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

January 24, 2020

To All Concerned Parties

Name of REIT Issuer:

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

Asset Manager:

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Performance Update for December 2019

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

1. Overall Performance of the Entire Portfolio

The overall Portfolio NOI^{1,2} for the December 2019 fiscal period (from July to December) decreased by 7.6% year-on-year due to the impact from multiple major typhoons, the prolonged trade and diplomatic dispute between Japan and South Korea which resulted in fewer inbound travelers from South Korea. The decline in NOI for December 2019 (-17.2%) stems primarily from fewer inbound travelers from South Korea as stated. Guests from South Korea only represented 3.3% of INV’s total hotel room revenue³ from January to June 2019, however this declined to 1.1% in November 2019 and remained the same in December 2019. The decline in guests from South Korea is in line with the December 2019 figures announced by Japan National Tourism Organization (JNTO), showing a 63.6% decline in visitor arrivals from South Korea to Japan year-on-year. 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 December 2018. The absence of the Hokkaido government subsidies in December 2019 adversely affected monthly performance.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

The domestic hotel portfolio⁴ performance for the month of December 2019 has shown year-on-year declines in Occupancy of 2.2pt, ADR of 8.7% and RevPAR of 11.0%, due to the

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reasons mentioned above. The December 2019 NOI declined by 26.8% year-on-year, and the cumulative NOI² for the December 2019 fiscal period (July to December) declined by 10.2% compared to the same period last year.

Table below shows the KPIs for each area of the domestic hotel portfolio.

Area	Pre-offering (55 properties ⁵)			Post-offering (71 properties ⁴)		
	Occupancy Rate ⁶	ADR (JPY) ⁷	RevPAR (JPY) ⁸	Occupancy Rate ⁶	ADR (JPY) ⁷	RevPAR (JPY) ⁸
Tokyo 23 Wards	90.4%	9,090	8,215	90.3%	8,850	7,989
Greater Tokyo (ex. Tokyo 23 Wards)	89.8%	14,313	12,855	89.9%	13,989	12,578
Chubu	81.0%	7,443	6,032	81.1%	8,219	6,669
Kansai	81.3%	7,530	6,119	81.3%	7,530	6,119
Kyushu	91.2%	8,793	8,016	84.0%	8,795	7,387
Hokkaido	73.5%	8,873	6,518	77.8%	9,201	7,161
Other domestic	76.8%	16,710	12,831	75.7%	14,826	11,217
Total	86.0%	10,144	8,727	84.8%	11,453	9,715

(2) Cayman Hotels

The Cayman Hotels (the Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) continued to perform well. While Occupancy declined by 3.8pt., ADR increased by 14.5%, and RevPAR increased by 9.6% in December 2019 year-on-year. On a cumulative basis for the July to December 2019 period, Occupancy declined by 4.8pt, however, ADR increased by 11.9%, and RevPAR increased by 4.9% compared to the same period last year.

The NOI (direct ownership basis and hereinafter the same) for the month of December 2019 increased by 3.4% year-on-year (which is included in the calculation of the overall Portfolio NOI for December 2019 as stated in “1. Overall Performance of the Entire Portfolio” on page 1). The cumulative NOI² for the December 2019 fiscal period (July to December) increased by 5.4% compared to the same period last year.

3. Residential Assets Overview

The residential portfolio⁹ in-place occupancy rate as of the end of December 2019 was 96.2%, a year-on-year increase of 0.6pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of December 2019 increased by 0.6% year-on-year. NOI¹⁰ for the residential portfolio in December 2019 decreased by 1.1% year-on-year due to the sale of 1 property during the month and increased by 0.8% on a cumulative basis for the December 2019 fiscal period (July to December). Assuming INV held the property that was sold until the end of December to make a fair comparison, the Residential Assets' NOI in December 2019 and for the December 2019 fiscal period (July to December) would have increased by 1.9% and 1.4% compared to the same period in 2018, respectively.

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Rents, compared with those based on the immediately preceding leases, increased by 0.3% across all new leases, 1.4% across all renewal leases, and 1.0% across all combined new and renewal leases for the December 2019 fiscal period.

INV achieved a rent increase on 43.2% of lease contract renewals (December 2019 fiscal period). The retention rate for the existing tenants continues to be high at 83.2% for the December 2019 fiscal period.

