

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

May 25, 2020

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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Performance Update for April 2020

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

1. Overall Performance of the Entire Portfolio

As announced in “Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement with Major Tenants” dated May 11, 2020, INV entered into a Memorandum of Understanding (“MOU”) to amend each fixed-term building lease and property management agreement for domestic hotels owned by INV and operated by INV's main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (“MHM Group”). Under the MOU, INV will bear the property management costs from March to June 2020 and increase the amount of the management fees payable to the MHM Group, but at present, details of the amount to be paid by INV have not been concretely agreed. Therefore, The NOI for April 2020 of domestic hotels operated by the MHM Group has not been determined and the NOI for March 2020 will be also revised retroactively. As a result, the overall Portfolio NOI^{1,2} for the June 2020 fiscal period (January to June) is not yet determined as well and the disclosure is omitted. For details on the MOU, please refer to the above press release.

The performance for April 2020 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. JNTO reported that inbound visitors declined by 99.9% in April (year-over-year). Domestically, the Government enacted State of Emergency has caused widespread voluntary restraints significantly reducing business trips and leisure travel. Prime Minister Abe has subsequently extended the nationwide State of Emergency through the end of May 2020.

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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 government subsidies for furloughed employees, is cutting payments to service providers, significantly reducing marketing expenses, utilities, and other items. On the revenue side, MyStays has been pursuing corporate demand from companies seeking help to quarantine their employees returning to Japan, individual self-quarantine for returning passengers, and specific programs to salvage as much revenue as possible such as a day-use of hotel rooms for people seeking space to work remotely.

Some of the hotels owned by INV have been temporarily closed as described in Appendix 1.

The State of Emergency has been lifted by the national government for 42 of 47 prefectures on May 21. However, since the declaration remains in effect for areas such as the Tokyo metropolitan area and Hokkaido, where many INV's hotels are located, voluntary restraints on cross-prefecture travel and non-essential movement are still expected to continue. Therefore, demand for hotels will continue to be sluggish for the time being, and we are forecasting RevPAR in May 2020 to decrease approximately 90% year-over-year.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

The domestic hotel portfolio³ performance for the month of April 2020 has shown year-over-year declines in Occupancy of 60.8pt, ADR of 46.2%, and RevPAR of 83.4%, due to the reasons mentioned above. The cumulative NOI² for the June 2020 fiscal period (January to June) is not yet determined as above.

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 | 37.8% | 5,837 | 2,204 |
| Greater Tokyo (ex. Tokyo 23 Wards) | 39.4% | 7,482 | 2,946 |
| Chubu | 21.7% | 5,310 | 1,154 |
| Kansai | 18.2% | 4,570 | 831 |
| Kyushu | 23.2% | 4,873 | 1,133 |
| Hokkaido | 8.0% | 6,080 | 483 |
| Other domestic | 19.4% | 7,949 | 1,542 |
| Total | 27.0% | 6,201 | 1,675 |

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(2) Cayman Hotels

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 (the Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) have been closed since late March.

The cumulative NOI² for the June 2020 fiscal period (January to June) decreased by 48.1% compared to the same period last year.

The closure period of the airport, which was initially set at three weeks until Sunday April 12, 2020, was extended to Monday, August 31, and the Cayman Hotels are scheduled to remain closed for the time being.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of April 2020 was 96.2%, a year-over-year increase of 0.4pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of April 2020 increased by 0.2% year-over-year. NOI⁸ for the residential portfolio in April 2020 increased by 0.0% year-over-year and increased by 3.0% 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 0.6% for new leases, 1.6% for renewal leases, and 1.2% for new and renewal leases combined for the June 2020 fiscal period. INV achieved a rent increase on 47.3% of lease contract renewals for the June 2020 fiscal period. The retention rate for the existing tenants continues to be high at 81.3% for the June 2020 fiscal period.

4. Performance

(1) 75 Domestic Hotel Properties³

| | Apr. 2020 (A) | Apr. 2019 (B) | (A – B) | YoY Change | Cumulative (Jan.-June) | | | |
|--|---------------------|---------------------|---------|---------------|------------------------|-------------|---------|---------------|
| | | | | | 2020 (C) | 2019 (D) | (C – D) | YoY Change |
| Occupancy Rate ⁴ | 27.0% | 87.8% | -60.8pt | -69.2% | 56.8% | 86.5% | -29.7pt | -34.3% |
| ADR (JPY) ⁵ | 6,201 | 11,530 | -5,330 | -46.2% | 7,806 | 10,118 | -2,312 | -22.9% |
| RevPAR (JPY) ⁶ | 1,675 | 10,122 | -8,446 | -83.4% | 4,433 | 8,747 | -4,314 | -49.3% |
| Gross Revenue (JPY million) ⁹ | 1,024 | 6,246 | -5,221 | -83.6% | 11,793 | 22,255 | -10,461 | -47.0% |

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(2) Cayman Hotels

| | Apr. 2020 (A) | Apr. 2019 (B) | (A-B) | YoY Change | Cumulative (Jan.-June) | | | |
|---------------------------------|---------------------|---------------------|---------|---------------|------------------------|-------------|---------|---------------|
| | | | | | 2020 (C) | 2019 (D) | (C-D) | YoY Change |
| Occupancy Rate ⁴ | 0.0% | 90.2% | -90.2pt | -100.0% | 56.5% | 91.3% | -34.8pt | -38.1% |
| ADR (USD) ⁵ | 0 | 430 | -430 | -100.0% | 487 | 468 | +19 | +4.1% |
| RevPAR (USD) ⁶ | 0 | 388 | -388 | -100.0% | 275 | 427 | -152 | -35.5% |
| Gross Revenue (USD thousand) | 124 | 9,688 | -9,564 | -98.7% | 26,638 | 40,810 | -14,171 | -34.7% |

