

June 25, 2024

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 May 2024**

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

### 1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in May 2024, ADR and RevPAR for both domestic and overseas hotels increased year-over-year due to steady demand. The overall portfolio NOI<sup>1,2</sup> for May 2024 decreased by 0.9% year-over-year to JPY 2.7 billion, and increased by 18.8% on a cumulative basis from January to May 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 portfolio<sup>3</sup> performance in May 2024, the occupancy rate decreased by 0.1pt, ADR increased by 2.7%, and RevPAR increased by 2.6% year-over-year. The NOI in May 2024 increased by 0.7% year-over-year.

During the month of May 2024, strong inbound demand had a positive impact on hotels located in the Tokyo 23 Wards, where RevPAR was 23.2% higher than it was in May 2023.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for May 2024 reached 3.04 million, which was 60.1% higher than the May 2023 figure, exceeding 3.00 million for three consecutive months.

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We are forecasting that the June 2024 RevPAR will be approximately 10.3% higher than the same month in 2023 as of today.

Table below shows the KPIs for each area of the 81 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	87.9%	12,060	10,600
Greater Tokyo (ex. Tokyo 23 Wards)	84.2%	14,631	12,314
Chubu	83.5%	12,563	10,495
Kansai	83.1%	10,419	8,655
Kyushu	80.7%	16,466	13,291
Hokkaido	62.4%	11,319	7,066
Other domestic	78.2%	15,241	11,914
Total	80.9%	13,217	10,696

## (2) Cayman Hotels

The room revenue of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in May 2024 was driven by robust travel demand. The occupancy rate was 72.3%, ADR was USD 444, and RevPAR was USD 321, or an increase of 0.6pt, 4.1%, and 4.9% from May 2023, respectively. Despite the increase in RevPAR, the NOI<sup>1</sup> for May 2024 decreased by 10.6% year-over-year to JPY 331 million due to an increase in the operating costs and a decrease in non-room revenues compared to the same month in 2023.

We are forecasting that the occupancy rate for the Cayman Hotels in June 2024 will be 66.3%, or 2.0pt lower than the June 2023 figure, ADR will be USD 428, or 0.4% lower than the June 2023 figure, and RevPAR will be USD 284, or 3.3% lower than the June 2023 figure as of today, due to a decline in customer numbers stemming from heavy rain.

## 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of May 2024 increased by 0.1pt to 97.2% 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 0.1% year-over-year. The NOI<sup>8</sup> for the residential portfolio in May 2024 decreased by 1.7% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 0.0% for new leases, increased by 1.1% for renewal leases, and increased by 0.7% for new and renewal leases combined for May 2024. INV achieved a rent increase on 39.3% of lease contract renewals, and the retention rate for existing tenants was 77.9% for May 2024.

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## 4. Performance

### (1) 81 Domestic Hotel Properties<sup>3</sup>

	May 2024	May 2023	Difference	Jan.- May 2024	Jan.- May 2023	Difference
Occupancy Rate <sup>4</sup>	80.9%	81.1%	-0.1pt	80.3%	80.3%	+0.0pt
ADR (JPY) <sup>5</sup>	13,217	12,865	+2.7%	12,855	11,565	+11.2%
RevPAR (JPY) <sup>6</sup>	10,696	10,428	+2.6%	10,319	9,282	+11.2%
Gross Revenue (JPY million) <sup>9</sup>	7,434	7,102	+4.7%	34,919	31,128	+12.2%

### (2) Cayman Hotels

	May 2024	May 2023	Difference	Jan.- May 2024	Jan.- May 2023	Difference
Occupancy Rate <sup>4</sup>	72.3%	71.7%	+0.6pt	81.2%	79.1%	+2.2pt
ADR (USD) <sup>5</sup>	444	426	+4.1%	588	555	+5.9%
RevPAR (USD) <sup>6</sup>	321	306	+4.9%	478	439	+8.8%
Gross Revenue (USD thousand)	8,770	8,780	-0.1%	61,007	54,708	+11.5%

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

	End of May 2024	End of May 2023	Difference	Jan.- May 2024	Jan.- May 2023	Difference
Occupancy Rate	97.2%	96.3%	+0.9pt	96.7%	96.6%	+0.1pt
Rent per Tsubo (JPY)	9,228	9,220	+0.1%	9,225	9,184	+0.4%

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

(JPY Million)	May 2024	May 2023	Difference	Jan.- May 2024	Jan.- May 2023	Difference
Tokyo 23 Wards	663	530	+25.1%	3,273	2,380	+37.5%
Greater Tokyo (ex. Tokyo 23 Wards)	336	249	+35.3%	2,081	1,122	+85.4%
Greater Tokyo Subtotal	1,000	779	+28.3%	5,355	3,503	+52.9%
Chubu	318	304	+4.5%	1,429	982	+45.4%
Kansai	181	143	+26.1%	787	699	+12.6%
Kyushu	282	448	-36.9%	1,398	1,749	-20.0%
Hokkaido	176	236	-25.4%	899	873	+3.0%
Other domestic	263	293	-10.2%	988	948	+4.2%
Domestic Hotel- Subtotal	2,222	2,206	+0.7%	10,859	8,756	+24.0%
Residential	189	192	-1.7%	948	938	+1.0%
Commercial	12	12	-0.0%	64	64	-0.0%
Domestic Asset-Subtotal	2,424	2,411	+0.5%	11,872	9,760	+21.6%
Overseas	331	370	-10.6%	3,004	2,766	+8.6%
Total	2,756	2,782	-0.9%	14,877	12,526	+18.8%

- (Note 1) Based on all properties held as of the beginning of the June 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 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 June 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 June 2024 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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