

[For Information Purpose Only.]

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

November 2, 2018

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of Representative:

Naoki Fukuda, Executive Director

Roppongi Hills Mori Tower

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(Securities code: 8963)

Asset Manager:

Consonant Investment Management Co., Ltd.

Naoki Fukuda, CEO

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## **Notice concerning Cancel of Existing Foreign Exchange Forward and Execution of Put/Call Options**

Invincible Investment Corporation (“INV”) announces that Consonant Investment Management Co., Ltd. (“CIM”), the asset manager of INV, has decided to cancel the previous foreign exchange forward contract (covering up to June 28, 2019) as announced in the “Notice concerning Execution of Foreign Exchange Forward” dated October 1, 2018 and alternatively enter into a series of contracts where INV is purchasing Put Options and selling Call Options on the JPY-USD in order to hedge the foreign currency risk of USD based cash flow from the TK interest backed by the Westin Grand Cayman Seven Mile Beach Resort & SPA and the Sunshine Suites Resort (the “Cayman Hotel TK Interest”) acquired on September 29, 2018 (Japan time). The new contracts were entered into as Puts and Calls to allow a fixed exchange rate of 110 Yen to one US Dollar for a longer period up through March 31, 2020. CIM believes these contracts benefit INV to help hedge against any USD-JPY fluctuation during this period. INV is hedging amounts based on an estimate of 85% of the NOI less Cayman SPC expenses (i.e., net cash flow from TK distribution) same as the previous forward contract during this period.

### 1. Overview of the new put and call options and cancelling foreign exchange forward

The below are the specific details around the cancelation of the existing forward contract for delivery on June 28, 2019, the purchase of six put options, and the sale of six call options. INV will gain approximately JPY 9 million by canceling forward contract during the fiscal period ending December 31, 2018, although it also will incur expenses of JPY 3 million for entering into the call/put option contracts, which is also beneficial to INV.

#### Canceling foreign exchange forward (Note 1)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 15,658,000

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(3) Forward exchange rate	1 USD = 111.43 JPY
(4) Agreement date	October 1, 2018
(5) Delivery date	June 28, 2019

(Note 1) Please refer to the "Notice concerning Execution of Foreign Exchange Forward" dated October 1, 2018 for details.

## Purchase of Put Options

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 5,300,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	January 7, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 11,300,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	April 8, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 7,900,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	July 8, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 3,900,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	October 7, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 5,600,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	January 8, 2020 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 11,700,000 (Note 1)
(3) Contract Type	Purchase of Put Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	April 8, 2020 (Note 2)

## Sale of Call Options

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# Invincible Investment Corporation

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 5,300,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	January 7, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 11,300,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	April 8, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 7,900,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	July 8, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 3,900,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	October 7, 2019 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 5,600,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	January 8, 2020 (Note 2)

(1) Counterparty	Nomura Securities Co., Ltd.
(2) Contract amount	USD 11,700,000 (Note1)
(3) Contract Type	Sale of Call Option
(4) Forward exchange rate	1 USD = 110.00 JPY
(5) Agreement date	November 2, 2018
(6) Delivery date	April 8, 2020 (Note 2)

(Note 1) Contract amount is determined by reference to the distribution amount in US dollar denomination for the first calculation period of the TK (from July 17, 2018 through March 31, 2019; however, such calculation period is essentially from September 28, 2018 (Cayman Island local time), the date of the acquisition of the underlying assets by the TK operator, through March 31, 2019), the second calculation period of the TK (from April 1, 2019 through September 30, 2019) and the third calculation period of the TK (from October 1, 2019 through March 31, 2020) that INV estimates to receive with respect to the Cayman Hotel TK Interest. Provided, however, that INV is currently considering to receive the TK distribution on a monthly/quarterly basis in order to enhance the efficiency of cash management, and the contract amount generally corresponds to the estimated net cash flow for the three month period ending the end of the month immediately prior to the delivery date. In order to avoid over-hedging, the contract amount is approximately 85% of

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the estimated net cash flow for the relevant period of the TK. Since the estimated distribution amount is an estimate as of today, there is a possibility that the actual distribution amount will fall short of the estimated distribution amount and thus an over-hedge may occur.

(Note 2) INV is anticipated to receive the TK distribution in US dollar denomination during INV's June 2019 fiscal period and onwards. INV sets the delivery date on a quarterly basis through the end of June 2020 fiscal period, taking into consideration the anticipated distribution schedule of the TK, in order to exchange the distribution amount for Japanese yen. In addition, while the calculation period of the TK are semi-annual periods from April 1 to September 30 and October 1 to March 31 every year (the first calculation period is stated in note 1 above), INV is currently considering to receive the TK distribution on a monthly/quarterly basis in order to enhance the efficiency of cash management, provided it is agreed upon by the relevant parties. INV will announce at a later date once it is determined to implement the receipt of such monthly/quarterly distribution.

## 2. Reasons for cancellation of existing foreign exchange forward and execution of put/call options

INV executes the transaction with a series of the put and call options and cancels the foreign exchange forward, in order to hedge the foreign currency risk for the period from today through April 2020 in a portion of the TK distribution estimated to be received by INV from its Cayman TK Investment, amount of which is estimated at 85% of the Net Cash flow (the Net Operating Income less SPC expenses from its Cayman TK Investment), thereby effectively extending the hedging period through April 2020 at the exchange rate almost the same rate with the cancelled forward contract, taking into consideration the recent depreciation trend of Yen against US dollar.

## 3. Future Outlook

The impact to the INV's financial results by the execution of this new foreign exchange hedging arrangement is minor. Forecast of financial results for the June 2019 and later fiscal periods will be announced on a later date once it is determined.

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