4. Performance

(1) 55 Domestic Hotel Properties⁵

	Dec. 2019 (A)	Dec. 2018 (B)	(A-B)	YoY Change	Cumulative (July-Dec.)			
					2019 (C)	2018 (D)	(C-D)	YoY Change
Occupancy Rate ⁶	86.0%	88.7%	-2.6pt	-3.0%	89.2%	90.6%	-1.4pt	-1.5%
ADR (JPY) ⁷	10,144	11,122	-978	-8.8%	10,705	11,250	-544	-4.8%
RevPAR (JPY) ⁸	8,727	9,862	-1,136	-11.5%	9,550	10,193	-643	-6.3%
Gross Revenue (JPY million) ¹¹	4,414	4,737	-322	-6.8%	27,699	29,122	-1,422	-4.9%

(2) 71 Domestic Hotel Properties⁴

	Dec. 2019 (A)	Dec. 2018 (B)	(A-B)	YoY Change	Cumulative (July-Dec.)			
					2019 (C)	2018 (D)	(C-D)	YoY Change
Occupancy Rate ⁶	84.7%	86.9%	-2.2pt	-2.5%	88.6%	89.5%	-1.0pt	-1.1%
ADR (JPY) ⁷	9,848	10,787	-940	-8.7%	10,808	11,271	-462	-4.1%
RevPAR (JPY) ⁸	8,337	9,370	-1,033	-11.0%	9,574	10,091	-517	-5.1%
Gross Revenue (JPY million) ¹¹	5,333	5,682	-349	-6.1%	34,419	35,572	-1,153	-3.2%

(3) Cayman Hotels

	Dec. 2019 (A)	Dec. 2018 (B)	(A-B)	YoY Change	Cumulative (July-Dec.)			
					2019 (C)	2018 (D)	(C-D)	YoY Change
Occupancy Rate ⁶	85.1%	88.9%	-3.8pt	-4.3%	72.3%	77.1%	-4.8pt	-6.3%
ADR (USD) ⁷	569	497	+72	+14.5%	327	293	+35	+11.9%
RevPAR (USD) ⁸	484	442	+42	+9.6%	237	226	+11	+4.9%
Gross Revenue (USD thousand)	10,711	10,021	+689	+6.9%	36,299	35,610	+689	+1.9%

(4) 62 Residential Properties⁹

	Dec. 2019 (A)	Dec. 2018 (B)	(A-B)	YoY Change	Cumulative (July-Dec.)			
					2019 (C)	2018 (D)	(C-D)	YoY Change
Occupancy Rate	96.2%	95.5%	+0.6pt	+0.7%	96.3%	96.0%	+0.3pt	+0.3%

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Rent per Tsubo (JPY)	9,386	9,335	+51	+0.6%	9,386	9,353	+33	+0.4%
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5. Portfolio NOI

Pre-offering (130 properties)

	2018 Simulated NOI ¹²		NOI ^{2,13} (JPY million)					
	(JPY million)	Ratio	Dec.			Cumulative (July-Dec.)		
			2019	2018	YoY Change	2019	2018	YoY Change
Tokyo 23 Wards	6,388	23.5%	454	546	-16.9%	2,817	3,271	-13.9%
Greater Tokyo (ex. Tokyo 23 Wards)	3,568	13.1%	231	303	-23.6%	1,653	1,864	-11.3%
Greater Tokyo - Subtotal	9,957	36.6%	686	850	-19.3%	4,471	5,136	-12.9%
Chubu	1,456	5.4%	59	69	-14.1%	615	711	-13.4%
Kansai	2,227	8.2%	82	164	-49.8%	790	1,130	-30.0%
Kyushu	1,649	6.1%	95	140	-31.7%	732	837	-12.5%
Hokkaido	1,479	5.4%	55	115	-51.7%	783	823	-4.9%
Other domestic	2,181	8.0%	8	50	-83.1%	1,312	1,279	2.6%
Domestic Hotel – Subtotal	18,951	69.7%	987	1,388	-28.9%	8,706	9,918	-12.2%
Residential	5,098	18.7%	294	297	-1.1%	1,804	1,789	0.8%
Commercial	368	1.4%	30	30	-0.3%	184	184	0.0%
Domestic Asset – Subtotal	24,417	89.8%	1,311	1,716	-23.6%	10,695	11,892	-10.1%
Overseas	2,782	10.2%	541	523	3.4%	1,297	1,231	5.4%
Total	27,200	100.0%	1,852	2,239	-17.2%	11,993	13,123	-8.6%

Post-offering (148 properties)

