

November 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 October 2023**

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

### 1. Overall Performance of the Entire Portfolio

The hotel portfolio performance continues to show a recovery trend. ADR for both domestic and overseas hotels continue to exceed the same month in 2019, while occupancy rate remains below the same month in 2019. The overall portfolio NOI<sup>1,2</sup> for October 2023 increased by 51.0% year-over-year to JPY 2.2 billion, or 4.4% above the same portfolio’s NOI in October 2019 prior to the COVID-19 pandemic, and decreased by 2.4% on a cumulative basis from July to October 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 portfolio<sup>3</sup> performance for the month of October 2023, the occupancy rate increased by 7.7pt, ADR increased by 23.1%, and RevPAR increased by 35.6% compared to October 2022, while the occupancy rate decreased by 5.1pt, ADR increased by 18.1%, and RevPAR increased by 11.3% compared to October 2019. The NOI in October 2023 increased by 63.7% compared to October 2022, or increased by 5.7% compared to October 2019.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for October 2023, one year after the easing of the boarder measures, reached 2.51 million and exceeded the October 2019 level.

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We are forecasting that the November 2023 RevPAR will be approximately 23% higher than the November 2022 figure, or approximately 14% higher than the November 2019 figure as of today.

Table below shows the KPIs for each area of the 75 domestic hotels portfolio<sup>3</sup>.

| Area                               | Occupancy Rate <sup>4</sup> | ADR (JPY) <sup>5</sup> | RevPAR (JPY) <sup>6</sup> |
|------------------------------------|-----------------------------|------------------------|---------------------------|
| Tokyo 23 Wards                     | 88.5%                       | 10,668                 | 9,438                     |
| Greater Tokyo (ex. Tokyo 23 Wards) | 86.1%                       | 14,454                 | 12,446                    |
| Chubu                              | 81.8%                       | 10,616                 | 8,683                     |
| Kansai                             | 77.0%                       | 9,915                  | 7,636                     |
| Kyushu                             | 84.5%                       | 12,059                 | 10,187                    |
| Hokkaido                           | 72.2%                       | 10,801                 | 7,799                     |
| Other domestic                     | 86.7%                       | 16,901                 | 14,646                    |
| Total                              | 83.1%                       | 11,969                 | 9,952                     |

## (2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in October 2023 was 59.3%, an increase of 7.1pt compared to the same month of the previous year, or 3.8pt lower than the October 2019 figure. ADR was USD 288, or 20.1% higher than the October 2019 figure and RevPAR was USD 171, or 12.8% higher than the October 2019 figure, both ADR and RevPAR continue to exceed the 2019 level. The NOI<sup>1</sup> for October 2023 was JPY 64 million which is below the NOI in October 2022 and in October 2019, due to increase in labor cost, etc.

We are forecasting that the occupancy rate for the Cayman Hotels in November 2023 will be 82.7%, or 0.1pt higher than the November 2019 figure, ADR will be USD 429, or 42.4% higher than the November 2019 figure, and RevPAR will be USD 355, or 42.6% higher than the November 2019 figure as of today.

## 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of October 2023 was 96.0%, which decreased by 0.3pt compared to the end of the previous month, and decreased by 0.5pt year-over-year.

The average in-place rent per tsubo slightly increased by 0.7% year-over-year. The NOI<sup>8</sup> for the residential portfolio in October 2023 increased by 0.5% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 1.3% for new leases, increased by 1.4% for renewal leases, and increased by 1.3% for new and renewal leases combined for October 2023. INV achieved a rent increase on 49.7% of lease contract renewals, and the retention rate for the existing tenants was 75.4% for the

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October 2023.

## 4. Performance

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

### (1) 75 Domestic Hotel Properties<sup>3</sup>

|  | Oct. 2023 | Oct. 2022 | Difference | Oct. 2019 | Difference | Jul.- Oct. 2023 | Jul.- Oct. 2022 | Difference | Jul.- Oct. 2019 | Difference |
|--|-----------|-----------|------------|-----------|------------|-----------------|-----------------|------------|-----------------|------------|
| Occupancy Rate <sup>4</sup>              | 83.1%     | 75.4%     | +7.7pt     | 88.2%     | -5.1pt     | 83.8%           | 73.9%           | +9.8pt     | 89.5%           | -5.8pt     |
| ADR (JPY) <sup>5</sup>                   | 11,969    | 9,726     | +23.1%     | 10,139    | +18.1%     | 12,590          | 9,740           | +29.3%     | 10,920          | +15.3%     |
| RevPAR (JPY) <sup>6</sup>                | 9,952     | 7,338     | +35.6%     | 8,942     | +11.3%     | 10,546          | 7,201           | +46.4%     | 9,775           | +7.9%      |
| Gross Revenue (JPY million) <sup>9</sup> | 6,615     | 5,103     | +29.6%     | 6,007     | +10.1%     | 26,547          | 18,728          | +41.8%     | 25,044          | +6.0%      |

