

April 25, 2023

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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General Manager of Planning Department
(Tel. +81-3-5411-2731)

Notice concerning Revision of Forecast of Financial Results and Distribution for the 40th Fiscal Period Ending June 2023

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 2023 (40th Fiscal Period), which was previously announced in “Financial Summary for the December 2022 Fiscal Period (from July 1, 2022 to December 31, 2022)” dated February 22, 2023.

1. Revision of the forecast of financial results and distribution for the fiscal period ending June 2023 (from January 1, 2023 to June 30, 2023)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on February 22, 2023)	JPY million 11,690	JPY million 5,964	JPY million 4,657	JPY million 4,656	JPY million 4,651
Revised forecast (B)	JPY million 15,328	JPY million 9,555	JPY million 8,309	JPY million 8,309	JPY million 8,303
Amount of variance (B) – (A)	JPY million 3,638	JPY million 3,590	JPY million 3,652	JPY million 3,652	JPY million 3,652
Rate of variance ((B) – (A)) / (A)	% 31.1	% 60.2	% 78.4	% 78.4	% 78.5

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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 22, 2023)	JPY 763	JPY 763	JPY -	JPY 763
Revised forecast (B)	JPY 1,362	JPY 1,362	JPY -	JPY 1,362
Amount of variance (B) – (A)	JPY 599	JPY 599	JPY -	JPY 599
Rate of variance ((B) – (A)) / (A)	% 78.5	% 78.5	% -	% 78.5

(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 2023 are provided in Appendix 1.

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

As announced in “Performance Update for March 2023” dated today, the operating status of each property up to March 2023 has been generally clarified, and operating revenues and DPU for the fiscal period ending June 2023 are expected to increase by more than 10% (31.1%) and 5% (78.5%), respectively, from the previous forecast announced in “Financial Summary for the December 2022 Fiscal Period (from July 1, 2022 to December 31, 2022)” dated February 22, 2023. Therefore, we have decided to announce the revision of forecast of financial results and DPU for the fiscal period ending June 2023.

3. Overview of the Portfolio by segment

An overview and outlook by segment are as follows:

(1) Domestic hotels

Due to the recovery of domestic leisure demand (partially assisted by the government's "National Travel Support" tourism promotion program) and increased inbound demand, the performance of domestic hotels owned by INV has remained solid, with each KPI close to the 2019 level before the COVID-19 pandemic. According to the Lodging Travel Statistics Survey released by the Japan Tourism Agency, the average total number of Japanese overnight stays from January to February 2023 was up 0.3% from the same period in 2019 to 33.95 million overnight stays (the figure for January 2023 is the second preliminary figure and February 2023 is the first preliminary figure), almost the same level as before the pandemic. According to estimates released by JTB Corp. on

