

July 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 June 2024**

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

### 1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in June 2024, RevPAR for domestic hotels increased year-over-year due to steady demand while RevPAR for overseas hotels decreased due to a decline in a customer numbers stemming from heavy rain. The overall portfolio NOI<sup>1,2</sup> for June 2024 increased by 18.9% year-over-year to JPY 2.6 billion, and increased by 18.9% on a cumulative basis from January to June 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 June 2024, the occupancy rate increased by 0.9pt, ADR increased by 8.8%, and RevPAR increased by 9.9% year-over-year. The NOI in June 2024 increased by 24.9% year-over-year, and increased by 24.3% on a cumulative basis from January to June 2024 compared to the same period in 2023.

During the month of June 2024, strong inbound demand had a positive impact on hotels located in the Tokyo 23 Wards, where RevPAR was 24.4% higher than it was in June 2023.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for June 2024 reached a record high of 3.13 million, which was 51.2% higher than June 2023 figure, exceeding 3.00 million for four consecutive months.

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We are forecasting that the July 2024 RevPAR will be approximately 9.4% 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	87.2%	11,438	9,973
Greater Tokyo (ex. Tokyo 23 Wards)	83.6%	13,799	11,535
Chubu	79.4%	10,540	8,364
Kansai	80.4%	8,645	6,946
Kyushu	80.5%	15,515	12,488
Hokkaido	81.7%	13,835	11,301
Other domestic	79.1%	12,522	9,904
Total	82.6%	12,455	10,290

## (2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in June 2024 was impacted by heavy rain. The occupancy rate was 67.5%, ADR was USD 419, and RevPAR was USD 283, or a decrease of 0.8pt, 2.5%, and 3.7% from June 2023, respectively. The NOI<sup>1</sup> in June 2024 decreased by 6.9% year-over-year to JPY 255 million and increased by 7.2% on a cumulative basis from January to June 2024 compared to the same period in 2023.

We are forecasting that the occupancy rate for the Cayman Hotels in July 2024 will be 49.2%, or 22.0pt lower than the July 2023 figure, ADR will be USD 367, or 6.2% lower than the July 2023 figure, and RevPAR will be USD 181, or 35.2% lower than the July 2023 figure as of today, due to a major hurricane, Hurricane Beryl, which crossed the Caribbean Sea in the beginning of the month.

## 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of June 2024 decreased by 0.3pt to 96.9% compared to the end of the previous month, and increased by 1.0pt year-over-year.

The average in-place rent per tsubo increased by 0.7% year-over-year. The NOI<sup>8</sup> for the residential portfolio in June 2024 increased by 2.1% year-over-year and increased by 1.2% on a cumulative basis from January to June 2024 compared to the same period in 2023.

Rents, compared with those based on the immediately preceding leases, increased by 0.1% for new leases, increased by 1.1% for renewal leases, and increased by 0.7% for new and renewal leases combined for June 2024. INV achieved a rent increase on 38.7% of lease contract renewals, and the retention rate for existing tenants was 76.8% for June 2024.

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## 4. Performance

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

	Jun. 2024	Jun. 2023	Difference	Jan.- Jun. 2024	Jan.- Jun. 2023	Difference
Occupancy Rate <sup>4</sup>	82.6%	81.8%	0.9pt	80.7%	80.5%	0.2pt
ADR (JPY) <sup>5</sup>	12,455	11,448	8.8%	12,787	11,545	10.8%
RevPAR (JPY) <sup>6</sup>	10,290	9,361	9.9%	10,314	9,295	11.0%
Gross Revenue (JPY million) <sup>9</sup>	7,038	6,406	9.9%	41,958	37,534	11.8%

### (2) Cayman Hotels

	Jun. 2024	Jun. 2023	Difference	Jan.- Jun. 2024	Jan.- Jun. 2023	Difference
Occupancy Rate <sup>4</sup>	67.5%	68.3%	-0.8pt	79.0%	77.3%	+1.7pt
ADR (USD) <sup>5</sup>	419	430	-2.5%	564	537	+5.1%
RevPAR (USD) <sup>6</sup>	283	293	-3.7%	446	415	+7.4%
Gross Revenue (USD thousand)	7,530	7,694	-2.1%	68,538	62,403	+9.8%

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

	End of Jun. 2024	End of Jun. 2023	Difference	Jan.- Jun. 2024	Jan.- Jun. 2023	Difference
Occupancy Rate	96.9%	95.9%	+1.0pt	96.7%	96.5%	+0.2pt
Rent per Tsubo (JPY)	9,287	9,220	+0.7%	9,235	9,190	+0.5%

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

(JPY Million)	Jun. 2024	Jun. 2023	Difference	Jan.- Jun. 2024	Jan.- Jun. 2023	Difference
Tokyo 23 Wards	584	454	+28.5%	3,858	2,835	+36.1%
Greater Tokyo (ex. Tokyo 23 Wards)	391	185	+111.3%	2,488	1,308	+90.3%
Greater Tokyo Subtotal	976	640	+52.5%	6,347	4,143	+53.2%
Chubu	216	140	+53.5%	1,645	1,123	+46.4%
Kansai	115	84	+36.5%	905	784	+15.4%
Kyushu	292	341	-14.4%	1,691	2,090	-19.1%
Hokkaido	415	375	+10.7%	1,315	1,248	+5.3%
Other domestic	157	157	+0.3%	1,146	1,105	+3.7%
Domestic Hotel- Subtotal	2,174	1,740	+24.9%	13,052	10,497	+24.3%
Residential	191	187	+2.1%	1,139	1,126	+1.2%
Commercial	12	12	+0.7%	77	77	+0.1%
Domestic Asset-Subtotal	2,379	1,941	+22.6%	14,269	11,701	+21.9%
Overseas	255	274	-6.9%	3,259	3,041	+7.2%
Total	2,634	2,215	+18.9%	17,529	14,742	+18.9%

(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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