

December 17, 2024

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities code: 8963)

Asset manager:

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Naoki Fukuda, President & CEO
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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

Invincible Investment Corporation (“INV”) today announces the revision of its forecast of financial results and Distribution per Unit (“DPU”) for the fiscal periods ending December 2024 (43rd Fiscal Period) and June 2025 (44th Fiscal Period), which were previously announced in “Financial Summary for the June 2024 Fiscal Period (from January 1, 2024 to June 30, 2024)” dated August 26, 2024, together with the newly announced forecast of financial results and DPU for the fiscal period ending December 2025 (45th Fiscal Period).

1. Revision of the forecast of financial results and distribution for the fiscal periods ending December 2024 (from July 1, 2024 to December 31, 2024) and June 2025 (from January 1, 2025 to June 30, 2025), and forecast of financial results and distribution for the fiscal period ending December 2025 (from July 1, 2025 to December 31, 2025).

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<Fiscal Period Ending December 2024>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on August 26, 2024)	JPY million 23,720	JPY million 16,235	JPY million 13,719	JPY million 13,718	JPY million 13,740
Revised forecast (B)	JPY million 25,285	JPY million 17,658	JPY million 14,971	JPY million 14,970	JPY million 14,987
Amount of variance (B) – (A)	JPY million 1,564	JPY million 1,423	JPY million 1,251	JPY million 1,252	JPY million 1,246
Rate of variance ((B) – (A)) / (A)	% 6.6	% 8.8	% 9.1	% 9.1	% 9.1

	Earnings per Unit (Note 1) (Note 2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1) (Note 2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on August 26, 2024)	JPY 1,794	JPY 1,797	JPY -	JPY 1,797
Revised forecast (B)	JPY 1,957	JPY 1,960	JPY -	JPY 1,960
Amount of variance (B) – (A)	JPY 163	JPY 163	JPY -	JPY 163
Rate of variance ((B) – (A)) / (A)	% 9.1	% 9.1	% -	% 9.1

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 7,646,453 units.

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to distribution from accumulated retained earnings. Please refer to Appendix 1 < Assumptions Underlying the Forecast of Financial Results and Distributions for the Fiscal Periods ending December 2024 (43rd Fiscal Period), ending June 2025 (44th Fiscal Period) and ending December 2025 (45th Fiscal Period) > “Distribution per unit” and “Excess profit distribution per unit” for details.

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<Fiscal Period Ending June 2025>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on August 26, 2024)	JPY million 24,247	JPY million 16,704	JPY million 14,468	JPY million 14,467	JPY million 14,490
Revised forecast (B)	JPY million 23,637	JPY million 15,586	JPY million 13,068	JPY million 13,067	JPY million 14,490
Amount of variance (B) – (A)	JPY million -610	JPY million -1,118	JPY million -1,400	JPY million -1,400	JPY million -
Rate of variance ((B) – (A)) / (A)	% -2.5	% -6.7	% -9.7	% -9.7	% -

	Earnings per Unit (Note 1) (Note 2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1) (Note 2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Previous forecast (A) (announced on August 26, 2024)	JPY 1,892	JPY 1,895	JPY -	JPY 1,895
Revised forecast (B)	JPY 1,709	JPY 1,895	JPY -	JPY 1,895
Amount of variance (B) – (A)	JPY -183	JPY -	JPY -	JPY -
Rate of variance ((B) – (A)) / (A)	% -9.7	% -	% -	% -

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 7,646,453 units.

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to distribution from accumulated retained earnings. Please refer to Appendix 1 < Assumptions Underlying the Forecast of Financial Results and Distributions for the Fiscal Periods ending December 2024 (43rd Fiscal Period), ending June 2025 (44th Fiscal Period) and ending December 2025 (45th Fiscal Period) > “Distribution per unit” and “Excess profit distribution per unit” for details.

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<Fiscal Period Ending December 2025>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast for the fiscal period ending December 2025	JPY million 26,921	JPY million 18,393	JPY million 15,705	JPY million 15,704	JPY million 15,721

	Earnings per Unit (Note 1) (Note 2) (Note 3)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1) (Note 2) (Note 3)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit)(Note 1) (Note 3)
Forecast for the fiscal period ending December 2025	JPY 2,053	JPY 2,056	JPY -	JPY 2,056

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 7,646,453 units.

