Invincible Investment Corporation

Financial Summary
for the December 2024 Fiscal Period
(from July 1, 2024 to December 31, 2024)

February 26, 2025

Name	:	Invincible Investment Corporation ("INV")
Representative	:	Naoki Fukuda, Executive Director
Stock Listing	:	Tokyo Stock Exchange
Securities Code	:	8963
URL	:	https://www.invincible-inv.co.jp/en/
Contact	:	Consonant Investment Management Co., Ltd. (Asset Manager of INV) Jun Komo, General Manager of Planning Department Tel. +81-3-5411-2731
Start date for dividend distribution	:	March 25, 2025

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended December 31, 2024 (from July 1, 2024 to December 31, 2024)

(1) Operating Results

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
Fiscal period ended December 31, 2024	25,555	20.9	17,751	21.3	15,138	17.3	15,138	17.3
Fiscal period ended June 30, 2024	21,136	12.3	14,635	16.3	12,901	16.9	12,900	16.9

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended December 31, 2024	1,980	4.7	2.4	59.2
Fiscal period ended June 30, 2024	1,914	4.4	2.3	61.0

(Note) "Net Income per Unit" in the table above is calculated based on the average number of investment units during the relevant period and is rounded down to the nearest yen. Net income per unit for the fiscal period ended December 31, 2024 is JPY 1,979, if calculated based on the number of investment units issued and outstanding at the end of fiscal period ended December 31, 2024 (7,646,453 units) and rounded down to the nearest yen.

(2) Distributions

	Distribution (Excluding excess profit distribution)		Excess Profit Distribution		Dividend Payout Ratio	Distribution / Net Assets
	Per Unit	Total	Per Unit	Total		
	JPY	JPY million	JPY	JPY million	%	%
Fiscal period ended December 31, 2024	1,982	15,155	-	-	100.1	4.4
Fiscal period ended June 30, 2024	1,917	12,915	-	-	100.1	4.4

(Note 1) Dividend Payout Ratio is calculated in accordance with the following formula and is rounded to the nearest one decimal place:
Dividend Payout Ratio = Distribution Amount (Excluding excess profit distribution) ÷ Net Income × 100

(Note 2) Distribution / Net Assets is calculated based on the figures excluding excess profit distribution.

(3) Financial Position

	Total Assets	Net Assets	Net Assets / Total	Net Assets per Unit
	JPY million	JPY million	%	JPY
Fiscal period ended December 31, 2024	680,004	351,388	51.7	45,954
Fiscal period ended June 30, 2024	569,016	292,766	51.5	43,455

(Note) Net Assets per Unit is calculated based on the number of investment units issued and outstanding at the end of each fiscal period.

(4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	JPY million	JPY million	JPY million	JPY million
Fiscal period ended December 31, 2024	17,472	(108,505)	93,755	45,283
Fiscal period ended June 30, 2024	20,325	(2,754)	(9,902)	42,560

2. Forecasts for the Fiscal Period ending June 30, 2025 (from January 1, 2025 to June 30, 2025) and the Fiscal Period ending December 31, 2025 (from July 1, 2025 to December 31, 2025)

(Percentages indicate percentage change from the preceding period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (excluding excess profit distribution)	Excess Profit Distribution per Unit
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY	JPY
Fiscal period ending June 30, 2025	24,570	(3.9)	16,336	(8.0)	13,819	(8.7)	13,818	(8.7)	1,895	-
Fiscal period ending December 31, 2025	27,103	10.3	18,393	12.6	15,705	13.6	15,704	13.6	2,056	-

(Reference) Estimated net income per unit for the fiscal periods ending June 30, 2025 and the fiscal periods ending December 31, 2025 are JPY 1,807 and JPY 2,053.

(Note) Forecast for the operating result of the Fiscal Period ending June 30, 2025 has been updated from the forecast disclosed in the press release "Notice concerning Revision of Forecast of Financial Results and Distribution for the 43rd Fiscal Period Ending December 2024 and 44th Fiscal Period Ending June 2025, together with Forecast of Financial Results and Distribution for the 45th Fiscal Period Ending December 2025" dated December 17, 2024 ("Previous Forecast") by reflecting the current operating performance, however, there is no change for the forecast for the distribution. Furthermore, there is no change for the forecast for the operating result of the Fiscal Period ending December 31, 2025, including the forecast for the distribution. Please see page 15 for the Operational Outlook.

※Others

(1) Changes in Accounting Policies, Accounting Estimates or Restatements

(a) Changes in Accounting Policies due to Revisions to Accounting Standards and Other Regulations — None
(b) Changes in Accounting Policies due to Other Reasons — None
(c) Changes in Accounting Estimates — None
(d) Restatements — None

(2) Number of Investment Units Issued and Outstanding

(a) Number of Units Issued and Outstanding as of the End of the Fiscal Period (Including Treasury Units)	December 31, 2024	7,646,453	June 30, 2024	6,737,121
(b) Number of Treasury Units as of the End of the Fiscal Period	December 31, 2024	0	June 30, 2024	0

(Note) Please refer to "Notes Related to Per Unit Information" regarding the number of investment units which is the basis for the calculation of net income per unit.

- Financial Summary report is not subject to audit procedure by certified public accountants or audit corporations.
- Special Consideration

The forward-looking statements contained in this financial summary report are based on the information currently available to us and certain assumptions which we believe are reasonable. Actual operating performance may differ significantly due to factors we cannot predict as of the date of this document, including gains or losses from the disposition of properties, repayment of borrowings, decreases in rents and changes in operating conditions. Unless otherwise specified herein, amounts less than JPY 1 are rounded down, and ratios are rounded to the nearest one decimal place.

1. Operating Conditions

(1) Operating Conditions

a Overview of the Fiscal Period Ended December 31, 2024

(a) Main Trends of INV

INV was established in January 2002 in accordance with the Investment Trust and Investment Corporation Act (Act No. 198 of 1951, as amended). In May 2004, INV was listed on the Osaka Securities Exchange (application for delisting was made in August 2007), and in August 2006 was listed on the Real Estate Investment and Trust Securities Section of the Tokyo Stock Exchange (Ticker Code: 8963).

After the absorption-type merger with LCP Investment Corporation ("LCP") was implemented on February 1, 2010, INV issued new investment units through a third-party allotment on July 29, 2011 and refinanced its debt. Calliope Godo Kaisha ("Calliope"), an affiliate of the Fortress Investment Group LLC ("FIG" and together with Calliope and other affiliates of FIG, collectively the "Fortress Group") was the main allottee, and the sponsor changed to the Fortress Group.

