

April 25, 2023

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 March 2023

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

1. Overall Performance of the Entire Portfolio

The domestic hotel portfolio performance steadily recovered as inbound demand reached 65.8% of the March 2019 level and domestic leisure demand continues to recover. The overseas hotel portfolio performance has exceeded the level before the COVID-19 pandemic in ADR, RevPAR, GOP and NOI on a US dollar basis since November 2022. The residential portfolio has remained stable. The overall portfolio NOI^{1,2} for March 2023 increased by 210.0% year-over-year to JPY 3.1 billion, or 5.1% above the same portfolio’s NOI in March 2019 prior to the COVID-19 pandemic.

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 March 2023, the occupancy rate increased by 22.8pt, ADR increased by 56.9%, and RevPAR increased by 113.8% compared to March 2022, while the occupancy rate decreased by 2.5pt, ADR increased by 13.9%, and RevPAR increased by 10.6% compared to March 2019. The NOI in March 2023 increased by 242.2% in March 2022, or 2.0% above the same portfolio’s NOI in March 2019.

For the month of March 2023, domestic demand and inbound demand continued to recover. The occupancy rate reached 85.8%, the highest since 2020, and RevPAR exceeded the

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March 2019 figure. The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for March 2023 was 1.81 million (34.2% below the March 2019 level), an increase of 23.2% from 1.47 million in February 2023 (43.4% below the February 2019 level), and the highest since the resumption of acceptance of individual travelers from abroad in October 2022, while the number of visitors from China remained limited at 89.0% below the March 2019 level.

We are forecasting that the April 2023 RevPAR will be approximately 80% higher than the April 2022 figure, approximately 6% lower than the April 2019 figure as of today.

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	88.7%	10,221	9,061
Greater Tokyo (ex. Tokyo 23 Wards)	88.3%	14,914	13,170
Chubu	85.8%	9,395	8,062
Kansai	81.7%	10,785	8,816
Kyushu	92.5%	12,046	11,143
Hokkaido	74.5%	8,838	6,582
Other domestic	87.7%	14,670	12,867
Total	85.8%	11,435	9,811

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in March 2023 was 86.0%, an increase of 45.9pt compared to the same month of the previous year, or 7.5pt lower than the March 2019 figure. ADR was USD 620, or 29.7% higher than the March 2019 figure. RevPAR was USD 533, or 19.2% higher than the March 2019 figure. Both ADR and RevPAR for March 2022 continue to exceed 2019 levels. The NOI¹ for March 2023 was JPY 721 million, 326.1% above the NOI in March 2022, or 17.8% above the NOI in March 2019.

We are forecasting that the occupancy rate for the Cayman Hotels in April 2023 will be 75.3%, or 14.8pt lower than the April 2019 figure, ADR will be USD 548, or 27.6% higher than the April 2019 figure, and RevPAR will be USD 413, or 6.6% higher than the April 2019 figure as of today. Both ADR and RevPAR are expected to continue to exceed the levels of the same month in 2019, while the peak season in the Cayman Islands is coming to an end for this fiscal period ending in June 2023.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of March 2023 was 97.2%, which increased by 0.9pt compared to the end of the previous month and increased by 0.6pt year-over-year.

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The average in-place rent per tsubo increased by 0.8% year-over-year. The NOI⁸ for the residential portfolio in March 2023 increased by 0.5% year-over-year, and increased by 0.7% year-over-year on a cumulative basis for the June 2023 fiscal period.

Rents, compared with those based on the immediately preceding leases, decreased by 0.9% for new leases, increased by 1.6% for renewal leases, and increased by 0.6% for new and renewal leases combined for the June 2023 fiscal period. INV achieved a rent increase on 43.6% of lease contract renewals, and the retention rate for the existing tenants was 74.9% for the June 2023 fiscal period.

4. Performance

* The "Difference" in the table below indicates the increase / decrease in value for the month of March 2023 or cumulative figures from January to June 2023 compared to the corresponding value in 2022 or 2019. Hereinafter the same.

