

[For Information Purpose Only.]

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

June 28, 2021

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 Interest

Invincible Investment Corporation (“INV”) is pleased to announce the decision to sell a trust beneficiary interest (the “Sale”) in Lexington Plaza Hachiman, a retail facility (the “Property” or “Asset 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	Expected Gain on Sale ³	Transferee ⁴	Anticipated Sale Date
B17	Lexington Plaza Hachiman	2,980	3,660	590	Kubota Holdings	July 2, 2021

(Note 1) As of December 31, 2020. The same shall apply hereinafter.

(Note 2) Anticipated sale price does not include adjustments for property taxes or city planning taxes, or national or local consumption taxes. The same shall apply hereinafter.

(Note 3) Expected 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. The same shall apply hereinafter.

(Note 4) For an overview of the transferee, please refer to “4. Overview of Transferee” as described below.

(Note 5) The broker in connection with the Sale is not a related party of INV/CIM.

(Note 6) Amounts are rounded down to the nearest million yen. The same shall apply hereinafter.

2. Reasons for Sale

CIM decided to sell the Property by comprehensively considering portfolio strategy, trends in the real estate market and characteristics of the Property. While the Property is a retail facility, which falls into the category of non-core asset (Note) in INV’s portfolio, the sale price of the Property is equal to the latest

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appraisal value and exceeds the book value by 22.8%, which will deliver a gain on sale of JPY 590 million for the fiscal period ending December 2021. Thus INV believes that the Sale is in the best interest of INV's investors. In addition, as described in "7. Use of Sale Proceeds" below, INV will appropriate a large portion of the sale proceeds to the repayment of debt in an indirect way, in an aim to maintain an appropriate LTV ratio.

(Note) Properties other than Core Assets, i.e., hotels and residential properties.

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 December 31, 2020 and total rental revenue indicates that for the fiscal period ended December 31, 2020.

[Details]

B17: Lexington Plaza Hachiman

Type of Specified Assets	Trust Beneficiary Right				
Property Right	Land: Ownership / Building: Ownership				
Location	3-1-50 Hachiman, Aoba-ku, Sendai-shi, Miyagi				
Purpose of Use	Retail				
Appraisal Value (Date of Valuation)	JPY 3,660 million (as of June 30, 2021)				
Appraisal Firm	JLL Morii Valuation & Advisory K.K.				
Outline of a Lease Contract					
Total number of tenants	1				
Rental Revenue	JPY 159,025 thousand				
Tenant Leasehold and security deposit	JPY 146,777 thousand				
Total Leasable area (m ²)	8,419.15				
Total Leased area (m ²)	8,294.42				
Occupancy Trend	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	As of the end of Dec. 2020
	100.0%	100.0%	98.5%	98.5%	98.5%

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[Summary of Real Estate Appraisal Report]

B17: Lexington Plaza Hachiman

Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 3,660 million	
Appraisal Firm	JLL Morii Valuation & Advisory K.K.	
Date of Valuation	June 30, 2021 (Note)	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	3,660,000	
(1) Direct Capitalization Method	3,660,000	
(I) Operating Revenue [(a)-(b)]	324,901	
(a) Total Potential Revenue	334,895	Based on medium-to long-term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	9,994	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)]	122,830	
(c) Maintenance and Management Costs	19,868	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	70,902	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	2,515	30% of estimate in the engineering report
(f) Property Management Fee	4,795	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	1,467	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	23,018	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	265	Based on insurance premiums as well as comparable assets
(j) Other Costs	0	
(III) Net Operating Income [(I)-(II)]	202,071	
(k) One-time Investment Gains	1,360	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	5,868	70% of estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	197,563	
Capitalization Yield	5.4%	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	3,650,000	
Discount Rate	4.9%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	5.6%	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	3,190,000	
Land Ratio	73.7%	
Building Ratio	26.3%	
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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(Note) In connection with the decision of the Sale, INV obtained a real estate appraisal report on June 23, 2021 with a valuation date of June 30, 2021, which is immediately prior to the anticipated sale date.

4. Overview of Transferee

(i)	Name	Kubota Holdings
(ii)	Location	4-4-33 Ichiban-cho, Aoba-ku, Sendai, Miyagi
(iii)	Title and name of representative officer	Sadamu Kubota, Representative Director and President
(iv)	Business	Real estate business and solar power generation business
(v)	Capital	JPY10 million (as of March 31, 2021)
(vi)	Date of establishment	March, 2015
(vii)	Net Assets	Not disclosed (Note)
(viii)	Total Assets	Not disclosed (Note)
(ix)	Major shareholders and shareholding ratio	Not disclosed (Note)
(x)	Relationship between INV/Asset Manager and the Company	
	Capital relationships	The company does not have any capital relationship of note with INV or CIM.
	Personnel relationships	The company does not have any personnel relationship of note with INV or CIM.
	Transactional relationships	The company does not have any transactional relationship of note with INV or CIM.
	Whether the Tenant/Operator is a related party	The company is not a related party of INV/CIM. Further, related persons and affiliates of the company are not related parties of INV/CIM. Furthermore, the company is not an interested party, etc. of CIM as provided in Investment Trust Act.

(Note) Not disclosed because consent from the transferee has not been obtained.

5. Transactions with Interested Persons etc.

Not applicable.

6. Schedules

Sale decision date:	June 28, 2021
Anticipated agreement execution date:	July 2, 2021
Anticipated sales date:	
Anticipated sale proceeds payment method:	Lump-sum payment on settlement

7. Use of Sale Proceeds

The proceeds of the Sale will be reserved as cash on hand. Prior to the Sale, or on June 30, 2021, INV plans to repay Term Loan (D) in the amount of JPY 2,733 million due on June 30, 2021, with cash on hand. Therefore, INV intends to replenish the cash on hand which will decrease by such repayment.

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8. Future Outlook

INV is expected to report a gain on sale of JPY 590 million from the Sale for the fiscal period ending December 2021.

Since INV needs to carefully assess the impact of COVID-19, the forecast of financial results for the fiscal period ending December 2021 (from July 1, 2021 to December 31, 2021) will be announced at a later date, once we have a clearer outlook.

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