

May 17, 2019

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, 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”) hereby announces the decision today to sell Spacia Ebisu (the “Sale”), a residential property located in Tokyo (hereinafter, the “Property” or “Spacia Ebisu”) by Consonant Investment Management Co., Ltd. (“CIM”), the asset manager of INV.

1. Overview of Sale

(in JPY million)

Use	Property number	Property name	Acquisition price	Book value ¹	Anticipated sale price ²	Expected gain on sale ³	Transferee	Category of specified assets
Residential property	A75	Spacia Ebisu	7,010	6,446	12,200	5,622	Undisclosed ⁴	Trust Beneficiary Interest

(Note 1) As of December 31, 2018.

(Note 2) Anticipated sale price does not include adjustments for real estate taxes or city planning taxes, or national or local consumption taxes; hereinafter the same.

(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.

(Note 4) The name of the transferee is not disclosed, as the transferee’s consent has not been obtained for disclosure. For an overview of the transferee, please refer to “4. Overview of Transferee” below.

(Note 5) Amounts are rounded down to the nearest million yen; hereinafter the same.

2. Reasons for Sale

INV is pleased to announce the sale of Spacia Ebisu at a sale price with an NOI cap rate¹ of 2.98%, and an NOI cap rate after depreciation² of 2.34%. This sale is part of INV’s effort to continuously improve its profitability for unitholders including through pursuing asset replacement. CIM decided to dispose of the Property after evaluating the characteristics of the Property, the residential transaction markets and INV’s portfolio strategy. Due to the level of NOI cap rate and NOI cap rate after depreciation, the Sale is expected to have an accretive impact on INV’s overall NOI yield before and after depreciation. The anticipated sale price represents 89% above the book value

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and 47% above the appraisal value (as of April 1, 2019) and INV expects the Sale will result in an expected gain on sale of JPY 5.6 billion.

INV plans to retain substantially all of the sale price in order to acquire future additional assets as part of its asset replacement strategy. After initiating its asset replacement strategy in 2017, INV has been working to improve the profitability of its portfolio through strategic replacement of asset. The closing of the Sale is expected to occur on June 19, 2019. INV is not changing its forecasted DPU guidance and plans to pay out dividends as if the Property was held through June 30, 2019. INV currently has a pipeline with its sponsor and can further consider additional acquisitions from sponsor pipeline by the sale proceeds of the Property.

(Note1) Calculated by dividing aggregated actual NOI for January 1, 2018 – December 31, 2018 of the Property by the anticipated sale price.

(Note2) Calculated by dividing aggregated actual NOI (after deducting the depreciation expenses) for January 1, 2018 – December 31, 2018 of the Property by the anticipated sale price.

3. Details of the Property

a. "Outline of Specified Assets and Properties" column:

- "Category of specified assets" shows the type (the legal form) of real estate and other assets as specified asset.
- "Acquisition Date" shows the date when an acquisition is executed, which is specified in the purchase and sale agreement or the trust beneficiary interest purchase and sale agreement.
- "Acquisition Price" shows a purchase price of the Property specified in the purchase and sale agreement or the trust beneficiary interest purchase and sale agreement; consumption tax is not included, and the price is rounded down to the nearest million yen.
- The details in "Location" (excluding address), "Lot Area (m²)" of the "Land", "Total Floor Area (m²)", "Structure/No. of Stories", "Purpose of Use," and "Completion Date" of the "Building" are, unless otherwise specified, as shown in the property register. The "Total Floor Area" is the gross floor area (if there is no annotation otherwise, an annex building is not included), and with respect to "Purpose of Use," the primary purposes appearing in the property register are listed. Further, the "Completion Date" lists the time at which the building was newly constructed, as appearing in the property register.
- "Transport" shows the amount of time it takes to walk to the nearest station based on the description in the Real Estate Appraisal Report (in case there is no description of time distance in the Real Estate Appraisal Report, "Transport" is calculated by assuming walking time on a road for a distance of 80 meters per minute in accordance with the Fair Competition Code on the Real Estate Representations (Fair Trade Commission Notification No.2 of 2003, including subsequent revisions) (hereinafter, referred to as the "Fair Competition Code") and the Ordinance for Enforcement of the Fair Competition Code. If unidentified, it is based on the description in other materials.
- In "Zoning," the class of zoning under the respective items of Article 8(1) of the City Planning Act (Act No. 100 of 1968) is listed.
- In "Building Coverage Ratio," the ratio of a building's area with regard to the land area as

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set forth under Article 53 of the Building Standards Act (Act No. 201 of 1950, as amended; the “Building Standards Act”) is listed.

