

September 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 August 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^{1,2} for August 2023 increased by 56.7% year-over-year to JPY 3.0 billion, or 3.8% below the same portfolio’s NOI in August 2019 prior to the COVID-19 pandemic, and decreased by 3.3% on a cumulative basis from July to August 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 August 2023, the occupancy rate increased by 9.6pt, ADR increased by 29.8%, and RevPAR increased by 46.3% compared to August 2022, while the occupancy rate decreased by 5.9pt, ADR increased by 11.2%, and RevPAR increased by 4.0% compared to August 2019. The NOI in August 2023 increased by 65.6% compared to August 2022, or decreased by 4.3% compared to August 2019.

During the month of August 2023, domestic demand and inbound demand continued to recover despite the impact from typhoons during the Obon season, and the occupancy rate reached 85.3%. The total number of visitor arrivals to Japan (estimated) announced by the

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Japan National Tourism Organization (JNTO) for August 2023 was 2.15 million (14.4% below the August 2019 level), showing a 18.0% increase in the number of visitors from countries other than China compared to August 2019 prior to the COVID-19 pandemic.

We are forecasting that the September 2023 RevPAR will be approximately 43% higher than the September 2022 figure, or approximately 8% higher than the September 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	87.3%	9,522	8,309
Greater Tokyo (ex. Tokyo 23 Wards)	83.8%	14,868	12,455
Chubu	84.5%	11,497	9,710
Kansai	75.3%	9,026	6,795
Kyushu	86.1%	14,125	12,157
Hokkaido	88.0%	19,299	16,986
Other domestic	90.2%	28,419	25,644
Total	85.3%	14,129	12,058

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in August 2023 was 60.7%, an increase of 16.1pt compared to the same month of the previous year, or 12.8pt lower than the August 2019 figure. ADR was USD 342, or 35.7% higher than the August 2019 figure and RevPAR was USD 208, or 12.1% higher than the August 2019 figure, both exceeding the 2019 level. The NOI¹ for August 2023 was JPY 147 million, 33.1% above the NOI in August 2022, or 1.0% higher than the NOI in August 2019.

We are forecasting that the occupancy rate for the Cayman Hotels in September 2023 will be 38.4%, or 3.7pt lower than the September 2019 figure, ADR will be USD 275, or 39.8% higher than the September 2019 figure, and RevPAR will be USD 105, or 27.6% higher than the September 2019 figure as of today.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of August 2023 remained flat at 95.9% compared to the end of the previous month, and decreased by 0.3pt year-over-year.

The average in-place rent per tsubo increased by 0.3% year-over-year. The NOI⁸ for the residential portfolio in August 2023 decreased by 2.1% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 1.0%

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for new leases, increased by 1.1% for renewal leases, and increased by 1.0% for new and renewal leases combined for August 2023. INV achieved a rent increase on 40.0% of lease contract renewals, and the retention rate for the existing tenants was 80.6% for the August 2023.

4. Performance

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

(1) 75 Domestic Hotel Properties³

	August 2023	August 2022	Difference	August 2019	Difference	Jul.-Aug. 2023	Jul.-Aug. 2022	Difference	Jul.-Aug. 2019	Difference
Occupancy Rate ⁴	85.3%	75.7%	+9.6pt	91.3%	-5.9pt	84.5%	73.3%	+11.2pt	90.7%	-6.2pt
ADR (JPY) ⁵	14,129	10,886	+29.8%	12,708	+11.2%	13,358	10,107	+32.2%	11,773	+13.5%
RevPAR (JPY) ⁶	12,058	8,244	+46.3%	11,597	+4.0%	11,291	7,410	+52.4%	10,682	+5.7%
Gross Revenue (JPY million) ⁹	7,356	5,096	+44.3%	7,142	+3.0%	13,974	9,320	+49.9%	13,340	+4.8%

(2) Cayman Hotels

	August 2023	August 2022	Difference	August 2019	Difference	Jul.-Aug. 2023	Jul.-Aug. 2022	Difference	Jul.-Aug. 2019	Difference
Occupancy Rate ⁴	60.7%	44.6%	+16.1pt	73.5%	-12.8pt	66.0%	48.3%	+17.6pt	80.2%	-14.2pt
ADR (USD) ⁵	342	293	+16.9%	252	+35.7%	369	316	+16.8%	280	+31.5%
RevPAR (USD) ⁶	208	130	+59.3%	185	+12.1%	243	153	+59.4%	225	+8.2%
Gross Revenue (USD thousand)	6,065	4,262	+42.3%	5,176	+17.2%	13,878	9,657	+43.7%	12,366	+12.2%

(3) 41 Residential Properties⁷

	End of Aug 2023	End of Aug. 2022	Difference	Jul.- Aug. 2023	Jul.- Aug. 2022	Difference
Occupancy Rate	95.9%	96.2%	-0.3pt	95.9%	96.2%	-0.3pt
Rent per Tsubo (JPY)	9,203	9,175	+0.3%	9,215	9,172	+0.5%

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

(JPY Million)	Aug. 2023	Aug. 2022	Difference	Aug. 2019	Difference	Jul.- Aug. 2023	Jul.- Aug. 2022	Difference	Jul.- Aug. 2019	Difference
	Tokyo 23 Wards	499	182	+173.6%	452	+10.3%	971	283	+242.9%	912
Greater Tokyo (ex. Tokyo 23 Wards)	243	188	+29.4%	396	-38.6%	453	310	+46.1%	737	-38.5%
Greater Tokyo - Subtotal	743	370	+100.4%	849	-12.6%	1,425	593	+140.1%	1,649	-13.6%
Chubu	298	187	+59.7%	353	-15.5%	502	296	+69.5%	571	-12.1%
Kansai	123	42	+192.8%	160	-23.4%	230	62	+266.6%	289	-20.5%
Kyushu	298	218	+36.4%	296	+0.5%	532	349	+52.5%	506	+5.1%
Hokkaido	673	372	+81.1%	581	+15.8%	1,303	588	+121.5%	1,150	+13.3%
Other domestic	554	434	+27.6%	571	-3.0%	790	693	+14.0%	813	-2.8%
Domestic Hotel- Subtotal	2,691	1,624	+65.6%	2,813	-4.3%	4,785	2,584	+85.1%	4,981	-3.9%
Residential	185	189	-2.1%	184	+0.4%	373	372	+0.2%	367	+1.5%
Commercial	12	12	-0.7%	12	-1.0%	25	25	-0.3%	25	-0.7%
Domestic Asset-Subtotal	2,889	1,827	+58.1%	3,011	-4.0%	5,184	2,983	+73.8%	5,375	-3.6%
Overseas	147	110	+33.1%	145	+1.0%	446	292	+52.7%	446	+0.0%
Total	3,036	1,937	+56.7%	3,157	-3.8%	5,631	3,275	+71.9%	5,821	-3.3%

(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:

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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 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/>