

[For Information Purpose Only.

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

September 26, 2019

To All Concerned Parties

Name of REIT Issuer:

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(Securities code: 8963)

Asset Manager:

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## **Notice concerning Waiver of Preferential Negotiation Right to Acquire a Property**

Invincible Investment Corporation (“INV”) made an agreement today with an affiliate of its sponsor, Fortress Investment Group LLC (“FIG”) to waive the preferential negotiation right pertaining to Green Patio Noda (the “Property”), for which INV had been granted a preferential negotiation right based on the Memorandum of Understanding on Preferential Negotiation Rights (the “MOU”) entered into between INV and affiliates of FIG. The Property is a 240 unit residential asset in Noda, Chiba.

### 1. Reasons and background of the waiver

As announced in “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” dated July 1, 2019, the MOU provides INV with preferential negotiation rights to acquire three hotel properties and eight residential properties, including the Property.

Subsequently, INV was granted an opportunity to consider the acquisition of the Property by the relevant affiliate of FIG, but INV decided to waive the preferential negotiation right to the Property as the property characteristics did not improve INV’s overall portfolio composition and earnings growth. After the waiver of the preferential negotiation right to the Property, INV still holds the preferential negotiation rights to three hotel properties and seven residential properties covered by the MOU. INV will pursue external growth taking advantage of this sponsor pipeline.

Appendix – A list of properties covered by the MOU (after the waiver)

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

This English language notice is a translation of the Japanese-language notice released on September 26, 2019 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.

## Appendix – A list of properties covered by the MOU (after the waiver)

No.	Property Name	Location	Property Type (Note 1)	# of Rooms
1	RIHGA Royal Hotel Kyoto	Kyoto, Kyoto	Full service hotel	489
2	Hotel MyStays Premier Narita	Narita, Chiba	Full service hotel	711
3	Fusaki Beach Resort Hotel & Villas	Ishigaki, Okinawa	Resort hotel	188
4	Gran Charm Hiroo	Shibuya-ku, Tokyo	Small type	121
5	Gran Charm Kichijoji	Musashino, Tokyo	Small type	28
6	Dainichi F-45	Urayasu, Chiba	Small type	54
7	Gran Charm Urayasu	Urayasu, Chiba	Small type	54
8	Gran Charm Urayasu 5	Urayasu, Chiba	Small type	54
9	Gran Charm Minami Gyotoku I	Ichikawa, Chiba	Small type	52
10	Gran Charm Minami Gyotoku II	Ichikawa, Chiba	Small type	48

(Note 1) “Full service hotel” are to hotels that have both restaurant facilities providing breakfast, lunch and dinner (including meals provided by reservation) and meeting facilities that can be used for banquet services.

“Limited service hotel” are to hotels other than full service hotels.

“Resort hotel” are to hotels located in areas where a substantial number of guests stay for sightseeing or recreational purposes and includes both full service hotels and limited service hotels.

With respect to a hotel that falls within the definition of both a full service hotel and a resort hotel, we categorize the hotel as full a service hotel if it has substantial demand for meeting room, banquet service, wedding service or food and beverage service (including demand from non-staying guests) and as a resort hotel in all other cases.

With respect to a hotel that falls within the definition of both a limited service hotel and a resort hotel, we categorize the hotel as resort hotel.

These hotel types are further clarified based on the hotel type defined in CIM's investment guidelines (“limited service hotel” refers to hotels that offer a limited range of services, banquet, spa and gym facilities, “resort type hotel” refers to hotels located near tourist destination or recreational area that offer a range of services including lodging and dining facilities) in terms of hotel's facilities, equipment and location.

“Small type” refers to residential properties for which majorities of the leasable units have a floor area of less than 30m<sup>2</sup>.

(Note 2) The term of validity of the MOU is from July 1, 2019 the date of amendment to the MOU, to June 30, 2020. Regarding the 10 properties listed above, the affiliates of FIG do not intend to sell any of the properties listed above and INV does not intend to acquire any of the properties listed above as of today. There is no assurance that INV will be granted an opportunity for considering acquisition of the properties or be able to acquire the properties. INV does not hold preferential negotiation rights to acquire any overseas properties.