

March 5, 2026

Invincible Investment Corporation

Questions and Answers Related to the Briefing on the Financial Results for the Fiscal Period Ended December 2025

Q : The RevPAR growth of 2.6% YoY for the 101 properties operated by Iconia Hospitality (“ICN”) in 2026 appears conservative. Is this due to weaker inbound tourism—particularly from Europe and the United States, compared to international brands such as Hilton? I suspect that especially for limited-service hotels, most revenue comes from domestic and Asian guests, who are price-sensitive, leading to constrained ADR growth potential.

A : This growth of 2.6% conservatively factors in the impact from the absence of Expo-related demand. Excluding the hotels in Osaka, we expect RevPAR growth of 5.1%. We do not believe ICN has difficulty in capturing Western demand, as ICN is implementing initiatives such as campaigns targeting repeat Western travelers in regional areas. In addition, we believe ADR can be increased for properties with attractive features/locations regardless of guest mix.

Q : The RevPAR forecast for the 91 properties operated by ICN in the June 2026 Fiscal Period (“FP”) was revised down to +2.0% YoY from the forecast announced on December 17, 2025. Is this due to a decline in inbound demand following the deterioration of Japan–China relations?

A : The updated KPI reflects reservation trends through April and therefore incorporates to some extent the impact of reduced inbound demand associated with the deterioration of Japan–China relations. This is the reason for the downward revision. There is no change to the KPI for the December 2026 FP from the forecast announced on December 17, 2025.

Q : For Chinese inbound guests, what is the ratio of individual and group travelers at the properties of Invincible Investment Corporation (“INV”)?

A : Approximately 90% are individual travelers and 10% are group travelers. The proportion of individual travelers has been increasing since mid-November last year.

Q : What strategies are in place to mitigate the decline in Chinese demand?

A : ICN is strengthening exposure to OTAs for Southeast Asian markets such as Thailand and Vietnam, where future inbound growth is expected. They are also leveraging their “Class II Travel Agency” license acquired last year to sell proprietary products to capture wide-area tourism demand.

Q : What are the trends in domestic business demand?

A : Based on certain assumptions, business-related occupancy for the 73 properties operated by ICN declined during COVID-19 but returned to pre-pandemic levels in 2022 and has since remained stable. ADR is also trending upward, as companies—while recognizing the convenience of online meetings—have reaffirmed the importance of in-person communication and increased travel budgets. Overall domestic accommodation spending on travel, including business travel, rose by 7.5% YoY in 2025.

Q : What will the impact on DPU be following the conclusion of the World Expo 2025?

A : GOP for the seven properties in Osaka was approximately JPY 5.2 billion in 2025 and is forecasted to be approximately JPY 4.0 billion in 2026. If we consider the difference of approximately JPY 1.2 billion as the impact of the Expo, the impact on DPU is roughly estimated at JPY 150.

Q : The full-year 2026 GOP forecast for the two Cayman hotels does not reach the 2024 levels. Should we expect the performance to recover and exceed the 2024 levels at some point, or is it difficult to do so for the time being due to the opening of competitor hotels?

A : In 2026, we expect some impact from the opening of competitor hotels, such as the Grand Hyatt. For example, when Hotel Indigo opened in 2024, we were affected by its opening sales promotion for approximately six months. However, new hotel openings also have a positive aspect in that they encourage additional flight volume. Consequently, if increased flight volume leads to higher lodging demand, we believe Westin Grand Cayman Seven Mile Beach Resort & Spa can capture such demand with its attractive beach, resulting in improved performance. In addition, we anticipate revenue growth in 2026 due to the renovation effects at The Sunshine Hotel & Suites. Therefore, we expect revenue to exceed the 2024 level at some point in the future.

Q : What kind of strategic CAPEX do you plan to undertake in the future and at what properties?

A : We have monthly meetings with ICN to review Strategic CAPEX projects where we select projects based on factors such as ROI. For example, we are planning Strategic CAPEX at Takamatsu Tokyu REI Hotel, Hotel MyStays Asakusa, Hotel MyStays Nagoya-Sakae, and MyStays Shin-Urayasu Conference Center. The construction work varies by property, but those such as increasing DOR and room count can generate an ROI exceeding 20%. With the redemption of the equity from the TMK in the Sheraton Grande Tokyo Bay Hotel scheduled at the end of March, we intend to allocate capital effectively to enhance earnings at existing properties

Q : Would you consider renovating properties to accommodate larger groups, similar to hotels owned by Kasumigaseki Hotel REIT?

A : Accommodating six guests per room generally requires larger room sizes. As such, our renovation strategy does not specifically target large-capacity rooms. Instead, even in smaller rooms, we pursue initiatives to increase occupancy capacity and DOR. For example, we replaced semi-double beds with bunk beds at Hotel MyStays Nippori, aiming to increase in DOR.

Q : What is the size and yield of your sponsor pipeline?

A : We are not in a position to disclose details on the sponsor pipeline size or yield at this time. However, it is unlikely that a single acquisition will exceed JPY 104.4 billion, which was the size of the asset acquisition in 2024. We structure acquisitions to be DPU-accretive, ensuring portfolio yields are reasonable compared to the implied cap rate and appraisal yields of existing properties.

Q : Will the recent decline in Chinese demand affect your acquisition strategy in terms of regions or hotel types?

A : The decline in Chinese demand could be one factor to consider in property selection, but it does not alter our fundamental acquisition strategy. For properties in areas with high exposure to inbound demand from China/Hong Kong, we believe we can secure them at appropriate prices as fluctuations in near-term cash flow are reflected in appraisal values.

Q : Are there plans for returning profits through property disposition or asset recycling?

A : While we haven't conducted property sales or asset recycling recently, we did implement asset recycling before the pandemic and distributed profits from the sale of 20 properties during the pandemic, so we are not ruling it out. Going forward, property sales and asset recycling will remain one of the options we consider in our operations.

Q : The current base rate has already exceeded the 2026 assumption in INV's forecast. Could this lead to a profit shortfall versus the forecast, or can operational adjustments prevent profits from falling?

A : Under the current conditions, we believe we can manage interest costs to avoid falling short of our forecast by adjusting borrowing terms and optimizing the fixed interest rate ratio, among other measures.