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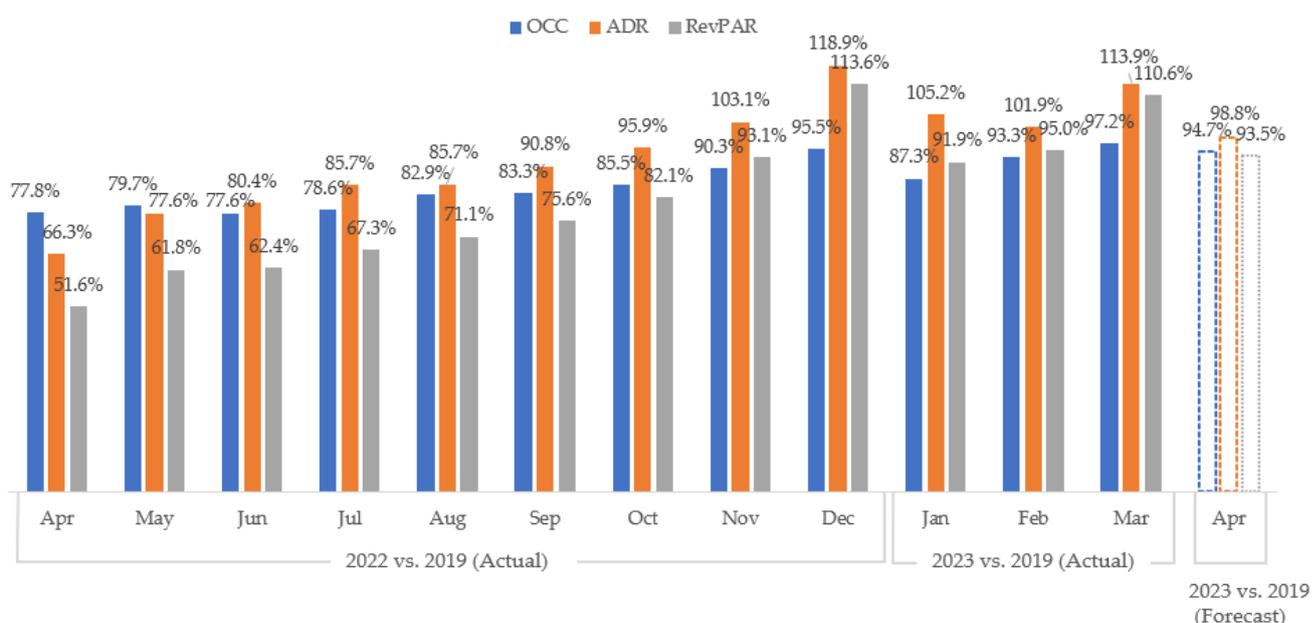
April 6, 2023, the number of domestic travelers during the Golden Week holidays this year is estimated to be 24.5 million, recovering to 102% of the 2019 level, and even in the absence of the "National Travel Support" (the program is not applicable from April 29 to May 7), strong lodging demand is expected. In addition, the total number of inbound foreign visitors (estimated figures) for each month from January to March this year, announced by the Japan National Tourism Organization (JNTO), has been approximately 55% to 65% of the same month of 2019. With the government's announcement of the relaxation of border measures for Chinese tourists on April 5, 2023, and the termination of border measures for worldwide visitors on May 8, 2023, further recovery is expected in the future.

On the other hand, cost increases due to global price hikes have become an issue. MyStays Hotel Management, Inc. ("MHM") and its affiliated companies (collectively with MHM, the "MHM Group"), the main operators of hotels owned by INV, are working to maximize GOPPAR (GOP per available room) by taking various efficiency and cost reduction measures. As announced in "Notice concerning the Fixed-term Building Lease and Property Management Agreement with Major Tenant" dated March 10, 2023, there will be no rent reductions or other measures for the MHM Group after January 2023, and fixed and variable rents based on the original lease terms will be paid in the fiscal period ending June 2023.

The KPIs of the domestic hotel portfolio are as shown below.

Recovery Trend of KPIs from April 2022 to April 2023 : (1) 75 Hotels in Japan

Percentages represent KPIs as a percent of 2019 KPIs of the same month (100% = 2019)



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<Forecast of KPIs of the 75 domestic hotel portfolio¹>

	June 2023 fiscal period		
	Previous Forecast	Revised Forecast	Change
Occupancy Rate ²	78.9%	81.4%	+2.5pt
ADR (JPY) ³	9,337	10,586	+1,249
RevPAR (JPY) ⁴	7,368	8,614	+1,246
GOP (JPY million) ⁵	7,549	10,003	+2,454
NOI (JPY million) ⁶	6,421	8,843	+2,422

(Note 1) 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 today, nine hotels with fixed-rent lease agreements are excluded. Of the nine properties excluded, INV changed the lease contract regarding "Takamatsu Tokyu REI Hotel" with Tokyu Hotels Corporation, its major tenant, to "fixed rent plus variable rent" from April 25, 2023, but in consideration of the continuity of disclosed data regarding 75 domestic hotels, we will not include this hotel in the group of 75 domestic hotels for the time being. Hereinafter the same.

(Note 2) "Occupancy Rate", or "OCC" 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 3) "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. Hereinafter the same.

(Note 4) "RevPAR", or Revenues Per Available Room, is calculated by dividing the total sales for a certain period by the aggregate number of rooms for the same period (rooms x number of days), and is the same figure as that of a product of ADR and occupancy rate.

(Note 5) "GOP" means the gross operating profit, and is the amount remaining after deducting costs of hotel operations (the personnel, utility and advertising expenses and other expenses) and the management services fee to operators (if any) from the hotel's revenues. GOP will be the basis of rental income received by INV as rent. GOP for the Sheraton Grande Tokyo Bay Hotel has been multiplied by 49%, or INV's ownership ratio of the preferred equity interest. Hereinafter the same.