Ever since the commencement of sponsorship from the Fortress Group (Note 1), INV has been focusing its efforts on improving the profitability of its portfolio and establishing a revenue base in order to secure stable distributions, and has strengthened the lender formation through new borrowings and the refinancing of existing bank borrowings, thereby creating a financial base for external growth. With this platform as a base, in June 2014, Consonant Investment Management Co., Ltd., the asset manager to which INV entrusts the management of its assets ("CIM") revised the Investment Guidelines for INV, positioned hotels as a core asset class alongside residential properties with a view towards expanding investments in the hotel sector in which demand is forecasted to rise going forward, and has expanded its portfolio.

In the Fiscal Period ended December 31, 2024 ("Reporting Period"), INV implemented a global offering of new investment units for the second consecutive year and acquired 12 domestic hotels. As a result, INV's portfolio at the end of the Reporting Period comprised of 146 properties (104 hotels (Note 2) (Note 3), 41 residential properties and one retail facility) with a total acquisition price of JPY 653,066 million (Note 4). Furthermore, INV's hotel portfolio has the largest asset size (Note 5) of JPY 612,281 million (104 properties, 18,871 rooms) among all J-REITs (real estate investment corporations which are listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market, hereinafter the same shall apply) hotel portfolios including Hotel J-REITs (Note 6) .

(Note 1) Calliope transferred 80.0% of issued shares to Fortress CIM Holdings L.P., a subsidiary of SoftBank Group and 20.0% to SoftBank Group Corp. ("SoftBank Group") on March 29, 2018, but the SoftBank Group transferred its issued shares of CIM to Fortress CIM Holdings L.P on May 23, 2023. Further, on May 15, 2024, the SoftBank Group transferred its interest in the indirect parent company of Fortress CIM Holdings L.P. to Mubadala Capital, a wholly-owned subsidiary of Mubadala Investment Company, an Abu Dhabi sovereign wealth fund. As a result, the SoftBank Group no longer falls under the parent company and specified related corporation of CIM.

(Note 2) The preferred equity interest held by INV is counted as one property. Such preferred equity interest issued by a special purpose company (*tokutei mokuteki kaisha*) refers to 178,458 units of the preferred equity interest issued by Kingdom Special Purpose Company (equivalent to 49.0% of the outstanding preferred equity interest), which owns the trust beneficiary interest of the Sheraton Grande Tokyo Bay Hotel as an underlying asset. The property is classified as a hotel, based on the use of Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest, and INV's investment amount of the preferred equity interest is used as the acquisition price of the preferred equity interest, unless otherwise stated. The "underlying asset" refers to the real estate or the real estate related assets owned by a TK operator of TK interest or a TMK relating to the preferred equity interest which INV owns, thus the real estate or the real estate related assets which will be the revenue source of INV. Hereinafter the same shall apply.

(Note 3) From September 28, 2018 (Cayman Island local time; September 29, 2018 in Japan local time), INV owned 100% of the TK interest in Seven Mile Resort Holdings Ltd. (the "Cayman SPC"), a Cayman Islands special purpose company that holds leasehold interests in Westin Grand Cayman Seven Mile

Beach Resort & Spa and Sunshine Suites Resort (collectively, the "Cayman Hotels") and ancillary assets as underlying assets. However, INV implemented the investment structure change (the "Structure Change" in some cases hereinafter) regarding the Cayman Hotels on May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time) and has directly held the Leasehold Interests, etc. of the Cayman Hotels thereafter. Both TK interest and the Cayman Hotels are counted as two properties before and after the Structure Change. In addition, the "Leasehold Interests, etc." means leasehold interests (rights equivalent to long-term real estate leases on land and buildings under the British Cayman laws) and furniture, fixtures, equipment, ornaments, kitchen instrument, and other assets required for hotel operations. Hereinafter the same shall apply.

(Note 4) Due to the Structure Change, the book value of the leasehold interests of the Cayman Hotels recorded by the Cayman SPC as of May 9, 2019 (Cayman Island local time; May 10, 2019 in Japan local time), when INV succeeded the leasehold interests of the Cayman Hotels from the Cayman SPC via distribution in kind in connection with the termination of TK agreement, is deemed as the acquisition price of the Cayman Hotels. The book value is converted into JPY amount via exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contracts executed on July 26, 2018 and implemented on September 26, 2018 in connection with the investment in the TK interest by INV. Hereinafter the same shall apply.

(Note 5) Hotel J-REIT is defined as the J-REIT whose majority part of portfolio consists of hotel assets.

(Note 6) "The largest asset size … among all J-REIT hotel portfolios" refers to the total acquisition price of 104 hotels owned by INV as compared with the total acquisition price of hotels (including inns and other accommodation facilities) owned by listed investment corporations other than INV as of December 31, 2024.

(b) Operational Performance

The portfolio NOI (Note 1) increased by 36.3% or JPY 6,246 million compared to the same period in the previous year (the December 2023 fiscal period) to JPY 23,451 million. Of which, the hotel portfolio NOI increased by JPY 6,226 million and the residential and retail portfolio NOI increased by JPY 19 million. Compared to the December 2019 fiscal period prior to the COVID-19 pandemic, the portfolio NOI increased by 54.7% or JPY 8,287 million, of which the hotel portfolio NOI increased by JPY 9,057 million and the residential and retail portfolio NOI decreased by JPY 769 million due to asset sales.

Commentary on hotel and residential performance is as described below.

As for the domestic hotel portfolio, all hotel indices for the period under review exceeded those for the same period of the previous year due to solid domestic demand coupled with strong growth in inbound demand. The GOP (Note 2) for the Reporting Period increased by 14.3% compared to the same period in the previous year (figures exclude nine domestic hotels with fixed-rent lease agreements among the 90 domestic hotels owned by INV as of the end of the Reporting Period, including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV). The 81 domestic hotels (Note 3) recorded an occupancy rate (Note 4) of 85.6%, ADR (Note 5) of JPY 15,030, and RevPAR (Note 6) of JPY 12,863.

The Cayman Hotels recorded an average occupancy rate of 52.6%, ADR of USD 438, and RevPAR of USD 231 for the Reporting Period. Although demand was robust throughout the Period, the impact of hurricanes and storms including "Hurricane Beryl", a Category 5 hurricane, as well as the impact of the partial sales stoppage resulting from the large-scale renovation work at Sunshine Suites Resort, caused ADR to increase but occupancy rate and RevPAR to decrease compared to the same period last year.

