

# **Invincible** Investment Corporation

## **Financial Summary for the June 2025 Fiscal Period (from January 1, 2025 to June 30, 2025)**

**August 25, 2025**

Name	: Invincible Investment Corporation (“INV”)
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: <a href="https://www.invincible-inv.co.jp/en/">https://www.invincible-inv.co.jp/en/</a>
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	: September 24, 2025

This English language notice is a translation of the Japanese-language notice released on August 25, 2025 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Figures are rounded down to the nearest JPY million)

1. Financial Results for the Fiscal Period ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(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 June 30, 2025	25,107	(1.8)	16,935	(4.6)	14,366	(5.1)	14,366	(5.1)
Fiscal period ended December 31, 2024	25,555	20.9	17,751	21.3	15,138	17.3	15,138	17.3

	Net Income per Unit	Net Income / Unitholders' Equity	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
Fiscal period ended June 30, 2025	1,878	4.1	2.1	57.2
Fiscal period ended December 31, 2024	1,980	4.7	2.4	59.2

(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 June 30, 2025	1,895	14,490	-	-	100.9	4.1
Fiscal period ended December 31, 2024	1,982	15,155	-	-	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 June 30, 2025	675,146	351,363	52.0	45,951
Fiscal period ended December 31, 2024	680,004	351,388	51.7	45,954

(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 June 30, 2025	22,840	(5,038)	(20,280)	42,804
Fiscal period ended December 31, 2024	17,472	(108,505)	93,755	45,283

2. Forecasts for the Fiscal Period ending December 31, 2025 (from July 1, 2025 to December 31, 2025) and the Fiscal Period ending June 30, 2026 (from January 1, 2026 to June 30, 2026)

(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 December 31, 2025	28,145	12.1	19,051	12.5	16,238	13.0	16,237	13.0	2,127	-
Fiscal period ending June 30, 2026	26,315	(6.5)	17,192	(9.8)	14,315	(11.8)	14,314	(11.8)	1,895	-

(Reference) Estimated net income per unit for the fiscal periods ending December 31, 2025 and the fiscal periods ending June 30, 2026 are JPY 2,123 and JPY 1,872.

※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) | June 30, 2025 | 7,646,453 | December 31, 2024 | 7,646,453 |
| (b) Number of Treasury Units as of the End of the Fiscal Period  | June 30, 2025 | 0         | December 31, 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 June 30, 2025

##### (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 June 30, 2025 ("Reporting Period"), 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) as there was no acquisition nor disposition of assets during the Reporting Period. 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) with continuous acquisition of assets through sponsor support.

(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 June 30, 2025.

(b) Operational Performance

The portfolio NOI (Note 1) increased by 16.7% or JPY 3,282 million compared to the same period in the previous year (the June 2024 fiscal period) to JPY 22,916 million. Of which, the hotel portfolio NOI increased by JPY 3,275 million and the residential and retail portfolio NOI increased by JPY 6 million.

Commentary on hotel and residential performance is as described below.

As for the domestic hotel portfolio, all key performance indicators showed growth for the Reporting Period, supported by solid domestic demand, robust and continued growth in inbound demand, along with the increase in demand in the Osaka area driven by the opening of the Expo 2025 Osaka in April. Among the 102 domestic hotels owned by INV at the beginning of the Reporting Period (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of the preferred equity interest of TMK owned by INV), the GOP (Note 2) of the 91 domestic hotels (Note 3) operated by the major tenant for the Reporting Period increased by 11.8% compared to the same period in the previous year and recorded an occupancy rate (Note 4) of 83.8%, ADR (Note 5) of JPY 13,616, and RevPAR (Note 6) of JPY 11,406. Although inbound demand showed some signs of weakening toward the end of the period due to unfounded rumors suggesting a major disaster would occur in Japan on July 5, 2025, which had no scientific basis, the overall performance remained strong.

The Cayman Hotels recorded an average occupancy rate of 61.7%, ADR of USD 675, and RevPAR of USD 417 for the Reporting Period. Although demand was robust throughout the Period, the large-scale renovation work at Sunshine Suites Resort took longer than expected, extending the partial sales stoppage. As a result, ADR exceeded the level of the same period last year, occupancy rate and RevPAR fell compared to the same period last year.

