

May 24, 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 April 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in April 2024, ADR and RevPAR for both domestic and overseas hotels increased year-over-year due to steady demand. The overall portfolio NOI^{1,2} for April 2024 increased by 20.3% year-over-year to JPY 3.0 billion, and increased by 24.4% on a cumulative basis from January to April 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 April 2024, the occupancy rate decreased by 0.8pt, ADR increased by 14.0%, and RevPAR increased by 12.8% year-over-year. The NOI in April 2024 increased by 24.3% year-over-year.

During the month of April 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 April 2023. The Chubu and Kansai areas also saw a significant RevPAR increase of 30.4% and 22.0% respectively from the same month in 2023.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for April 2024 reached 3.04 million, which was 56.1% higher

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than the April 2023 figure, exceeding 3.00 million for two consecutive months.

We are forecasting that the May 2024 RevPAR will be approximately 2.5% higher than the same month in 2023 as of today.

The Golden Week holiday (from April 27 to May 6) had a positive impact on RevPAR in April year-over-year due to a three-day weekend at the end of April this year (from April 27 to 29) compared to a two-day weekend at the end of last year (April 29 and 30). In contrast, the three weekdays (from April 30 to May 2) during Golden Week this year made it less convenient to travel as an extra day off was needed to travel compared to the two weekdays (May 1 and 2) last year, which pushed down RevPAR in May.

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	90.4%	13,505	12,211
Greater Tokyo (ex. Tokyo 23 Wards)	85.3%	14,656	12,506
Chubu	82.9%	13,917	11,534
Kansai	83.5%	11,720	9,790
Kyushu	82.6%	16,009	13,219
Hokkaido	55.0%	9,303	5,117
Other domestic	82.2%	16,305	13,405
Total	81.3%	13,797	11,213

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in April 2024 was driven by robust demand. The occupancy rate was 80.1%, ADR was USD 590, and RevPAR was USD 473, or an increase of 2.5pt, 9.2%, and 12.8% from April 2023, respectively. The NOI¹ for April 2024 increased by 14.5% year-over-year to JPY 609 million.

We are forecasting that the occupancy rate for the Cayman Hotels in May 2024 will be 70.9%, or 0.8pt lower than the May 2023 figure, ADR will be USD 444, or 4.2% higher than the May 2023 figure, and RevPAR will be USD 315, or 3.1% higher than the May 2023 figure as of today, supported by steady demand.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of April 2024 decreased by 0.3pt to 97.1% compared to the end of the previous month, and increased by 0.3pt year-over-year.

The average in-place rent per tsubo increased by 0.3% year-over-year. The NOI⁸ for the

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residential portfolio in April 2024 increased by 0.1% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 0.2% for new leases, increased by 1.1% for renewal leases, and increased by 0.7% for new and renewal leases combined for April 2024. INV achieved a rent increase on 37.8% of lease contract renewals, and the retention rate for existing tenants was 78.6% for April 2024.

4. Performance

(1) 81 Domestic Hotel Properties³

	Apr. 2024	Apr. 2023	Difference	Jan.- Apr. 2024	Jan.- Apr. 2023	Difference
Occupancy Rate ⁴	81.3%	82.1%	-0.8pt	80.1%	80.0%	+0.1pt
ADR (JPY) ⁵	13,797	12,107	+14.0%	12,761	11,225	+13.7%
RevPAR (JPY) ⁶	11,213	9,941	+12.8%	10,222	8,985	+13.8%
Gross Revenue (JPY million) ⁹	7,371	6,666	+10.6%	27,484	24,026	+14.4%

(2) Cayman Hotels

	Apr. 2024	Apr. 2023	Difference	Jan.- Apr. 2024	Jan.- Apr. 2023	Difference
Occupancy Rate ⁴	80.1%	77.6%	+2.5pt	83.5%	81.0%	+2.6pt
ADR (USD) ⁵	590	540	+9.2%	620	585	+6.0%
RevPAR (USD) ⁶	473	419	+12.8%	518	474	+9.4%
Gross Revenue (USD thousand)	12,133	10,793	+12.4%	52,237	45,928	+13.7%

(3) 41 Residential Properties⁷

	End of Apr. 2024	End of Apr. 2023	Difference	Jan.- Apr. 2024	Jan.- Apr. 2023	Difference
Occupancy Rate	97.1%	96.8%	+0.3pt	96.5%	96.7%	-0.2pt
Rent per Tsubo (JPY)	9,263	9,235	+0.3%	9,224	9,175	+0.5%

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

(JPY Million)	Apr. 2024	Apr. 2023	Difference	Jan.- Apr. 2024	Jan.- Apr. 2023	Difference
Tokyo 23 Wards	787	627	+25.6%	2,610	1,850	+41.1%
Greater Tokyo (ex. Tokyo 23 Wards)	337	237	+42.0%	1,744	873	+99.7%
Greater Tokyo Subtotal	1,125	865	+30.1%	4,354	2,724	+59.9%
Chubu	357	215	+65.6%	1,110	677	+63.8%
Kansai	201	150	+34.1%	606	556	+9.1%
Kyushu	286	309	-7.5%	1,116	1,300	-14.2%
Hokkaido	27	47	-41.0%	723	636	+13.6%
Other domestic	254	224	+13.3%	725	655	+10.7%
Domestic Hotel- Subtotal	2,252	1,812	+24.3%	8,636	6,550	+31.8%
Residential	193	193	+0.1%	759	746	+1.7%
Commercial	12	12	-0.0%	51	51	-0.0%
Domestic Asset-Subtotal	2,459	2,018	+21.8%	9,447	7,348	+28.6%
Overseas	609	532	+14.5%	2,673	2,396	+11.6%
Total	3,069	2,551	+20.3%	12,120	9,744	+24.4%

(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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