Invincible Investment Corporation

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

January 25, 2023

To All Concerned Parties

Name of REIT Issuer:
Invincible Investment Corporation
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Notice concerning Revision of Forecast of Financial Results and Distribution for the 39th Fiscal Period Ended December 2022, together with Forecast of Financial Results and Distribution for the 40th Fiscal Period Ending June 2023 and 41st Fiscal Period Ending December 2023

Invincible Investment Corporation (“INV”) today announced the revision of its forecast of financial results and Distribution per Unit (“DPU”) for the fiscal period ending December 2022 (39th Fiscal Period), which was previously announced in “Notice concerning Revision of Forecast of Financial Results and Distribution for the 39th Fiscal Period Ending December 2022” dated November 25, 2022, together with the newly announced forecast of financial results and DPU for the fiscal periods ending June 2023 (40th Fiscal Period) and December 2023 (41st Fiscal Period).

1. Revision of the forecast of financial results and distribution for the fiscal period ended December 2022 (from July 1, 2022 to December 31, 2022)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Previous forecast (A) (announced on November 25, 2022)	JPY million 10,882	JPY million 5,122	JPY million 3,995	JPY million 3,994	JPY million 3,993
Revised forecast (B)	JPY million 11,929	JPY million 6,239	JPY million 5,057	JPY million 5,056	JPY million 5,054
Amount of variance (B) – (A)	JPY million 1,047	JPY million 1,117	JPY million 1,062	JPY million 1,062	JPY million 1,060
Rate of variance ((B) – (A)) / (A)	% 9.6	% 21.8	% 26.6	% 26.6	% 26.6

	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)
Previous forecast (A) (announced on November 25, 2023)	JPY 655	JPY 655	JPY -	JPY 655
Revised forecast (B)	JPY 829	JPY 829	JPY -	JPY 829
Amount of variance (B) – (A)	JPY 174	JPY 174	JPY -	JPY 174
Rate of variance ((B) – (A)) / (A)	% 26.6	% 26.6	% -	% 26.6

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

2. Forecast of financial results and distribution for the fiscal periods ending June 2023 (from January 1, 2023 to June 30, 2023) and December 2023 (from July 1, 2023 to December 31, 2023)

<Fiscal Period Ending June 2023>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast for the fiscal period ending June 2023	JPY million 11,690	JPY million 5,964	JPY million 4,657	JPY million 4,656	JPY million 4,651

	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 for the fiscal period ending June 2023	JPY 763	JPY 763	JPY -	JPY 763

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

<Fiscal Period Ending December 2023>

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Total Distribution Amount
Forecast for the fiscal period ending December 2023	JPY million 13,469	JPY million 7,467	JPY million 6,324	JPY million 6,324	JPY million 6,322

	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 for the fiscal period ending December 2023	JPY 1,037	JPY 1,037	JPY -	JPY 1,037

(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 and DPU for the fiscal periods ending December 2022, June 2023 and December 2023 are provided in Appendix 1.

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

As announced in “Performance Update for December 2022” dated today, the operating status of each property up to December 2022 has been generally clarified, and DPU for the fiscal period ended December 2022 is expected to increase by more than 5% (26.6%) from the previous forecast announced in “Notice concerning Revision of Forecast of Financial Results and Distribution for the 39th Fiscal Period Ending December 2022” dated November 25, 2022. Therefore, we have decided to announce the revision of forecast of financial results and DPU for the fiscal period ended December 2022.
Moreover, INV has decided to announce the forecast of financial results and DPU for the fiscal periods ending June 2023 and December 2023, 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:

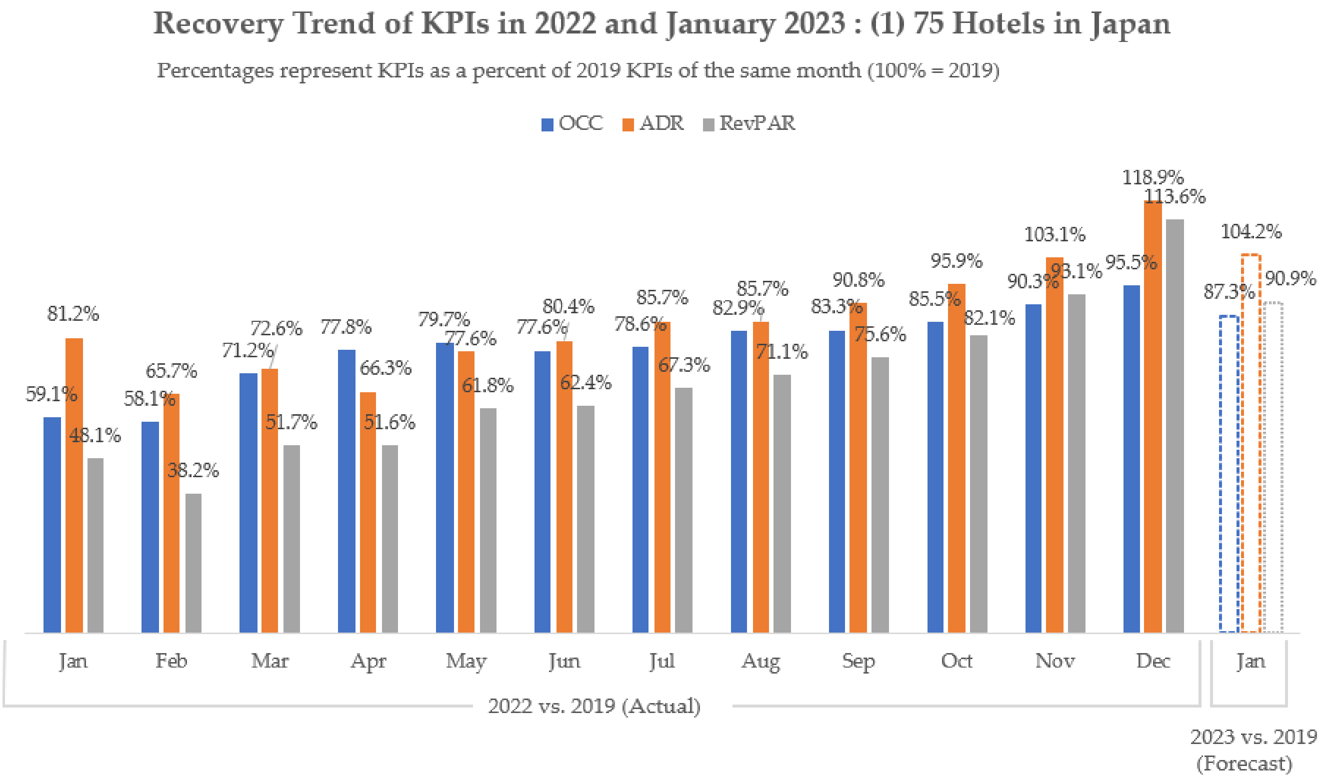
4. Overview by segment

(1) Domestic hotels

During the fiscal period ended December 2022, Japan was hit by the seventh wave of COVID-19 infections from summer to early autumn. However, there were no restrictions on movement during this period. Tourism and accommodation demand were solid, partly because events such as fireworks festivals and summer festivals resumed in various places for the first time in three years. The government’s travel subsidy program "National Travel Discount Campaign" which started in October 2022 is helping to boost domestic accommodation demand. As a result, the total number of domestic guests in the market exceeded the 2019 level in October and November 2022. Moreover, in response to the substantial relaxation of border measures in October 2022 and the current depreciation of the yen, inbound demand is on a recovery trend.
For the fiscal period ending June 2023 onwards, the recovery trend is expected to continue for domestic and inbound demand in both leisure and business segments. However, it may take some time for the number of Chinese tourists to return to pre-2019 levels due to the rapid spread of COVID-19 infections in China after the change in its zero-Corona policy. SMBC Nikko Securities forecasts

(announced on January 19, 2023) that the total number of visitors to Japan will be around 22.5 million in 2023, about 70% of the record high of 31.88 million in 2019.

