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

July 27, 2020

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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Performance Update for June 2020

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

1. Overall Performance of the Entire Portfolio

Similar to the previous month, both the domestic and overseas hotel portfolios for June 2020 continue to be heavily affected by the decline in tourism and the economy from the coronavirus (COVID-19), while the residential portfolio continues to perform well with minimal negative impacts from COVID-19.

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 shall bear the property management costs from March to June 2020 and increase the amount of management fees payable to the MHM Group. The amount to be borne by INV has been concretely agreed, and the NOI of domestic hotels operated by the MHM Group has been determined. As a result, the overall Portfolio NOI^{1,2,3} for June 2020 decreased by 97.9% compared to the same month last year and decreased by 78.0% cumulatively for the June 2020 fiscal period (January to June) compared to the same period last year.

The following are the details by segment.

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2. Hotel Assets Overview

(1) Domestic Hotels

The domestic hotel portfolio⁴ performance for the month of June 2020 has shown year-over-year declines in Occupancy of 51.9pt, ADR of 45.1%, and RevPAR of 77.5%. The NOI^{2,3} for June 2020 decreased significantly as explained in the previous paragraph and for the June 2020 fiscal period (January to June) decreased by 92.7% compared to the same period last year.

The weak domestic hotel demand for June 2020 stems primarily from the pronounced impact of the COVID-19 pandemic that has caused a significant reduction in demand for hotels due to the sharp decline in domestic and global travel. The constant news flow and government warnings have contributed to a shift in mindset to refrain from business trips and leisure travel. JNTO reported that inbound visitors declined by 99.9% in June (year-over-year).

In response to the significant reduction in hotel demand, MyStays, the main hotel operator for INV, is continuing to thoroughly reduce hotel operation costs while reviewing its operational strategy under the COVID-19 environment. MyStays is vigorously working to stimulate demand from existing domestic customers by following up on cancelled or postponed functions and providing corporate customers with various options while highlighting strict measures to reduce the spread of COVID-19. In addition, MyStays is focusing on capturing new demand, including the provision of telework environments to provide individuals and corporates with a comfortable telework space as well as accommodation demand associated with the 14-day voluntary quarantine period after returning to Japan.

As for temporary closure status of domestic hotels owned by INV, all hotels other than MyCUBE by MYSTAYS Asakusa Kuramae have reopened by July 18. The temporary closure status of hotels is described in Appendix 1.

The government lifted the request for voluntary restraints on cross-prefectural movement on June 19, prompting an increase in economic activity and somewhat travel levels, however there is still strong concern about a potential second wave of the spread of COVID-19. The Go To Travel campaign commenced on July 22 and is part of a government stimulus package that will subsidize domestic tourism expenses. The government unfortunately announced recently that travel to and from Tokyo would be excluded from the program due to the rising number of COVID-19 outbreaks in Tokyo. Therefore, we do not see a full-fledged recovery in hotel demand and are forecasting RevPAR in July 2020 to decrease by approximately 70% year-over-year.

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Table below shows the KPIs for each area of the 75 domestic hotels portfolio⁴.

Area	Occupancy Rate ⁵	ADR (JPY) ⁶	RevPAR (JPY) ⁷
Tokyo 23 Wards	36.3%	5,195	1,886
Greater Tokyo (ex. Tokyo 23 Wards)	50.4%	4,636	2,339
Chubu	31.2%	4,865	1,518
Kansai	29.6%	4,586	1,360
Kyushu	39.0%	4,900	1,911
Hokkaido	19.7%	5,582	1,102
Other domestic	42.8%	8,082	3,463
Total	36.0%	5,200	1,873

(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 have been closed since late March and are expected to reopen on October 1, 2020 at the earliest. On a positive note, the Tortuga Beach Grill & Bar at the Westin Grand Cayman Seven Mile Beach Resort & Spa and the Sunshine Grill at the Sunshine Suites Resort reopened on June 19, 2020 to serve for local customers.

The NOI² for June 2020 significantly decreased and for the June 2020 fiscal period (January to June) decreased by 72.2% compared to the same period last year.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of June 2020 was 95.6%, a year-over-year decrease of 0.5pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of June 2020 increased by 0.7% year-over-year. NOI⁹ for the residential portfolio in June 2020 increased by 0.1% year-over-year and increased by 2.0% 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 0.7% for new leases, 1.6% for renewal leases, and 1.3% for new and renewal leases combined for the June 2020 fiscal period. INV achieved a rent increase on 46.6% of lease contract renewals for the June 2020 fiscal period. The retention rate for the existing tenants continues to be high at 80.7% for the June 2020 fiscal period.

