please visit INV's website:
<http://www.invincible-inv.co.jp/eng/cms/review.html>
- (Note 11) 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 12) 6 hotels properties acquired during January 2018 and July 2018 are excluded from the 51 hotel properties described in (Note 1) above. The 6 hotels are D54 Hotel MyStays Yokohama Kannai, D55 Art Hotel Joetsu, D56 Art Hotel Hirosaki City, D57 Hotel MyStays Oita, D58 Hotel MyStays Gotanda, and D59 Hotel MyStays Tachikawa.

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