

[For Information Purpose Only.]

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

September 10, 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

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## **Notice concerning Debt Financing (Partial Amendments to the Loan Agreement)**

Invincible Investment Corporation (“INV”) has executed an agreement to partially amend the loan agreement with regard to the borrowings (the “Borrowing”) announced in the “Notice concerning Debt Financing” dated July 17, 2018 and “Notice concerning Debt Financing (Execution of Loan Agreement)” dated July 31, 2018. Details of partial amendments to the loan agreement are as follows.

### 1. The Reason of Partial Amendments to the Loan Agreement

Acquisition of TK Interest in connection with two overseas hotels as underlying assets is anticipated to be completed on September 27, 2018 (Note 1). Therefore, INV has executed an agreement to partially amend the loan agreement in order to change the anticipated borrowing date and other matters. There are no changes to the Borrowing in the amount of JPY 3,458 million, which has already been implemented on August 2, 2018 (Note 2).

(Note 1) Anticipated acquisition date is an estimate as of today and is subject to change.

(Note 2) (i) 3-year tranche (borrowing amount: JPY 2,359 million, lenders: Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, MUFG Bank, Ltd., Shinsei Bank, Limited, Citibank, N.A., Tokyo Branch, The Nomura Trust and Banking Co., Ltd. and AEON Bank, Ltd.) and (ii) short-term consumption tax loan (borrowing amount: JPY 1,099 million, lenders: Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd.)

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## 2. Details of the Partial Amendments to the Loan Agreement

(Shows only the Borrowings that have been changed from “Notice concerning Debt Financing (Execution of Loan Agreement)” dated July 31, 2018 and underlined part shows the changes.)

<New Syndicate Loan (J)>

5 Years Tranche

- |                                |   |  |
|--------------------------------|---|--|
| (1) Lenders                    | : | Mizuho Bank, Ltd.<br>Sumitomo Mitsui Banking Corporation<br>MUFG Bank, Ltd.<br><u>Sumitomo Mitsui Trust Bank, Limited</u><br>Shinsei Bank, Limited<br>Citibank, N.A., Tokyo Branch<br>Development Bank of Japan, Inc.<br><u>Resona Bank, Limited.</u><br>The Nomura Trust and Banking Co., Ltd.<br>AEON Bank, Ltd. |
| (2) Borrowing amount           | : | JPY 13,119 million   |
| (3) Interest rate, etc.        | : | 1-month JPY TIBOR (Base Rate) + spread (0.50%)<br>(Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.50%)) (Note1)<br>Variable interest rate   |
| (4) Borrowing method           | : | Borrowing based on separate term loan agreement entered into on July 31, 2018 <u>and agreement to amend separate term loan agreement entered into on September 10, 2018</u><br>Unsecured / with no guarantee   |
| (5) Agreement date             | : | July 31, 2018 ( <u>Agreement date on amendment : September 10, 2018</u> )  |
| (6) Anticipated borrowing date | : | September <u>26</u> , 2018 (Note 2)  |
| (7) Interest payment date      | : | (i) The last Japanese business day of each month before the principal maturity date, beginning on October 31, 2018, and (ii) the principal maturity date (Note 2)  |
| (8) Principal repayment method | : | Lump-sum repayment on the principal maturity date  |
| (9) Principal maturity date    | : | September <u>26</u> , 2023 (Note 2)  |

4 Years Tranche

- |             |   |   |
|-------------|---|---|
| (1) Lenders | : | Mizuho Bank, Ltd.<br>Sumitomo Mitsui Banking Corporation<br>MUFG Bank, Ltd.<br><u>Sumitomo Mitsui Trust Bank, Limited</u><br>Shinsei Bank, Limited<br>Citibank, N.A., Tokyo Branch<br>Development Bank of Japan, Inc.<br><u>Resona Bank, Limited.</u><br>The Nomura Trust and Banking Co., Ltd. |
|-------------|---|---|

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	AEON Bank, Ltd.
(2) Borrowing amount	: JPY 13,120 million
(3) Interest rate, etc.	: 1-month JPY TIBOR (Base Rate) + spread (0.40%) (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.40%)) (Note 1)
	Variable interest rate
(4) Borrowing method	: Borrowing based on separate term loan agreement entered into on July 31, 2018 <u>and agreement to amend separate term loan agreement entered into on September 10, 2018</u>
	Unsecured / with no guarantee
(5) Agreement date	: July 31, 2018 ( <u>Agreement date on amendment : September 10, 2018</u> )
(6) Anticipated borrowing date	: September <u>26</u> , 2018 (Note 2)
(7) Interest payment date	: (i) The last Japanese business day of each month before the principal maturity date, beginning on October 31, 2018, and (ii) the principal maturity date (Note 2)
(8) Principal repayment method	: Lump-sum repayment on the principal maturity date
(9) Principal maturity date	: September <u>26</u> , 2022 (Note 2)

