

November 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 October 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 October 2021 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for October 2021 was 53.8%, which decreased by 3.0pt year-over-year. The residential occupancy rate for the end of October 2021 was 94.7%, which decreased 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 October 2021 have not been determined as of today. As a result, GOP¹ and NOI^{2,3} for October 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 October 2021, the occupancy rate decreased by 3.0pt, ADR decreased by 16.0%, and RevPAR decreased by 20.4% compared to October 2020 while the occupancy rate decreased by 34.4pt, ADR decreased by 32.9%, and RevPAR decreased by 59.1% compared to October 2019 prior to the COVID-19 pandemic.

This English language notice is a translation of the Japanese-language notice released on November 25, 2021 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

In October 2021, occupancy rate, ADR and RevPAR decreased compared to October 2020 due to the absence of the GoTo Travel Campaign that was implemented in October 2020 but not implemented in October 2021. However, quite a few hotels have recorded occupancy rates of 80% or higher, by capturing group accommodation demand and business demand, in addition to leisure demand associated with events.

November 2021 is seeing a gradual recovery in hotel demand as restrictions related to travel, business trips, and events have been further relaxed. As of today, we are forecasting that November 2021 RevPAR will be approximately 15% lower than November 2020, and will be approximately 50% lower than the November 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	46.2%	4,753	2,197
Greater Tokyo (ex. Tokyo 23 Wards)	64.7%	7,525	4,872
Chubu	58.2%	5,999	3,494
Kansai	43.3%	3,895	1,688
Kyushu	55.9%	6,777	3,791
Hokkaido	45.4%	6,477	2,943
Other domestic	73.1%	13,893	10,153
Total	53.8%	6,803	3,660

(2) Cayman Hotels

The NOI for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort ("Sunshine")) in October 2021, was JPY -64 million, an increase from JPY -114 million in October 2020, when only Sunshine was open.

In October 2021, commercial flights to/from the US and UK resumed on a limited basis, but even fully vaccinated tourists were required to self-quarantine for a certain period of time after border entry. Demand for the Cayman Hotels continues to be primarily from staycation demand by residents and isolation demand by immigrants, resulting in a 17.0% occupancy rate for October 2021, which slightly increased from 13.8% in the previous month.

The government lifted the requirement for fully vaccinated tourists to self-quarantine after border entry, effective November 20. However, it is expected to require some time to see a recovery of occupancy rate principally because of the recent surge of COVID-19 cases in the Cayman Islands, and the US' CDC listed the Cayman Islands as level 4 on its travel recommendations list, the highest COVID-19 risk category. Further, children who are not fully vaccinated are still required to quarantine for 14 days and therefore, it is difficult to attract families to the Cayman Islands.

This English language notice is a translation of the Japanese-language notice released on November 25, 2021 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of October 2021 was 94.7%, which decreased by 0.1pt compared to the end of the previous month and increased by 0.2pt year-over-year.

The average in-place rent per tsubo decreased by 0.7% year-over-year. The NOI⁹ for the residential portfolio in October 2021 decreased by 1.9% 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 1.5% 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 31.3% of lease contract renewals for the December 2021 fiscal period. The retention rate for the existing tenants was 78.4% for the December 2021 fiscal period.

4. Performance

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

	Oct. 2021	Oct. 2020	Difference	Oct. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	53.8%	56.8%	-3.0pt	88.2%	-34.4pt	48.1%	47.0%	+1.2pt	89.5%	-41.4pt
ADR (JPY) ⁶	6,803	8,095	-16.0%	10,139	-32.9%	7,562	8,104	-6.7%	10,920	-30.7%
RevPAR (JPY) ⁷	3,660	4,597	-20.4%	8,942	-59.1%	3,640	3,807	-4.4%	9,775	-62.8%
Gross Revenue (JPY million) ¹⁰	2,789	3,420	-18.5%	6,007	-53.6%	10,614	11,044	-3.9%	25,044	-57.6%

(2) Cayman Hotels

	Oct. 2021	Oct. 2020	Difference	Oct. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁵	17.0%	7.4%	+9.6pt	63.1%	-46.1pt	14.6%	1.9%	+12.7pt	66.6%	-52.0pt
ADR (USD) ⁶	155	184	-15.8%	240	-35.5%	168	181	-7.0%	258	-34.8%
RevPAR (USD) ⁷	26	14	+92.6%	151	-82.6%	24	3	+621.9%	172	-85.7%
Gross Revenue (USD thousand)	889	454	+95.5%	4,228	-79.0%	3,746	1,002	+273.7%	19,122	-80.4%

This English language notice is a translation of the Japanese-language notice released on November 25, 2021 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(3) 54 Residential Properties⁸

	End of Oct. 2021	End of Oct. 2020	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference
Occupancy Rate	94.7%	94.5%	+0.2pt	94.9%	94.6%	+0.3pt
Rent per Tsubo (JPY)	9,041	9,108	-0.7%	9,053	9,096	-0.5%

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

(JPY Million)	Oct. 2021	Oct. 2020	Difference	Oct. 2019	Difference	Jul.-Dec. 2021	Jul.-Dec. 2020	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	-	74	-	556	-	-	68	-	1,854	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	105	-	322	-	-	182	-	1,354	-
Greater Tokyo - Subtotal	-	180	-	878	-	-	251	-	3,208	-
Chubu	-	112	-	215	-	-	235	-	989	-
Kansai	-	0	-	151	-	-	-11	-	536	-
Kyushu	-	85	-	233	-	-	103	-	840	-
Hokkaido	-	-1	-	161	-	-	103	-	1,584	-
Other domestic	-	221	-	217	-	-	709	-	1,274	-
Domestic Hotel- Subtotal	-	598	-	1,858	-	-	1,391	-	8,434	-
Residential	227	231	-1.9%	230	-1.3%	914	920	-0.7%	915	-0.1%
Commercial	12	12	+0.1%	12	-0.2%	51	51	+0.1%	51	-0.2%
Domestic Asset- Subtotal	-	842	-	2,101	-	-	2,363	-	9,401	-
Overseas	-64	-114	-	76	-	-257	-516	-	504	-
Total	-	728	-	2,177	-	-	1,847	-	9,905	-

(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 October 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 October 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 October 2021; hereinafter the same.

This English language notice is a translation of the Japanese-language notice released on November 25, 2021 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

- (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 October 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>

Website of INV: <https://www.invincible-inv.co.jp/en/>