

May 31, 2019

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 Prepayment of Loan**

Invincible Investment Corporation (“INV”) decided today to prepay (the “Prepayment”) its short-term consumption tax loan that constitutes a portion of the New Syndicate Loan (J), which was announced in the releases “Notice concerning Debt Financing” on July 17, 2018, “Notice concerning Debt Financing (Execution of Loan Agreement)” on July 31, 2018 and “Notice concerning Debt Financing (Partial Amendments to the Loan Agreement)” on September 10, 2018.

### 1. Details and Reasons for the Prepayment

The entire amount of INV’s outstanding short-term consumption tax loan (in the amount of JPY 1,099 million) has been prepaid today from the refund of consumption tax relating to asset acquisitions and cash on hand in accordance with the terms of the relevant loan agreement.

| Loan                   | Prepayment Amount (JPY million) | Prepayment Date | Source of Funds for Prepayment  |
|------------------------|---------------------------------|-----------------|---|
| New Syndicate Loan (J) | 1,099                           | May 31, 2019    | Refund of consumption tax with respect to asset acquisitions on August 2, 2018 and cash on hand |

This English language notice is a translation of the Japanese-language notice released on May 31, 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.

## 2. Status of Loans after the Prepayment

### New Syndicate Loan (J)

(as of May 31, 2019)

| Lender  | Borrowing Date     | Borrowing Amount Before the Prepayment (JPY million) | Prepayment Amount (JPY million) | Borrowing Amount After the Prepayment (JPY million) | Interest Rate (Annual Rate) | Maturity Date      | Borrowing Method              |
|---|--------------------|--|---------------------------------|---|-----------------------------|--------------------|-------------------------------|
| Mizuho Bank, Ltd.<br>Sumitomo Mitsui Banking Corporation<br>MUFG Bank, Ltd.<br>Sumitomo Mitsui Trust Bank, Limited<br>Shinsei Bank, Limited<br>Citibank, N.A., Tokyo Branch<br>Development Bank of Japan, Inc.<br>Resona Bank, Limited<br>The Nomura Trust and Banking Co., Ltd.<br>AEON Bank, Ltd. | August 2, 2018     | 1,099  | 1,099                           | —   | —                           | August 2, 2019     | Unsecured / with no guarantee |
|   | August 2, 2018     | 2,359  | —                               | 2,359   | 0.35818% (Note1)            | August 2, 2021     |                               |
|   | September 26, 2018 | 10,761   | —                               | 10,761  | 0.35818% (Note1)            | September 26, 2021 |                               |
|   | September 26, 2018 | 13,120   | —                               | 13,120  | 0.45818% (Note1)            | September 26, 2022 |                               |
|   | September 26, 2018 | 13,119   | —                               | 13,119  | 0.55818% (Note1)            | September 26, 2023 |                               |
| <b>Total</b>  |                    | <b>40,458</b>  | <b>1,099</b>                    | <b>39,359</b>                                       |                             |                    |                               |

(Note 1) The interest rates are those applicable for the period from May 31, 2019 to June 27, 2019.

(Note 2) For details of the loans, please refer to the press releases "Notice concerning Debt Financing" on July 17, 2018, "Notice concerning Debt Financing (Execution of Loan Agreement)" on July 31, 2018 and "Notice concerning Debt Financing (Partial Amendments to the Loan Agreement)" on September 10, 2018.

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### 3. Balance of interest-bearing liabilities

(Unit : million yen)

|  | Before the Prepayment<br>(As of May 30, 2019) | After the Prepayment<br>(As of May 31, 2019) | Increase<br>(Decrease) |
|--|---|--|------------------------|
| Total loans  | 225,873                                       | 224,774                                      | (1,099)                |
| Total Investment<br>corporation bonds                        | 4,000   | 4,000  | —                      |
| Total interest-bearing liabilities                           | 229,873                                       | 228,774                                      | (1,099)                |
| Total Appraisal Value of Assets<br>Owned by INV <sup>1</sup> | 516,365                                       | 516,365                                      | —                      |
| LTV (Based on Appraisal<br>Value) <sup>2</sup> (%)           | 44.3  | 44.3   | —                      |

(Note 1) As to “Total appraisal value of assets owned by INV”, among the 132 properties owned by INV as of today (including preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel, the overseas real estate assets (which are “The Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort”) as well as Royal Parks Tower Minami-Senju and Spacia Ebisu, which INV has already determined will be sold), the appraisal value for the 131 properties (excluding preferred equity interest in the TMK) are based on the appraisal value stated in the appraisal reports on the valuation date of December 31, 2018. For the preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset, the acquisition price (INV’s investment amount) of such preferred equity interest, JPY 17,845 million, is deemed as the appraisal value and included in the figure shown above. For the appraisal value of overseas real estate assets, the exchange rate of 1 USD=110.45 JPY based on the foreign exchange forward implemented in connection with the TK investment in the Cayman SPC (the contract in relation thereto was entered into on July 26, 2018 and implemented on September 26, 2018) is used.

(Note 2) “LTV (Based on Appraisal Value)” in the above table is calculated according to the following formula:

$$\text{LTV (Based on Appraisal Value)} = \frac{\text{Total interest-bearing liabilities (excluding short-term consumption tax loan)}}{\text{Total Appraisal Value of Assets Owned by INV}} \times 100$$

“Total interest-bearing liabilities” does not include the interest-bearing liabilities of the TMK which holds Sheraton Grande Tokyo Bay Hotel as an underlying asset.

(Note 3) The amounts are rounded down to the nearest million yen. The percentages are rounded to the nearest one decimal place.

### 4. Future Outlook

The impact of this prepayment to financial results is minimal and therefore no changes are required for the forecasts of the financial results for the fiscal periods ending June 2019 (January 1, 2019 to June 30, 2019) and December 2019 (July 1, 2019 to December 31, 2019).

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

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