### 3 Years Tranche

(1) Lenders	: Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. <u>Sumitomo Mitsui Trust Bank, Limited</u> Shinsei Bank, Limited Citibank, N.A., Tokyo Branch Development Bank of Japan, Inc. <u>Resona Bank, Limited.</u> The Nomura Trust and Banking Co., Ltd.
	AEON Bank, Ltd.
(2) Borrowing amount	: JPY 10,761 million
(3) Interest rate, etc.	: 1-month JPY TIBOR (Base Rate) + spread (0.30%) (Only in first calculation period, 2-month JPY TIBOR (Base Rate) + spread (0.30%)) (Note 1)
	Variable interest rate
(4) Borrowing method	: Borrowing based on separate term loan agreement entered into on July 31, 2018 <u>and agreement to amend separate term loan agreement entered into on September 10, 2018</u>
	Unsecured / with no guarantee
(5) Agreement date	: July 31, 2018 ( <u>Agreement date on amendment : September 10, 2018</u> )
(6) Anticipated borrowing date	: September <u>26</u> , 2018 (Note 2)
(7) Interest payment date	: (i) The last Japanese business day of each month before the principal maturity date, beginning on October 31, 2018, and (ii)

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- (8) Principal repayment method : the principal maturity date (Note 2)  
: Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : September 26, 2021 (Note 2)

- (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 JBA TIBOR Administration two Japanese business days prior to the immediately preceding interest payment date.  
• JPY TIBOR announced by the JBA TIBOR Administration is available at its website (<http://www.ibatibor.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>).
- (Note 2) Anticipated borrowing date, interest payment date and principal maturity date are subject to change. Please see “4. Amount and use of proceeds and scheduled timing of disbursement (3) Scheduled timing of expenditure” below.

### 3. Future outlook

The impact of the partial amendments is minimal and therefore forecasted financial results and distributions for the fiscal period ending December 2018 (from July 1, 2018 to December 31, 2018) has not been changed from those stated in the “Financial Summary for the June 2018 Fiscal Period (from January 1, 2018 to June 30, 2018)” dated August 22, 2018.

### 4. Amount and use of proceeds and scheduled timing of disbursement

#### (1) Loan proceeds

JPY 40,458 million (Of these, JPY 3,458 million was already procured as of August 2, 2018)

#### (2) Use of proceeds

The borrowing of JPY 3,458 million procured on August 2, 2018 was appropriated for a portion of the acquisition price and related expenses of four domestic hotel properties (in the form of trust beneficiary interests) (the “Four Domestic Hotel Properties”) which were acquired on August 2, 2018. The borrowing of JPY 37,000 million anticipated to be procured on September 26, 2018 will be appropriated for a portion of the acquisition price and related expenses of TK Interest in connection with two overseas hotels (the “Overseas Real Estate TK Interest”) (Note 1) scheduled to be acquired on one preceding business day of the day when underlying assets of Overseas Real Estate TK Interest are to be acquired by October 31, 2018 or an earlier date which will be agreed upon with the sellers.

#### (3) Scheduled timing of expenditure

August 2, 2018 (acquisition of the Four Domestic Hotel Properties)

September 27, 2018 (acquisition of the Overseas Real Estate TK Interest) (Note 2)

(Note 1) For details on the Four Domestic Hotel Properties and Overseas Real Estate TK Interest, please refer to the press release entitled “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” and “Notice Concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” dated July 17, 2018.

(Note 2) The anticipated acquisition date of the Overseas Real Estate TK Interest is subject to change, depending on the progress of obtaining consents from Cayman Islands Government and other regulatory approval, etc., in which case the loan

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agreement with respect to anticipated borrowing date, interest payment date and principal maturity date may be amended accordingly.

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 "Investment Risks" stated in the semi-annual securities report (*yuka shoken hokokusho*) for the fiscal period ended December 2017 (from July 1, 2017 to December 31, 2017) (Japanese only) filed as of March 26, 2018 and "Part II, Reference Information II Supplemental Information to the Reference Documents 5. Investment Risks" of the securities registration statement (Japanese only) filed on July 17, 2018.