Regarding the residential portfolio (Note 7), the occupancy rate (Note 8) of 41 residential properties remained at 96.9% at the end of the Reporting Period, with slight changes during the Reporting Period. The average occupancy rate (Note 8) increased by 0.9 points YoY to 96.9%. The NOI (Note 9) for the Reporting Period increased by 1.9% YoY.

In the Reporting Period, INV realized a rent increase for 68.8% (based on the number of contracts) of the new residential lease contracts, and the new rent increased by 2.6% compared to the previous rent across all new leases (Note 10). INV achieved a rent increase for 61.6% (based on the number of contracts) of contract renewals with an average rent increase of 1.9% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 11) of 76.5%. Combined, new lease and renewal lease rents were signed at 2.1% higher than the previous leases. The average rent per tsubo per month (Note 12) for the Reporting Period increased by 0.8% YoY to JPY 9,291.

The total appraisal value of 145 properties was JPY 767,492 million (one out of the 146 properties owned by INV at the end of the Reporting Period is excluded from the appraisal calculation: Sheraton Grande Tokyo Bay Hotel (preferred equity interest) for which the appraisal value of such interest is not available). The portfolio has an unrealized gain of JPY 171,708 million (Note 13) and an unrealized gain ratio of 28.8% (Note 13). The total appraisal value of the 133 properties which were owned throughout the Reporting Period increased by 0.5% from JPY 657,902 million at the end of the June 2024 fiscal period to JPY 661,382 million at the end of the Reporting Period.

Key Performance Indicators of 81 Domestic Hotel Properties (Note 3)

	December 2024 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 4)	85.6%	+3.1pt	-1.9pt
ADR (JPY) (Note 5)	15,030	+10.0%	+34.7%
RevPAR (JPY) (Note 6)	12,863	+14.0%	+31.9%
GOP (JPY million) (Note 2)	18,562	+14.3%	+33.3%

Key Performance Indicators of Cayman Hotels

	December 2024 fiscal period	Year-on-year change	vs 2H 2019
Occupancy Rate (Note 4)	52.6%	-12.2pt	-19.7pt
ADR (USD) (Note 5)	438	+4.0%	+33.8%
RevPAR (USD) (Note 6)	231	-15.6%	-2.6%
GOP (USD) (Note 2)	10,678,157	-26.9%	-19.6%

Key Performance Indicators of 41 Residential Properties (Note 7)

	December 2024 fiscal period	Year-on-year change
Average Occupancy Rate (Note 8)	96.9%	+0.9pt
Average Rent per Tsubo per Month (JPY) (Note 12)	9,291	+0.8%
NOI (JPY million) (Note 9)	1,140	+1.9%

(Note 1) “NOI” for the hotel properties is calculated in accordance with the following formula:
NOI＝ Rental Revenues ‐ Property Related Expenses + Depreciation Expenses + Dividend on the preferred equity interest (TMK dividend) + (Management Contract Revenue of the Cayman Hotels ‐ Management Contract Expense)

(Note 2) “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. In addition, 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 shall apply.

(Note 3) Of the 90 hotels held as of the end of December 2024 (including the Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the following nine hotels with fixed-rent lease agreements etc. are excluded: Super Hotel Shinbashi/Karasumoriguchi, Comfort Hotel Toyama, Super Hotel Tokyo-JR Tachikawa Kitaguchi, Super Hotel JR Ueno-iriyaguchi, Comfort Hotel Kurosaki, Comfort Hotel Maebashi, Comfort Hotel Tsubame-Sanjo, Comfort Hotel Kitami and Takamatsu Tokyu REI Hotel. In addition, the figures for the properties acquired after January 2019 are calculated on the assumption INV had acquired those properties on January 1, 2019, using the actual figures provided by the sellers of such properties for the period before the acquisition. "D48 Takamatsu Tokyu REI Hotel" changed its contract with its major tenant, TOKYU HOTELS &

RESORTS CO., LTD., to fixed-rent with variable rent lease from April 25, 2023. However, in view of the continuity of disclosed data and other factors, this hotel will continue to be excluded. Hereinafter the same shall apply.

(Note 4) "Occupancy rate" for the hotel properties is calculated in accordance with the following formula:
Occupancy rate = total number of occupied rooms during a certain period ÷ total number of rooms available during the same period (number of rooms x number of days)
Hereinafter the same shall apply.

(Note 5) "ADR" means average daily rate, and is calculated by dividing total room sales (excluding service fees) for a certain period by the total number of days per room for which each room was occupied during the same period. Hereinafter the same shall apply.

(Note 6) "RevPAR" means revenues per available room per day, and is calculated by dividing total room sales for a certain period by total number of rooms available (number of rooms x number of days) during the same period, and is the same as the figure obtained by multiplying ADR by occupancy rates. Hereinafter the same shall apply.

(Note 7) Based on the 41 residential properties owned as of the end of December 2024. Hereinafter the same shall apply.

(Note 8) "Occupancy Rate" and "Average Occupancy Rate" for the portfolio or the residential properties are calculated by dividing the sum of total leased area by the sum of total leasable area at the end of each month during the relevant period. Hereinafter the same shall apply.

(Note 9) For the comparison of NOI for the residential properties, one-off insurance-related revenues and expenses are excluded. Hereinafter the same shall apply.

(Note 10) Increase or decrease in the sum of monthly rents on new or renewal contracts, or the total of both, compared with the sum of previous rents. Hereinafter the same shall apply.

(Note 11) Renewal rate is calculated by the number of renewed contracts during the relevant period divided by the number of contracts due up for renewal during the relevant period.

(Note 12) "Average Rent per Tsubo per Month" is calculated by dividing 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 during the relevant period.

(Note 13) The unrealized gain is calculated using the following formula: the appraisal value as of the end of the Reporting Period – book value as of the end of the Reporting Period.
The unrealized gain ratio is calculated using the following formula: the unrealized gain ÷ book value as of the end of the Reporting Period.

(c) Overview of Fund Raising

As a result of the measures described below, INV's interest-bearing debt outstanding balance was JPY 323,197 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 47.0% and 42.1%, respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 1.07%.

(Note 1) Interest-Bearing Debt ratio uses the calculation formula below:
Interest-Bearing Debt ratio = total outstanding interest-bearing debt (excluding short-term consumption tax loan) / total assets x 100
Short-term consumption tax loan is a loan which is to be repaid before maturity date with refund of consumption taxes and regional consumption taxes on an acquisition of a property.

