

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

September 27, 2021

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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(Securities Code: 8963)

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Performance Update for August 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 August 2021 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for August 2021 was 46.1%, which increased by 3.1pt year-over-year. The residential occupancy rate for the end of August 2021 was 94.7%, which decreased by 0.5pt 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 July to September, 2021 with Major Tenant” dated September 10, 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 July 1, 2021 to September 30, 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 August 2021 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for August 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 August 2021, the occupancy rate increased by 3.1pt, ADR decreased by 4.8%, and RevPAR increased by 2.1% compared to August 2020 while the occupancy rate decreased by 45.2pt, ADR decreased by 30.7%, and RevPAR decreased by 65.0% compared to August 2019 prior to the COVID-19 pandemic.

In August 2021, the government expanded the target areas and extended the duration of State of Emergency and quasi-State of Emergency declarations in response to the nationwide increase in the number of newly infected persons and the number of patients with severe symptoms. Although about 70% of all 47 prefectures have been covered by either declaration as of the end of August 2021, the occupancy rate and RevPAR outperformed the same month last year. This is due to (i) MHM Group's corporate customer base and sales efforts which allowed several hotels to capture group accommodation demand from sports organizations, public interest corporations and other groups as well as business demand from diverse industries and (ii) some hotels were able to capture leisure demand during the summer vacation.

In September 2021, the number of newly infected persons and the number of patients with severe symptoms have been on a downward trend, but remain at a high level. The duration of State of Emergency and quasi-State of Emergency declarations has been extended until September 30 in many of the target areas while quasi-State of Emergency measures for some target areas were lifted on September 12. Since about 60% of all 47 prefectures have been covered by either declaration as of today, a continuation of subdued hotel demand is anticipated. On the other hand, the percentage of fully vaccinated people in Japan has exceeded 50%, and it is expected that hotel demand will recover once restrictions related to travel, business trips, and events are relaxed. As of today, we are forecasting that September 2021 RevPAR will be approximately 25% lower than September 2020, and will be approximately 65% lower than the September 2019 figure.

Hotel MyStays Oita has been used as an accommodation and medical facility for people with mild COVID-19 cases since August 30, 2021 and is scheduled to be used until the end of October 2021. Also, APA Hotel Yokohama-Kannai has been used for the same purpose since August 4, 2020 and the contract has been extended until the end of December 2021.

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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	44.1%	5,617	2,475
Greater Tokyo (ex. Tokyo 23 Wards)	60.9%	9,017	5,495
Chubu	46.3%	7,462	3,453
Kansai	31.8%	4,365	1,386
Kyushu	40.0%	8,804	3,517
Hokkaido	37.8%	9,137	3,455
Other domestic	57.6%	22,288	12,830
Total	46.1%	8,808	4,057

(2) Cayman Hotels

The NOI for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in August 2021, was JPY -61 million, an increase from JPY -148 million in August 2020, when the Cayman Hotels were closed.

Sunshine has been operated to capture staycation demand for residents and isolation demand, which utilized 31.7% of the rooms in August 2021.

Westin has reopened on a limited basis primarily to capture staycation demand from domestic customers during summer vacation and the occupancy rate for August 2021 was 7.3%.

The Cayman Islands government had set a pre-condition for resuming tourist acceptance that the vaccination rate on the island would need to exceed 80% of the population. While the vaccination rate did not reach the target, the government resumed accepting fully vaccinated tourists from September 9, requiring self-quarantine for five or ten days after the border entry. However, because multiple COVID-19 cases were reported on the island in the middle of September, the government has put off its plan to accept tourists with vaccination certificates without imposing self-quarantine starting October 14, and will continue to require self-quarantine for seven or ten days, at least within the year. Therefore, it will take some time for the Cayman Hotels to fully resume operations.

As of September 22, approximately 77% of the Cayman population have been administered the first dose and approximately 72% have been administered the second dose.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of August 2021 was 94.7%, which decreased by 0.5pt compared to the end of previous month and increased by 0.4pt year-over-year.

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The average in-place rent per tsubo decreased by 0.8% year-over-year. The NOI⁹ for the residential portfolio in August 2021 increased by 0.3% year-over-year and decreased by 0.4% 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 1.3% for new leases, increased by 0.9% for renewal leases, and were almost unchanged for new and renewal leases combined for the December 2021 fiscal period. INV achieved a rent increase on 25.3% of lease contract renewals for the December 2021 fiscal period. The retention rate for the existing tenants was 75.6% for the December 2021 fiscal period.

4. Performance

* The "Difference" in the table below indicates the increase / decrease in value for the month of August 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

	Aug. 2021	Aug. 2020	Difference	Aug. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	46.1%	43.0%	+3.1pt	91.3%	-45.2pt	47.5%	41.8%	+5.8pt	90.7%	-43.2pt
ADR (JPY) ⁶	8,808	9,247	-4.8%	12,708	-30.7%	8,413	8,122	+3.6%	11,773	-28.5%
RevPAR (JPY) ⁷	4,057	3,972	+2.1%	11,597	-65.0%	3,998	3,392	+17.9%	10,682	-62.6%
Gross Revenue (JPY million) ¹⁰	2,759	2,785	-0.9%	7,142	-61.4%	5,571	4,823	+15.5%	13,340	-58.2%

(2) Cayman Hotels

	Aug. 2021	Aug. 2020	Difference	Aug. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	14.1%	0.0%	+14.1pt	73.5%	-59.5pt	13.7%	0.0%	+13.7pt	80.2%	-66.5pt
ADR (USD) ⁶	181	0	-	252	-28.1%	183	0	-	280	-34.7%
RevPAR (USD) ⁷	25	0	-	185	-86.3%	25	0	-	225	-88.8%
Gross Revenue (USD thousand)	1,004	158	+535.0%	5,176	-80.6%	2,004	370	+440.6%	12,366	-83.8%

(3) 54 Residential Properties⁸

	End of Aug. 2021	End of Aug. 2020	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference
Occupancy Rate	94.7%	94.3%	+0.4pt	95.0%	94.6%	+0.4pt
Rent per Tsubo (JPY)	9,064	9,135	-0.8%	9,067	9,110	-0.5%

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

(JPY Million)		Aug. 2021	Aug. 2020	Difference	Aug. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	-	4	-	452	-	-	-6	-	912	-	
Greater Tokyo (ex. Tokyo 23 Wards)	-	38	-	396	-	-	44	-	737	-	
Greater Tokyo - Subtotal	-	43	-	849	-	-	37	-	1,649	-	
Chubu	-	55	-	353	-	-	75	-	571	-	
Kansai	-	-2	-	160	-	-	-8	-	289	-	
Kyushu	-	9	-	296	-	-	10	-	506	-	
Hokkaido	-	51	-	581	-	-	63	-	1,150	-	
Other domestic	-	207	-	571	-	-	306	-	813	-	
Domestic Hotel- Subtotal	-	365	-	2,813	-	-	484	-	4,981	-	
Residential	230	230	+0.3%	229	+0.7%	456	458	-0.4%	457	-0.1%	
Commercial	12	12	+0.1%	12	-0.2%	25	25	-3.1%	25	-3.4%	
Domestic Asset- Subtotal	-	608	-	3,055	-	-	968	-	5,465	-	
Overseas	-61	-148	-	145	-	-115	-286	-	446	-	
Total	-	459	-	3,201	-	-	682	-	5,911	-	

(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 August 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 August 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 August 2021.

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(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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