

April 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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Naoki Fukuda, President & CEO
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Performance Update for March 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in March 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 March 2024 increased by 13.9% year-over-year to JPY 4.0 billion, and increased by 25.8% on a cumulative basis from January to March 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 for March 2024, the occupancy rate decreased by 2.7pt, ADR increased by 12.2%, and RevPAR increased by 8.7% year-over-year. The NOI in March 2024 increased by 14.1% year-over-year.

During the month of March 2024, strong inbound demand had a positive impact on the Tokyo 23 Wards, where RevPAR for the hotels was approximately 35% higher than it was in March 2023.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for March 2024 reached 3.08 million, which was 69.5% higher than the March 2023 figure, exceeding 3.00 million for the first time ever on a monthly basis.

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We are forecasting that the April 2024 RevPAR will be approximately 13.8% higher than the same month in 2023 as of today.

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	89.8%	13,649	12,256
Greater Tokyo (ex. Tokyo 23 Wards)	83.5%	16,407	13,700
Chubu	82.6%	12,608	10,413
Kansai	84.4%	11,699	9,875
Kyushu	85.5%	16,522	14,122
Hokkaido	67.1%	9,202	6,176
Other domestic	84.5%	13,110	11,077
Total	83.1%	13,678	11,361

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach & Spa and Sunshine Suites Resort) in March 2024 was driven by robust demand especially seen during the Easter holidays. The occupancy rate was 89.7%, ADR was USD 662, and RevPAR was USD 594, or an increase of 3.6pt, 6.9%, and 11.4% from March 2023, respectively. The NOI¹ for March 2024 increased by 16.1% year-over-year to JPY 831 million.

We are forecasting that the occupancy rate for the Cayman Hotels in April 2024 will be 79.9%, or 2.3pt higher than the April 2023 figure, ADR will be USD 582, or 7.8% higher than the April 2023 figure, and RevPAR will be USD 465, or 11.0% higher than the April 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 March 2024 increased by 1.3pt to 97.4% compared to the end of the previous month, and increased by 0.2pt year-over-year.

The average in-place rent per tsubo increased by 0.6% year-over-year. The NOI⁸ for the residential portfolio in March 2024 increased by 3.3% year-over-year.

Rents, compared with those based on the immediately preceding leases, decreased by 0.4% for new leases, increased by 1.2% for renewal leases, and increased by 0.6% for new and renewal leases combined for March 2024. INV achieved a rent increase on 40.8% of lease contract renewals, and the retention rate for existing tenants was 80.4% for March 2024.

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4. Performance

(1) 81 Domestic Hotel Properties³

	Mar. 2024	Mar. 2023	Difference	Jan.- Mar. 2024	Jan.- Mar. 2023	Difference
Occupancy Rate ⁴	83.1%	85.7%	-2.7%	79.7%	79.4%	+0.4%
ADR (JPY) ⁵	13,678	12,194	+12.2%	12,413	10,921	+13.7%
RevPAR (JPY) ⁶	11,361	10,455	+8.7%	9,895	8,667	+14.2%
Gross Revenue (JPY million) ⁹	7,845	7,198	+9.0%	20,113	17,359	+15.9%

(2) Cayman Hotels

	Mar. 2024	Mar. 2023	Difference	Jan.- Mar. 2024	Jan.- Mar. 2023	Difference
Occupancy Rate ⁴	89.7%	86.0%	+3.6pt	84.7%	82.1%	+2.6pt
ADR (USD) ⁵	662	620	+6.9%	630	599	+5.1%
RevPAR (USD) ⁶	594	533	+11.4%	533	492	+8.4%
Gross Revenue (USD thousand)	15,517	13,332	+16.4%	40,103	35,134	+14.1%

(3) 41 Residential Properties⁷

	End of Mar. 2024	End of Mar. 2023	Difference	Jan.- Mar. 2024	Jan.- Mar. 2023	Difference
Occupancy Rate	97.4%	97.2%	+0.2pt	96.4%	96.6%	-0.2pt
Rent per Tsubo (JPY)	9,180	9,126	+0.6%	9,211	9,155	+0.6%

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

(JPY Million)	Mar. 2024	Mar. 2023	Difference	Jan.- Mar. 2024	Jan.- Mar. 2023	Difference
Tokyo 23 Wards	877	630	+39.2%	1,823	1,223	+49.0%
Greater Tokyo (ex. Tokyo 23 Wards)	626	340	+84.1%	1,406	635	+121.3%
Greater Tokyo Subtotal	1,504	970	+54.9%	3,229	1,858	+73.7%
Chubu	395	309	+27.6%	753	462	+63.0%
Kansai	230	215	+7.2%	405	405	-0.2%
Kyushu	463	654	-29.1%	829	990	-16.3%
Hokkaido	121	188	-35.6%	695	589	+18.0%
Other domestic	335	334	+0.3%	470	430	+9.3%
Domestic Hotel- Subtotal	3,051	2,673	+14.1%	6,383	4,738	+34.7%
Residential	189	183	+3.3%	565	552	+2.4%
Commercial	12	12	-0.0%	38	38	-0.0%
Domestic Asset-Subtotal	3,253	2,870	+13.4%	6,988	5,329	+31.1%
Overseas	831	716	+16.1%	2,063	1,863	+10.7%
Total	4,085	3,586	+13.9%	9,051	7,192	+25.8%

(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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