

[For Information Purpose Only]  
The Japanese language press release should be referred to as the original.]

April 24, 2020

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 March 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 the June 2020 fiscal period (January to June) decreased by 31.7% year-over-year. The decline in NOI for March 2020 (-55.8%) stems primarily from the pronounced impact of the coronavirus (COVID-19) pandemic that has caused a significant reduction in demand for hotels due to the sharp decline in domestic and global travel. The JNTO reported that inbound visitors declined by 93.0% in March (year-over-year). Domestically, voluntary restraints have been widespread significantly reducing business trips, leisure travel, conferences, sporting events and banquets.

In response to the significant reduction in demand, MyStays, the main hotel operator of INV, is taking aggressive steps to reduce hotel operating expenses by reviewing all operations, including temporary hotel closures and the suspension of non-essential capital expenditures. MyStays has taken pursued government subsidies on furloughing employees, cutting marketing expenses, and other items. On the revenue side, MyStays has pursued some corporate business, individual self-quarantine for returning passengers, and specific programs to salvage as much revenue as possible.

We expect a continuation of weak demand for domestic hotels due to COVID-19 for the time being as Prime Minister Abe expanded a state of emergency to cover the whole country and RevPAR in April 2020 is forecasted to decrease approximately 80% year-over-year.

This English language notice is a translation of the Japanese-language notice released on April 24, 2020 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

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 2020 has shown year-over-year declines in Occupancy of 44.5pt, ADR of 34.9%, and RevPAR of 67.7%, due to the reasons mentioned above. The March 2020 NOI declined by 59.8% year-over-year, and the cumulative NOI<sup>2</sup> for the June 2020 fiscal period (January to June) declined by 40.7% compared to the same period last year.

Table below shows the KPIs for each area of the 75 domestic hotels portfolio<sup>3</sup>.

Area	Occupancy Rate <sup>4</sup>	ADR (JPY) <sup>5</sup>	RevPAR (JPY) <sup>6</sup>
Tokyo 23 Wards	52.8%	5,714	3,015
Greater Tokyo (ex. Tokyo 23 Wards)	41.7%	5,980	2,495
Chubu	50.0%	6,392	3,197
Kansai	33.5%	5,331	1,783
Kyushu	61.4%	6,985	4,287
Hokkaido	16.7%	6,430	1,075
Other domestic	50.1%	11,771	5,896
Total	43.8%	6,539	2,864

### (2) Cayman Hotels

The Cayman Hotels (the Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) have shown a decrease in Occupancy of 49.0pt and RevPAR of 51.9%, while ADR increased by 1.0% year-over-year. On a cumulative basis for the June 2020 fiscal period (January to June), Occupancy decreased by 16.5pt, ADR increased by 1.4%, and RevPAR decreased by 16.9% compared to the same period last year.

NOI for the month of March 2020 decreased by 70.6% year-over-year. The cumulative NOI<sup>2</sup> for the June 2020 fiscal period (January to June) decreased by 23.7% compared to the same period last year.

In reaction to the worldwide spread of COVID-19, the Cayman Islands government closed the Owen Roberts International Airport in Grand Cayman on Sunday March 22, 2020 at 11:59 PM. Accordingly, the Cayman Hotels have been closed since late March. The closure period of the airport, which was initially set at three weeks until Sunday April 12, 2020, was extended to Sunday May 31, and the Cayman Hotels are scheduled to remain closed for the time being.

## 3. Residential Assets Overview

This English language notice is a translation of the Japanese-language notice released on April 24, 2020 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of March 2020 was 97.0%, a year-over-year increase of 0.1pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of March 2020 increased by 1.2% year-over-year. NOI<sup>8</sup> for the residential portfolio in March 2020 increased by 6.2% year-over-year and increased by 4.0% 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 0.8% for new leases, 1.8% for renewal leases, and 1.4% for new and renewal leases combined for the June 2020 fiscal period. INV achieved a rent increase on 51.3% of lease contract renewals for the June 2020 fiscal period. The retention rate for the existing tenants continues to be high at 83.4% for the June 2020 fiscal period.

