

May 31, 2021

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
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Notice concerning Revision of Forecast of Financial Results and Distribution for the 36th Fiscal Period Ending June 2021

Invincible Investment Corporation (“INV”) today announced the revision of its forecast of financial results and Distribution per Unit (“DPU”) for the fiscal period ending June 2021 (36th Fiscal Period), stated as TBD in “Financial Summary for the December 2020 Fiscal Period (from July 1, 2020 to December 31, 2020)” dated February 25, 2021.

1. Revision of the forecast of financial results and distribution for the fiscal period ending June 2021 (from January 1, 2021 to June 30, 2021)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 25, 2021)	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD	JPY million TBD
Revised forecast (B)	JPY million 3,808	JPY million (2,486)	JPY million (3,729)	JPY million (3,729)	JPY million 91
Amount of variance (B) – (A)	JPY million -	JPY million -	JPY million -	JPY million -	JPY million -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -	% -
(Reference) Fiscal Period Ended June 2020	JPY million 9,410	JPY million 1,496	JPY million 424	JPY million 423	JPY million 420

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	Earnings per Unit (Note 1)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on February 25, 2021)	JPY TBD	JPY TBD	JPY TBD	JPY TBD
Revised forecast (B)	JPY (611)	JPY 15	JPY -	JPY 15
Amount of variance (B) – (A)	JPY -	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% -	% -	% -	% -
(Reference) Fiscal Period Ended June 2020	JPY 70	JPY 69	JPY -	JPY 69

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 units

(Reference)

Assumptions underlying the forecast of financial results and DPU for the fiscal period ending June 2021 are provided in Appendix 1.

2. Reasons for the revision of forecast of financial results and distribution

The forecast of financial results and DPU for the fiscal period ending June 2021 remained undetermined at the time of the announcement of “Financial Summary for the December 2020 Fiscal Period (from July 1, 2020 to December 31, 2020)” on February 25, 2021, as it was difficult to create the forecast due to the spread of COVID-19. As announced in “Performance Update for April 2021” dated May 25, 2021, the operating status of each hotel up to April 2021 has been generally clarified. Therefore, we have decided to announce the revision of forecast of financial results and DPU for the fiscal period ending June 2021, based on the information currently available to INV and certain assumptions that are deemed reasonable by INV.

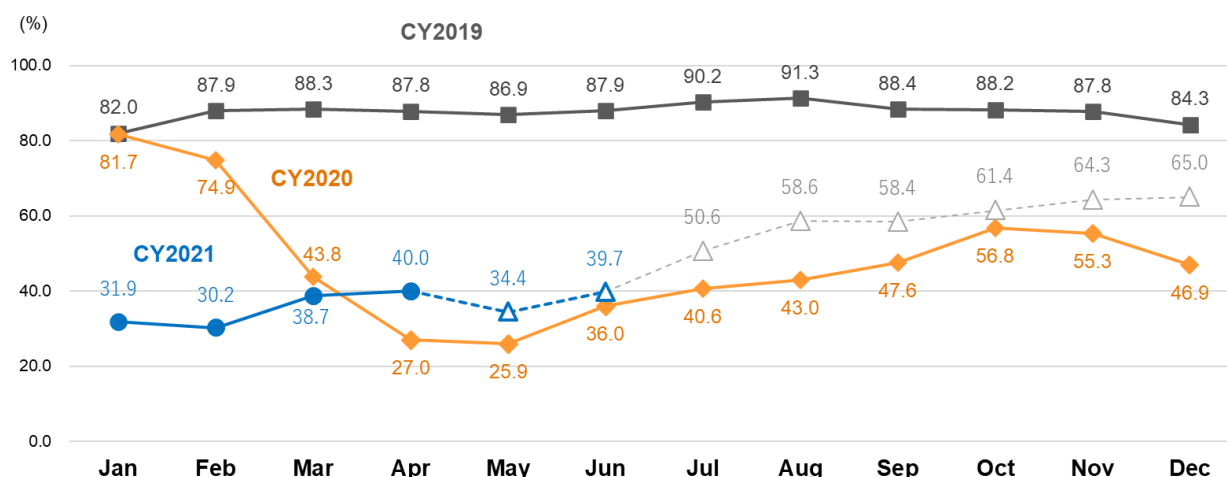
Amid the significant adverse effects of COVID-19, vaccinations have started in Japan but are still in the early stages. It is difficult to forecast hotel demand due to the reissuing of State of Emergency and quasi-State of Emergency measures, mainly for large cities and their surrounding areas. Hotel demand remains low due to the impact from self-restraint regarding business trips and leisure travel. There is no sign that the Go To Travel campaign, which stimulated domestic travel demand from summer to fall 2020, can be resumed after being suspended in December 2020. In addition, inbound tourist demand cannot be expected, as the restrictions on entry into Japan remain in place.