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to distribution from accumulated retained earnings. Please refer to Appendix 1 < Assumptions Underlying the Forecast of Financial Results and Distributions for the Fiscal Periods ending December 2024 (43rd Fiscal Period), ending June 2025 (44th Fiscal Period) and ending December 2025 (45th Fiscal Period) > “Distribution per unit” and “Excess profit distribution per unit” for details.

(Reference)

Assumptions underlying the forecast of financial results and DPU for the fiscal periods ending December 2024, June 2025 and December 2025 are provided in Appendix 1.

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

The operating status of the portfolio up to December 2024 has been generally clarified, and DPU for the fiscal period ending December 2024 is expected to increase by more than 5% (9.1%) from the previous forecast announced in “Financial Summary for the June 2024 Fiscal Period (from January 1, 2024 to June 30, 2024)” dated August 26, 2024. Therefore, we have decided to announce the revision of forecast of financial results and DPU for the fiscal period ending December 2024.

Moreover, INV has decided to announce the revised forecast of financial results for the fiscal period ending June 2025, reflecting the operating status of each property up to today and new forecast of financial results and DPU for the fiscal period ending December 2025, based on the information currently available to INV and certain assumptions that are deemed reasonable by INV. An overview and outlook by segment are as follows:

3. Overview by segment

(1) Domestic hotels

Hotels in Japan showed strong growth in RevPAR compared to the same period last year, mainly in the Tokyo 23 wards and the Kansai area, driven by strong inbound demand. Although the yen temporarily appreciated sharply against the U.S. dollar in the summer of this year, there was no

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particular impact on inbound demand, as the number of foreign visitors to Japan (estimated) announced by the Japan National Tourism Organization (JNTO) reached a record high on a single-month basis every month for the last nine months through October 2024.

The shortage of aviation fuel and ground service personnel at regional airports is gradually easing and the number of international flights at New Chitose Airport (Hokkaido), for example, has exceeded the level prior to the COVID-19 pandemic. The recovery of inbound demand in regional areas, which has been relatively sluggish, is expected to gain momentum in the future.

Moreover, the “World Expo 2025, Osaka, Kansai (“World Expo 2025”)” opening in April 2025, is expected to have a significant impact on hotel demand in the Osaka region.

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

(Reference)

<Forecast of KPIs of the 81 domestic hotel portfolio¹ by fiscal period>

	Y2024			Y2025		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate ²	80.7%	85.6%	83.1%	82.4%	86.3%	84.4%
ADR (JPY) ³	12,787	14,933	13,898	13,302	15,503	14,436
RevPAR (JPY) ⁴	10,314	12,776	11,552	10,966	13,378	12,182
GOP (JPY million) ⁵	13,729	18,349	32,078	14,409	19,331	33,741
NOI (JPY million) ⁶	13,052	16,812	29,864	13,579	17,768	31,348

<Forecast of KPIs of the 93 domestic hotel portfolio⁷ by fiscal period>

	Y2024			Y2025		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate ²	80.2%	85.3%	82.8%	82.5%	86.5%	84.5%
ADR (JPY) ³	12,889	15,025	13,996	13,536	15,730	14,668
RevPAR (JPY) ⁴	10,343	12,816	11,587	11,169	13,607	12,398
GOP (JPY million) ⁵	16,030	21,471	37,502	17,489	23,327	40,816
NOI (JPY million) ⁶	15,037	19,648	34,686	16,305	21,300	37,606

(Note 1) From the perspective of comparison with the previously announced performance indicators, forecasts for performance indicators are based on the actual results and forecasts for the 81 domestic hotel properties of the 90 domestic hotel properties (including SGTB, the underlying asset of preferred equity interest held by INV) held at the beginning of the December 2024 Fiscal Period, excluding nine hotels with fixed-rent lease agreements etc. The forecasts are based on the assumptions set out in Appendix 1 <Assumptions Underlying the Forecast of Financial Results and Distributions for the Fiscal Periods ending December 2024 (43rd Fiscal Period), ending June 2025 (44th Fiscal Period) and ending December 2025 (45th Fiscal Period)> “Operating Revenues”, which may be significantly deviate from the actual results. The nine hotels with fixed-rent lease agreements etc. are 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 Tsubamesanjo, Comfort Hotel Kitami, and Takamatsu Tokyu REI Hotel (Takamatsu Tokyu REI Hotel, for which a variable-rent arrangement has been introduced since April 25, 2023, is included in the nine hotels from the perspective of comparison with the previous disclosures.) Hereinafter the same.

