

Invincible Investment
Corporation

Financial Summary
for the 20th Fiscal Period
(from January 1, 2013 to June 30, 2013)

Name	: Invincible Investment Corporation
Representative	: Naoki Fukuda, Executive Director
Stock Listing	: Tokyo Stock Exchange
Securities Code	: 8963
URL	: http://www.invincible-inv.co.jp/eng/
Contact	: Consonant Investment Management Co., Ltd. (Asset Manager of Invincible Investment Corporation) Akiko Watanabe, Manager Tel. +81-3-5411-2731
Start date for dividend distribution	: September 27, 2013

1. Performance for the 20th Fiscal Period Ended June 30, 2013

(from January 1, 2013 to June 30, 2013)

1) Business Results

(Percentages in brackets represent change from previous fiscal period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	mn JPY	%	mn JPY	%	mn JPY	%	mn JPY	%
20 th Fiscal Period	2,760	(11.5)	1,231	(13.6)	335	(192.4)	335	(193.5)
19 th Fiscal Period	2,476	(13.8)	1,084	(21.3)	114	(-8.9)	114	(-10.9)

	Net Income per Unit	Net Income / NAV*	Ordinary Income / Total Assets	Ordinary Income / Operating Revenues
	JPY	%	%	%
20 th Fiscal Period	249	1.0	0.4	12.2
19 th Fiscal Period	85	0.3	0.2	4.6

*NAV = Total net assets

(Note) "Net Income per Unit" is rounded to nearest yen.

2) Cash Distributions

	Distribution per Unit (Excluding exceeding profit distribution per unit)	Distribution Amount	Exceeding Profit Distribution per Unit	Exceeding Profit Distribution Amount	Dividend Payout Ratio	Distribution / NAV
	JPY	mn JPY	JPY	mn JPY	%	%
20 th Fiscal Period	264	355	0	0	106.0	1.1
19 th Fiscal Period	117	157	0	0	137.6	0.5

(Note) Invincible Investment Corporation (INV) reversed JPY 43 million out of surplus and distributed JPY 117 per unit for the distribution for the 19th fiscal period ended December 31, 2012. As for the distribution for the 20th fiscal period ended June 30, 2013, INV reversed JPY 20 million out of surplus and determined to distribute JPY 264 per unit.

3) Financial Position

	Total Assets	NAV	NAV / Total Assets	NAV per Unit
	mn JPY	mn JPY	%	JPY
20 th Fiscal Period	80,249	32,848	40.9	24,363
19 th Fiscal Period	80,200	32,670	40.7	24,231

(Note) "NAV per Unit" are rounded to nearest yen.

4) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Closing Balance of Cash and Cash Equivalents
	mn JPY	mn JPY	mn JPY	mn JPY
20 th Fiscal Period	1,054	-167	-300	4,117
19 th Fiscal Period	878	-14,412	11,855	3,531

2. Forecast results for the 21st Fiscal Period Ending December 31, 2013

(from July 1, 2013 to December 31, 2013)

(Percentages in brackets represent change from previous fiscal period)

	Operating Revenues		Operating Income		Ordinary Income		Net Income		Distribution per Unit (Excluding exceeding profit distribution per unit)	Exceeding Profit Distribution per Unit
	mn JPY	%	mn JPY	%	mn JPY	%	mn JPY	%	JPY	JPY
21 st Fiscal Period	2,740	(-0.7)	1,182	(-4.0)	270	(-19.4)	270	(-19.4)	200	0

	Reversal of Surplus		Distribution Amount	
	mn JPY	%	mn JPY	%
21 st Fiscal Period	-	(-)	269	(-24.2)

(Reference) Estimated net income per unit for the 21st fiscal period: JPY 200

<Business Outlook>

Operating revenues are expected to decrease by JPY 20 million (0.7%) to JPY 2,740 million, compared to the 20th fiscal period because of the decrease in the new and renewal related income affected by seasonal factors. Operating income is also expected to decrease by JPY 49 million (4.0%) to JPY 1,182 million, compared to the 20th fiscal period because of the increase in the repair costs and property taxes, etc. In addition, net income is expected to decrease by JPY 65 million (19.4%) to JPY 270 million, compared to the 20th fiscal period because of the JPY 12 million (1.3%) increase of non-operating expenses including interest expenses, etc. due to the increase in operating days during the 21st fiscal period.