- In “Floor Area Ratio,” the ratio of a building’s total floor area with regard to the land area as set forth under Article 52 of the Building Standards Act is listed.
- In “Trustee,” the current trustee of the Property is listed as to the Property.
- In “Master Lease/Property Management Company,” with respect to the properties for which a master lease agreement has been entered into, the type of lease (either a pass-through master lease or a fixed rent) is indicated. “Pass-through master lease” is defined as a lease under which, pursuant to the pass-through master lease agreement entered into between the master lease company and INV or the trustee, the amount equal to the rent under the sublease agreement between the master lease company and the end tenant shall be paid to INV or the trustee. “Guaranteed rent” is defined as a lease under which a specified rent shall be paid to INV or the trustee, regardless of the rent under the sublease agreement between the master lease company and the end tenant.

b. “Lease Overview” column:

- Based on the lease agreement effective as of December 31, 2018.
- “Total No. of Tenant(s)” is calculated by counting a lessee who has directly concluded a lease agreement for each property as one tenant, and a tenant who has rented two or more rooms in a single property is calculated as one tenant.
- In “Leasable Area,” the total leasable floor area for guest room, residential, office, retail and others for the area owned by INV is listed.
- In “Leased Area,” the total sum of the leased area with respect to which a lease agreement with an end-tenant has actually been entered into and which are leased to the end-tenant (the area specified in the lease agreement) is listed.
- In “Security Deposit/Guarantee,” the amount of the security deposit/guarantee money after amortization pursuant to the lease agreement is listed.
- In “Occupancy Rate,” the ratio of the leased area to the leasable area is shown, rounded to the first decimal place.

c. “Income and Expenditures, Etc.” column:

- Based on the information for the operating period from July 1, 2018 to December 31, 2018.
- Amounts are rounded down to the nearest thousand yen. Therefore, the figures may not necessarily match the total value when added together. Unless otherwise specifically noted, the amounts do not include consumption tax, etc.
- “Taxes and Public Dues” include property tax and city planning tax, which are generally imposed on the owner on January 1 of each year.
- “Non-life Insurance Premiums” is the total amount of paid insurance premiums distributed proportionally over the relevant period.

d. “Summary of Real Estate Appraisal Report” column:

INV has requested a real estate appraisal for the Property from an appraisal agency based on the matters for consideration in a real estate appraisal under the Act on Investment Trust and Investment Corporations (the “Investment Trust Act”), the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended; the “Act on Real Estate Appraisal”) and real estate appraisal

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standards. An appraisal value of a property is merely an opinion of the real estate appraiser regarding the value of the appraised property at the time the appraisal was conducted in accordance with the Act on Real Estate Appraisal and real estate appraisal standards, etc. A real estate appraisal is neither a guarantee nor a promise that an asset can be sold or purchased at such appraisal value either now or in the future.

Outline of Specified Asset and Property.					
Category of specified assets	Trust Beneficiary Interest		Trustee	Sumitomo Mitsui Trust Bank, Limited	
Location	(Lot Number)	3-14-6 Higashi, Shibuya-ku, Tokyo and other 9 lots			
	(Address)	3-6-22 Higashi, Shibuya-ku, Tokyo			
Transport	9-minute walk from Ebisu Station on JR Yamanote Line, Saikyo Line, Shonan-Shinjuku Line and Tokyo Metro Hibiya Line				
Acquisition Date	February 1, 2010		Income and Expenditures, Etc. (JPY thousand)		
Acquisition Price	JPY 7,010 million		Operating Period	July 1, 2018 ~ December 31, 2018	
Land	Property Right	Ownership	Rental revenues (a)	216,468	
	Zoning	Class two exclusive zone for medium and high-rise residences	Rent Income	193,228	
	Lot Area (m ²)	2,707.01	Other income etc.	23,239	
	Building Coverage / Ratio/Floor Area Ratio	60%/300%	Total expenses (b)	69,460	
Building	Property Right	Ownership	Maintenance and management expenses etc.	12,100	
	Purpose of Use	Condominiums, Office	Taxes and Public Dues	8,951	
	Total Floor Area (m ²)	10,367.03	Non-Life Insurance Premiums	170	
	Structure/No. of Stories	RC B1/8F	Depreciation (c)	39,382	
	Completion Date	February 2003	Other expenses	8,855	
Master Lease/Property Management Company	Pacific Development & Management Co., Ltd.		Profit and Loss (a) – (b)	147,007	
Type of Agreement	Pass through master lease		NOI (a) – (b) + (c)	186,390	
Outline of a Lease Contract					
Total number of tenants	1		Security deposit / Guarantee	JPY 45,181 thousand	
Leased area (m ²)	7,551.82		Leasable area (m ²)	7,794.91	
Occupancy Trend	As of the end of Dec. 2016	As of the end of Jun. 2017	As of the end of Dec. 2017	As of the end of Jun. 2018	As of the end of Dec. 2018
	94.0%	95.2%	91.2%	95.6%	96.9%

