

[For Information Purpose Only.]

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

November 27, 2020

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, President & CEO
Contact: Jun Komo
General Manager of Planning Department
(Tel. +81-3-5411-2731)

Notice concerning Sale of Domestic Trust Beneficiary Interests

Invincible Investment Corporation (“INV”) is pleased to announce the decision to sell trust beneficiary interests (the “Sale”) in six domestic residential properties (individually the “Asset to be Sold,” or collectively the “Assets to be Sold”) as decided today by Consonant Investment Management Co., Ltd. (“CIM”), the asset manager of INV.

1. Overview of Sale

(in million yen)

Property Number	Property Name	Book Value ¹	Anticipated Sale Price ^{2,3}	Expected Gain on Sale ^{2,4}	Transferee	Anticipated Sale Date
A27	Nisshin Palacestage Higashi-Nagasaki	1,046	7,869	1,513	Undisclosed ⁴	December 18, 2020
A53	Nishiwaseda Crescent Mansion	1,882				
A76	Neo Prominence	1,588				
A100	City Court Kitaichijo	1,690				
A54	Lexington Square Akebonobashi	1,287	3,270	1,095		
A71	Lexington Square Daitabashi	820				
Total		8,315	11,139	2,608	-	-

(Note 1) As of June 30, 2020.

(Note 2) The Sale is a transaction under two purchase and sale agreements with different transferees, in which the six properties of the Assets to be Sold will be divided into groups of four properties (A27, A53, A76 and A100) and two properties (A54 and A71). The anticipated sale price and expected gain on sale show the total amount of each of the abovementioned four properties and two properties. The anticipated sale price of individual properties are not disclosed as the

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transferees' consent has not been obtained for disclosure. Accordingly, the expected gain on sale of individual properties are not disclosed, either.

- (Note 3) Anticipated sale prices show the total sale prices set forth in the purchase and sale agreements for the trust beneficiary interests of each of the four properties and two properties, and do not include adjustments for property taxes or city planning taxes, or national or local consumption taxes. The same shall apply hereinafter.
- (Note 4) Expected gain on sale is calculated by deducting the estimated transfer related cost and is an estimate as of today for each of the four properties and two properties, and is subject to change upon finalization of the financial results.
- (Note 5) The names of the transferees are not disclosed, as the transferees' consent has not been obtained for disclosure. For an overview of the transferee, please refer to "4. Overview of Transferee" as described below.
- (Note 6) The broker in connection with the Sale is not a related party of INV/CIM.
- (Note 7) Of the Assets to be Sold, the trust beneficiary interest of Nisshin Palacestage Higashi-Nagasaki was integrated in a single account with other trust accounts when INV procured funds through debt financing backed by trust assets in July 2011. Therefore, for the purpose of selling the trust beneficiary interests of the property by itself, INV has implemented the procedures for the trust split effective on November 17, 2020 and recorded certain expenses. For details on the debt financing backed by trust assets and the integration of trust accounts, please refer to the press release "Notice concerning Fund Procurement through Debt Financing Backed by Trust Assets and Repayment of Borrowings and Change in Trustee of Trust Assets" dated July 15, 2011.
- (Note 8) Amounts are rounded down to the nearest million yen. The same shall apply hereinafter.

2. Reasons for Sale

The main reason for the Sale is for INV to maintain positive earnings for the fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020) while at the same time maintaining good long-term dividend prospects. INV selected the Assets to be Sold by comprehensively considering portfolio strategy, trends in the real estate market and characteristics of them. The total anticipated sale price of the Assets to be Sold exceeds the total book value (Note 1) by 33.9%, and INV will record a gain on sale of JPY 2.6 billion (Note 2) for the fiscal period ending December 2020. The Assets to be Sold have an actual NOI yield (Note 3) of 4.9%. In addition, INV will use a large portion of the sale proceeds to pay down debt and maintain an appropriate LTV ratio.

- (Note 1) As of June 30, 2020.
- (Note 2) The gain on sale is calculated by deducting the estimated transfer related cost and is an estimate as of today, and is subject to change upon finalization of the financial results.
- (Note 3) "Average actual NOI yield" is calculated by the following formula;

$$\frac{\text{(the sum of actual NOI of the Assets to be Sold)}}{\text{(the sum of anticipated sale price for the Assets to be Sold)}}$$
The sum of actual NOI of the Assets to be Sold is the total amount of the actual NOI from July 1, 2019 to June 30, 2020.

3. Details of the Assets to be Sold

Details of the Assets to be Sold and the appraisal reports are as follows.

