

[For Information Purpose Only.]

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

December 9, 2022

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
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Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from October to December 2022 with Major Tenant

Invincible Investment Corporation (“INV”) announced the decision to enter into a Memorandum of Understanding (the “MOU”) to amend each fixed-term building lease and property management agreement (“MLPM Agreements”) pertaining to the rent conditions for the period from October 1, 2022 to December 31, 2022 for domestic hotels owned by INV with INV's main tenant, MyStays Hotel Management Co., Ltd. (“MHM”) and its affiliates (the “MHM Group”), who operate the hotels, as decided today by Consonant Investment Management Co., Ltd. (“CIM”), the asset manager of INV.

The MHM Group has received investments through funds managed by affiliates of the Sponsor, Fortress Investment Group LLC (“FIG”). Therefore, CIM has treated the MHM Group as equivalent to Sponsor-related Persons. As such, CIM and INV have sincerely deliberated, discussed, and resolved to enter into the MOU in accordance with the internal rules of CIM to handle the related party transactions.

1. Outline of the MOU

Since the spread of the new coronavirus (COVID-19) began to have a tremendous impact on the hotel sector, INV entered into an MOU with the MHM Group to amend each MLPM Agreement eight times in total starting from May 11, 2020 (collectively referred to as the “Executed MOU”). For details of the previously Executed MOU, please refer to each press release described in “5. Reference Press Release List” below.

These Executed MOU were agreed as a tentative measure with respect to the 73 domestic hotels leased through the trustees to the MHM Group (the “Subject Properties”) for the period from March 1, 2020 to September 30, 2022. Thus, unless otherwise agreed, from October 2022 onward, the terms and conditions

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Invincible Investment Corporation

under the MLPM Agreements prior to the amendment by each MOU (hereinafter referred to as the "Original Leasing Terms and Conditions") will be applied. Demand for domestic hotels owned by INV is generally on a recovery trend, and the total GOP of all Subject Properties (73 properties) during the period from October 1, 2022 to December 31, 2022 (the "Fourth Quarter of 2022") is trending at a level that exceeds the total fixed rent stipulated in the Original Leasing Terms and Conditions by about 40%. However, on an individual hotel basis, GOP of some hotels is still below the fixed rent stipulated in the Original Leasing Terms and Conditions, in which the rent payment is calculated for each hotel. Therefore, (i) for hotels where the GOP exceeds the fixed rent, MHM will pay out all the surpluses as variable rent, while (ii) for hotels where the GOP is lower than the fixed rent, MHM group needs to compensate for the difference between the fixed rent and the GOP, making it difficult for MHM Group, which has limited book equity given it's a hotel management company, to pay the rent based on the Original Leasing Terms and Conditions. Therefore, to make it possible for the MHM Group to continue the hotel operation of the Subject Properties, certain changes in Original Leasing Terms and Conditions is inevitable even after October 2022.

Under such circumstances, INV has concluded that INV must accept to amend a part of the MLPM Agreement as an additional tentative measure in order to continue the operations of the Subject Properties, upon giving due consideration to INV's interests to the fullest extent as well as its financial conditions.

Consequently, as a result of discussions and negotiations with the MHM Group, INV and CIM determined to enter into the MOU with the MHM Group and change the Original Leasing Terms and Conditions as described below as a tentative measure for the Fourth Quarter of 2022 with respect to the Subject Properties. The period to be covered by the temporary reduction measures will be three months, the same as the MOU to amend MLPM Contract concluded on December 8, 2021 (hereinafter referred to as the "December 2021 MOU"). In calculating the variable rent, in summary, if the total GOP of all Subject Properties (73 properties) is positive after deducting the management services fees and the total fixed rent on a three-month basis, INV will receive the positive amount as variable rent.

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Items subject to Change	Original Leasing Terms and Conditions	Tentative Measures (Fourth Quarter of 2022)	(For Reference) Tentative Measures (Fourth Quarter of 2021)
Fixed rent (Total rent for three months for 73 properties)	Approx. JPY 2,685 million	Approx. JPY 2,685 million (Same as the total fixed rent amount under the Original Leasing Terms and Conditions)	JPY 950 million (Approx. 35% of the amount under the Original Leasing Terms and Conditions)
Variable rent	Calculated on a 3-month basis for each hotel. The amount obtained by deducting (i) the total amount of expenses, management services fees, and fixed rents of the hotel property from (ii) the total monthly sales of the hotel property (if the calculation results are negative, the amount shall be JPY 0).	Calculated by summing up the rent of all 73 properties for three months as described below. The amount obtained by deducting (i) the above total fixed rent (the total rent for three months for 73 properties) from (ii) the aggregate of the amount for three months for 73 properties, which amount is obtained by deducting the management services fees for the hotel for each month from the monthly GOP (operating gross profit) for each hotel for the same month (if the calculation results are negative, the amount shall be JPY 0).	Same as in the column to the left.
Payment method of rent	Paid on a hotel-by- hotel basis.	Paid on a total basis of 73 hotel properties.	Same as in the column to the left.

