

February 25, 2021

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 January 2021

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 January 2021 were heavily affected by the coronavirus (COVID-19). Regarding the residential portfolio, COVID-19 continues to have a minor impact on the occupancy rate. The residential occupancy rate for January 2021 was lower year-over-year but is showing gradual signs of recovery as it increased by 0.4% compared to the previous month.

As for the 73 hotels operated by MyStays Hotel Management Co., Ltd. (“MHM”) and its affiliates (collectively the “MHM Group” along with MHM), the amount of the employment adjustment subsidy for January 2021 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for January 2021 have not been determined yet.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

The domestic hotel portfolio⁴ performance for the month of January 2021 has shown year-over-year declines in Occupancy of 49.8pt, ADR of 23.3%, and RevPAR of 70.0% to Occupancy of 31.9%, ADR of JPY 6,477 and RevPAR of JPY 2,067. The NOI³ for January 2021 is TBD as explained above.

In January 2021, the COVID-19 pandemic has caused a significant reduction in demand for

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hotels by events such as the third wave of the nationwide spread of COVID-19 infections, the government reissuance of the State of Emergency, and the suspension of entry into Japan by foreigners from all countries from December 28, 2020. However, several hotels in the Tokyo metropolitan area maintained relatively high occupancy rates by procuring demand from group accommodations, thanks to the sales efforts of the MHM Group.

In February 2021, occupancy rates continue to be sluggish due to the impact from self-restraint regarding business trips and leisure travel caused by the extension of the State of Emergency period. Although COVID-19 vaccinations in Japan started on February 17, 2021, which we hope will be the precursor to a recovery in future hotel demand, we are forecasting that February 2021 RevPAR will decrease by approximately 70% year-over-year.

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	39.3%	4,567	1,793
Greater Tokyo (ex. Tokyo 23 Wards)	54.1%	8,333	4,510
Chubu	23.1%	6,194	1,430
Kansai	17.1%	4,496	768
Kyushu	21.9%	6,004	1,312
Hokkaido	15.4%	6,702	1,031
Other domestic	27.9%	9,108	2,539
Total	31.9%	6,477	2,067

(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 2020 after being selected as one of the hotels for isolation facilities, which utilized 23.8% of the rooms in January 2021. Although vaccinations began in early January 2021 in the Cayman Islands, Westin is expected to remain 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.

The NOI³ for January 2021 significantly decreased year-over-year.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of January 2021 was 94.6%, a year-over-year decrease of 1.2pt. The rent increase program continues to show positive results as the average in-place rent per tsubo increased by 0.1% year-over-year. NOI⁹ for the residential portfolio decreased by 2.1% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 0.3%

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for new leases, 1.3% for renewal leases, and 0.8% for new and renewal leases combined. INV achieved a rent increase on 35.3% of lease contract renewals. The retention rate for the existing tenants continues to be high at 78.5% for this month.

4. Performance

(1) 75 Domestic Hotel Properties⁴

	January 2021	January 2020	Difference	YoY Change
Occupancy Rate ⁵	31.9%	81.7%	-49.8pt	-60.9%
ADR (JPY) ⁶	6,477	8,443	-1,966	-23.3%
RevPAR (JPY) ⁷	2,067	6,895	-4,828	-70.0%
Gross Revenue (JPY million) ¹⁰	1,439	4,714	-3,274	-69.5%

(2) Cayman Hotels

	January 2021	January 2020	Difference	YoY Change
Occupancy Rate ⁵	6.6%	88.1%	-81.5pt	-92.5%
ADR (USD) ⁶	176	473	-298	-62.9%
RevPAR (USD) ⁷	12	417	-406	-97.2%
Gross Revenue (USD thousand)	509	9,869	-9,360	-94.8%

(3) 54 Residential Properties⁸

	January 2021	January 2020	Difference	YoY Change
Occupancy Rate	94.6%	95.8%	-1.2pt	-1.3%
Rent per Tsubo (JPY)	9,047	9,037	+10	+0.1%

5. Portfolio NOI¹¹

	2019 Simulated NOI ¹²		NOI ^{2,3} (JPY million)		
	(JPY million)	Ratio	January 2021	January 2020	YoY Change
Tokyo 23 Wards	5,980	19.8%	-	-	-
Greater Tokyo (ex. Tokyo 23 Wards)	4,094	13.5%	-	-	-
Greater Tokyo - Subtotal	10,075	33.3%	-	-	-
Chubu	2,791	9.2%	-	-	-
Kansai	1,775	5.9%	-	-	-
Kyushu	2,315	7.6%	-	-	-
Hokkaido	3,442	11.4%	-	-	-
Other domestic	2,700	8.9%	-	-	-
Domestic Hotel – Subtotal	23,100	76.3%	-	-	-
Residential	2,741	9.1%	226	231	-2.1%
Commercial	368	1.2%	30	29	+0.9%

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Domestic Asset- Subtotal	26,210	86.6%	-	-	-
Overseas	4,070	13.4%	-80	487	-
Total	30,281	100.0%	-	-	-

- (Note 1) GOP means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues.
- (Note 2) Based on all properties held as of the end of January 2021, 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. Furthermore, NOI is provisional figure and subject to change when it is determined at financial closing; hereinafter the same.
- (Note 3) 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 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 January 2021, 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 5) "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 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 54 properties held by INV as of the end of January 2021.
- (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) The NOI for the full year of 2020 was significantly affected by the COVID-19 pandemic, so it is compared with simulated NOI for the full year of 2019.
- (Note 12) Based on 142 properties owned by INV as of the end of January 2021 and the simulated NOI for the full year of 2019, 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. NOI figures before acquisition by INV is based on the data obtained from previous owners. The revenue from the Cayman Hotels is calculated at the exchange rate of US\$1 to ¥110.
- (Note 13) 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 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 (Note 1)	Hotel That Consolidates Operations During Close
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	Cayman Islands	Mar. 22, 2020	TBD	-
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Jan. 24, 2021	Feb. 26, 2021 (Note 2)	
D68	Hotel MyStays Kanazawa Castle	Kanazawa-shi, Ishikawa	Jan. 24, 2021	Feb. 28, 2021 (Note 2)	Hotel MyStays Premier Kanazawa
D75	Hotel MyStays Sapporo Susukino	Sapporo-shi, Hokkaido	Feb. 1, 2021	Feb. 28, 2021	Hotel MyStays Premier Sapporo Park
D76	Hotel Mystays Sapporo Nakajima Park	Sapporo-shi, Hokkaido	Jan. 12, 2021	Feb. 28, 2021	
D77	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo-shi, Hokkaido	Dec. 1, 2020	Feb. 28, 2021	

(Note 1) Expected end of closing period as of February 22, 2021, which could change.

(Note 2) There are some exceptional business days even during the closing period.

(Note 3) 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, 2020 and is scheduled to be used as such until March 2021.

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