

To All Concerned Parties

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Performance Update for September 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 December 2018 fiscal period (July to September) increased by 1.5% year on year.

A diversified hotel and residential portfolio with strong NOI growth helped mitigate the temporary impact of the natural disasters in Kansai and Hokkaido. INV owns interests in 66 hotel properties and 64 residential properties. The September NOI for the total portfolio¹ increased 2.1% compared to September, 2017.

INV reiterates its forecasted DPU guidance² of JPY1,683 per unit for the 2H 2018, as announced in "Financial Summary for the June 2018 Fiscal Period (from January 1, 2018 to June 30, 2018)" dated August 22, 2018.

(Note 1) Based on 54 hotel properties and 64 residential properties stated in "5. Performance (1) 54 Hotel Properties" and "(2) 64 Residential Properties" 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,.

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Furthermore, NOI is provisional figure and subject to change when it is determined at financial closing; hereinafter the same

(Note 2) It is possible that the amount of distribution will be different from the forecast due to circumstantial changes. Providing this forecast is in no way a guarantee of distribution amount.

2. Hotel Assets Overview

The hotel portfolio¹ performance for the month of September 2018 has shown an increase in ADR of 4.1%, a decrease in occupancy of 1.9pt., and an increase in RevPAR of 1.8% year on year.

INV was able to record this 1.8% year on year RevPAR increase despite the negative effects of Typhoon No. 21 (Typhoon Jebi) in Kansai (where INV has 7 hotels) and an earthquake in Hokkaido (where INV has 4 hotels). Specifically, Kansai and Hokkaido account for 9.9%² and 8.0%² of the total hotel portfolio respectively.

Aside from these two regions, the rest of the hotel portfolio recorded a RevPAR increase of 10.7% year on year, representing a 2.4pt increase in occupancy and a 7.9% increase in ADR. The New Chitose Airport in Hokkaido and the Kansai International Airport in Osaka resumed full operations in October. MyStays Hotel Management Co., Ltd, the major hotel operator for INV, reports that it expects some residual impact to occupancy for Hokkaido and Kansai in October, however November bookings have returned to previous levels.

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 13.2%, occupancy growth of 3.9pt and ADR growth of 8.5%. INV believes that the Greater Tokyo area will continue to perform well due to the enforcement of Minpaku regulations since June 2018 and that INV's latest research is showing that the percent increase in new supply in Tokyo has peaked in 2018. Over the next two years, the Rugby World Cup in 2019 and the 2020 Summer Olympic Games in Tokyo are expected to increase visitors to Tokyo.

Hotels located in the Greater Tokyo area represent 50.8% of overall hotel portfolio by acquisition price.

Over the past eighteen months, INV has executed an acquisition strategy aimed to increase the size and quality of its Greater Tokyo portfolio. INV acquired Hotel MyStays Premier Hamamatsucho in May 2017. Proceeds from the October 2017 global offering were partially used to acquire the Sheraton Grande Tokyo Bay Hotel and Hotel MyStays Premier Omori. Afterwards, INV acquired Hotel MyStays Yokoyama-Kannai in February 2018, and executed a follow-on acquisition in June 2018 for Hotel MyStays Gotanda and Hotel MyStays Tachikawa. Most recently, in July 2018, INV completed a global offering where a portion of the proceeds were used to acquire Hotel MyStays Premier Akasaka and Hotel MyStays Ueno East. The eight assets account for 21.0%² of the total hotel portfolio and recorded a 25.3% growth in NOI⁴ for September 2018 compared to September last year.

The September 2018 NOI for the hotel portfolio¹ increased by 0.9% (year on year) and the cumulative NOI for the December 2018 fiscal period (July to September) increased by 0.6% compared to the same period last year. Excluding disaster affected areas of Kansai and Hokkaido, the September 2018 NOI for the rest of the hotel portfolio increased by 18.5% year on year.

(Note 1) Based on 54 hotel properties stated in "4. Performance (1) 54 Hotel Properties" below.

(Note 2) Investment ratio is based on acquisition price of the hotels owned as of the end of September 2018. The acquisition prices of the preferred equity interest (the "Preferred Equity Interest") which holds Sheraton Grande Tokyo Bay as an underlying asset and the TK interest (the "TK Interest") which holds the Westin Grand Cayman Seven Mile Beach and

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Spa and Sunshine Suites Resorts as underlying assets are based on the investment amount for the Preferred Equity Interest or the TK Interest. The acquisition price (INV's TK investment amount) of the TK Interest is converted into JPY amount via exchange rate of USD 1=JPY 110.45, based on the foreign exchange forward executed on July 26, 2018 and implemented on September 26, 2018.

(Note 3) Based on 44 hotel properties; of the 54 hotel properties stated in "4. Performance (1) 54 Hotel Properties" below, 10 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 of "1. Hotel and Residential Assets Overview" above. Moreover, NOI figures before acquisition by INV is based on the data obtained from third-parties including previous owners.

3. Residential Assets Overview

The residential portfolio¹ occupancy rate as of the end of September 2018 was 95.5% (+1.1pt year-on-year).

