

June 4, 2021

Invincible Investment Corporation

**FAQ regarding the following Press Release disclosed on May 31, 2021**

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

**Q: In the earnings forecast, you are expecting little variable rent, which seems that the hotel market is in a fairly severe condition, but can we regard the current figures as the worst in this COVID-19 pandemic?**

A: As disclosed on page 3 of the earnings forecast press release, in 2021 the occupancy rate probably bottomed out in February even though it continues to be affected by the declaration of State of Emergency and quasi-State of Emergency measures, etc. at this point. We expect that it will get closer to the 2019 results prior to the COVID-19 pandemic toward the end of the year, and we do not believe it will deteriorate further.

**Q: In the previous fiscal period (ended December 2020), INV kept the financial results in the black by the sale of residential assets, while in this fiscal period (ending June 2021) the financial results are forecasted to be in the red with no disposition of assets . What is the background of this difference?**

A: As of the fiscal period ended December 2020, vaccinations had not started and it was difficult to see when the COVID-19 would be brought to a manageable level, therefore, we decided that we should secure a certain amount of profit in the financial results.

On the other hand, in the fiscal period ending June 2021, while the performances are deteriorating, it is expected that vaccinations will progress going forward in the summer and autumn. Therefore, we believe it is better that we focus on maximizing profits of our portfolio in order to prepare for the recovery in the post COVID-19 pandemic, without selling properties. Actually, we recognize that it is necessary to sell a considerable amount of properties if we try to make up for the projected net loss of ¥3.7 billion by the gain on sale. Furthermore, our lenders are not demanding us to sell the properties for the purpose of preventing our financial result from being in the red.

**Q: What is the current status and outlook for MyStays Hotel Management (MHM), the main operator. Does MHM needs support from sponsors or INV?**

A: As reported in the financial results briefing in February this year, MHM has substantially reduced its fixed costs, including personnel costs, and has a stronger business structure. The GOP for the fiscal period ending June 2021 is also expected to be positive, and INV does not plan to provide any financial support as we did last year. Also, we understand that Fortress, as a sponsor, would continually support MHM by various ways as needed.

**Q: A large refinancing is coming up in July this year, but are there any concerns?**

A: We do not have any concerns about the July refinancing. There was also a large refinancing in March, but it was carried out without any problem by the backup centered on the main banks, while it was difficult for some regional banks to respond to the refinance due to the priority to their local customers. The banks subject to refinancing in July are mainly the main banks and banks with higher outstanding lending amounts. On top of that, we will be able to maintain a positive cash flow, having no problem with any financial covenants, although we have forecasted a net loss for the fiscal period ending June 2021. Our lenders understand that our earnings could improve due to the progress of vaccinations. Therefore, we do not believe that there are any concerns about refinancing in July.

**Q: Will you wait for the hotel market to recover, watching the increase of vaccination rate? Or is there a possibility to consider selling properties?**

A: We think it depends on the progress of vaccinations. According to the cases in many western countries which are ahead in vaccinations, the number of newly infected people has decreased significantly once the vaccination rate reached a certain level, say, 20-30%. In the US, a significant recovery in hotel demand has already been seen, mainly in resort-type hotels. In Japan, if the vaccination for elderly people and medical workers is completed by the summer, the hotel market may improve as a result of reduction in the number of newly infected people and seriously ill people, reducing the burden on the medical system. We have not made any specific decision on selling properties at this point of time but will continue to consider all options. One of the options is to not to sell any properties.

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