

October 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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Performance Update for September 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in September 2024, RevPAR for domestic hotels increased year-over-year due to steady demand, while RevPAR for overseas hotels decreased due to a hurricane which reduced customer numbers, the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, and the impact from the opening campaign of a large hotel in the area. The overall portfolio NOI^{1,2} for September 2024 increased by 14.2% year-over-year to JPY 2.1 billion, and increased by 10.9% on a cumulative basis from July to September 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 September 2024, the occupancy rate increased by 2.3pt, ADR increased by 7.6%, and RevPAR increased by 10.6% year-over-year. The NOI in September 2024 increased by 16.0% year-over-year.

During the month of September 2024, strong inbound demand had a positive impact on hotels located in the Kansai area, where RevPAR was 25.5% higher than it was in September 2023. The Tokyo 23 Wards also saw a significant RevPAR increase of 19.4% compared to the same month in 2023.

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The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for September 2024 reached 2.87 million, which was 31.5% higher than the September 2023 figure, marking a record high for the eighth consecutive month.

We are forecasting that the October 2024 RevPAR will be approximately 16.5% 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	86.0%	11,393	9,794
Greater Tokyo (ex. Tokyo 23 Wards)	81.8%	14,239	11,648
Chubu	83.5%	12,462	10,405
Kansai	82.3%	9,863	8,120
Kyushu	85.7%	18,502	15,861
Hokkaido	89.9%	13,764	12,378
Other domestic	88.1%	15,138	13,338
Total	85.3%	13,483	11,498

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) in September 2024 was impacted by adverse weather conditions stemming from a hurricane which reduced the number of guests, the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, and the impact from the opening campaign of a large hotel in the area as mentioned above. The occupancy rate was 31.9%, ADR was USD 246, and RevPAR was USD 79, or a decrease of 6.1pt, a decrease of 2.5%, and a decrease of 18.2% from September 2023, respectively. The NOI¹ in September 2024 decreased by 31.4% year-over-year to JPY -73 million.

We are forecasting that the occupancy rate for the Cayman Hotels in October 2024 will be 53.9%, or 5.4pt lower than the October 2023 figure, ADR will be USD 299, or 3.8% higher than the October 2023 figure, and RevPAR will be USD 161, or 5.6% lower than the October 2023 figure as of today, due to bad weather in the rainy season, the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, and the impact from the opening campaign of a large hotel in the area .

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3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of September 2024 increased by 0.4pt to 97.2% compared to the end of the previous month, and increased by 0.9pt year-over-year.

The average in-place rent per tsubo increased by 1.0% year-over-year. The NOI⁸ for the residential portfolio in September 2024 increased by 2.6% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 2.8% for new leases, increased by 2.0% for renewal leases, and increased by 2.3% for new and renewal leases combined for September 2024. INV achieved a rent increase on 60.9% of lease contract renewals, and the retention rate for existing tenants was 76.7% for September 2024.

4. Performance

(1) 81 Domestic Hotel Properties³

	Sep. 2024	Sep. 2023	Difference	Jul.- Sep. 2024	Jul.- Sep. 2023	Difference
Occupancy Rate ⁴	85.3%	83.0%	+2.3pt	85.9%	84.0%	+1.9pt
ADR (JPY) ⁵	13,483	12,525	+7.6%	15,346	14,287	+7.4%
RevPAR (JPY) ⁶	11,498	10,396	+10.6%	13,185	12,005	+9.8%
Gross Revenue (JPY million) ⁹	7,517	6,932	+8.5%	25,758	23,784	+8.3%

(2) Cayman Hotels

	Sep. 2024	Sep. 2023	Difference	Jul.- Sep. 2024	Jul.- Sep. 2023	Difference
Occupancy Rate ⁴	31.9%	38.0%	-6.1pt	45.7%	56.8%	-11.1pt
ADR (USD) ⁵	246	252	-2.5%	339	343	-1.1%
RevPAR (USD) ⁶	79	96	-18.2%	155	195	-20.5%
Gross Revenue (USD thousand)	2,673	2,826	-5.4%	13,250	16,705	-20.7%

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(3) 41 Residential Properties⁷

	End of Sep. 2024	End of Sep. 2023	Difference	Jul.- Sep. 2024	Jul.- Sep. 2023	Difference
Occupancy Rate	97.2%	96.3%	+0.9pt	96.9%	96.0%	+0.9pt
Rent per Tsubo (JPY)	9,258	9,168	+1.0%	9,282	9,199	+0.9%

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

(JPY Million)	Sep. 2024	Sep. 2023	Difference	Jul.- Sep. 2024	Jul.- Sep. 2023	Difference
Tokyo 23 Wards	548	444	+23.6%	1,726	1,415	+22.0%
Greater Tokyo (ex. Tokyo 23 Wards)	344	174	+98.1%	1,083	658	+64.5%
Greater Tokyo - Subtotal	893	618	+44.6%	2,810	2,074	+35.5%
Chubu	241	257	-5.9%	1,130	1,003	+12.7%
Kansai	144	113	+26.6%	447	343	+30.1%
Kyushu	229	310	-26.2%	2,027	1,912	+6.0%
Hokkaido	326	285	+14.4%	1,581	1,586	-0.3%
Other domestic	225	191	+17.7%	1,237	1,096	+12.8%
Domestic Hotel- Subtotal	2,061	1,776	+16.0%	9,233	8,017	+15.2%
Residential	189	184	+2.6%	571	558	+2.4%
Commercial	12	12	+0.3%	38	38	+0.5%
Domestic Asset-Subtotal	2,263	1,974	+14.6%	9,844	8,614	+14.3%
Overseas	-73	-56	-31.4%	142	390	-63.5%
Total	2,189	1,917	+14.2%	9,986	9,004	+10.9%

(Note 1) Based on all properties held as of the beginning of the December 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 & RESORTS 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.

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- (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 December 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:
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 beginning of the December 2024 fiscal period; hereinafter the same.
- (Note 8) NOI excludes one-off revenues and expenses such as 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>

Website of INV: <https://www.invincible-inv.co.jp/en/>