

January 24, 2025

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 December 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in December 2024, RevPAR for domestic hotels increased year-over-year due to steady demand, especially from inbound tourists. RevPAR for overseas hotels decreased year-over-year due to the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, although ADR increased due to robust demand during the Christmas holiday season. The overall portfolio NOI^{1,2} for December 2024 decreased by 13.1% year-over-year to JPY 2.8 billion, due to the temporary change in the variable rent calculation period for Sheraton Grande Tokyo Bay Hotel as a result of the COVID-19 pandemic, in which six months' worth of variable rent was recorded in one lump sum in the same month last year. The overall portfolio NOI increased by 10.1% on a cumulative basis from July to December 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 December 2024, the occupancy rate increased by 4.4pt, ADR increased by 10.6%, and RevPAR increased by 16.8% year-over-year. The NOI in December 2024 decreased by 17.2% year-over-year as a result of the temporary adjustment in the calculation period for variable rent from Sheraton Grande Tokyo Bay Hotel as mentioned above. The NOI increased by 14.5 % on a cumulative basis from July to December 2024 compared to the same period in 2023.

During the month of December 2024, strong inbound demand continued, with RevPAR in the Kansai area up 47.7% compared to December 2023. The Hokkaido area and the Tokyo 23 Wards also saw a significant RevPAR increase of 35.3% and 21.6%, respectively, compared to the same month in 2023.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for December 2024 reached 3.48 million, which was 27.6% higher than the December 2023 figure, marking a record high for the eleventh consecutive month.

We are forecasting that the January 2025 RevPAR will be approximately 20.5% higher than the same month in 2024 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	88.1%	14,350	12,644
Greater Tokyo (ex. Tokyo 23 Wards)	85.9%	17,708	15,215
Chubu	72.0%	12,562	9,045
Kansai	87.5%	11,813	10,336
Kyushu	75.5%	16,110	12,162
Hokkaido	85.7%	12,736	10,909
Other domestic	75.1%	14,152	10,628
Total	82.5%	14,523	11,987

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(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) in December 2024 was impacted by the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, despite an increase in ADR driven by robust demand during the Christmas holiday season as mentioned above. The occupancy rate was 68.3%, ADR was USD 745, and RevPAR was USD 509, or a decrease of 9.3pt, an increase of 10.6%, and a decrease of 2.6% from December 2024, respectively. The NOI¹ in December 2024 increased by 0.4% year-over-year to JPY 552 million. The NOI decreased by 30.5% on a cumulative basis from July to December 2024 compared to the same period in 2023 due to the impact of major hurricanes and storms such as “Beryl”.

As for January 2025, we are forecasting that the occupancy rate for the Cayman Hotels will be 70.3%, or 10.4pt lower than the January 2024 figure, ADR will be USD 686, or 10.5% higher than the January 2024 figure, and RevPAR will be USD 482, or 3.8% lower than the January 2024 figure as of today, due to the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort.

3. Residential Assets Overview

The residential portfolio⁷ in-place occupancy rate as of the end of December 2024 was 96.9%, the same as the end of the previous month, and up 1.0pt year-over-year.

The average in-place rent per tsubo increased by 0.8% year-over-year. The NOI⁸ for the residential portfolio in December 2024 decreased by 0.0% year-over-year and increased by 1.9% on a cumulative basis from July to December compared to the same period in 2023.

Rents, compared with those based on the immediately preceding leases, increased by 2.6% for new leases, increased by 1.9% for renewal leases, and increased by 2.1% for new and renewal leases combined for December 2024. INV achieved a rent increase on 61.1% of lease contract renewals, and the retention rate for existing tenants was 76.5% for December 2024.

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4. Performance

(1) 81 Domestic Hotel Properties³

	Dec. 2024	Dec. 2023	Difference	Jul.- Dec. 2024	Jul.- Dec. 2023	Difference
Occupancy Rate ⁴	82.5%	78.1%	+4.4pt	85.6%	82.5%	+3.1pt
ADR (JPY) ⁵	14,523	13,136	+10.6%	15,030	13,670	+10.0%
RevPAR (JPY) ⁶	11,987	10,264	+16.8%	12,863	11,279	+14.0%
Gross Revenue (JPY million) ⁹	8,327	7,430	+12.1%	51,521	46,268	+11.4%

(2) Cayman Hotels

	Dec. 2024	Dec. 2023	Difference	Jul.- Dec. 2024	Jul.- Dec. 2023	Difference
Occupancy Rate ⁴	68.3%	77.6%	-9.3pt	52.6%	64.8%	-12.2pt
ADR (USD) ⁵	745	674	+10.6%	438	421	+4.0%
RevPAR (USD) ⁶	509	523	-2.6%	231	273	-15.6%
Gross Revenue (USD thousand)	11,619	12,046	-3.5%	36,386	43,257	-15.9%

(3) 41 Residential Properties⁷

	End of Dec. 2024	End of Dec. 2023	Difference	Jul.- Dec. 2024	Jul.- Dec. 2023	Difference
Occupancy Rate	96.9 %	95.9%	+1.0pt	96.9%	96.0%	+0.9pt
Rent per Tsubo (JPY)	9,297	9,224	+0.8%	9,291	9,215	+0.8%

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

(JPY Million)	Dec. 2024	Dec. 2023	Difference	Jul.- Dec. 2024	Jul.- Dec. 2023	Difference
Tokyo 23 Wards	778	628	+23.8%	4,195	3,295	+27.3%
Greater Tokyo (ex. Tokyo 23 Wards)	355	1,190	-70.1%	2,338	2,408	-2.9%
Greater Tokyo Subtotal	1,133	1,818	-37.7%	6,533	5,704	+14.5%
Chubu	196	204	-3.8%	2,123	1,846	+15.0%
Kansai	175	99	+76.5%	1,177	818	+43.9%
Kyushu	264	141	+86.3%	2,939	2,722	+8.0%
Hokkaido	323	218	+48.0%	2,273	2,012	+13.0%
Other domestic	-9	31	-131.4%	1,916	1,712	+11.9%
Domestic Hotel- Subtotal	2,082	2,514	-17.2%	16,964	14,816	+14.5%
Residential	187	187	-0.0%	1,141	1,120	+1.9%
Commercial	12	12	+0.2%	77	77	+0.3%
Domestic Asset-Subtotal	2,283	2,714	-15.9%	18,183	16,014	+13.5%
Overseas	552	550	+0.4%	959	1,380	-30.5%
Total	2,835	3,264	-13.1%	19,143	17,394	+10.1%

(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-iriyauchi, 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.

(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:

$$\text{room occupancy rate} = \frac{\text{total number of rooms occupied during the relevant period}}{\text{aggregate number of rooms during the relevant period} \times \text{number of business days during target period}}$$

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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 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>

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