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Under such circumstances, INV's main tenant, MyStays Hotel Management Co., Ltd. ("MHM"), has been striving to capture new demand to support occupancy rates by selling telework plans, accepting voluntarily self-isolation demand for returnees and immigrants, and providing plans that meet diversifying customer needs in a COVID-19 stricken environment.

The occupancy rate of the domestic hotel portfolio is as shown below.

Change in Occupancy Rate (Note 1) of 75 Domestic Hotels (Note 2)



(Note 1) "Occupancy Rate" for hotel portfolio is calculated using the following formula:

room occupancy rate = total number of rooms occupied during the relevant month ÷ (aggregate number of rooms during the relevant month x number of business days during the relevant months). Hereinafter the same.

(Note 2) Based on 75 hotel properties; of the 84 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) held as of the end of April 2021, nine hotels with fixed-rent lease agreements are excluded. Hereinafter the same.

(Note 3) The figures for May 2021 and onwards show estimated figures as of today, and are subject to change, as it is still difficult to anticipate the spread, containment and impact of the COVID-19 pandemic. In particular, the forecast for July 2021 and onwards are based on certain assumptions such as the Tokyo Olympics and Paralympics (the "Tokyo 2020") being held with a certain number of spectators. Therefore, the forecast and the actual result may deviate significantly due to factors such as whether or not the Tokyo 2020 will be held, whether or not there will be spectators at the Tokyo 2020 and the yet to be determined restrictions regarding spectators, the progress of vaccination against COVID-19, and the status of the COVID-19 pandemic after the Tokyo 2020, etc.

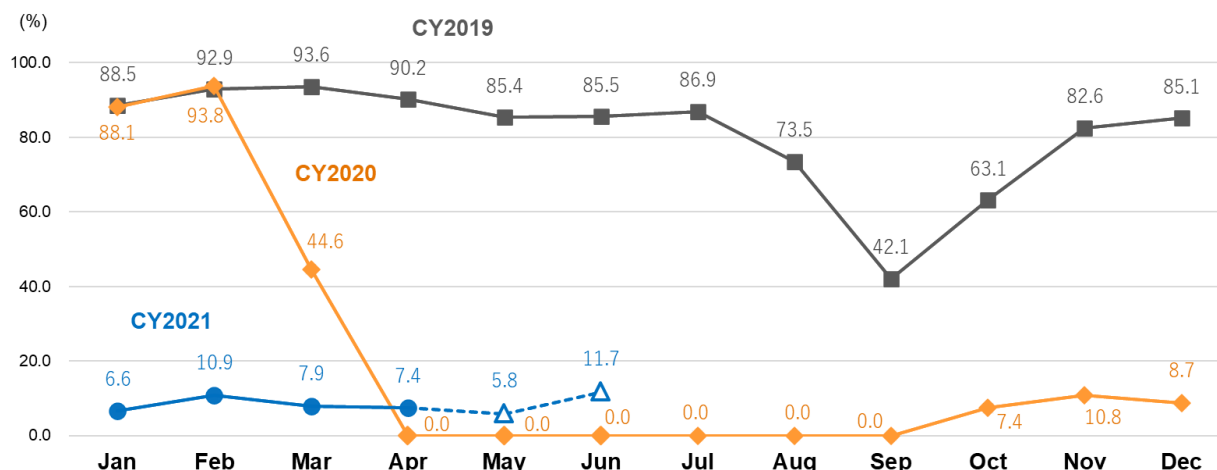
For the Cayman Hotels, Owen Roberts International Airport in Grand Cayman has been closed since late March 2020. Sunshine Suites Resort ("Sunshine") resumed operations after being selected as one of the hotels for self-isolation, while the Westin Grand Cayman Seven Mile Beach Resort & Spa ("Westin") has been suspended except for one restaurant serving local customers. The occupancy rates of the two Cayman Hotels are extremely limited as shown below, and the business situation remains severe.