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


Recovery Trend of KPIs in 2022 and January 2023 : (1) 75 Hotels in Japan

Percentages represent KPIs as a percent of 2019 KPIs of the same month (100% = 2019)

<Forecast of KPIs of the 75 domestic hotel portfolio[1] by fiscal period>

	Y2022			Y2023		
	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]	61.5%	75.9%	68.8%	78.9%	85.1%	82.0%
ADR (JPY)[3]	7,477	10,199	8,992	9,337	10,357	9,870
RevPAR (JPY)[4]	4,598	7,744	6,184	7,368	8,810	8,095
GOP (JPY million)[5]	3,177	8,850	12,028	7,549	10,701	18,250
NOI (JPY million)[6]	2,504	7,353	9,857	6,421	8,951	15,372

(Note 1) Based on 75 hotel properties; of the 84 domestic hotel properties (including Sheraton Grande Tokyo Bay Hotel, the underlying asset of preferred equity interest held by INV) held as of today, nine hotels with fixed-rent lease agreements are excluded. Hereinafter the same.

(Note 2) "Occupancy Rate", or "OCC" for hotel portfolio is calculated using the following formula:
room occupancy rate = total number of rooms occupied during the relevant month ÷ (aggregate number of rooms during the relevant month x number of business days during the relevant months). Hereinafter the same.

(Note 3) "ADR," or Average Daily Rate, is the value of the total room sales 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 sales 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.

(Note 5) “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. GOP for each fiscal period ended June 2020 and onwards includes the amount of employment adjustment subsidies to be received by the hotel operators for the respective fiscal period, which requires a certain period of time to confirm. Therefore, the amount of GOP is subject to change retroactively upon confirmation of the amount of employment adjustment subsidies. Moreover, if variable rent is accrued due to changes in GOP arising from revision of the employment adjustment subsidies, we will discuss with the tenant separately regarding the handling of such variable rent. 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.

(Note 6) “NOI” is calculated using the following formula:

NOI＝ Rental Revenues – Property Related Expenses + Depreciation Expenses + Dividends on the preferred equity interest (TMK dividend) + (Management Contract Revenue – Management Contract Expense). Hereinafter the same.

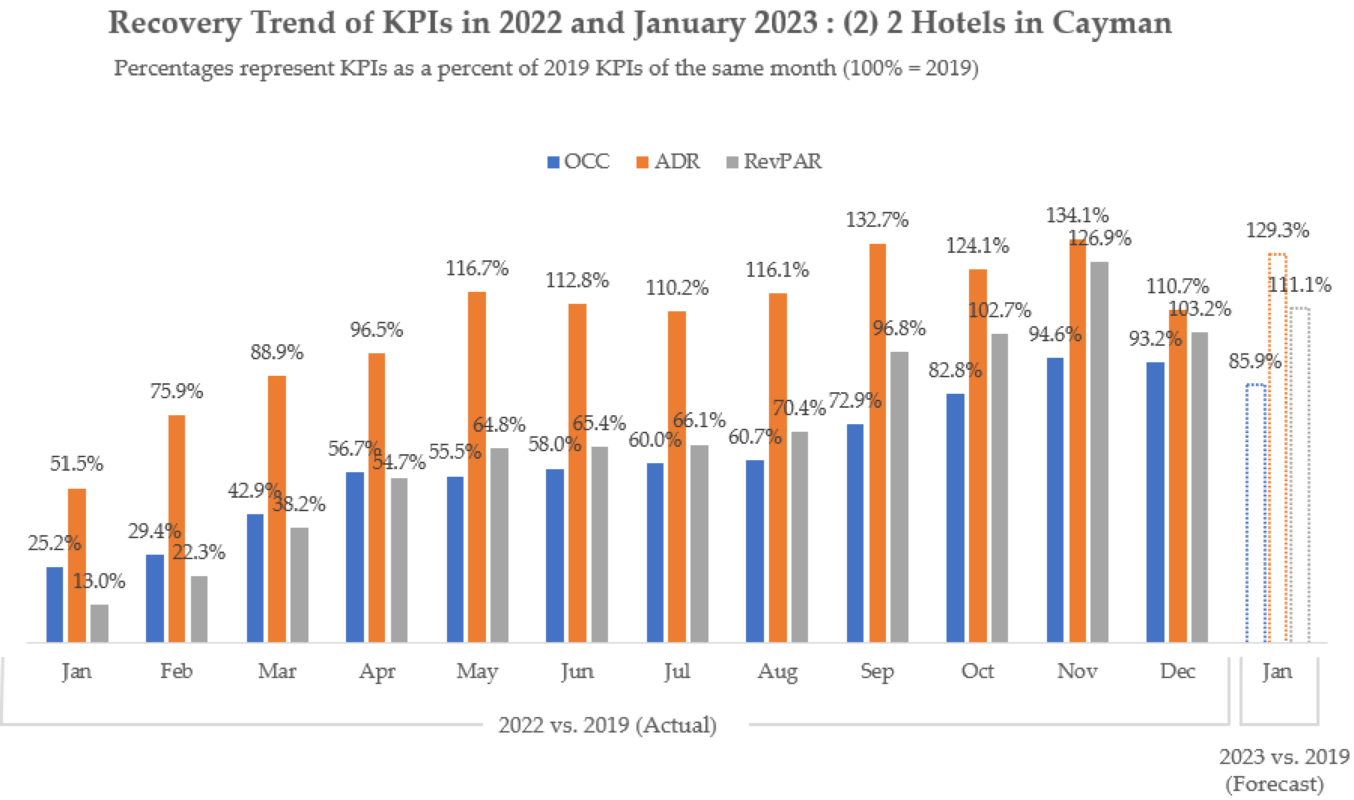
(Note 7) Percentages are rounded to one decimal place. Hereinafter the same. ADR and RevPAR are rounded to the nearest yen and GOP is rounded down to the nearest million yen.

