

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

March 25, 2022

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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(Securities Code: 8963)

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Performance Update for February 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 February 2022 were heavily affected by the coronavirus (COVID-19). The occupancy rate of the domestic hotels for February 2022 was 51.1%, which increased by 20.9pt year-over-year. The residential occupancy rate for the end of February 2022 was 95.7%, which increased by 0.4pt compared to the end of the previous month.

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 the 73 hotels operated by INV's main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (the “MHM Group”). Under the MOU, we have changed the rent calculation period to six months from January to the end of June 2022, and determined the fixed rent amount for the six months and defined the variable rent calculation method. For details of the MOU, please refer to the above press release.

As for the 73 hotels that are operated by INV's main tenant, the MHM Group, the amount of the employment adjustment subsidies for February 2022 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for February 2022 have not been determined yet.

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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 February 2022, the occupancy rate increased by 20.9pt, ADR decreased by 2.0%, and RevPAR increased by 65.7% compared to February 2021 while the occupancy rate decreased by 36.8pt, ADR decreased by 34.3%, and RevPAR decreased by 61.8% compared to February 2019 prior to the COVID-19 pandemic.

In February 2022, hotel demand was sluggish due to the continued spread of infections (the sixth wave) from a new COVID-19 variant (Omicron variant) and the impact of quasi-State of Emergency declarations declared in more than 70% of all prefectures. However, high occupancy rates of 80-90% were recorded for the hotels that were able to capture group accommodation and business demand.

In March 2022, the sixth wave has peaked out and as of today, we are forecasting that March 2022 RevPAR will be approximately 55% higher than March 2021, or approximately 50% lower than the March 2019 figure. With the lifting of quasi-State of Emergency declarations on March 21, hotel demand for spring break and onwards is expected to improve.

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	53.0%	5,067	2,685
Greater Tokyo (ex. Tokyo 23 Wards)	64.4%	8,899	5,729
Chubu	48.6%	5,585	2,715
Kansai	49.5%	4,030	1,995
Kyushu	50.9%	5,793	2,947
Hokkaido	36.6%	7,007	2,563
Other domestic	45.9%	10,446	4,795
Total	51.1%	6,588	3,369

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in February 2022 was 27.3%, an increase of 16.4pt compared to the same month of the previous year when only Sunshine was open. The NOI for February 2022 was JPY 69 million, an increase from JPY -54 million for February 2021.

In the Cayman Islands, the number of tourists from the United States increased from mid-

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February 2022, due to the relaxation of epidemic prevention measures for tourists and the resumption of flight service to the Cayman Islands by major US airlines. The occupancy rate for the Cayman Hotels has increased from 22.3% in January to 27.3% in February and RevPAR significantly increased from USD 51 to USD 107. Individually, Westin's occupancy rate increased from 8.3% to 22.0% and RevPAR increased from USD 27 to USD 113. Sunshine's occupancy rate decreased from 59.0% to 41.1% and RevPAR decreased from USD 115 to USD 94 due to a decrease in self-quarantine demand. Since February 2022, only 15 of the 131 rooms in Sunshine have been used as self-quarantine facilities under a contract with the Cayman Islands government, which will terminate at the end of April. Thereafter, the entire property will be used as a hotel.

In March 2022, the number of airline destinations and flight frequency has increased, and some flights were full. The number of tourists is increasing, and we are forecasting that the occupancy rate for the Cayman Hotels in March 2022 will be 39%, an increase of 31pt compared to the same month of the previous year, and that RevPAR will be USD 168.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of February 2022 was 95.7%, which increased by 0.4pt compared to the end of the previous month and was flat year-over-year.

The average in-place rent per tsubo decreased by 0.6% year-over-year. The NOI⁹ for the residential portfolio in February 2022 decreased by 3.6% 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 2.4% for new leases, increased by 1.4% for renewal leases, and decreased by 0.6% for new and renewal leases combined for February 2022. INV achieved a rent increase on 53.6% of lease contract renewals for February 2022. The retention rate for the existing tenants was 78.4% for February 2022.

4. Performance

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

	Feb. 2022	Feb. 2021	Difference	Feb. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	51.1%	30.2%	+20.9pt	87.9%	-36.8pt	49.8%	31.1%	+18.6pt	84.8%	-35.0pt
ADR (JPY) ⁶	6,588	6,722	-2.0%	10,021	-34.3%	6,885	6,590	+4.5%	9,414	-26.9%

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RevPAR (JPY) ⁷	3,369	2,033	+65.7%	8,811	-61.8%	3,426	2,051	+67.0%	7,982	-57.1%
Gross Revenue (JPY million) ¹⁰	2,041	1,402	+45.5%	5,125	-60.2%	4,502	2,966	+51.8%	9,962	-54.8%

(2) Cayman Hotels

	Feb. 2022	Feb. 2021	Difference	Feb. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	27.3%	10.9%	+16.4pt	92.9%	-65.6pt	24.7%	8.6%	+16.0pt	90.6%	-65.9pt
ADR (USD) ⁶	394	171	+130.7%	519	-24.1%	316	173	+83.1%	482	-34.4%
RevPAR (USD) ⁷	107	19	+477.7%	482	-77.7%	78	15	+423.7%	437	-82.1%
Gross Revenue (USD thousand)	2,860	749	+281.5%	10,592	-73.0%	4,559	1,258	+262.2%	20,081	-77.3%

(3) 41 Residential Properties⁸

	End of Feb. 2022	End of Feb. 2021	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference
Occupancy Rate	95.7%	95.7%	-	95.5%	95.4%	+0.1pt
Rent per Tsubo (JPY)	9,085	9,143	-0.6%	9,119	9,147	-0.3%

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

(JPY Million)	Feb. 2022	Feb. 2021	Difference	Feb. 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	-	24	-	400	-	-	45	-	778	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	42	-	311	-	-	79	-	632	-
Greater Tokyo - Subtotal	-	66	-	712	-	-	125	-	1,411	-
Chubu	-	-1	-	130	-	-	-4	-	224	-
Kansai	-	7	-	116	-	-	14	-	216	-
Kyushu	-	8	-	156	-	-	17	-	292	-
Hokkaido	-	27	-	385	-	-	36	-	544	-
Other domestic	-	-8	-	70	-	-	-19	-	47	-
Domestic Hotel- Subtotal	-	99	-	1,572	-	-	169	-	2,736	-
Residential	179	186	-3.6%	179	+0.4%	364	370	-1.5%	359	+1.4%
Commercial	12	12	+0.1%	12	-0.1%	25	25	+0.1%	25	-0.1%
Domestic Asset- Subtotal	-	299	-	1,765	-	-	565	-	3,122	-
Overseas	69	-54	-	565	-87.7%	55	-135	-	1,046	-94.7%
Total	-	244	-	2,331	-	-	430	-	4,168	-

(Note 1) GOP means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the

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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 February 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 February 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 February 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 February 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>

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