COVID-19 vaccinations have been making steady progress in the Cayman Islands as approximately 63% of the Cayman population has been administered the first dose as of May 20. Westin is

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scheduled to reopen on a limited basis from June 9, 2021 to capture staycation demand during summer vacation from domestic customers and is preparing to accept tourists from overseas after commercial flights resume. However, the Cayman Islands government has not announced when the ban on tourists will be lifted. Moreover, as of today, construction pertaining to the Westin annex development plan has not yet begun, and the outlook for the progress of future projects is undecided.

Change in Occupancy Rate of the Cayman Hotels



(Note 4) The figures for May 2021 and onwards show estimated figures as of today, and are subject to change, as it is still difficult to anticipate the spread, containment and impact of the COVID-19 pandemic.

In response to the above situation, INV concluded a Memorandum of Understanding (“March 2021 MOU”) to amend each fixed-term building lease and property management agreement for 73 domestic hotels operated by MHM and its affiliates (collectively with MHM, the “MHM Group”) as announced in “Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from January to June, 2021 with Major Tenant” dated March 11, 2021. In light of the current estimated GOP of 73 hotels operated by the MHM Group, rent from the MHM Group for the fiscal period ending June 2021 is estimated to be JPY 1 billion, which is an amount equivalent to fixed rent, and no variable rent is expected to be paid.

Regarding dividend income for the fiscal period ending June 2021 related to preferred equity interest in the TMK which holds the Sheraton Grande Tokyo Bay Hotel as an underlying asset, the dividend income is expected to be zero since it is based on the hotel's performance from October 1, 2020 to March 31, 2021, or the calculation period of the TMK issuing preferred equity interest, in which the hotel has seen a significant decline in room occupancy rates.

As a result, the NOI of domestic hotels for the fiscal period ending June 2021 is expected to be JPY 986 million, an increase of 27.2% compared to the June 2020 fiscal period, but a decrease of 87.7% compared to the June 2019 fiscal period prior to the pandemic.

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For overseas hotels, expenses at the hotels is estimated to exceed its sales, so the excess amount of hotel expenses (JPY 330 million) will be recorded as management contract expense, while management contract revenue will not be recorded. NOI is expected to be JPY (486) million.

With regard to the residential portfolio, the occupancy rate was sluggish in the fiscal period ending December 2021 due to the spread of COVID-19 infections. However, occupancy recovered from the beginning of 2021, and the occupancy rate at the end of April 2021 reached the same level as the end of April 2020. NOI for the 54 properties held today is expected to be JPY 1,378 million, the same level as the same period in the previous year.

As a result, net loss for the fiscal period ending June 2021 is expected to be JPY 3,729 million. INV's balance of retained earnings after such net loss is expected to be JPY 8.6 billion. In order to avoid zero distribution for the fiscal period ending June 2021, INV intends to distribute a total of JPY 91 million (JPY 15 per unit) by way of withdrawal of retained earnings.

At this point in time, the outlook for the hotel sector remains uncertain, but INV and its asset management company will continue to make every effort to further recover. Moreover, the forecast of financial results and DPU for the fiscal period ending December 2021 and onwards will be announced at a later date, once we have a clearer outlook.

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

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 30, 2021>

Item	Assumptions
Fiscal period	The June 2021 Fiscal Period: from January 1, 2021 to June 30, 2021 (181 days)
Assets under management	<p>Properties held as of the end of the June 2021 Fiscal Period: 141 properties and preferred equity interests in one TMK</p> <p>Based on the properties held as of today (141 properties and preferred equity interests in one TMK), and INV assumes that there will be no change in the portfolio through the end of the fiscal period ending June 2021.</p>
Units outstanding	<p>As of the end of the June 2021 Fiscal Period: 6,096,840 units</p> <p>INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the June 2021 Fiscal Period.</p>
Interest-bearing liabilities	<p>Balance as of the end of the fiscal period ending June 2021: JPY 251,931 million (borrowing: JPY 243,731 million, investment corporation bonds: JPY 8,200 million)</p> <p>INV assumes that there will be no change to the current total balance of JPY 251,931 million.</p> <p>INV assumes no other new loan or prepayment of loan through the end of the June 2021 Fiscal Period.</p>

