

March 24, 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 February 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 56.6% of the February 2019 level. 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 February 2023 increased by 925.4% year-over-year to JPY 1.9 billion, or 14.2% below the same portfolio’s NOI in February 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 February 2023, the occupancy rate increased by 30.9pt, ADR increased by 54.9%, and RevPAR increased by 148.6% compared to February 2022, while the occupancy rate decreased by 5.9pt, ADR increased by 1.9%, and RevPAR decreased by 5.0% compared to February 2019. The NOI in February 2023 significantly increased from JPY -67 million in February 2022, or 23.9% below the same portfolio’s NOI in February 2019.

For the month of February 2023, the occupancy rate reached 82%, the highest level since 2020 due to the government’s travel subsidy program “National Travel Discount Campaign” and increased inbound demand. However, inbound demand was about 60% of the

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February 2019 level, which kept RevPAR below the February 2019 level. The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for February 2023 was 1.47 million, or 56.6% of the February 2019 level, almost unchanged from January 2023's 1.49 million, or 55.7% of the January 2019 level.

We are forecasting that the March 2023 RevPAR will be approximately 110% higher than the March 2022 figure, approximately 9% higher than the March 2019 figure as of today. While the number of tourists from China is still limited, domestic demand and inbound demand continue to recover. The occupancy rate is expected to exceed the February 2023 figure and RevPAR is expected to exceed the March 2019 level.

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	84.9%	8,379	7,115
Greater Tokyo (ex. Tokyo 23 Wards)	84.4%	12,177	10,273
Chubu	77.7%	7,961	6,186
Kansai	74.5%	8,683	6,467
Kyushu	88.0%	10,639	9,364
Hokkaido	81.1%	12,449	10,099
Other domestic	75.5%	12,228	9,226
Total	82.0%	10,208	8,374

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in February 2023 was 84.9%, an increase of 57.6pt compared to the same month of the previous year, or 8.0pt lower than the February 2019 figure. ADR was USD 603, or 16.1% higher than the February 2019 figure. RevPAR was USD 512, or 6.1% higher than the February 2019 figure. Both ADR and RevPAR for February 2022 continue to exceed 2019 levels. The NOI¹ for February 2023 was JPY 607 million, 773.7% above the NOI in February 2022, or 7.3% above the NOI in February 2019.

We are forecasting that the occupancy rate for the Cayman Hotels in March 2023 will be 86.3%, or 7.3pt lower than the March 2019 figure, ADR will be USD 615, or 28.8% higher than the March 2019 figure, and RevPAR will be USD 531, or 18.7% higher than the March 2019 figure as of today. Both ADR and RevPAR are expected to continue to exceed the levels of the same month in 2019 due to accommodation demand, including those during the Spring Break in the US.

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3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of February 2023 was 96.3%, which was flat 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 0.8% year-over-year. The NOI⁸ for the residential portfolio in February 2023 increased by 1.2% year-over-year and increased by 0.8% 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 0.4% for new leases, increased by 1.9% for renewal leases, and increased by 1.0% for new and renewal leases combined for the June 2023 fiscal period. INV achieved a rent increase on 56.0% of lease contract renewals and the retention rate for the existing tenants was 82.6% for the June 2023 fiscal period.

4. Performance

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

	Feb. 2023	Feb. 2022	Difference	Feb. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁴	82.0%	51.1%	+30.9pt	87.9%	-5.9pt	76.5%	49.8%	+26.8pt	84.8%	-8.3pt
ADR (JPY) ⁵	10,208	6,588	+54.9%	10,021	+1.9%	9,755	6,885	+41.7%	9,414	+3.6%
RevPAR (JPY) ⁶	8,374	3,369	+148.6%	8,811	-5.0%	7,466	3,426	+117.9%	7,982	-6.5%
Gross Revenue (JPY million) ⁹	4,329	2,125	+103.7%	5,125	-15.5%	8,633	4,599	+87.7%	9,962	-13.3%

(2) Cayman Hotels

	Feb. 2023	Feb. 2022	Difference	Feb. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate ⁴	84.9%	27.3%	+57.6pt	92.9%	-8.0pt	80.1%	24.7%	+55.4pt	90.6%	-10.5pt
ADR (USD) ⁵	603	394	+53.0%	519	+16.1%	587	316	+85.8%	482	+21.8%
RevPAR (USD) ⁶	512	107	+376.4%	482	+6.1%	470	78	+502.9%	437	+7.7%
Gross Revenue (USD thousand)	11,282	2,860	+294.5%	10,592	+6.5%	21,802	4,559	+378.1%	20,081	+8.6%

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(3) 41 Residential Properties⁷

	End of Feb. 2023	End of Feb. 2022	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference
Occupancy Rate	96.3%	95.7%	+0.6pt	96.3%	95.5%	+0.8pt
Rent per Tsubo (JPY)	9,158	9,086	+0.8%	9,170	9,120	+0.5%

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

(JPY Million)	Feb. 2023	Feb. 2022	Difference	Feb. 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Tokyo 23 Wards	320	-28	-	400	-19.9%	592	-56	-	778	-23.9%
Greater Tokyo (ex. Tokyo 23 Wards)	148	17	+766.9%	311	-52.4%	278	42	+550.2%	632	-55.9%
Greater Tokyo - Subtotal	469	-11	-	712	-34.1%	871	-13	-	1,411	-38.2%
Chubu	95	-13	-	130	-26.8%	174	-27	-	224	-22.1%
Kansai	112	-7	-	116	-3.9%	192	-14	-	216	-11.1%
Kyushu	186	-6	-	156	+19.2%	293	-12	-	292	+0.3%
Hokkaido	268	-11	-	385	-30.4%	361	-22	-	544	-33.5%
Other domestic	64	-17	-	70	-8.9%	77	-34	-	47	+62.6%
Domestic Hotel- Subtotal	1,196	-67	-	1,572	-23.9%	1,971	-125	-	2,736	-28.0%
Residential	182	179	+1.2%	179	+1.6%	367	364	+0.8%	359	+2.1%
Commercial	12	12	-0.0%	12	-0.2%	25	25	-0.0%	25	-0.2%
Domestic Asset- Subtotal	1,391	125	+1,009.4%	1,765	-21.1%	2,364	264	+793.9%	3,122	-24.3%
Overseas	607	69	+773.7%	565	+7.3%	1,156	55	+1,996.3%	1,046	+10.5%
Total	1,999	194	+925.4%	2,331	-14.2%	3,521	319	+1,001.4%	4,168	-15.5%

(Note 1) Based on all properties held as of the end of February 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. 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

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underlying asset of preferred equity interest held by INV) held as of the end of February 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 February 2023; 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 February 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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