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

July 26, 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 June 2021**

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 June 2021 increased by 140.4% year-over-year and decreased by 51.9% year-over-year on a cumulative basis for the June 2021 fiscal period (from January to June). The overall portfolio NOI<sup>1,2</sup> for June 2021 decreased by 90.0% compared to June 2019 prior to the COVID-19 pandemic, and decreased by 90.0% on a cumulative basis for the June 2021 fiscal period compared to the same period in 2019.

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 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 six months in terms of the amount of fixed rent payment and the variable rent calculation method. The rent to be paid from MHM Group for the six months (January through June) will be JPY 1 billion, which is equivalent to fixed rent. This is equivalent to about 20% 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 six months will be JPY 386 million. For details on the MOU, please refer to the abovementioned press release.

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The following are the details by segment.

## 2. Hotel Assets Overview

### (1) Domestic Hotels

As for the domestic hotel portfolio<sup>3</sup> performance for the month of June 2021, the occupancy rate increased by 2.1pt, ADR increased by 21.5%, and RevPAR increased by 28.5% compared to June 2020 while the occupancy rate decreased by 49.8pt, ADR decreased by 33.2%, and RevPAR decreased by 71.1% compared to June 2019.

In June 2021, similar to the previous month, hotel demand was sluggish due to impact from the State of Emergency and the quasi-State of Emergency. While demand from individual customers remained weak, several hotels maintained relatively high occupancy rates by procuring group accommodation demand from sports organizations and other groups as well as business demand from diverse industries thanks to an extensive corporate customer base and sales efforts of MyStays Hotel Management Co., Ltd., INV's main hotel operator.

In July 2021, the fourth State of Emergency has been issued for Tokyo lasting until August 22, in response to the surge in new COVID-19 cases. The State of Emergency in place for Okinawa and the quasi-State of Emergency for Saitama, Chiba, Kanagawa and Osaka have also been extended until August 22. In addition, the Tokyo Olympics began on July 23 without spectators in the areas INV owns a number of hotels, such as Greater Tokyo and Hokkaido, greatly limiting Olympic related accommodation demand. Moreover, a shortage of vaccine supply, which was expected to help contain the pandemic, have slowed down vaccination efforts. On the other hand, leisure demand is increasing at some hotels due to consecutive holidays and the start of the summer vacation period. As of today, we are forecasting that July 2021 RevPAR will significantly exceed July 2020, but will be approximately 60% lower than the July 2019 figure.

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	36.0%	4,903	1,765
Greater Tokyo (ex. Tokyo 23 Wards)	58.7%	7,225	4,244
Chubu	36.2%	5,851	2,118
Kansai	26.1%	4,111	1,072
Kyushu	31.5%	5,739	1,807
Hokkaido	21.6%	6,185	1,333
Other domestic	53.2%	9,846	5,241
Total	38.1%	6,320	2,406

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## (2) Cayman Hotels

The NOI<sup>2</sup> for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in June 2021, was JPY -74 million, an increase from JPY -165 million in June 2020, when Cayman Hotels were closed. The cumulative NOI<sup>2</sup> for the June 2021 fiscal period was JPY -463 million, a decrease from JPY 771 million in the same period last year: the Cayman Hotels performed well during the peak season in 2020 until Owen Roberts International Airport in Grand Cayman closed in March.

Sunshine has been operated to capture staycation demand for residents and isolation demand, which utilized 21.3% of the rooms in June 2021.

Westin reopened on a limited basis from June 2021 primarily to capture staycation demand from domestic customers during summer vacation and the occupancy rate for June 2021 was 4.1%. COVID-19 vaccinations have been making steady progress in the Cayman Islands, and the Cayman Islands Government has announced a restricted border reopening plan from September 9 once the vaccination rate reaches 80%. Approximately 69% of the Cayman population have been administered the first dose and approximately 66% have been administered the second dose as of July 19.

## 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of June 2021 was 95.4%, which increased by 0.3pt compared to the end of previous month and decreased by 0.1pt year-over-year.

