

[For Information Purpose Only.]

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

July 11, 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 Debt Financing (Refinance) and Execution of Interest Rate Swap Agreement**

Invincible Investment Corporation (“INV”) has determined today to obtain new debt financing to refinance existing debt and has executed interest rate swap agreements (the “Interest Rate Swap Agreements”) today with regards to the new borrowing. Details are as follows.

### 1. Reason for Borrowing

INV has decided to execute a new loan agreement (the “New Borrowing”) today in order to repay borrowings in the amount of JPY 28,979 million due on July 16, 2019, which is one of the tranches of the New Syndicate Loan (E) (Note) with a total outstanding amount of JPY 57,958 million.

(Note) For details of the New Syndicate Loan (E), please refer to “4. Details of Loan to be Repaid” below and the press releases entitled “Notice concerning Debt Financing and Prepayment of Existing Borrowings” dated June 25, 2015, “Notice Concerning Implementation of Debt Financing and Prepayment of Existing Borrowings” dated July 16, 2015 and “Notice concerning Debt Financing (Refinance)” dated July 12, 2018.

### 2. Details of the New Borrowing (anticipated)

< New Syndicate Loan (M) >

6-Year Loan

(1) Lender : Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Shinsei Bank, Limited

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# Invincible Investment Corporation

- (2) Borrowing amount : JPY 5,795 million  
(3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.70000%)  
Variable interest rate (Note)  
(4) Borrowing method : Borrowing based on separate term loan agreement dated July 11, 2019  
Unsecured / with no guarantee  
(5) Agreement date : July 11, 2019  
(6) Anticipated borrowing date : July 16, 2019  
(7) Interest payment date : (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2019, and (2) the principal maturity date  
(8) Principal repayment method : Lump-sum repayment on the principal maturity date  
(9) Principal maturity date : July 16, 2025

## 5.5-Year Loan

- (1) Lender : Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Shinsei Bank, Limited  
(2) Borrowing amount : JPY 5,796 million  
(3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.55000%)  
Variable interest rate (Note)  
(4) Borrowing method : Borrowing based on separate term loan agreement dated July 11, 2019  
Unsecured / with no guarantee  
(5) Agreement date : July 11, 2019  
(6) Anticipated borrowing date : July 16, 2019  
(7) Interest payment date : (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2019, and (2) the principal maturity date  
(8) Principal repayment method : Lump-sum repayment on the principal maturity date  
(9) Principal maturity date : January 16, 2025

## 5-Year Loan

- (1) Lender : Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Shinsei Bank, Limited  
Citibank, N.A., Tokyo Branch  
(2) Borrowing amount : JPY 5,796 million

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# Invincible Investment Corporation

- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.50000%)  
Variable interest rate (Note)
- (4) Borrowing method : Borrowing based on separate term loan agreement dated July 11, 2019  
Unsecured / with no guarantee
- (5) Agreement date : July 11, 2019
- (6) Anticipated borrowing date : July 16, 2019
- (7) Interest payment date : (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2019, and (2) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : July 16, 2024

## 4.5-Year Loan

- (1) Lender : Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Shinsei Bank, Limited  
Citibank, N.A., Tokyo Branch  
Resona Bank, Limited.
- (2) Borrowing amount : JPY 5,796 million
- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.45000%)  
Variable interest rate (Note)
- (4) Borrowing method : Borrowing based on separate term loan agreement dated July 11, 2019  
Unsecured / with no guarantee
- (5) Agreement date : July 11, 2019
- (6) Anticipated borrowing date : July 16, 2019
- (7) Interest payment date : (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2019, and (2) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : January 16, 2024

## 3.5-Year Loan

- (1) Lender : Mizuho Bank, Ltd.  
MUFG Bank, Ltd.  
Sumitomo Mitsui Banking Corporation  
Sumitomo Mitsui Trust Bank, Limited  
Shinsei Bank, Limited  
Citibank, N.A., Tokyo Branch

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- Resona Bank, Limited.
- (2) Borrowing amount : JPY 5,796 million
- (3) Interest rate, etc. : 1-month JPY TIBOR (Base Rate) + spread (0.35000%)  
Variable interest rate (Note)
- (4) Borrowing method : Borrowing based on separate term loan agreement dated July 11, 2019  
Unsecured / with no guarantee
- (5) Agreement date : July 11, 2019
- (6) Anticipated borrowing date : July 16, 2019
- (7) Interest payment date : (1) The last Japanese business day of each month before the principal maturity date, beginning with July 31, 2019, and (2) the principal maturity date
- (8) Principal repayment method : Lump-sum repayment on the principal maturity date
- (9) Principal maturity date : January 16, 2023

- (Note)
- Base rate applicable to each interest calculation period for the interests to be paid on the relevant interest payment date shall be the 1-month JPY TIBOR announced by Japanese Bankers Association two Japanese business days prior to the immediately preceding interest payment date (in case of the initial interest calculation period, two Japanese business days prior to the borrowing date).
  - JPY TIBOR announced by the Japanese Bankers Association is available at its website (<http://www.jbatibor.or.jp/english/>).
  - Details of our debt financing is available at the "Borrowings & Investment Corporation Bonds" page of INV's website (<http://www.invincible-inv.co.jp/eng/cms/loan.html>).

