

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 Change of Operator**

Invincible Investment Corporation (“INV”) announced today the change of the hotel operator (the “Operator Change”) for the property listed below.

### 1. Overview of Operator Change

#### (1) Subject property

Hotel Vista Premio Dojima (the “Property”)

The name of the Property will be changed from Hotel Vista Premio Dojima to Hotel MyStays Dojima in connection to the Operator Change.

#### (2) Details of change<sup>1</sup>

	Before Change	After Change
Operator	Vista Hotel Management Co., Ltd.	MyStays Hotel Management Co., Ltd. (“MHM”)
Type of Agreement	Fixed rent plus variable rent	
Determination of Rent of Lease Agreement	Fixed rent (JPY 94 million per annum (JPY 7.88 million per month)) plus variable rent based on GOP <sup>2</sup> of hotel operation <sup>3</sup> .	

(Note 1) MGH Master Lease Co., Ltd (the “Tenant”) leases the entire building from Mizuho Trust & Banking Co., Ltd., the building owner. The Tenant has entered into a hotel management contract regarding the hotel operations with the Operator for (i) a part of 3F and (ii) 4F through 9F, while subletting B2F through a part of 3F to sub-tenants. The Operator Change is concerning the operator, therefore the Tenant as well as sub-tenants and their type of agreement and rent remain unchanged.

This English language notice is a translation of the Japanese-language notice released on June 26, 2017 and was prepared solely for the convenience of, and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.

(Note 2) GOP is the gross operating profit, which is the amount remaining after deducting the personnel, utility and advertising expenses as well as the management services fee for the hotel operations from the hotel's revenues.

(Note 3) Variable rent is GOP during the three-month variable rent calculation period after deducting fixed rent during the same period. However, when the balance after deduction is zero or negative, variable rent is zero.

### (3) Effective date of change

August 1, 2017 (Expected)

## 2. Reason for Change

The Tenant will cancel the current management contract and conclude a new management contract pertaining to the Property. The Tenant requested and received approval for the Operator Change from INV taking the following points into consideration.

MHM is an experienced hotel operator affiliated with INV's sponsor, operating 76 hotel properties and 11,975 rooms as of April 21, 2017, providing extensive experience in hotel and revenue management. Upon the Operator Change, the Property will be the 37th hotel<sup>1</sup> that MHM or MHM's subsidiary manages for INV out of a total of 49 hotels owned by INV.

INV believes that the Operator Change will increase the revenue and maximize unitholders' value primarily due to the following two factors:

- (i) **Increased overseas sales ratio**  
The Osaka area is anticipated to see further increases in inbound tourists due to the expansion of Kansai International Airport and other factors. MHM intends to capture higher Average Daily Rate from inbound guests by utilizing a more diverse channel mix of travel agents.
- (ii) **Enhanced revenue management**  
MHM will utilize its experience in revenue management as well as its vast knowledge of the Osaka area to forecast demand in order to maximize revenue.

(Note 1) Includes hotels operated by Naqua Hotels and Resorts, a subsidiary of MHM.

## 3. Profile of New Operator

(i)	Name	MyStays Hotel Management Co., Ltd.
(ii)	Location	6-2-31, Roppongi, Minato-ku, Tokyo
(iii)	Title and name of representative officer	Atsuki Asano, President and CEO
(iv)	Business	Hotel and Ryokan (Japanese inn) operation and management
(v)	Capital	JPY 100 million (as of end of December 2016)
(vi)	Date of establishment	July 8, 1999

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(vii) Relationship between INV/Asset Manager and the Tenant/Operator	
Capital relationships	While there are no capital relationships that should be noted between INV/Consonant Investment Management Co., Ltd. ("CIM") and MHM, the parent company of MHM is indirectly owned by funds managed by affiliates of Fortress Investment Group LLC ("FIG"), which is an affiliate of Calliope Godo Kaisha ("Calliope"). Calliope holds 609,942 units of INV's outstanding investment units (15.79% stake) as of today. Further, as of the date of this notice, Calliope is the parent company of CIM, holding 100% of its outstanding shares.
Personnel relationships	While there are no personnel relationships that should be noted between INV/CIM and MHM, as of the date of this notice, among the directors of INV and the officers and employees of CIM, Naoki Fukuda, who is Executive Director of INV and CEO of CIM, is seconded from Calliope. Further, part-time director of CIM, Christopher Reed, is seconded from Fortress Investment Group Japan Godo Kaisha, a subsidiary of FIG.
Transactional relationships	As of the date of this notice, INV has entered into lease agreements with MHM with respect to 36 hotel properties <sup>1</sup> .
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) Includes agreement with MHM subsidiary and management contract between MHM and tenant.

#### 4. Future Outlook

The change of operator is expected to have no impact on INV's financial standing for the fiscal period ending June 2017 (January 1, 2017 to June 30, 2017) and limited impact on the fiscal period ending December 2017 (July 1, 2017 to December 31, 2017). Therefore, the financial forecasts remain unchanged.

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

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