

March 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 February 2021

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 pertaining to the rent conditions for the period from January to June, 2021 with Major Tenant” dated March 11, 2021, 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 January 1, 2021 to June 30, 2021 for the 73 hotels operated by INV’s main tenant, MyStays Hotel Management Co., Ltd. (“MHM”) and its affiliates (collectively the “MHM Group” along with MHM). Under the MOU, we have changed the rent calculation period to six months from January to the end of June 2021, and determined the fixed rent amount for the six months to be JPY 1.0 billion and defined the variable rent calculation method. For details of the MOU, please refer to the above press release.

With the conclusion of the MOU, the GOP¹ of 73 hotels operated by the MHM Group from January 2021 to the end of June 2021 including the amount of the employment adjustment subsidy will not be fixed until July 2021. Therefore, the amount of NOI^{2,3} will not be finalized for the time being.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

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As for the domestic hotel portfolio⁴ performance for the month of February 2021, the occupancy rate decreased by 44.6pt to 30.2%, ADR decreased by 20.5% to JPY 6,722, and RevPAR decreased by 67.9% to JPY 2,033 compared to February 2020, when the impact of COVID-19 infections was limited. Please refer to “4. Performance” for a comparison with February 2019.

In February 2021, hotel demand has deteriorated significantly due to the third wave of the nationwide spread of COVID-19 infections and the government extension of the State of Emergency. However, several hotels in the Tokyo metropolitan area maintained relatively high occupancy rates by procuring demand from group accommodations as well as demand related to university entrance exams, thanks to the sales efforts of the MHM Group.

In March 2021, occupancy rates continue to be sluggish due to the impact from self-restraint regarding business trips and leisure travel because there is still a strong sense of caution regarding COVID-19 infections despite the lifting of the State of Emergency on March 21. Although COVID-19 vaccinations in Japan are being rolled out, which we hope will improve future hotel demand, we are forecasting that March 2021 RevPAR will be at the same level as March 2020, a decline of approximately 70% compared to March 2019.

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	30.0%	5,367	1,608
Greater Tokyo (ex. Tokyo 23 Wards)	46.8%	8,280	3,876
Chubu	28.6%	6,295	1,798
Kansai	18.0%	4,803	863
Kyushu	24.2%	5,711	1,380
Hokkaido	21.0%	7,263	1,528
Other domestic	33.4%	7,682	2,562
Total	30.2%	6,722	2,033

(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 39.4% of the rooms in February 2021. The COVID-19 vaccination process has started from early January 2021. Approximately 41% of the Cayman population have been administered the first dose and about a half of them have been administered the second dose as of March 19. However, 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. We are hopeful for a full reopening of the Westin within

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late 2Q of 2021 while Westin is prepared to reopen under extensive newly established cleaning procedures to ensure guest and employee safety.

The NOI³ for February 2021 was JPY -54 million, a significant decrease from JPY 598 million in February 2020.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of February 2021 was 95.0%, a year-over-year decrease of 1.5pt, but an increase of 0.4pt compared to the previous month. The rent increase program continues to show positive results as the average in-place rent per tsubo increased by 0.3% year-over-year. The NOI⁹ for the residential portfolio in February 2021 increased by 0.2% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 0.4% for new leases, increased by 1.1% for renewal leases, and increased by 0.4% for new and renewal leases combined for the June 2021 fiscal period. INV achieved a rent increase on 34.9% of lease contract renewals for the June 2021 fiscal period. The retention rate for the existing tenants continues to be high at 82.9% for the June 2021 fiscal period.

4. Performance

* The "Difference" in the table below indicates the increase / decrease in value for the month of February 2021 or cumulative figures from January to June 2021 compared to the corresponding value in 2020 or 2019. Hereinafter the same.

(1) 75 Domestic Hotel Properties⁴

	Feb. 2021	Feb. 2020	Difference	Feb. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	30.2%	74.9%	-44.6pt	87.9%	-57.7pt	31.1%	78.4%	-47.3pt	84.8%	-53.7pt
ADR (JPY) ⁶	6,722	8,455	-20.5%	10,021	-32.9%	6,590	8,448	-22.0%	9,414	-30.0%
RevPAR (JPY) ⁷	2,033	6,331	-67.9%	8,811	-76.9%	2,051	6,622	-69.0%	7,982	-74.3%
Gross Revenue (JPY million) ¹⁰	1,266	4,076	-68.9%	5,125	-75.3%	2,829	8,791	-67.8%	9,962	-71.6%

(2) Cayman Hotels

	Feb. 2021	Feb. 2020	Difference	Feb. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	10.9%	93.8%	-82.9pt	92.9%	-82.0pt	8.6%	90.9%	-82.2pt	90.6%	-81.9pt
ADR (USD) ⁶	171	504	-66.1%	519	-67.1%	173	489	-64.7%	482	-64.2%

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RevPAR (USD) ⁷	19	473	-96.1%	482	-96.1%	15	444	-96.6%	437	-96.6%
Gross Revenue (USD thousand)	749	11,011	-93.2%	10,592	-92.9%	1,258	20,880	-94.0%	20,081	-93.7%

(3) 54 Residential Properties⁸

	End of Feb. 2021	End of Feb. 2020	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference
Occupancy Rate	95.0%	96.5%	-1.5pt	94.8%	96.2%	-1.4pt
Rent per Tsubo (JPY)	9,049	9,018	+0.3%	9,048	9,032	+0.2%

5. Portfolio NOI^{2,3,9}

(JPY Million)	Feb. 2021	Feb. 2020	Difference	Feb. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	-	257	-	400	-	-	598	-	778	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	299	-	331	-	-	615	-	621	-
Greater Tokyo - Subtotal	-	557	-	732	-	-	1,214	-	1,400	-
Chubu	-	101	-	130	-	-	205	-	224	-
Kansai	-	68	-	116	-	-	146	-	216	-
Kyushu	-	92	-	156	-	-	199	-	292	-
Hokkaido	-	199	-	385	-	-	340	-	544	-
Other domestic	-	72	-	70	-	-	84	-	47	-
Domestic Hotel- Subtotal	-	1,092	-	1,593	-	-	2,189	-	2,725	-
Residential	228	227	+0.2%	221	+3.1%	454	459	-0.9%	445	+2.1%
Commercial	30	31	-1.8%	31	-1.8%	60	60	-0.5%	61	-1.2%
Domestic Asset- Subtotal	-	1,351	-	1,845	-	-	2,709	-	3,232	-
Overseas	-54	598	-	565	-	-135	1,086	-	1,046	-
Total	-	1,950	-	2,411	-	-	3,795	-	4,278	-

(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 February 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.

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- (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 February 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:
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 54 properties held by INV as of the end of February 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) 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>¹

Property Number	Property Name	Location	Closed Date	End Date of Closing Period	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	
D68	Hotel MyStays Kanazawa Castle	Kanazawa-shi, Ishikawa	Jan. 24, 2021	Feb. 28, 2021	Hotel MyStays Premier Kanazawa
D75	Hotel MyStays Sapporo Susukino	Sapporo-shi, Hokkaido	Feb. 1, 2021	Mar. 21, 2021	Hotel MyStays Premier Sapporo Park
D76	Hotel Mystays Sapporo Nakajima Park	Sapporo-shi, Hokkaido	Jan. 12, 2021	Mar. 21, 2021	
D77	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo-shi, Hokkaido	Dec. 1, 2020	Mar. 21, 2021	

(Note 1) As of March 22, 2021, and subject to 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, 2020 and is scheduled to be used as such until July 2021.

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