

March 25, 2020

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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(Securities Code: 8963)

Asset Manager:

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Performance Update for February 2020

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 2020 fiscal period (January to June) decreased by 14.6% year-over-year. The decline in NOI for February 2020 (-23.8%) stems primarily from hotel reservation cancellations by Chinese tourists due to the outbreak of the new Coronavirus (COVID-19) in China. The impact of the prolonged trade and diplomatic dispute between Japan and South Korea also continues to result in fewer inbound travelers from South Korea. News reports of an increase in cases of COVID-19 infections in Japan coupled with the public acceptance of social distancing practices have led to an increase in voluntary cancellations of business trips, travel, conferences, sporting events and banquets.

We expect a continuation of weak demand for domestic hotels in March 2020 due to a decline in global travel, as well as the government's request to refrain from large-scale events which has resulted in school closures, cancelled sporting events and the increase of employees working from home. INV has been working with MyStays on how to reduce expenses including reduced employment with the government paying for approximately 70% of the wages when employees are furloughed.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

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The domestic hotel portfolio³ performance for the month of February 2020 has shown year-over-year declines in Occupancy of 13.0pt, ADR of 15.6%, and RevPAR of 28.2%, due to the reasons mentioned above. The February 2020 NOI declined by 39.4% year-over-year, and the cumulative NOI² for the June 2020 fiscal period (January to June) declined by 25.3% compared to the same period last year.

Table below shows the KPIs for each area of the 75 domestic hotels portfolio³.

Area	Occupancy Rate ⁴	ADR (JPY) ⁵	RevPAR (JPY) ⁶
Tokyo 23 Wards	79.9%	7,237	5,780
Greater Tokyo (ex. Tokyo 23 Wards)	74.2%	9,001	6,681
Chubu	76.0%	7,670	5,833
Kansai	63.6%	6,179	3,930
Kyushu	84.1%	8,180	6,882
Hokkaido	66.3%	11,227	7,448
Other domestic	75.1%	11,049	8,294
Total	74.9%	8,455	6,331

(2) Cayman Hotels

The Cayman Hotels (the Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) have shown an increase in Occupancy of 0.9pt, while ADR decreased by 2.9% and RevPAR decreased by 2.0% year-over-year. On a cumulative basis for the June 2020 fiscal period (January to June), Occupancy increased by 0.3pt, ADR increased by 1.3%, and RevPAR increased by 1.6% compared to the same period last year.

NOI for the month of February 2020 increased by 5.8% year-over-year. The cumulative NOI² for the June 2020 fiscal period (January to June) increased by 3.8% compared to the same period last year.

The Cayman Islands did not experience any material impact from COVID-19 in February 2020. However, in reaction to the worldwide spread of the epidemic, the Cayman Island government announced a decision to temporarily close the Owen Roberts International Airport in Grand Cayman for three weeks beginning on Sunday March 22, 2020 at 11:59 PM until Sunday April 12, 2020 at 11:59 PM. Accordingly, the Cayman Hotels will be closed for the same period. INV is currently reviewing the impact of the close of Cayman Hotels on its performance forecast.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of February 2020 was 96.7%, a year-over-year increase of 0.7pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of February 2020 increased by 0.5% year-over-year. NOI⁸ for the residential portfolio in February 2020 increased by 2.9%

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year-over-year and increased by 2.8% year-over-year on a cumulative basis for the June 2020 fiscal period (January to June).

Rents, compared with those based on the immediately preceding leases, increased by 1.4% for new leases, 1.4% for renewal leases, and 1.4% for new and renewal leases combined for the June 2020 fiscal period. INV achieved a rent increase on 44.1% of lease contract renewals for the June 2020 fiscal period. The retention rate for the existing tenants continues to be high at 87.2% for the June 2020 fiscal period.

