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

July 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 June 2022**

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 2022 increased by 254.7% year-over-year and increased by 235.2% year-over-year on a cumulative basis for the June 2022 fiscal period (from January to June). The overall portfolio NOI<sup>1,2</sup> for June 2022 decreased by 60.7% compared to June 2019 prior to the COVID-19 pandemic, and decreased by 69.8% on a cumulative basis for the June 2022 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, 2022 with Major Tenant” dated March 11, 2022, 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, 2022 to June 30, 2022 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 fixed rent of JPY 0.90 billion and variable rent of JPY 1.99 billion, totaling JPY 2.89 billion. This is equivalent to about 58% 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 was JPY 2.33 billion. 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 2022, the occupancy rate increased by 30.1pt, ADR increased by 20.5%, and RevPAR increased by 115.8% compared to June 2021 while the occupancy rate decreased by 19.8pt, ADR decreased by 19.5%, and RevPAR decreased by 37.6% compared to June 2019 prior to the COVID-19 pandemic.

In June 2022, the overall accommodation demand recovered due to tourism support measures such as prefectural travel subsidy campaigns and an increase in domestic business demand at some hotels. Similar to April and May, about half of INV's hotels have recorded occupancy rates of 70% or higher.

We are forecasting that July 2022 RevPAR will be approximately 70% higher than the July 2021 figure, or approximately 30% lower than the July 2019 figure as of today. Currently, the number of new COVID-19 infections are on a sharp rise, but the overall occupancy rate is expected to reach the 70% level for the first time since February 2020 due to strong leisure demand during the summer vacation.

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                     | 63.5%                       | 5,351                  | 3,396                     |
| Greater Tokyo (ex. Tokyo 23 Wards) | 71.2%                       | 10,135                 | 7,216                     |
| Chubu                              | 67.2%                       | 6,161                  | 4,143                     |
| Kansai                             | 63.9%                       | 4,945                  | 3,158                     |
| Kyushu                             | 70.5%                       | 7,481                  | 5,277                     |
| Hokkaido                           | 68.2%                       | 8,515                  | 5,808                     |
| Other domestic                     | 81.5%                       | 11,757                 | 9,581                     |
| Total                              | 68.2%                       | 7,617                  | 5,192                     |

### (2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in June 2022 was 49.6%, an increase of 40.7pt compared to the same month of the previous year due to a pickup in group reservations. ADR was USD 341, or 12.8% higher than June 2019 due to a sales strategy that strives to reduce the amount of discounts. RevPAR was USD 169, or 34.6% lower than the June 2019 figure. The NOI<sup>2</sup> for June 2022 was JPY 136 million, an increase from JPY -74 million for June 2021. The cumulative NOI<sup>2</sup> for the June 2022 fiscal period was JPY 785 million, a significant increase from JPY -463 million in the same period last

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year.

We are forecasting that the occupancy rate for the Cayman Hotels in July 2022 will be around 49.6%, or 37.3pt lower than the July 2019 figure and that RevPAR will be around USD 169, or 35.9% lower than the July 2019 figure as of today. From June 30, the pre-arrival testing requirement for travelers to the Cayman Islands and a mandated requirement to wear masks in indoor public areas have been lifted. Efforts are steadily underway for the next peak season starting in late November.

### 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of June 2022 was 96.0%, which increased by 0.1pt compared to the end of the previous month and decreased by 0.2pt year-over-year.

The average in-place rent per tsubo increased by 0.4% year-over-year. The NOI<sup>8</sup> for the residential portfolio in June 2022 decreased by 0.3% year-over-year and decreased by 0.2% 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 1.3% for renewal leases, and decreased by 0.4% for new and renewal leases combined for the June 2022 fiscal period. INV achieved a rent increase on 36.6% of lease contract renewals and the retention rate for the existing tenants was 79.6% for the June 2022 fiscal period.

### 4. Performance

\* The “Difference” in the table below indicates the increase / decrease in value for the month of June 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 Properties<sup>3</sup>

|  | Jun.<br>2022 | Jun.<br>2021 | Difference | Jun.<br>2019 | Difference | Jan.-Jun.<br>2022 | Jan.-Jun.<br>2021 | Difference | Jan.-Jun.<br>2019 | Difference |
|--|--------------|--------------|------------|--------------|------------|-------------------|-------------------|------------|-------------------|------------|
| Occupancy Rate <sup>4</sup>              | 68.2%        | 38.1%        | +30.1pt    | 87.9%        | -19.8pt    | 61.5%             | 35.6%             | +25.9pt    | 86.8%             | -25.3pt    |
| ADR (JPY) <sup>5</sup>                   | 7,617        | 6,320        | +20.5%     | 9,468        | -19.5%     | 7,504             | 6,940             | +8.1%      | 10,109            | -25.8%     |
| RevPAR (JPY) <sup>6</sup>                | 5,192        | 2,406        | +115.8%    | 8,323        | -37.6%     | 4,614             | 2,472             | +86.7%     | 8,772             | -47.4%     |
| Gross Revenue (JPY million) <sup>9</sup> | 3,653        | 1,859        | +96.5%     | 5,492        | -33.5%     | 19,057            | 12,247            | +55.6%     | 33,809            | -43.6%     |