Regarding the residential portfolio (Note 7), the occupancy rate (Note 8) of 41 residential properties increased to 97.6% at the end of the Reporting Period from 96.9% at the end of the previous period. The average occupancy rate (Note 8) increased by 0.5 points YoY to 97.2%. The NOI (Note 9) for the Reporting Period increased by 0.5% YoY.

In the Reporting Period, INV realized a rent increase for 67.0% (based on the number of contracts) of the new residential lease contracts, and the new rent increased by 2.5% compared to the previous rent across all new leases (Note 10). INV achieved a rent increase for 46.4% (based on the number of contracts) of contract renewals with an average rent increase of 1.3% compared to the previous rent across all renewal leases, while maintaining a high contract renewal rate (Note 11) of 76.7%. Combined, new lease and renewal lease rents were signed at 1.8% higher than the previous leases. The average rent per tsubo per month (Note 12) for the Reporting Period increased by 0.7% YoY to JPY 9,302.

The total appraisal value of 145 properties was JPY 775,647 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 180,916 million (Note 13) and an unrealized gain ratio of 30.4% (Note 13). The total appraisal value of the 145 properties which were owned throughout the Reporting Period increased by 1.1% from JPY 767,492 million at the end of the December 2024 fiscal period to JPY 775,647 million at the end of the Reporting Period.

Key Performance Indicators of 91 Domestic Hotel Properties (Note 2)

	June 2025 fiscal period	Year-on-year change
Occupancy Rate (Note 3)	83.8%	+3.8pt
ADR (JPY) (Note 4)	13,616	+10.0%
RevPAR (JPY) (Note 5)	11,406	+15.2%
Gross Revenue (JPY million)	47,019	+11.8%
Room Revenue (JPY million)	32,599	+14.7%
Non-Room Revenue (JPY million)	14,420	+5.8%
GOP (JPY million) (Note 6)	16,941	+15.3%

Key Performance Indicators of Cayman Hotels

	June 2025 fiscal period	Year-on-year change
Occupancy Rate (Note 3)	61.7%	-17.3pt
ADR (USD) (Note 4)	675	+19.7%
RevPAR (USD) (Note 5)	417	-6.5%
Gross Revenue (USD thousand)	61,296	-10.6%
Room Revenue (USD thousand)	35,772	-7.0%
Non-Room Revenue (USD thousand)	25,523	-15.2%
GOP (USD thousand) (Note 6)	27,516	-12.9%

Key Performance Indicators of 41 Residential Properties (Note 7)

	June 2025 fiscal period	Year-on-year change
Average Occupancy Rate (Note 8)	97.2%	+0.5pt
Average Rent per Tsubo per Month (JPY) (Note 12)	9,302	+0.7%
NOI (JPY million) (Note 9)	1,145	+0.5%

(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 102 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying

asset of preferred equity interest held by INV) held as of the beginning of the June 2025 fiscal period, this refers to 91 hotels operated by Iconia Hospitality K.K. (MyStays Hotel Management changed its company name to Iconia Hospitality K.K. on July 1, 2025. Hereinafter “ICN”) and its subsidiary. In addition, the figures for the properties acquired after January 2024 are calculated on the assumption INV had acquired those properties on January 1, 2024, using the actual figures provided by the sellers of such properties for the period before the acquisition. 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 June 2025. 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 318,454 million and the Interest-Bearing Debt ratio (Note 1) and LTV (appraisal value basis) (Note 2) were 47.2% and 41.1%, respectively, as of the end of the Reporting Period, with an average interest rate (Note 3) of 1.17%.

- (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) Borrowing of Funds

INV borrowed New Syndicate Loan (016) (total amount borrowed: JPY 15,230 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.60000% for a duration of six years, floating interest rate of 1-month JPY TIBOR plus 0.60000% for a duration of six years, 1.65398% for a duration of six years, floating interest rate of 3-month JPY TIBOR plus 0.60000% for a duration of six years, floating interest rate of 1-month JPY TIBOR plus 0.50000% for a duration of five years), which was arranged by Mizuho Bank, Ltd. on January 16, 2025 in order to repay New Syndicate Loan (P) in the amount of JPY 4,491 million due on January 6, 2025, and a tranche of New Syndicate Loan (L) in the amount of JPY 4,943 million as well as a tranche of New Syndicate Loan (M) in the amount of JPY 5,796 million due on January 16, 2025.