(1) 75 Domestic Hotel Properties³

	Mar. 2023	Mar. 2022	Difference	Mar. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁴	85.8%	62.9%	+22.8pt	88.3%	-2.5pt	79.7%	54.3%	+25.4pt	86.0%	-6.3pt
ADR (JPY) ⁵	11,435	7,290	+56.9%	10,044	+13.9%	10,378	7,047	+47.3%	9,637	+7.7%
RevPAR (JPY) ⁶	9,811	4,589	+113.8%	8,869	+10.6%	8,274	3,827	+116.2%	8,288	-0.2%
Gross Revenue (JPY million) ⁹	6,257	3,260	+91.9%	6,047	+3.5%	15,297	7,859	+94.6%	16,009	-4.4%

(2) Cayman Hotels

	Mar. 2023	Mar. 2022	Difference	Mar. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁴	86.0%	40.2%	+45.9pt	93.6%	-7.5pt	82.1%	30.0%	+52.1pt	91.6%	-9.5pt
ADR (USD) ⁵	620	425	+45.8%	478	+29.7%	599	366	+63.5%	481	+24.6%
RevPAR (USD) ⁶	533	171	+212.5%	447	+19.2%	492	110	+347.7%	440	+11.7%
Gross Revenue (USD thousand)	13,332	4,786	+178.5%	11,039	+20.8%	35,134	9,346	+275.9%	31,121	+12.9%

(3) 41 Residential Properties⁷

	End of Mar. 2023	End of Mar. 2022	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference
Occupancy Rate	97.2%	96.6%	+0.6pt	96.6%	95.9%	+0.7pt
Rent per Tsubo (JPY)	9,124	9,051	+0.8%	9,155	9,097	+0.6%

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

(JPY Million)		Mar. 2023	Mar. 2022	Difference	Mar. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	630	122	+413.1%	611	+3.2%	1,223	66	+1,740.1%	1,389	-12.0%	
Greater Tokyo (ex. Tokyo 23 Wards)	321	140	+129.4%	444	-27.7%	600	183	+228.0%	1,077	-44.3%	
Greater Tokyo - Subtotal	952	263	+262.0%	1,055	-9.8%	1,823	249	+630.9%	2,467	-26.1%	
Chubu	259	83	+210.5%	247	+4.8%	434	55	+678.7%	471	-8.0%	
Kansai	215	25	+735.1%	213	+0.8%	407	10	+3,642.5%	429	-5.2%	
Kyushu	360	99	+263.2%	255	+41.2%	658	86	+661.8%	547	+20.1%	
Hokkaido	165	54	+205.0%	154	+7.3%	572	31	+1,691.3%	698	-18.0%	
Other domestic	300	132	+126.5%	283	+6.0%	384	98	+291.9%	331	+16.0%	
Domestic Hotel- Subtotal	2,253	658	+242.2%	2,209	+2.0%	4,280	532	+703.7%	4,946	-13.5%	
Residential	182	181	+0.5%	180	+1.0%	550	546	+0.7%	540	+1.8%	
Commercial	12	12	-0.0%	12	-0.2%	38	38	-0.0%	38	-0.2%	
Domestic Asset-Subtotal	2,448	853	+187.0%	2,403	+1.9%	4,869	1,117	+335.7%	5,526	-11.9%	
Overseas	721	169	+326.1%	612	+17.8%	1,877	224	+736.5%	1,658	+13.2%	
Total	3,170	1,022	+210.0%	3,016	+5.1%	6,747	1,342	+402.7%	7,184	-6.1%	

(Note 1) Based on all properties held as of the end of March 2023, 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. Of 9 hotels that are excluded, "D48 Takamatsu Tokyu REI Hotel" has changed its lease agreement with its major tenant, TOKYU HOTELS CO., LTD., to "fixed rent plus variable rent" effective April 25, 2023, but in consideration of the continuity of disclosed data and other factors, the hotel will continue to be treated as a hotel with fixed-rent lease agreement for the time being, and will remain excluded. 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, 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 did not carry out the six-month settlement in INV's fiscal period ended 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 March 2023, 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 March 2023; hereinafter the same.

(Note 4) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

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

(Note 5) "ADR," or Average Daily Rate, is the value of the total room sales for a certain period (excluding service fees) divided by

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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 March 2023; hereinafter the same.
- (Note 8) NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.
- (Note 9) 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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