

September 25, 2024

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 August 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in August 2024, RevPAR for domestic hotels increased year-over-year due to steady demand despite a typhoon hitting Japan at the end of August, while RevPAR for overseas hotels decreased due to the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort and the impact from an opening campaign by a large hotel in the area. The overall portfolio NOI^{1,2} for August 2024 increased by 15.3% year-over-year to JPY 4.4 billion, and increased by 10.0% on a cumulative basis from July to August 2024 compared to the same period in 2023.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

As for the domestic hotel portfolio³ performance in August 2024, the occupancy rate increased by 1.1pt, ADR increased by 9.3%, and RevPAR increased by 10.7% year-over-year. The NOI in August 2024 increased by 17.7% year-over-year.

During the month of August 2024, strong inbound demand had a positive impact on hotels located in the Kansai area, where RevPAR was 19.0% higher than it was in August 2023. The Tokyo 23 Wards also saw a significant RevPAR increase of 16.2% compared to the same month in 2023.

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The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for August 2024 reached 2.93 million, which was 36.0% higher than August 2023 figure, marking a record high for the seventh consecutive month.

We are forecasting that the September 2024 RevPAR will be approximately 9.5% higher than the same month in 2023 as of today.

Table below shows the KPIs for each area of the 81 domestic hotels portfolio³.

Area	Occupancy Rate ⁴	ADR (JPY) ⁵	RevPAR (JPY) ⁶
Tokyo 23 Wards	85.7%	11,270	9,657
Greater Tokyo (ex. Tokyo 23 Wards)	84.7%	15,296	12,959
Chubu	88.5%	16,415	14,530
Kansai	82.2%	9,834	8,088
Kyushu	87.6%	31,007	27,172
Hokkaido	88.0%	18,927	16,662
Other domestic	89.4%	27,572	24,643
Total	86.5%	17,611	15,229

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) in August 2024 was impacted due to the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, and an opening campaign by a large hotel in the area as mentioned above. The occupancy rate was 53.7%, ADR was USD 349, and RevPAR was USD 187, or a decrease of 7.0pt, an increase of 1.9%, and a decrease of 9.9% from August 2023, respectively. The NOI¹ in August 2024 decreased by 27.3% year-over-year to JPY 106 million.

We are forecasting that the occupancy rate for the Cayman Hotels in September 2024 will be 35.8%, or 2.3pt lower than the September 2023 figure, ADR will be USD 246, or 2.7% lower than the August 2023 figure, and RevPAR will be USD 88, or 8.4% lower than the September 2023 figure as of today, due to the same factors mentioned above.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of August 2024 increased by 0.1pt to 96.8% compared to the end of the previous month, and increased by 0.9pt year-over-year.

The average in-place rent per tsubo increased by 0.9% year-over-year. The NOI⁸ for the residential portfolio in August 2024 increased by 2.9% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 2.4% for new leases, increased by 1.9% for renewal leases, and increased by 2.1% for new and

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renewal leases combined for August 2024. INV achieved a rent increase on 57.7% of lease contract renewals, and the retention rate for existing tenants was 79.8% for August 2024.

4. Performance

(1) 81 Domestic Hotel Properties³

	Aug. 2024	Aug. 2023	Difference	Jul.- Aug. 2024	Jul.- Aug. 2023	Difference
Occupancy Rate ⁴	86.5%	85.4%	+1.1pt	86.2%	84.5%	+1.7pt
ADR (JPY) ⁵	17,611	16,113	+9.3%	16,240	15,124	+7.4%
RevPAR (JPY) ⁶	15,229	13,754	+10.7%	14,001	12,784	+9.5%
Gross Revenue (JPY million) ⁹	9,730	8,934	+8.9%	18,238	16,852	+8.2%

(2) Cayman Hotels

	Aug. 2024	Aug. 2023	Difference	Jul.- Aug. 2024	Jul.- Aug. 2023	Difference
Occupancy Rate ⁴	53.7%	60.7%	-7.0pt	52.4%	66.0%	-13.6pt
ADR (USD) ⁵	349	342	+1.9%	367	369	-0.4%
RevPAR (USD) ⁶	187	208	-9.9%	192	243	-20.9%
Gross Revenue (USD thousand)	5,205	6,065	-14.2%	10,577	13,878	-23.8%

(3) 41 Residential Properties⁷

	End of Aug. 2024	End of Aug. 2023	Difference	Jul.- Aug. 2024	Jul.- Aug. 2023	Difference
Occupancy Rate	96.8%	95.9%	+0.9pt	96.7%	95.9%	+0.8pt
Rent per Tsubo (JPY)	9,284	9,203	+0.9%	9,294	9,215	+0.9%

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

(JPY Million)	Aug. 2024	Aug. 2023	Difference	Jul.- Aug. 2024	Jul.- Aug. 2023	Difference
Tokyo 23 Wards	570	499	+14.2%	1,177	971	+21.2%
Greater Tokyo (ex. Tokyo 23 Wards)	403	268	+50.4%	738	484	+52.4%
Greater Tokyo Subtotal	973	767	+26.9%	1,916	1,456	+31.6%
Chubu	563	467	+20.4%	888	745	+19.1%
Kansai	145	123	+18.2%	302	229	+31.8%
Kyushu	1,053	847	+24.4%	1,798	1,602	+12.2%
Hokkaido	640	671	-4.5%	1,254	1,300	-3.6%
Other domestic	773	648	+19.3%	1,012	905	+11.8%
Domestic Hotel- Subtotal	4,150	3,525	+17.7%	7,172	6,240	+14.9%
Residential	191	185	+2.9%	382	374	+2.3%
Commercial	12	12	+1.0%	25	25	+0.6%
Domestic Asset-Subtotal	4,354	3,724	+16.9%	7,581	6,640	+14.2%
Overseas	106	147	-27.3%	216	446	-51.6%
Total	4,461	3,871	+15.3%	7,797	7,086	+10.0%

(Note 1) Based on all properties held as of the beginning of the December 2024 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 & RESORTS 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%). 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 81 hotel properties; of the 90 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 2024 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 the target month for this disclosure; hereinafter the same.

(Note 4) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

$$\text{room occupancy rate} = \frac{\text{total number of rooms occupied during the relevant period}}{\text{aggregate number of rooms during the relevant period} \times \text{number of business days during target period}}$$

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- (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 2024 fiscal period; hereinafter the same.
- (Note 8) NOI excludes one-off revenues and expenses such as 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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