Based on the forecast of the financial results as of today, INV plans to distribute JPY 269 million (Note 3) in total (the distribution per unit : JPY 200) for the 21st fiscal period by utilizing net income of the 21st fiscal period ending December 31, 2013 as distribution resource, and assuming that it will not satisfy the dividend payment requirement (Note 1), one of the tax conduit requirements. However, INV plans to determine reasonably the actual distribution amount, as well as satisfaction of the dividend payment requirement, under the comprehensive consideration for the level of distribution amount per unit in the past (around JPY 200 per unit), stability of the distribution amount in the mid-term, INV's financial condition, liquidity of its cash on hand and the level of balance of the surplus gained from negative goodwill resulting from the merger (the "Surplus"), when the financial results for the 21st fiscal period are generally fixed.

Furthermore, the distribution per unit for the 21st fiscal period ending December 31, 2013 (JPY 200) is calculated on the assumption that INV will not utilize the Surplus for the distribution for the 21st fiscal period, and the balance of the Surplus after the distribution for the 21st fiscal period will not change from JPY 93 million, which is the balance after the distribution for the 20th fiscal period.

(Note 1) One of the tax conduit requirements is the dividend payment requirement, in which investment corporations are required to distribute at least 90% of their distributable income (Note 2).

(Note 2) Amount of distributable income for the next fiscal period (JPY 330 million (*)) × 90% = JPY 297.0 million

(*) Distributable income for the next fiscal period (JPY 330 million) = Net income before income tax for the next fiscal period (JPY 270 million) + Amortization of negative goodwill for each fiscal period (JPY 59 million)**)

) Amortization of negative goodwill for each fiscal period (JPY 59 million) = Gain on negative goodwill accrued upon the merger (JPY 11,843 million) × (Number of months of fiscal period ÷ 1,200 months ())

(***) 1,200 months = 100 years × 12 months (1 year)

(Note 3) Total distribution amount (JPY 269 million) at this moment does not exceed the amount of distributable income (JPY 297.0 million) as calculated described above and is determined based on the assumption that the dividend payment requirement, one of the tax conduit requirements, will not be satisfied. INV has a loss carried forward for the tax purpose totaling JPY 20,561 million (as of the end of June 30, 2013) due to the sale of assets etc. in the past, which may be carried forward until the 35th fiscal period (fiscal period ending December 31, 2020 (at most)). Therefore, even if INV does not satisfy the tax conduit requirement, no corporation tax will be levied because taxable income of INV will be offset by loss carried forward so long as such taxable income is earned within the period of, and the amount is within the balance of, the said loss carried forward.

For the pre-conditions and assumptions underlying the business outlook for the 21st fiscal period, please see “Pre-Conditions and Assumptions Underlying Forecasted Performance for the 21st Fiscal Period (from July 1, 2013 to December 31, 2013)”.

(Disclaimer of Forward-Looking Statements)

Forward-looking statements, such as the forecast results described herein, are based on the information that we currently have and certain assumptions that we consider reasonable. The results may significantly vary due to changes in the business, such as the occurrence of sales gains and losses in association with the disposals of properties, repayment of borrowings, decrease of the rent received, that are not forecasted as of today. Also, this forecast is not a guarantee of the distribution amount.

<Pre-Conditions and Assumptions Underlying Forecasted Performance for the 21st Fiscal Period
(from July 1, 2013 to December 31, 2013)>

Item	Assumptions
Fiscal period	From July 1, 2013 to December 31, 2013 (184 days)
Assets under management	INV assumes the number of properties is 78 properties, which is based on the number of properties held by INV as of today. Actual number of properties may vary due to the future acquisitions and/or disposals of existing properties, if any.
Units outstanding	INV assumes the number of units issued and outstanding is 1,348,292 units, which is based on the number of units issued by INV as of today. Also, INV assumes there will be no additional issue of investment units thereafter through to the end of the 21st fiscal period.
Interest-bearing liabilities	The repayments of JPY 131 million are scheduled to be made by scheduled repayments during the 21st fiscal period and INV assumes there will be no new financing or no additional repayments of the existing borrowings other than the scheduled repayments.
Operating revenues	INV assumes it will incur operating revenues of JPY 2,740 million. The breakdown is as follows: <ul style="list-style-type: none"> • Rental revenues JPY 2,740 million Rental revenues are calculated based on historical data and taking into account tenant trends, property competitiveness, market environment and other factors. In addition, INV assumes there are no delinquencies or non-payment of rent by tenants.