Moreover, INV borrowed New Syndicate Loan (017) on March 17, 2025 (total amount borrowed: JPY 10,014 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.60000% for a duration of six years, floating interest rate of 1-month JPY TIBOR plus 0.50000% for a duration of five years), which was arranged by Mizuho Bank, Ltd. in order to repay New Syndicate Loan (Q) in the amount of JPY 10,132 million, and a tranche of New Syndicate Loan (012) in the amount of JPY 1,200 due on March 16, 2025.

Furthermore, INV borrowed Term Loan (025) on April 15, 2025 (total amount borrowed: JPY 1,000 million; interest rate: floating interest rate of 1-month JPY TIBOR plus 0.60000% for a duration of 6 years) from San ju San Bank, Ltd. in order to repay a tranche of New Syndicate Loan (O) in the amount of JPY 1,000 million due on April 15, 2025.

(ii) Prepayment of Loan

INV's Short-term consumption tax loan of New Syndicate Loan (015) (in the amount of JPY 3,425 million) was prepaid on May 30, 2025 with the refund of consumption taxes and regional consumption taxes on properties acquired on July 31, 2024 and cash on hand.

(d) Overview of Results of Operations and Distributions

As a result of the operations mentioned above, operating revenues for the Reporting Period decreased by JPY 447 million from the previous period (-1.8 %) to JPY 25,107 million, resulting in a net income of JPY 14,366 million, a decrease of JPY 771 million from the previous period (-5.1%). Unappropriated retained earnings including the retained earnings carried forward from the preceding fiscal period (JPY 8,610 million) is JPY 22,976 million. INV has decided to set the distribution per unit (excluding excess profit distribution) of JPY 1,895, which is the net income per unit (JPY 1,878) plus the reversal of retained earnings (JPY 17 per unit).

b Outlook for the Fiscal Period Ending December 31, 2025

The Japanese economy has been gradually recovering despite some effects from U.S. trade policies. The recovery is expected to be supported by improvements in the employment and income environment, as well as the effects of various government policies. However, uncertainties remain, including the direction of U.S. trade policy, concerns about heightened trade friction, and the increase in geopolitical risks which may lead companies to restrain capital investment, potentially creating downward pressure on the overall economy.

In the hotel market, demand remains solid across all segments – domestic and inbound, leisure and business – and is expected to continue trending positively.

In the rental housing market, the supply of new properties has been significantly restricted due to the steep rise of construction costs and labor shortages. At the same time, urban migration trends are driving demand recovery, and the supply-demand balance is expected to continue titling strongly in favor of demand. Additionally, increased demand for rentals is anticipated due to more people abandoning home purchases,



further fueling the rental market. In the Tokyo metropolitan area, the market remains solid with continued lease signings despite rising rents. However, some regional areas are experiencing sluggish rental demand and rising vacancies, so close monitoring of the supply-demand conditions remains necessary.

In Japan, there has been a significant rise in insurance premiums, and an increase in insurance premiums is also expected for INV's domestic portfolio regardless of asset type.

(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 were 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, ICN and subsidiaries of ICN (hereinafter collectively "ICN Group") 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.

ICN is one of Japan's leading hotel operators, managing a wide range of properties across the country - including limited-service, full-service, and resort-type hotels—under numerous brands such as "Hotel MyStays", "Flexstay Inn", "Art Hotel", and "Kamenoi Hotel", among others. With a large membership base, ICN has established itself as a major player in the domestic hospitality sector. In May 2025, leveraging its scale and aiming to enhance member convenience, ICN launched a loyalty program called "GoTo Pass", which allows members to earn and redeem points at all facilities operated by the group. This loyalty program is also expected to contribute to increased sales at hotels owned by INV and operated by ICN, thereby potentially boosting rental income for INV.