Unless otherwise noted, information on the date is as of June 30, 2020 and total rental revenue indicates that for the fiscal period ended June 30, 2020.

[Details]

(1) A27: Nisshin Palacestage Higashi-Nagasaki

Type of Specified Assets	Trust Beneficiary Right
Property Right	Land: Ownership / Building: Ownership
Location	5-4-1 Nagasaki, Toshima-ku, Tokyo
Purpose of Use	Condominium, Shop, Parking lot

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Appraisal Value (Date of Valuation)	JPY 1,360 million (as of November 1, 2020)				
Appraisal Firm	Assets Research and Development Inc.				
Outline of a Lease Contract					
Total number of tenants	1				
Rental Revenue	JPY 47,466 thousand				
Tenant Leasehold and security deposit	JPY 9,526 thousand				
Total Leasable area (m ²)	2,681.94				
Total Leased area (m ²)	2,605.38				
Occupancy Trend	As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
	100.0%	100.0%	91.0%	96.6%	97.1%

(2) A53: Nishiwaseda Crescent Mansion

Type of Specified Assets	Trust Beneficiary Right				
Property Right	Land: Ownership / Building: Ownership				
Location	3-18-9 Nishi-Waseda, Shinjuku-ku, Tokyo				
Purpose of Use	Condominium				
Appraisal Value (Date of Valuation)	JPY 2,810 million (as of November 1, 2020)				
Appraisal Firm	JLL Morii Valuation & Advisory K.K.				
Outline of a Lease Contract					
Total number of tenants	1				
Rental Revenue	JPY 75,734 thousand				
Tenant Leasehold and security deposit	JPY 11,481 thousand				
Total Leasable area (m ²)	4,310.77				
Total Leased area (m ²)	4,310.77				
Occupancy Trend	As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
	98.4%	98.4%	95.7%	100.0%	100.0%

(3) A76: Neo Prominence

Type of Specified Assets	Trust Beneficiary Right				
Property Right	Land: Ownership / Building: Ownership				
Location	3-21-5 Shimo, Kita-ku, Tokyo				
Purpose of Use	Condominium, Shop, Parking lot, Residence				
Appraisal Value (Date of Valuation)	JPY 2,300 million (as of November 1, 2020)				
Appraisal Firm	Japan Real Estate Institute				
Outline of a Lease Contract					
Total number of tenants	1				
Rental Revenue	JPY 68,847 thousand				
Tenant Leasehold and security deposit	JPY 17,448 thousand				
Total Leasable area (m ²)	3,574.70				
Total Leased area (m ²)	3,394.58				
Occupancy Trend	As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
	98.3%	98.4%	100.0%	98.4%	95.0%

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(4) A100: City Court Kitaichijo

Type of Specified Assets	Trust Beneficiary Right				
Property Right	Land: Ownership / Building: Ownership				
Location	1-6-3 Kita 1-jo Higashi, Chuo-ku Sapporo-shi, Hokkaido				
Purpose of Use	Condominium				
Appraisal Value (Date of Valuation)	JPY 2,160 million (as of November 1, 2020)				
Appraisal Firm	Japan Real Estate Institute				
Outline of a Lease Contract					
	Total number of tenants	1			
	Rental Revenue	JPY 66,469 thousand			
	Tenant Leasehold and security deposit	JPY 10,912 thousand			
	Total Leasable area (m ²)	5,230.18			
	Total Leased area (m ²)	4,858.40			
Occupancy Trend	As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
	98.4%	97.1%	94.9%	95.8%	92.9%

(5) A54: Lexington Square Akebonobashi

Type of Specified Assets		Trust Beneficiary Right				
Property Right		Land: Ownership / Building: Ownership				
Location		3-8 Yochomachi, Shinjuku-ku, Tokyo				
Purpose of Use		Condominium				
Appraisal Value (Date of Valuation)		JPY 1,990 million (as of November 1, 2020)				
Appraisal Firm		Tanizawa Sogo Appraisal Co., Ltd.				
Outline of a Lease Contract						
		Total number of tenants		1		
		Rental Revenue		JPY 51,742 thousand		
		Tenant Leasehold and security deposit		JPY 6,163 thousand		
		Total Leasable area (m ²)		1,987.88		
		Total Leased area (m ²)		1,895.88		
Occupancy Trend		As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
		99.0%	95.4%	95.6%	96.6%	95.4%

