Invincible Investment Corporation

[For Information Purpose Only.
The Japanese language press release should be referred to as the original.]

December 17, 2019

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
Naoki Fukuda, Executive Director
(Securities code:8963)

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Notice concerning Forecast of Financial Results and Distribution for the 34th Fiscal Period Ending June 2020 and 35th Fiscal Period Ending December 2020

Invincible Investment Corporation ("INV") today announced its forecast of financial results and distribution per unit ("DPU") for the fiscal period ending June 2020 (34th Fiscal Period: from January 1, 2020 to June 30, 2020) and fiscal period ending December 2020 (35th Fiscal Period: from July 1, 2020 to December 31, 2020) as follows.

1. Forecast of financial results and distribution for the fiscal period ending June 2020 (from January 1, 2020 to June 30, 2020) and fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020)

<Fiscal Period Ending June 2020>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast	JPY million 18,510	JPY million 12,342	JPY million 11,259	JPY million 11,258	JPY million 11,047

	Earnings per Unit (Note 1,2)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1,2)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Forecast	JPY 1,846	JPY 1,812	JPY -	JPY 1,812

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 units

(Note 2) The difference between the Earnings per Unit and Distribution per Unit (Excluding Excess Profit Distribution per Unit) is due to internal reserve from net income. Please refer to Appendix 1 <Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 2020 and Fiscal Period ending December 2020> "Distribution per unit" for details.

<Fiscal Period Ending December 2020>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast	JPY million 17,441	JPY million 11,112	JPY million 10,047	JPY million 10,047	JPY million 10,041

	Earnings per Unit (Note 1)	Distribution per Unit (Excluding Excess Profit Distribution per Unit) (Note 1)	Excess Profit Distribution per Unit (Note 1)	Distribution per Unit (Including Excess Profit Distribution per Unit) (Note 1)
Forecast	JPY 1,647	JPY 1,647	JPY -	JPY 1,647

(Note 1) The total number of investment units issued and outstanding at the end of the fiscal period: 6,096,840 units

(Reference)
Assumptions underlying the forecast of financial results for the fiscal periods ending June 2020 and December 2020 are provided in Appendix 1.

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

INV is disclosing the financial results and DPU forecasts for the fiscal periods ending June 2020 and December 2020, after reflecting the updated performance based on information currently available to INV and certain assumptions that are deemed reasonable by INV, including the acquisition and sale of assets (Note 1) as announced in the press release "Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests" dated December 9, 2019. DPU for the full calendar year 2020 is forecasted to be JPY 3,459 (+2.3% year-on-year).

Overall, 2020 is projected to have modest annual RevPAR growth of 0.1% for the domestic hotel portfolio (Note 2) with a 5.5% year-on-year decline in the first half followed by a 5.2% increase in the second half. The overall tourism demand drivers continue to be intact particularly with Southeast Asian tourism growing. The number of foreign tourists from Europe, America, and Oceania has also increased during the Rugby World Cup 2019 Japan Games considerably. It is expected that this will continue in 2020, especially with the Tokyo 2020 Olympic and Paralympic Games ("Tokyo Olympics") in the second half of the year. We believe that Japan's promotion of the Tokyo Olympics has a large marketing effect which has and will continue to bolster inbound demand.

Air flight capacity also continues to grow. Haneda Airport is scheduled to increase its international daytime flight slots by 65% year-on-year (39,000 slots per year) beginning in the spring of 2020. An equal number of flights are expected to be allocated to Japanese and international airlines, with 48% of the new slots allocated to US flights and 16% to China flights.

However, INV expects that the first half will be negatively impacted by several factors. First, the protracted trade and diplomatic dispute between Japan and South Korea, which emerged in the summer of 2019, has caused a significant reduction of inbound travelers from South Korea and is expected to continue into early 2020. Second, the 2020 Golden Week (from the end of April to early May) will consist of a five-day consecutive holiday period compared to the special 10-day consecutive holiday period enjoyed in 2019. Moreover, events commemorating Tokyo Disney Resorts 35th anniversary concluded on March 25, 2019, and “Fukkouwari” (post-earthquake discount program to facilitate the recovery in tourism in the quake-hit region after Hokkaido Eastern Iburi Earthquake in September 2018) ended at the end of March 2019.