In the post Covid-19 environment, the ICN Group has reviewed its operational strategy and made efforts to reduce hotel operating expenses and restore profitability. ICN will continue to strive to minimize the impact of rising costs such as labor costs, utility costs and food supplies 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). As a part of such initiatives, ICN is gradually introducing systems tailored to the operational status of each hotel, such as automated check-in kiosks, mobile check-in systems, and a system for streamlining luggage storage at the reception desk.

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: Positive)) 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.

CIM established on July 1, 2025, the Internal Audit Department in order to strengthen the internal audit system and further enhance governance. INV and CIM intend 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 hotels and 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. Moreover, INV obtained a DBJ Green Building Certification for six hotels, which was launched by the Development Bank of Japan Inc., for the purpose of supporting the properties which give proper care to the environment and society.

In addition to the acquisition of environmental certifications for its properties, INV issued JPY 3,500 million in green bonds refinanced a total of JPY 40,947 million through green loans 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

(a) Debt Financing

In order to fund a portion of the acquisition price for 10 hotel properties (domestic real estate trust beneficiary interests) later described in “(b) Acquisition of Assets (Properties)”, INV resolved the following debt financing at a meeting of the Board of Directors held on August 25, 2025.

(i) New Syndicate Loan (019)

Lenders	Anticipated Borrowing Date	Outstanding Balance (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
MUFG Bank, Ltd.	August 27, 2025	2,000	1.65400%	July 16, 2029	Unsecured/ non guarantee
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan Inc. The Shizuoka Bank, Ltd. The Yamagata Bank, Ltd. San ju San Bank, Ltd. The Bank of Fukuoka, Ltd.	August 27, 2025	8,000	Floating interest rate (Note 1)	July 16, 2029	Unsecured/ non guarantee
Mizuho Bank, Ltd.	August 27, 2025	2,000	Floating interest rate (Note 2)	March 14, 2030	Unsecured/ non guarantee
MUFG Bank, Ltd.	August 27, 2025	2,000	1.74900%	March 14, 2030	Unsecured/ non guarantee
Mizuho Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited Sumitomo Mitsui Banking Corporation The Bank of Fukuoka, Ltd.	August 27, 2025	6,000	Floating interest rate (Note 3)	March 14, 2030	Unsecured/ non guarantee
Mizuho Bank, Ltd. Suruga Bank Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation The Yamaguchi Bank Ltd. Aichi Bank, Ltd. The Tochigi Bank Ltd. The Kagawa Bank Ltd. Development Bank of Japan Inc.	August 27, 2025	10,200	Floating interest rate (Note 4)	July 16, 2030	Unsecured/ non guarantee
Total Debt		30,200			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.40000%). By the interest swap agreement, it is fixed, in effect, at 1.66400%

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.45000%).

(Note 3) 1-month JPY TIBOR (Base Rate) + spread (0.45000%). By the interest swap agreement, it is fixed, in effect, at 1.75900%

(Note 4) 1-month JPY TIBOR (Base Rate) + spread (0.50000%).

(b) Acquisition of Assets (Properties)

INV decided to acquire 10 hotels (domestic real estate trust beneficiary interests) as follows on August 25, 2025.

Property Number	Property Name	Anticipated Acquisition Price (JPY million) (Note 1)	Appraisal Value (JPY million) (Note 2)	Seller
D102	Irigo Ocean Resort	6,900	6,970	Nippori Tokutei Mokuteki Kaisha
D103	Kirishima Kokusai Hotel	6,534	6,600	Heijo Tokutei Mokuteki Kaisha
D104	Kamenoi Hotel Toba	4,732	4,780	Yakushima Tokutei Mokuteki Kaisha
D105	Kamenoi Hotel Kusatsu Yubatake	4,682	4,730	Baika Tokutei Mokuteki Kaisha
D106	Atagawa Ocean Resort	4,187	4,230	Baika Tokutei Mokuteki Kaisha
D107	Hotel MyStays Atsugi	3,177	3,210	Nippori Tokutei Mokuteki Kaisha
D108	Kamenoi Hotel Tsukubasan	2,999	3,030	Albula Tokutei Mokuteki Kaisha
D109	Kamenoi Hotel Kochi	446	451	Yakushima Tokutei Mokuteki Kaisha
D110	Kamenoi Hotel Chitamihama	372	376	Yakushima Tokutei Mokuteki Kaisha
D111	Kamenoi Hotel Yanagawa	255	258	Yakushima Tokutei Mokuteki Kaisha
Total		34,284	34,635	

(Note 1) Anticipated Acquisition Prices show purchase prices of the Assets to be Acquired set forth in the purchase and sale agreements for the trust beneficiary interests of each property. They do 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, 2025.

