

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 April 2019

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

1. Overall Performance of the Entire Portfolio

The overall Portfolio NOI^{1,2} for the June 2019 fiscal period (January to April) increased by 3.6% compared to the same period in 2018. The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

The domestic hotel portfolio³ performance for the month of April 2019 has shown increases in Occupancy of 0.9pt, ADR of 6.0% and RevPAR of 7.0% year-on-year. April’s increase in Occupancy and ADR year-on-year was led by hotels with strong leisure demand such as Hotel Epinard Nasu and Beppu Kamenoi Hotel that performed well during the 10-day Golden Week holidays commenced on April 27.

The April 2019 NOI for the domestic hotel portfolio increased by 10.1% (year-on-year) and the cumulative NOI for the June 2019 fiscal period (January to April) increased by 0.8% compared to the same period last year.

Table below shows the KPIs for each area of the hotel portfolio³.

	Occupancy Rate ⁷	ADR (JPY) ⁸	RevPAR (JPY) ⁹
Tokyo 23 Wards	95.1%	11,140	10,599
Greater Tokyo (ex. Tokyo 23 Wards)	92.7%	14,808	13,730
Chubu	86.4%	10,523	9,096
Kansai	92.5%	11,476	10,614

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Kyushu	89.9%	10,590	9,519
Hokkaido	70.5%	9,372	6,609
Other domestic	86.7%	18,690	16,196
Total	90.4%	12,040	10,886

(2) Cayman Hotels

The Cayman hotels (the Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) achieved growth rates for the month of April in occupancy, ADR and RevPAR of 0.3pt, 15.2% and 15.5% year-on-year respectively. NOI⁴ increased by 1.8% (year-on-year) for the month and this is the last month that NOI will be reported on a three month delay which will be eliminated by the structure change of the investment in the Cayman hotels¹⁶.

3. Residential Assets Overview

The residential portfolio⁵ occupancy rate as of the end of April 2019 was 96.0% (+0.3pt year-on-year). The rent increase program continues to show strong results as average rent per tsubo as of the end of April 2019 increased by 1.9% year-on-year.

NOI⁶ for the residential portfolio increased by 2.4% in April 2019 (year-on-year), and increased by 3.1% for the June 2019 fiscal period (January to April) compared to the same period in 2018.

Rents, compared with immediately preceding leases, increased by 1.9% across all new leases, 1.9% across all renewal leases, and 1.9% across all combined new and renewal leases for the June 2019 fiscal period. INV achieved a rent increase on 41.7% of contract renewals (June 2019 fiscal period). The retention rate for the existing tenants continues to be high at 73.9% for the June 2019 fiscal period.

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4. Performance

(1) 55 Domestic Hotel Properties³

	April 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ⁷	90.4%	89.5%	+0.9pt	+1.0%
ADR (JPY) ⁸	12,040	11,362	+679	+6.0%
RevPAR (JPY) ⁹	10,886	10,171	+714	+7.0%
Gross Revenue (JPY million) ¹⁰	4,822	4,612	+209	+4.5%
# of Properties	55	55	—	—

	Fiscal period ending June 2019 Cumulative ¹¹ (C)	Same period of the previous year ¹² (D)	Difference (C – D)	YoY Change
Occupancy Rate ⁷	88.6%	88.2%	+0.4pt	+0.5%
ADR (JPY) ⁸	10,482	10,222	+260	+2.5%
RevPAR (JPY) ⁹	9,291	9,017	+274	+3.0%
Gross Revenue (JPY million) ¹⁰	17,058	16,582	+476	+2.9%
# of Properties	55	55	—	—

(2) Cayman Hotels⁴

	April 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate ⁷	90.2%	89.9%	+0.3pt	+0.3%
ADR (USD) ⁸	430	373	+57	+15.2%
RevPAR (USD) ⁹	388	336	+52	+15.5%
Gross Revenue (USD)	9,688,957	8,723,902	+965,055	+11.1%
# of Properties	2	2	—	—

