

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

February 24, 2022

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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Performance Update for January 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 January 2022 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for January 2022 was 48.5%, which increased by 16.6pt year-over-year. The residential occupancy rate for the end of January 2022 was 95.3%, which decreased by 0.3pt 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 January 2022 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for January 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 January 2022, the occupancy rate increased by 16.6pt, ADR increased by 10.7%, and RevPAR increased by 68.2% compared to January 2021 while the occupancy rate decreased by 33.5pt, ADR decreased by 18.8%, and RevPAR decreased by 51.9% compared to January 2019 prior to the COVID-19 pandemic.

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In January 2022, infections from a new COVID-19 variant (Omicron variant) spread rapidly and quasi-State of Emergency declarations were declared in more than 70% of all prefectures. As a result, hotel demand declined. However, high occupancy rates were recorded for the hotels that were able to capture group accommodation and business demand.

In February 2022, infections from the Omicron variant continued to spread and the duration of quasi-State of Emergency declarations has been extended in most prefectures, leading to a prolonged adverse effect on hotel demand. As of today, we are forecasting that February 2022 RevPAR will be approximately 60% higher than February 2021, or approximately 65% lower than the February 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	46.3%	5,179	2,396
Greater Tokyo (ex. Tokyo 23 Wards)	61.2%	8,842	5,407
Chubu	45.6%	5,978	2,725
Kansai	45.2%	4,322	1,955
Kyushu	47.9%	7,497	3,593
Hokkaido	38.5%	7,017	2,701
Other domestic	54.3%	13,158	7,139
Total	48.5%	7,167	3,477

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort ("Sunshine")) in January 2022 was 22.3%, an increase of 15.7pt compared to the same month of the previous year when only Sunshine was open. The NOI for January 2022 was JPY -14 million, an increase from JPY -80 million for January 2021.

In the Cayman Islands, epidemic prevention measures for tourists have been gradually relaxed, and unvaccinated children under 12 years old have been exempt from self-quarantine for 14 days after border entry effective January 20, 2022, if their adult companions have completed vaccination. Furthermore, the rapid lateral flow COVID-19 tests obligation on the 2nd, 5th and 7th days after border entry, which was required for tourists aged five or above, was lifted last week. The test, which required a 10-day self-quarantine if found positive, was considered to be a major factor for stagnant accommodation reservations, as potential guests worried about a risk of a delayed return home.

Prior to such change, two major US airlines United Airlines and American Airlines resumed

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operations to the Cayman Islands in mid-February 2022 for the first time in about two years since March 2020. Coupled with the relaxation of the epidemic prevention measures mentioned above, the hotel demand is expected to start recovering in due course.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of January 2022 was 95.3%, which decreased by 0.3pt compared to the end of the previous month and increased by 0.1pt year-over-year.

The average in-place rent per tsubo increased nominally by JPY 2 year-over-year. The NOI⁹ for the residential portfolio in January 2022 increased by 0.6% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 3.4% for new leases, increased by 0.9% for renewal leases, and decreased by 1.4% for new and renewal leases combined for January 2022. INV achieved a rent increase on 44.0% of lease contract renewals for January 2022. The retention rate for the existing tenants was 71.4% for January 2022.

4. Performance

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

(1) 75 Domestic Hotel Properties⁴

	Jan. 2022	Jan. 2021	Difference	Jan. 2019	Difference
Occupancy Rate ⁵	48.5%	31.9%	+16.6pt	82.0%	-33.5pt
ADR (JPY) ⁶	7,167	6,477	+10.7%	8,825	-18.8%
RevPAR (JPY) ⁷	3,477	2,067	+68.2%	7,233	-51.9%
Gross Revenue (JPY million) ¹⁰	2,418	1,563	+54.7%	4,837	-50.0%

(2) Cayman Hotels

	Jan. 2022	Jan. 2021	Difference	Jan. 2019	Difference
Occupancy Rate ⁵	22.3%	6.6%	+15.7pt	88.5%	-66.2pt
ADR (USD) ⁶	230	176	+31.3%	447	-48.5%
RevPAR (USD) ⁷	51	12	+345.2%	396	-87.0%
Gross Revenue (USD thousand)	1,699	509	+233.8%	9,488	-82.1%

(3) 41 Residential Properties⁸

	End of Jan. 2022	End of Jan. 2021	Difference
Occupancy Rate	95.3%	95.2%	+0.1pt
Rent per Tsubo (JPY)	9,154	9,152	+0.0%

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

(JPY Million)	Jan. 2022	Jan. 2021	Difference	Jan. 2019	Difference
Tokyo 23 Wards	-	21	-	378	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	195	-	320	-
Greater Tokyo - Subtotal	-	217	-	698	-
Chubu	-	-3	-	93	-
Kansai	-	6	-	99	-
Kyushu	-	8	-	135	-
Hokkaido	-	9	-	159	-
Other domestic	-	-10	-	-23	-
Domestic Hotel- Subtotal	-	227	-	1,163	-
Residential	184	183	+0.6%	180	+2.3%
Commercial	12	12	+0.1%	12	-0.1%
Domestic Asset- Subtotal	-	424	-	1,357	-
Overseas	-14	-80	-	480	-
Total	-	343	-	1,837	-

(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 January 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 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 January 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 January 2022; hereinafter the same.

(Note 5) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

$$\text{room occupancy rate} = \frac{\text{total number of rooms occupied during the relevant period}}{\text{aggregate number of rooms during the relevant period} \times \text{number of business days during target period}}$$

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- (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 January 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) 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/>