For the fiscal period ending December 2020 in which the Tokyo Olympics will take place, RevPAR for the domestic hotel portfolio (Note 2) is forecasted to grow 5.2% year-on-year, mainly due to the increase in demand from visitors coming to enjoy the Olympic Games. In particular, we estimate RevPAR growth of 10.8% for the 26 hotels located in Tokyo 23 wards and 6.3% for the six hotels located in Sapporo, where the main venues for the Tokyo Olympics are located.

The number of inbound tourists after the past four Summer Olympics and Paralympics games have seen steady growth as shown in Exhibit 2, which should ease concern regarding a softening of hotel demand after the Tokyo Olympics conclude. The Tokyo Olympics will promote Japan to the world, driving interest in and appetite for future visits, which we expect will create a steady increase in both new and repeat visitors to locations throughout Japan.

Overall, we note that the diversified portfolio has shielded INV from much of the declining performance in Osaka caused by increased supply. Regions that remained strong are Hokkaido and Kyushu. The Cayman Hotels have also performed quite well.

Specifically, it is expected the two Cayman Hotels will have RevPar growth of 11.2% in 2019. The island has very limited new supply and no new supply in the same rate category. INV is currently evaluating plans to create additional rooms by building a new Annex (the “Westin Expansion”) at “Westin Grand Cayman Seven Mile Beach Resort & Spa” and relevant construction works. The Westin Expansion will optimize space to take advantage of the hotels prime location on Seven Mile Beach as well as accommodate the increase in travel demand to the Cayman Islands. Stayover visitors to the Cayman Islands increased by 10.0% year-on-year from January to October 2019, in part due to the recently completed airport expansion of Grand Cayman’s international airport completed in March, 2019. The Westin Expansion is subject to regulatory approvals, and once the approvals from the relevant authorities are obtained, construction on the Westin Expansion is expected to commence in the summer of 2020 with a target completion by the end of 2022. If regulatory approvals are not obtained, INV will not move forward with development. The forecast of the fiscal period ending December 2020 assumes a slight decline in room and spa revenue based on the assumption that the Cayman Annex goes forward. However, INV has not yet committed to the development and is continuing its due diligence work on the costs and work of the development. If the development does go forward, there will be certain one-off partial demolition costs and a non-cash expense from the retirement of a part of existing buildings, but the estimated amount is not yet known, so the impact is not reflected in the forecast. However, given INV has ample retained earnings (over 10 billion yen as of today), we believe such one-off costs should not affect DPU forecast by reversal of such retained earnings. Ultimately, we project the development to be very accretive to INV's dividend.

With regard to the rest of the portfolio, INV believes that the residential portfolio (Note 3) will continue to achieve stable growth in 2020, and NOI is expected to grow by +0.4% year-on-year. Investor demand for residential assets remains quite strong.

As a result of the sale of City House Tokyo Shinbashi scheduled for January 15, 2020 as announced in the press release "Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests" dated December 9, 2019, INV expects to record a gain on sale of JPY 2,038 million in the fiscal period ending June 2020. Net income is forecast to be JPY 11,258 million, of which INV intends to reserve (Note 3) JPY 211 million to stabilize the DPU in the future and the DPU is forecasted to be JPY 1,812 (+9.4% year-on-year). In the fiscal period ending December 2020, net income will be JPY 10,047 million, and the DPU is forecasted to be JPY 1,647 (-4.5% year-on-year).

(Note 1) For details of the acquisition and sale of assets, please see Appendix 1 <Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 2020 and Fiscal Period Ending December 2020> "Assets under management"

(Note 2) Based on 75 domestic hotel properties. Please see (Note 1) of "(Reference) Forecasts for Performance Indicators of Domestic Hotel Properties" for details.

(Note 3) Based on 60 residential properties. Please see (Note 1) of "(Reference) Forecasts for Performance Indicators of Residential Properties" for details.

(Note 4) Investment corporations under the J-REIT system can deduct the amount of cash distributions in calculating its taxable income as long as they satisfy certain conditions (conduit requirements), in order to prevent double taxation between J-REIT and unitholders. The portion that is not used for cash distribution, however, will be subject to corporate income tax and other taxes. INV has some existing tax losses, and by utilizing such tax losses carried forward, INV can reserve its retained earnings without paying corporate income tax and other taxes.

