

[For Information Purpose Only]

July 15, 2016

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of representative:

Naoki Fukuda, Executive Director

Roppongi Hills Mori Tower

6-10-1 Roppongi, Minato-ku, Tokyo, Japan

(Securities code: 8963)

Asset manager:

Consonant Investment Management Co., Ltd.

Naoki Fukuda, CEO

Contact: Jun Komo

General Manager of Planning Department

(Tel. +81-3-5411-2731)

## **Notice concerning Loan Transfer and New Loan**

Invincible Investment Corporation (“INV”) decided today to consent to the partial transfer of its existing loans. In addition, INV decided to borrow a new loan. Details are as follows.

### I. Overview and Reason for Loan Transfer and New Loan

INV decided today to consent to the transfer of a portion of its existing loans from Mizuho Bank, Ltd. (“Mizuho Bank”) to Japan Post Bank Co., Ltd. (“Japan Post Bank”). In addition, INV has entered into a loan agreement today for a new loan (the “New Loan”) from The Tokyo Star Bank, Limited (“Tokyo Star Bank”), which is a new lender, in order to pay a portion of the acquisition price and related expenses<sup>1</sup> for the two hotel properties (“Acquired Assets”)<sup>2</sup> which were acquired on June 15, 2016.

As a result of having new lenders, Japan Post Bank and Tokyo Star Bank, INV continues to strengthen its bank formation and boasts 15 financial institutions as lenders including some of the largest and prominent financial institutions in Japan. In addition, INV’s loan to value (LTV) after the loan transfer and the new loan (the “Transaction”) will decline to 44.1% from 44.9%, announced as LTV as of June 30, 2016 in the press release “Notice concerning New Loan” on June 28, 2016, due mainly to the increase of appraisal value of assets held by INV.

(Note 1) As announced in the press release “Notice concerning Acquisition of Assets and Entering into Leasing Contract” on June 13, 2016, as well as “Notice concerning New Loan” on June 13, 2016 and June 28, 2016, with regard to acquisition price (15,900 million yen in total) for Acquired Assets, partial payment in the amount of 3,882 million yen and 4,000 million yen has been made on June 15, 2016 and June 30, 2016, respectively. The payment of remaining portion in full will be completed via the New Loan of 4,000 million yen and cash on hand on July 20, 2016 (expected).

(Note 2) For details of the Acquired Assets, please refer to the press release “Notice concerning Acquisition of Assets and Entering into Leasing Contract” on June 13, 2016.

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## II. Overview of Loan Transfer

- (i) Financial institution transferring INV's loan:  
Mizuho Bank, Ltd.
- (ii) Financial institution to which INV's loan is transferred to:  
Japan Post Bank Co., Ltd.
- (iii) Loan to be transferred:  
A total amount of 4,000 million yen of the New Syndicate Loan (F) as announced in the release "Notice concerning Debt Financing" on March 10, 2016, which is the sum of (a) 2,000 million yen of the loan held by Mizuho Bank (original principal amount: 4,465 million yen), out of the three-year loan amounting 11,434 million yen and (b) 2,000 million yen of the loan held by Mizuho Bank (original principal amount: 4,465 million yen), out of the four-year loan amounting 10,433 million yen
- (iv) Date of loan transfer agreement  
July 15, 2016
- (iv) Date of transfer  
July 15, 2016

There is no change to the contents of the loan agreements, including the loan terms and conditions due to the loan transfer.

