

May 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 April 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 66.6% of the April 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 April 2023 increased by 119.7% year-over-year to JPY 2.3 billion, or 18.4% below the same portfolio’s NOI in April 2019 prior to the COVID-19 pandemic, and decreased by only 9.5% on a cumulative basis from January to April 2023 compared to the same period in 2019.

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 April 2023, the occupancy rate increased by 13.8pt, ADR increased by 49.1%, and RevPAR increased by 79.2% compared to April 2022, while the occupancy rate decreased by 5.7pt, ADR decreased by 1.1%, and RevPAR decreased by 7.5% compared to April 2019. The NOI in April 2023 increased by 158.2% compared to April 2022, or 27.0% below the same portfolio’s NOI in April 2019.

For the month of April 2023, domestic demand and inbound demand continued to recover,

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and the occupancy rate reached 82.1%. The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for April 2023 was 1.94 million (33.4% below the April 2019 level). On the other hand, while the number of visitors from China is on an increasing trend, it remains low at 85.1% below the April 2019 level.

We are forecasting that the May 2023 RevPAR will be approximately 65% higher than the May 2022 figure, or 3% higher than the May 2019 figure as of today. Japan downgraded the legal status of COVID-19 on May 8 to “Class 5,” the same category as common infectious diseases such as seasonal influenza, which is expected to further revitalize domestic business and leisure 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	88.7%	11,074	9,819
Greater Tokyo (ex. Tokyo 23 Wards)	87.3%	13,764	12,018
Chubu	83.8%	9,934	8,327
Kansai	77.6%	10,349	8,026
Kyushu	84.1%	10,684	8,980
Hokkaido	63.7%	8,426	5,363
Other domestic	82.0%	15,853	13,007
Total	82.1%	11,399	9,358

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in April 2023 was 77.6%, an increase of 26.5pt compared to the same month of the previous year, or 12.6pt lower than the April 2019 figure. ADR was USD 540, or 25.7% higher than the April 2019 figure. RevPAR was USD 419, or 8.1% higher than the April 2019 figure. The NOI¹ for April 2023 was JPY 537 million, 117.2% above the NOI in April 2022, or 12.5% above the NOI in April 2019. Leisure demand for the Easter vacation period steadily improved.

We are forecasting that the occupancy rate for the Cayman Hotels in May 2023 will be 71.8%, or 13.6pt lower than the May 2019 figure, ADR will be USD 423, or 37.1% higher than the May 2019 figure, and RevPAR will be USD 304, or 15.3% higher than the May 2019 figure as of today.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of April 2023 was 96.8%, which decreased by 0.4pt compared to the end of the previous month, and increased by 0.3pt year-over-year.

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The average in-place rent per tsubo increased by 1.1% year-over-year. The NOI⁸ for the residential portfolio in April 2023 increased by 2.8% year-over-year and increased by 1.3% 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 0.7% for new leases, increased by 1.9% for renewal leases, and increased by 0.9% for new and renewal leases combined for the June 2023 fiscal period. INV achieved a rent increase on 41.4% of lease contract renewals, and the retention rate for the existing tenants was 74.2% for the June 2023 fiscal period.

4. Performance

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

(1) 75 Domestic Hotel Properties³

	Apr. 2023	Apr. 2022	Difference	Apr. 2019	Difference	Jan.-Apr. 2023	Jan.-Apr. 2022	Difference	Jan.-Apr. 2019	Difference
Occupancy Rate ⁴	82.1%	68.3%	+13.8pt	87.8%	-5.7pt	80.3%	57.8%	+22.5pt	86.5%	-6.1pt
ADR (JPY) ⁵	11,399	7,644	+49.1%	11,530	-1.1%	10,639	7,224	+47.3%	10,118	+5.1%
RevPAR (JPY) ⁶	9,358	5,222	+79.2%	10,122	-7.5%	8,545	4,175	+104.6%	8,747	-2.3%
Gross Revenue (JPY million) ⁹	5,816	3,476	+67.3%	6,246	-6.9%	21,114	11,336	+86.2%	22,255	-5.1%

(2) Cayman Hotels

	Apr. 2023	Apr. 2022	Difference	Apr. 2019	Difference	Jan.-Apr. 2023	Jan.-Apr. 2022	Difference	Jan.-Apr. 2019	Difference
Occupancy Rate ⁴	77.6%	51.1%	+26.5pt	90.2%	-12.6pt	81.0%	35.3%	+45.7pt	91.3%	-10.3pt
ADR (USD) ⁵	540	415	+30.3%	430	+25.7%	585	384	+52.4%	468	+25.0%
RevPAR (USD) ⁶	419	212	+97.8%	388	+8.1%	474	135	+249.9%	427	+10.9%
Gross Revenue (USD thousand)	10,793	5,930	+82.0%	9,688	+11.4%	45,928	15,277	+200.6%	40,810	+12.5%

(3) 41 Residential Properties⁷

	End of Apr. 2023	End of Apr. 2022	Difference	Jan.-Apr. 2023	Jan.-Apr. 2022	Difference
Occupancy Rate	96.8%	96.5%	+0.3pt	96.7%	96.0%	+0.7pt
Rent per Tsubo (JPY)	9,235	9,131	+1.1%	9,175	9,105	+0.8%

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

(JPY Million)		Apr. 2023	Apr. 2022	Difference	Apr. 2019	Difference	Jan.-Apr. 2023	Jan.-Apr. 2022	Difference	Jan.-Apr. 2019	Difference
	Tokyo 23 Wards	627	115	+441.2%	710	-11.7%	1,850	182	+914.8%	2,100	-11.9%
	Greater Tokyo (ex. Tokyo 23 Wards)	229	133	+71.1%	347	-34.2%	829	316	+161.7%	1,425	-41.8%
	Greater Tokyo - Subtotal	856	249	+242.8%	1,058	-19.1%	2,680	499	+436.8%	3,525	-24.0%
	Chubu	217	78	+175.4%	339	-35.9%	651	134	+383.7%	811	-19.7%
	Kansai	150	24	+519.9%	261	-42.5%	557	35	+1,486.4%	690	-19.3%
	Kyushu	162	94	+71.6%	216	-25.3%	820	180	+353.6%	764	+7.2%
	Hokkaido	47	51	-7.7%	125	-62.3%	636	83	+665.0%	824	-22.8%
	Other domestic	178	125	+42.0%	206	-13.8%	555	223	+148.4%	538	+3.2%
	Domestic Hotel- Subtotal	1,611	624	+158.2%	2,208	-27.0%	5,901	1,156	+410.1%	7,154	-17.5%
	Residential	192	187	+2.8%	186	+3.1%	742	733	+1.3%	727	+2.1%
	Commercial	12	12	-0.0%	12	-0.2%	51	51	-0.0%	51	-0.2%
	Domestic Asset-Subtotal	1,817	824	+120.4%	2,408	-24.5%	6,696	1,942	+244.8%	7,934	-15.6%
	Overseas	537	247	+117.2%	477	+12.5%	2,415	471	+411.8%	2,136	+13.1%
	Total	2,354	1,071	+119.7%	2,886	-18.4%	9,111	2,414	+277.4%	10,070	-9.5%

(Note 1) Based on all properties held as of the end of April 2023, excluding nine hotels with fixed-rent lease agreements. Nine 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 nine 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 April 2023, nine 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 April 2023; hereinafter the same.

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

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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 April 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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