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Payment date	The due date is the 11th of the month which is two months from the month in which the last day of the calculation period falls (for the fixed rent, every month, and for the variable rent, every three months).	On February 10, 2023, the sum of the total fixed rent and the total variable rent shall be paid.	On February 10, 2022, the sum of the total fixed rent and the total variable rent shall be paid.
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The total fixed rent (for 73 properties for three months in aggregate) set forth in the MOU is the same as the total fixed rent amount stipulated in the Original Leasing Terms and Conditions, and is about 2.8 times as much as the total fixed rent (for 73 properties for three months in aggregate) of JPY 950 million in the Fourth Quarter of 2021, reflecting the recovery of the hotel market. If the GOP for the Subject Properties (after deducting the management services fees) for the Fourth Quarter of 2022 performs well, and thereby the actual result exceeds the total amount of the fixed rent (for 73 properties for three months in aggregate), INV will receive the amount of such excess amount as variable rent.

Contrary to the MOU to amend the MLPM Contract concluded on May 11, 2020, INV will not bear the property management costs nor increase the amount of the management services fees payable to the MHM Group under the provisional measure by the MOU.

For the list of the Subject Properties, please refer to the Appendix. For an overview of the current lease agreements, including the terms and conditions of rent for each Subject Property, please refer to “Part I Fund Information / 1 Status of Fund / 5 Management Status / (2) Investment Assets” of the Securities Report for the 38th fiscal period (from January 1, 2022 to June 30, 2022) filed by INV on September 26, 2022 (available in Japanese only).

INV plans to make this change a provisional measure for the period up to the end of December 2022, and, if necessary, to discuss the details of the changes in the leasing terms and conditions after such period based on the future situation.

2. Outline of MHM

(i)	Name	MyStays Hotel Management Co., Ltd.
(ii)	Location	Roppongi Hills North Tower 14 th Floor, 6-2-31, Roppongi, Minato-ku, Tokyo, Japan
(iii)	Title and name of representative officer	President and CEO, Ryoichi Shirota
(iv)	Business	Hotel and Ryokan (Japanese inn) operation and management
(v)	Capital	JPY 100 million (as of the end of November 2022)
(vi)	Date of establishment	July 8, 1999
(vii)	Relationship between INV/Asset Manager and the Tenant/Operator	

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Capital relationships	While there are no capital relationships that should be noted between INV/CIM and MHM, the parent company of MHM is owned by a fund operated by affiliates of FIG. FIG is a subsidiary of SoftBank Group Corp., which directly and indirectly holds 100% of CIM's outstanding shares.
Personnel relationships	As of today, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, Naoto Ichiki, who is Chairman and Director of CIM, and Christopher Reed, who is a part-time director of CIM, are seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
Transactional relationships	As of today, INV has entered into lease agreements (Note 1) with MHM with respect to 73 hotel properties.
Whether the Tenant/Operator is a related party	MHM is not a related party of INV/CIM. Further, related persons and affiliates of MHM are not related parties of INV/CIM. Furthermore, MHM is not an interested party, etc. of CIM as provided in the Act on Investment Trusts and Investment Corporations.

(Note 1) Agreements with MHM subsidiaries and management contracts between MHM and tenants are included.

3. Transactions with Interested Persons etc.

The MHM Group, tenants and operators of the Subject Properties, are not Sponsor-related Persons (Note) under the voluntary rules established by CIM as countermeasures against conflicts of interests in the management of INV's investments. However, MHM or its Affiliates have received investments through funds managed by affiliates of the Sponsor, FIG. Therefore, CIM has treated MHM or its Affiliates as equivalent to Sponsor-related Persons.

In accordance with Sponsor-Related Person Transaction Rules and Sponsor-Related Person Transaction Management Manual, which are internal rules of CIM, and following the deliberation and resolution of the compliance committee meeting and the investment committee meeting both held on December 9, 2022, the board of directors of CIM and INV held on the same date each approved the conclusion of the MOU.

(Note) A Sponsor-related Person is (i) any person who falls under the "Interested Persons, etc." set forth in the Investment Trust Act and the Orders for Enforcement of the Act on Investment Trust and Investment Corporations, (ii) all shareholders of CIM and (iii) special purpose companies (*tokubetsu mokuteki kaisha*) (a) which delegate their management to persons who fall under (ii) above, or (b) which are invested by or invested through anonymous partnership (*tokumei kumiai*) by persons who fall under (ii) above. Hereinafter the same.

