

[For Information Purpose Only
The Japanese language press release should be referred to as the original.]

December 23, 2021

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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Performance Update for November 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 November 2021 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for November 2021 was 60.5%, which increased by 5.2pt year-over-year. The residential occupancy rate for the end of November 2021 was 94.5%, which decreased by 0.2pt compared to the end of the previous month.

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, 2021 with Major Tenant” dated December 8, 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 October 1, 2021 to December 31, 2021 for domestic hotels owned by INV with INV’s main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (the “MHM Group”), who operate the hotels. Under the MOU, we have partially changed the rent payment conditions for the three months and changed the fixed rent payment amount and the variable rent calculation method. For details on the MOU, please refer to the above press release.

As for the 73 hotels that are operated by the MHM Group, the amount of the employment adjustment subsidies for November 2021 have not been determined as of today. As a result, GOP¹ and NOI^{2,3} for November 2021 have not been determined yet.

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The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

As for the domestic hotel portfolio⁴ performance for the month of November 2021, the occupancy rate increased by 5.2pt, ADR decreased by 21.0%, and RevPAR decreased by 13.5% compared to November 2020 while the occupancy rate decreased by 27.3pt, ADR decreased by 27.6%, and RevPAR decreased by 50.1% compared to November 2019 prior to the COVID-19 pandemic.

In November 2021, while ADR and RevPAR have shown declines year-on-year, the occupancy rate outperformed November 2020 when the GoTo Travel Campaign was implemented. This is mainly due to the capturing of group accommodation demand and business demand, as well as leisure demand derived from the increase of various events in the market and municipalities' local travel subsidy program.

Following the recent reports of infections from a new COVID-19 variant (Omicron variant) around the world, new entry of non-residents has been suspended in principle, effective November 30, 2021, and the accommodation demand from immigrants is expected to decrease. However, the impact of the Omicron variant on domestic travel or business trips is minor, and December 2021 is seeing a gradual recovery in hotel demand. As of today, we are forecasting that December 2021 RevPAR will be approximately 25% higher than December 2020, and will be approximately 40% lower than the December 2019 figure.

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	49.3%	5,156	2,542
Greater Tokyo (ex. Tokyo 23 Wards)	76.1%	8,479	6,450
Chubu	66.1%	6,742	4,459
Kansai	54.8%	4,711	2,581
Kyushu	62.2%	8,029	4,994
Hokkaido	49.7%	6,559	3,258
Other domestic	79.0%	14,166	11,193
Total	60.5%	7,438	4,503

(2) Cayman Hotels

The NOI for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort ("Sunshine")) in November 2021, was JPY -93 million, an increase from JPY -100 million in November 2020, when only Sunshine was open.

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In November 2021, the requirement for fully vaccinated tourists to self-quarantine after border entry was lifted effective November 20. However, since unvaccinated children still need to quarantine for 14 days, it is difficult to attract families to the Cayman Islands. In addition, commercial flights have been operated only on a limited basis. As a result of these factors, the occupancy rate for November 2021 was 12.5%, which was almost the same level as the previous month.

Although December usually records high occupancy rates due to the year-end holidays, the occupancy rate for December 2021 is currently expected to be 17.8%. Demand for the Cayman Hotels is not likely to get back on a recovery track until the spring of 2022, when commercial flights from the United States are expected to resume on a full scale.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of November 2021 was 94.5%, which decreased by 0.2pt compared to the end of the previous month and decreased by 0.4pt year-over-year.

The average in-place rent per tsubo decreased by 0.1% year-over-year. The NOI⁹ for the residential portfolio in November 2021 decreased by 0.9% year-over-year and decreased by 0.7% year-over-year on a cumulative basis for the December 2021 fiscal period.

Rents, compared with those based on the immediately preceding leases, decreased by 1.6% for new leases, increased by 1.5% for renewal leases, and increased by 0.3% for new and renewal leases combined for the December 2021 fiscal period. INV achieved a rent increase on 33.3% of lease contract renewals for the December 2021 fiscal period. The retention rate for the existing tenants was 79.4% for the December 2021 fiscal period.

