

December 25, 2024

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
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(Securities Code: 8963)

Asset Manager:

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Performance Update for November 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in November 2024, RevPAR for domestic hotels increased year-over-year due to steady demand, while RevPAR for overseas hotels decreased due to the impact of bad weather during the rainy season such as the passage of a major hurricane “Rafael”, 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 November 2024 increased by 21.4% year-over-year to JPY 3.1 billion, and increased by 15.4% on a cumulative basis from July to November 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 November 2024, the occupancy rate increased by 4.2pt, ADR increased by 15.4%, and RevPAR increased by 21.3% year-over-year. The NOI in November 2024 increased by 35.4% year-over-year.

During the month of November 2024, strong inbound demand continued, with RevPAR in the Kansai area up 37.7% compared to November 2023. The Hokkaido area and the Tokyo 23 Wards also saw a significant RevPAR increase of 33.1% and 30.5% respectively, 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 November 2024 reached 3.18 million, which was 30.6% higher than the November 2023 figure, marking a record high for the tenth consecutive month.

We are forecasting that the December 2024 RevPAR will be approximately 15.8% 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	90.4%	14,676	13,271
Greater Tokyo (ex. Tokyo 23 Wards)	88.1%	17,928	15,801
Chubu	83.1%	15,200	12,625
Kansai	89.8%	14,109	12,671
Kyushu	84.3%	16,494	13,909
Hokkaido	74.8%	10,604	7,928
Other domestic	87.0%	15,562	13,536
Total	85.8%	15,119	12,966

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) in November 2024 was impacted by bad weather during the rainy season such as the passage of a major hurricane “Rafael”, 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 59.7%, ADR was USD 422, and RevPAR was USD 252, or a decrease of 22.0pt, a decrease of 4.0%, and a decrease of 29.9% from November 2023, respectively. The NOI¹ in November 2024 decreased by 42.6% year-over-year to JPY 215 million.

As for December 2024, although some rooms remain unsold due to the prolonged large-scale renovation work at Sunshine Suites Resort¹², we are forecasting that the occupancy rate for the Cayman Hotels in December 2024 will be 68.7%, or 8.9pt lower than the December 2023 figure, ADR will be USD 737, or 9.4% higher than the December 2023 figure, and RevPAR will be USD 506, or 3.2% lower than the December 2023 figure as of today, due to the increase in room rate driven by robust demand during the Christmas holiday season.

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3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of November 2024 increased by 0.1pt to 96.9% 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 0.7% year-over-year. The NOI⁸ for the residential portfolio in November 2024 increased by 2.1% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 2.4% for new leases, increased by 1.8% for renewal leases, and increased by 2.0% for new and renewal leases combined for November 2024. INV achieved a rent increase on 59.0% of lease contract renewals, and the retention rate for existing tenants was 76.0% for November 2024.

4. Performance

(1) 81 Domestic Hotel Properties³

	Nov. 2024	Nov. 2023	Difference	Jul.- Nov. 2024	Jul.- Nov. 2023	Difference
Occupancy Rate ⁴	85.8%	81.6%	+4.2pt	86.2%	83.4%	+2.8pt
ADR (JPY) ⁵	15,119	13,104	+15.4%	15,128	13,771	+9.9%
RevPAR (JPY) ⁶	12,966	10,691	+21.3%	13,040	11,485	+13.5%
Gross Revenue (JPY million) ⁹	8,731	7,430	+17.5%	43,193	38,837	+11.2%

(2) Cayman Hotels

	Nov. 2024	Nov. 2023	Difference	Jul.- Nov. 2024	Jul.- Nov. 2023	Difference
Occupancy Rate ⁴	59.7%	81.8%	-22.0pt	49.5%	62.2%	-12.8pt
ADR (USD) ⁵	422	440	-4.0%	352	357	-1.5%
RevPAR (USD) ⁶	252	359	-29.9%	174	222	-21.7%
Gross Revenue (USD thousand)	6,915	9,204	-24.9%	24,766	31,211	-20.6%

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(3) 41 Residential Properties⁷

	End of Nov. 2024	End of Nov. 2023	Difference	Jul.- Nov. 2024	Jul.- Nov. 2023	Difference
Occupancy Rate	96.9 %	96.0%	+0.9pt	96.9%	96.0%	+0.9pt
Rent per Tsubo (JPY)	9,291	9,227	+0.7%	9,290	9,213	+0.8%

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

(JPY Million)	Nov. 2024	Nov. 2023	Difference	Jul.- Nov. 2024	Jul.- Nov. 2023	Difference
Tokyo 23 Wards	850	633	+34.1%	3,417	2,667	+28.1%
Greater Tokyo (ex. Tokyo 23 Wards)	446	292	+52.7%	1,982	1,218	+62.7%
Greater Tokyo - Subtotal	1,296	926	+40.0%	5,399	3,885	+39.0%
Chubu	401	327	+22.6%	1,927	1,642	+17.3%
Kansai	289	202	+42.6%	1,002	719	+39.4%
Kyushu	255	216	+18.2%	2,675	2,580	+3.7%
Hokkaido	123	51	+140.6%	1,950	1,794	+8.7%
Other domestic	330	268	+23.2%	1,926	1,680	+14.6%
Domestic Hotel- Subtotal	2,696	1,992	+35.4%	14,881	12,302	+21.0%
Residential	190	186	+2.1%	954	932	+2.3%
Commercial	12	12	-0.3%	64	64	+0.3%
Domestic Asset-Subtotal	2,900	2,191	+32.3%	15,900	13,300	+19.6%
Overseas	215	375	-42.6%	407	829	-50.9%
Total	3,115	2,567	+21.4%	16,308	14,129	+15.4%

(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>
- (Note 12) For the details of the impact from the extension of the large-scale renovation at Sunshine Suites Resort, please refer to the press release "Notice concerning Revision of Forecast of Financial Results and Distribution for the 43rd Fiscal Period Ending December 2024 and 44th Fiscal Period Ending June 2025, together with Forecast of Financial Results and Distribution for the 45th Fiscal Period Ending December 2025" dated December 17, 2024

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