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

January 25, 2021

To All Concerned Parties

Name of REIT Issuer:

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## **Performance Update for December 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 December 2020 decreased by 85.7% year-over-year and decreased by 78.8% year-over-year on a cumulative basis for the December 2020 fiscal period (from July to December).

As announced in “Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from October to December, 2020 with Major Tenant” dated December 11, 2020, INV entered into a Memorandum of Understanding (“MOU”) to amend each fixed-term building lease and property management agreement pertaining to the rent conditions for the period from October 1, 2020 to December 31, 2020 for 73 hotels owned by INV with INV’s main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (“MHM Group”). Under the MOU, we have changed the rent payment conditions for the three months in terms of the amount of fixed rent payment and the variable rent calculation method. The rent paid from MHM Group for the three months (October through December) was fixed rent of JPY 806 million and variable rent of JPY 652 million, for a total of JPY 1,458 million. This is equivalent to 54.3% of fixed rent under the original leasing agreements for the same period. As a result, NOI of 73 hotels operated by MHM Group for the three months was JPY 1,086 million. For details on the MOU, please refer to the above press release.

The following are the details by segment.

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## 2. Hotel Assets Overview

### (1) Domestic Hotels

The domestic hotel portfolio<sup>3</sup> performance for the month of December 2020 has shown year-over-year declines in Occupancy of 37.4pt, ADR of 14.6%, and RevPAR of 52.5%. The December 2020 NOI<sup>2</sup> decreased significantly year-over-year and the cumulative NOI for the December 2020 fiscal period (July to December) decreased by 83.6% compared to the same period last year.

In December 2020, the occupancy rates of hotels located in local areas, which have been relatively high since summer, have deteriorated because of the nationwide spike of COVID-19 cases as Japan is now experiencing a third wave of infections, which led to the suspension of the Go To Travel Campaign. Hotels in Sapporo City and Osaka City were particularly hit hard by the exclusion from the Go To Travel Campaign instituted on November 24, 2020. On the other hand, several hotels in the Tokyo metropolitan area maintained relatively high occupancy rates, thanks to sales efforts of MHM Group, procuring demand for group accommodations of foreign students, technical trainees, and other groups for self-isolation following the relaxation of immigration controls on foreigners from October 2020.

In January 2021, occupancy rates have declined due to the government enacted State of Emergency, covering 11 prefectures centered on the Tokyo metropolitan area and the Kansai area. Therefore, we are forecasting RevPAR in January 2021 to decrease by approximately 70% year-over-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	50.6%	4,834	2,446
Greater Tokyo (ex. Tokyo 23 Wards)	73.4%	10,775	7,909
Chubu	42.1%	7,551	3,178
Kansai	20.8%	5,082	1,055
Kyushu	47.1%	8,117	3,825
Hokkaido	22.0%	7,536	1,655
Other domestic	55.3%	14,432	7,976
Total	46.9%	8,264	3,874

### (2) Cayman Hotels

Owen Roberts International Airport in Grand Cayman has resumed acceptance of foreign nationals on a limited basis. Of the Cayman Hotels (the Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")), Sunshine has resumed operations from October after being selected as one of the hotels for isolation facilities, which utilized 31.4% of the rooms in December 2020. However, Westin is expected to remain

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closed for the time being, except for one restaurant, as the Cayman Islands government has not disclosed when the ban on tourists will be lifted. Even though Westin remains closed, Westin's revenue increased in December 2020 due to the cancellation charge of group reservations and the settlement of accommodation charges using Marriott's loyalty program before closing.

The NOI<sup>2</sup> for December 2020 decreased by 91.6% year-over-year and the NOI on a cumulative basis for the December 2020 fiscal period (July to December) decreased significantly year-over-year.

### 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of December 2020 was 94.2%, a year-over-year decrease of 1.8pt. The rent increase program continues to show positive results as the average in-place rent per tsubo as of the end of December 2020 increased by 1.0% year-over-year. NOI<sup>8</sup> for the residential portfolio in December 2020 decreased by 12.4% year-over-year and decreased by 2.3% year-over-year on a cumulative basis for the December 2020 fiscal period (July to December) mainly due to the sale of six residential properties executed on December 18, 2020. NOI<sup>8</sup> for the 54 residential properties excluding the six properties sold in December 2020 decreased by 4.6% year-over-year and decreased by 0.9% year-over-year on a cumulative basis for the December 2020 fiscal period (July to December).