### (2) Cayman Hotels

|                              | Oct. 2023 | Oct. 2022 | Difference | Oct. 2019 | Difference | Jul.- Oct. 2023 | Jul.- Oct. 2022 | Difference | Jul.- Oct. 2019 | Difference |
|------------------------------|-----------|-----------|------------|-----------|------------|-----------------|-----------------|------------|-----------------|------------|
| Occupancy Rate <sup>4</sup>  | 59.3%     | 52.2%     | +7.1pt     | 63.1%     | -3.8pt     | 57.5%           | 45.0%           | +12.5pt    | 66.6%           | -9.1pt     |
| ADR (USD) <sup>5</sup>       | 288       | 298       | -3.3%      | 240       | +20.1%     | 329             | 301             | +9.2%      | 258             | +27.6%     |
| RevPAR (USD) <sup>6</sup>    | 171       | 155       | +9.9%      | 151       | +12.8%     | 189             | 136             | +39.4%     | 172             | +10.1%     |
| Gross Revenue (USD thousand) | 5,302     | 4,585     | +15.6%     | 4,228     | +25.4%     | 22,007          | 16,988          | +29.5%     | 19,122          | +15.1%     |

### (3) 41 Residential Properties<sup>7</sup>

|                      | End of Oct. 2023 | End of Oct. 2022 | Difference | Jul.- Oct. 2023 | Jul.- Oct. 2022 | Difference |
|----------------------|------------------|------------------|------------|-----------------|-----------------|------------|
| Occupancy Rate       | 96.0%            | 96.5%            | -0.5pt     | 96.0%           | 96.3%           | -0.3pt     |
| Rent per Tsubo (JPY) | 9,237            | 9,170            | +0.7%      | 9,209           | 9,170           | +0.4%      |

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## 5. Portfolio NOI<sup>1,2,8</sup>

| (JPY Million)                      | Oct. 2023 | Oct. 2022 | Difference | Oct. 2019 | Difference | Jul.- Oct. 2023 | Jul.- Oct. 2022 | Difference | Jul.- Oct. 2019 | Difference |
|------------------------------------|-----------|-----------|------------|-----------|------------|-----------------|-----------------|------------|-----------------|------------|
| Tokyo 23 Wards                     | 617       | 308       | +100.3%    | 556       | +11.0%     | 2,033           | 668             | +204.3%    | 1,854           | +9.7%      |
| Greater Tokyo (ex. Tokyo 23 Wards) | 252       | 199       | +26.3%     | 322       | -21.7%     | 869             | 612             | +42.0%     | 1,354           | -35.8%     |
| Greater Tokyo - Subtotal           | 870       | 508       | +71.2%     | 878       | -1.0%      | 2,902           | 1,280           | +126.7%    | 3,208           | -9.5%      |
| Chubu                              | 255       | 154       | +65.8%     | 215       | +18.4%     | 968             | 536             | +80.4%     | 989             | -2.1%      |
| Kansai                             | 172       | 115       | +49.9%     | 151       | +14.1%     | 516             | 196             | +162.8%    | 536             | -3.8%      |
| Kyushu                             | 255       | 191       | +33.6%     | 233       | +9.4%      | 906             | 645             | +40.3%     | 840             | +7.9%      |
| Hokkaido                           | 156       | 82        | +90.9%     | 161       | -3.0%      | 1,743           | 840             | +107.3%    | 1,584           | +10.0%     |
| Other domestic                     | 253       | 148       | +70.6%     | 217       | +16.8%     | 1,205           | 1,049           | +14.8%     | 1,274           | -5.4%      |
| Domestic Hotel- Subtotal           | 1,964     | 1,199     | +63.7%     | 1,858     | +5.7%      | 8,242           | 4,550           | +81.1%     | 8,434           | -2.3%      |
| Residential                        | 187       | 186       | +0.5%      | 186       | +0.5%      | 746             | 748             | -0.2%      | 738             | +1.1%      |
| Commercial                         | 12        | 12        | -0.0%      | 12        | -0.3%      | 51              | 51              | -0.2%      | 51              | -0.5%      |
| Domestic Asset-Subtotal            | 2,164     | 1,399     | +54.7%     | 2,058     | +5.2%      | 9,040           | 5,350           | +69.0%     | 9,224           | -2.0%      |
| Overseas                           | 64        | 76        | -16.4%     | 76        | -15.5%     | 454             | 343             | +32.4%     | 504             | -9.9%      |
| Total                              | 2,229     | 1,476     | +51.0%     | 2,134     | +4.4%      | 9,494           | 5,693           | +66.8%     | 9,729           | -2.4%      |

(Note 1) Based on all properties held as of the beginning of the December 2023 fiscal period, 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 beginning of the December 2023 fiscal period, 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 June 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 beginning of the December 2023 fiscal period; 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) For the details of performance for each hotel asset, please visit INV's website:  
<https://www.invincible-inv.co.jp/en/portfolio/hotel.html>

Website of INV: <https://www.invincible-inv.co.jp/en/>