(Note 2) LTV (appraisal value basis) uses the calculation formula below:
LTV = total outstanding interest-bearing debt (excluding short-term consumption tax loan) / total appraisal value (*) x 100
(*) Since the appraisal value for Sheraton Grande Tokyo Bay Hotel (preferred equity interest) is not available, the acquisition price of the preferred equity interest (JPY 17,845 million) is deemed as the appraisal value of Sheraton Grande Tokyo Bay Hotel (preferred equity interest). For the appraisal value of the Cayman Hotels, USD is converted into JPY amount via the forward exchange rate of USD 1=JPY 110.45 based on the foreign exchange forward contract entered into on July 26, 2018 and executed on September 26, 2018.

(Note 3) The average interest rate (annual rate) is calculated by the weighted average based on the outstanding balance of borrowings and rounded to two decimal places.

(i) Equity Financing

INV implemented a global public offering which closed on July 30, 2024 (the number of new investment units issued: 895,000; total issue value: JPY 55,096 million), and a third party allotment which closed on August 27, 2024 (the number of new investment units issued: 14,332; total issue value: JPY 882 million) in order to procure part of the funds for the acquisition of 12 domestic hotels described in "(d) Overview of Acquisition of Assets".

(ii) Borrowing of Funds

INV borrowed New Syndicate Loan (014) (total amount borrowed: JPY 15,862 million; interest rate: floating interest rate of 3-month JPY TIBOR plus 0.70000% for a duration of seven years, floating interest rate of 3-month JPY TIBOR plus 0.60000% for a duration of six years, floating interest rate of 3-month JPY TIBOR plus 0.50000% (by the interest swap agreement on October 21, 2024, it is fixed, in effect, at 1.37500%) for a duration of five years, floating interest rate of 3-month JPY TIBOR plus 0.40000% (by the interest swap agreement on October 21, 2024, it is fixed, in effect, at 1.23000%) for a duration of four years, which was arranged by Mizuho Bank, Ltd. on July 16, 2024 in order to repay a tranche of New Syndicate Loan (L) in the amount of JPY 4,943 million, a tranche of New Syndicate Loan (M) in the amount of JPY 5,796 million, two tranches of New Syndicate Loan (009) in the amount of JPY 7,958 million, a tranche of New Syndicate Loan (011) in the amount of JPY 1,965 million due on July 16, 2024 and Term Loan (W) in the amount of JPY 1,582 million due on July 20, 2024.

Moreover, INV borrowed New Syndicate Loan (015) on July 31, 2024 (total amount borrowed: JPY 56,725 million; interest rate: floating interest rate of 3-month JPY TIBOR plus 0.70000% for a duration of seven years, floating interest rate of 3-month JPY TIBOR plus 0.60000% for a duration of six years, 1.59750% for a duration of six years, floating interest rate of 3-month JPY TIBOR plus 0.50000% (by the interest swap agreement on October 21, 2024, it is fixed, in effect, at 1.37500%) for a duration of five years, floating interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year, and floating interest rate of 1-month JPY TIBOR plus 0.20000% for a duration of one year), which was arranged by Mizuho Bank, Ltd. in order to pay a portion of the acquisition price and related expenses for the acquisition of the 12 domestic hotels described in "(d) Overview of Acquisition of Assets" with the equity financing described in the said (i).

Furthermore, INV borrowed Term Loan (022) on October 11, 2024 (total amount borrowed: JPY 1,250 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.65000% for a duration of 6.5 years) from Mizuho Bank, Ltd., Term Loan (023) (total amount borrowed: JPY 1,250 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.65000% for a duration of 6.5 years) from Sumitomo Mitsui Banking Corporation, and Term Loan (024) (total amount borrowed: JPY 1,060 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.65000% for a duration of 6.5 years) from Sumitomo Mitsui Trust Bank, Limited in order to repay New Syndicate Loan (H) in the amount of JPY 3,560 million due on October 11, 2024.

(iii) Prepayment of Loan

INV prepaid its bridge loan of New Syndicate Loan (015) (in the amount of JPY 1,500 million; for a duration of one year) on September 30, 2024, with a portion of funds procured from the issuance of Twelfth Series Unsecured Investment Corporation Bonds as described in "(iii) Issuance of Investment Corporation Bonds" below on September 12, 2024.

(iv) Issuance of Investment Corporation Bonds

INV issued investment corporation bonds as follows for the purpose of raising a portion of funds for repayment of existing borrowings while at the same time lengthening the average maturity period of its debt and further diversifying repayment dates for interest-bearing debt.

Bond Series	Issue Date	Issue Amount (JPY million)	Interest Rate (annual rate)	Redemption Date	Abstract
Twelfth Series Unsecured Investment Corporation Bonds (with pari passu conditions among specified corporate bonds)	September 12, 2024	4,200	1.300%	September 12, 2029	Unsecured / Unguaranteed Rating: A+ (JCR)

(d) Overview of Acquisition of Assets

CIM decided on the acquisition of trust beneficiary interests in 12 domestic hotels as follows on July 18, 2024, and the acquisition of the assets was closed on July 31, 2024.

Property Number	Property Name	Acquisition Price (JPY million yen) (Note 1)	Appraisal Value (JPY million yen) (Note2)	Seller
D90	Art Hotel Osaka Bay Tower & Solaniwa Onsen	31,185	31,500	Ganges Tokutei Mokuteki Kaisha
D91	Hakodate Kokusai Hotel	16,830	17,000	Hakodate Tokutei Mokuteki Kaisha
D92	Art Hotel Nippori Lungwood	16,335	16,500	Nippori Tokutei Mokuteki Kaisha
D93	Hotel MyStays Kumamoto Riverside	6,831	6,900	Rishiri Tokutei Mokuteki Kaisha
D94	Art Hotel Aomori	5,672	5,730	Shiretoko Tokutei Mokuteki Kaisha
D95	Kamenoi Hotel Izukogen	5,563	5,620	Yakushima Tokutei Mokuteki Kaisha
D96	Art Hotel Oita	5,484	5,540	Shiretoko Tokutei Mokuteki Kaisha
D97	Art Hotel Kokura New Tagawa	4,672	4,720	Kawaguchiko Tokutei Mokuteki Kaisha
D98	Art Hotel Miyazaki Sky Tower	3,821	3,860	Rishiri Tokutei Mokuteki Kaisha
D99	Art Hotel Kagoshima	3,395	3,430	Shiretoko Tokutei Mokuteki Kaisha
D100	Kamenoi Hotel Hikone	2,603	2,630	Yakushima Tokutei Mokuteki Kaisha
D101	Kamenoi Hotel Nara	2,029	2,050	Yakushima Tokutei Mokuteki Kaisha
Total		104,420	105,480	

(Note 1) Acquisition Price does not include adjustments for property taxes, city planning taxes, or national or local consumption taxes. Hereinafter the same shall apply.

