

June 25, 2021

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation  
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Asset Manager:

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## **Performance Update for May 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 May 2021 were heavily affected by the coronavirus (COVID-19). The residential occupancy rate for the end of May 2021 was 95.1%, which decreased by 0.8pt compared to the end of the previous month and decreased by 0.3pt year-over-year.

As announced in “Performance Update for February 2021” dated March 25, 2021, the GOP<sup>1</sup> and NOI<sup>2,3</sup> of domestic hotels for each month from January to June 2021 will not be finalized for the time being.

The following are the details by segment.

### 2. Hotel Assets Overview

#### (1) Domestic Hotels

As for the domestic hotel portfolio<sup>4</sup> performance for the month of May 2021, the occupancy rate increased by 8.5pt, ADR increased by 50.5%, and RevPAR increased by 99.9% compared to May 2020 while the occupancy rate decreased by 52.4pt, ADR decreased by 29.3%, and RevPAR decreased by 72.0% compared to May 2019 prior to the COVID-19 pandemic.

In May 2021, similar to the previous month, hotel demand was sluggish due to impacts from the State of Emergency and the quasi-State of Emergency. Demand from individual

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customers remained weak due to shortened business hours and closures of various facilities and restaurants, and restrictions on holding events requested by local governments. However, several hotels maintained relatively high occupancy rates by procuring demand from group accommodations and business demand thanks to the sales efforts of MyStays Hotel Management Co., Ltd., INV's main hotel operator.

In June 2021, the State of Emergency has been lifted on June 20 for nine prefectures except Okinawa. Quasi-State of Emergency measures, however, will remain in place in seven of the nine prefectures until July 11. The quasi-State of Emergency for Saitama, Chiba and Kanagawa Prefectures has also been extended until July 11. The alert for the COVID-19 infections continues, and it is not clear when the pandemic will be contained. Vaccinations have begun to accelerate nationwide and about 19% of the population have been administered the first dose as of June 23, however the occupancy rates have been sluggish due to the impact from self-restraint regarding business trips and leisure travel. As of today, we are forecasting that June 2021 RevPAR will significantly exceed June 2020, but will be approximately 70% lower than the June 2019 figure.

Table below shows the KPIs for each area of the 75 domestic hotels portfolio<sup>4</sup>.

Area	Occupancy Rate <sup>5</sup>	ADR (JPY) <sup>6</sup>	RevPAR (JPY) <sup>7</sup>
Tokyo 23 Wards	32.4%	5,134	1,666
Greater Tokyo (ex. Tokyo 23 Wards)	53.6%	7,837	4,203
Chubu	31.3%	7,743	2,425
Kansai	22.8%	4,099	935
Kyushu	30.9%	8,415	2,599
Hokkaido	19.8%	7,875	1,557
Other domestic	46.8%	14,083	6,590
Total	34.5%	7,567	2,607

## (2) Cayman Hotels

Of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")), Sunshine has been operated to capture staycation demand for residents and isolation demand, which utilized 21.5% of the rooms in May 2021. The NOI<sup>3</sup> for the Cayman Hotels in May 2021 was JPY -99 million, an increase from JPY -170 million in May 2020, when both hotels were closed.

COVID-19 vaccinations have been making steady progress in the Cayman Islands. Approximately 67% of the Cayman population have been administered the first dose and approximately 60% have been administered the second dose as of June 23.

Westin reopened on a limited basis from June 9, 2021 primarily to capture staycation demand from domestic customers during summer vacation. While major US airlines are

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preparing for the resumption of commercial flights to the Cayman Islands, Westin is also preparing to resume accepting tourists from overseas.

### 3. Residential Assets Overview

The residential portfolio<sup>8</sup> in-place occupancy rate as of the end of May 2021 was 95.1%, which decreased by 0.8pt compared to the end of previous month and decreased by 0.3pt year-over-year.

The average in-place rent per tsubo increased by 0.3% year-over-year. The NOI<sup>9</sup> for the residential portfolio in May 2021 increased by 1.7% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 1.5% for new leases, increased by 0.7% for renewal leases, and decreased by 0.2% for new and renewal leases combined for the June 2021 fiscal period. INV achieved a rent increase on 22.2% of lease contract renewals for the June 2021 fiscal period. The retention rate for the existing tenants continues to be high at 79.7% for the June 2021 fiscal period.

### 4. Performance

\* The "Difference" in the table below indicates the increase / decrease in value for the month of May 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 Properties<sup>4</sup>

	May 2021	May 2020	Difference	May 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>5</sup>	34.5%	25.9%	+8.5pt	86.9%	-52.4pt	35.1%	50.5%	-15.4pt	86.5%	-51.3pt
ADR (JPY) <sup>6</sup>	7,567	5,027	+50.5%	10,704	-29.3%	7,073	7,515	-5.9%	10,118	-30.1%
RevPAR (JPY) <sup>7</sup>	2,607	1,304	+99.9%	9,301	-72.0%	2,485	3,795	-34.5%	8,747	-71.6%
Gross Revenue (JPY million) <sup>10</sup>	2,146	957	+124.2%	6,060	-64.6%	9,863	12,937	-23.8%	22,255	-55.7%

#### (2) Cayman Hotels

	May 2021	May 2020	Difference	May 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>5</sup>	5.9%	0.0%	+5.9pt	85.4%	-79.4pt	7.7%	45.0%	-37.3pt	90.0%	-82.4pt
ADR (USD) <sup>6</sup>	136	0	-	308	-55.8%	156	487	-68.1%	437	-64.4%
RevPAR (USD) <sup>7</sup>	8	-1	-	263	-96.9%	12	219	-94.5%	394	-97.0%
Gross Revenue (USD thousand)	409	-21	-	7,991	-94.9%	2,834	26,616	-89.4%	48,802	-94.2%

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### (3) 54 Residential Properties<sup>8</sup>

	End of May 2021	End of May 2020	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference
Occupancy Rate	95.1%	95.4%	-0.3pt	95.3%	96.1%	-0.8pt
Rent per Tsubo (JPY)	9,093	9,062	+0.3%	9,040	9,057	-0.2%

### 5. Portfolio NOI<sup>2,3,9</sup>

(JPY Million)	May 2021	May 2020	Difference	May 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	-	-6	-	495	-	-	599	-	2,595	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	38	-	265	-	-	950	-	1,690	-
Greater Tokyo - Subtotal	-	32	-	761	-	-	1,550	-	4,286	-
Chubu	-	-76	-	267	-	-	-11	-	1,078	-
Kansai	-	-28	-	164	-	-	10	-	855	-
Kyushu	-	-80	-	226	-	-	-58	-	990	-
Hokkaido	-	-133	-	294	-	-	-241	-	1,119	-
Other domestic	-	-146	-	241	-	-	-427	-	779	-
Domestic Hotel- Subtotal	-	-433	-	1,955	-	-	822	-	9,110	-
Residential	232	228	+1.7%	232	+0.2%	1,143	1,150	-0.6%	1,127	+1.4%
Commercial	30	30	-0.8%	31	-2.6%	151	152	-0.4%	153	-1.3%
Domestic Asset- Subtotal	-	-174	-	2,219	-	-	2,125	-	10,392	-
Overseas	-99	-170	-	345	-	-389	937	-	2,481	-
Total	-	-345	-	2,564	-	-	3,063	-	12,873	-

(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 May 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 May 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

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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 May 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>

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