(Reference Information)

(a) Debt Financing

INV decided to borrow New Syndicate Loan (018) on July 14, 2025 and borrowed on July 16, 2025 and July 22, 2025 in order to repay New Syndicate Loan (L) in the amount of JPY 4,942 million, New Syndicate Loan (M) in the amount of JPY 5,795 million as well as Term Loan (L) in the amount of JPY 700 million due on July 16, 2025, and Term Loan (005) in the amount of JPY 600 million due on July 20, 2025.

(i) New Syndicate Loan (018)

Lender	Borrowing Date	Borrowing Amount (JPY million)	Interest Rate (annual rate)	Maturity Date	Borrowing Method
<b>【Green loan】</b> Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Aozora Bank, Ltd. The Nomura Trust and Banking Co., Ltd.	July 16, 2025	7,477	Floating interest rates (Note 1)	July 16, 2029	Unsecured/non guarantee



Mizuho Bank, Ltd. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Sumitomo Mitsui Trust Bank, Limited Development Bank of Japan, Inc. SBI Shinsei Bank, Limited Aozora Bank, Ltd.	July 16, 2025	3,260	Floating interest rates (Note 2)	July 16, 2030	Unsecured/non guarantee
The Tokyo Star Bank, Limited	July 16, 2025	700	Floating interest rates (Note 3)	July 16, 2031	Unsecured/non guarantee
The Tokyo Star Bank, Limited	July 22, 2025	600	Floating interest rates (Note 3)	July 16, 2031	Unsecured/non guarantee
Total		12,037			

(Note 1) 1-month JPY TIBOR (Base Rate) + spread (0.40000%)

(Note 2) 1-month JPY TIBOR (Base Rate) + spread (0.50000%)

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

#### d Operational Outlook

The forecasts of financial results for the fiscal periods ending December 31, 2025 (from July 1, 2025 to December 31, 2025) and June 30, 2026 (from January 1, 2026 to June 30, 2026) are as follows.

	December 2025 Fiscal Period (Anticipated)	June 2026 Fiscal Period (Anticipated)
Operating Revenues	JPY 28,145 million	JPY 26,315 million
Operating Income	JPY 19,051 million	JPY 17,192 million
Ordinary Income	JPY 16,238 million	JPY 14,315 million
Net Income	JPY 16,237 million	JPY 14,314 million
Total Distribution Amount (Including excess profit distribution)	JPY 16,264 million	JPY 14,490 million
Net Income per Unit	JPY 2,123	JPY 1,872
Distribution per Unit (Excluding excess profit distribution)	JPY 2,127	JPY 1,895
Excess Profit Distribution per Unit	-	-
Distribution per Unit (Including excess profit distribution)	JPY 2,127	JPY 1,895

For the assumptions underlying the operational outlook for the fiscal periods ending December 31, 2025 and June 30, 2026, please see “Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending December 31, 2025 and June 30, 2026” 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  
December 31, 2025 and June 30, 2026>

