

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of Representative:

Naoki Fukuda, Executive Director

(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 Tenant and Operator**

Invincible Investment Corporation (“INV”) announced today its decision to change the tenant and the operator (the “Tenant/Operator Change”) for the hotel property listed below.

### 1. Overview of Tenant/Operator Change

#### (1) Subject property

Hotel Vista Shimizu (the “Property”)

The name of the Property will be changed from Hotel Vista Shimizu to Hotel MyStays Shimizu in connection with the Tenant/Operator Change.

#### (2) Details of change

	Before Change	After Change
Tenant and Operator	Vista Hotel Management Co., Ltd.	MyStays Hotel Management Co., Ltd. (“MHM”)
Type of Agreement	Fixed rent plus variable rent	
Determination of Lease Rent	Fixed rent will be JPY 79.8 million per annum (Jan.- June: JPY 6.1 million per month, July- Dec.: JPY 7.2 million per month) plus variable rent based on GOP <sup>1</sup> of hotel operations <sup>2</sup> .	

(Note 1) GOP (Gross Operating Profit) is an amount INV receives as rent after deducting operating expenses such as personnel expenses, cost of utilities, and advertising expenses, as well as management fee for operators (if any) from the hotel revenue.

(Note 2) 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.

This English language notice is a translation of the Japanese-language notice released on February 15, 2019 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.

## (3) Effective date of change

April 1, 2019 (Expected)

## 2. Reason for Change

The fixed-term building lease and management agreement between the current tenant and operator, Vista Hotel Management Co., Ltd., and the trustee is scheduled to expire on March 31, 2019. Therefore, INV decided to enter into a new fixed-term building lease and management agreement with MHM.

MHM is an experienced hotel operator affiliated with INV's sponsor, operating 88 hotel properties and 14,822 rooms<sup>1</sup> as of February 15, 2019. MHM provides extensive experience in hotel operations and revenue management. Upon the Tenant/Operator Change, MHM will manage 53 hotels<sup>1</sup> for INV out of a total of 64 domestic hotels<sup>2</sup> owned by INV.

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

- (i) Capturing inbound demand  
The Shizuoka area is home to Mt. Fuji, which is one of the top tourist destinations in Japan, and is expected to see increasing inbound tourism. By leveraging its revenue management expertise, MHM intends to achieve higher room rates for inbound guests.
- (ii) Enhanced revenue management and corporate customer sales  
The Property will benefit from MHM's revenue management system by utilizing detailed demand forecasts led by MHM's headquarters as well as tapping into the vast network of corporate customer sales team at MHM's headquarters.
- (iii) Reduction in hotel operating expenses through economies of scale  
INV will be able to realize lower hotel operating costs including joint procurement and consolidation of back-office functions at MHM's headquarters, benefitting from MHM's scale.

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

(Note 2) Includes Sheraton Grande Tokyo Bay Hotel, the underlying asset of a special purpose company (TMK) of which INV holds the preferred equity interests.

## 3. Profile of New Tenant/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 January 2019)
(vi) Date of establishment	July 8, 1999

This English language notice is a translation of the Japanese-language notice released on February 15, 2019 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.

(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"). FIG is a subsidiary of SoftBank Group Corp., which directly and indirectly holds 100% of its outstanding shares.
Personnel relationships	There are currently no personnel relationships that should be noted between INV/CIM and MHM. Among the directors of INV and the officers and employees of CIM, Naoki Fukuda is both the Executive Director of INV and CEO of CIM, and is seconded from Calliope Godo Kaisha, an affiliate of FIG. Furthermore Naoto Ichiki is Chairman and Director of CIM, and Christopher Reed is a part-time director of CIM, and both are seconded from Fortress Investment Group Japan GK, a subsidiary of FIG.
Transactional relationships	As of today, INV has entered into lease agreements with MHM with respect to 52 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 of CIM as provided in the Act on Investment Trusts and Investment Corporations.

(Note 1) Includes agreement with MHM subsidiaries and management contracts between MHM and tenants.

#### 4. Future Outlook

The Tenant/Operator Change is expected to have limited impact on the fiscal periods ending June 2019 (from January 1, 2019 to June 30, 2019) and December 2019 (from July 1, 2019 to December 31, 2019).

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