Rents, compared with those based on the immediately preceding leases, increased by 0.2% for new leases, 1.2% for renewal leases, and 0.7% for new and renewal leases combined for the December 2020 fiscal period. INV achieved a rent increase on 36.8% of lease contract renewals for the December 2020 fiscal period. The retention rate for the existing tenants continues to be high at 84.1% for the December 2020 fiscal period.

### 4. Performance

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

	Dec. 2020 (A)	Dec. 2019 (B)	(A-B)	YoY Change	Cumulative (Jul.-Dec.)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate <sup>4</sup>	46.9%	84.3%	-37.4pt	-44.4%	48.3%	88.4%	-40.0pt	-45.3%
ADR (JPY) <sup>5</sup>	8,264	9,677	-1,413	-14.6%	8,374	10,615	-2,240	-21.1%
RevPAR (JPY) <sup>6</sup>	3,874	8,157	-4,283	-52.5%	4,046	9,380	-5,333	-56.9%
Gross Revenue (JPY million) <sup>9</sup>	3,122	5,729	-2,606	-45.5%	17,925	36,937	-19,011	-51.5%

#### (2) Cayman Hotels

	Dec. 2020 (A)	Dec. 2019 (B)	(A-B)	YoY Change	Cumulative (Jul.-Dec.)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate <sup>4</sup>	8.7%	85.1%	-76.4pt	-89.8%	4.5%	72.3%	-67.8pt	-93.8%

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ADR (USD) <sup>5</sup>	164	569	-404	-71.1%	173	327	-154	-47.1%
RevPAR (USD) <sup>6</sup>	14	484	-470	-97.1%	8	237	-229	-96.7%
Gross Revenue (USD thousand)	1,589	10,711	-9,121	-85.2%	3,096	36,299	-33,203	-91.5%

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

	Dec. 2020 (A)	Dec. 2019 (B)	(A-B)	YoY Change	Cumulative (Jul.-Dec.)			
					2020 (C)	2019 (D)	(C-D)	YoY Change
Occupancy Rate	94.2%	96.0%	-1.8pt	-1.9%	94.6%	96.3%	-1.7pt	-1.7%
Rent per Tsubo (JPY)	9,164	9,077	+87	+1.0%	9,132	9,082	+50	+0.6%

## 5. Portfolio NOI

	2019 Simulated NOI <sup>10</sup>		NOI <sup>1,2</sup> (JPY million)					
	(JPY million)	Ratio	December			Cumulative (Jul.-Dec.)		
			2020	2019	YoY Change	2020	2019	YoY Change
Tokyo 23 Wards	5,980	19.4%	-17	456	-	113	2,837	-96.0%
Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.3%	35	293	-87.8%	334	2,036	-83.6%
Greater Tokyo – Subtotal	10,075	32.7%	18	749	-97.6%	448	4,874	-90.8%
Chubu	2,791	9.1%	-4	154	-	328	1,420	-76.9%
Kansai	1,775	5.8%	-5	81	-	-17	790	-
Kyushu	2,315	7.5%	0	111	-99.8%	180	1,138	-84.2%
Hokkaido	3,442	11.2%	-29	151	-	70	1,852	-96.2%
Other domestic	2,700	8.8%	7	33	-77.0%	903	1,565	-42.3%
Domestic Hotel – Subtotal	23,100	75.0%	-13	1,281	-	1,912	11,642	-83.6%
Residential	3,281	10.6%	241	275	-12.4%	1,614	1,653	-2.3%
Commercial	368	1.2%	30	30	+0.5%	179	184	-2.4%
Domestic Asset – Subtotal	26,750	86.8%	258	1,587	-83.7%	3,707	13,480	-72.5%
Overseas	4,070	13.2%	45	541	-91.6%	-571	1,297	-
Total	30,820	100.0%	303	2,128	-85.7%	3,135	14,778	-78.8%

