

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of representative:

Naoki Fukuda, Executive Director

Roppongi Hills Mori Tower

6-10-1 Roppongi, Minato-ku, Tokyo, Japan

(Securities code: 8963)

Asset manager:

Consonant Investment Management Co., Ltd.

Naoki Fukuda, CEO

Contact: Jun Komo

General Manager of Planning Department

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Notice concerning Change of Operator

Invincible Investment Corporation (“INV”) announced today the change of the hotel operator (the “Operator Change”) for the property listed below.

1. Overview of Operator Change

(1) Subject property

Hotel Nets Hakodate (the “Property”)

The name of the Property will be changed from Hotel Nets Hakodate to Hotel MyStays Hakodate-Goryokaku in connection to the Operator Change.

(2) Details of change¹

	Before Change	After Change
Operator	Nets Management Co., Ltd.	MyStays Hotel Management Co., Ltd. (“MHM”) ²
Type of Agreement	Fixed rent plus variable rent	
Determination of Rent of Lease Agreement	Fixed rent (JPY 96 million per annum (Jan.-Mar.: JPY 4 million per month, Apr.-June: JPY 8 million per month, July-Sep.: JPY 16 million per month, Oct. – Dec.: JPY 4 million per month)) plus variable rent based on GOP ³ of hotel operation ⁴ .	

(Note 1) Hakodate Hospitality Godo Kaisha (the “Tenant”) leases the entire building from Sumitomo Mitsui Trust Bank, Limited, the building owner. The Tenant has entered into a hotel management contract regarding the hotel operations with the operator for the hotel portion, while subletting non-hotel portion to sub-tenants. The Operator Change is concerning the operator, therefore the Tenant as well as

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sub-tenants and their type of agreement and rent remain unchanged.

(Note 2) MHM is the parent company of the Tenant, holding 100% of its outstanding shares.

(Note 3) GOP (Gross Operating Profit) is rent revenue INV receives as a rent which is the amount remaining after deducting operating expenses such as personnel expenses, cost of utilities, and advertising expenses, as well as management fee for operators (if any) from the hotel's revenues.

(Note 4) Variable rent is GOP during the three-month variable rent calculation period after deducting fixed rent during the same period. However, when the balance after deduction is zero or negative, variable rent is zero.

(3) Effective date of change

May 1, 2018 (Expected)

2. Reason for Change

The Tenant will cancel the current management contract and conclude a new management contract pertaining to the Property. The Tenant requested INV's approval for the Operator Change, and INV approved the Operator Change as of today taking the following points into consideration.

MHM is an experienced hotel operator affiliated with INV's sponsor, operating 82 hotel properties and 12,975 rooms as of January 16, 2018, providing extensive experience in hotel and revenue management. Upon the Operator Change, the Property will be the 42nd hotel¹ that MHM or MHM's subsidiary manages for INV out of a total of 53 hotels² owned by INV.

INV believes that the Operator Change will increase the revenue and maximize unitholders' value primarily due to the following two factors:

- (i) Capturing inbound demand
The Hokkaido area is anticipated to see further increases in inbound tourists. By utilizing its expertise, MHM intends to capture higher Average Daily Rate from inbound guests.
- (ii) Enhanced revenue management
By implementing revenue management based on detailed demand forecast from headquarter, MHM seeks to maximize revenue.
- (iii) Reduction in hotel operating expenses through economy of scale
By operating the Property together with other hotels MHM operates in the same area, MHM aims to reduce the hotel operating costs including joint procurement.

(Note 1) Includes hotels operated by Naqua Hotels and Resorts, a subsidiary of MHM.

(Note 2) Excludes Sheraton Grande Tokyo Bay Hotel, the underlying asset of a special purpose company of which INV holds the preferred equity interests.

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3. Profile of New Operator

(i)	Name	MyStays Hotel Management Co., Ltd.
(ii)	Location	6-2-31, Roppongi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Atsuki Asano, President and CEO
(iv)	Business	Hotel and Ryokan (Japanese inn) operation and management
(v)	Capital	JPY 100 million (as of end of December 2017)
(vi)	Date of establishment	July 8, 1999

(vii) Relationship between INV/Asset Manager and the Tenant/Operator	
Capital relationships	While there are no capital relationships that should be noted between INV/Consonant Investment Management Co., Ltd. ("CIM") and MHM, the parent company of MHM is indirectly owned by funds managed by affiliates of Fortress Investment Group LLC ("FIG"), which is an affiliate of Calliope Godo Kaisha ("Calliope"). Calliope holds 609,942 units of INV's outstanding investment units (12.72% stake) as of today. Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
Personnel relationships	While there are no personnel relationships that should be noted between INV/CIM and MHM, as of the date of this notice, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
Transactional relationships	As of the date of this notice, INV has entered into lease agreements with MHM with respect to 41 hotel properties ¹ .
Whether the Tenant/Operator is a related party	MHM is not a related party of INV/CIM. Further, related persons and affiliates of MHM are not related parties of INV/CIM. Furthermore, MHM is not an interested party of CIM as provided in the Act on Investment Trusts and Investment Corporations.

(Note 1) Includes agreement with MHM subsidiary and management contract between MHM and tenant.

4. Future Outlook

The Operator Change is expected to have limited impact on the fiscal period ending June 2018 (January 1, 2018 to June 30, 2018). The financial forecasts for the fiscal period ending June 2018 will be announce at a later date, once they are determined.

Website of INV: <http://www.invincible-inv.co.jp/eng>

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