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The Japanese language press release should be referred to as the original.]

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To All Concerned Parties

Name of REIT Issuer:

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

Asset Manager:

Consonant Investment Management Co., Ltd.  
Naoki Fukuda, President & CEO  
Contact: Jun Komo  
General Manager of Planning Department  
(Tel. +81-3-5411-2731)

## **Performance Update for January 2020**

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 January 2020 decreased by 3.1% compared to the same month in 2019. The decline in NOI for January 2020 stems primarily from the impact of the prolonged trade and diplomatic dispute between Japan and South Korea which resulted in fewer inbound travelers from South Korea. Guests from South Korea only represented 3.3% of INV’s total hotel room revenue<sup>3</sup> from January to June 2019, however this declined to a low of 1.6% in January 2020. In addition, the government introduced a subsidy program for Hokkaido in October 2018 to facilitate the recovery in tourism in the quake-hit region, which helped the performance in January 2019. The absence of the Hokkaido government subsidies in January 2020 adversely affected monthly performance.

Hotel room revenue of guests from China increased slightly in January 2020 compared to the same month in 2019. The Coronavirus did not have a negative impact on the January 2020 hotel performance, however we are closely monitoring the situation.

The following are the details by segment.

### 2. Hotel Assets Overview

#### (1) Domestic Hotels

The domestic hotel portfolio<sup>4</sup> performance for the month of January 2020 has shown year-on-year declines in Occupancy of 0.3pt, ADR of 4.3%, and RevPAR of 4.7%, due to the reasons mentioned above. The January 2020 NOI declined by 6.4% year-over-year.

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Table below shows the KPIs for each area of the 75 domestic hotels portfolio<sup>4</sup>.

Area	Occupancy Rate <sup>5</sup>	ADR (JPY) <sup>6</sup>	RevPAR (JPY) <sup>7</sup>
Tokyo 23 Wards	86.1%	7,589	6,533
Greater Tokyo (ex. Tokyo 23 Wards)	83.8%	10,344	8,668
Chubu	78.9%	7,383	5,824
Kansai	78.4%	6,584	5,163
Kyushu	84.1%	8,047	6,764
Hokkaido	78.2%	8,264	6,462
Other domestic	72.0%	12,077	8,698
Total	81.7%	8,443	6,895

## (2) Cayman Hotels

The Cayman Hotels (the Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) continue to perform well. While Occupancy declined by 0.4pt, ADR increased by 5.8%, and RevPAR increased by 5.4% year-over-year.

The NOI for the month of January 2020 increased by 1.4% year-over-year.

## 3. Residential Assets Overview

The residential portfolio<sup>8</sup> in-place occupancy rate as of the end of January 2020 was 96.1%, a year-over-year increase of +0.3pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of January 2020 increased by 0.5% year-over-year. NOI<sup>9</sup> for the residential portfolio in January 2020 increased by 2.8% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 1.1% for new leases, 1.3% for renewal leases, and 1.2% for new and renewal leases combined for the June 2020 fiscal period. INV achieved a rent increase on 44.3% of lease contract renewals for the June 2020 fiscal period. The retention rate for the existing tenants continues to be high at 88.4% for the June 2020 fiscal period.

## 4. Performance

### (1) 75 Domestic Hotel Properties<sup>4</sup>

	January 2020 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate <sup>5</sup>	81.7%	82.0%	-0.3pt	-0.4%
ADR (JPY) <sup>6</sup>	8,443	8,825	-382	-4.3%
RevPAR (JPY) <sup>7</sup>	6,895	7,233	-338	-4.7%
Gross Revenue (JPY million) <sup>10</sup>	4,714	4,837	-122	-2.5%

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## (2) Cayman Hotels

	January 2020 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate <sup>5</sup>	88.1%	88.5%	-0.4pt	-0.4%
ADR (USD) <sup>6</sup>	473	447	+26	+5.8%
RevPAR (USD) <sup>7</sup>	417	396	+21	+5.4%
Gross Revenue (USD)	9,869,794	9,488,628	+381,166	+4.0%

## (3) 60 Residential Properties<sup>8</sup>

	January 2020 (A)	Same month of the previous year (B)	Difference (A – B)	YoY Change
Occupancy Rate	96.1%	95.8%	+0.3pt	+0.3%
Rent per Tsubo (JPY)	9,075	9,031	+44	+0.5%

## 5. Portfolio NOI

		2019 Simulated NOI <sup>11</sup>		NOI <sup>1,2</sup> (JPY million)		
		(JPY million)	Ratio	January 2020	January 2019	YoY Change
	Tokyo 23 Wards	5,980	19.4%	340	378	-9.9%
	Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.3%	315	320	-1.7%
	Greater Tokyo - Subtotal	10,075	32.6%	656	698	-6.1%
	Chubu	2,798	9.1%	103	94	9.4%
	Kansai	1,775	5.7%	75	99	-23.9%
	Kyushu	2,339	7.6%	106	137	-22.6%
	Hokkaido	3,479	11.3%	141	163	-13.6%
	Other domestic	2,700	8.7%	13	-23	157.3%
	Domestic Hotel – Subtotal	23,168	75.0%	1,096	1,170	-6.4%
	Residential	3,281	10.6%	278	270	2.8%
	Commercial	368	1.2%	29	30	-1.4%
	Domestic Asset- Subtotal	26,818	86.8%	1,404	1,471	-4.6%
	Overseas	4,070	13.2%	487	480	1.4%
	Total	30,889	100.0%	1,891	1,952	-3.1%

(Note 1) Based on all properties held as of the end of January 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

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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 73 domestic hotel properties managed by MyStays Hotel Management Co., Ltd. or its subsidiary out of the 84 domestic hotel properties held by INV as of the end of January 2020.
- (Note 4) 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 January 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 January 2020; hereinafter the same.
- (Note 5) "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 6) "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 7) "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 8) Based on 60 properties held by INV as of the end of January 2020.
- (Note 9) NOI excludes one-off insurance-related revenues and expenses.
- (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) Based on 148 properties owned by INV as of the end of January 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 12) 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 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/>