(Reference)

Forecasts for Performance Indicators of Domestic Hotel Properties (75 hotels (Note 1))

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	86.6%	89.6%	88.1%
ADR (JPY) (Note 3)	9,577	11,074	10,343
RevPAR (JPY) (Note 4)	8,293	9,924	9,113
GOP (JPY million) (Note 5)(Note 6)	10,494	13,835	24,330

Year-on-Year Changes

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	-0.2pt	+1.0pt	+0.4pt
ADR	-5.3%	+3.9%	-0.4%
RevPAR	-5.5%	+5.2%	+0.1%
GOP	-10.0%	+7.0%	-1.0%

(Note 1) Calculated based on actual results and forecasts for 75 domestic hotel properties; Of the 84 domestic hotel properties (82 domestic hotels owned by INV as of today including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV and the two hotels (Hotel MyStays Premier Narita and Art Hotel Morioka) to be acquired on January 6, 2020), nine hotels with fixed-rent lease agreements are excluded. Actual performance before the acquisition for the properties acquired in 2019 or to be acquired in 2020, are based on the actual figures provided by the sellers. Such nine hotels with fixed-rent 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.

(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, we consider the rent paid to INV for this hotel as GOP of this hotel.

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Forecasts for Performance Indicators of Cayman Hotel Properties (2 hotels (Note 1))

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	87.9%	68.4%	78.1%
ADR (USD)	428	302	373
RevPAR (USD)	377	207	291
GOP (USD)	26,935,103	12,033,358	38,968,460

Year-on-Year Changes

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	-1.4pt	-3.6pt	-2.5pt
ADR	+3.0%	-6.9%	-0.5%
RevPAR	+1.4%	-11.6%	-3.6%
GOP	+1.0%	-12.4%	-3.6%

(Note 1) "Westin Grand Cayman Seven Mile Beach Resort & SPA" and "Sunshine Suites Resort".

Forecasts for Performance Indicators of Residential Properties (60 properties (Note 1))

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate (Note 2)	96.9%	96.6%	96.8%
Average Rent per Tsubo per Month (Note 3) (JPY)	9,118	9,140	9,129
NOI (JPY million) (Note 4)	1,635	1,659	3,294

Year-on-Year Changes

	Y2020		
	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	+0.9pt	+0.1pt	+0.5pt
Average Rent per Tsubo per Month	+0.8%	+0.4%	+0.6%
NOI	+0.6%	+0.2%	+0.4%

(Note 1) Calculated based on forecasts for the 60 residential properties (from the 62 residential properties owned as of November 30, 2019, "Winbell Kagurazaka" scheduled to be sold on December 17, 2019 and "City House Tokyo Shinbashi" scheduled to be sold on January 15, 2020 are excluded). Hereinafter the same.

(Note 2) “Occupancy Rate” is calculated by dividing the sum of total residential leased area by the sum of total residential leasable area at the end of each month of each period. Hereinafter the same.

(Note 3) “Average Rent per Tsubo per Month” is calculated by dividing the total residential rental revenue including common area charges for each month by the sum of total residential leasable area at the end of each month, indicating the average rent per Tsubo weighted by leased area. Hereinafter the same.

(Note 4) Figures are rounded down to the indicated amount. Excludes one-off insurance-related revenues and expenses. Hereinafter the same.

Website of INV: https://www.invincible-inv.co.jp/en/

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Period ending June 2020 and Fiscal Period Ending December 2020>