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

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< Change in balance of interest-bearing debt (anticipated)>

Unit: million yen

	Before the Borrowing (As of July 31, 2018)	After the Borrowing (Note 3)	Increase (Decrease)
Total loans	187,415	227,873	+40,458
Total investment corporation bonds	2,000	2,000	—
Total interest-bearing debt	189,415	229,873	+40,458
Total appraisal value of properties owned by INV (and Anticipated Acquisitions) (Note 1)	429,387	515,151	+85,764
LTV (based on appraisal value)(Note 2) (%)	44.1	44.4	+0.3

(Note 1) As to “Total appraisal value of properties owned by INV (and Anticipated Acquisitions)”, for “Before the Borrowing”, the 126 properties owned by INV before the Borrowing (including preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset) are based on the appraisal value stated in the appraisal reports on the valuation date of June 30, 2018. However, for the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset, the acquisition price (INV’s investment amount) of such preferred equity interest, JPY 17,845 million, is deemed as the appraisal value and included. For “After the Borrowing”, the Four Domestic Hotel Properties acquired are based on the appraisal value stated in the appraisal reports on the valuation date of June 1, 2018. However, for the Overseas Real Estate TK Interest the underlying assets of which are “The Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort”, the anticipated acquisition price (INV’s anticipated TK investment amount) of such TK interest, USD 339,836 thousand (JPY 37,534 million, 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), 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:  

$$\text{LTV (based on appraisal value)} = \frac{\text{Total interest-bearing debt (excluding short-term consumption tax loan)}}{\text{Total appraisal value of properties owned by INV (and Anticipated Acquisition)}} \times 100$$
 “Total interest-bearing debt” does not include the interest-bearing debt of the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset.

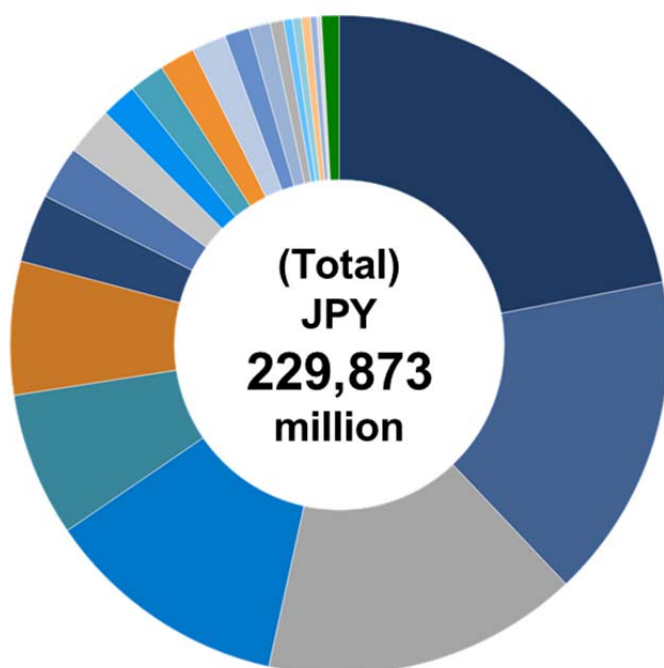
(Note 3) “After the Borrowing” in the above table is the date when INV has executed the Borrowing and makes investment in the Overseas Real Estate TK Interest. INV’s investment in the TK interest will be made on one preceding business day of the day when underlying assets of Overseas Real Estate TK Interest are to be acquired by the SPC, the deadline of which is October 31, 2018 or an earlier date which will be agreed upon with the sellers. For details, please refer to “Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” dated July 17, 2018.

(Note 4) The amounts are rounded down to the nearest million yen. The percentages are rounded to the nearest one decimal place.

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# Invincible Investment Corporation

■ Lender formation after the Borrowing (anticipated)



Mizuho Bank	21.9%
SMBC	16.0%
MUFG	15.5%
SMTB	12.0%
Shinsei Bank	7.1%
Citibank	6.6%
Resona Bank	3.4%
DBJ	2.6%
Aeon Bank	2.4%
Japan Post Bank	1.7%
Tokyo Star Bank	1.7%
Dai-ichi Life Insurance	1.7%
Fukuoka Bank	1.7%
Nomura TB	1.2%
Shizuoka Bank	1.0%
Hiroshima Bank	0.7%
Kagawa Bank	0.4%
Daishi Bank	0.4%
Hyakugo Bank	0.4%
Towa Bank	0.3%
Gunma Bank	0.2%
REIT Bond	0.9%

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