## III. Overview of New Loan (expected)

### 1. Overview of New Loan

<Term Loan (E)>

3 Year Tranche

- (1) Lender : The Tokyo Star Bank, Limited
- (2) Borrowing amount : 700 million yen
- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.4%)<sup>1</sup>  
Variable interest rate
- (4) Borrowing method : Borrowing based on separate loan agreement dated today  
Unsecured / with no guarantee
- (5) Agreement date : July 15, 2016
- (6) Anticipated borrowing date : July 20, 2016
- (7) Interest payment date : On (1) the last Japanese business day of each month  
before the principal maturity date, beginning with July 29,  
2016, and (2) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : July 20, 2019

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## 4 Year Tranche

- (1) Lender : The Tokyo Star Bank, Limited  
(2) Borrowing amount : 1,600 million yen  
(3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.5%)<sup>1</sup>  
Variable interest rate  
(4) Borrowing method : Borrowing based on separate loan agreement dated today  
Unsecured / with no guarantee  
(5) Agreement date : July 15, 2016  
(6) Anticipated borrowing date : July 20, 2016  
(7) Interest payment date : On (1) the last Japanese business day of each month  
before the principal maturity date, beginning with July 29,  
2016, and (2) the principal maturity date  
(8) Principal repayment method : Lump-sum repayment on the principal maturity date  
(9) Principal maturity date : July 20, 2020

## 5 Year Tranche

- (1) Lender : The Tokyo Star Bank, Limited  
(2) Borrowing amount : 1,700 million yen  
(3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.6%)<sup>1</sup>  
Variable interest rate  
(4) Borrowing method : Borrowing based on separate loan agreement dated today  
Unsecured / with no guarantee  
(5) Agreement date : July 15, 2016  
(6) Anticipated borrowing date : July 20, 2016  
(7) Interest payment date : On (1) the last Japanese business day of each month  
before the principal maturity date, beginning with July 29,  
2016, and (2) the principal maturity date  
(8) Principal repayment method : Lump-sum repayment on the principal maturity date  
(9) Principal maturity date : July 20, 2021

(Note 1) • Base rate applicable to the interest calculation period for interests to be paid on the relevant interest payment date shall be 1-month JPY TIBOR announced by Japanese Bankers Associations two Japanese business days prior to the immediately preceding interest payment date.

• JPY TIBOR announced by the Japanese Bankers Associations is available at its website (<http://www.jbatibor.or.jp/english/>).

• Applicable rates for a period from July 20, 2016 to July 28, 2016 are 0.43182% for 3 years tranche, 0.53182% for 4 years tranche, and 0.63182% for 5 years tranche.

• Details of INV's loan is available at the "Borrowings & Investment Corporation Bonds" page of INV's website (<http://www.invincible-inv.co.jp/eng/cms/loan.html>)

## 2. Loan proceeds, use of proceeds and scheduled timing of disbursement

### (1) Loan proceeds

4,000 million yen

### (2) Use of proceeds

To be appropriated for a portion of the acquisition price of Acquired Assets and related expenses.

### (3) Scheduled timing of expenditure

July 20, 2016

## IV. Future outlook

The impact of the Transaction on INV's financial forecasts for the fiscal period ending December 2016 (July 1, 2016 to December, 2016) is minimal. Therefore, the financial forecasts remain unchanged.