Item	Assumptions
Fiscal period	The June 2020 Fiscal Period: from January 1, 2020 to June 30, 2020 (182 days) The December 2020 Fiscal Period: from July 1, 2020 to December 31, 2020 (184 days)
Assets under management	Properties held as of the end of the June 2020 Fiscal Period: 147 properties and preferred equity interests in one TMK Properties held as of the end of the December 2020 Fiscal Period: 147 properties and preferred equity interests in one TMK Based on the properties held as of today (147 properties and preferred equity interests in one TMK), INV assumes that INV will dispose of one residential property on December 17, 2019, acquire two hotel properties on January 6, 2020 and dispose of one residential property on January 15, 2020 (Note) and that there will be no other change in the portfolio through the end of the fiscal period ending December 2020 (Note) For details regarding the acquisition and disposition of properties, please refer to “Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests” dated December 9, 2019.
Units outstanding	As of the end of the June 2020 Fiscal Period: 6,096,840 units As of the end of the December 2020 Fiscal Period: 6,096,840 units INV assumes that there will be no change to the current 6,096,840 units issued and outstanding through the end of the December 2020 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the fiscal period ending June 2020: JPY 263,468 million (borrowing: JPY 256,468 million, investment corporation bonds: JPY 7,000 million) Balance as of the end of the fiscal period ending December 2020: JPY 263,468 million (borrowing: JPY 256,468 million, investment corporation bonds: JPY 7,000 million) INV assumes that JPY 6,980 million of borrowing is implemented on January 6, 2020 for the fiscal period ending June 2020, as mentioned in the press release entitled “Notice concerning Debt Financing” dated December 9, 2019. INV assumes that of the current total balance of JPY 259,174 million, INV intends to repay consumption tax loan of JPY 2,686 million maturing on July 18, 2020 in the fiscal period ending June 2020. Regarding other loans maturing during the June 2020 Fiscal Period and December 2020 Fiscal Period, INV intends to refinance at a similar condition during the respective fiscal periods. INV assumes no other new loan or prepayment of loan through the end of the December 2020 Fiscal Period.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating revenues</td><td>
INV expects to record rental revenues for each fiscal period as follows:
<table>
<tr><th></th><th>June 2020 Fiscal Period</th><th>December 2020 Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 12,741 million</td><td>JPY 15,306 million</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 10,172 million)</td><td>(JPY 12,767 million)</td></tr>
<tr><td>(fixed hotel rents)</td><td>(JPY 5,514 million)</td><td>(JPY 7,015 million)</td></tr>
<tr><td>(variable hotel rents)</td><td>(JPY 4,658 million)</td><td>(JPY 5,752 million)</td></tr>
<tr><td>・Management contract revenue</td><td>JPY 2,963 million</td><td>JPY 1,324 million</td></tr>
<tr><td>・TMK dividend amount</td><td>JPY 768 million</td><td>JPY 811 million</td></tr>
<tr><td>・Gain on sale</td><td>JPY 2,038 million</td><td>-</td></tr>
<tr><td>Total operating revenues</td><td>JPY 18,510 million</td><td>JPY 17,441 million</td></tr>
</table>
INV estimates gain on sale of JPY 2,038 million from sale of City House Tokyo Shinbashi to be completed on January 15, 2020 for the fiscal period ending June 2020.
INV estimates the amount of dividends on the preferred equity interests based on the performance of the underlying asset and the assumed amount of expenses incurred by the special purpose company.
INV recognizes management contract revenue from the overseas hotels. The forecasts of management contract revenue are based on estimated performance of the underlying assets and the assumed amount of expenses incurred by the hotel management company. Management contract revenue have been calculated based on the exchange rate of USD 1 = JPY 110.00, as the exchange rate is fixed based on the currency put/call options covering approximately 85% of expected cash flow. The forecast of the fiscal period ending December 2020 assumes a slight decline in room and spa revenue based on the assumption that the Westin Expansion goes forward. Therefore, INV is conservatively incorporating these factors into the forecast of December 2020 Fiscal Period. However, INV has not yet committed to the development and is continuing its due diligence work on the costs and work of the development. If the development does go forward, there will be certain one-off partial demolition costs and a non-cash expense from the retirement of a part of existing buildings, but the estimated amount is not yet unknown, so the impact is not reflected in the forecast.
Rental revenues are calculated based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by tenants.
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<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating expenses</td><td>INV expects to incur property related expenses and management contract expenses out of operating expenses for each fiscal period as follows:

<table>
<tr><th></th><th>June 2020 Fiscal Period</th><th>December 2020 Fiscal Period</th></tr>
<tr><td>・Facility management fees</td><td>JPY 561 million</td><td>JPY 518 million</td></tr>
<tr><td>(of these, repair costs)</td><td>(JPY 37 million)</td><td>(JPY 21 million)</td></tr>
<tr><td>・Taxes and other public charges (Note)</td><td>JPY 599 million</td><td>JPY 773 million</td></tr>
<tr><td>・Insurance expenses</td><td>JPY 147 million</td><td>JPY 152 million</td></tr>
<tr><td>・Depreciation expenses</td><td>JPY 4,088 million</td><td>JPY 4,159 million</td></tr>
<tr><td>・Other expenses</td><td>JPY 205 million</td><td>JPY 173 million</td></tr>
<tr><td>Total property related expenses and management contract expenses</td><td>JPY 5,602 million</td><td>JPY 5,776 million</td></tr>
</table>