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Summary of Real Estate Appraisal Report		
Appraisal Value	JPY 8,300 million	
Appraisal Firm	Japan Real Estate Institute	
Date of Valuation	April 1, 2019	
Item	Contents (JPY thousand)	Overview
1. Value of Profits using the Profit Capitalization Method	8,300,000	
(1) Direct Capitalization Method	8,430,000	
(I) Operating Revenue [(a)-(b)]	420,780	
(a) Total Potential Revenue	448,024	Based on mid-to-long term potential revenue of current leasing conditions and market level
(b) Vacant Room Losses, etc.	27,244	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)]	65,327	
(c) Maintenance and Management Costs	7,820	Based on maintenance and management costs of historical data from the previous year and comparable assets
(d) Utility Costs	5,000	Based on utility costs of historical data from the previous year and comparable assets
(e) Repair Costs	8,865	Based on repair costs level of historical data and comparable assets and repair costs etc. in the engineering report
(f) Property Management Fee	4,771	Based on historical data, contract and market
(g) Tenant Solicitation Expenses	19,614	Based on historical data from previous years and terms of rental of comparable assets
(h) Taxes and Public Dues	18,068	Based on the documents relating to taxes and public dues
(i) Non-life Insurance Premiums	289	Based on insurance premiums as well as comparable assets
(j) Other Costs	900	
(III) Net Operating Income [(I)-(II)]	355,453	
(k) One-time Investment Gains	421	Assume investment return as 1.0%
(l) Capital Improvements and Expenses	10,235	Based on comparable assets and estimate in the engineering report
(IV) Net Income[(III)+(k)-(l)-(m)]	345,639	
Capitalization Yield	4.1%	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	8,160,000	
Discount Rate	3.9%	Based on comparable assets' investment yield with consideration of the characteristics of the property
Final Capitalization Yield	4.3%	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	6,730,000	
Land Ratio	78.8%	
Building Ratio	21.2%	
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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4. Overview of Transferee

Because consent for disclosure has not been obtained from the transferee of the Property, the name of the transferee is not disclosed. The transferee is an affiliate of a foreign real estate fund.

As of today, there are no capital, personnel, or transactional relationships that should be noted between INV/CIM and the transferee. Further, the transferee is not a related party of INV or CIM, and as of today, the transferee is not an interested person, etc. as provided in the Investment Trust Act or a sponsor-related person under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments.

5. Transactions with Interested Persons etc.

Not applicable.

6. Overview of Brokerage

Because consent for disclosure has not been obtained from the brokers, the names of the brokers are not disclosed. The brokerage with regard to the Property has been jointly conducted by two companies.

Broker 1:

As of today, there are no personnel relationships that should be noted between INV and the broker, and there are no capital, personnel, and transactional relationships that should be noted between CIM and the broker, but the broker is a unitholder of INV, and there is a certain transactional relationship between INV and the broker as a trustee of INV's assets. Further, the broker is not a related party of INV or CIM, and as of today, the broker is not an interested person, etc. as provided in the Investment Trust Act or a sponsor-related person under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments.

Broker 2:

As of today, there are no capital, personnel or transactional relationships that should be noted between INV/CIM and the broker. Further, the broker is not a related party of INV or CIM, and as of today, the broker is not an interested person, etc. as provided in the Investment Trust Act or a sponsor-related person under the voluntary rules specified by CIM as countermeasures against conflicts of interests in the management of INV's investments.

7. Schedule

Sale decision date:	May 17, 2019
Agreement execution date:	
Anticipated sale date:	June 19, 2019
Anticipated sale proceeds payment method:	Down payment (JPY 618 million) on May 17, 2019 and payment of the remaining amount on June 19, 2019

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8. Use of Sale Proceeds

The sale proceeds of the Property is expected to be reinvested for new acquisitions as is consistent with INV's track record of asset replacement. We have not determined any specific acquisitions as of today, and we will announce promptly when any are determined.

9. Future Outlook

Please refer to "Notice concerning Revision of Forecast of Financial Results for the 32nd Fiscal Period Ending June 2019" announced today for the revision of the forecasts for the fiscal period ending June 2019. Moreover, there are no changes to the forecasts of financial results for the fiscal period ending December 2019.

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

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