

February 26, 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 January 2024

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

As the classification of COVID-19 under the Infectious Disease Control Law was lowered to Class 5 in May 2023, the same category as seasonal influenza, the COVID-19 pandemic is thought to have already ended. As such, from this monthly performance update on, we will discontinue the comparison of hotel performance with the same month in 2019 and provide only a year-over-year comparison.

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio, the occupancy rate and ADR for both domestic and overseas hotels were driven by steady demand, both exceeding the January 2023 figures, when the hotel performance was still affected by the COVID-19 pandemic. The overall portfolio NOI^{1,2} for January 2024 increased by 38.8% year-over-year to JPY 2.1 billion.

The following are the details by segment.

2. Hotel Assets Overview

(1) Domestic Hotels

As for the domestic hotel portfolio³ performance for January 2024, the occupancy rate increased by 3.6pt, ADR increased by 10.9%, and RevPAR increased by 16.4% year-over-year. The NOI in January 2024 increased by 63.7% year-over-year.

During the month of January 2024, strong inbound demand had a positive impact in the Tokyo 23 Wards and the Hokkaido area, where RevPAR for the hotels was approximately 30% higher than January 2023.

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The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for January 2024 reached 2.68 million, which was 79.5% higher than the January 2023 figure.

We are forecasting that the February 2024 RevPAR will be approximately 17.6% higher than the same month in 2023 as of today.

As for the impact of the Noto Peninsula earthquake in Ishikawa Prefecture which occurred on January 1, 2024, while some reservations were cancelled in some of our hotels, some reservations were generated from disaster recovery work demand. As a result, there was no overall negative impact on hotel performance in January, and we expect almost no negative impact in the future as well.

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	81.6%	9,599	7,833
Greater Tokyo (ex. Tokyo 23 Wards)	77.7%	12,688	9,862
Chubu	72.5%	10,413	7,550
Kansai	58.2%	8,291	4,824
Kyushu	71.6%	12,847	9,196
Hokkaido	72.7%	9,854	7,167
Other domestic	72.4%	11,912	8,629
Total	74.4%	10,836	8,067

(2) Cayman Hotels

The performance of Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in January 2024 was driven by robust demand. The occupancy rate was 80.8%, ADR was USD 621, and RevPAR was USD 501, or increase of 5.1pt, 8.5%, and 15.8% from January 2023, respectively. The NOI¹ for January 2024 increased by 17.1% year-over-year to JPY 637 million.

We are forecasting that the occupancy rate for the Cayman Hotels in February 2024 will be 85.4%, or 0.5pt higher than the February 2023 figure, ADR will be USD 603, or 0.1% higher than the February 2023 figure, and RevPAR will be USD 515, or 0.7% higher than the February 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 January 2024 decreased by 0.3pt to 95.6% compared to the end of the previous month, and decreased by 0.7pt year-over-year.

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The average in-place rent per tsubo increased by 0.7% year-over-year. The NOI⁸ for the residential portfolio in January 2024 increased by 1.6% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 1.8% for new leases, increased by 1.4% for renewal leases, and increased by 1.6% for new and renewal leases combined for January 2024. INV achieved a rent increase on 44.1% of lease contract renewals, and the retention rate for existing tenants was 82.9% for January 2024.

4. Performance

* The “Difference” in the table below indicates the increase / decrease in value for the month of January 2024 compared to the corresponding value in 2023. Hereinafter the same.

(1) 81 Domestic Hotel Properties³

	Jan. 2024	Jan. 2023	Difference
Occupancy Rate ⁴	74.4%	70.9%	+3.6pt
ADR (JPY) ⁵	10,836	9,774	+10.9%
RevPAR (JPY) ⁶	8,067	6,929	+16.4%
Gross Revenue (JPY million) ⁹	5,750	4,856	+18.4%

Cayman Hotels

	Jan. 2024	Jan. 2023	Difference
Occupancy Rate ⁴	80.8%	75.7%	+5.1pt
ADR (USD) ⁵	621	572	+8.5%
RevPAR (USD) ⁶	501	433	+15.8%
Gross Revenue (USD thousand)	12,819	10,519	+21.9%

(2) 41 Residential Properties⁷

	End of Jan. 2024	End of Jan. 2023	Difference
Occupancy Rate	95.6%	96.3%	-0.7pt
Rent per Tsubo (JPY)	9,245	9,182	+0.7%

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

(JPY Million)	Jan. 2024	Jan. 2023	Difference
Tokyo 23 Wards	418	271	+54.0%
Greater Tokyo (ex. Tokyo 23 Wards)	356	137	+159.2%
Greater Tokyo - Subtotal	774	409	+89.3%
Chubu	137	51	+166.2%
Kansai	56	78	-28.6%
Kyushu	144	103	+40.0%
Hokkaido	137	113	+21.4%
Other domestic	14	16	-15.9%
Domestic Hotel- Subtotal	1,264	772	+63.7%
Residential	188	185	+1.6%
Commercial	12	12	-0.0%
Domestic Asset-Subtotal	1,466	971	+50.9%
Overseas	637	544	+17.1%
Total	2,104	1,516	+38.8%

(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%). However, the TMK has a cumulative loss due to the decline in profits and has been in a situation where it cannot pay 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 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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