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The Japanese language press release should be referred to as the original.]

December 10, 2018

To All Concerned Parties

Name of REIT Issuer:

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## **Notice concerning Partial Refund of TK Investment regarding TK Interest with Overseas Real Estate as Underlying Assets**

Invincible Investment Corporation (“INV”) announces that it has decided to receive a partial refund of the TK investment (the “Refund”) in connection with the TK interest backed by overseas real estate acquired on September 29, 2018 (Japan time), from Seven Mile Resort Holdings Ltd. (the “Cayman SPC”), the TK operator pertaining to the TK interest.

### 1. Reasons for the Refund

As announced in “Notice concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets” dated July 17, 2018 and “Notice concerning Completion of Acquisition of Asset” dated October 1, 2018, INV completed its investment in the Cayman SPC on September 28, 2018 (Cayman Island local time), and the Cayman SPC acquired the Leasehold Interest in the Westin Grand Cayman Seven Mile Beach Resort & SPA and the Sunshine Suites Resort (the “Underlying Assets”) on the same date.

In investing in the Cayman SPC, INV funded an amount which was reasonably estimated to enable the Cayman SPC to acquire the Underlying Assets and other assets. However, based on the closing settlement, the Cayman SPC did not need as much capital as anticipated resulting in a surplus of funds as of today. Therefore INV decided to receive a refund of the TK investment in the amount of USD 6.8 million from the Cayman SPC in order to enhance the efficiency of cash management. As a result of the Refund, INV’s investment amount in the Cayman SPC will decrease from its initial investment amount of USD 339,836,000<sup>1</sup> to USD 333,036,000<sup>1</sup> after the Refund. INV intends to effectively use the surplus cash to further enhance unitholder value. Also, as a result of the lower TK investment amount, the new NOI yield<sup>2</sup> based on the updated 2018 simulated NOI is 10.1%.

(Note 1) INV fixed the exchange rate of 1 USD=110.45 JPY applicable to the TK investment by the foreign exchange forward implemented in connection with the TK investment in the Cayman SPC (contract thereof was entered into on July 26, 2018 and implemented on September 26, 2018). Using such exchange rate of 1 USD=110.45

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JPY, the initial investment amount in Japanese Yen denomination was JPY 37,534 million, while the investment amount after the Refund will be JPY 36,783 million.

(Note 2) Newly calculated “NOI yield” of the Cayman Hotel TK Interest is calculated for reference by the following formula; (Simulated NOI of the Underlying Assets - simulated cost in the Cayman SPC) ÷ the amount of investment in the Cayman Hotel TK Interest after the Refund.

Simulated NOI of the Underlying Assets and simulated cost in the Cayman SPC are calculated based on the actual results from January 2018 to October 2018 and the forecasts from November 2018 to December 2018. Simulated NOI of the Underlying Assets and simulated cost in the Cayman SPC include estimates, and are different from actual NOI of the Underlying Assets and cost in the Cayman SPC and do not reflect the effect of foreign exchange hedging transactions.

## 2. Amount of Refund

USD 6.8 million (JPY 751 million<sup>1</sup>)

(Note 1) INV fixed the exchange rate of 1 USD=110.45 JPY applicable to the TK investment by the foreign exchange forward implemented in connection with the TK investment in the Cayman SPC (contract thereof was entered into on July 26, 2018 and implemented on September 26, 2018). Therefore, the amount of the Refund in Japanese Yen denomination is calculated and stated using such exchange rate of 1 USD=110.45 JPY. Nevertheless, upon receiving the Refund in US dollars, INV will exchange it in Japanese Yen, using a spot exchange rate. In the event discrepancy arises between the initial investment amount of JPY 751 million and the amount in Japanese Yen denomination which INV received as the Refund calculated by such spot exchange rate, such discrepancy will be recognized as foreign exchange profit or foreign exchange loss in the fiscal period ending December 2018.

## 3. Date of Refund

December 10, 2018 (Cayman Island local time)

## 4. Future Outlook

The impact to the INV’s financial results by the Refund is minimal and therefore no changes are required for the forecasts of the financial results for the fiscal period ending December 2018 (from July1, 2018 to December 31, 2018) as announced in the “Financial Summary for the June 2018 Fiscal Period (from January 1, 2018 to June 30, 2018)” dated August 22, 2018.

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