

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
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Notice concerning Revision of Forecast of Financial Results and Distribution for the 34th Fiscal Period Ending June 2020 and 35th Fiscal Period Ending December 2020

Invincible Investment Corporation (“INV”) today announced the revision of its forecast of financial results and Distribution per Unit (“DPU”) for the fiscal period ending June 2020 (34th Fiscal Period) and fiscal period ending December 2020 (35th Fiscal Period) as announced in “Financial Summary for the December 2019 Fiscal Period (from July 1, 2019 to December 31, 2019)” dated February 20, 2020.

1. Revision of the forecast of financial results and distribution for the fiscal period ending June 2020 (from January 1, 2020 to June 30, 2020) and fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020)

<Fiscal Period Ending June 2020>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 20, 2020)	JPY million 18,510	JPY million 12,342	JPY million 11,259	JPY million 11,258	JPY million 11,047
Revised forecast (B)	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD
Amount of Variance (B) – (A)	JPY million -	JPY million -	JPY million -	JPY million -	JPY million -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -	% -

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.

	Earnings per Unit (Note 1)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on February 20, 2020)	JPY 1,846	JPY 1,812	JPY -	JPY 1,812
Revised forecast (B)	JPY TBD	JPY TBD	JPY TBD	JPY TBD
Amount of Variance (B) – (A)	JPY -	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 units

<Fiscal Period Ending December 2020>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 20, 2020)	JPY million 17,441	JPY million 11,112	JPY million 10,047	JPY million 10,047	JPY million 10,041
Revised forecast (B)	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD
Amount of Variance (B) – (A)	JPY million -	JPY million -	JPY million -	JPY million -	JPY million -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -	% -

	Earnings per Unit (Note 1)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on February 20, 2020)	JPY 1,647	JPY 1,647	JPY -	JPY 1,647
Revised forecast (B)	JPY TBD	JPY TBD	JPY TBD	JPY TBD
Amount of Variance (B) – (A)	JPY -	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -

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(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 units

2. Reasons for the revision of forecast of financial results and distribution

INV's domestic hotel portfolio¹ earnings for January were on track with occupancy rates of 81.7% on average and RevPAR of JPY 6,895. February started to feel the effects of social distancing in Japan and Chinese outbound starting to decrease. However, in March, the Covid-19 pandemic increased as has been well publicized in the news. The strong quarantine measures announced by Japan and even stronger global measures have decreased travel tremendously, and the number of inbound tourists to Japan in March 2020 declined by 93%².

As announced in "Performance Update for March 2020," RevPAR for domestic hotel portfolio in March 2020 decreased by 67.7% year-on-year. This was followed by a State of Emergency issued by Prime Minister Abe as well as by seven prefectural governors, which has since been expanded to the entire nation. Forecasted occupancy rates have continued to fall and for now, it is uncertain how the pandemic and the response will develop, the magnitude of the effect on the economy, and the impact on the hospitality industry. Accordingly, INV feels it is prudent to withdraw its earnings for the fiscal period ending June 2020 and fiscal period ending December 2020.

Consonant Investment Management Co., Ltd., the asset manager of INV, and MyStays Hotel Management Co., Ltd. ("MyStays"), the main operator of INV's hotels, and related companies have focused first and foremost on the safety and well-being of its employees. Secondly, both MyStays and INV have been focused on salvaging this current environment through cutting expenses and trying to generate revenue through various means. Thirdly, INV and MyStays have also been focused on preserving cash and capital through minimizing capital expenditures during this period. Overall, INV feels confident in its financial position given the quality of its portfolio, the low leverage and strong bank relationships.

(Note 1) 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. 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.

(Note 2) Source: Japan National Tourism Organization (JNTO)

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

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