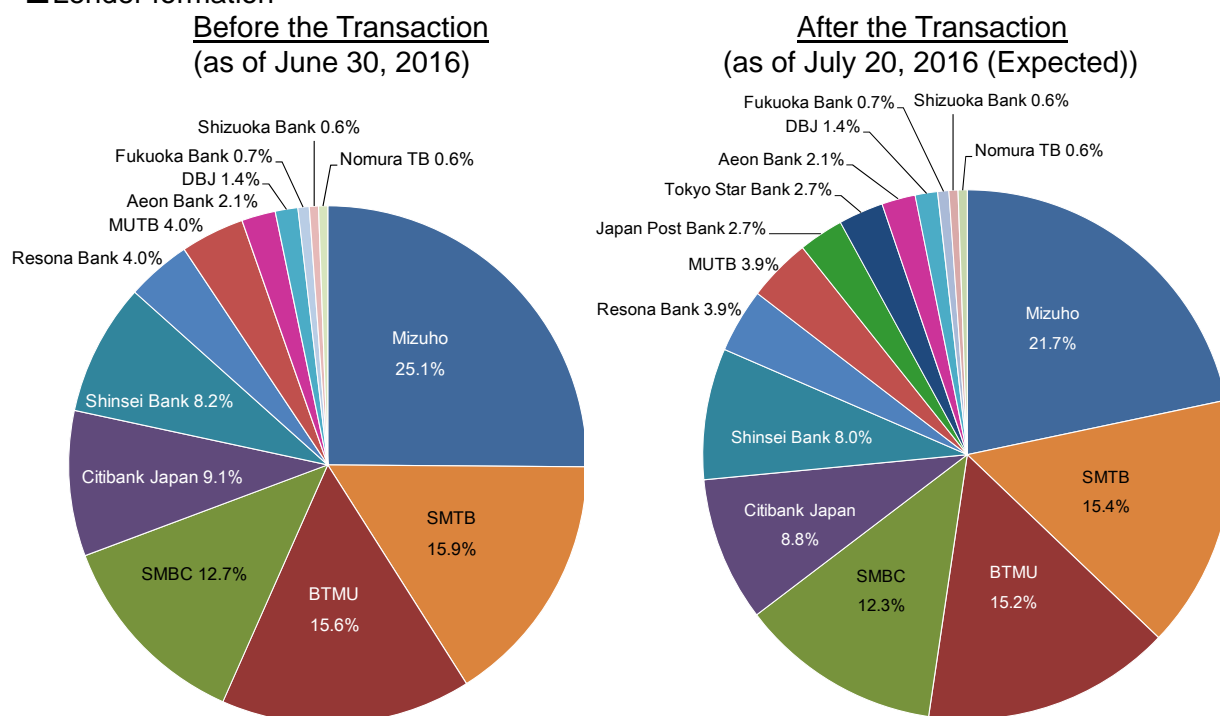
## V. Other matters necessary for investors' appropriate understanding/judgment of the concerned information

With respect to the risks associated with the Transaction, there will be no change that substantially affects the matters stated in the "Investment Risks" (*toshi risuku*) stated in the securities report (*yuka shoken hokokusho*) for the fiscal period ended December 2015 (from July 1, 2015 to December 31, 2015) submitted on March 31, 2016.

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## 【Reference】

### ■ Lender formation



### ■ Borrowing amount outstanding as of July 20, 2016 (Expected)

	Before the Transaction (As of June 30, 2016)	After the Transaction (As of July 20, 2016)	Change
Total Debt (Excluding short-term consumption tax loan <sup>1</sup> ) (million yen)	141,917 (138,419)	145,917 (142,419)	4,000 (4,000)
Appraisal Value (million yen)	308,622 <sup>2</sup>	323,291 <sup>3</sup>	14,669
LTV (Based on Appraisal Value) (%) <sup>4</sup>	44.9	44.1	-0.8

(Note 1) Short-term consumption tax loan is a loan which is to be repaid with refund of consumption taxes concerning an acquisition of an asset.

(Note 2) As is the case with the LTV announced in the press release "Notice concerning New Loan" on June 28, 2016, appraisal value as of June 30, 2016 is based on appraisal value stated in the appraisal report on the valuation date of December 31, 2015 and November 20, 2015 for the 111 properties owned as of December 31, 2015, and 6 properties acquired on January 22, 2016, respectively. With respect to 5 properties acquired on March 31, 2016, appraisal value is based on the appraisal value stated in the appraisal report on the valuation date of November 20, 2015, January 1, 2016 and January 31, 2016. In addition, the appraisal value of two properties acquired on June 15, 2016, is on the valuation date of May 31, 2016.

(Note 3) Appraisal value as of July 20, 2016 is based on appraisal value stated in the appraisal report on the valuation date of June 30, 2016 for the total 124 properties owned as of June 30, 2016.

(Note 4) "LTV (Based on Appraisal Value)" in the above table is calculated according to the following formula:

$$\text{LTV (Based on Appraisal Value)} = \frac{\text{Total Debt excluding short-term consumption tax loan}}{\text{Appraisal Value}} \times 100$$

(Note 5) The amount is rounded down to the nearest million yen, rounded to the nearest a decimal place.

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

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