	2018 Simulated NOI ¹²		NOI ^{1,2} (JPY million)					
	(JPY million)	Ratio	Dec.			Cumulative (July-Dec.)		
			2019	2018	YoY Change	2019	2018	YoY Change
Tokyo 23 Wards	6,450	21.6%	456	551	-17.3%	2,837	3,304	-14.1%
Greater Tokyo (ex. Tokyo 23 Wards)	3,635	12.2%	237	309	-23.1%	1,692	1,901	-11.0%
Greater Tokyo – Subtotal	10,086	33.8%	693	860	-19.4%	4,530	5,205	-13.0%
Chubu	2,857	9.6%	139	147	-5.7%	1,295	1,417	-8.6%
Kansai	2,227	7.5%	82	164	-49.8%	790	1,130	-30.0%
Kyushu	2,406	8.1%	128	169	-23.9%	1,151	1,320	-12.8%
Hokkaido	3,179	10.7%	165	260	-36.4%	1,799	1,770	1.6%
Other domestic	2,363	7.9%	14	70	-78.8%	1,411	1,385	1.9%
Domestic Hotel – Subtotal	23,119	77.5%	1,224	1,672	-26.8%	10,978	12,229	-10.2%

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Residential	3,555	11.9%	294	297	-1.1%	1,804	1,789	0.8%
Commercial	368	1.2%	30	30	-0.3%	184	184	0.0%
Domestic Asset – Subtotal	27,043	90.7%	1,549	2,000	-22.5%	12,968	14,203	-8.7%
Overseas	2,782	9.3%	541	523	3.4%	1,297	1,231	5.4%
Total	29,826	100.0%	2,090	2,523	-17.2%	14,266	15,435	-7.6%

- (Note 1) Based on all properties held as of the end of December 2019, including Winbell Kagurazaka sold on December 17, 2019 and excluding (i) 9 hotels with fixed-rent lease agreements and (ii) D70 Hotel MyStays Nagoya Nishiki and D75 Hotel MyStays Sapporo Susukino which do not have comparable performance figure for the previous year. 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; hereinafter the same.
- (Note 3) Based on 71 domestic hotel properties managed by MyStays Hotel Management Co., Ltd. or its subsidiary out of the 82 domestic hotel properties held by INV as of the end of December 2019.
- (Note 4) Based on 71 hotel properties; of the 82 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 December 2019, (i) 9 hotels with fixed-rent lease agreements and (ii) D70 Hotel MyStays Nagoya Nishiki and D75 Hotel MyStays Sapporo Susukino which do not have comparable performance figure for the previous year 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 December 2019; hereinafter the same.
- (Note 5) Based on 55 hotel properties; of the 64 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) held as of the beginning of July 2019, 9 hotels with fixed-rent lease agreements are excluded.
- (Note 6) “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 7) “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 8) “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 9) Based on 62 properties held as of the beginning of July 2019. Of the 62 properties, Winbell Kagurazaka was sold on December 17, 2019. Therefore, for Winbell Kagurazaka, July 1, 2019 through December 16, 2019 is deemed as the operating period for the December 2019 fiscal period, and the leased area and the leasable area as of December 16, 2019 are deemed as them as of the end of December 2019 to calculate each number; hereinafter the same.
- (Note 10) NOI excludes one-off insurance-related revenues and expenses. NOI of Winbell Kagurazaka sold on December 17, 2019 is based on the data through the day before sale date; hereinafter the same.
- (Note 11) 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 12) Based on either (i) 130 properties owned by INV as of the beginning of July 2019, or (ii) 148 properties owned by INV as of the end of July 2019, assuming all properties were owned since the beginning of 2018. Includes the dividends from preferred equity interest of TMK that owns Sheraton Grande Tokyo Bay Hotel and estimated TK dividend backed by two

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Cayman hotels, assuming these dividends contributed throughout the June 2018 fiscal period and the December 2018 fiscal period of INV. Actual results for the pre-acquisition period of the properties are based on the data 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 13) Based on properties held as of the beginning of July 2019, excluding 9 hotels with fixed-rent lease agreements.

(Note 14) Percentages are rounded to one decimal place. ADR and RevPAR are rounded to the nearest yen and Gross Revenue is rounded down to the nearest unit.

(Note 15) 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 16) For the details of performance for each hotel asset, please visit INV's website:
<https://www.invincible-inv.co.jp/en/portfolio/hotel.htm>

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

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