(3) 60 Residential Properties⁷

| | Apr. 2020 (A) | Apr. 2019 (B) | (A-B) | YoY Change | Cumulative (Jan.-June) | | | |
|-------------------------|---------------------|---------------------|--------|---------------|------------------------|-------------|--------|---------------|
| | | | | | 2020 (C) | 2019 (D) | (C-D) | YoY Change |
| Occupancy Rate | 96.2% | 95.8% | +0.4pt | +0.4% | 96.5% | 96.1% | +0.4pt | +0.4% |
| Rent per Tsubo (JPY) | 9,140 | 9,120 | +20 | +0.2% | 9,086 | 9,032 | +54 | +0.6% |

5. Portfolio NOI

| | | 2019 Simulated NOI ¹⁰ | | NOI ^{1,2} (JPY million) | | | | | |
|--|------------------------------------|-------------------------------------|--------|----------------------------------|------|---------------|------------------------|-------|---------------|
| | | (JPY million) | Ratio | Apr. | | | Cumulative (Jan.-June) | | |
| | | | | 2020 | 2019 | YoY Change | 2020 | 2019 | YoY Change |
| | Tokyo 23 Wards | 5,980 | 19.4% | - | - | - | - | - | - |
| | Greater Tokyo (ex. Tokyo 23 Wards) | 4,094 | 13.3% | - | - | - | - | - | - |
| | Greater Tokyo – Subtotal | 10,075 | 32.7% | - | - | - | - | - | - |
| | Chubu | 2,791 | 9.1% | - | - | - | - | - | - |
| | Kansai | 1,775 | 5.8% | - | - | - | - | - | - |
| | Kyushu | 2,315 | 7.5% | - | - | - | - | - | - |
| | Hokkaido | 3,442 | 11.2% | - | - | - | - | - | - |
| | Other domestic | 2,700 | 8.8% | - | - | - | - | - | - |
| | Domestic Hotel – Subtotal | 23,100 | 75.0% | - | - | - | - | - | - |
| | Residential | 3,281 | 10.6% | 273 | 273 | +0.0% | 1,105 | 1,073 | +3.0% |
| | Commercial | 368 | 1.2% | 30 | 30 | +0.5% | 121 | 122 | -0.6% |
| | Domestic Asset – Subtotal | 26,750 | 86.8% | - | - | - | - | - | - |
| | Overseas | 4,070 | 13.2% | -157 | 477 | - | 1,108 | 2,136 | -48.1% |
| | Total | 30,820 | 100.0% | - | - | - | - | - | - |

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

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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 April 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 April 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 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 April 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 April 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. 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/>

(Appendix 1)

<Temporary Closure Status of Hotels Owned by INV>

| Property Number | Property Name | Location | Closed Date | End of Closing Period (Note) | Status of Operation |
|-----------------|---|----------------------------|-------------|------------------------------|--|
| D53 | Hotel MyStays Sapporo Station | Sapporo-shi, Hokkaido | March 18 | June 12 | Consolidating operations with Hotel MyStays Sapporo Aspen |
| D68 | Hotel MyStays Kanazawa Castle | Kanazawa-shi, Ishikawa | April 13 | June 14 | Consolidating operations with Hotel MyStays Premier Kanazawa |
| D71 | Hotel Nord Otaru | Otaru-shi, Hokkaido | March 18 | June 12 | Consolidating operations with Hotel Sonia Otaru |
| D75 | Hotel MyStays Sapporo Susukino | Sapporo-shi, Hokkaido | March 18 | June 12 | Consolidating operations with Hotel MyStays Premier Sapporo Park |
| D76 | Hotel Mystays Sapporo Nakajima Park | Sapporo-shi, Hokkaido | March 18 | June 12 | |
| D77 | Hotel MyStays Sapporo Nakajima Park Annex | Sapporo-shi, Hokkaido | March 6 | June 12 | |
| D3 | Hotel MyStays Kyoto-Shijo | Kyoto-shi, Kyoto | May 1 | June 12 | Closing |
| D44 | Hotel Epinard Nasu | Nasu-gun, Tochigi | April 28 | May 31 | |
| D48 | Takamatsu Tokyu REI Hotel | Takamatsu-shi, Kagawa | April 25 | May 31 | |
| D65 | Art Hotel Ishigakijima | Ishigaki - shi, Okinawa | April 20 | May 31 | |
| D66 | Hotel MyStays Fuji Onsen Resort | Fujiyoshida-shi, Yamanashi | May 1 | June 11 | |
| D79 | MyCUBE by MYSTAYS Asakusa Kuramae | Taito-ku, Tokyo | March 8 | June 30 | |
| - | Sheraton Grande Tokyo Bay Hotel | Urayasu-shi, Chiba | April 28 | May 31 | |
| D200 | Westin Grand Cayman Seven Mile Beach Resort & Spa | Cayman Islands | March 22 | August 31 | |
| D201 | Sunshine Suites Resort | Cayman Islands | March 22 | August 31 | |

(Note) Expected end of Closing Period as of today, which could change.

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