

December 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 November 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, absorbing the cost increases. The overall portfolio NOI^{1,2} for November 2023 increased by 28.1% year-over-year to JPY 2.5 billion, or 5.2% above the same portfolio’s NOI in November 2019 prior to the COVID-19 pandemic, and decreased by 0.9% on a cumulative basis from July to November 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 November 2023, the occupancy rate increased by 2.7pt, ADR increased by 19.9%, and RevPAR increased by 24.0% compared to November 2022, while the occupancy rate decreased by 5.8pt, ADR increased by 23.6%, and RevPAR increased by 15.4% compared to November 2019. The NOI in November 2023 increased by 35.6% compared to November 2022, or increased by 0.4% compared to November 2019.

During the month of November 2023, ADR and RevPAR both exceeded the same month in 2022 in all areas due to the increase in demand from domestic tourism during the autumn tourist season combined with the increase in demand from inbound tourism. RevPAR for the hotels especially in the Tokyo 23 Wards exceeded the same month in 2022 by more than

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60%, driven by the current strong inbound demand.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for November 2023 reached 2.44 million, which was the same as the previous month and the same level as November 2019.

We are forecasting that the December 2023 RevPAR will be approximately 9.1% higher than the December 2022 figure, or approximately 23.8% higher than the December 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%	11,470	10,172
Greater Tokyo (ex. Tokyo 23 Wards)	87.3%	15,745	13,750
Chubu	82.5%	12,226	10,082
Kansai	76.5%	12,034	9,204
Kyushu	84.5%	12,634	10,676
Hokkaido	64.2%	9,277	5,956
Other domestic	82.9%	16,281	13,504
Total	82.0%	12,696	10,412

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in November 2023 was 81.8%, an increase of 3.5pt compared to the same month of the previous year, or 0.8pt lower than the November 2019 figure. ADR was USD 440, or 46.0% higher than the November 2019 figure and RevPAR was USD 359, or 44.6% higher than the November 2019 figure, both ADR and RevPAR continued to exceed the 2019 level. The NOI¹ for November 2023 increased by 12.5% to JPY 375 million, or 48.6% higher than the November 2019 figure.

We are forecasting that the occupancy rate for the Cayman Hotels in December 2023 will be 74.2%, or 11.0pt lower than the December 2019 figure, ADR will be USD 677, or 19.0% higher than the December 2019 figure, and RevPAR will be USD 502, or 3.7% higher than the December 2019 figure as of today.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of November 2023 remained flat at 96.0% compared to the end of the previous month, and decreased by 0.4pt year-over-year.

The average in-place rent per tsubo slightly increased by 0.8% year-over-year. The NOI⁸

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for the residential portfolio in November 2023 increased by 0.7% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 1.2% for new leases, increased by 1.3% for renewal leases, and increased by 1.3% for new and renewal leases combined for November 2023. INV achieved a rent increase on 48.6% of lease contract renewals, and the retention rate for the existing tenants was 75.1% for the November 2023.

4. Performance

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

(1) 75 Domestic Hotel Properties³

	Nov. 2023	Nov. 2022	Difference	Nov. 2019	Difference	Jul.- Nov. 2023	Jul.- Nov. 2022	Difference	Jul.- Nov. 2019	Difference
Occupancy Rate ⁴	82.0%	79.3%	+2.7pt	87.8%	-5.8pt	83.4%	75.0%	+8.4pt	89.2%	-5.8pt
ADR (JPY) ⁵	12,696	10,585	+19.9%	10,268	+23.6%	12,610	9,916	+27.2%	10,794	+16.8%
RevPAR (JPY) ⁶	10,412	8,399	+24.0%	9,020	+15.4%	10,520	7,436	+41.5%	9,627	+9.3%
Gross Revenue (JPY million) ⁹	6,708	5,500	+22.0%	6,163	+8.8%	33,256	24,228	+37.3%	31,208	+6.6%

(2) Cayman Hotels

	Nov. 2023	Nov. 2022	Difference	Nov. 2019	Difference	Jul.- Nov. 2023	Jul.- Nov. 2022	Difference	Jul.- Nov. 2019	Difference
Occupancy Rate ⁴	81.8%	78.3%	+3.5pt	82.6%	-0.8pt	62.2%	51.5%	+10.7pt	69.7%	-7.5pt
ADR (USD) ⁵	440	404	+8.9%	301	+46.0%	357	332	+7.7%	268	+33.5%
RevPAR (USD) ⁶	359	316	+13.7%	249	+44.6%	222	171	+30.1%	187	+19.1%
Gross Revenue (USD thousand)	9,204	7,914	+16.3%	6,466	+42.3%	31,211	24,903	+25.3%	25,588	+22.0%

(3) 41 Residential Properties⁷

	End of Nov. 2023	End of Nov. 2022	Difference	Jul.- Nov. 2023	Jul.- Nov. 2022	Difference
Occupancy Rate	96.0%	96.4%	-0.4pt	96.0%	96.3%	-0.3pt
Rent per Tsubo (JPY)	9,227	9,153	+0.8%	9,213	9,166	+0.5%

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

* For 73 hotels operated by main tenant among INV's 75 domestic hotels, variable rent was calculated considering these 73 hotels as one unit during the Covid-19 pandemic period, which is different from the method used in 2023. As such, comparison of NOI with previous year (2022 vs. 2023) may not accurately reflect the recovery from the Covid-19 pandemic at property/area level in some cases.

(JPY Million)	Nov. 2023	Nov. 2022	Difference	Nov. 2019	Difference	Jul.- Nov. 2023	Jul.- Nov. 2022	Difference	Jul.- Nov. 2019	Difference
Tokyo 23 Wards	633	367	+72.6%	526	+20.3%	2,667	1,035	+157.6%	2,381	+12.0%
Greater Tokyo (ex. Tokyo 23 Wards)	276	232	+18.8%	389	-29.1%	1,145	844	+35.6%	1,743	-34.3%
Greater Tokyo - Subtotal	909	599	+51.7%	916	-0.7%	3,812	1,880	+102.8%	4,124	-7.6%
Chubu	296	183	+61.5%	276	+7.3%	1,264	720	+75.6%	1,265	-0.1%
Kansai	202	136	+48.4%	172	+17.8%	719	333	+115.8%	708	+1.5%
Kyushu	232	226	+2.9%	187	+24.5%	1,138	871	+30.6%	1,027	+10.9%
Hokkaido	51	101	-49.6%	117	-56.2%	1,794	942	+90.4%	1,701	+5.4%
Other domestic	239	177	+35.1%	257	-6.7%	1,445	1,227	+17.8%	1,532	-5.7%
Domestic Hotel- Subtotal	1,933	1,425	+35.6%	1,926	+0.4%	10,175	5,975	+70.3%	10,360	-1.8%
Residential	186	184	+0.7%	191	-2.8%	932	932	-0.1%	929	+0.3%
Commercial	12	12	-0.0%	12	-0.3%	64	64	-0.1%	64	-0.5%
Domestic Asset-Subtotal	2,132	1,623	+31.3%	2,130	+0.1%	11,172	6,973	+60.2%	11,355	-1.6%
Overseas	375	333	+12.5%	252	+48.6%	829	676	+22.6%	756	+9.6%
Total	2,507	1,957	+28.1%	2,383	+5.2%	12,002	7,650	+56.9%	12,112	-0.9%

(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

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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:
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 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>

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