Item	Assumptions
Fiscal period	The December 2025 Fiscal Period: from July 1, 2025 to December 31, 2025 (184 days) The June 2026 Fiscal Period: from January 1, 2026 to June 30, 2026 (181 days)
Assets under management	Properties held as of the end of the December 2025 Fiscal Period: 155 properties and preferred equity interests in one TMK Properties held as of the end of the June 2026 Fiscal Period: 155 properties and preferred equity interests in one TMK In addition to the properties held as of today (145 properties and preferred equity interests in one TMK), INV assumes that INV will newly acquire 10 hotels, the Anticipated Acquisitions, as of August 2025 (Note 1) and that there will be no other change in the portfolio through the end of the fiscal period ending June 2026. (Note 1) For details regarding the details of Anticipated Acquisitions, please refer to the press release "Notice concerning Acquisition of Domestic Trust Beneficiary Interests" dated today.
Units outstanding	As of the end of the December 2025 Fiscal Period: 7,646,453 units As of the end of the June 2026 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 fiscal period ending June 2026.
Interest-bearing liabilities	Balance as of the end of the December 2025 Fiscal Period: JPY 348,654 million (borrowing: JPY 324,554 million, investment corporation bonds: JPY 24,100 million) Balance as of the end of the June 2026 Fiscal Period: JPY 348,654 million (borrowing: JPY 324,554 million, investment corporation bonds: JPY 24,100 million) INV assumes that JPY 30,200 million of borrowing is implemented as of August 27, 2025, as mentioned in the press release "Notice concerning Debt Financing and Execution of Interest Rate Swap Agreement" dated today. In addition, INV intends to refinance or issue investment corporation bonds of the same amount of loan and investment corporation bonds due from August 2025 to the end of fiscal period ending June 2026. INV assumes no other new loans, issuance of investment corporation bonds or prepayment of loans through the end of the fiscal period ending June 2026.

Operating revenues	INV expects to record operating revenues for each fiscal period as follows:		
	With regard to domestic hotel demand, demand is expected to remain generally strong, although the increase in demand due to the Osaka Expo is expected to fade once the Osaka Expo comes to an end.		
	As for inbound demand, while the current decline in the number of visitors from Hong Kong is considered a one-off, INV expects overall demand to remain strong going forward.		
	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, 2025 and thereafter. The reservations for the period from August to October 2025 that have already been made as of the forecast are also taken into account.		
		December 2025	June 2026
		Fiscal Period	Fiscal Period
	• Rental revenues	JPY 25,488 million	JPY 21,522 million
	(of these, hotel rents)	(JPY 23,267 million)	(JPY 19,280 million)
	(Fixed hotel rents)	(JPY 8,774 million)	(JPY 6,892 million)
	(Variable hotel rents)	(JPY 14,493 million)	(JPY 12,387 million)
	• Management contract revenue	JPY 1,984 million	JPY 3,946 million
		(USD 13,862 thousand)	(USD 28,200 thousand)
	• TMK dividend amount	JPY 671 million	JPY 847 million
	Total operating revenues	JPY 28,145 million	JPY 26,315 million
	Of these, INV forecasts the contribution of the Anticipated Acquisitions (10 properties) to the rental revenues as follows: hotel rent of JPY 1,289 million (of which JPY 231 million in fixed rent and JPY 1,058 million in variable rent) for fiscal period ending December 2025, and hotel rent of JPY 1,057 million (of which JPY 312 million in fixed rent and JPY 744 million in variable rent) for the fiscal period ending June 2026.		
	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.		
	Further, while INV had considered a potential sale of Sheraton Grande Tokyo Bay Hotel, the underlying asset of TMK which INV owns its preferred equity (including the scheme of selling beneficiary right of the TMK), currently INV has no plans to sell the property, and the current forecast assumes that INV will continue to hold Sheraton Grande Tokyo Bay Hotel until the end of fiscal period ending June 2026.		
	INV receives revenue and recognizes management contract revenues from Overseas Hotels. The forecast of management contract revenues is based on the estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company.		
	Also, as for the USD based management contract revenue, a large portion is hedged through foreign exchange forward contracts. For more details, please refer to the press releases “Notice concerning Execution of Foreign Exchange Forward” dated May 31, 2024 and June 18, 2025.		
	The management contract revenue for the fiscal periods ending December 2025 and June 2026 is calculated as follows (i) the rate of foreign exchange reserves for the hedged portion, (ii) the exchange rate of USD 1 = JPY 140 for the non-hedged portion.		
	In addition, INV has undergone major renovation work at Sunshine Suites Resort since summer 2024, and we are incorporating a decline in revenue in the Fiscal Period ending December 2025, due to a temporary suspension of sales for some rooms during such renovation until autumn 2025. Moreover, while INV is considering the expansion and renovation of the 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 Period ending June 2026. On the other hand, a certain level of deterioration in supply and demand due to the opening of new hotels in Grand Cayman is conservatively assumed and included in the forecast.		
	Rental revenues in the fiscal periods ending December 2025 and ending June 2026 are calculated		

