

April 25, 2022

To All Concerned Parties

Name of REIT Issuer:

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

Asset Manager:

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Performance Update for March 2022

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 March 2022 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for March 2022 was 62.9%, which increased by 24.3pt year-over-year. The residential occupancy rate for the end of March 2022 was 96.6%, which increased by 0.9pt 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 March 2022 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for March 2022 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 March 2022, the occupancy rate increased by 24.3pt, ADR decreased by 1.0%, and RevPAR increased by 61.1% compared to March 2021 while the occupancy rate decreased by 25.4pt, ADR decreased by 27.4%, and RevPAR decreased by 48.3% compared to March 2019 prior to the COVID-19 pandemic.

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In March 2022, hotel demand increased due to the peak out of the sixth wave of COVID-19 infections. The overall occupancy rate increased due to the increase in group accommodation and business demand as well as leisure demand during spring break after the full lifting of quasi-State of Emergency declarations. Several hotels recorded high occupancy rates of around 90%.

We are forecasting that April 2022 RevPAR will be approximately 90% higher than April 2021, or approximately 45% lower than the April 2019 figure as of today. Although there are concerns about the further spread of COVID-19 infections (seventh wave), hotel demand is expected to be stronger than the March 2022 level, mainly due to an increase in business trips and training demand in the new fiscal year.

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	59.3%	5,167	3,062
Greater Tokyo (ex. Tokyo 23 Wards)	72.0%	9,738	7,015
Chubu	62.9%	6,310	3,969
Kansai	63.6%	4,790	3,049
Kyushu	75.2%	7,553	5,677
Hokkaido	46.7%	6,221	2,906
Other domestic	68.3%	13,051	8,907
Total	62.9%	7,290	4,589

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in March 2022 was 40.2%, an increase of 32.2pt compared to the same month of the previous year when only Sunshine was open. The NOI for March 2022 was JPY 169 million, an increase from JPY -74 million for March 2021.

In March 2022, hotel demand in the Cayman Islands recovered due to an increase in tourists from the United States. The occupancy rate for the Cayman Hotels has increased from 27.3% in February to 40.2% in March and RevPAR significantly increased from USD 107 to USD 171. Westin's occupancy rate increased from 22.0% to 39.5% and RevPAR significantly increased from USD 113 to USD 199 while Sunshine's occupancy rate and RevPAR were almost flat.

Effective April 8, 2022, the Cayman Islands Government has removed a requirement to quarantine after border entry for fully vaccinated tourists arriving from countries with less than a 60% vaccination rate or whose vaccinations cannot be securely verified. Hotel demand is expected to continue its recovery in April 2022. We are forecasting that the

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occupancy rate for the Cayman Hotels in April 2022 will be approximately 50% and that RevPAR will be about USD 211, or 45.7% lower than the April 2019 figure.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of March 2022 was 96.6%, which increased by 0.9pt 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 0.2% year-over-year. The NOI⁹ for the residential portfolio in March 2022 decreased by 1.6% year-over-year and decreased by 1.5% year-over-year on a cumulative basis for the June 2022 fiscal period.

Rents, compared with those based on the immediately preceding leases, decreased by 3.1% for new leases, increased by 1.1% for renewal leases, and decreased by 0.5% for new and renewal leases combined for March 2022. INV achieved a rent increase on 36.2% of lease contract renewals for March 2022. The retention rate for the existing tenants was 79.1% for March 2022.

4. Performance

* The “Difference” in the table below indicates the increase / decrease in value for the month of March 2022 or cumulative figures from January to June 2022 compared to the corresponding value in 2021 or 2019. Hereinafter the same.

(1) 75 Domestic Hotel Properties⁴

	Mar. 2022	Mar. 2021	Difference	Mar. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	62.9%	38.7%	+24.3pt	88.3%	-25.4pt	54.3%	33.7%	+20.6pt	86.0%	-31.7pt
ADR (JPY) ⁶	7,290	7,362	-1.0%	10,044	-27.4%	7,047	6,895	+2.2%	9,637	-26.9%
RevPAR (JPY) ⁷	4,589	2,849	+61.1%	8,869	-48.3%	3,827	2,326	+64.5%	8,288	-53.8%
Gross Revenue (JPY million) ¹⁰	3,207	2,647	+21.1%	6,047	-47.0%	7,775	5,788	+34.3%	16,009	-51.4%

(2) Cayman Hotels

	Mar. 2022	Mar. 2021	Difference	Mar. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	40.2%	7.9%	+32.2pt	93.6%	-53.4pt	30.0%	8.4%	+21.6pt	91.6%	-61.6pt
ADR (USD) ⁶	425	154	+175.2%	478	-11.1%	366	167	+119.7%	481	-23.8%
RevPAR (USD) ⁷	171	12	+1,291.3%	447	-61.8%	110	14	+685.6%	440	-75.0%

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Gross Revenue (USD thousand)	4,786	585	+718.2%	11,039	-56.6%	9,346	1,844	+406.9%	31,121	-70.0%
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(3) 41 Residential Properties⁸

	End of Mar. 2022	End of Mar. 2021	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference
Occupancy Rate	96.6%	96.4%	+0.2pt	95.9%	95.7%	+0.2pt
Rent per Tsubo (JPY)	9,050	9,066	-0.2%	9,096	9,120	-0.3%

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

(JPY million)	Mar. 2022	Mar. 2021	Difference	Mar. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	-	26	-	611	-	-	72	-	1,389	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	37	-	444	-	-	117	-	1,077	-
Greater Tokyo - Subtotal	-	64	-	1,055	-	-	189	-	2,467	-
Chubu	-	8	-	247	-	-	3	-	471	-
Kansai	-	6	-	213	-	-	20	-	429	-
Kyushu	-	12	-	255	-	-	29	-	547	-
Hokkaido	-	0	-	154	-	-	37	-	698	-
Other domestic	-	-3	-	283	-	-	-23	-	331	-
Domestic Hotel- Subtotal	-	88	-	2,209	-	-	257	-	4,946	-
Residential	182	184	-1.6%	180	+0.6%	546	555	-1.5%	540	+1.1%
Commercial	12	12	+0.1%	12	-0.1%	38	38	+0.1%	38	-0.1%
Domestic Asset- Subtotal	-	286	-	2,403	-	-	851	-	5,526	-
Overseas	169	-74	-	612	-72.3%	224	-209	-	1,658	-86.5%
Total	-	211	-	3,016	-	-	641	-	7,184	-

(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 March 2022, 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%). 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

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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 March 2022, 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 March 2022; 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 41 properties held by INV as of the end of March 2022; hereinafter the same.
- (Note 9) NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.
- (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/>