The rent increase program continues to show strong results as average rent per tsubo as of the end of September 2018 increased by 1.8% year-on-year. Given a renewal rate that maintains roughly 80%, INV's asset management approach is to continually seek rent increases on both new leases and renewal leases so as to steadily increase the average rent in the portfolio which then facilitates sustained internal NOI growth. The ability to increase rents on renewals is particularly important as it avoids downtime and costs associates on re-leasing while at the same time improving revenue. INV announced its rent increase program in February 2014 and has provided monthly status reports since 2016.

Rents, compared with immediately preceding leases, increased by 3.4% across all new leases, 5.7% across all renewal leases, and 4.6% across all combined new and renewal leases for the December 2018 fiscal period.

INV achieved a rent increase for 58.5% of contract renewals (December 2018 fiscal period), in comparison to 54.2% for the full year 2017 (+4.3pt. year-on-year). The retention rate for the existing tenants continued to be high at 80.4% for the December 2018 fiscal period.

The residential property with the highest rent growth of 7.2% is Royal Parks Tower Minami-Senju. This 39 story high rise Tokyo residential tower along with the nearby Royal Parks Seasir Minami-Senju was acquired in a March 2017 public offering.

The 64 residential portfolio represent 20.1% of the total portfolio by acquisition price and this portfolio has proven to provide a stable and growing source of income to INV. NOI² for the residential portfolio increased by 5.8% in September 2018 (year on year), and increased by 5.1% for the December 2018 fiscal period (July to September) compared to the same period in 2017.

(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..

4. Cayman hotels

As announced in "Notice concerning Completion of Acquisition of Asset" dated October 1, 2018, INV acquired the Westin Seven Mile Beach Resort & Spa and Sunshine Suites Resort through a TK equity investment on September 28, 2018 (Cayman time).

Performance of the two hotel assets year to date has continued to be strong resulting in the updated 2018 NOI estimated to be 5.8% greater than the estimated 2018 NOI announced at the time of the determination of its acquisition (July 17, 2018). As a result, INV's 2018 projected acquisition NOI yield of 9.2% increased to 9.8%. Please refer to "Notice concerning

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Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” dated July 17, 2017 and “Notice concerning Completion of Acquisition of Asset” dated October 1, 2018 for the calculation basis.

This increase in forecasted 2018 NOI is based on updated actual results through the end of August, 2018 and the updated forecast for the remainder of the year provided by Pyramid Cayman Hotel Limited, the operator of the hotels. This increase is mainly attributable to the 2nd quarter and 3rd quarter updates and has been driven by a strong increase in occupancy rates. Also of importance, TripAdvisor has ranked Seven Mile Beach 5th among the top 25 beaches in the world based upon the reviews of millions of its travelers.

5. Performance

(1) 54 Hotel Properties¹

	September 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ²	88.2%	90.1%	-1.9pt	-2.2%
ADR (JPY) ³	10,495	10,085	+410	+4.1%
RevPAR (JPY) ⁴	9,257	9,091	+166	+1.8%
Gross Revenue (JPY million) ⁵	4,358	4,190	+167	+4.0%
# of Properties	54	54	—	—

	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%	91.3%	-0.3pt	-0.3%
ADR (JPY) ³	11,367	11,146	+222	+2.0%
RevPAR (JPY) ⁴	10,352	10,179	+174	+1.7%
Gross Revenue (JPY million) ⁵	14,368	13,865	+503	+3.6%
# of Properties	54	54	—	—

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(2) 64 Residential Properties⁸

	September 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	95.5%	94.4%	+1.1pt	+1.2%
Rent per Tsubo (JPY)	9,758	9,583	+175	+1.8%
# 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	95.3%	94.4%	+0.9pt	+1.0%
Rent per Tsubo ¹¹ (JPY)	9,794	9,602	+192	+2.0%
# of Properties	64	64	—	—

(3) 45 Hotel Properties¹²

	September 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ²	89.3%	89.7%	-0.4pt	-0.4%
ADR (JPY) ³	10,638	10,128	+511	+5.0%
RevPAR (JPY) ⁴	9,505	9,089	+416	+4.6%
Gross Revenue (JPY million) ⁵	3,747	3,533	+214	+6.1%
# 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	91.3%	91.1%	+0.2pt	+0.3%
ADR (JPY) ³	11,469	11,249	+220	+2.0%
RevPAR (JPY) ⁴	10,477	10,250	+227	+2.2%
Gross Revenue (JPY million) ⁵	12,207	11,725	+482	+4.1%
# of Properties	45	45	—	—

(Note 1) 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 September 2018, 9 hotels with fixed-rent lease agreements and D63 Hotel MyStays Midotsuji 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

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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 September 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 2) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

$$\text{room occupancy rate} = \frac{\text{total number of rooms occupied during the relevant period}}{\text{aggregate number of rooms during the relevant period} \times \text{number of business days during target period}}$$
- (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 from July 2018 to September 2018 are stated.
- (Note 7) Figures from July 2017 to September 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) 9 hotels properties acquired during January 2018 and August 2018 are excluded from the 54 hotel properties described in (Note 1) 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>