The average in-place rent per tsubo decreased by 0.4% year-over-year. The NOI<sup>8</sup> for the residential portfolio in June 2021 increased by 2.6% year-over-year and decreased by 0.0% year-over-year on a cumulative basis for the June 2021 fiscal period.

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 23.1% 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 June 2021 or cumulative figures from January to June 2021 compared to the corresponding value in 2020 or 2019. Hereinafter the same.

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

	Jun. 2021	Jun. 2020	Difference	Jun. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>4</sup>	38.1%	36.0%	+2.1pt	87.9%	-49.8pt	35.6%	48.1%	-12.5pt	86.8%	-51.2pt
ADR (JPY) <sup>5</sup>	6,320	5,200	+21.5%	9,468	-33.2%	6,940	7,229	-4.0%	10,109	-31.4%
RevPAR (JPY) <sup>6</sup>	2,406	1,873	+28.5%	8,323	-71.1%	2,472	3,478	-28.9%	8,772	-71.8%
Gross Revenue (JPY million) <sup>9</sup>	2,199	1,267	+73.6%	5,492	-60.0%	12,587	14,205	-11.4%	33,809	-62.8%

## (2) Cayman Hotels

	Jun. 2021	Jun. 2020	Difference	Jun. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>4</sup>	8.9%	0.0%	+8.9pt	85.5%	-76.7pt	7.9%	37.5%	-29.7pt	89.3%	-81.4pt
ADR (USD) <sup>5</sup>	187	0	-	303	-38.1%	162	487	-66.8%	416	-61.1%
RevPAR (USD) <sup>6</sup>	17	0	-	259	-93.6%	13	183	-93.0%	371	-96.6%
Gross Revenue (USD thousand)	768	50	+1,436.7%	7,248	-89.4%	3,602	26,666	-86.5%	56,050	-93.6%

## (3) 54 Residential Properties<sup>7</sup>

	End of Jun. 2021	End of Jun. 2020	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference
Occupancy Rate	95.4%	95.5%	-0.1pt	95.3%	96.0%	-0.7pt
Rent per Tsubo (JPY)	9,025	9,063	-0.4%	9,037	9,058	-0.2%

## 5. Portfolio NOI<sup>1,2,8</sup>

(JPY Million)	Jun. 2021	Jun. 2020	Difference	Jun. 2019	Difference	Jan.-Jun. 2021	Jan.-Jun. 2020	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	25	8	+211.2%	429	-94.1%	154	607	-74.5%	3,025	-94.9%
Greater Tokyo (ex. Tokyo 23 Wards)	-39	25	-	312	-	83	976	-91.4%	2,003	-95.8%
Greater Tokyo - Subtotal	-13	33	-	742	-	238	1,584	-85.0%	5,029	-95.3%
Chubu	9	-9	-	168	-94.5%	43	-21	-	1,247	-96.5%
Kansai	1	-11	-	129	-99.0%	3	-0	-	984	-99.7%
Kyushu	9	4	+87.4%	118	-92.1%	55	-53	-	1,109	-95.0%
Hokkaido	36	-81	-	418	-91.3%	93	-322	-	1,537	-93.9%
Other domestic	-2	68	-	158	-	-11	-359	-	937	-
Domestic Hotel- Subtotal	39	4	+720.0%	1,736	-97.7%	423	827	-48.8%	10,846	-96.1%

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Residential	233	227	+2.6%	229	+1.8%	1,377	1,377	-0.0%	1,356	+1.5%
Commercial	28	28	+2.4%	30	-3.5%	180	180	+0.0%	183	-1.6%
Domestic Asset- Subtotal	301	260	+15.9%	1,995	-84.9%	1,981	2,386	-17.0%	12,387	-84.0%
Overseas	-74	-165	-	291	-	-463	771	-	2,772	-
Total	227	94	+140.4%	2,286	-90.0%	1,517	3,157	-51.9%	15,160	-90.0%

- (Note 1) Based on all properties held as of the end of June 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 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 June 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 4) "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 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 54 properties held by INV as of the end of June 2021.
- (Note 8) NOI excludes one-off insurance-related revenues and expenses.
- (Note 9) 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 10) 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 11) 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 12) 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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