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- (Note 2) "Occupancy Rate" for hotel portfolio is calculated using the following formula: room occupancy rate = total number of rooms occupied during the relevant period ÷ (aggregate number of rooms during the relevant period x number of days during relevant period). Hereinafter the same.
- (Note 3) "ADR" or Average Daily Rate, is the value of the total room revenues 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 revenues 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. Hereinafter the same.
- (Note 5) "GOP" or Gross Operating Profit, is rent revenue INV receives as a rent which is the amount remaining after deducting the personnel, material, water, electricity, and heating and advertising expenses as well as the management service fee for the hotel operations (if any) from the hotel's revenues. Hereinafter the same.
- (Note 6) With respect to APA Hotel Yokohama-Kannai, the rent paid to INV for this hotel is shown as GOP of this hotel. Hereinafter the same. Hereinafter the same.
- (Note 7) Based on 93 hotel properties held as of today; in addition to the 81 domestic hotel properties stated in note 1 above, 12 domestic hotels acquired on July 31, 2024 are added. The actual results prior to the acquisition by INV are based on the data provided by the respective sellers, with adjustments to trust fees and insurance premiums as if INV had held such properties since the beginning of 2024. Hereinafter the same.

(2) Cayman Hotels

For the Cayman Hotels, RevPAR has been lower than the same period last year due to the impact of several hurricanes in the Caribbean, the partial closure of rooms in connection with the large-scale renovation at Sunshine Suites Resort, and the impact from the opening campaign of a large hotel in the area that opened in 2024. However, we consider them as temporary factors and expect the performance will be in a recovery trend from autumn 2025, once the large-scale renovation at Sunshine Suites Resort is completed.

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

(Reference)

<Forecast of KPIs of the two Cayman Hotels by fiscal period>

	Y2024			Y2025		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	79.0%	54.2%	66.5%	66.0%	59.5%	62.7%
ADR (USD)	564	438	513	630	447	543
RevPAR (USD)	446	238	341	416	266	340
GOP (USD)	31,586,150	11,722,178	43,308,328	26,746,133	14,034,352	40,780,485
NOI (USD)	29,636,357	9,696,175	39,332,532	24,763,875	11,964,527	36,728,402

The large-scale renovation work at Sunshine Suites Resort has been forced to be significantly extended as of today due to several factors, including a reworking of work due to a hurricane that struck after construction began, as well as delays in the delivery of construction materials. The hotel consists of two buildings, and the renovation period was split into two periods, from August to November 2024, and from May to August 2025, in order to minimize business disruption and revenue loss during the peak demand period from winter through spring. However, due to the above reasons, the revenue of the hotel is expected to decrease significantly compared to the same period last year as a result of the stoppage of room sales during the peak season. Therefore, in response

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to the decrease in net income resulting from such decrease in sales at Sunshine Suites Resort, INV plans to stabilize the level of DPU through the reversal of retained earnings.

(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. Due to the recent trend of renewed population inflow into the city center, occupancy rates have remained stable, and unit rents have also been increasing.

(Reference)

<Forecasts for KPIs of 41 residential properties>

	Y2024			Y2025		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate ¹	96.7%	96.9%	96.8%	97.3%	97.3%	97.3%
Average Rent per Tsubo (JPY) ²	9,235	9,281	9,258	9,319	9,328	9,324
NOI (JPY million) ³	1,140	1,139	2,279	1,145	1,145	2,290

(Note 1) 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 2) Average rent per tsubo is calculated by dividing the total residential rental revenue including common area charges for each month by the sum of total residential leased area at the end of each month, indicating the average rent per Tsubo weighted by leased area. Hereinafter the same.

(Note 3) NOI is rounded down to the nearest unit. NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.

(Note 4) Based on 41 properties held by INV as of today. The figures for November 2024 onwards show preliminarily estimated figures as of today, and are subject to change.

As a result, the DPU for the fiscal period ending December 31, 2024 is expected to be JPY 1,960 (forecast), and together with the actual DPU for the fiscal period ended June 30, 2024 (JPY 1,917), the DPU for the full year of 2024 is expected to be JPY 3,877, significantly exceeding the actual amount (JPY 3,381) for the full year of 2019 before the COVID-19 pandemic. In addition, the DPU for 2025 is expected to be JPY 1,895 (forecast) for the fiscal period ending June 2025, and JPY 2,056 (forecast) for the fiscal period ending December 2025, and JPY 3,951 (forecast) for the full year of 2025, expecting continued DPU growth in 2025.

