

To All Concerned Parties

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Performance Update for November 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 November) increased by 2.3% year-on-year.

2. Hotel Assets Overview

The hotel portfolio² performance for the month of November 2018 has shown an increase in ADR of 5.4%, an increase in occupancy of 1.0pt., and an increase in RevPAR of 6.6% year-on-year.

Hokkaido, the region that was negatively impacted by a natural disaster in September 2018, has shown a clear recovery and has been outperforming the previous year with an increase in RevPAR of 12.6%³ year-on-year.

Out of the 37 hotels that INV owns in the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama), the 34 hotels with variable rent contracts continue to demonstrate strong performance with an increase in RevPAR of 12.7%, occupancy growth of 2.6pt and ADR growth of 9.5%. The Greater Tokyo area continues to perform well due to the strict enforcement of Minpaku regulations enacted in June 2018. Of INV’s diverse portfolio of 132 properties, the 37 hotels in the Greater Tokyo area represent 36.5% of total property NOI⁴ for the 2018 calendar year based upon forecasted normalized NOI.

The November 2018 NOI for the hotel portfolio¹ increased by 6.7% (year-on-year) and the cumulative NOI for the December 2018 fiscal period (July to November) increased by 1.5% compared to the same period last year.

The performance of the Cayman hotels have exceeded expectations, and are not included in

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the above mentioned hotel performance figures (Cayman hotels include the Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort). During the month of November 2018, the Cayman hotels have achieved an occupancy rate, ADR and RevPAR that are 4.5pt., 17.0% and 23.5% above last year's results in the same period, respectively.

3. Residential Assets Overview

The residential portfolio⁵ occupancy rate as of the end of November 2018 was 95.4% (+0.1pt year-on-year). The rent increase program continues to show strong results as average rent per tsubo as of the end of November 2018 increased by 2.7% year-on-year.

Rents, compared with immediately preceding leases, increased by 3.1% across all new leases, 4.8% across all renewal leases, and 4.1% across all combined new and renewal leases for the December 2018 fiscal period. INV achieved a rent increase for 54.8% of contract renewals (December 2018 fiscal period), in comparison to 54.2% for the full year 2017 (+0.6pt. year-on-year). The retention rate for the existing tenants continues to be high at 78.8% for the December 2018 fiscal period.

NOI⁶ for the residential portfolio increased by 5.3% in November 2018 (year-on-year), and increased by 5.6% for the December 2018 fiscal period (July to November) 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 Properties²

	November 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ⁷	91.1%	90.1%	+1.0pt	+1.1%
ADR (JPY) ⁸	11,466	10,875	+591	+5.4%
RevPAR (JPY) ⁹	10,440	9,797	+642	+6.6%
Gross Revenue (JPY million) ¹⁰	4,950	4,814	+135	+2.8%
# 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%	91.1%	-0.0pt	-0.0%
ADR (JPY) ⁸	11,286	11,024	+262	+2.4%
RevPAR (JPY) ⁹	10,276	10,039	+236	+2.4%
Gross Revenue (JPY million) ¹⁰	24,232	23,577	+655	+2.8%
# of Properties	54	54	—	—

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(2) 64 Residential Properties⁵

	November 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	95.4%	95.3%	+0.1pt	+0.1%
Rent per Tsubo (JPY)	9,901	9,643	+258	+2.7%
# 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%	94.6%	+0.8pt	+0.8%
Rent per Tsubo ¹⁵ (JPY)	9,819	9,609	+210	+2.2%
# of Properties	64	64	—	—

(3) 45 Hotel Properties¹²

	November 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ⁷	91.4%	90.9%	+0.5pt	+0.6%
ADR (JPY) ⁸	11,747	11,208	+539	+4.8%
RevPAR (JPY) ⁹	10,733	10,184	+548	+5.4%
Gross Revenue (JPY million) ¹⁰	4,272	4,209	+63	+1.5%
# 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%	91.1%	+0.2pt	+0.3%
ADR (JPY) ⁸	11,432	11,190	+243	+2.2%
RevPAR (JPY) ⁹	10,443	10,195	+247	+2.4%
Gross Revenue (JPY million) ¹⁰	20,702	20,161	+541	+2.7%
# of Properties	45	45	—	—

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(4) Cayman Hotels

	November 2018 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ⁷	86.2%	81.7%	+4.5pt	+5.5%
ADR (USD) ⁸	286	245	+42	+17.0%
RevPAR (USD) ⁹	247	200	+47	+23.5%
Gross Revenue (USD)	6,334,541	5,363,395	+971,146	+18.1%
# 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	74.8%	57.1%	+17.7pt	+31.0%
ADR (USD) ⁸	243	210	+34	+16.1%
RevPAR (USD) ⁹	182	120	+62	+52.1%
Gross Revenue (USD)	25,588,500	17,071,202	+8,517,298	+49.9%
# 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 November 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 November 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 3 hotel properties with variable rent; D22 Hotel MyStays Hakodate-Goryokaku, D54 Hotel MyStays Sapporo Station and D61 Hotel MyStays Premier Sapporo Park.

(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 November 2018 are stated.
- (Note 12) Figures from July 2017 to November 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 Hiroasaki 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>