4. Performance

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

(1) 75 Domestic Hotel Properties⁴

	Nov. 2021	Nov. 2020	Difference	Nov. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	60.5%	55.3%	+5.2pt	87.8%	-27.3pt	50.6%	48.6%	+2.0pt	89.2%	-38.6pt
ADR (JPY) ⁶	7,438	9,411	-21.0%	10,268	-27.6%	7,533	8,396	-10.3%	10,794	-30.2%
RevPAR (JPY) ⁷	4,503	5,206	-13.5%	9,020	-50.1%	3,809	4,081	-6.7%	9,627	-60.4%
Gross Revenue (JPY million) ¹⁰	3,399	3,758	-9.5%	6,163	-44.8%	14,086	14,802	-4.8%	31,208	-54.9%

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(2) Cayman Hotels

	Nov. 2021	Nov. 2020	Difference	Nov. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	12.5%	10.8%	+1.7pt	82.6%	-70.1pt	14.2%	3.6%	+10.5pt	69.7%	-55.6pt
ADR (USD) ⁶	166	175	-5.1%	301	-44.8%	168	178	-5.5%	268	-37.3%
RevPAR (USD) ⁷	21	19	+10.3%	249	-91.6%	24	6	+269.8%	187	-87.3%
Gross Revenue (USD thousand)	762	504	+51.2%	6,466	-88.2%	4,508	1,506	+199.2%	25,588	-82.4%

(3) 54 Residential Properties⁸

	End of Nov. 2021	End of Nov. 2020	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference
Occupancy Rate	94.5%	94.9%	-0.4pt	94.8%	94.7%	+0.1pt
Rent per Tsubo (JPY)	9,049	9,054	-0.1%	9,052	9,088	-0.4%

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

(JPY Million)	Nov. 2021	Nov. 2020	Difference	Nov. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	-	62	-	526	-	-	130	-	2,381	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	126	-	389	-	-	309	-	1,743	-
Greater Tokyo - Subtotal	-	189	-	916	-	-	440	-	4,124	-
Chubu	-	97	-	276	-	-	332	-	1,265	-
Kansai	-	0	-	172	-	-	-12	-	708	-
Kyushu	-	74	-	187	-	-	178	-	1,027	-
Hokkaido	-	-5	-	117	-	-	98	-	1,701	-
Other domestic	-	194	-	257	-	-	903	-	1,532	-
Domestic Hotel- Subtotal	-	549	-	1,926	-	-	1,940	-	10,360	-
Residential	227	229	-0.9%	236	-3.9%	1,141	1,149	-0.7%	1,151	-0.9%
Commercial	12	12	+0.1%	12	-0.2%	64	64	+0.1%	64	-0.2%
Domestic Asset- Subtotal	-	791	-	2,175	-	-	3,155	-	11,577	-
Overseas	-93	-100	-	252	-	-351	-617	-	756	-
Total	-	690	-	2,428	-	-	2,538	-	12,334	-

(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 November 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

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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%). However, as announced in "Notice concerning Revision of Forecast of Financial Results and Distribution for the 37th Fiscal Period Ending December 2021" dated December 8, 2021, the TMK has a cumulative loss due to the decline in profits and has been in a situation where it cannot pay dividends. The TMK does not carry out its settlement of accounts in INV's fiscal period ending December 2021 in order to curb the costs of such settlement and has temporarily extended its six-month accounting period to a 12-month accounting period. The TMK plans to restore to the original six-month settlement once the cumulative loss is resolved and TMK is expected to be able to resume payment of dividends. 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 November 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 November 2021; 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 November 2021.
- (Note 9) NOI excludes one-off insurance-related revenues and expenses.
- (Note 10) Gross Revenue includes the amount of employment adjustment subsidies to be received by the hotel operators, which require a certain period of time to confirm. Therefore, the amount of Gross Revenue is subject to change retroactively in the future when the amount of employment adjustment subsidies is confirmed. 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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