(6) A71: Lexington Square Daitabashi

Type of Specified Assets	Trust Beneficiary Right
Property Right	Land: Ownership / Building: Ownership
Location	1-33-18 Izumi, Suginami-ku, Tokyo
Purpose of Use	Condominium
Appraisal Value (Date of Valuation)	JPY 1,260 million (as of November 1, 2020)
Appraisal Firm	Tanizawa Sogo Appraisal Co., Ltd.
Outline of a Lease Contract	
Total number of tenants	1
Rental Revenue	JPY 34,137 thousand
Tenant Leasehold and security deposit	JPY 4,006 thousand
Total Leasable area (m ²)	1,430.64
Total Leased area (m ²)	1,330.08

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Occupancy Trend	As of the end of Jun. 2018	As of the end of Dec. 2018	As of the end of Jun. 2019	As of the end of Dec. 2019	As of the end of Jun. 2020
	97.9%	92.2%	95.8%	86.6%	93.0%

[Summary of Real Estate Appraisal Report]

(1) A27: Nisshin Palacestage Higashi-Nagasaki

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 1,360 million	
Appraisal Firm	Assets Research and Development Inc.	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	1,360,000	
(1) Direct Capitalization Method	1,420,000	
(I) Operating Revenue [(a)-(b)]	93,789	
(a) Total Potential Revenue	98,098	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	4,309	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	20,538	
(c) Maintenance and Management Costs	3,430	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	4,117	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	2,744	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	1,671	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	3,209	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	5,166	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	197	Based on insurance premiums as well as comparable assets
(j) Other Costs	0	
(III) Net Operating Income [(I)-(II)]	73,250	
(k) One-time Investment Gains	0	
(l) Capital Improvements and Expenses	7,301	0.7% of replacement cost based on the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	65,949	
Capitalization Yield	4.65%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	1,340,000	
Discount Rate	4.45%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.95%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	982,000	
Land Ratio	73.8%	
Building Ratio	26.2%	

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Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference
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(2) A53: Nishiwaseda Crescent Mansion

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 2,810 million	
Appraisal Firm	JLL Morii Valuation & Advisory K.K.	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	2,810,000	
(1) Direct Capitalization Method	2,860,000	
(I) Operating Revenue [(a)-(b)]	143,606	
(a) Total Potential Revenue	153,102	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	9,496	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	27,210	
(c) Maintenance and Management Costs	5,046	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	1,565	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	2,104	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	2,779	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	4,579	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	6,362	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	235	Based on insurance premiums as well as comparable assets
(j) Other Costs	4,540	
(III) Net Operating Income [(I)-(II)]	116,396	
(k) One-time Investment Gains	109	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	4,910	70% of estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	111,595	
Capitalization Yield	3.9%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	2,760,000	
Discount Rate	3.7%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.1%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	2,210,000	
Land Ratio	89.7%	
Building Ratio	10.3%	
Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference	

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(3) A76: Neo Prominence

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 2,270 million	
Appraisal Firm	Japan Real Estate Institute	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	2,270,000	
(1) Direct Capitalization Method	2,300,000	
(I) Operating Revenue [(a)-(b)]	134,294	
(a) Total Potential Revenue	142,364	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	8,070	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	31,136	
(c) Maintenance and Management Costs	4,000	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	9,300	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	2,998	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	2,386	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	4,755	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	7,231	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	236	Based on insurance premiums as well as comparable assets
(j) Other Costs	230	
(III) Net Operating Income [(I)-(II)]	103,158	
(k) One-time Investment Gains	137	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	4,410	Based on comparable assets and estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	98,885	
Capitalization Yield	4.3%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	2,230,000	
Discount Rate	4.1%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.5%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	1,850,000	
Land Ratio	80.4%	
Building Ratio	19.6%	
Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference	

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(4) A100: City Court Kitaichijo

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 2,160 million	
Appraisal Firm	Japan Real Estate Institute	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	2,160,000	
(1) Direct Capitalization Method	2,180,000	
(I) Operating Revenue [(a)-(b)]	134,137	
(a) Total Potential Revenue	139,704	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	5,567	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	28,574	
(c) Maintenance and Management Costs	5,740	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	3,600	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	3,319	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	1,980	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	3,309	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	10,347	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	279	Based on insurance premiums as well as comparable assets
(j) Other Costs	0	
(III) Net Operating Income [(I)-(II)]	105,563	
(k) One-time Investment Gains	110	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	3,082	Based on comparable assets and estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	102,591	
Capitalization Yield	4.7%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	2,130,000	
Discount Rate	4.5%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.9%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	2,000,000	
Land Ratio	40.5%	
Building Ratio	59.5%	
Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference	

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(5) A54: Lexington Square Akebonobashi

