

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation  
Naoki Fukuda, Executive Director  
(Securities Code: 8963)

Asset Manager:

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## Performance Update for March 2019

Invincible Investment Corporation (“INV”) hereby announces its monthly performance.

### 1. Overall Performance of the Entire Portfolio

The overall Portfolio NOI<sup>1,2</sup> for the June 2019 fiscal period (January to March) increased by 2.1% compared to the same period in 2018. The following are the details by segment.

### 2. Hotel Assets Overview

#### (1) Domestic Hotels

The domestic hotel portfolio<sup>3</sup> performance for the month of March 2019 has shown increases in Occupancy of 1.4pt, ADR of 0.7% and RevPAR of 2.3% year-on-year.

The March 2019 NOI for the domestic hotel portfolio increased by 1.1% (year-on-year) and the cumulative NOI for the June 2019 fiscal (January to March) decreased by 2.8% compared to the same period last year.

March’s increase in Occupancy and ADR year-on-year was led by strong leisure demand at the hotels mainly in the Greater Tokyo Area and Hokkaido during the spring break season.

Table below shows the KPIs for each area of the hotel portfolio<sup>3</sup>.

	Occupancy Rate <sup>7</sup>	ADR (JPY) <sup>8</sup>	RevPAR (JPY) <sup>9</sup>
Tokyo 23 Wards	93.1%	9,738	9,066
Greater Tokyo (ex. Tokyo 23 Wards)	93.6%	14,670	13,728
Chubu	79.6%	7,988	6,361
Kansai	91.5%	9,367	8,569

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Kyushu	93.9%	10,035	9,427
Hokkaido	83.7%	7,669	6,420
Other domestic	87.9%	15,564	13,687
Total	90.7%	10,632	9,643

## (2) Cayman Hotels

The Cayman hotels (the Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) achieved ADR and RevPAR growth of 8.2% and 7.2% year-on-year respectively, while occupancy slightly declined by 0.9pt. The Westin Grand Cayman Seven Mile Beach Resort & Spa continues to benefit from increasing hotel demand to the Cayman Islands as well as Marriott's strong loyalty program. Room-nights booked by Marriott members through the loyalty program have increased by 77% year-on-year, resulting in an increase in sales and ADR. Overall hotel revenue in March was the highest revenue ever recorded since 2016, when Fortress Group acquired the hotel. NOI<sup>4</sup> increased by 28.4% (year-on-year).

The expansion of the Owen Roberts International Airport in the Cayman Islands was completed on March 29, 2019. The airport expansion has massively expanded capacity and can now accommodate 2.7 million passengers annually, up from the old and overstretched capacity of 500,000 passengers. In addition, new seasonal nonstop flights between Grand Cayman and Denver, Colorado, started on March 2, 2019. Denver is well known as a community of avid scuba divers, and scuba dive tourism to Cayman Islands is anticipated to grow.

## 3. Residential Assets Overview

The residential portfolio<sup>5</sup> occupancy rate as of the end of March 2019 was 96.8% (+0.7pt year-on-year). The rent increase program continues to show strong results as average rent per tsubo as of the end of March 2019 increased by 1.8% year-on-year.

NOI<sup>7</sup> for the residential portfolio increased by 4.1% in March 2019 (year-on-year), and increased by 3.3% for the June 2019 fiscal period (January to March) compared to the same period in 2018.

Rents, compared with immediately preceding leases, increased by 1.8% across all new leases, 1.9% across all renewal leases, and 1.8% across all combined new and renewal leases for the June 2019 fiscal period. INV achieved a rent increase on 41.8% of contract renewals (June 2019 fiscal period). The retention rate for the existing tenants continues to be high at 72.1% for the June 2019 fiscal period.