	Fiscal period ending June 2019 Cumulative ¹¹ (C)	Same period of the previous year ¹² (D)	Difference (C – D)	YoY Change
Occupancy Rate ⁷	91.3%	91.3%	-0.1pt	-0.1%
ADR (USD) ⁸	468	398	+70	+17.5%
RevPAR (USD) ⁹	427	364	+63	+17.4%
Gross Revenue (USD)	40,810,082	37,262,336	+3,547,746	+9.5%
# of Properties	2	2	—	—

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(3) 64 Residential Properties⁵

	April 2019 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	96.0%	95.8%	+0.3pt	+0.3%
Rent per Tsubo (JPY)	9,950	9,767	+183	+1.9%
# of Properties	64	64	—	—

	Fiscal period ending June 2019 Cumulative ¹¹ (C)	Same period of the previous year ¹² (D)	Difference (C – D)	YoY Change
Occupancy Rate ¹³	96.1%	95.5%	+0.6pt	+0.6%
Rent per Tsubo ¹³ (JPY)	9,870	9,715	+155	+1.6%
# of Properties	64	64	—	—

5. Portfolio NOI

		2018 Simulated NOI ¹⁴		NOI ^{1,2} (JPY million)		
		(JPY million)	Ratio	April 2019	April 2018	YoY Change
Domestic Hotel	Tokyo 23 Wards	6,388	23.5%	718	707	+1.6%
	Greater Tokyo (ex. Tokyo 23 Wards)	3,568	13.1%	234	199	+17.9%
	Greater Tokyo - Subtotal	9,957	36.6%	953	906	+5.2%
	Chubu	1,456	5.4%	157	141	+11.0%
	Kansai	2,227	8.2%	261	277	-5.7%
	Kyushu	1,649	6.1%	138	117	+17.7%
	Hokkaido	1,479	5.4%	70	23	+202.8%
	Other domestic	2,181	8.0%	173	127	+36.0%
Domestic Hotel – Subtotal		18,951	69.7%	1,753	1,593	+10.1%
Residential		5,098	18.7%	437	427	+2.4%
Commercial		368	1.4%	30	30	-0.3%
Domestic Asset- Subtotal		24,417	89.8%	2,221	2,050	+8.3%
Overseas		2,782	10.2%	412	404	+1.8%
Total		27,200	100.0%	2,633	2,455	+7.2%

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		2018 Simulated NOI ¹⁴		NOI ^{1,2} (JPY million)		
		(JPY million)	Ratio	Fiscal period ending June 2019 Cumulative ¹¹	Same period of the previous year ¹²	YoY Change
Domestic Hotel	Tokyo 23 Wards	6,388	23.5%	2,137	2,092	+2.1%
	Greater Tokyo (ex. Tokyo 23 Wards)	3,568	13.1%	1,143	1,127	+1.5%
	Greater Tokyo - Subtotal	9,957	36.6%	3,280	3,219	+1.9%
	Chubu	1,456	5.4%	361	414	-12.8%
	Kansai	2,227	8.2%	690	819	-15.7%
	Kyushu	1,649	6.1%	542	515	+5.4%
	Hokkaido	1,479	5.4%	382	301	+26.9%
	Other domestic	2,181	8.0%	444	386	+15.0%
Domestic Hotel – Subtotal		18,951	69.7%	5,702	5,657	+0.8%
Residential		5,098	18.7%	1,729	1,677	+3.1%
Commercial		368	1.4%	122	122	-0.4%
Domestic Asset- Subtotal		24,417	89.8%	7,555	7,458	+1.3%
Overseas		2,782	10.2%	1,068	866	+23.3%
Total		27,200	100.0%	8,623	8,325	+3.6%

(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 3) 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, which is the exchange rate fixed by the acquisition of puts and selling calls, covering approximately 85% of expected cash flow through December 31, 2020. 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

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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 other than NOI in the table above are based on the figures for April 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 April 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 April 2019 are stated.
- (Note 12) Figures from January 2018 to April 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, which is the exchange rate fixed by the acquisition of puts and selling calls, covering approximately 85% of expected cash flow through December 31, 2020.
- (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 the structure change, please see "Notice concerning Change of Investment Structure regarding Overseas Assets" as of May 9.
- (Note 17) 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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