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 1,990 million	
Appraisal Firm	Tanizawa Sogo Appraisal Co., Ltd.	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	1,990,000	
(1) Direct Capitalization Method	2,020,000	
(I) Operating Revenue [(a)-(b)]	100,448	
(a) Total Potential Revenue	105,535	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	5,087	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	18,272	
(c) Maintenance and Management Costs	2,313	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	930	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	3,053	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	1,925	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	2,889	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	4,556	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	92	Based on insurance premiums as well as comparable assets
(j) Other Costs	2,511	
(III) Net Operating Income [(I)-(II)]	82,175	
(k) One-time Investment Gains	73	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	3,410	Based on comparable assets and estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	78,838	
Capitalization Yield	3.9%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	1,970,000	
Discount Rate	4.0%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.1%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	2,000,000	
Land Ratio	72.7%	
Building Ratio	27.3%	
Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference	

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(6) A71: Lexington Square Daitabashi

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 1,260 million	
Appraisal Firm	Tanizawa Sogo Appraisal Co., Ltd.	
Date of Valuation	November 1, 2020	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	1,260,000	
(1) Direct Capitalization Method	1,290,000	
(I) Operating Revenue [(a)-(b)]	64,983	
(a) Total Potential Revenue	68,500	Based on medium- to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	3,516	Based on occupancy rate and supply and demand trends of comparable assets and historical data from previous years of subject real estate
(II) Operating Costs (Expense Rate) [(c)+(d)+(e)+(f)+(g)+(h)+(i)+(j)]	12,772	
(c) Maintenance and Management Costs	1,768	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	978	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	2,106	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	1,265	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	1,932	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	3,142	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	84	Based on insurance premiums as well as comparable assets
(j) Other Costs	1,494	
(III) Net Operating Income [(I)-(II)]	52,211	
(k) One-time Investment Gains	48	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	2,050	Based on comparable assets and estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	50,210	
Capitalization Yield	3.9%	Based on local standard yield which is adjusted by adding and subtracting spreads with consideration of the property's individuality, building and other conditions, future uncertainty and comparable assets' transaction yields
(2) DCF Method	1,250,000	
Discount Rate	4.0%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.1%	Based on comparable assets' transaction yield with consideration of future trend in investment yield, risks as an investment target, general forecasts of future economic growth rates, trends in real estate prices and rents, etc.
2. Estimated Price using Cost Method	1,220,000	
Land Ratio	64.8%	
Building Ratio	35.2%	
Other Points to be Noted for Appraisal by Appraisal Firm	Judged that income approach value truly replicates the price formation process from an income perspective, is more persuasive and adopted the Income Price, with the cost approach value as a reference	

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4. Overview of Transferee

Because consent for disclosure has not been obtained from the transferees of the Assets to be Sold, the names of the transferees are not disclosed. The transferees are two Japanese TMK (*Tokutei Mokuteki Kaisha*) (“TMKs”) which entered into purchase and sale agreements with INV, and managed by the same asset management company. Moreover, the buyer’s status may be transferred to one of the TMKs or another TMK managed by the same asset management company by the anticipated sale date, depending on the intention of the transferees.

As of today, there are no capital, personnel, or transactional relationships that should be noted between INV/CIM and the transferees. Further, the transferees are not related parties of INV or CIM, and as of today, the transferees are not interested persons, etc. as provided in the Investment Trust Act or sponsor-related persons under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV’s investments.

5. Transactions with Interested Persons etc.

Not applicable.

6. Schedules

Sale decision date:	November 27, 2020
Agreement execution date:	
Anticipated sales date:	December 18, 2020
Anticipated sale proceeds payment method:	Lump-sum payment on settlement

7. Use of Sale Proceeds

The majority of the proceeds of the Sale will be appropriated for the repayment of existing borrowings.

8. Future Outlook

By reporting a gain on sale of JPY 2.6 billion from the Sale, INV is expected to secure a positive net income for the fiscal period ending December 2020 as of today.

INV’s forecasts for financial results and distribution for the fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020) still remain as to be announced since it remains difficult to predict the future spread of COVID-19 and its impact on hotel industry and operators. As of today, INV is having talks with its main tenant, MyStays Hotel Management Co., Ltd. and its affiliates, pertaining to the rent conditions for the period from October 1, 2020 to December 31, 2020 for domestic hotels operated by the tenants. Therefore, the forecast of financial results for the fiscal period ending December 2020 (from July 1, 2020 to December 31, 2020) will be announced in the middle of December 2020 once it is finalized.

Website of INV: <https://www.invincible-inv.co.jp/en/>

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