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4. Performance

(1) 75 Domestic Hotel Properties⁴

	June 2020 (A)	June 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate ⁵	36.0%	87.9%	-51.9pt	-59.0%	48.1%	86.8%	-38.7pt	-44.6%
ADR (JPY) ⁶	5,200	9,468	-4,268	-45.1%	7,229	10,109	-2,880	-28.5%
RevPAR (JPY) ⁷	1,873	8,323	-6,450	-77.5%	3,478	8,772	-5,294	-60.4%
Gross Revenue (JPY million) ¹⁰	1,267	5,492	-4,225	-76.9%	14,205	33,809	-19,604	-58.0%

(2) Cayman Hotels

	June 2020 (A)	June 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate ⁵	0.0%	85.5%	-85.5pt	-100.0%	37.5%	89.3%	-51.7pt	-58.0%
ADR (USD) ⁶	0	303	-303	-100.0%	487	416	+72	+17.2%
RevPAR (USD) ⁷	0	259	-259	-100.0%	183	371	-188	-50.7%
Gross Revenue (USD thousand)	50	7,248	-7,197	-99.3%	26,666	56,050	-29,383	-52.4%

(3) 60 Residential Properties⁸

	June 2020 (A)	June 2019 (B)	(A-B)	YoY Change	Cumulative (Jan.-June)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate	95.6%	96.1%	-0.5pt	-0.5%	96.2%	96.0%	+0.2pt	+0.2%
Rent per Tsubo (JPY)	9,116	9,054	+62	+0.7%	9,097	9,045	+52	+0.6%

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5. Portfolio NOI

	2019 Simulated NOI ¹¹		NOI ^{1,2} (JPY million)					
	(JPY million)	Ratio	June			Cumulative (Jan.-June)		
			2020	2019	YoY Change	2020	2019	YoY Change
Tokyo 23 Wards	5,980	19.4%	-9	429	-	579	3,025	-80.4%
Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.3%	22	312	-92.7%	977	2,003	-51.2%
Greater Tokyo – Subtotal	10,075	32.7%	13	742	-98.1%	1,556	5,029	-69.1%
Chubu	2,791	9.1%	-21	168	-	-32	1,247	-
Kansai	1,775	5.8%	-22	129	-	-14	984	-
Kyushu	2,315	7.5%	2	118	-97.8%	-44	1,109	-
Hokkaido	3,442	11.2%	-128	418	-	-345	1,537	-
Other domestic	2,700	8.8%	68	158	-56.7%	-332	937	-
Domestic Hotel – Subtotal	23,100	75.0%	-86	1,736	-	787	10,846	-92.7%
Residential	3,281	10.6%	274	273	+0.1%	1,657	1,625	+2.0%
Commercial	368	1.2%	28	30	-5.8%	180	183	-1.6%
Domestic Asset – Subtotal	26,750	86.8%	215	2,039	-89.4%	2,626	12,655	-79.3%
Overseas	4,070	13.2%	-165	291	-	771	2,772	-72.2%
Total	30,820	100.0%	49	2,331	-97.9%	3,397	15,428	-78.0%

(Note 1) Based on all properties held as of the end of June 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) Under the MOU, the total amount of property management costs and incremental management fees incurred by INV from March to June 2020 totaled JPY 1,350 million, of which JPY 362 million for March, JPY 644 million for April, JPY 343 million for May and JPY 0 million for June. As a result, the domestic hotel NOI of each month was JPY -252 million for March, JPY -642 million for April, JPY -416 million for May and JPY -86 million for June.

(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 June 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 June 2020; hereinafter the same.

(Note 5) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

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room occupancy rate = total number of rooms occupied during the relevant period ÷ (aggregate number of rooms during the relevant period x 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 room 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 June 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 June 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.
- (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) 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 14) For the details of performance for each hotel asset, please visit INV's website:
<https://www.invincible-inv.co.jp/en/portfolio/hotel.html>

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(Appendix 1)

<Temporary Closure Status of Hotels Owned by INV>

Property Number	Property Name	Location	Closed Date	End Date of Closing Period	Hotel That Consolidates Operations During Close
D79	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	March 8	July 31 (Planned)	-
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	Cayman Islands	March 22	September 30 (Planned)	
D201	Sunshine Suites Resort	Cayman Islands	March 22	September 30 (Planned)	
D3	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	May 1	June 30	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	April 28	May 31	
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	April 25	May 31	
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	March 18	July 17	
D65	Art Hotel Ishigakijima	Ishigaki-shi, Okinawa	April 20	May 31	-
D66	Hotel MyStays Fuji Onsen Resort	Fujiyoshida-shi, Yamanashi	May 1	June 11	
D68	Hotel MyStays Kanazawa Castle	Kanazawa-shi, Ishikawa	April 13	June 30	Hotel MyStays Premier Kanazawa
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	March 18	June 30	Hotel Sonia Otaru
D75	Hotel MyStays Sapporo Susukino	Sapporo-shi, Hokkaido	March 18	July 17	Hotel MyStays Premier Sapporo Park
D76	Hotel Mystays Sapporo Nakajima Park	Sapporo-shi, Hokkaido	March 18	July 17	
D77	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo-shi, Hokkaido	March 6	July 17	
-	Sheraton Grande Tokyo Bay Hotel	Urayasu-shi, Chiba	April 28	June 29	-

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