(Note) Property taxes and city planning taxes on the assets to be acquired in 2020 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 periods ending June 2020 and December 2020 and recorded from the fiscal period ending June 2021 as the amount equivalent to such settlement is included in the acquisition cost.
For the two hotel properties to be acquired on January 6, 2020, INV expects to record the property taxes and city planning taxes of JPY 41 million as part of the total acquisition cost, and an annual amount of JPY 42 million of such taxes as expenses starting from the fiscal period ending June 2021.

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

<table>
<tr><th></th><th>June 2020 Fiscal Period</th><th>December 2020 Fiscal Period</th></tr>
<tr><td>・Other operating expenses</td><td>JPY 565 million</td><td>JPY 553 million</td></tr>
<tr><td>(of these, asset management fees)</td><td>(JPY 300 million)</td><td>(JPY 300 million)</td></tr>
</table>
</td></tr>
<tr><td></td><td></td></tr>
<tr><td>NOI</td><td>INV expects to record net operating income for each fiscal period as follows:

<table>
<tr><th></th><th>June 2020 Fiscal Period</th><th>December 2020 Fiscal Period</th></tr>
<tr><td>・NOI</td><td>JPY 14,958 million</td><td>JPY 15,824 million</td></tr>
<tr><td>(of these, domestic hotel NOI)</td><td>(JPY 10,344 million)</td><td>(JPY 12,834 million)</td></tr>
<tr><td>(of these, overseas hotel NOI)</td><td>(JPY 2,791 million)</td><td>(JPY 1,147 million)</td></tr>
<tr><td>(of these, residential NOI)</td><td>(JPY 1,641 million)</td><td>(JPY 1,659 million)</td></tr>
</table>

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)</td></tr>
</table>

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Non-operating expenses</td><td>INV expects to incur non-operating expenses for each fiscal period as follows:
<table><tr><th></th><th>June 2020 Fiscal Period</th><th>December 2020 Fiscal Period</th></tr><tr><td>・Interest expense</td><td>JPY 711 million</td><td>JPY 711 million</td></tr><tr><td>・Finance related costs</td><td>JPY 342 million</td><td>JPY 323 million</td></tr><tr><td>・Interest for investment corporation bonds</td><td>JPY 22 million</td><td>JPY 23 million</td></tr><tr><td>・Depreciation of investment corporation bonds issuance expenses</td><td>JPY 6 million</td><td>JPY 6 million</td></tr><tr><td>Total non-operating expenses</td><td>JPY 1,082 million</td><td>JPY 1,064 million</td></tr></table></td></tr>
<tr><td>Distribution per unit</td><td>The distribution per unit is calculated in accordance with the cash distribution policy as set forth in INV's Articles of Incorporation.

With respect to the distribution for the fiscal period ending June 2020, INV expects to distribute an aggregate amount of JPY 11,047 million (distribution per unit: JPY 1,812) which is the remaining amount after retaining JPY 211 million (which is equivalent to an one-off revenue associated with the acquisition of the two hotel properties to be acquired on January 6, 2020) for internal reserve from net income for the fiscal period ending June 2020 (JPY 11,258 million).

With respect to the distribution for the fiscal period ending December 2020, INV expects to distribute an aggregate amount of JPY 10,041 million (distribution per unit: JPY 1,647) from the net income for the fiscal period ending December 2020 (JPY 10,047 million).

For the fiscal periods ending June 2020 and December 2020, INV expects to record deferred gain on hedge of the interest rate swap and the currency option as the valuation and conversion adjustments, etc. of JPY 87 million, which is equal to the amount for the fiscal period ended June 2019. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap and the currency option does not affect the distribution per unit.