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## 4. Performance

### (1) 55 Hotel Properties<sup>3</sup>

	March 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate <sup>7</sup>	90.7%	89.3%	+1.4pt	+1.5%
ADR (JPY) <sup>8</sup>	10,632	10,555	+77	+0.7%
RevPAR (JPY) <sup>9</sup>	9,643	9,431	+212	+2.3%
Gross Revenue (JPY million) <sup>10</sup>	4,716	4,572	+144	+3.2%
# of Properties	55	55	—	—

	Fiscal period ending June 2019 Cumulative <sup>11</sup> (C)	Same period of the previous year <sup>12</sup> (D)	Difference (C – D)	YoY Change
Occupancy Rate <sup>7</sup>	88.0%	87.8%	+0.3pt	+0.3%
ADR (JPY) <sup>8</sup>	9,948	9,834	+114	+1.2%
RevPAR (JPY) <sup>9</sup>	8,759	8,632	+128	+1.5%
Gross Revenue (JPY million) <sup>10</sup>	12,236	11,969	+266	+2.2%
# of Properties	55	55	—	—

### (2) Cayman Hotels<sup>4</sup>

	March 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate <sup>7</sup>	93.6%	94.5%	-0.9pt	-0.9%
ADR (USD) <sup>8</sup>	478	441	+36	+8.2%
RevPAR (USD) <sup>9</sup>	447	417	+30	+7.2%
Gross Revenue (USD)	11,039,982	10,695,160	+344,822	+3.2%
# of Properties	2	2	—	—

	Fiscal period ending June 2019 Cumulative <sup>11</sup> (C)	Same period of the previous year <sup>12</sup> (D)	Difference (C – D)	YoY Change
Occupancy Rate <sup>7</sup>	91.6%	91.8%	-0.2pt	-0.2%
ADR (USD) <sup>8</sup>	481	407	+74	+18.2%
RevPAR (USD) <sup>9</sup>	440	373	+67	+18.0%
Gross Revenue (USD)	31,121,125	28,538,434	+2,582,691	+9.0%
# of Properties	2	2	—	—

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## (3) 64 Residential Properties<sup>5</sup>

	March 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	96.8%	96.1%	+0.7pt	+0.7%
Rent per Tsubo (JPY)	9,850	9,673	+177	+1.8%
# of Properties	64	64	—	—

	Fiscal period ending June 2019 Cumulative <sup>11</sup> (C)	Same period of the previous year <sup>12</sup> (D)	Difference (C – D)	YoY Change
Occupancy Rate <sup>13</sup>	96.2%	95.4%	+0.7pt	+0.8%
Rent per Tsubo <sup>13</sup> (JPY)	9,843	9,698	+145	+1.5%
# of Properties	64	64	—	—

## 5. Portfolio NOI

		2018 Simulated NOI <sup>14</sup>		NOI <sup>1,2</sup> (JPY million)		
		(JPY million)	Ratio	March 2019	March 2018	YoY Change
Domestic Hotel	Tokyo 23 Wards	6,388	23.5%	621	568	+9.4%
	Greater Tokyo (ex. Tokyo 23 Wards)	3,568	13.1%	351	352	-0.3%
	Greater Tokyo - Subtotal	9,957	36.6%	972	920	+5.7%
	Chubu	1,456	5.4%	111	140	-20.4%
	Kansai	2,227	8.2%	213	253	-15.8%
	Kyushu	1,649	6.1%	172	169	+1.9%
	Hokkaido	1,479	5.4%	76	53	+41.8%
	Other domestic	2,181	8.0%	229	219	+4.8%
Domestic Hotel – Subtotal		18,951	69.7%	1,776	1,756	+1.1%
Residential		5,098	18.7%	435	418	+4.1%
Commercial		368	1.4%	30	30	-0.9%
Domestic Asset- Subtotal		24,417	89.8%	2,242	2,205	+1.7%
Overseas		2,782	10.2%	460	358	+28.4%
Total		27,200	100.0%	2,702	2,564	+5.4%