4. Future Outlook

The impact of the conclusion the MOU is already incorporated in INV's forecasts for financial results and distribution for the fiscal period ending December 2022 (from July 1, 2022 to December 31, 2022) as announced in "Notice concerning Revision of Forecast of Financial Results and Distribution for the 39th Fiscal Period Ending December 2022".

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5. Reference Press Release List

May 11, 2020

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement with Major Tenant

September 11, 2020

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from July to September, 2020 with Major Tenant

December 11, 2020

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from October to December, 2020 with Major Tenant

March 11, 2021

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from January to June, 2021 with Major Tenant

September 10, 2021

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from July to September, 2021 with Major Tenant

December 8, 2021

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from October to December, 2021 with Major Tenant

March 11, 2022

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from January to June, 2022 with Major Tenant

September 9, 2022

Notice concerning Conclusion of Memorandum of Understanding to Amend the Fixed-term Building Lease and Property Management Agreement pertaining to the rent conditions for the period from July to September, 2022 with Major Tenant

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

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List of Subject Properties

Property No.	Property Name	Property No.	Property Name
D1	Hotel MyStays Kanda	D47	Hotel MyStays Premier Kanazawa
D2	Hotel MyStays Asakusa	D49	Hotel MyStays Premier Hamamatsucho
D3	Hotel MyStays Kyoto-Shijo	D50	Hotel MyStays Shin Osaka Conference Center
D4	MyStays Shin-Urayasu Conference Center	D51	Hotel MyStays Premier Omori
D5	Hotel MyStays Maihama	D52	Kamenoi Hotel Beppu (formerly, Beppu Kamenoi Hotel)
D6	Hotel MyStays Premier Dojima	D53	Hotel MyStays Sapporo Station
D7	Hotel MyStays Nagoya-Sakae	D54	Hotel MyStays Yokohama Kannai
D8	Hotel MyStays Sakaisuji-Honmachi	D55	Art Hotel Joetsu
D9	Hotel MyStays Yokohama	D56	Art Hotel Hirosaki City
D10	Hotel MyStays Nippori	D57	Hotel MyStays Oita
D11	Hotel MyStays Fukuoka-Tenjin-Minami	D58	Hotel MyStays Gotanda
D12	Flexstay Inn Iidabashi	D59	Hotel MyStays Tachikawa
D13	Hotel MyStays Ueno Inaricho	D60	Hotel MyStays Premier Akasaka
D14	Flexstay Inn Shinagawa	D61	Hotel MyStays Premier Sapporo Park
D15	Flexstay Inn Tokiwadai	D62	Hotel MyStays Ueno East
D16	Flexstay Inn Sugamo	D63	Hotel MyStays Midousuji Honmachi
D17	Hotel MyStays Otemae	D64	Hotel MyStays Sapporo Aspen
D18	Flexstay Inn Kiyosumi Shirakawa	D65	Art Hotel Ishigakijima
D19	Flexstay Inn Nakanobu P1	D66	Hotel MyStays Fuji Onsen Resort
D20	Flexstay Inn Nakanobu P2	D67	Hotel Sonia Otaru
D22	Hotel MyStays Hakodate-Goryokaku	D68	Hotel MyStays Kanazawa Castle
D23	Flexstay Inn Shirogane	D69	Art Hotel Niigata Station
D24	Hotel MyStays Haneda	D70	Hotel MyStays Nagoya Nishiki
D25	Hotel MyStays Kameido P1	D71	Hotel Nord Otaru
D26	Hotel MyStays Ueno Iriyaguchi	D72	Hotel MyStays Kagoshima Tenmonkan
D27	Hotel MyStays Kameido P2	D73	Art Hotel Asahikawa
D28	Hotel MyStays Shimizu	D74	Hotel MyStays Matsuyama
D30	Flexstay Inn Higashi-Jujo	D75	Hotel MyStays Sapporo Susukino
D31	Hotel MyStays Utsunomiya	D76	Hotel MyStays Sapporo Nakajima Park
D32	Flexstay Inn Kawasaki-Kaizuka	D77	Hotel MyStays Sapporo Nakajima Park Annex
D34	Flexstay Inn Kawasaki-Ogawacho	D78	Flexstay Inn Sakuragicho
D35	Flexstay Inn Ekoda	D79	MyCUBE by MYSTAYS Asakusa Kuramae
D38	Hotel MyStays Shinsaibashi	D80	Hotel MyStays Kagoshima Tenmonkan Annex
D43	Hotel MyStays Gotanda Station	D81	Hotel MyStays Nayoro
D44	Hotel Epinard Nasu	D82	Hotel MyStays Premier Narita
D45	Hotel MyStays Fukuoka Tenjin	D83	Art Hotel Morioka
D46	Hotel MyStays Hamamatsucho		

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