(Note 8) The figures for December 2022 onwards show preliminarily estimated figures as of today, and are subject to change.

(2) Cayman Hotels

For the Cayman Hotels, demand is on a recovery trend, as travel-related restrictions to the Cayman Islands have been lifted, and major airlines resumed flights to and from the United States. Visitors are more willing to pay a premium for their long-delayed vacations, and the 2022 ADR (average daily room rate) has exceeded the 2019 ADR compared to the same month consistently since May 2022. Further, RevPAR has exceeded the 2019 RevPAR compared to the same month consistently since October 2022. Moreover, GOP and NOI of the two Cayman hotels in 4th quarter 2022 have exceeded that of 4th quarter 2019, both in US$ and in JPY. We expect a steady improvement of performance to continue in the fiscal period ending June 2023 onwards.

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


Recovery Trend of KPIs in 2022 and January 2023 : (2) 2 Hotels in Cayman

Percentages represent KPIs as a percent of 2019 KPIs of the same month (100% = 2019)

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

	Y2022			Y2023		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate	39.7%	56.2%	48.0%	68.5%	63.3%	65.9%
ADR (USD)	370	403	389	478	393	437
RevPAR (USD)	147	226	187	328	249	288
GOP (USD)	8,559,847	13,177,397	21,737,244	21,745,141	14,200,168	35,945,309
NOI (USD)	7,144,569	11,671,816	18,816,385	20,298,358	12,657,103	32,955,461

(Note 9) The figures for January 2023 show preliminarily estimated figures as of today, and are subject to change.

(Note 10) ADR and RevPAR are based on USD.

(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.

<Forecasts for KPIs of 41 residential properties[11]>

	Y2022			Y2023		
	June fiscal period (Actual)	December fiscal period (Forecast)	Full-Year (Forecast)	June fiscal period (Forecast)	December fiscal period (Forecast)	Full-Year (Forecast)
Occupancy Rate[12]	96.0%	96.3%	96.3%	96.6%	96.7%	96.6%
Average Rent per Tsubo (JPY)[13]	9,152	9,174	9,163	9,184	9,199	9,192
NOI (JPY million)[14]	1,113	1,118	2,232	1,115	1,121	2,237

(Note 11) Based on 41 properties held by INV as of the end of December 2022; hereinafter the same.

(Note 12) 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 13) Cumulative rent per tsubo is calculated by dividing the sum of 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.

(Note 14) NOI is rounded down to the nearest unit. NOI excludes one-off insurance-related revenues and expenses; hereinafter the same.

