

October 25, 2021

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities Code: 8963)

Asset Manager:

Consonant Investment Management Co., Ltd.
Naoki Fukuda, President & CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Performance Update for September 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 September 2021 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for September 2021 was 43.6%, which decreased by 4.0pt year-over-year. The residential occupancy rate for the end of September 2021 was 94.8%, which increased by 0.1pt compared to the end of the previous month.

As for the 73 hotels that are operated by INV's main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (the “MHM Group”), the amount of the employment adjustment subsidies for September 2021 have not been determined as of today. As a result, GOP¹ and NOI^{2,3} for September 2021 have not been determined yet.

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 September 2021, the occupancy rate decreased by 4.0pt, ADR decreased by 18.2%, and RevPAR decreased by 25.1% compared to September 2020 while the occupancy rate decreased by 44.8pt, ADR decreased by 33.3%, and RevPAR decreased by 67.1% compared to September 2019 prior to the COVID-19 pandemic.

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In September 2021, occupancy rate, ADR and RevPAR decreased compared to September 2020 because many areas were subject to State of Emergency and quasi-State of Emergency declarations through the end of the month, and due to the absence of the GoTo Travel Campaign that was implemented in September 2020 but not implemented in September 2021. Despite this difficult operating environment, MHM Group's corporate customer base and sales efforts have allowed several hotels to capture demand for group accommodation and business demand.

After the State of Emergency and quasi-State of Emergency declarations were fully lifted, October 2021 is seeing signs of recovery in hotel demand as restrictions related to travel, business trips, and events are relaxed. As of today, we are forecasting that October 2021 RevPAR will be approximately 25% lower than October 2020, and will be approximately 60% lower than the October 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	40.9%	4,928	2,015
Greater Tokyo (ex. Tokyo 23 Wards)	58.6%	7,479	4,382
Chubu	44.4%	5,876	2,610
Kansai	33.3%	3,923	1,307
Kyushu	40.3%	6,609	2,666
Hokkaido	32.6%	6,612	2,158
Other domestic	52.3%	12,363	6,466
Total	43.6%	6,613	2,881

(2) Cayman Hotels

The NOI for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in September 2021, was JPY -77 million, an increase from JPY -116 million in September 2020, when the Cayman Hotels were closed.

The Cayman Islands government resumed accepting fully vaccinated tourists from September 2021, but is still requiring self-quarantine for seven or ten days after border entry, and therefore, commercial flights have not resumed. Demand for the Cayman Hotels continues to be primarily from staycation demand by residents and isolation demand by immigrants, resulting in a 13.8% occupancy rate for September 2021, which showed little change from 14.1% in the previous month.

The government has declared last week that it will lift the requirement for fully vaccinated tourists to self-quarantine for seven or ten days, effective November 20. Therefore, the occupancy rates of the Cayman Hotels are expected to gradually recover toward the high season in the year end.

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3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of September 2021 was 94.8%, which increased by 0.1pt compared to the end of the previous month and increased by 0.1pt year-over-year.

The average in-place rent per tsubo decreased by 0.2% year-over-year. The NOI⁹ for the residential portfolio in September 2021 was almost unchanged year-over-year and decreased by 0.3% 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 1.1% for renewal leases, and increased by 0.1% for new and renewal leases combined for the December 2021 fiscal period. INV achieved a rent increase on 30.0% of lease contract renewals for the December 2021 fiscal period. The retention rate for the existing tenants was 75.8% for the December 2021 fiscal period.

4. Performance

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

	Sep. 2021	Sep. 2020	Difference	Sep. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	43.6%	47.6%	-4.0pt	88.4%	-44.8pt	46.2%	43.7%	+2.6pt	90.0%	-43.7pt
ADR (JPY) ⁶	6,613	8,082	-18.2%	9,917	-33.3%	7,860	8,108	-3.1%	11,178	-29.7%
RevPAR (JPY) ⁷	2,881	3,848	-25.1%	8,762	-67.1%	3,634	3,541	+2.6%	10,056	-63.9%
Gross Revenue (JPY million) ¹⁰	2,038	2,800	-27.2%	5,696	-64.2%	7,694	7,623	+0.9%	19,036	-59.6%

(2) Cayman Hotels

	Sep. 2021	Sep. 2020	Difference	Sep. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	13.8%	0.0%	+13.8pt	42.1%	-28.3pt	13.7%	0.0%	+13.7pt	67.8%	-54.0pt
ADR (USD) ⁶	154	0	-	196	-21.4%	174	0	-	263	-34.0%
RevPAR (USD) ⁷	21	-0	-	83	-74.3%	24	-0	-	178	-86.6%
Gross Revenue (USD thousand)	852	177	+381.7%	2,527	-66.3%	2,857	547	+421.6%	14,894	-80.8%

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(3) 54 Residential Properties⁸

	End of Sep. 2021	End of Sep. 2020	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference
Occupancy Rate	94.8%	94.7%	+0.1pt	94.9%	94.7%	+0.2pt
Rent per Tsubo (JPY)	9,034	9,054	-0.2%	9,056	9,092	-0.4%

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

(JPY Million)	Sep. 2021	Sep. 2020	Difference	Sep. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	-	0	-	385	-	-	-6	-	1,297	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	32	-	294	-	-	76	-	1,032	-
Greater Tokyo - Subtotal	-	33	-	680	-	-	70	-	2,329	-
Chubu	-	47	-	202	-	-	122	-	773	-
Kansai	-	-3	-	95	-	-	-11	-	385	-
Kyushu	-	7	-	99	-	-	18	-	606	-
Hokkaido	-	42	-	272	-	-	105	-	1,423	-
Other domestic	-	181	-	244	-	-	487	-	1,057	-
Domestic Hotel- Subtotal	-	309	-	1,594	-	-	793	-	6,576	-
Residential	230	230	+0.0%	227	+1.2%	687	689	-0.3%	685	+0.3%
Commercial	12	12	+0.1%	12	-0.2%	38	38	+0.1%	38	-0.2%
Domestic Asset- Subtotal	-	552	-	1,835	-	-	1,521	-	7,300	-
Overseas	-77	-116	-	-17	-	-193	-402	-	428	-
Total	-	436	-	1,817	-	-	1,119	-	7,728	-

(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 September 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 September 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

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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 September 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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