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		2018 Simulated NOI <sup>14</sup>		NOI <sup>1,2</sup> (JPY million)		
		(JPY million)	Ratio	Fiscal period ending June 2019 Cumulative <sup>11</sup>	Same period of the previous year <sup>12</sup>	YoY Change
Domestic Hotel	Tokyo 23 Wards	6,388	23.5%	1,418	1,385	+2.4%
	Greater Tokyo (ex. Tokyo 23 Wards)	3,568	13.1%	908	927	-2.1%
	Greater Tokyo - Subtotal	9,957	36.6%	2,326	2,313	+0.6%
	Chubu	1,456	5.4%	204	273	-25.1%
	Kansai	2,227	8.2%	429	542	-20.8%
	Kyushu	1,649	6.1%	404	397	+1.7%
	Hokkaido	1,479	5.4%	312	278	+12.3%
	Other domestic	2,181	8.0%	271	258	+4.7%
Domestic Hotel – Subtotal		18,951	69.7%	3,949	4,064	-2.8%
Residential		5,098	18.7%	1,292	1,250	+3.3%
Commercial		368	1.4%	91	92	-0.4%
Domestic Asset- Subtotal		24,417	89.8%	5,333	5,407	-1.4%
Overseas		2,782	10.2%	656	461	+42.2%
Total		27,200	100.0%	5,990	5,869	+2.1%

(Note 1) Based on all properties held as of the beginning of January 2019, listed in “5. Portfolio NOI” excluding 9 hotels with fixed-rent lease agreements. Please refer to (Note 4) below for the details of 9 hotels with fixed-rent lease agreements. 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 for the Cayman hotels includes a simulated amount of dividend income from the Seven Mile Resort Holdings Ltd. (the “Cayman SPC”) that owns the Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort as underlying assets. The fiscal periods of the Cayman SPC 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 Cayman SPC. Since INV does not receive a dividend from the Cayman SPC on a monthly basis, the amount of dividend INV receives from the Cayman SPC for each month is a simulated figure, which is calculated by deducting (i) simulated expenses such as operating expense of the Cayman SPC and the interest of debt (calculated dividing the budget of the Cayman SPC 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 the underlying assets in the month which is three months before the target month for this performance disclosure. The TK dividend amount is calculated at the exchange rate of US\$1 to ¥110. Furthermore, NOI is provisional figure and subject to change when it is determined at financial closing; hereinafter the same.

(Note 2) NOI figures before acquisition by INV is based on the data obtained from third-parties including previous owners; hereinafter the same.

(Note 3) Based on 55 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 beginning of January 2019, 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 Tokyo REI Hotel. As for Sheraton Grande Tokyo Bay hotel, NOI is based on

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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 other than NOI in the table above are based on the figures for February 2019. Moreover, the Westin Grand Cayman Seven Mile Beach Resort & 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 4) Based on the Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resorts, the underlying assets of preferred equity interest held by INV as of the beginning of January 2019. As for the Cayman hotels, 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 Cayman SPC as described above. However, in consideration of seasonality, figures other than NOI in the table above are based on the figures for February 2019.
- (Note 5) Based on 64 properties held as of the beginning of January 2019.
- (Note 6) NOI excludes one-off insurance-related revenues and expenses, as well as expenses required to detach trust beneficiary interest from an integrated trust account.
- (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 January 2019 to March 2019 are stated.
- (Note 12) Figures from January 2018 to March 2018 are stated. Figures are based on the assumption that the properties acquired from January 1, 2018 to December 31, 2018 were held as of January 1, 2018, and figures before acquisition by INV is based on the data obtained from third-parties including previous owners.
- (Note 13) 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 14) Based on the properties owned by INV as of the end of December 2018, assuming all properties were owned since the beginning of 2018. Includes the dividends from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel and estimated TK dividend backed by two Cayman hotels, assuming these dividends contributed throughout the June 2018 fiscal period and the December 2018 fiscal period of INV. Actual results for the pre-acquisition period of the properties acquired in 2018 are based on actual results provided by sellers. The TK dividend amount is calculated at the exchange rate of US\$1 to ¥110.
- (Note 15) 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 16) For the details of performance for each asset, please visit INV's website:  
<http://www.invincible-inv.co.jp/eng/cms/review.html>

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