

[For Information Purpose Only.]

The Japanese language press release should be referred to as the original.]

June 25, 2018

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

(Tel. +81-3-5411-2731)

## **Notice concerning Debt Financing**

Invincible Investment Corporation (“INV”) has determined today to obtain new debt financing. Details are as follows.

### 1. Reason for Borrowing

INV has today decided and has executed an agreement for new borrowings (the “Borrowing”) in order to procure a portion of the acquisition price and related expenses of two hotel properties (in the form of trust beneficiary interests) (the “Two Hotels”) (Note 1) scheduled to be acquired on June 27, 2018.

In addition, INV has today executed an interest swap agreement in connection with the Borrowing (Note 2).

(Note 1) For details on the acquisition of the Two Hotels, please refer to the press release entitled “Notice concerning Acquisition of Assets” as of today.

(Note 2) For details on the execution of the interest swap agreement please refer to the press release entitled “Notice concerning Execution of Interest Rate Swap Agreement” as of today.

This English language notice is a translation of the Japanese-language notice released on June 25, 2018 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.

## 2. Details of the Borrowing (anticipated)

<Term Loan (H)>

5 Years Tranche

- |                                |   |  |
|--------------------------------|---|--|
| (1) Lenders                    | : | MUFG Bank, Ltd.<br>Shinsei Bank, Limited   |
| (2) Borrowing amount           | : | JPY 1,500 million  |
| (3) Interest rate, etc.        | : | 1-month JPY TIBOR (Base Rate) + spread (0.60%)<br>(For the first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.60%)) (Note1)<br>Variable interest rate |
| (4) Borrowing method           | : | Borrowing based on separate term loan agreement dated June 25, 2018<br>Unsecured / with no guarantee   |
| (5) Agreement date             | : | June 25, 2018  |
| (6) Anticipated borrowing date | : | June 27, 2018  |
| (7) Interest payment date      | : | (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2018, and (2) the principal maturity date                 |
| (8) Principal repayment method | : | Lump-sum repayment on the principal maturity date  |
| (9) Principal maturity date    | : | June 27, 2023  |

- (Note 1)
- Base rate applicable to the interest calculation period for interests to be paid on the relevant interest payment date shall be the 1-month JPY TIBOR announced by Japanese Bankers Association two Japanese business days prior to the immediately preceding interest payment date.
  - JPY TIBOR announced by the Japanese Bankers Association is available at its website (<http://www.jbatibor.or.jp/english/>).
  - Details of our debt financing is available at the "Borrowings & Investment Corporation Bonds" page of INV's website (<http://www.invincible-inv.co.jp/eng/cms/loan.html>).

## 3. Future outlook

For revision of the forecasted financial results and distributions in relation to the Borrowing for the fiscal periods ending June 2018 (from January 1, 2018 to June 30, 2018) and December 2018 (from July 1, 2018 to December 31, 2018), please refer to the press release entitled "Notice concerning Revision of Forecast of Financial Results and Distribution for the 30th Fiscal Period Ending June 2018 and 31st Fiscal Period Ending December 2018" dated as of today.

## 4. Loan proceeds, use of proceeds and scheduled timing of disbursement

- |                                     |  |
|-------------------------------------|--|
| (1) Loan proceeds                   | JPY 1,500 million  |
| (2) Use of proceeds                 | To be appropriated for a portion of the acquisition price and related expenses of the Two Hotels |
| (3) Scheduled timing of expenditure | June 27, 2018  |

This English language notice is a translation of the Japanese-language notice released on June 25, 2018 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.

5. Other matters necessary for investors' appropriate understanding/judgment of the concerned information

With respect to the risks associated with the Borrowing, please refer to the content of "Investment Risks" stated in the securities report for the fiscal period ended December 2017 (from July 1, 2017 to December 31, 2017) (Japanese only) filed on March 26, 2018.

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

[For reference only]

## ■ Balance of interest-bearing liabilities

(Unit : million yen)

	Before the Borrowing (As of June 25, 2018)	After the Borrowing (As of June 27, 2018)	Increase (Decrease)
Total loans	185,915	187,415	+1,500
Total Investment corporation bonds	2,000	2,000	—
Total interest-bearing liabilities	187,915	189,415	+1,500
Total Appraisal Value of Assets Owned by INV <sup>1</sup>	421,350	428,750	+7,400
LTV (Based on Appraisal Value) <sup>2</sup> (%)	44.6	44.2	(0.4)

(Note 1) For the 126 properties to be owned after the acquisition of the Two Hotels, the 120 properties held as of December 31, 2017 is based on appraisal value stated in the appraisal reports on the valuation date of December 31, 2017, the four properties acquired on February 7, 2018 is based on appraisal value stated in the appraisal reports on the valuation date of January 1, 2018, and the Two Hotels to be acquired on June 27, 2018 is based on appraisal value stated in the appraisal reports on the valuation date of April 1, 2018, respectively. Preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset is counted as one property and the acquisition price of such preferred equity interest, JPY 17,845 million, is deemed as the appraisal value and included.

(Note 2) "LTV (Based on Appraisal Value)" in the above table is calculated according to the following formula:

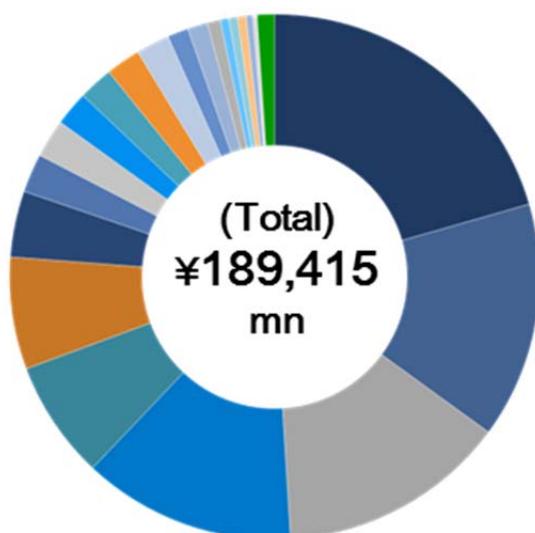
$$\text{LTV (Based on Appraisal Value)} = \frac{\text{Total interest-bearing liabilities}}{\text{Total Appraisal Value of Assets Owned by INV}} \times 100$$

"Total interest-bearing liabilities" does not include the interest-bearing liabilities of the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset.

(Note 3) The amounts are rounded down to the nearest million yen. The percentages are rounded to the nearest one decimal place.

This English language notice is a translation of the Japanese-language notice released on June 25, 2018 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.

■ Lender formation after the Borrowing (anticipated)



Mizuho Bank	20.5%
MUFG	14.5%
SMBC	14.0%
SMTB	13.0%
Shinsei Bank	7.3%
Citibank	6.9%
Resona Bank	4.1%
DBJ	2.4%
Aeon Bank	2.4%
Japan Post Bank	2.1%
Tokyo Star Bank	2.1%
Dai-ichi Life Insurance	2.1%
Fukuoka Bank	2.1%
Shizuoka Bank	1.3%
Nomura TB	1.2%
Hirosihma Bank	0.8%
Kagawa Bank	0.5%
Daishi Bank	0.5%
Hyakugo Bank	0.5%
Towa Bank	0.4%
Gunma Bank	0.3%
REIT Bond	1.1%

This English language notice is a translation of the Japanese-language notice released on June 25, 2018 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.