

July 26, 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 June 2023**

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

### 1. Overall Performance of the Entire Portfolio

The domestic hotel portfolio performance continues to show a recovery trend. The overseas hotel portfolio performance has exceeded the level prior to the COVID-19 pandemic in ADR, RevPAR, GOP, and NOI on a US dollar basis since November 2022. The residential portfolio has remained stable. The overall portfolio NOI<sup>1,2</sup> for June 2023 increased by 126.9% year-over-year to JPY 1.9 billion, or 11.2% below the same portfolio’s NOI in June 2019 prior to the COVID-19 pandemic, and decreased by 8.5% on a cumulative basis for the June 2023 fiscal period (January to June 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 portfolio<sup>3</sup> performance for the month of June 2023, the occupancy rate increased by 13.6pt, ADR increased by 39.6%, and RevPAR increased by 67.4% compared to June 2022, while the occupancy rate decreased by 6.2pt, ADR increased by 12.3%, and RevPAR increased by 4.4% compared to June 2019. The NOI in June 2023 increased by 171.5% compared to June 2022, or decreased by 13.6% compared to June 2019. The NOI on a cumulative basis for the June 2023 fiscal period (January to June 2023) increased by 271.7%, or 14.2% below the figure in the same period in 2019.

This English language notice is a translation of the Japanese-language notice released on July 26, 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.

During the month of June 2023, domestic demand and inbound demand continued to recover, and the occupancy rate reached 81.7%. The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for June 2023 was 2.07 million (28.0% below the June 2019 level), showing a steady recovery. On the other hand, the number of visitors from China remains low at 76.3% below the June 2019 level.

We are forecasting that the July 2023 RevPAR will be approximately 60.9% higher than the July 2022 figure, or approximately 8.3% higher than the July 2019 figure as of today. RevPAR is expected to continue to exceed the 2019 level through ADR growth, while the occupancy rate will be below the 2019 level.

Table below shows the KPIs for each area of the 75 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	86.5%	9,267	8,014
Greater Tokyo (ex. Tokyo 23 Wards)	79.9%	13,079	10,452
Chubu	76.4%	8,144	6,225
Kansai	73.6%	8,274	6,089
Kyushu	81.5%	10,699	8,721
Hokkaido	85.0%	12,166	10,336
Other domestic	82.2%	13,040	10,725
Total	81.7%	10,636	8,694

## (2) Cayman Hotels

The occupancy rate for the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in June 2023 was 68.3%, an increase of 18.7pt compared to the same month of the previous year, or 17.2pt lower than the June 2019 figure. ADR was USD 430, or 41.9% higher than the June 2019 figure. RevPAR was USD 293, or 13.4% higher than the June 2019 figure. The NOI<sup>1</sup> for June 2023 was JPY 274 million, 100.6% above the NOI in June 2022, or 5.9% below the NOI in June 2019. The NOI on a cumulative basis from January to June 2023 increased by 287.0%, 9.7% above the NOI in the same period in 2019.

We are forecasting that the occupancy rate for the Cayman Hotels in July 2023 will be 70.3%, or 16.6pt lower than the July 2019 figure, ADR will be USD 395, or 29.8% higher than the July 2019 figure, and RevPAR will be USD 277, or 4.9% higher than the July 2019 figure as of today.

## 3. Residential Assets Overview

The residential portfolio<sup>7</sup> in-place occupancy rate as of the end of June 2023 was 95.9%, which decreased by 0.4pt compared to the end of the previous month, and decreased by

This English language notice is a translation of the Japanese-language notice released on July 26, 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.

0.1pt year-over-year.

The average in-place rent per tsubo increased by 0.8% year-over-year. The NOI<sup>8</sup> for the residential portfolio in June 2023 decreased by 0.4% year-over-year and increased by 0.8% year-over-year on a cumulative basis for the June 2023 fiscal period (January to June 2023).

Rents, compared with those based on the immediately preceding leases, decreased by 0.4% for new leases, increased by 1.8% for renewal leases, and increased by 1.0% for new and renewal leases combined for the June 2023 fiscal period. INV achieved a rent increase on 43.7% of lease contract renewals, and the retention rate for the existing tenants was 74.3% for the June 2023 fiscal period.