(Note 6) "NOI" is calculated using the following formula:

NOI = Rental Revenues – Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue – Management Contract Expense). Hereinafter the same.

(Note 7) Percentages are rounded to one decimal place. Hereinafter the same. ADR and RevPAR are rounded to the nearest yen and GOP is rounded down to the nearest million yen.

(Note 8) The figures for April 2023 onwards show preliminarily estimated figures as of today, and are subject to change.

(2) Cayman Hotels

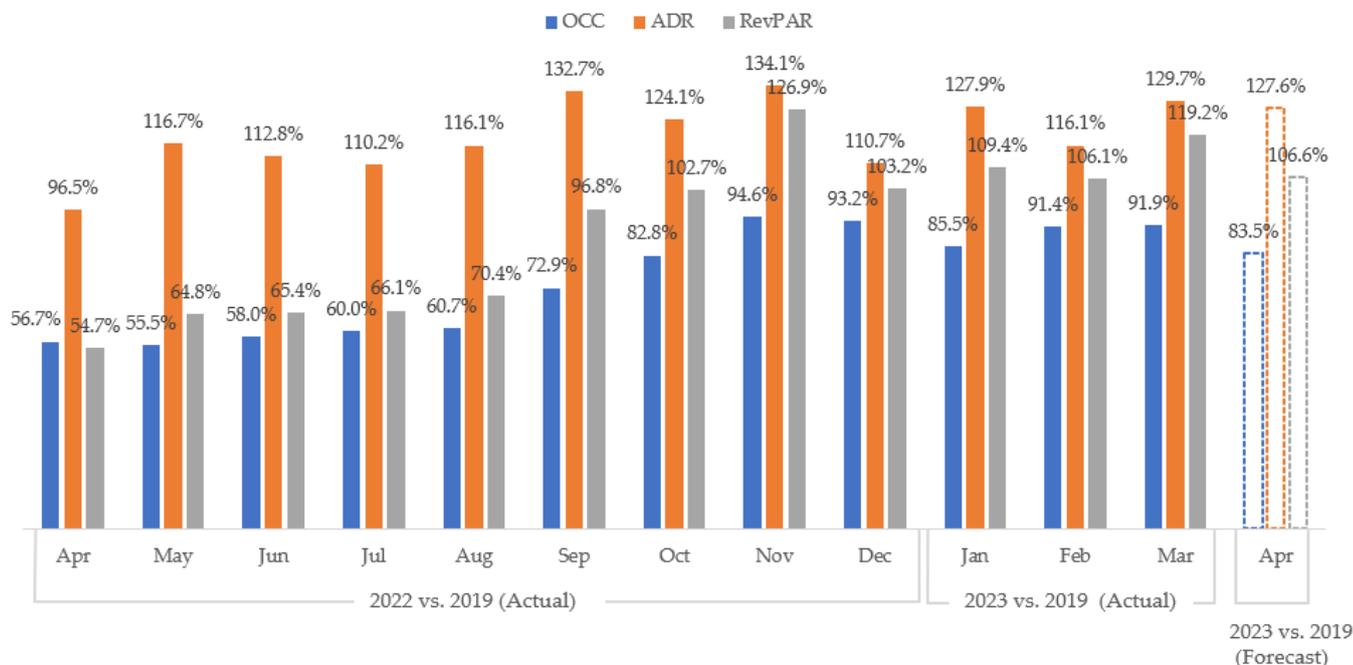
For the Cayman Hotels, demand has recovered after all travel-related restrictions to the Cayman Islands were lifted in August 2022. Due to airline staffing shortages, the total number of seats on commercial flights has not returned to 2019 levels, and occupancy rates for the Cayman Hotels have not reached 2019 levels. On the other hand, due to a long period of restricted travel, visitors are more willing to pay a premium for their long-delayed vacations, and ADR (average daily room rate) has well exceeded the 2019 levels and RevPAR has also exceeded the 2019 levels. As a result, the increase in sales has absorbed the rise in costs, and NOI on a US dollar basis has exceeded the levels in the same period in 2019, and we expect these conditions to continue for the foreseeable future.