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 Periods ending December 2024, June 2025 and December 2025>

Item	Assumptions
Fiscal period	The December 2024 Fiscal Period: from July 1, 2024 to December 31, 2024 (184 days) 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 December 2024 Fiscal Period: 145 properties and preferred equity interests in one TMK 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 December 2024 Fiscal Period: 7,646,453 units 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 change to the current 7,646,453 units issued and outstanding through the end of the December 2025 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the December 2024 Fiscal Period ended: JPY 323,197 million (borrowing: JPY 299,097 million, investment corporation bonds: JPY 24,100 million) 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.

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INV expects to record operating 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 demand increase 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 36 million in 2024 and 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, situations of competitors and price trends, etc., to forecast hotel rents for the period ending December 31, 2024 and thereafter. The reservations for the period from December 2024 to January 2025 already made as of the forecast are also taken into account.

	December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period
• Rental revenues (of these, hotel rents) (fixed hotel rents) (variable hotel rents)	JPY 22,742 million (JPY 20,829 million) (JPY 8,440 million) (JPY 12,388 million)	JPY 18,728 million (JPY 16,735 million) (JPY 6,594 million) (JPY 10,140 million)	JPY 24,187 million (JPY 22,211 million) (JPY 8,543 million) (JPY 13,668 million)
• Management contract revenue	JPY 1,849 million (USD 11,722 thousand)	JPY 3,950 million (USD 26,746 thousand)	JPY 2,003 million (USD 14,034 thousand)
• TMK dividend amount	JPY 692 million	JPY 958 million	JPY 730 million
Total operating revenues	JPY 25,285 million	JPY 23,637 million	JPY 26,921 million

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

Operating revenues

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 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 December 17, 2024, 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 on March 10, 2023 and May 31, 2024.

As for the management contract revenue for the Fiscal Period ending December 2024, it has been calculated based on (i) the above rate of foreign exchange reserves for the hedged portion, (ii) the monthly average exchange rate of each month for the non-hedged portion, and the exchange rate of USD 1 = JPY 150 for December 2024. Management contract revenues for the Fiscal Period ending June 2025 and the Fiscal Period ending December 2025 have 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 December 2024, 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.

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	Rental revenues in the fiscal period ending December 2024, 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	<p>INV expects to incur property related expenses and management contract expenses out of operating expenses for the fiscal period as follows:</p> <p>As announced in the "Notice concerning Amendments of Articles of Incorporation and Appointment of Directors" dated November 19, 2024, INV plans to submit a proposal for a partial amendments to the Articles of Incorporation, including changes to the asset management fee to be applied from January 2025, at the 22nd General Meeting of Unitholders scheduled to be held on December 19, 2024. Therefore, the asset management fees for the periods ending June 2025 and December 2025 are subject to approval of such proposed changes at the 22nd General Meeting of Unitholders.</p>			
		December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period
	• Facility management fees (of these, repair costs)	JPY 610 million (JPY 47 million)	JPY 783 million (JPY 139 million)	JPY 726 million (JPY 81 million)
	• Taxes and other public charges (Note)	JPY 832 million	JPY 754 million	JPY 1,077 million
	• Insurance expenses	JPY 301 million	JPY 289 million	JPY 278 million
	• Depreciation expenses	JPY 4,991 million	JPY 5,220 million	JPY 5,463 million
	• Other expenses	JPY 141 million	JPY 157 million	JPY 141 million
	Total property related expenses and management contract expenses	JPY 6,878 million	JPY 7,205 million	JPY 7,687 million
	<p>(Note) 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 2024 and recorded from the fiscal period ending June 2025, as the amount equivalent to such settlement is included in the acquisition cost.</p> <p>For the 12 properties 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 434 million of such taxes as expenses starting from the fiscal period ending June 2025.</p>			
	<p>INV expects to incur other operating expenses than the property related expenses or management contract expenses for the fiscal period as follows:</p>			
		December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period
	• Other operating expenses (of these, asset management fees)	JPY 748 million (JPY 450 million)	JPY 846 million (JPY 550 million)	JPY 840 million (JPY 550 million)
NOI	<p>INV expects to record net operating income for the fiscal period as follows:</p>			
		December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period
	• NOI	JPY 23,398 million	JPY 21,652 million	JPY 24,697 million
	(of these, domestic hotel NOI)	(JPY 20,656 million)	(JPY 16,766 million)	(JPY 21,751 million)
	(of these, overseas hotel NOI)	(JPY 1,542 million)	(JPY 3,662 million)	(JPY 1,723 million)
	(of these, residential NOI)	(JPY 1,122 million)	(JPY 1,145 million)	(JPY 1,145 million)
	<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>			