#### 4. Performance

\* The "Difference" in the table below indicates the increase / decrease in value for the month of June 2023 or cumulative figures from January to June 2023 compared to the corresponding value in 2022 or 2019. Hereinafter the same.

##### (1) 75 Domestic Hotel Properties<sup>3</sup>

	June 2023	June 2022	Difference	June 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>4</sup>	81.7%	68.2%	+13.6pt	87.9%	-6.2pt	80.7%	61.5%	+19.2pt	86.8%	-6.1pt
ADR (JPY) <sup>5</sup>	10,636	7,617	+39.6%	9,468	+12.3%	10,868	7,504	+44.8%	10,109	+7.5%
RevPAR (JPY) <sup>6</sup>	8,694	5,192	+67.4%	8,323	+4.4%	8,772	4,614	+90.1%	8,772	+0.0%
Gross Revenue (JPY million) <sup>9</sup>	5,532	3,582	+54.5%	5,492	+0.7%	32,806	19,031	+72.4%	33,809	-3.0%

##### (2) Cayman Hotels

	June 2023	June 2022	Difference	June 2019	Difference	Jan.-Jun. 2023	Jan.-Jun. 2022	Difference	Jan.-Jun. 2019	Difference
Occupancy Rate <sup>4</sup>	68.3%	49.6%	+18.7pt	85.5%	-17.2pt	77.3%	39.7%	+37.6pt	89.3%	-12.0pt
ADR (USD) <sup>5</sup>	430	341	+25.8%	303	+41.9%	537	370	+45.1%	416	+29.2%
RevPAR (USD) <sup>6</sup>	293	169	+73.3%	259	+13.4%	415	147	+182.2%	371	+11.8%
Gross Revenue (USD thousand)	7,694	5,115	+50.4%	7,248	+6.2%	62,403	25,488	+144.8%	56,050	+11.3%

This English language notice is a translation of the Japanese-language notice released on July 26, 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.

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

	End of Jun. 2023	End of Jun. 2022	Difference	Jan.- Jun. 2023	Jan.- Jun. 2022	Difference
Occupancy Rate	95.9%	96.0%	-0.1pt	96.5%	96.0%	+0.5pt
Rent per Tsubo (JPY)	9,220	9,147	+0.8%	9,189	9,128	+0.7%

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

(JPY Million)		June 2023	June 2022	Difference	June 2019	Difference	Jan.- Jun. 2023	Jan.- Jun. 2022	Difference	Jan.- Jun. 2019	Difference
Tokyo 23 Wards		454	100	+351.2%	429	+5.8%	2,835	434	+553.3%	3,025	-6.3%
Greater Tokyo (ex. Tokyo 23 Wards)		175	121	+44.9%	312	-43.9%	1,234	600	+105.5%	2,003	-38.4%
Greater Tokyo - Subtotal		630	222	+184.0%	742	-15.1%	4,070	1,034	+293.3%	5,029	-19.1%
Chubu		123	70	+75.6%	168	-26.8%	1,036	307	+237.6%	1,247	-16.9%
Kansai		84	17	+376.0%	129	-34.2%	784	85	+823.3%	984	-20.3%
Kyushu		163	84	+93.1%	118	+38.0%	1,239	384	+222.5%	1,109	+11.7%
Hokkaido		375	45	+732.2%	418	-10.2%	1,249	193	+544.3%	1,537	-18.8%
Other domestic		122	112	+8.5%	158	-23.0%	922	497	+85.4%	937	-1.6%
Domestic Hotel- Subtotal		1,500	552	+171.5%	1,736	-13.6%	9,303	2,502	+271.7%	10,846	-14.2%
Residential		187	187	-0.4%	184	+1.5%	1,121	1,113	+0.8%	1,100	+1.9%
Commercial		12	-6	-	12	-0.7%	77	57	+34.4%	77	-0.3%
Domestic Asset-Subtotal		1,700	733	+131.8%	1,933	-12.0%	10,502	3,673	+185.9%	12,024	-12.7%
Overseas		274	136	+100.6%	291	-5.9%	3,041	785	+287.0%	2,772	+9.7%
Total		1,974	870	+126.9%	2,224	-11.2%	13,543	4,459	+203.7%	14,797	-8.5%

(Note 1) Based on all properties held as of the end of June 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

This English language notice is a translation of the Japanese-language notice released on July 26, 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.

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 June 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 June 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/>