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The KPIs of the two Cayman Hotels are as shown below.

Recovery Trend of KPIs from April 2022 to April 2023 : (2) 2 Hotels in Cayman

Percentages represent KPIs as a percent of 2019 KPIs of the same month (100% = 2019)



<Forecast of KPIs of the two Cayman Hotels >

	June 2023 Fiscal Period		
	Previous Forecast	Revised Forecast	Change
Occupancy Rate	68.5%	75.3%	+6.8pt
ADR (USD)	478	535	+56
RevPAR (USD)	328	402	+75
GOP (USD)	21,745,141	28,098,636	+6,353,495
NOI (USD)	20,298,358	26,681,995	+6,383,637

(Note 9) The figures for April 2023 onwards show preliminarily estimated figures as of today, and are subject to change.

(Note 10) ADR and RevPAR are based on USD.

(3) Residences

The residential sector saw a temporary decline in occupancy rates immediately after the outbreak of the COVID-19 pandemic in 2020, but has remained stable since then, and stable earnings are expected going forward.

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<Forecasts for KPIs of 41 residential properties¹¹⁾>

	June 2023 Fiscal Period		
	Previous Forecast	Revised Forecast	Change
Occupancy Rate ¹²⁾	96.6%	96.8%	+0.2pt
Average Rent per Tsubo (JPY) ¹³⁾	9,184	9,175	-9
NOI (JPY million) ¹⁴⁾	1,115	1,116	+1

(Note 11) Based on 41 properties held by INV as of the end of December 2022; hereinafter the same.

(Note 12) Occupancy rate for residential portfolio is calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month and the percentages are rounded to one decimal place.

(Note 13) Cumulative rent per tsubo is calculated by dividing the sum of the total rental revenue including common area charges for each month by the sum of total leased area (tsubo) at the end of each month.

(Note 14) NOI is rounded down to the nearest unit. NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.

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

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<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 30, 2023>

Item	Assumptions
Fiscal period	The June 2023 Fiscal Period: from January 1, 2023 to June 30, 2023 (181 days)
Assets under management	<p>Properties held as of the end of the June 2023 Fiscal Period: 127 properties and preferred equity interests in one TMK</p> <p>Based on the properties held as of today (127 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 2023.</p>
Units outstanding	<p>As of the end of the June 2023 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 2023 Fiscal Period.</p>
Interest-bearing liabilities	<p>Balance as of the end of the June 2023 Fiscal Period: JPY 240,017 million (borrowing: JPY 231,817 million, investment corporation bonds: JPY 8,200 million)</p> <p>As mentioned in the press releases entitled "Notice concerning Debt Financing (Refinance)" dated March 10, 2023, INV implemented a total of JPY 17,019 million of borrowing (refinance) in March 2023, and the total balance as of today is JPY 240,017 million. Regarding the loans maturing today onwards during the June 2023 Fiscal Period (a total of JPY 4,849 million), INV intends to refinance at a similar condition. Regarding the investment corporation bonds (JPY 1,000 million) maturing May 2023, INV intends to redeem by issuing investment corporate bonds of the same amount or by borrowing the same amount.</p> <p>INV assumes no other new loan or prepayment of loan through the end of the June 2023 Fiscal Period.</p>