(Note 2) Appraisal Value is based on appraisal value stated in the appraisal report by the Japan Real Estate Institute., JLL Morii Valuation & Advisory K.K., The Tanizawa Sōgō Appraisal Co., Ltd. or Daiwa Real Estate Appraisal Co., Ltd. on the valuation date of June 1, 2024.

(e) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period increased by JPY 4,419 million from the previous period (+20.9 %) to JPY 25,555 million, resulting in a net income of JPY 15,138 million, an increase of JPY 2,237 million from the previous period (+17.3%). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,627 million) is JPY 23,765 million. INV has decided to set the distribution per unit (excluding excess profit distribution) of JPY 1,982, which is the net income per unit (JPY 1,980) plus the reversal of retained earnings (JPY 3 per unit).

b Outlook for the Fiscal Period Ending June 30, 2025

The Japanese economy has been gradually recovering and is expected to continue to grow steadily, mainly driven by domestic demand. Against the backdrop of strong corporate earnings, consideration of high prices, and a serious labor shortage, personal consumption is expected to recover moderately due to a recovery in real wages and an easing of household saving habits as a high rate of wage increases is expected in the labor negotiations (*Shunto*). Furthermore, the increase in the inflation rate in Japan is expected to slow down as upward pressure on import prices has been settling down. Corporate capital investment is also expected to continue to expand with digitalization, decarbonization, and enhancement of supply chain resilience, as well as actions to address labor shortages. In addition to the recovery in domestic demand, the economy is expected to benefit from the continued growth in inbound demand. On the other hand, there are various uncertainties such as the direction of U.S. trade policy under the second Trump administration, concerns about the rekindling of trade friction between the United States and China, and the increase in geopolitical risks. Concerns about an economic slowdown may grow if negative factors such as a decline in exports along with a slowdown in overseas economies emerge.

In the hotel market, demand in both the domestic/inbound and leisure/business segments is expected to remain robust.

In the rental housing market, the trend of population outflow from urban areas caused by the impact of the COVID-19 pandemic has turned to a trend of population inflow again, and demand in rental apartments has been increasing with the tightening of supply in condominiums due to high land prices and the increase in construction costs. These factors are expected to lead to higher occupancy rates and higher unit rents in the future.

(a) Future operational policy and issues to be addressed

Since July 2011, INV has focused on improving the profitability of its portfolio and strengthening its financial base in order to enhance unitholder value with the Fortress Group as its sponsor. In addition to access to Fortress' global real estate expertise, INV will actively promote efforts to acquire new demand under the environment of "Post-Covid" and flexibly respond to changes in the external environment while emphasizing customer safety and security. Going forward, INV will continue to implement various strategies for further growth and financial stability, including the following measures.

- Further external growth utilizing sponsor support
- Asset recycling: property acquisitions using the proceeds from sales
- Internal growth at hotels through reducing costs, stimulating existing demand and creating new demand by collaborating with hotel operators
- Further internal growth at residential properties
- Response to the risk of rising interest rates

Details of the future growth strategy are as follows.

(i) External growth strategy

New Property Acquisitions

As its basic strategy, INV had moved forward with the acquisition of new properties focusing on hotels, where continued growth in portfolio revenues would be anticipated, and residential properties, especially where rental growth could be achieved, to build a portfolio with a good balance between growth and stability.

In regard to hotels, INV will take into consideration demands of business and leisure customers in nearby areas, and leasing contract types when making investment decisions, with the aim of acquiring properties where growth and stability of GOP and rental revenue are forecasted to increase.

In regard to residential properties, INV will analyze occupancy rates, rental market trends, the presence of competing properties among other factors, and consider acquiring properties with strong competitiveness, in which it believes it can achieve increases in rent.

Properties Acquired from affiliates of the Fortress Group (as of the date of this document)

Year	Properties acquired	Total acquisition price
2012	24 residential properties (Note 1)	JPY 14,043 million (Note 1)
2014	20 hotels	JPY 45,373 million
2015	14 hotels and three residential properties (Note 2)	JPY 45,238 million (Note 2)
2016	11 hotels and two residential properties	JPY 92,804 million
2017	six hotels and two residential properties (Note 3)	JPY 90,006 million (Note 3)
2018	12 hotels (Note 4)	JPY 104,280 million (Note 4)
2019	18 hotels	JPY 82,646 million
2020	Two hotels	JPY 16,236 million
2023	Six hotels	JPY 57,230 million
2024	12 hotels	JPY 104,420 million
Total	132 properties (of which 101 are hotels and 31 are residential properties)	JPY 652,278 million (of which hotels: JPY 600,640 million; residential: JPY 51,638 million)

(Note 1) Of the properties acquired from affiliates of the Fortress Group, 15 residential properties have been sold.

(Note 2) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold.

(Note 3) Of the properties acquired from affiliates of the Fortress Group, one residential property has been sold. Sheraton Grande Tokyo Bay Hotel was acquired through a special purpose company, of which INV owns the preferred equity interest, and is counted as one property and INV's investment amount of the preferred equity interest is counted as the acquisition price of the preferred equity interest.

(Note 4) The Cayman Hotels acquired by the Cayman SPC, of which INV owns the TK interest, are counted as two properties and INV's investment amount of the TK interest is used as the acquisition price of the TK interest. After the Structure Change, INV currently has direct ownership of the Leasehold of the Cayman Hotels.

Property Sales

INV considers the possibility of portfolio optimization upon consideration of the portfolio sector composition, geographic distribution, and competitiveness of each property as appropriate.

(ii) Strategy for internal growth

(Hotels)

Of the 102 domestic hotels (Note 1) owned by INV as of the end of the Reporting Period, 94 hotels use a variable rent scheme. In the variable rent scheme, in principle, INV receives all of the gross operating profit (GOP) after deducting payment of management fees for the hotel operator as rents. For 91 hotels of the 94 hotels, MHM and subsidiaries of MHM have implemented sophisticated revenue management initiatives seeking to maximize revenue through effectively capturing accommodation demand. As a result, INV can directly enjoy the hotel revenue upside through this variable rent scheme.