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<p>Operating revenues</p>	<p>INV expects to record rental revenues for the fiscal period as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right;">June 2021 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Rental revenues</td> <td style="text-align: right;">JPY 3,808 million</td> </tr> <tr> <td> (of these, hotel rents)</td> <td style="text-align: right;">(JPY 1,622 million)</td> </tr> <tr> <td> (fixed hotel rents)</td> <td style="text-align: right;">(JPY 1,546 million)</td> </tr> <tr> <td> (variable hotel rents)</td> <td style="text-align: right;">(JPY 75 million)</td> </tr> <tr> <td>• Management contract revenue</td> <td style="text-align: right;">-</td> </tr> <tr> <td>• TMK dividend amount</td> <td style="text-align: right;">-</td> </tr> <tr> <td style="border-top: 1px solid black;">Total operating revenues</td> <td style="text-align: right; border-top: 1px solid black;">JPY 3,808 million</td> </tr> </tbody> </table> <p>INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the TMK.</p> <p>INV recognizes management contract revenue from the overseas hotels as real estate investment income from management contracts of the Cayman Hotels. The forecasts of management contract revenue are based on estimated performance of the overseas hotels and the assumed amount of expenses incurred by the hotel management company. However, there will be no management contract revenue for the June 2021 Fiscal Period, as the expenses at the overseas hotels exceeded the revenues. Previously, INV had assumed that the expansion and renovation of the Cayman Hotels would begin in the summer of 2020 with the goal of completion in the summer of 2023. However, considering the situation of the Cayman Hotels under the impact of COVID-19, INV is forced to refrain from discussions on the expansion and renovation project. As a result, INV does not anticipate and incorporate any particular impact of the expansion and renovation for the purpose of this forecast for the fiscal period ending June 2021.</p> <p>Rental revenues are calculated after considering waiving of rent and change of variable rent pursuant to the March 2021 MOU, and based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by other tenants.</p>		June 2021 Fiscal Period	• Rental revenues	JPY 3,808 million	(of these, hotel rents)	(JPY 1,622 million)	(fixed hotel rents)	(JPY 1,546 million)	(variable hotel rents)	(JPY 75 million)	• Management contract revenue	-	• TMK dividend amount	-	Total operating revenues	JPY 3,808 million						
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<p>Operating expenses</p>	<p>INV expects to incur property related expenses and management contract expenses out of operating expenses for the fiscal period as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right;">June 2021 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Facility management fees (Note 1)</td> <td style="text-align: right;">JPY 829 million</td> </tr> <tr> <td> (of these, repair costs)</td> <td style="text-align: right;">(JPY 22 million)</td> </tr> <tr> <td>• Taxes and other public charges (Note 2)</td> <td style="text-align: right;">JPY 609 million</td> </tr> <tr> <td>• Insurance expenses</td> <td style="text-align: right;">JPY 135 million</td> </tr> <tr> <td>• Depreciation expenses</td> <td style="text-align: right;">JPY 3,923 million</td> </tr> <tr> <td>• Other expenses</td> <td style="text-align: right;">JPY 172 million</td> </tr> <tr> <td style="border-top: 1px solid black;">Total property related expenses and management contract expenses</td> <td style="text-align: right; border-top: 1px solid black;">JPY 5,671 million</td> </tr> </tbody> </table> <p>(Note 1) Since the expenses at the overseas hotels is forecasted to exceed the revenues, the excess amount (JPY 330 million) is recorded as management contract expenses for a portion of facility management fees. Management contract expenses have been calculated based on the exchange rate of USD 1 = JPY 110.00,</p> <p>INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal period as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: right;">June 2021 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Other operating expenses</td> <td style="text-align: right;">JPY 623 million</td> </tr> <tr> <td>(of these, asset management fees)</td> <td style="text-align: right;">(JPY 300 million)</td> </tr> </tbody> </table>		June 2021 Fiscal Period	• Facility management fees (Note 1)	JPY 829 million	(of these, repair costs)	(JPY 22 million)	• Taxes and other public charges (Note 2)	JPY 609 million	• Insurance expenses	JPY 135 million	• Depreciation expenses	JPY 3,923 million	• Other expenses	JPY 172 million	Total property related expenses and management contract expenses	JPY 5,671 million		June 2021 Fiscal Period	• Other operating expenses	JPY 623 million	(of these, asset management fees)	(JPY 300 million)
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NOI	<p>INV expects to record net operating income for the fiscal period as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">June 2021 Fiscal Period</td> </tr> <tr> <td>• NOI</td> <td style="text-align: right;">JPY 2,060 million</td> </tr> <tr> <td>(of these, domestic hotel NOI)</td> <td style="text-align: right;">(JPY 986 million)</td> </tr> <tr> <td>(of these, overseas hotel NOI)</td> <td style="text-align: right;">(JPY (486) million)</td> </tr> <tr> <td>(of these, residential NOI)</td> <td style="text-align: right;">(JPY 1,378 million)</td> </tr> </table> <p>NOI calculation method in the above table is as follows • NOI= Rental Revenues - Property Related Expenses + Depreciation Expenses+ Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)</p> <p>NOI for June 2021 fiscal period is calculated after considering waiving of rent, and changes of variable rent pursuant to the March 2021 MOU.</p>		June 2021 Fiscal Period	• NOI	JPY 2,060 million	(of these, domestic hotel NOI)	(JPY 986 million)	(of these, overseas hotel NOI)	(JPY (486) million)	(of these, residential NOI)	(JPY 1,378 million)				
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Non-operating expenses	<p>INV expects to incur non-operating expenses for the fiscal period as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <tr> <td></td> <td style="text-align: right;">June 2021 Fiscal Period</td> </tr> <tr> <td>• Interest expense</td> <td style="text-align: right;">JPY 616 million</td> </tr> <tr> <td>• Finance related costs</td> <td style="text-align: right;">JPY 525 million</td> </tr> <tr> <td>• Interest for investment corporation bonds</td> <td style="text-align: right;">JPY 27 million</td> </tr> <tr> <td>• Depreciation of investment corporation bonds issuance expenses</td> <td style="text-align: right;">JPY 6 million</td> </tr> <tr> <td>• Foreign exchange losses (Note 1)</td> <td style="text-align: right;">JPY 66 million</td> </tr> <tr> <td><u>Total non-operating expenses</u></td> <td style="text-align: right;"><u>JPY 1,242 million</u></td> </tr> </table> <p>(Note 1) Since the yen has been depreciating compared to the end of the previous fiscal period, we expect to record foreign exchange losses.</p>		June 2021 Fiscal Period	• Interest expense	JPY 616 million	• Finance related costs	JPY 525 million	• Interest for investment corporation bonds	JPY 27 million	• Depreciation of investment corporation bonds issuance expenses	JPY 6 million	• Foreign exchange losses (Note 1)	JPY 66 million	<u>Total non-operating expenses</u>	<u>JPY 1,242 million</u>
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<u>Total non-operating expenses</u>	<u>JPY 1,242 million</u>														
Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending June 2021, INV expects to distribute JPY 91 million (distribution per unit: JPY 15) by way of reversal of internal reserve.</p> <p>For the fiscal period ending June 2021, INV expects to record deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY (165) million, which is equal to the amount for the fiscal period ended December 2020. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap does not affect the distribution per unit and earnings per unit.</p> <p>Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</p>														