5. Outlook

In the 4th quarter of December 2022, INV concluded a Memorandum of Understanding (Note 15) whereby MyStays Hotel Management Co., Ltd. ("MHM"), INV's main tenant, and its affiliates (collectively with MHM, the "MHM Group") are scheduled to pay the total original fixed rent on the 73 domestic hotels managed by the MHM Group, with the total excess rent being paid as variable rent to INV. The outlook is based on this fixed rent payment arrangement continuing in 2023. Today, domestic hotels are on a recovery trend and total GOP of all 73 properties is trending at a level that exceeds the total fixed rent stipulated in the original MLPM agreement.

(Note 15) Please refer to “Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from July to September, 2022 with Major Tenant” dated September 9, 2022 and “Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from October to December, 2022 with Major Tenant” dated December 9, 2022 for details of the Memorandum of Understanding.

Regarding dividend income related to preferred equity interest in the TMK which holds the Sheraton Grande Tokyo Bay Hotel as an underlying asset, the dividend income is expected to be zero for the fiscal periods ending December 2022, June 2023, and December 2023.

(Note 16) Kingdom Special Purpose Company (the “TMK”), which is the issuer of preferred equity interest and the owner of Sheraton Grande Tokyo Bay Hotel, or the underlying asset, has a cumulative loss due to the decline in profits of the underlying asset caused by the spread of COVID-19. Therefore, the TMK has been in a situation where it cannot pay dividends even if it settles the accounts. Under such circumstances, the TMK has amended its Articles of Incorporation to temporarily extend its six-month accounting period to a 12-month accounting period in order to curb the costs of settlement of accounts. Therefore, in INV’s fiscal period ending December 2022, the settlement of accounts of the TMK will not be carried out. This measure is temporary, and TMK plans to restore to the original 6-month settlement once the cumulative loss is resolved and TMK is expected to be able to resume payment of dividends.

As a result, the NOI of domestic hotels (83 non-TMK hotels) for the fiscal period ended December 2022 is expected to be JPY 7,705 million, an increase of 151.4% compared to the December 2021 fiscal period, but a decrease of 31.4% compared to the December 2019 fiscal period prior to the pandemic. NOI is expected to increase by 135.2% year-on-year for the fiscal period ending June 2023 and increase by 20.8% year-on-year for the fiscal period ending December 2023.

For the Cayman Hotels, NOI for the fiscal period ended December 2022 is expected to be JPY 1,609 million, a significant increase compared to JPY -280 million in the December 2021 fiscal period. NOI is expected to increase by 170.4% year-on-year for the fiscal period ending June 2023 and decrease by 5.6% year-on-year for the fiscal period ending December 2023.

Performance of the residential portfolio is solid. NOI for the 41 properties held today is expected to be JPY 1,118 million in the fiscal period ended December 2022, almost the same level as the same period in the previous year. NOI is expected to increase by 0.2% year-on-year for the fiscal period ending June 2023 and increase by 0.3% year-on-year for the fiscal period ending December 2023 (based on the 41 properties held today).

As a result, net income for the fiscal period ended December 2022 is expected to be JPY 5,056 million. INV intends to distribute a total of JPY 5,054 million (JPY 829 per unit) from net income. DPU is expected to increase by 359.6% year-on-year for the fiscal period ending June 2023 and increase by 25.1% year-on-year for the fiscal period ending December 2023.

It is almost three years since the outbreak of the COVID-19 pandemic. The recovery of inbound demand has started, and INV and its asset management company will continue to make all-out efforts with the goal of quickly approaching the profit levels before 2019.