### 3. Loan proceeds, use of proceeds and scheduled timing of disbursement

- (1) Loan proceeds  
JPY 28,979 million
- (2) Use of proceeds  
To be appropriated for the repayment of a tranche of New Syndicate Loan (E)
- (3) Scheduled timing of disbursement  
July 16, 2019

## 4. Details of Loan to be Repaid

### New Syndicate Loan (E)

Lender	Borrowing Date	Balance before Repayment (JPY million)	Repayment Amount (JPY million)	Balance after Repayment (JPY million)	Interest Rate (annual)	Maturity Date	Borrowing Method
Sumitomo Mitsui Banking Corporation	July 16, 2015	28,979	28,979	—	0.48000% (Note)	July 16, 2019	Unsecured/ non-guaranteed
MUFG Bank, Ltd.							
Mizuho Bank, Ltd.	July 16, 2015	28,979	—	28,979	0.59000% (Note)	July 16, 2020	
Shinsei Bank, Limited							
Citibank, N.A., Tokyo Branch	July 16, 2015	28,979	—	28,979	0.59000% (Note)	July 16, 2020	
Sumitomo Mitsui Trust Bank, Limited							
Resona Bank, Limited.	July 16, 2015	28,979	—	28,979	0.59000% (Note)	July 16, 2020	
Total		57,958	28,979	28,979			

(Note) These are borrowings with floating interest rates, but the interest rates are fixed through interest rate swap agreements. The interest rates are fixed rates after swaps.

## 5. Details of the Interest Rate Swap Agreements

### (1) Reason for Executing the Interest Rate Swap Agreement

In order to hedge the risk of interest rate fluctuations

### (2) Details of the Interest Rate Swap Agreements

Counterparty	Notional Principal (JPY million)	Interest Rate (upper : fixed rate payable (lower: floating rate receivable))	Agreement Date	Applicable Period	Interest Payment Date
Nomura Securities Co., Ltd.	5,796 (Note 1)	0.56310%	July 11, 2019	From July 16, 2019 to July 16, 2024	The last Japanese business day of each month and the last day of the applicable period
		One-month JPY TIBOR + 0.50000%			
Nomura Securities Co., Ltd.	5,796 (Note 2)	0.49859%	July 11, 2019	From July 16, 2019 to January 16, 2024	
		One-month JPY TIBOR + 0.45000%			
Citigroup Global Markets Japan Inc.	5,796 (Note 3)	0.40000 %	July 11, 2019	From July 16, 2019 to January 16, 2023	
		One-month JPY TIBOR + 0.35000%			

(Note 1) Equivalent to the principal amount of borrowing by the New Syndicate Loan (M) (5-year tranche) to be implemented on July 16, 2019. By this Interest Rate Swap Agreement, the interest rate of the 5-year tranche will be fixed, in effect, at 0.56310%.

(Note 2) Equivalent to the principal amount of borrowing by the New Syndicate Loan (M) (4.5-year tranche) to be implemented on July 16, 2019. By this Interest Rate Swap Agreement, the interest rate of the 4.5-year tranche will be fixed, in effect, at 0.49859%.

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(Note 3) Equivalent to the principal amount of borrowing by the New Syndicate Loan (M) (3.5-year tranche) to be implemented on July 16, 2019. By this Interest Rate Swap Agreement, the interest rate of the 3.5-year tranche will be fixed, in effect, at 0.40000%.

(Note 4) The initial interest calculation period is from July 16, 2019 (inclusive of the date) to July 31, 2019 (exclusive of the date and up to one day prior), and the interest calculation period thereafter will be from the immediately preceding interest payment date (inclusive of the date) to the relevant interest payment date (exclusive of the date and up to one day prior).

## 6. Future outlook

The impact of the New Borrowing and the Interest Rate Swap Agreement on financial results is minimal and therefore no changes are required for the forecasts of financial results for the fiscal period ended June 2019 (from January 1, 2019 to June 30, 2019) and the fiscal period ending December 2019 (from July 1, 2019 to December 31, 2019).

## 7. Other matters necessary for investors' appropriate understanding/judgment of the concerned information

With respect to the risks associated with the New Borrowing and the Interest Rate Swap Agreement, please refer to the content of "Investment Risks" stated in the securities report for the fiscal period ended December 2018 (from July 1, 2018 to December 31, 2018) (available in Japanese only) filed on March 26, 2019 and "Part II Reference Information II Supplemental Information to the Reference Documents 5. Investment Risks" of the securities registration statement (available in Japanese only) filed on July 1, 2019.