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<p>Excess profit distribution per unit</p>	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.</p> <p>INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.</p> <p>With respect to the fiscal period ending June 2021, INV will not have to make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment, as corporate tax will not be levied since taxable income is not generated as a result of net loss .</p> <p style="text-align: right;">June 2021 Fiscal Period</p> <p>Excess profit distribution per unit -</p> <p>Moreover, we will distribute JPY 91 million by utilizing a portion of internal reserve in the amount of JPY12.3 billion which was accumulated via asset dispositions.</p>
<p>Other</p>	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>

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<Temporary Closure Status of Hotels Owned by INV>

Property Number	Property Name	Location	Closed Date	End Date of Closing Period	Hotel That Consolidates Operations During Close
D200	Westin Grand Cayman Seven Mile Beach Resort & Spa	Cayman Islands	Mar. 22, 2020	June 8, 2021	-
D44	Hotel Epinard Nasu	Nasu-gun, Tochigi	Jan. 24, 2021	Feb. 26, 2021	
D68	Hotel MyStays Kanazawa Castle	Kanazawa-shi, Ishikawa	Jan. 24, 2021	Feb. 28, 2021	Hotel MyStays Premier Kanazawa
D75	Hotel MyStays Sapporo Susukino	Sapporo-shi, Hokkaido	Feb. 1, 2021	Mar. 21, 2021	Hotel MyStays Premier Sapporo Park
D76	Hotel Mystays Sapporo Nakajima Park	Sapporo-shi, Hokkaido	Jan. 12, 2021	Mar. 21, 2021	
D77	Hotel MyStays Sapporo Nakajima Park Annex	Sapporo-shi, Hokkaido	Dec. 1, 2020	Mar. 21, 2021	

(Note 1) Only hotels that were temporarily closed after January 2021 are listed. As of May 28, 2021, and subject to change.

(Note 2) In addition to the above, APA Hotel Yokohama-Kannai has been used as an accommodation and medical facility for people with mild COVID-19 cases since August 4, 2020 and is scheduled to be used as such until July 2021.

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