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

(Appendix 1)

<Assumptions Underlying the Forecast of Financial Results and Distribution for the Fiscal Periods ending December 31, 2022, June 30, 2023 and December 31, 2023>

Item	Assumptions
Fiscal period	The December 2022 Fiscal Period: from July 1, 2022 to December 31, 2022 (184 days) The June 2023 Fiscal Period: from January 1, 2023 to June 30, 2023 (181 days) The December 2023 Fiscal Period: from July 1, 2023 to December 31, 2023 (184 days)
Assets under management	Properties held as of the end of the December 2022 Fiscal Period: 127 properties and preferred equity interests in one TMK Based on the properties held as of today (127 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 2023.
Units outstanding	As of the end of the December 2022 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 2023 Fiscal Period.
Interest-bearing liabilities	Balance as of the end of the December 2022 Fiscal Period ended: JPY 240,797 million (borrowing: JPY 232,597 million, investment corporation bonds: JPY 8,200 million) Balance as of the end of the June 2023 Fiscal Period: JPY 240,466 million (borrowing: JPY 232,266 million, investment corporation bonds: JPY 8,200 million) Balance as of the end of the December 2022 Fiscal Period: JPY 240,466 million (borrowing: JPY 232,266 million, investment corporation bonds: JPY 8,200 million) As mentioned in the press releases entitled “Notice concerning Debt Financing (Refinance)” dated December 22, 2022 and January 12, 2023, INV implemented a total of JPY 20,458 million of borrowing (refinance) in January 2023, and total balance as of today is JPY 240,466 million. Regarding the loans maturing February onwards during the June 2023 Fiscal Period (a total of JPY 22,317 million), INV intends to refinance at a similar condition. Regarding the investment corporation bonds (JPY 1,000 million) maturing May 2023, INV intends to redeem by issuing investment corporate bonds of the same amount or by borrowing the same amount. Regarding loans maturing during the December 2023 Fiscal Period (a total of JPY 113,814 million), INV intends to refinance at a similar condition. Regarding the investment corporation bonds (JPY 2,000 million) maturing October 2023, INV intends to redeem by issuing investment corporate bonds of the same amount or by borrowing the same amount. INV assumes no other new loan or prepayment of loan through the end of the December 2023 Fiscal Period.

<table>
<tr>
<td>Operating revenues</td>
<td>
INV expects to record rental revenues for the fiscal period as follows:
<table>
<tr><th></th><th>December 2022
Fiscal Period</th><th>June 2023
Fiscal Period</th><th>December 2023
Fiscal Period</th></tr>
<tr><td>・Rental revenues</td><td>JPY 10,182 million</td><td>JPY 9,080 million</td><td>JPY 11,765 million</td></tr>
<tr><td>(of these, hotel rents)</td><td>(JPY 8,485 million)</td><td>(JPY 7,321 million)</td><td>(JPY 10,019 million)</td></tr>
<tr><td>・Management contract revenue</td><td>JPY 1,746 million (USD 13,177 thousand)</td><td>JPY 2,609 million (USD 21,745 thousand)</td><td>JPY 1,704 million (USD 14,200 thousand)</td></tr>
<tr><td>・TMK dividend amount</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total operating revenues</td><td>JPY 11,929 million</td><td>JPY 11,690 million</td><td>JPY 13,469 million</td></tr>
</table>

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 TMK. As stated in the main text, there will be no TMK dividend on preferred equity interests through the end of the fiscal period ending December 2023.

INV recognizes management contract revenue from the overseas hotels as real estate investment income from management contracts of the Cayman Hotels. The forecasts of management contract revenue are based on estimated performance of the overseas hotels and the assumed amount of expenses incurred by the hotel management company. Management contract revenues from July to December 2022 have been calculated based on the monthly average exchange rate of each month and resulted with USD1 = JPY 132.6 as the weighted average of this fiscal period. Management contract revenues for January to December 2023 have been calculated based on exchange rate of USD 1 = JPY 120, and the foreign currency risk on the management contract revenues are partially hedged by foreign exchange forward contracts. Please refer to “Notice concerning Execution of Foreign Exchange Forward” dated today for details of the foreign exchange forward. Previously, INV had assumed that the expansion and renovation of the Cayman Hotels would begin in the summer of 2020 with the goal of completion in the summer of 2023. However, considering the situation of the Cayman Hotels under the impact of COVID-19, INV was forced to refrain from discussions on the expansion and renovation project. While INV resumed consideration of expansion and renovation based on the changes in market environment, etc., INV does not anticipate and incorporate any particular impact of the expansion and renovation for the purpose of this forecast through the end of the fiscal period ending December 2023.