During the Covid-19 pandemic and post Covid-19 periods, the MHM Group has taken steps to reduce hotel operating expenses and recover revenues by reviewing its operational strategy. INV will continue to strive to minimize the impact of rising costs such as labor costs, utility costs and foodstuffs by means of a thorough review of staffing and work shifts, continuous efforts to reduce fixed costs, and strategies to maximize GOPPAR (GOP per the number of rooms available for sale).

For hotels, renovation of rooms and replacement of fixtures and fittings are indispensable to maintain and increase revenues and operate stably in a planned manner.

(Note 1) Including Sheraton Grande Tokyo Bay Hotel (the preferred equity interest).

(Residential properties and others)

INV will continue to strengthen its collaborative ties with property managers and brokers to further boost occupancy rates and earning capabilities of its properties. With respect to INV's residential properties, INV will focus on increasing the occupancy rates and rents for both new lease contracts and lease renewals for all its properties as well as formulating net leasing cost reduction policies in order to continue maximizing profits.

Further, the implementation of appropriate maintenance and repair plans is of the utmost importance in maintaining and enhancing the competitiveness and market value of the properties as well as ensuring high tenant satisfaction. Therefore, INV will continue to monitor current strategic plans with flexible implementation as it sees fit.

(iii) Financial strategy

INV will continue to extend the average interest-bearing debt repayment periods, diversify the loan maturity dates and diversify financing measures while paying attention to fund procurement costs, as well as maintaining an appropriate fixed interest rate ratio to mitigate the risk of rising interest rates.

By implementing these measures, INV will seek to improve the credit rating (the long-term issuer rating "A+" (Outlook: Stable)) obtained from Japan Credit Rating Agency, Ltd. (JCR).

(iv) Compliance risk management

While the executive director of INV concurrently serves as the representative director at CIM, two supervisory directors (an external attorney and an external certified public account) oversee the execution of the executive director's duties via the Board of Directors of INV.

CIM has a compliance officer who is responsible for compliance with laws, regulations and other relevant matters as well as overall management of transactions with sponsor related parties. Moreover, it has in place a compliance committee which, chaired by such compliance officer, is in charge of deliberating on compliance with laws, regulations and other relevant matters as well as transactions with sponsor related parties. Compliance committee meetings are attended by an outside expert (an attorney) who, sitting in as a compliance committee member, conducts rigorous deliberations on the existence of conflicts of interest in transactions with sponsor related parties as well as strict examinations with respect to INV's compliance with laws and regulations. No resolution will be adopted unless the outside expert agrees.

When INV conducts certain transactions such as an asset acquisition from sponsor related parties, prior approvals by the Board of Directors of INV are required to ensure objectivity in deliberation regarding conflicts of interests. In such agenda, only two supervisory directors (a lawyer and a certified public accountant) will participate in the vote, and the executive director who concurrently serves as the representative director of CIM will not participate in the vote as he is a special interested party.

INV intends to continually take steps to strengthen its compliance structure.

(v) Initiatives for Sustainability

INV and CIM recognize the importance of environmental, social, and governance (ESG) considerations in real estate investment management from the viewpoint of sustainability such as economic and social development and contributing to global environmental conservation, and regard improvement of sustainability as an important management issue. INV and CIM believe that the incorporation of ESG considerations into the real estate investment management business, which is our primary business, is essential to maximizing unitholder value over the medium to long term and contributes to maximizing INV's investment returns.

Thus, INV and CIM have established a “Sustainability Policy” to set basic policies for sustainability and put them into practice in our daily operations.

Under this policy, CIM has formulated the “Energy Conservation Policy”, the “Greenhouse Gas Emissions Reduction Policy”, the “Water Saving Policy” and the “Waste Management Policy” which stipulate efforts to reduce environmental impact as initiatives for environment. In addition, CIM has established the “Sustainable Procurement Policy” in order to promote initiatives for ESG throughout the value chain of INV's real estate portfolio and concluded the “Green Lease” contract with tenants to collaborate with tenants on measures related to the environmental consideration of real estate, such as proactive introductions of energy-saving equipment such as LED lighting.

Furthermore, as of the date of this document, INV acquired CASBEE Certification for Buildings (Existing Buildings) for five hotels, and Certification for CASBEE for Real Estate for three residential properties. CASBEE is a method that comprehensively assesses the quality of a building, and evaluates features such as interior comfort and scenic aesthetics, in consideration of environment practices including use of materials and equipment that save energy or achieve smaller environmental loads. Also, as of the date of this document, 19 hotels owned by INV acquired the certification of Building-Housing Energy-efficiency Labeling System (“BELS”). In particular, Hotel MyStays Premier Akasaka, Hotel MyStays Fukuoka Tenjin, Hotel MyStays Yokohama Kannai, Hotel MyStays Oita, Hotel MyStays Haneda and Hotel MyStays Matsuyama have been rated five stars “★★★★★” due to high energy conservation performance.

In addition to the acquisition of environmental certifications for its properties, INV issued green bonds in total amount of JPY 3,500 million and executed refinancing with green loans in total amount of JPY 22,456 million as of the date of this document to further promote its sustainability initiatives and to strengthen its fund-raising base by expanding the investor base interested in ESG investment.

As initiatives for society, CIM is working on various measures for tenants, CIM’s officers, and employees. CIM conducts the “Tenant Satisfaction Survey” for residents of INV’s residential properties to collect opinions and requests of residents and utilize them for asset management, and provides sustainability-focused training for all officers and employees at least once a year to help officers and employees acquire knowledge and raise awareness of sustainability considerations in line with business practices. Moreover, as initiatives for CIM’s employees, CIM executes various initiatives such as the establishment of a DEI (Diversity, Equity and Inclusion) policy to nourish an inclusive organizational culture and to establish an inclusive value chain, as well as the introduction of a "Qualification Acquisition Support Program" to cover a certain amount of expenses required to acquire and maintain qualifications for employees to develop and maintain competitive human resources and support employees skill and productivity improvement. Furthermore, INV conducts an employee satisfaction survey once every three years with the aim of improving its working environment, and provides a full subsidy for a comprehensive medical checkup without age restrictions.

As a result of other sustainability promotion activities, INV received a "3-Star" rating for the second consecutive year in the 2024 GRESB Real Estate Assessment, an international benchmark assessment that measures ESG integration of real estate companies and funds on a five-level rating scale, and an "A level" in the GRESB Public Disclosure assessment, the highest rating for the fourth consecutive year.

INV will continue to recognize its social responsibility to the environment and local communities as a J-REIT with hotels and residences as our core assets, and will proactively implement ESG-friendly investment management and sustainability initiatives that take advantage of asset characteristics and carry out social contribution activities.

c Significant Subsequent Events

Not applicable. Reference information is stated below.

