

[For Information Purpose Only.]

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

December 9, 2019

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation  
Naoki Fukuda, Executive Director  
(Securities code: 8963)

Asset Manager:

Consonant Investment Management Co., Ltd.  
Naoki Fukuda, CEO  
Contact: Jun Komo  
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## **Notice concerning Debt Financing**

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

### 1. Reason for Borrowing

INV has decided to execute new loan agreement (the "Borrowing") in order to fund a portion of the anticipated acquisition price and related expenses of two domestic hotel properties (in the form of trust beneficiary interests) (the "Anticipated Acquisitions") (Note) scheduled to be acquired on January 6, 2020.

(Note) For details on the Anticipated Acquisitions, please refer to the press release entitled "Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests" dated December 9, 2019.

### 2. Details of the Borrowing (anticipated)

<New Syndicate Loan (P)>

5-Year Tranche

- |                                |   |
|--------------------------------|---|
| (1) Lender                     | : Sumitomo Mitsui Trust Bank, Limited   |
| (2) Borrowing amount           | : JPY 4,550 million   |
| (3) Interest rate, etc.        | : 1-month JPY TIBOR (Base Rate) + spread (0.500%) (Note1)<br>Variable interest rate (Note2)   |
| (4) Borrowing method           | : Borrowing based on separate term loan agreement dated<br>December 9, 2019<br>Unsecured / with no guarantee                        |
| (5) Agreement date             | : December 9, 2019  |
| (6) Anticipated borrowing date | : January 6, 2020   |
| (7) Interest payment date      | : (i) The last Japanese business day of each month before the<br>principal maturity date, beginning with January 31, 2020, and (ii) |

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- the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : January 6, 2025
- 3-Year Tranche
- (1) Lender : Sumitomo Mitsui Trust Bank, Limited
- (2) Borrowing amount : JPY 1,550 million
- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.300%) (Note 1)  
Variable interest rate (Note2)
- (4) Borrowing method : Borrowing based on separate term loan agreement dated December 9, 2019  
Unsecured / with no guarantee
- (5) Agreement date : December 9, 2019
- (6) Anticipated borrowing date : January 6, 2020
- (7) Interest payment date : (i) The last Japanese business day of each month before the principal maturity date, beginning with January 31, 2020, and (ii) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : January 6, 2023

## Short-term consumption tax loan (Note 3)

- (1) Lender : Sumitomo Mitsui Trust Bank, Limited
- (2) Borrowing amount : JPY 880 million
- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.200%) (Note 1)  
Variable interest rate
- (4) Borrowing method : Borrowing based on separate term loan agreement dated December 9, 2019  
Unsecured / with no guarantee
- (5) Agreement date : December 9, 2019
- (6) Anticipated borrowing date : January 6, 2020
- (7) Interest payment date : (i) The last Japanese business day of each month before the principal maturity date, beginning with January 31, 2020, and (ii) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : January 6, 2021 (Note 4)

(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.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>).

(Note 2) The interest rate (annual rate) is scheduled to be substantively fixed by concluding swap agreements for 5-Year Tranche and 3-Year Tranche of the New Syndicate Loan (P).

(Note 3) Short-term consumption tax loan is a loan which is to be repaid before maturity date with refund of consumption

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taxes and regional consumption taxes on an acquisition of a property. The same shall apply hereinafter.

- (Note 4) Short-term consumption tax loan will be prepaid before maturity date once INV receives the refund of consumption taxes and regional consumption taxes on the acquisition of properties through New Syndicate Loan (P).
- (Note 5) Borrowing under the New Syndicate Loan (P) is subject to certain conditions including satisfaction of separately agreed conditions.

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

#### (1) Loan proceeds

JPY 6,980 million

#### (2) Use of proceeds

To be appropriated for a portion of the acquisition price (the total anticipated acquisition price of JPY 16,236 million) (Note) and related expenses of Anticipated Acquisitions.

(Note) For details on the Anticipated Acquisitions, please refer to the press release entitled "Notice concerning Acquisition and Sale of Domestic Trust Beneficiary Interests" dated December 9, 2019.

#### (3) Scheduled timing of expenditure

January 6, 2020

### 4. Future outlook

For revision of the forecasted financial results for the fiscal period ending December 2019 (from July 1, 2019 to December 31, 2019), please refer to the press release entitled "Notice concerning Revision of Forecast of Financial Results for the 33rd Fiscal Period Ending December 2019" dated December 9, 2019. Forecasts of financial results for the fiscal period ending June 2020 (from January 1, 2020 to June 30, 2020), in which the Borrowing will be implemented, will be announced once they are finalized at a later date.

### 5. Other matters necessary for investors' appropriate understanding and 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 June 2019 (from January 1, 2019 to June 30, 2019) (available in Japanese only) filed as of September 24, 2019.