Rental revenues are calculated assuming certain changes in rent conditions with the MHM Group in 2023, and based on estimates as of today. In addition, INV assumes there will be no delinquencies or non-payment of rent by other tenants.
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Operating expenses

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

	December 2022 Fiscal Period	June 2023 Fiscal Period	December 2023 Fiscal Period
・Facility management fees	JPY 426 million	JPY 442 million	JPY 435 million
(of these, repair costs)	(JPY 16 million)	(JPY 18 million)	(JPY 16 million)
・Taxes and other public charges	JPY 739 million	JPY 589 million	JPY 739 million
・Insurance expenses	JPY 156 million	JPY 158 million	JPY 172 million
・Depreciation expenses	JPY 3,757 million	JPY 3,839 million	JPY 3,997 million
・Other expenses	JPY 95 million	JPY 115 million	JPY 94 million
Total property related expenses and management contract expenses	JPY 5,175 million	JPY 5,146 million	JPY 5,439 million

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

	December 2022 Fiscal Period	June 2023 Fiscal Period	December 2023 Fiscal Period
・Other operating expenses	JPY 514 million	JPY 579 million	JPY 562 million
(of these, asset management fees)	(JPY 300 million)	(JPY 300 million)	(JPY 300 million)

NOI

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

	December 2022 Fiscal Period	June 2023 Fiscal Period	December 2023 Fiscal Period
・NOI	JPY 10,511 million	JPY 10,383 million	JPY 12,027 million
(of these, domestic hotel NOI)	(JPY 7,705 million)	(JPY 6,754 million)	(JPY 9,309 million)
(of these, overseas hotel NOI)	(JPY 1,609 million)	(JPY 2,436 million)	(JPY 1,518 million)
(of these, residential NOI)	(JPY 1,118 million)	(JPY 1,115 million)	(JPY 1,121 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)

NOI for June 2023 fiscal period and December 2023 fiscal period are calculated assuming changes in rent conditions for the period from January to December 2023 with the MHM Group.

Non-operating expenses

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

	December 2022 Fiscal Period	June 2023 Fiscal Period	December 2023 Fiscal Period
・Interest expense	JPY 542 million	JPY 560 million	JPY 557 million
・Finance related costs	JPY 554 million	JPY 537 million	JPY 548 million
・Interest for investment corporation bonds	JPY 28 million	JPY 28 million	JPY 31 million
・Depreciation of investment corporation bonds issuance expenses	JPY 6 million	JPY 6 million	JPY 6 million
・Foreign exchange losses	JPY 68 million	-	-
Total non-operating expenses	JPY 1,200 million	JPY 1,132 million	JPY 1,143 million

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<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 ended December 2022, INV expects to distribute an aggregate amount of JPY 5,054 million (distribution per unit: JPY 829) from the net income for the fiscal period ended December 2022 (JPY 5,056 million).

With respect to the distribution for the fiscal period ending June 2023, INV expects to distribute an aggregate amount of JPY 4,651 million (distribution per unit: JPY 763) from the net income for the fiscal period ending June 2023 (JPY 4,656 million).

With respect to the distribution for the fiscal period ending December 2023, INV expects to distribute an aggregate amount of JPY 6,322 million (distribution per unit: JPY 1,037) from the net income for the fiscal period ending December 2023 (JPY 6,324 million).

For the fiscal periods ending December 2022, June 2023 and December 2023, INV expects to record deferred gain on hedge of the interest rate swap as the valuation and conversion adjustments, etc. of JPY 96 million, which is equal to the amount for the fiscal period ended June 2022. The distribution per unit is calculated based on the assumption that fluctuation of the market value of the interest rate swap does not affect the distribution per unit and earnings 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>
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<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 December 2022, June 2023 and December 23, INV will not have to make distributions in excess of profits in order to cope with the discrepancy between tax and accounting treatment.
<table>
<tr><td></td><td>December 2022 Fiscal Period</td><td>June 2023 Fiscal Period</td><td>December 2023 Fiscal Period</td></tr>
<tr><td>Excess profit distribution per unit</td><td>-</td><td>-</td><td>-</td></tr>
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<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>
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