## 4. Performance

### (1) 75 Domestic Hotel Properties<sup>3</sup>

	Mar. 2020 (A)	Mar. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate <sup>4</sup>	43.8%	88.3%	-44.5pt	-50.4%	66.6%	86.0%	-19.4pt	-22.6%
ADR (JPY) <sup>5</sup>	6,539	10,044	-3,505	-34.9%	8,021	9,637	-1,616	-16.8%
RevPAR (JPY) <sup>6</sup>	2,864	8,869	-6,006	-67.7%	5,342	8,288	-2,946	-35.5%
Gross Revenue (JPY million) <sup>9</sup>	1,978	6,047	-4,068	-67.3%	10,769	16,009	-5,240	-32.7%

### (2) Cayman Hotels

	Mar. 2020 (A)	Mar. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate <sup>4</sup>	44.6%	93.6%	-49.0pt	-52.4%	75.1%	91.6%	-16.5pt	-18.0%
ADR (USD) <sup>5</sup>	482	478	+5	+1.0%	487	481	+7	+1.4%
RevPAR (USD) <sup>6</sup>	215	447	-232	-51.9%	366	440	-74	-16.9%
Gross Revenue (USD thousand)	5,633	11,039	-5,406	-49.0%	26,514	31,121	-4,606	-14.8%

### (3) 60 Residential Properties<sup>7</sup>

	Mar. 2020 (A)	Mar. 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate	97.0%	96.9%	+0.1pt	+0.1%	96.6%	96.2%	+0.4pt	+0.4%
Rent per Tsubo (JPY)	9,073	8,970	+103	+1.2%	9,067	9,003	+64	+0.7%

This English language notice is a translation of the Japanese-language notice released on April 24, 2020 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

## 5. Portfolio NOI

		2019 Simulated NOI <sup>10</sup>		NOI <sup>1,2</sup> (JPY million)					
		(JPY million)	Ratio	Mar.			Cumulative (Jan.-June)		
				2020	2019	YoY Change	2020	2019	YoY Change
	Tokyo 23 Wards	5,980	19.4%	245	611	-59.8%	829	1,389	-40.3%
	Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.3%	289	444	-35.0%	896	1,077	-16.8%
	Greater Tokyo – Subtotal	10,075	32.7%	534	1,055	-49.3%	1,726	2,467	-30.0%
	Chubu	2,791	9.1%	103	247	-58.2%	282	471	-40.2%
	Kansai	1,775	5.8%	67	213	-68.3%	208	429	-51.4%
	Kyushu	2,315	7.5%	89	255	-64.9%	266	547	-51.4%
	Hokkaido	3,442	11.2%	47	154	-69.1%	368	698	-47.2%
	Other domestic	2,700	8.8%	45	283	-84.1%	81	331	-75.5%
	Domestic Hotel – Subtotal	23,100	75.0%	888	2,209	-59.8%	2,933	4,946	-40.7%
	Residential	3,281	10.6%	280	263	+6.2%	831	800	+4.0%
	Commercial	368	1.2%	30	30	-1.5%	90	91	-1.0%
	Domestic Asset – Subtotal	26,750	86.8%	1,198	2,504	-52.1%	3,856	5,838	-34.0%
	Overseas	4,070	13.2%	180	612	-70.6%	1,266	1,658	-23.7%
	Total	30,820	100.0%	1,378	3,116	-55.8%	5,122	7,496	-31.7%

(Note 1) Based on all properties held as of the end of March 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, and are subject to change caused by the adjustments based on differences in accounting treatments, since it is difficult to adjust them due to the timing even if the figures are based on actual performance; 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 March 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 March 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.

This English language notice is a translation of the Japanese-language notice released on April 24, 2020 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

- (Note 6) "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 7) Based on 60 properties held by INV as of the end of March 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 March 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, and the figures have changed from the previous monthly performance press release due to the adjustment described above in "Note 2". 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/>