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Non-operating expenses	<p>INV expects to incur non-operating expenses for the fiscal period as follows:</p>																															
	<p>Considering the current trend of interest rates, INV conservatively assumes a gradual increase in interest expense and calculates the interest expense of each fiscal period with the estimate of 1-month JPY TIBOR (Base Rate) to be 0.65% for the Fiscal Period ending June 2025 and 0.90% for the Fiscal Period ending December 2025, and 3-month JPY TIBOR (Base Rate) to be 0.80% for the Fiscal Period ending June 2025 and 1.05% for the Fiscal Period ending December 2025.</p> <table border="1" data-bbox="384 488 1482 907"> <thead> <tr> <th></th> <th>December 2024 Fiscal Period</th> <th>June 2025 Fiscal Period</th> <th>December 2025 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>• Interest expense</td> <td>JPY 1,392 million</td> <td>JPY 1,750 million</td> <td>JPY 1,925 million</td> </tr> <tr> <td>• Finance related costs</td> <td>JPY 714 million</td> <td>JPY 605 million</td> <td>JPY 598 million</td> </tr> <tr> <td>• Interest for investment corporation bonds</td> <td>JPY 135 million</td> <td>JPY 142 million</td> <td>JPY 144 million</td> </tr> <tr> <td>• Depreciation of investment corporation bonds issuance expenses</td> <td>JPY 18 million</td> <td>JPY 19 million</td> <td>JPY 19 million</td> </tr> <tr> <td>• Other non-operating expenses (expenses relating to the issuance of new units)</td> <td>JPY 200 million</td> <td>-</td> <td>-</td> </tr> <tr> <td>• Foreign exchange losses (Note 1)</td> <td>JPY 227 million</td> <td>-</td> <td>-</td> </tr> <tr> <td>Total non-operating expenses</td> <td>JPY 2,687 million</td> <td>JPY 2,517 million</td> <td>JPY 2,687 million</td> </tr> </tbody> </table> <p>(Note 1) Mainly due to the effect of exchange into Japanese yen of deposit and debt in U.S.-dollar related to overseas hotels.</p>		December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period	• Interest expense	JPY 1,392 million	JPY 1,750 million	JPY 1,925 million	• Finance related costs	JPY 714 million	JPY 605 million	JPY 598 million	• Interest for investment corporation bonds	JPY 135 million	JPY 142 million	JPY 144 million	• Depreciation of investment corporation bonds issuance expenses	JPY 18 million	JPY 19 million	JPY 19 million	• Other non-operating expenses (expenses relating to the issuance of new units)	JPY 200 million	-	-	• Foreign exchange losses (Note 1)	JPY 227 million	-	-	Total non-operating expenses	JPY 2,687 million	JPY 2,517 million
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Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.</p> <p>With respect to the distribution for the fiscal period ending December 2024, INV expects to distribute an aggregate amount of JPY 14,987 million (distribution per unit: JPY 1,960) from the net income for the fiscal period ending December 2024 (JPY 14,970 million) including the JPY 16 million reversal of retained earnings (internal reserve).</p> <p>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 13,067 million) including the JPY 1,422 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, so that distribution per unit will not fall below the amount previously announced.</p> <p>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).</p> <p>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.</p>																															

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<p>Excess profit distribution per unit</p>	<p>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period. 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 had contributed for a full fiscal period.</p> <p>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.</p> <p>With respect to the fiscal period ending December 2024, INV plans to distribute reversal of retained earnings (internal reserve) (JPY 3 per unit) as “excess profit distribution, etc. from the amount of difference arising from differences in tax and accounting processing.”</p> <p>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, so that the total amount of DPU for the fiscal period ending June 2025 will be the same amount previously announced for the same fiscal period.</p> <p>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.”</p> <table data-bbox="395 1070 1461 1167"> <thead> <tr> <th></th> <th>December 2024 Fiscal Period</th> <th>June 2025 Fiscal Period</th> <th>December 2025 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Excess profit distribution per unit</td> <td>-</td> <td>-</td> <td>-</td> </tr> </tbody> </table>		December 2024 Fiscal Period	June 2025 Fiscal Period	December 2025 Fiscal Period	Excess profit distribution per unit	-	-	-
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<p>Other</p>	<p>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.</p> <p>In addition, INV assumes there will be no unforeseen material changes in general economic trends, real estate market conditions and other trends and conditions.</p>								

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