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Operating revenues	<p>INV expects to record rental revenues for the fiscal period as follows:</p> <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="text-align: center;">June 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Rental revenues</td> <td style="text-align: right;">JPY 11,590 million</td> </tr> <tr> <td> (of these, hotel rents)</td> <td style="text-align: right;">(JPY 9,760 million)</td> </tr> <tr> <td> (fixed hotel rents)</td> <td style="text-align: right;">(JPY 5,510 million)</td> </tr> <tr> <td> (variable hotel rents)</td> <td style="text-align: right;">(JPY 4,250 million)</td> </tr> <tr> <td>• Management contract revenue</td> <td style="text-align: right;">JPY 3,738 million (USD 28,098 thousand)</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 15,328 million</td> </tr> </tbody> </table>		June 2023 Fiscal Period	• Rental revenues	JPY 11,590 million	(of these, hotel rents)	(JPY 9,760 million)	(fixed hotel rents)	(JPY 5,510 million)	(variable hotel rents)	(JPY 4,250 million)	• Management contract revenue	JPY 3,738 million (USD 28,098 thousand)	• TMK dividend amount	-	Total operating revenues	JPY 15,328 million
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<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. INV receives dividend income on the preferred equity interest of Kingdom Special Purpose Company (Kingdom TMK) that owns SGTB as an underlying asset. but due to the prolonged sluggish business performance attributed to COVID-19, Kingdom TMK has a cumulative loss, and dividends will not be paid to INV while this cumulative loss exists. Kingdom TMK's cumulative loss is expected to gradually be eliminated and we expect, at this point in time, that Kingdom TMK's cumulative loss will be completely resolved, and dividends will be received from the June 2024 fiscal period.</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. Management contract revenues from January to March 2023 have been calculated based on the monthly average exchange rate of each month. Management contract revenues for April to June 2023 have been calculated based on exchange rate of USD 1 = JPY 134, and the foreign currency risk on the management contract revenues are partially hedged by foreign exchange forward contracts. Please refer to "Notice concerning Execution of Foreign Exchange Forward" dated January 25, 2023. In addition, the management contract revenues from July 2023 through December 2024 are partially hedged by foreign exchange forward contracts. Please refer to "Notice concerning Execution of Foreign Exchange Forward" dated. March 10, 2023 for details of the foreign exchange forward.</p> <p>Moreover, INV resumed consideration of expansion and renovation regarding Westin Grand Cayman Resort & Spa but details are yet to be determined. Therefore, INV does not anticipate or incorporate any particular impact of the expansion and renovation for the purpose of this forecast through the end of the fiscal period ending June 2023.</p> <p>Rental revenues are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by other tenants.</p>																	

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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: 80%;"></th> <th style="text-align: right;">June 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Facility management fees (of these, repair costs)</td> <td style="text-align: right;">JPY 504 million (JPY 18 million)</td> </tr> <tr> <td>• Taxes and other public charges</td> <td style="text-align: right;">JPY 591 million</td> </tr> <tr> <td>• Insurance expenses</td> <td style="text-align: right;">JPY 171 million</td> </tr> <tr> <td>• Depreciation expenses</td> <td style="text-align: right;">JPY 3,807 million</td> </tr> <tr> <td>• Other expenses</td> <td style="text-align: right;">JPY 114 million</td> </tr> <tr> <td colspan="2"><hr/></td> </tr> <tr> <td>Total property related expenses and management contract expenses</td> <td style="text-align: right;">JPY 5,190 million</td> </tr> </tbody> </table> <p>INV expects to incur operating expenses other 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: 80%;"></th> <th style="text-align: right;">June 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Other operating expenses (of these, asset management fees)</td> <td style="text-align: right;">JPY 583 million (JPY 300 million)</td> </tr> </tbody> </table>		June 2023 Fiscal Period	• Facility management fees (of these, repair costs)	JPY 504 million (JPY 18 million)	• Taxes and other public charges	JPY 591 million	• Insurance expenses	JPY 171 million	• Depreciation expenses	JPY 3,807 million	• Other expenses	JPY 114 million	<hr/>		Total property related expenses and management contract expenses	JPY 5,190 million		June 2023 Fiscal Period	• Other operating expenses (of these, asset management fees)	JPY 583 million (JPY 300 million)
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<p>NOI</p>	<p>INV expects to record net operating income for the fiscal period as follows:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 80%;"></th> <th style="text-align: right;">June 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• NOI</td> <td style="text-align: right;">JPY 13,946 million</td> </tr> <tr> <td>(of these, domestic hotel NOI)</td> <td style="text-align: right;">(JPY 9,165 million)</td> </tr> <tr> <td>(of these, overseas hotel NOI)</td> <td style="text-align: right;">(JPY 3,586 million)</td> </tr> <tr> <td>(of these, residential NOI)</td> <td style="text-align: right;">(JPY 1,116 million)</td> </tr> </tbody> </table> <p>NOI calculation method in the above table is as follows</p> <p>• NOI = Rental Revenues - Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue - Management Contract Expense)</p>		June 2023 Fiscal Period	• NOI	JPY 13,946 million	(of these, domestic hotel NOI)	(JPY 9,165 million)	(of these, overseas hotel NOI)	(JPY 3,586 million)	(of these, residential NOI)	(JPY 1,116 million)										
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