

December 23, 2022

To All Concerned Parties

Name of REIT Issuer:

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

Asset Manager:

Consonant Investment Management Co., Ltd.
Naoki Fukuda, President & CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Performance Update for November 2022

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

1. Overall Performance of the Entire Portfolio

The performance of both the domestic and overseas hotel portfolios is approaching the level before the COVID-19 pandemic. The occupancy rate of the domestic hotels for November 2022 was 79.3%, which increased by 18.8pt year-over-year. The residential occupancy rate for the end of November 2022 was 96.4%, which decreased by 0.1pt 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 October to December 2022 with Major Tenant” dated December 9, 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 October 1, 2022 to December 31, 2022 for domestic hotels owned by INV with INV’s main tenant, MyStays Hotel Management Co., Ltd. and its affiliates (the “MHM Group”), who operate the hotels. Under the MOU, we have partially changed the rent payment conditions for the three months and changed the variable rent calculation method, whereby the total fixed rent stays the same as in the existing leases, except that it is grouped together as a portfolio instead of calculated by individual properties. The variable rent is then calculated by summing up the rent of all 73 properties for three months. For details on the MOU, please refer to the above press release.

As mentioned above, since the variable rent is calculated for the total of three months, the

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rent payment of the 73 properties for November 2022 has not been determined yet. Therefore, the overall portfolio NOI^{1,2} for November 2022 has not been determined yet.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

As for the domestic hotel portfolio³ performance for the month of November 2022, the occupancy rate increased by 18.8pt, ADR increased by 42.3%, and RevPAR increased by 86.5% compared to November 2021, while the occupancy rate decreased by 8.5pt, ADR increased by 3.1%, and RevPAR decreased by 6.9% compared to November 2019 prior to the COVID-19 pandemic.

For the month of November 2022, the overall occupancy rate reached 79.3%, the highest since February 2020, and ADR topped the November 2019 figure by 3.1% due to the effect of the government's travel subsidy program "National Travel Discount Campaign" combined with leisure demand during the autumn tourist season. In addition, inbound demand has been gradually recovering after the relaxation of border measures in October 2022.

We are forecasting that the December 2022 RevPAR will be approximately 80% higher than the December 2021 figure, or approximately 10% higher than the December 2019 figure as of today. The overall occupancy rate is expected to be around 80% due to the effect of the National Travel Discount Campaign extended until stays through December 27 and inbound demand.

Table below shows the KPIs for each area of the 75 domestic hotels portfolio³.

Area	Occupancy Rate ⁴	ADR (JPY) ⁵	RevPAR (JPY) ⁶
Tokyo 23 Wards	80.2%	7,878	6,317
Greater Tokyo (ex. Tokyo 23 Wards)	85.6%	13,757	11,769
Chubu	77.3%	10,077	7,794
Kansai	80.6%	9,564	7,711
Kyushu	84.8%	11,523	9,768
Hokkaido	62.9%	8,625	5,427
Other domestic	88.4%	15,224	13,456
Total	79.3%	10,585	8,399

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in November 2022 was 78.1%, an increase of 65.6pt compared to the same month of the previous year, or 4.4pt lower than the November 2019 figure. ADR was USD 404, or 34.1% higher than November 2019. RevPAR was USD

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315, or 26.9% higher than the November 2019 figure. Both ADR and RevPAR for November 2022 significantly exceeded 2019 levels. The NOI¹ for November 2022 was JPY 333 million, a significant increase from JPY -93 million for November 2021.

We are forecasting that the occupancy rate for the Cayman Hotels in December 2022 will be around 79.8%, or 5.3pt lower than the December 2019 figure, ADR will be USD 632, or 11.2% higher than the December 2019 figure and RevPAR will be USD 505, or 4.2% higher than the December 2019 figure as of today. Similar to the previous month, RevPAR is expected to increase.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of November 2022 was 96.4%, which decreased by 0.1pt compared to the end of the previous month and increased by 0.6pt year-over-year.

The average in-place rent per tsubo increased by 0.2% year-over-year. The NOI⁸ for the residential portfolio in November 2022 increased by 0.3% year-over-year and increased by 0.3% year-over-year on a cumulative basis for the December 2022 fiscal period.