(Reference Information)

(a) Debt Financing

INV decided to execute new borrowings (New Syndicate Loan (016)) on December 25, 2024 and borrowed on January 16, 2025 in order to repay New Syndicate Loan (P) in the amount of JPY 4,491 million, a tranche of New Syndicate Loan (L) in the amount of JPY 4,943 million and a tranche of New Syndicate Loan (M) in the amount of JPY 5,796 million due on January 6, 2025.

New Syndicate Loan (016)

Lenders	Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
The Nomura Trust and Banking Co., Ltd.	January 16, 2025	100	Floating interest rate (Note 1)	March 14, 2030	Unsecured/ non guarantee
Development Bank of Japan, Inc.	January 16, 2025	300	Floating interest rate (Note 2)	March 14, 2031	Unsecured/ non guarantee
MUFG Bank, Ltd.	January 16, 2025	2,590.8	Fixed interest rate 1.65398%	March 14, 2031	Unsecured/ non guarantee
Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation The Kiyo Bank, Ltd. The Yamaguchi Bank, Ltd. Aozora Bank, Ltd. SBI Shinsei Bank, Limited	January 16, 2025	3,342.2	Floating interest rate (Note 3)	March 14, 2031	Unsecured/ non guarantee
【Green loan】 Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation The Yamaguchi Bank Ltd. Aozora Bank, Ltd. SBI Shinsei Bank, Limited	January 16, 2025	8,897	Floating interest rate (Note 3)	March 14, 2031	Unsecured/ non guarantee
Total Debt		15,230			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.50000%)

(Note 2) 3-month JPY TIBOR (Base Rate) + spread (0.60000%)

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.60000%)

d Operational Outlook

The forecasts of financial results for the fiscal periods ending June 30, 2025 (from January 1, 2025 to June 30, 2025) and December 31, 2025 (from July 1, 2025 to December 31, 2025) are as follows.

	June 2025 Fiscal Period (Anticipated)	December 2025 Fiscal Period (Anticipated)
Operating Revenues	JPY 24,570 million	JPY 27,103 million
Operating Income	JPY 16,336 million	JPY 18,393 million
Ordinary Income	JPY 13,819 million	JPY 15,705 million
Net Income	JPY 13,818 million	JPY 15,704 million
Total Distribution Amount (Including excess profit distribution)	JPY 14,490 million	JPY 15,721 million
Net Income per Unit	JPY 1,807	JPY 2,053
Distribution per Unit (Excluding excess profit distribution)	JPY 1,895	JPY 2,056
Excess Profit Distribution per Unit	-	-
Distribution per Unit (Including excess profit distribution)	JPY 1,895	JPY 2,056

For the assumptions underlying the operational outlook for the fiscal periods ending June 30, 2025 and December 31, 2025, please see "Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2025 and December 31, 2025" as follows.

(Cautionary Note regarding Forward Looking Statements)
Forward looking statements such as the forecasts set forth herein are based on information currently available and certain assumptions that are deemed reasonable. Actual operating performance may vary significantly due to factors not foreseen as of the date of this document, such as the occurrence of gains and losses associated with the sale of properties, repayment of borrowings and a decrease in rent received. Also, this forecast is not a guarantee of distribution amounts.

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending June 30, 2025 and December 31, 2025 >

Item	Assumptions
Fiscal period	The June 2025 Fiscal Period: from January 1, 2025 to June 30, 2025 (181 days) The December 2025 Fiscal Period: from July 1, 2025 to December 31, 2025 (184 days)
Assets under management	Properties held as of the end of the June 2025 Fiscal Period: 145 properties and preferred equity interests in one TMK Properties held as of the end of the December 2025 Fiscal Period: 145 properties and preferred equity interests in one TMK Based on the properties held as of today (145 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 December 2025.
Units outstanding	As of the end of the June 2025 Fiscal Period: 7,646,453 units As of the end of the December 2025 Fiscal Period: 7,646,453 units INV assumes that there will be no additional issuance of units thereafter through the end of the December 2025 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the June 2025 Fiscal Period: JPY 319,772 million (borrowing: JPY 295,672 million, investment corporation bonds: JPY 24,100 million) Balance as of the end of the December 2025 Fiscal Period: JPY 319,772 million (borrowing: JPY 295,672 million, investment corporation bonds: JPY 24,100 million) INV assumes that of the current total balance of JPY 323,197 million, INV intends to repay the consumption tax loan of JPY 3,425 million maturing on July 31, 2025 in the fiscal period ending June 2025. Regarding other loans maturing through the end of the December 2025 Fiscal Period, INV intends to refinance the same amount during the respective fiscal periods. INV assumes no other new loans, issuance of investment corporation bonds or prepayment of loans through the end of the December 2025 Fiscal Period.

Operating revenues

INV expects to record rental revenues for each fiscal period as follows:

As for the demand for hotels in Japan, INV conservatively assumes that the domestic demand would remain stable. At the same time, a temporary increase in demand for hotels in Osaka due to "World EXPO 2025" starting in April 2025 is assumed and included in the forecast. As for the demand from inbound travelers, it is estimated that the number of inbound visitors would reach 39 million in 2025.

In addition to the demand forecasts above, INV has taken into account various factors including scheduled conferences, concerts and other events in the vicinity of each hotel, the situation of competitors and price trends, etc., to forecast hotel rents. The reservations for January 2025 already made as of the forecast are also taken into account.

	June 2025 Fiscal Period	December 2025 Fiscal Period
・Rental revenues	JPY 19,438 million	JPY 24,369 million
(of these, hotel rents)	(JPY 17,262 million)	(JPY 22,211 million)
(Fixed hotel rents)	(JPY 6,594 million)	(JPY 8,543 million)
(Variable hotel rents)	(JPY 10,668 million)	(JPY 13,668 million)
・Management contract revenue	JPY 4,100 million	JPY 2,003 million
	(USD 27,783 thousand)	(USD 14,034 thousand)
・TMK dividend amount	JPY 1,031 million	JPY 730 million
Total operating revenues	JPY 24,570 million	JPY 27,103 million

INV estimates the amount of dividend income from preferred equity interests based on the performance the underlying asset backing the cash flows and the assumed amount of expenses incurred by the TMK.

