August 31, 2023

Invincible Investment Corporation

Questions and Answers Related to the Briefing on the Financial Results for the Fiscal Period Ended June 2023

Q：According to your explanation, there are no issues in terms of workforce shortages at hotels owned by Invincible Investment Corporation (“INV”) and they do not face the situation where they need to stop selling rooms. As such, could we think that the recovery of inbound from China would drive a further increase in occupancy rate?

A：Workforce shortage is not an issue at our hotels and we believe that there is further upside for occupancy rate depending on the increase in demand. MYSTAYS HOTEL MANAGEMENT (“MHM”), our main tenant and operator, has approximately 7,400 employees which provides a flexible workforce such as sending employees from one hotel to another when additional staffing is needed during the peak season at each hotel/region. In addition, MHM established the “Narita Hospitality Academy” in order to develop human resources with a diversified background. Considering these points, we do not think that the lack of human resources will prevent MHM from increasing occupancy rate at our hotels.

Q：In terms of future hotel operations, is there any change in your policy to focus on ADR rather than occupancy rate as you aim to maximize GOP?

A：Your understanding is correct, we aim to increase ADR rather than trying to maximize the occupancy rate at each hotel. Considering the Japanese yen depreciation, ADR of hotels in Japan is too low compared to global levels, and this fact has again been recognized in the industry. Given that salaries have begun to rise in Japan, we believe there is room to increase ADR in the future.

Q：The dividend payment from Sheraton Grande Tokyo Bay Hotel (“SGTB”) is not expected for the June 2024 fiscal period. Is there any possibility that the dividend payment will be restarted in 2024?

A：Considering various uncertainties such as (i) the TMK that owns SGTB as an underlying asset has accumulated losses, (ii) a certain level of CAPEX is required and (iii) refinancing of the non-recourse TMK loan is expected in 2024, we cannot clearly state at the moment when the dividend payment will be restarted. However, the performance of SGTB itself is recovering and the actual GOP of January-June 2023 was 83% of the same period in 2019 and for July-December 2023 we are expecting GOP to recover to 98% of the same period in 2019, which is almost the same level as the pre-Covid-19 era. We aim to resolve these issues and realize the dividend payment as earliest as possible.

Q：You said the inbound ratio of the “Fusaki Beach Resort Hotel & Villas" (“Fusaki”) acquired in August 2023 was about 3% in the pre-Covid-19 era. Do you expect that more inbound demand can be captured in the future at Fusaki? Will increase in the outbound of Japanese tourist lead to sluggish demand for Fusaki?

A：We have not actively tried to capture inbound demand at Fusaki. So far, the international terminal of Painushima Ishigaki Airport is not in operation due to lack of security staff. However, we expect that inbound demand will increase from Asian countries helped by its geographical proximity if the flights from Taiwan and Hong Kong will resume. Although there is a risk for a decrease in demand from

Japanese tourists at Fusaki due to an increase in Japanese outbound leisure travel, demand for this hotel has been significantly increasing since Japan reclassified COVID-19's category to Class 5. As such, we do not have a particular concern about the competition with outbound travel.

Q：Do you expect to acquire assets mainly from the sponsor pipeline? How big is the sponsor pipeline and how many assets are included in the sponsor pipeline? Do you have any intension to acquire assets from third-party sources other than sponsor?

A：We expect to acquire assets mainly from our sponsor pipeline, which has about 20 assets which we can consider acquiring. INV’s asset acquisition capacity has increased up to JPY 40 billion without issuing new shares as (i) our most recent public offering closed successfully and we procured more funds than expected, (ii) we acquired the six properties in August without using cash on hand maintained during the COVID-19 period, and (iii) the appraisal value as of the end of the June 2023 fiscal period increased at our domestic and overseas hotels as the Covid-19 subsided.

Q：Do you expect CAPEX as a percentage of depreciation to increase in the future due to an increase in renovation works to maintain and improve ADR?

A：We estimate that the ratio of CAPEX as a percentage of depreciation to be approximately 40% at a stabilized level. Even if renovation work is increased to maintain a competitive advantage, it is unlikely that CAPEX will exceed the 40% level by much.