Rents, compared with those based on the immediately preceding leases, decreased by 1.2% for new leases, increased by 1.6% for renewal leases, and increased by 0.5% for new and renewal leases combined for the December 2022 fiscal period. INV achieved a rent increase on 47.0% of lease contract renewals and the retention rate for the existing tenants was 80.3% for the December 2022 fiscal period.

4. Performance

* The "Difference" in the table below indicates the increase / decrease in value for the month of November 2022 or cumulative figures from July to December 2022 compared to the corresponding value in 2021 or 2019. Hereinafter the same.

(1) 75 Domestic Hotel Properties³

	Nov. 2022	Nov. 2021	Difference	Nov. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁴	79.3%	60.5%	+18.8pt	87.8%	-8.5pt	75.0%	50.6%	+24.4pt	89.2%	-14.2pt
ADR (JPY) ⁵	10,585	7,438	+42.3%	10,268	+3.1%	9,916	7,533	+31.6%	10,794	-8.1%
RevPAR (JPY) ⁶	8,399	4,503	+86.5%	9,020	-6.9%	7,436	3,809	+95.2%	9,627	-22.8%
Gross Revenue (JPY million) ⁹	5,500	3,452	+59.3%	6,163	-10.8%	24,223	14,213	+70.4%	31,208	-22.4%

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(2) Cayman Hotels

	Nov. 2022	Nov. 2021	Difference	Nov. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁴	78.1%	12.5%	+65.6pt	82.6%	-4.4pt	51.5%	14.2%	+37.4pt	69.7%	-18.2pt
ADR (USD) ⁵	404	166	+142.7%	301	+34.1%	332	168	+97.7%	268	+23.9%
RevPAR (USD) ⁶	315	21	+1,416.6%	249	+26.9%	171	24	+619.5%	187	-8.5%
Gross Revenue (USD thousand)	7,915	762	+938.0%	6,466	+22.4%	24,903	4,508	+452.4%	25,588	-2.7%

(3) 41 Residential Properties⁷

	End of Nov. 2022	End of Nov. 2021	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference
Occupancy Rate	96.4%	95.8%	+0.6pt	96.3%	95.8%	+0.5pt
Rent per Tsubo (JPY)	9,153	9,136	+0.2%	9,168	9,146	+0.2%

5. Portfolio NOI^{1,2,8}

(JPY Million)	Nov. 2022	Nov. 2021	Difference	Nov. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	-	72	-	526	-	-	279	-	2,381	-
Greater Tokyo (ex. Tokyo 23 Wards)	-	135	-	389	-	-	493	-	1,743	-
Greater Tokyo - Subtotal	-	208	-	916	-	-	772	-	4,124	-
Chubu	-	85	-	276	-	-	267	-	1,265	-
Kansai	-	17	-	172	-	-	34	-	708	-
Kyushu	-	91	-	187	-	-	206	-	1,027	-
Hokkaido	-	28	-	117	-	-	58	-	1,701	-
Other domestic	-	178	-	257	-	-	619	-	1,532	-
Domestic Hotel- Subtotal	-	608	-	1,926	-	-	1,958	-	10,360	-
Residential	184	184	+0.3%	191	-3.3%	933	930	+0.3%	929	+0.4%
Commercial	12	12	-0.0%	12	-0.3%	64	64	-0.1%	64	-0.3%
Domestic Asset- Subtotal	-	806	-	2,130	-	-	2,953	-	11,355	-
Overseas	333	-93	-	252	+32.1%	677	-351	-	756	-10.5%
Total	-	712	-	2,383	-	-	2,602	-	12,112	-

(Note 1) Based on all properties held as of the end of November 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, 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 has temporarily been extending its six-month accounting period to a 12-month accounting period in order to curb the costs of settlement of accounts and is not expected to carry out the six-month settlement in INV's fiscal period ending December 2022. The TMK plans to restore to the original six-month settlement once the cumulative loss is resolved and the TMK is expected to be able to resume payment of dividends. Since dividend income from the TMK is not recorded unless the cumulative loss is eliminated, a discrepancy may arise between the simulated amount of dividend income and the dividend income from the TMK in the process of eliminating the abovementioned cumulative loss. 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 November 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 November 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 November 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) 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 11) 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 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>

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