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## (2) Cayman Hotels

|                              | Jun. 2022 | Jun. 2021 | Difference | Jun. 2019 | Difference | Jan.-Jun. 2022 | Jan.-Jun. 2021 | Difference | Jan.-Jun. 2019 | Difference |
|------------------------------|-----------|-----------|------------|-----------|------------|----------------|----------------|------------|----------------|------------|
| Occupancy Rate <sup>4</sup>  | 49.6%     | 8.9%      | +40.7pt    | 85.5%     | -35.9pt    | 39.7%          | 7.9%           | +31.9pt    | 89.3%          | -49.6pt    |
| ADR (USD) <sup>5</sup>       | 341       | 187       | +82.2%     | 303       | +12.8%     | 370            | 162            | +129.1%    | 416            | -11.0%     |
| RevPAR (USD) <sup>6</sup>    | 169       | 17        | +918.8%    | 259       | -34.6%     | 147            | 13             | +1,055.0%  | 371            | -60.4%     |
| Gross Revenue (USD thousand) | 5,115     | 768       | +565.6%    | 7,248     | -29.4%     | 25,488         | 3,602          | +607.5%    | 56,050         | -54.5%     |

## (3) 41 Residential Properties<sup>7</sup>

|                      | End of Jun. 2022 | End of Jun. 2021 | Difference | Jan.-Jun. 2022 | Jan.-Jun. 2021 | Difference |
|----------------------|------------------|------------------|------------|----------------|----------------|------------|
| Occupancy Rate       | 96.0%            | 96.2%            | -0.2pt     | 96.0%          | 96.0%          | +0.0pt     |
| Rent per Tsubo (JPY) | 9,145            | 9,111            | +0.4%      | 9,127          | 9,128          | -0.0%      |

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

| (JPY million)                      | Jun. 2022 | Jun. 2021 | Difference | Jun. 2019 | Difference | Jan.-Jun. 2022 | Jan.-Jun. 2021 | Difference | Jan.-Jun. 2019 | Difference |
|------------------------------------|-----------|-----------|------------|-----------|------------|----------------|----------------|------------|----------------|------------|
| Tokyo 23 Wards                     | 100       | 25        | +299.5%    | 429       | -76.5%     | 434            | 154            | +180.7%    | 3,025          | -85.7%     |
| Greater Tokyo (ex. Tokyo 23 Wards) | 121       | 33        | +264.2%    | 312       | -61.2%     | 601            | 218            | +175.2%    | 2,003          | -70.0%     |
| Greater Tokyo - Subtotal           | 222       | 58        | +279.4%    | 742       | -70.1%     | 1,035          | 373            | +177.4%    | 5,029          | -79.4%     |
| Chubu                              | 70        | 9         | +655.4%    | 168       | -58.3%     | 307            | 40             | +667.1%    | 1,247          | -75.4%     |
| Kansai                             | 21        | 6         | +217.4%    | 129       | -83.5%     | 88             | 47             | +87.7%     | 984            | -91.0%     |
| Kyushu                             | 84        | 10        | +694.8%    | 118       | -28.5%     | 384            | 62             | +517.2%    | 1,109          | -65.3%     |
| Hokkaido                           | 45        | 36        | +23.5%     | 418       | -89.2%     | 193            | 94             | +106.3%    | 1,537          | -87.4%     |
| Other domestic                     | 112       | -2        | -          | 158       | -29.0%     | 497            | -13            | -          | 937            | -46.9%     |
| Domestic Hotel- Subtotal           | 556       | 119       | +365.9%    | 1,736     | -68.0%     | 2,506          | 602            | +315.7%    | 10,846         | -76.9%     |
| Residential                        | 188       | 188       | -0.3%      | 184       | +2.1%      | 1,113          | 1,115          | -0.2%      | 1,100          | +1.2%      |
| Commercial <sup>10</sup>           | -6        | 12        | -          | 12        | -          | 58             | 77             | -24.2%     | 77             | -24.6%     |
| Domestic Asset-Subtotal            | 738       | 320       | +130.1%    | 1,933     | -61.8%     | 3,678          | 1,795          | +104.8%    | 12,024         | -69.4%     |
| Overseas                           | 136       | -74       | -          | 291       | -53.1%     | 785            | -463           | -          | 2,772          | -71.7%     |
| Total                              | 875       | 246       | +254.7%    | 2,224     | -60.7%     | 4,464          | 1,332          | +235.2%    | 14,797         | -69.8%     |

(Note 1) Based on all properties held as of the end of June 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

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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 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 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 June 2022; hereinafter the same.
- (Note 4) "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 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 41 properties held by INV as of the end of June 2022; hereinafter the same.
- (Note 8) NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.
- (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) The NOI of the commercial facility (AEON TOWN Sukagawa) was significantly lower than the previous year because the repair cost for the restoration work for the damage caused by the earthquake that occurred off the coast of Fukushima Prefecture on February 13, 2021 was recorded in June 2022.
- (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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