4. Performance

(1) 75 Domestic Hotel Properties³

	Feb. 2020 (A)	Feb. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate ⁴	74.9%	87.9%	-13.0pt	-14.8%	78.4%	84.8%	-6.4pt	-7.6%
ADR (JPY) ⁵	8,455	10,021	-1,567	-15.6%	8,448	9,414	-965	-10.3%
RevPAR (JPY) ⁶	6,331	8,811	-2,481	-28.2%	6,622	7,982	-1,360	-17.0%
Gross Revenue (JPY million) ⁹	4,076	5,125	-1,049	-20.5%	8,790	9,962	-1,171	-11.8%

(2) Cayman Hotels

	Feb. 2020 (A)	Feb. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate ⁴	93.8%	92.9%	+0.9pt	+1.0%	90.9%	90.6%	+0.3pt	+0.3%
ADR (USD) ⁵	504	519	-15	-2.9%	489	482	+6	+1.3%
RevPAR (USD) ⁶	473	482	-10	-2.0%	444	437	+7	+1.6%
Gross Revenue (USD thousand)	11,011	10,592	+418	+4.0%	20,880	20,081	+799	+4.0%

(3) 60 Residential Properties⁷

	Feb. 2020 (A)	Feb. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate	96.7%	96.0%	+0.7pt	+0.7%	96.4%	95.9%	+0.5pt	+0.5%
Rent per Tsubo (JPY)	9,054	9,007	+47	+0.5%	9,064	9,019	+45	+0.5%

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5. Portfolio NOI

	2019 Simulated NOI ¹⁰		NOI ^{1,2} (JPY million)					
	(JPY million)	Ratio	Feb.			Cumulative (Jan.-June)		
			2020	2019	YoY Change	2020	2019	YoY Change
Tokyo 23 Wards	5,980	19.4%	246	400	-38.4%	587	778	-24.6%
Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.3%	296	311	-4.9%	611	632	-3.2%
Greater Tokyo – Subtotal	10,075	32.6%	543	712	-23.7%	1,199	1,411	-15.0%
Chubu	2,798	9.1%	75	131	-43.0%	178	226	-21.1%
Kansai	1,775	5.7%	67	116	-42.3%	143	216	-33.8%
Kyushu	2,339	7.6%	69	158	-56.0%	176	296	-40.5%
Hokkaido	3,479	11.3%	180	389	-53.8%	321	552	-41.9%
Other domestic	2,700	8.7%	22	70	-68.0%	35	47	-24.7%
Domestic Hotel – Subtotal	23,168	75.0%	958	1,580	-39.4%	2,054	2,751	-25.3%
Residential	3,281	10.6%	273	265	2.9%	551	536	2.8%
Commercial	368	1.2%	31	31	0.0%	60	61	-0.7%
Domestic Asset – Subtotal	26,818	86.8%	1,262	1,877	-32.7%	2,667	3,348	-20.4%
Overseas	4,070	13.2%	598	565	5.8%	1,086	1,046	3.8%
Total	30,889	100.0%	1,861	2,443	-23.8%	3,753	4,395	-14.6%

(Note 1) Based on all properties held as of the end of February 2020, excluding 9 hotels with fixed-rent lease agreements. 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. 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%). The revenue from the Cayman Hotels 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 75 hotel properties; of the 84 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 February 2020, 9 hotels with fixed-rent lease agreements are excluded. 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 February 2020; hereinafter the same.

(Note 4) "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 5) "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 6) "RevPAR," or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate

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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 7) Based on 60 properties held by INV as of the end of February 2020.
- (Note 8) NOI excludes one-off insurance-related revenues and expenses.
- (Note 9) 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 10) Based on 148 properties owned by INV as of the end of February 2020, assuming all properties were owned since the beginning of 2019. Includes the dividend from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel, assuming this dividend contributed throughout the June 2019 fiscal period and the December 2019 fiscal period of INV. Actual results for the pre-acquisition period of the properties are based on actual results provided by sellers. The revenue from the Cayman Hotels 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 11) Percentages are rounded to one decimal place. ADR, RevPAR and Rent per Tsubo are rounded to the nearest yen and Gross Revenue is rounded down to the nearest million yen.
- (Note 12) 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 sum of the total rental revenue including common area charges for each month by the sum of total leased area (tsubo) at the end of each month.
- (Note 13) For the details of performance for each hotel asset, please visit INV's website:
<https://www.invincible-inv.co.jp/en/portfolio/hotel.html>

Website of INV: <https://www.invincible-inv.co.jp/en/>