

November 25, 2024

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities Code: 8963)

Asset Manager:

Consonant Investment Management Co., Ltd.
Naoki Fukuda, President & CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Performance Update for October 2024

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

1. Overall Performance of the Entire Portfolio

As for the hotel portfolio performance in October 2024, RevPAR for domestic hotels increased year-over-year due to steady demand, while RevPAR for overseas hotels decreased due to bad weather during 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. The overall portfolio NOI^{1,2} for October 2024 increased by 25.4% year-over-year to JPY 3.2 billion, and increased by 14.1% on a cumulative basis from July to October 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 October 2024, the occupancy rate increased by 4.2pt, ADR increased by 12.8%, and RevPAR increased by 18.4% year-over-year. The NOI in October 2024 increased by 28.8% year-over-year.

During the month of October 2024, strong inbound demand continued, with RevPAR in the Kansai area up 41.2% compared to October 2023. The Tokyo 23 Wards and the Hokkaido area also saw a significant RevPAR increase of 30.0% and 20.9% respectively compared to the same month in 2023. The performance of Hotel MyStays lidabashi, which reopened in September 2024 after the renovation¹², has been strong, achieving a RevPAR increase of

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81.7% in October year-over-year.

The total number of visitor arrivals to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) for October 2024 reached 3.31 million, which was 31.6% higher than the October 2023 figure, marking a record high for the ninth consecutive month.

We are forecasting that the November 2024 RevPAR will be approximately 17.0% 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	89.6%	13,687	12,265
Greater Tokyo (ex. Tokyo 23 Wards)	88.1%	16,275	14,347
Chubu	85.8%	13,751	11,800
Kansai	89.9%	11,996	10,786
Kyushu	85.1%	18,250	15,537
Hokkaido	83.4%	11,306	9,426
Other domestic	89.6%	16,322	14,626
Total	87.5%	14,503	12,684

(2) Cayman Hotels

The performance of the Cayman Hotels (Westin Grand Cayman Seven Mile Beach Resort & Spa and Sunshine Suites Resort) in October 2024 was impacted by bad weather during 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 the large hotel in the area as mentioned above. The occupancy rate was 50.7%, ADR was USD 306, and RevPAR was USD 155, or a decrease of 8.6pt, an increase of 6.4%, and a decrease of 9.1% from October 2023, respectively. The NOI¹ in October 2024 decreased by 22.9% year-over-year to JPY 49 million.

We are forecasting that the occupancy rate for the Cayman Hotels in November 2024 will be 69.0%, or 12.8pt lower than the November 2023 figure, ADR will be USD 432, or 1.6% lower than the November 2023 figure, and RevPAR will be USD 298, or 17.0% lower than the November 2023 figure as of today, 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 the 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 October 2024 decreased by 0.4pt to 96.8% compared to the end of the previous month, and increased by 0.8pt year-over-year.

The average in-place rent per tsubo increased by 0.8% year-over-year. The NOI⁸ for the residential portfolio in October 2024 increased by 2.2% year-over-year.

Rents, compared with those based on the immediately preceding leases, increased by 2.9% for new leases, increased by 1.8% for renewal leases, and increased by 2.2% for new and renewal leases combined for October 2024. INV achieved a rent increase on 58.8% of lease contract renewals, and the retention rate for existing tenants was 78.0% for September 2024.

4. Performance

(1) 81 Domestic Hotel Properties³

	Oct. 2024	Oct. 2023	Difference	Jul.- Oct. 2024	Jul.- Oct. 2023	Difference
Occupancy Rate ⁴	87.5%	83.3%	+4.2pt	86.3%	83.8%	+2.5pt
ADR (JPY) ⁵	14,503	12,858	+12.8%	15,131	13,929	+8.6%
RevPAR (JPY) ⁶	12,684	10,709	+18.4%	13,059	11,679	+11.8%
Gross Revenue (JPY million) ⁹	8,703	7,622	+14.2%	34,462	31,406	+9.7%

(2) Cayman Hotels

	Oct. 2024	Oct. 2023	Difference	Jul.- Oct. 2024	Jul.- Oct. 2023	Difference
Occupancy Rate ⁴	50.7%	59.3%	-8.6pt	47.0%	57.5%	-10.5pt
ADR (USD) ⁵	306	288	+6.4%	330	329	+0.5%
RevPAR (USD) ⁶	155	171	-9.1%	155	189	-17.9%
Gross Revenue (USD thousand)	4,601	5,302	-13.2%	17,851	22,007	-18.9%

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(3) 41 Residential Properties⁷

	End of Oct. 2024	End of Oct. 2023	Difference	Jul.- Oct. 2024	Jul.- Oct. 2023	Difference
Occupancy Rate	96.8%	96.0%	+0.8pt	96.9%	96.0%	+0.9pt
Rent per Tsubo (JPY)	9,312	9,237	+0.8%	9,290	9,209	+0.9%

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

(JPY Million)	Oct. 2024	Oct. 2023	Difference	Jul.- Oct. 2024	Jul.- Oct. 2023	Difference
Tokyo 23 Wards	840	617	+36.0%	2,566	2,033	+26.2%
Greater Tokyo (ex. Tokyo 23 Wards)	455	267	+70.6%	1,535	925	+65.9%
Greater Tokyo - Subtotal	1,295	884	+46.5%	4,102	2,959	+38.6%
Chubu	395	312	+26.7%	1,525	1,315	+16.0%
Kansai	266	172	+54.3%	713	516	+38.2%
Kyushu	392	451	-13.1%	2,419	2,364	+2.3%
Hokkaido	246	156	+57.2%	1,827	1,743	+4.8%
Other domestic	358	315	+13.4%	1,595	1,412	+13.0%
Domestic Hotel- Subtotal	2,954	2,293	+28.8%	12,184	10,310	+18.2%
Residential	191	187	+2.2%	763	746	+2.3%
Commercial	12	12	+0.3%	51	51	+0.4%
Domestic Asset-Subtotal	3,158	2,493	+26.7%	13,000	11,108	+17.0%
Overseas	49	64	-22.9%	191	454	-57.8%
Total	3,208	2,558	+25.4%	13,191	11,562	+14.1%

(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-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 renovation of Hotel MyStays Iidabashi, please refer to page 19 of the presentation material for the June 2024 fiscal period results:
https://www.invincible-inv.co.jp/en/ir/upd/20240826_EN_June2024FP_vF2.pdf

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