Distribution per unit may vary due to various factors, including changes of the assets under management, fluctuation of rent income associated with reasons such as change of tenants and occurrences of unexpected repairs.</td></tr>
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<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Excess profit distribution per unit</td><td>INV believes maintaining the stability of cash distributions over the medium term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, INV has adopted the policy to make distributions in excess of profits in order to stabilize distributions, in cases where dilution of investment units or significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a temporary decrease in distribution per unit, taking into consideration the level of distribution per unit assuming such acquisition of assets or capital raising had contributed for a full fiscal period.
INV may also consider making distributions in excess of profits for the purpose of decreasing the impact from corporate tax increase arising from different rules in tax and accounting practices, such as treatment on depreciation of fixed term land lease or asset retirement obligation.

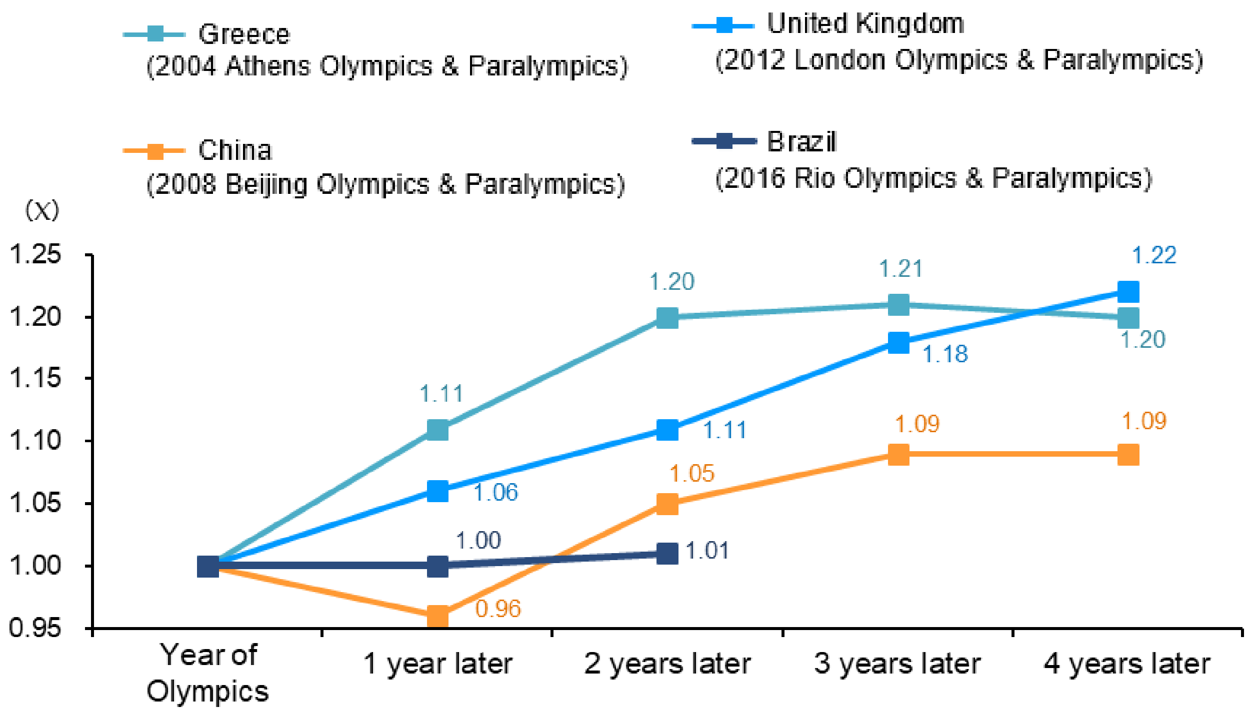
With respect to the fiscal periods ending June 2020 and December 2020, INV will not make distributions in excess of profits. In addition, INV will not make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.

<table><tr><th></th><th>June 2020
Fiscal Period</th><th>December 2020
Fiscal Period</th></tr><tr><td>Excess profit distribution per unit</td><td>-</td><td></td></tr></table></td></tr>
<tr><td>Other</td><td>INV assumes there will be no amendments to applicable laws and regulations, the taxation system, accounting standards and other regulations that would affect the foregoing forecasts.

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

(Appendix 2)

<Change in Number of International Tourist Arrivals after Olympic & Paralympic Games>



Source: World Bank, UNWTO