(Note 1) Based on all properties held as of the end of December 2020, including six properties which are Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence, City Court Kitaichijo, Lexington Square Akebonobashi and Lexington Square Daitabashi sold on December 18, 2020 and 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

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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. 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 December 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 December 2020; hereinafter the same.
- (Note 4) "Occupancy Rate" for hotel portfolio is calculated using the following formula:  
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 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 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 7) Based on 60 properties held by INV as of the beginning of July 2020. Of the 60 properties, six properties which are Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence, City Court Kitaichijo, Lexington Square Akebonobashi and Lexington Square Daitabashi were sold on December 18, 2020. Therefore, for the six properties sold, July 1, 2020 through December 17, 2020 is deemed as the operating period for the December 2020 fiscal period, and the leased area and the leasable area as of December 17, 2020 are deemed as them as of the end of December 2020 to calculate each number; hereinafter the same.
- (Note 8) NOI excludes one-off insurance-related revenues and expenses as well as one-off custodian fee associated with a trust split. NOI of six properties which are Nisshin Palacestage Higashi-Nagasaki, Nishiwaseda Crescent Mansion, Neo Prominence, City Court Kitaichijo, Lexington Square Akebonobashi and Lexington Square Daitabashi sold on December 18, 2020 is based on the data through the day before sale date, excluding one-off custodian fee associated with property sales; hereinafter the same.
- (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 beginning of July 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 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>

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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 (Note 1)	Hotel That Consolidates Operations During Close
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	Cayman Islands	Mar. 22, 2020	TBD	-
D3	Hotel MyStays Kyoto-Shijo	Kyoto-shi, Kyoto	May 1, 2020	Jun. 30, 2020	
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Apr. 28, 2020	May 31, 2020	
			Jan. 24, 2021	Feb. 7, 2021	
D48	Takamatsu Tokyu REI Hotel	Takamatsu-shi, Kagawa	Apr. 25, 2020	May 31, 2020	
D53	Hotel MyStays Sapporo Station	Sapporo-shi, Hokkaido	Mar. 18, 2020	Jul. 17, 2020	Hotel MyStays Sapporo Aspen
D65	Art Hotel Ishigakijima	Ishigaki-shi, Okinawa	Apr. 20, 2020	May 31, 2020	-
D66	Hotel MyStays Fuji Onsen Resort	Fujiyoshida-shi, Yamanashi	May 1, 2020	Jun. 11, 2020	
D68	Hotel MyStays Kanazawa Castle	Kanazawa-shi, Ishikawa	Apr. 13, 2020	Jun. 30, 2020	Hotel MyStays Premier Kanazawa
			Jan. 24, 2021	Feb. 7, 2021	
D71	Hotel Nord Otaru	Otaru-shi, Hokkaido	Mar. 18, 2020	Jun. 30, 2020	Hotel Sonia Otaru
D75	Hotel MyStays Sapporo Susukino	Sapporo-shi, Hokkaido	Mar. 18, 2020	Jul. 17, 2020	Hotel MyStays Premier Sapporo Park
			Dec. 1, 2020	Dec. 15, 2020	
D76	Hotel Mystays Sapporo Nakajima Park	Sapporo-shi, Hokkaido	Mar. 18, 2020	Jul. 17, 2020	
			Jan. 12, 2021	Feb. 7, 2021	
D77	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo-shi, Hokkaido	Mar. 6, 2020	Jul. 17, 2020	
			Dec. 1, 2020	Feb. 7, 2021	
D79	MyCUBE by MYSTAYS Asakusa Kuramae	Taito-ku, Tokyo	Mar. 8, 2020	Oct. 31, 2020	
D201	Sunshine Suites Resort	Cayman Islands	Mar. 22, 2020	Sep. 30, 2020	-
-	Sheraton Grande Tokyo Bay Hotel	Urayasu-shi, Chiba	Apr. 28, 2020	Jun. 29, 2020	

(Note 1) Expected end of closing period as of today, which could change.

(Note 2) In addition to the above, APA Hotel Yokohama-Kannai has been used as an accommodation and medical facility for people with mild COVID-19 cases since August 4 and is scheduled to be used as such until March 2021.

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