

June 24, 2022

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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(Securities Code: 8963)

Asset Manager:

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Performance Update for May 2022

Invincible Investment Corporation (“INV”) hereby announces its monthly performance.

1. Overall Performance of the Entire Portfolio

Both the domestic and overseas hotel portfolios for May 2022 are gradually recovering from the coronavirus (COVID-19) shock. The occupancy rate of the domestic hotels for May 2022 was 69.3%, which increased by 34.8pt year-over-year. The residential occupancy rate for the end of May 2022 was 95.9%, which decreased by 0.6pt 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 May 2022 has not been determined as of today. As a result, GOP¹ and NOI^{2,3} for May 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 May 2022, the occupancy rate increased by 34.8pt, ADR increased by 9.7%, and RevPAR increased by 120.6% compared to May 2021 while the occupancy rate decreased by 17.6pt, ADR decreased by 22.4%, and RevPAR decreased by 38.2% compared to May 2019 prior to the COVID-19 pandemic.

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In May 2022, an increase in travel and leisure demand was observed due to the fact that no behavioral restrictions were imposed during Golden Week for the first time in three years, and that the number of newly infected people continued to decrease after that. Similar to the previous month, about half of INV's hotels recorded occupancy rates of 70% or higher.

We are forecasting that June 2022 RevPAR will be approximately 115% higher than the June 2021 figure, or approximately 40% lower than the June 2019 figure as of today. From June 1, the daily cap on arrivals has been doubled to 20,000 and quarantine measures have been relaxed. Immigrants from 98 countries / regions are exempt from immigration inspections and self-quarantine at home, regardless of their vaccination status. Therefore, inbound demand is expected to start its recovery. In addition, domestic demand is also expected to increase due to the expanded use of travel subsidy campaigns implemented by prefectures including Tokyo.

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	69.2%	5,319	3,680
Greater Tokyo (ex. Tokyo 23 Wards)	76.6%	10,602	8,125
Chubu	69.3%	8,020	5,558
Kansai	63.3%	5,082	3,216
Kyushu	74.7%	8,641	6,452
Hokkaido	56.2%	7,956	4,471
Other domestic	77.1%	16,239	12,523
Total	69.3%	8,303	5,751

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa ("Westin") and Sunshine Suites Resort ("Sunshine")) in May 2022 was 47.4%, an increase of 41.5pt compared to the same month of the previous year when only Sunshine was open. The NOI for May 2022 was JPY 177 million, a significant increase from JPY -99 million for May 2021.

In May 2022, a pickup in group reservations was observed, although the peak season has passed. The occupancy rate for the Cayman Hotels was 47.4%, or 38.0pt lower than the May 2019 figure, and RevPAR was USD 171, or 35.2% lower than the May 2019 figure. ADR was USD 360, surpassing USD 308 in May 2019 due to a sales strategy that strives not offer discounts as much as possible because as it will take more time for the occupancy rate improves significantly.

We are forecasting that the occupancy rate for the Cayman Hotels in June 2022 will be around 50.7%, or 34.8pt lower than the June 2019 figure and that RevPAR will be around

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USD 174, or 32.7% lower than the June 2019 figure as of today. From June 12, the pre-departure testing requirement for travelers flying to the United States from foreign countries has been lifted and US-based travelers are much less worried about getting stuck during their trip for quarantine measures. Therefore, further recovery in travel demand to the Cayman Islands is expected, particularly from the next peak season starting in late November.

3. Residential Assets Overview

The residential portfolio⁸ in-place occupancy rate as of the end of May 2022 was 95.9%, which decreased by 0.6pt compared to the end of the previous month and was flat year-over-year.

The average in-place rent per tsubo increased by 0.3% year-over-year. The NOI⁹ for the residential portfolio in May 2022 increased by 1.9% 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 3.5% for new leases, increased by 1.2% for renewal leases, and decreased by 0.6% for new and renewal leases combined for the June 2022 fiscal period. INV achieved a rent increase on 34.5% of lease contract renewals and the retention rate for the existing tenants was 79.3% for the June 2022 fiscal period.

4. Performance

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

	May 2022	May 2021	Difference	May 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	69.3%	34.5%	+34.8pt	86.9%	-17.6pt	60.2%	35.1%	+25.0pt	86.5%	-26.4pt
ADR (JPY) ⁶	8,303	7,567	+9.7%	10,704	-22.4%	7,479	7,073	+5.7%	10,239	-27.0%
RevPAR (JPY) ⁷	5,751	2,607	+120.6%	9,301	-38.2%	4,499	2,485	+81.1%	8,861	-49.2%
Gross Revenue (JPY million) ¹⁰	4,097	2,321	+76.5%	6,060	-32.4%	15,386	10,387	+48.1%	28,316	-45.7%

(2) Cayman Hotels

	May 2022	May 2021	Difference	May 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁵	47.4%	5.9%	+41.5pt	85.4%	-38.0pt	37.8%	7.7%	+30.1pt	90.0%	-52.3pt

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ADR (USD) ⁶	360	136	+163.8%	308	+16.7%	378	156	+142.6%	437	-13.6%
RevPAR (USD) ⁷	171	8	+2,006.0%	263	-35.2%	143	12	+1,092.7%	394	-63.8%
Gross Revenue (USD thousand)	5,096	409	+1,144.6%	7,991	-36.2%	20,373	2,834	+618.9%	48,802	-58.3%

(3) 41 Residential Properties⁸

	End of May 2022	End of May 2021	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference
Occupancy Rate	95.9%	95.9%	+0.0pt	96.0%	95.9%	+0.1pt
Rent per Tsubo (JPY)	9,198	9,172	+0.3%	9,123	9,131	-0.1%

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

(JPY million)	May 2022	May 2021	Difference	May 2019	Difference	Jan.-Jun. 2022	Jan.-Jun. 2021	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	-	26	-	495	-	-	129	-	2,595	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	31	-	265	-	-	185	-	1,690	-
Greater Tokyo - Subtotal	-	58	-	761	-	-	314	-	4,286	-
Chubu	-	11	-	267	-	-	30	-	1,078	-
Kansai	-	9	-	164	-	-	40	-	855	-
Kyushu	-	10	-	226	-	-	51	-	990	-
Hokkaido	-	17	-	294	-	-	57	-	1,119	-
Other domestic	-	7	-	241	-	-	-11	-	779	-
Domestic Hotel- Subtotal	-	114	-	1,955	-	-	483	-	9,110	-
Residential	191	187	+1.9%	188	+1.5%	925	926	-0.2%	916	+1.0%
Commercial	12	12	+0.1%	12	-0.1%	64	64	+0.1%	64	-0.1%
Domestic Asset-Subtotal	-	314	-	2,157	-	-	1,475	-	10,091	-
Overseas	177	-99	-	345	-48.6%	649	-389	-	2,481	-73.8%
Total	-	215	-	2,502	-	-	1,085	-	12,572	-

(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 May 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

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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 May 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 May 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 May 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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