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

[For reference only]

■ Change in balance of interest-bearing liabilities (anticipated)

Unit: million yen

	Before the Borrowing (As of December 9, 2019)	After the Borrowing (Note 3)	Increase (Decrease)
Total loans	252,174	259,154	+ 6,980
Total investment corporation bonds	7,000	7,000	—
Total interest-bearing liabilities	259,174	266,154	+ 6,980
Total appraisal value of properties owned by INV (and Anticipated Acquisitions) (Note 1)	574,500	582,940	+ 8,440
LTV (based on appraisal value) (%) (Note 2)	44.6	45.0	+ 0.4

(Note 1) As to "Total appraisal value of properties owned by INV (and Anticipated Acquisitions)", for "Before the Borrowing", among the 148 properties owned by INV as of December 9, 2019 before the Borrowing (including preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset and the two Cayman hotels "Westin Grand Cayman Seven Mile Beach Resort & Spa" and "Sunshine Suites Resort"), 129 properties (including the two Cayman hotels) held as of June 30, 2019 are based on the appraisal value stated in the appraisal reports on the valuation date of June 30, 2019. Appraisal value for the 18 properties acquired on July 19, 2019 are based on the appraisal value stated in the appraisal reports on the valuation date of April 1, 2019. 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. The appraisal value of overseas real estate assets was translated into JPY based on the exchange rate of 1 USD=110.45 JPY which is the foreign exchange forward rate under the foreign exchange forward agreement which we entered into on July 26, 2018 and became effective as of September 26, 2018. For "After the Borrowing", the Anticipated Acquisitions are based on the appraisal value stated in the appraisal reports on the valuation date of October 1, 2019.

(Note 2) "LTV (based on appraisal value)" in the above table is calculated according to the following formula:  

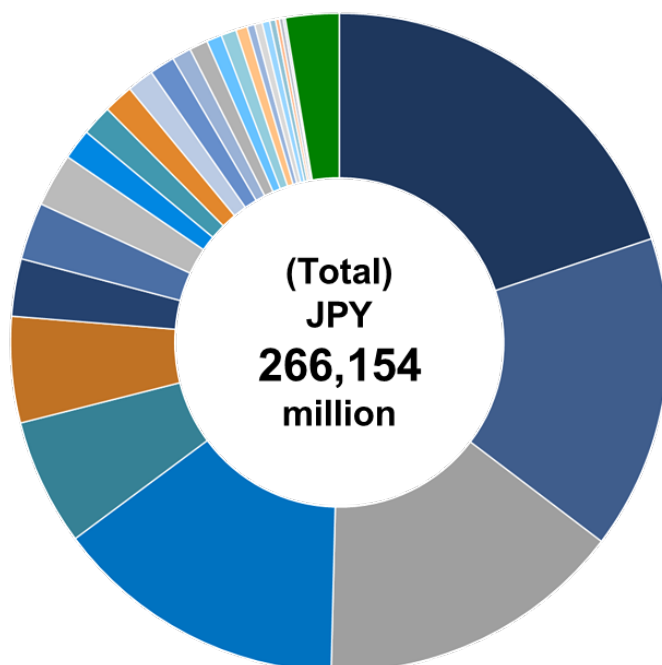
$$\text{LTV (based on appraisal value)} = \frac{\text{Total interest-bearing liabilities (excluding short-term consumption tax loan)}}{\text{Total appraisal value of properties owned by INV (and Anticipated Acquisition)}} \times 100$$
 "Total interest-bearing liabilities" does not include the interest-bearing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

(Note 3) "After the Borrowing" in the above table is the date as of January 15, 2020 when INV completes sale of one property on December 17, 2019, execution of the Borrowing, the Anticipated Acquisitions on January 6, 2020 and sale of one property on January 15, 2020. Please refer to "Notice concerning Acquisition and Sale of Assets" date December 9, 2019 for details of a series of acquisition and sale of properties.

(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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■ Lender formation after the New Borrowing (anticipated)



Mizuho Bank	19.9%
MUFG	15.4%
SMBC	15.1%
SMTB	14.4%
Citibank	6.2%
Shinsei Bank	5.2%
Resona Bank	2.8%
DBJ	2.8%
Aeon Bank	2.6%
Tokyo Star Bank	1.5%
Dai-ichi Life Insurance	1.5%
Fukuoka Bank	1.5%
Daisan Bank	1.3%
Nomura TB	1.2%
Aozora Bank	0.9%
Shizuoka Bank	0.9%
Japan Post Bank	0.8%
Nishi-Nippon City Bank	0.8%
Hiroshima Bank	0.6%
Kagawa Bank	0.4%
Hyakugo Bank	0.4%
Kiraboshi Bank	0.4%
Towa Bank	0.3%
Tochigi Bank	0.2%
Gunma Bank	0.2%
Ikeda Sensyu Bank	0.1%
REIT Bond	2.6%

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