	based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.		
Operating expenses	INV expects to incur property related expenses and management contract expenses out of operating expenses for each fiscal period as follows:		
		December 2025 Fiscal Period	June 2026 Fiscal Period
	• Facility management fees (of these, repair costs)	JPY 914 million (JPY 45 million)	JPY 927 million (JPY 79 million)
	• Taxes and other public charges (Note 1)	JPY 1,077 million	JPY 862 million
	• Insurance expenses	JPY 344 million	JPY 359 million
	• Depreciation expenses	JPY 5,756 million	JPY 5,955 million
	• Other expenses	JPY 113 million	JPY 165 million
	Total property related expenses and management contract expenses	JPY 8,206 million	JPY 8,270 million
	(Note 1) Property taxes and city planning taxes on the for the anticipated acquisition of assets to be acquired in 2025 are calculated on a pro-rata basis between the previous owner and settled at the time of acquisition. The amount equivalent to such settlement will be included in the acquisition cost, and therefore will not be recognized as an expense until the fiscal period ending December of the year of acquisition, and will be recognized as an expense starting from the fiscal period ending June of the following year. For the Anticipated Acquisitions, INV expects to record the property taxes and city planning taxes of JPY 28 million as part of the total acquisition cost, and an annual amount of JPY 82 million of such taxes as expenses starting from the fiscal period ending June 2026.		
	INV expects to incur other operating expenses besides the property-related expenses or management contract expenses for each fiscal period as follows:		
	December 2025 Fiscal Period	June 2026 Fiscal Period	
	• Other operating expenses (of these, asset management fees)	JPY 887 million (JPY 550 million)	JPY 852 million (JPY 550 million)
NOI	INV expects to record net operating income for each fiscal period as follows::		
		December 2025 Fiscal Period	June 2026 Fiscal Period
	• NOI	JPY 25,695 million	JPY 24,001 million
	(of these, domestic hotel NOI)	(JPY 22,787 million)	(JPY 19,128 million)
	(of these, overseas hotel NOI)	(JPY 1,692 million)	(JPY 3,647 million)
	(of these, residential NOI)	(JPY 1,138 million)	(JPY 1,148 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 each fiscal period as follows:		
		December 2025 Fiscal Period	June 2026 Fiscal Period
	• Interest expense	JPY 1,976 million	JPY 2,100 million
	• Finance related costs	JPY 672 million	JPY 611 million
	• Interest for investment corporation bonds	JPY 144 million	JPY 145 million
	• Depreciation of investment corporation bonds issuance expenses	JPY 19 million	JPY 19 million
	Total non-operating expenses	JPY 2,813 million	JPY 2,877 million

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 2025, INV expects to distribute an aggregate amount of JPY 16,264 million (distribution per unit: JPY 2,127) from the net income for the fiscal period ending December 2025 (JPY 16,237 million) including a JPY 26 million reversal of retained earnings (internal reserves).</p> <p>With respect to the distribution for the fiscal period ending June 2026, 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 2026 (JPY 14,314 million), including a JPY 175 million reversal of retained earnings (internal reserve) in an aim to stabilize the level of DPU so that the amount of DPU will be the same level as that of the fiscal period ended June 2025.</p> <p>For the fiscal periods ending December 2025 and June 2026, INV expects to record deferred gains and losses on hedge of the interest rate swaps and the foreign exchange forward as the valuation and conversion adjustments of JPY 1,573 million, which is equal to the amount for the fiscal period ended June 2025. The distribution per unit is calculated based on the assumption that the fluctuation of the market value of the interest rate swap and the foreign exchange forward does not affect the distribution per unit.</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 the change of tenants and occurrences of unexpected repairs.</p>
Excess profit distribution per unit	<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, 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.</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 2025, INV plans to distribute the reversal of retained earnings (internal reserve) (JPY 4 per unit) as "distributions in excess of profit, etc. from the amount of difference arising from differences in tax and accounting processing."</p> <p>With respect to the fiscal period ending June 2026, INV plans to pay distributions through the reversal of retained earnings (internal reserve) (JPY 23 per unit) as "excess profit distribution, etc. to stabilize distributions."</p>
Other	<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>

## (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 March 28, 2025).