

January 25, 2023

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 December 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 beginning to exceed the level before the COVID-19 pandemic for ADR, RevPAR and NOI. The occupancy rate of the domestic hotels for December 2022 was 80.5%, which increased by 18.9pt year-over-year. The residential occupancy rate for the end of December 2022 was 96.4%, which was flat compared to the end of the previous month. The overall portfolio NOI^{1,2} for December 2022 increased by 115.3% year-over-year and increased by 171.9% year-over-year on a cumulative basis for the December 2022 fiscal period (from July to December). Importantly, the NOI for the current portfolio was approximately JPY 2.2 billion or 7.9% above the same portfolio’s NOI in December 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 December 2022, the occupancy rate increased by 18.9pt, ADR increased by 40.2%, and RevPAR increased by 83.1% compared to December 2021, while the occupancy rate decreased by 3.8pt, ADR increased by 18.9%, and RevPAR increased by 13.6% compared to December 2019 prior to the COVID-19 pandemic. The NOI for the current portfolio was approximately JPY 1.4 billion or 7.5% above the same portfolio’s NOI in December 2019.

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For the month of December 2022, the overall occupancy rate reached 80.5%, the highest level since February 2020, and RevPAR exceeded the level in the same month of 2019 for the first time since 2020 due to the impact of the government's travel subsidy program “National Travel Discount Campaign” combined with the nascent recovery in inbound demand.

We are forecasting that the January 2023 RevPAR will be approximately 95% higher than the January 2022 figure, approximately 9% lower than the January 2019 figure, or approximately 5% lower than the January 2020 figure as of today. A steady recovery is anticipated as inbound demand is in the early stages of recovery.

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	82.4%	9,562	7,884
Greater Tokyo (ex. Tokyo 23 Wards)	85.7%	15,756	13,507
Chubu	75.1%	9,264	6,953
Kansai	81.7%	9,715	7,933
Kyushu	82.2%	11,970	9,841
Hokkaido	73.5%	9,889	7,267
Other domestic	79.9%	15,245	12,188
Total	80.5%	11,503	9,263

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa (“Westin”) and Sunshine Suites Resort (“Sunshine”)) in December 2022 was 79.3%, an increase of 60.7pt compared to the same month of the previous year, or 5.8pt lower than the December 2019 figure. ADR was USD 630, or 10.7% higher than the December 2019 figure. RevPAR was USD 500, or 3.2% higher than the December 2019 figure. Both ADR and RevPAR for December 2022 exceeded 2019 levels due to strong accommodation demand during the year-end holiday season. In particular, ADR on December 29 was USD 1,609 for Westin and USD 508 for Sunshine, both of which were record highs. The NOI¹ for December 2022 was JPY 606 million, or 12.2% above the NOI in December 2019, a significant increase from JPY 73 million for December 2021.

We are forecasting that the occupancy rate for the Cayman Hotels in January 2023 will be around 76.0%, or 12.5pt lower than the January 2019 figure, ADR will be around USD 578, or 29.3% higher than the January 2019 figure and RevPAR will be around USD 440, or 11.1% higher than the January 2019 figure as of today. RevPAR is expected to continue to exceed the level of the same month in 2019.

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3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of December 2022 was 96.4%, which was flat compared to the end of the previous month and increased by 0.8pt year-over-year.

The average in-place rent per tsubo increased by 0.7% year-over-year. The NOI⁸ for the residential portfolio in December 2022 increased by 3.3% year-over-year and increased by 0.8% year-over-year on a cumulative basis for the December 2022 fiscal period, and increased by 0.2% compared to the same period in 2019.

Rents, compared with those based on the immediately preceding leases, decreased by 1.3% 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 49.8% of lease contract renewals and the retention rate for the existing tenants was 79.7% for the December 2022 fiscal period.

4. Performance

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

	Dec. 2022	Dec. 2021	Difference	Dec. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁴	80.5%	61.6%	+18.9pt	84.3%	-3.8pt	75.9%	52.4%	+23.5pt	88.4%	-12.4pt
ADR (JPY) ⁵	11,503	8,207	+40.2%	9,677	+18.9%	10,199	7,667	+33.0%	10,615	-3.9%
RevPAR (JPY) ⁶	9,263	5,059	+83.1%	8,157	+13.6%	7,744	4,020	+92.6%	9,380	-17.4%
Gross Revenue (JPY million) ⁹	5,963	3,734	+59.7%	5,729	+4.1%	30,187	17,947	+68.2%	36,937	-18.3%

(2) Cayman Hotels

	Dec. 2022	Dec. 2021	Difference	Dec. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Occupancy Rate ⁴	79.3%	18.6%	+60.7pt	85.1%	-5.8pt	56.2%	14.9%	+41.3pt	72.3%	-16.1pt
ADR (USD) ⁵	630	286	+119.9%	569	+10.7%	403	193	+108.9%	327	+22.9%
RevPAR (USD) ⁶	500	53	+837.7%	484	+3.2%	226	29	+687.6%	237	-4.5%
Gross Revenue (USD thousand)	11,741	2,782	+321.9%	10,711	+9.6%	36,645	7,291	+402.6%	36,299	+1.0%

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(3) 41 Residential Properties⁷

	End of Dec. 2022	End of Dec. 2021	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference
Occupancy Rate	96.4%	95.6%	+0.8pt	96.3%	95.8%	+0.5pt
Rent per Tsubo (JPY)	9,203	9,142	+0.7%	9,174	9,146	+0.3%

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

(JPY Million)	Dec. 2022	Dec. 2021	Difference	Dec. 2019	Difference	Jul.-Dec. 2022	Jul.-Dec. 2021	Difference	Jul.-Dec. 2019	Difference
Tokyo 23 Wards	354	81	+336.2%	456	-22.3%	1,390	360	+285.6%	2,837	-51.0%
Greater Tokyo (ex. Tokyo 23 Wards)	225	131	+71.8%	293	-23.1%	1,070	624	+71.4%	2,036	-47.5%
Greater Tokyo - Subtotal	579	212	+172.9%	749	-22.6%	2,460	984	+149.8%	4,874	-49.5%
Chubu	177	97	+81.8%	154	+14.6%	897	364	+146.1%	1,420	-36.8%
Kansai	132	30	+331.0%	81	+62.6%	465	65	+608.2%	790	-41.0%
Kyushu	218	104	+109.4%	111	+96.2%	1,090	310	+251.1%	1,138	-4.2%
Hokkaido	97	94	+3.1%	151	-35.4%	1,039	153	+578.8%	1,852	-43.9%
Other domestic	171	207	-17.3%	33	+412.0%	1,398	826	+69.2%	1,565	-10.7%
Domestic Hotel- Subtotal	1,377	747	+84.4%	1,281	+7.5%	7,353	2,705	+171.8%	11,642	-36.8%
Residential	185	179	+3.3%	187	-0.9%	1,118	1,110	+0.8%	1,117	+0.2%
Commercial	12	12	-0.0%	12	-0.3%	77	77	-0.1%	77	-0.3%
Domestic Asset- Subtotal	1,576	939	+67.7%	1,482	+6.4%	8,549	3,893	119.6%	12,837	-33.4%
Overseas	606	73	+720.7%	541	+12.2%	1,283	-277	-	1,297	-1.1%
Total	2,183	1,013	+115.3%	2,023	+7.9%	9,833	3,616	171.9%	14,135	-30.4%

- (Note 1) Based on all properties held as of the end of December 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, 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 December 2022, 9 hotels with fixed-rent

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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 December 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 December 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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