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

[For reference only]

■ Change in balance of interest-bearing liabilities (anticipated)

(Unit : JPY million)

	Before the New Borrowing (As of July 11, 2019)	After the New Borrowing (As of July 16, 2019)	Increase (Decrease)
Total loans	224,774	224,774	—
Total investment corporation bonds	4,000	4,000	—
Total interest-bearing liabilities	228,774	228,774	—
Total appraisal value of assets owned by INV (Note 1)	486,620	486,620	—
LTV (based on appraisal value) (Note 2) (%)	47.0	47.0	—

(Note 1) As to “Total appraisal value of assets owned by INV”, among the 130 properties owned by INV as of today (including preferred equity interest in the TMK which holds Sheraton Grande Tokyo Bay Hotel and the overseas real estate assets (which are “The Westin Grand Cayman Seven Mile Beach Resort & Spa” and “Sunshine Suites Resort”)), the appraisal value for the 127 properties (excluding preferred equity interest in the TMK and two the overseas real estate assets) is based on the appraisal value stated in the appraisal reports on the valuation date of December 31, 2018 and for two overseas real estate assets is based on the valuation date of April 1, 2019. 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. The appraisal value of overseas real estate assets is translated into JPY based on the exchange rate of 1 USD=110.45 JPY which is the foreign exchange forward rate under the foreign exchange forward agreement which we entered into on July 26, 2018 and became effective as of September 26, 2018.

(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.

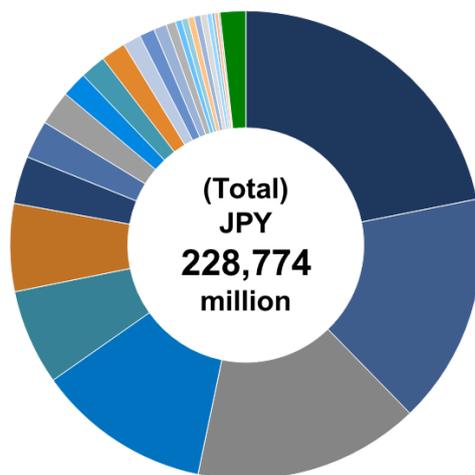
Moreover, while INV disposed of Royal Parks Tower Minami-Senju on June 7, 2019 and Spacia Ebisu on June 19, 2019 (collectively, the “Properties”) the sale proceeds were not appropriated to repayment of existing loans since INV plans to apply substantially all of the sale proceeds to fund part of its acquisition of specified assets (the “Anticipated Acquisitions”) announced in “Notice concerning Acquisition and Lease of Domestic Trust Beneficiary Interests” dated July 1, 2019 as a part of its asset replacement strategy. Therefore, LTV (based on appraisal value) shown above is higher than before the disposition of the Properties, but it is anticipated to be lower after July 19, 2019 when INV anticipates to acquire the additional eighteen hotel properties. For the estimated LTV (based on appraisal value) after the Anticipated Acquisitions and the relevant borrowings, please refer to the press release entitled “Notice concerning Debt Financing” dated July 1, 2019. Please refer to the press releases entitled “Notice concerning Sale of Domestic Trust Beneficiary Interest” dated May 17, 2019 and May 28, 2019 for details of the disposition of the Properties.

(Note 3) As to the New Syndicate Loan (L) (with the total borrowing amount of JPY 27,400 million) to be implemented on July 19, 2019, please refer to the press release entitled “Notice concerning Debt Financing” dated July 1, 2019. “After the New Borrowing” in the above table shows the situation before the implementation of the New Syndicate Loan (L) and the Anticipated Acquisitions.

(Note 4) The amounts are rounded down to the nearest million yen. The percentages are rounded to the nearest one decimal place.

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■ Lender formation after the New Borrowing (anticipated)



Mizuho Bank	21.9%
SMBC	15.9%
MUFG	15.5%
SMTB	12.0%
Citibank	6.6%
Shinsei Bank	6.1%
Resona Bank	3.3%
DBJ	2.6%
Aeon Bank	2.4%
Tokyo Star Bank	1.7%
Dai-ichi Life Insurance	1.7%
Fukuoka Bank	1.7%
Nomura TB	1.2%
Shizuoka Bank	1.1%
Japan Post Bank	0.9%
Hiroshima Bank	0.7%
Kagawa Bank	0.4%
Hyakugo Bank	0.4%
Aozora Bank	0.4%
Kiraboshi Bank	0.4%
Nishi-Nippon City Bank	0.4%
Towa Bank	0.3%
Tochigi Bank	0.2%
Gunma Bank	0.2%
Ikeda Sensyu Bank	0.1%
REIT Bond	1.7%

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