Further, the potential sale of SGTB, the underlying asset of the TMK which INV owns its preferred equity, is under consideration (including the scheme of selling the beneficiary right of the TMK), and it is possible that INV could conclude a contract to sell this property in the near future. If such event occurs, a considerable amount of profit from the sale would be recorded and distributed in the fiscal period when the sale is concluded (or the fiscal period when the INV receives the dividend reflecting the amount of the profit from the sale from the TMK). After such fiscal period, INV's profit would be affected by not receiving the income related to the TMK owning SGTB. Please note that, as of the date of this document, no determination has been made regarding the sale, including the timing and terms and conditions in the case of any sale, and there is no guarantee or assurance that the property will ultimately be sold. Thus, the potential effect from the sale is not included in the forecasts until Fiscal Period ending December 2025.

INV receives revenue and recognizes management contract revenues from Overseas Hotels. The forecast of management contract revenues is based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. Also, as for the management contract revenue, large portion is hedged with foreign exchange forward based on USD. For more details, please refer to the press releases "Notice concerning Execution of Foreign Exchange Forward" dated May 31, 2024.

As for the management contract revenues for the Fiscal Period ending June 2025 and the Fiscal Period ending December 2025, it has been calculated based on (i) the above rate of foreign exchange reserves for the hedged portion, (ii) the exchange rate of USD 1 = JPY 145 for the Fiscal Period ending June 2025 and the exchange rate of USD 1 = JPY 140 for the Fiscal Period ending December 2025 for the non-hedged portion..

In addition, INV has been implementing renovation work at Sunshine Suites Resort, and we expect a decline in revenue in the fiscal period ending June 2025 and the fiscal period ending December 2025 due to partial sales stoppage during such renovation. While INV is considering the expansion and renovation of Westin Grand Cayman Seven Miles Beach & Resort, 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 year ending December 2025

Rental revenues in the fiscal period ending June 2025 and the fiscal period ending December 2025 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.

Operating expenses

INV expects to incur property related expenses and management contract expenses out of operating expenses for the fiscal period as follows:

	June 2025 Fiscal Period	December 2025 Fiscal Period
・Facility management fees	JPY 965 million	JPY 908 million
(of these, repair costs)	(JPY 139 million)	(JPY 81 million)
・Taxes and other public charges (Note 1)	JPY 754 million	JPY 1,077 million
・Insurance expenses	JPY 289 million	JPY 278 million
・Depreciation expenses	JPY 5,220 million	JPY 5,463 million
・Other expenses	JPY 157 million	JPY 141 million
Total property related expenses and management contract expenses	JPY 7,387 million	JPY 7,869 million

(Note 1) Property taxes and city planning taxes on the assets acquired in 2024 are calculated on a pro-rata basis with the previous owners and settled at the time of acquisition, and are not recorded for the fiscal period ending December in the year of acquisition of assets and recorded from the fiscal period ending June in the following year of acquisition of assets as the amount equivalent to such settlement is included in the acquisition cost. For the 12 hotels acquired on July 31, 2024, INV expects to record the property taxes and city planning taxes of JPY 180 million as part of the total acquisition cost, and an annual amount of JPY 427 million of such taxes as expenses starting from the fiscal period ending June 2025.

INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal periods as follows:

	June 2025 Fiscal Period	December 2025 Fiscal Period
・Other operating expenses	JPY 846 million	JPY 840 million
(of these, asset management fees)	(JPY 550 million)	(JPY 550 million)

NOI

INV expects to record net operating income for the fiscal periods as follows:

	June 2025 Fiscal Period	December 2025 Fiscal Period
・NOI	JPY 22,402 million	JPY 24,697 million
(of these, domestic hotel NOI)	(JPY 17,366 million)	(JPY 21,751 million)
(of these, overseas hotel NOI)	(JPY 3,813 million)	(JPY 1,723 million)
(of these, residential NOI)	(JPY 1,145 million)	(JPY 1,145 million)

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)

Non-operating expenses

INV expects to incur non-operating expenses for the fiscal periods as follows:

	June 2025 Fiscal Period	December 2025 Fiscal Period
・Interest expense	JPY 1,750 million	JPY 1,925 million
・Finance related costs	JPY 605 million	JPY 598 million
・Interest for investment corporation bonds	JPY 142 million	JPY 144 million
・Depreciation of investment corporation bonds issuance expenses	JPY 19 million	JPY 19 million
Total non-operating expenses	JPY 2,517 million	JPY 2,687 million

<table>
<tr><td>Distribution per unit</td><td>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.

With respect to the distribution for the fiscal period ending June 2025, INV expects to distribute an aggregate amount of JPY 14,490 million (distribution per unit: JPY 1,895) from the net income for the fiscal period ending June 2025 (JPY 13,818 million) including the JPY 671 million reversal of retained earnings (internal reserve) in response to the sales stoppage during the extended period of large-scale renovation at Sunshine Suites Resort, and the decline in earnings level from the increase in financial costs due to the rise in market interest rates.

With respect to the distribution for the fiscal period ending December 2025, INV expects to distribute an aggregate amount of JPY 15,721 million (distribution per unit: JPY 2,056) from the net income for the fiscal period ending December 2025 (JPY 15,704 million) including the JPY 16 million reversal of retained earnings (internal reserve).

Distribution per unit may vary due to various factors, including changes in the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</td></tr>
<tr><td>Excess profit distribution per unit</td><td>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. Therefore, INV has adopted a policy of making excess profit distribution or reversal of retained earnings (internal reserve)(together with excess profit distribution, "Excess Profit Distribution, etc.") in order to stabilize distributions in cases where dilution of investment units or significant expenses are to be recorded in connection with the acquisition of assets or the raising of capital, or other events leading to a temporary decrease in distribution per unit. When determining excess profit distribution, etc., INV takes into consideration the level of distribution per unit assuming such acquisition of assets, capital raising or other event would have contributed for a full fiscal period. INV may also consider making excess profit distribution, etc. 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.

With respect to the fiscal period ending June 2025, INV plans to pay distributions through reversal of retained earnings (internal reserve) (JPY 186 per unit) as mentioned in "Distribution per unit" above.

With respect to the fiscal period ending December 2025, INV plans to distribute reversal of retained earnings (internal reserve) (JPY 3 per unit) as "distributions in excess of profit, etc. from the amount of difference arising from differences in tax and accounting processing."

<table><tr><td></td><td>June 2025
Fiscal Period</td><td>December 2025
Fiscal Period</td></tr><tr><td>Excess profit distribution per unit</td><td>-</td><td>-</td></tr></table></td></tr>
<tr><td>Other</td><td>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.

In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</td></tr>
</table>

(2) Investment Risk

Disclosure is omitted because there have been no material changes in the "Investment Risk" section of the latest securities report (filed on September 26, 2024).