

August 25, 2023

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities Code: 8963)

Asset Manager:

Consonant Investment Management Co., Ltd.
Naoki Fukuda, President & CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Performance Update for July 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 July 2019, while occupancy rate remains below the same month in 2019. The overall portfolio NOI^{1,2} for July 2023 increased by 93.9% year-over-year to JPY 2.5 billion, or 2.6% below the same portfolio’s NOI in July 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 July 2023, the occupancy rate increased by 12.8pt, ADR increased by 35.6%, and RevPAR increased by 60.1% compared to July 2022, while the occupancy rate decreased by 6.5pt, ADR increased by 16.2%, and RevPAR increased by 7.8% compared to July 2019. The NOI in July 2023 increased by 118.1% compared to July 2022, or decreased by 3.4% compared to July 2019.

During the month of July 2023, domestic demand and inbound demand continued to recover, and the occupancy rate reached 83.7%. The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for July 2023 was 2.32 million (22.4% below the July 2019 level), showing a 3.4% increase in number of visitors from countries other than China compared to July 2019.

This English language notice is a translation of the Japanese-language notice released on August 25, 2023 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

We are forecasting that the August 2023 RevPAR will be approximately 46.5% higher than the August 2022 figure, or approximately 4.1% higher than the August 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	87.5%	9,551	8,357
Greater Tokyo (ex. Tokyo 23 Wards)	81.0%	13,664	11,073
Chubu	79.4%	9,618	7,641
Kansai	73.1%	8,904	6,506
Kyushu	84.6%	12,872	10,884
Hokkaido	88.4%	17,943	15,864
Other domestic	86.6%	18,216	15,767
Total	83.7%	12,577	10,526

(2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in July 2023 was 71.2%, an increase of 19.1pt compared to the same month of the previous year, or 15.7pt lower than the July 2019 figure. ADR was USD 391, or 28.6% higher than the July 2019 figure. RevPAR was USD 279, or 5.4% higher than the July 2019 figure. The NOI¹ for July 2023 was JPY 299 million, 64.7% above the NOI in July 2022, or 0.5% below the NOI in July 2019.

We are forecasting that the occupancy rate for the Cayman Hotels in August 2023 will be 60.9%, or 12.6pt lower than the August 2019 figure, ADR will be USD 329, or 30.5% higher than the August 2019 figure, and RevPAR will be USD 200, or 8.1% higher than the August 2019 figure as of today.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of July 2023 remained flat at 95.9% compared to the end of the previous month, and decreased by 0.4pt year-over-year.

The average in-place rent per tsubo increased by 0.6% year-over-year. The NOI⁸ for the residential portfolio in July 2023 increased by 2.5% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 0.2% for new leases, increased by 1.0% for renewal leases, and increased by 0.7% for new and renewal leases combined for July 2023. INV achieved a rent increase on 41.0% of lease contract renewals, and the retention rate for the existing tenants was 79.6% for the July 2023.

This English language notice is a translation of the Japanese-language notice released on August 25, 2023 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

4. Performance

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

(1) 75 Domestic Hotel Properties³

	Jul. 2023	Jul. 2022	Difference	Jul. 2019	Difference
Occupancy Rate ⁴	83.7%	70.9%	+12.8pt	90.2%	-6.5pt
ADR (JPY) ⁵	12,577	9,275	+35.6%	10,827	+16.2%
RevPAR (JPY) ⁶	10,526	6,575	+60.1%	9,768	+7.8%
Gross Revenue (JPY million) ⁹	6,618	4,224	+56.7%	6,197	+6.8%

(2) Cayman Hotels

	Jul. 2023	Jul. 2022	Difference	Jul. 2019	Difference
Occupancy Rate ⁴	71.2%	52.1%	+19.1pt	86.9%	-15.7pt
ADR (USD) ⁵	391	335	+16.7%	304	+28.6%
RevPAR (USD) ⁶	279	175	+59.5%	264	+5.4%
Gross Revenue (USD thousand)	7,813	5,395	+44.8%	7,190	+8.7%

(3) 41 Residential Properties⁷

	End of Jul. 2023	End of Jul. 2022	Difference
Occupancy Rate	95.9%	96.3%	-0.4pt
Rent per Tsubo (JPY)	9,227	9,169	+0.6%

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

(JPY Million)	Jul. 2023	Jul. 2022	Difference	Jul. 2019	Difference
Tokyo 23 Wards	472	100	+368.3%	459	+2.9%
Greater Tokyo (ex. Tokyo 23 Wards)	209	122	+71.9%	340	-38.4%
Greater Tokyo - Subtotal	682	222	+206.0%	799	-14.7%
Chubu	203	109	+86.4%	218	-6.5%
Kansai	106	20	+417.0%	128	-17.0%
Kyushu	234	130	+79.4%	210	+11.7%
Hokkaido	629	216	+191.0%	568	+10.7%
Other domestic	236	259	-8.9%	242	-2.5%
Domestic Hotel- Subtotal	2,093	959	+118.1%	2,168	-3.4%
Residential	188	183	+2.5%	183	+2.7%
Commercial	12	12	0.0%	12	-0.3%
Domestic Asset- Subtotal	2,295	1,156	+98.5%	2,364	-2.9%
Overseas	299	181	+64.7%	300	-0.5%
Total	2,594	1,338	+93.9%	2,664	-2.7%

This English language notice is a translation of the Japanese-language notice released on August 25, 2023 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

- (Note 1) Based on all properties held as of the end of July 2023, 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 end of July 2023, 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:
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 July 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>

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

This English language notice is a translation of the Japanese-language notice released on August 25, 2023 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.