Item	Assumptions
Operating expenses	<p>INV assumes it will incur property related expenses of JPY 1,323 million. The breakdown is as follows:</p> <ul style="list-style-type: none"> • Facility management fees (of which, repair costs) JPY 462 million (JPY 40 million) • Taxes and other public charges JPY 176 million • Insurance expenses JPY 5 million • Other expenses JPY 147 million • Depreciation expenses JPY 532 million <p>Other than depreciation expenses, the property related expenses are calculated based on historical data and reflect elements that may cause fluctuations. Of the assessed and decided amount of real property tax, city planning tax, depreciable property tax, etc. applicable to assets under management, INV records as expenses the tax amount that it expects to pay during the fiscal periods.</p> <p>Repair costs may vary due to the changes in the situation etc., though they are estimated based on the repair plans created by the asset manager.</p> <p>In addition, other than the property related expenses, INV assumes it will incur operating expenses of JPY 233 million.</p>
Non-operating expenses	<p>INV assumes it will incur non-operating expenses of JPY 911 million. The breakdown is as follows:</p> <ul style="list-style-type: none"> • Interest expenses JPY 811 million • Finance related costs JPY 98 million • Other non-operating expenses JPY 1 million
Distribution per unit	<p>The distribution per unit is calculated in accordance with the cash distribution policy set forth in INV's Articles of Incorporation.</p> <p>INV assumes that JPY 269 million in total (the distribution per unit : JPY 200) will be distributed for the 21st fiscal period by utilizing net income of the 21st fiscal period as distribution resource.</p> <p>The distribution per unit may vary due to various factors, such as fluctuations in rental revenues resulting from changes in the assets under management, changes in the tenants, etc. and incurrence of unexpected repairs.</p>
Exceeding profit distribution per unit	<p>INV currently does not expect to make distributions exceeding profits (exceeding profit distribution per unit).</p>
Other	<p>INV assumes there will be no amendments to laws and ordinances, the taxation system, accounting standards and other regulations that will affect the foregoing forecasts. In addition, INV assumes there will be no unforeseen material changes in the environment, including general economic trends and real estate market conditions.</p>

3. Financial Statements

1) Balance Sheet of INV as of June 30, 2013 (Consistent with Japanese GAAP)

Items	19th Fiscal Period		20th Fiscal Period		Changes	
	(As of Dec. 31, 2012)		(As of Jun. 30, 2013)			
	Ths JPY	%	Ths JPY	%	Ths JPY	%
Assets						
Current assets						
Cash and deposits	745,429		1,427,483		682,054	
Cash and deposits in trust	2,786,480		2,690,331		-96,149	
Accounts receivables	18,370		17,407		-962	
Advances paid	664		139		-525	
Deposits paid	690,495		748,197		57,701	
Prepaid expenses	208,056		211,587		3,530	
Consumption tax receivable	115,447		-		-115,447	
Allowance for doubtful accounts	-797		-1,528		-730	
Total current assets	4,564,147	5.7	5,093,620	6.3	529,472	11.6
Non-current assets						
Property, plant and equipment, at cost						
Buildings	2,517,007		2,489,402		-27,605	
Equipment	26,566		23,902		-2,663	
Building improvements	2,587		2,451		-136	
Land	2,713,620		2,713,620		-	
Buildings in trust	27,882,085		27,617,278		-264,806	
Equipment in trust	5,328,309		5,220,784		-107,524	
Building improvements in trust	220,693		226,389		5,696	
Tools, furniture and fixtures in trust	69,443		77,842		8,398	
Land in trust	36,582,527		36,582,527		-	
Total property, plant and equipment, at cost	75,342,842	93.9	74,954,199	93.4	-388,642	-0.5
Intangible assets						
Others	244		167		-76	
Total intangible assets	244	0.0	167	0.0	-76	-31.3
Investment and other assets						
Guarantee deposits	10,000		10,000		-	
Long-term prepaid expenses	253,406		158,394		-95,011	
Others	29,381		32,680		3,298	
Total investment and other assets	292,787	0.4	201,075	0.3	-91,712	-31.3
Total non-current assets	75,635,874	94.3	75,155,443	93.7	-480,431	-0.6
Total assets	80,200,022	100.0	80,249,063	100.0	49,041	0.1

Items	19th Fiscal Period		20th Fiscal Period		Changes	
	(As of Dec. 31, 2012)		(As of Jun. 30, 2013)			
	Ths JPY	%	Ths JPY	%	Ths JPY	%
Liabilities						
Current liabilities						
Accounts payable	133,791		151,861		18,070	
Current portion of long-term debts	262,000		262,000		-	
Accrued liabilities	18,748		4,375		-14,373	
Accrued expenses	362,514		354,066		-8,447	
Accrued income taxes	503		527		23	
Accrued consumption taxes	-		24,902		24,902	
Advances received	378,770		377,475		-1,294	
Deposits received	5,268		8,601		3,333	
Total current liabilities	1,161,597	1.4	1,183,809	1.5	22,212	1.9
Non-current liabilities						
Long-term debts	22,760,500		22,629,500		-131,000	
Long-term debts in trust	20,960,000		20,960,000		-	
Tenant leasehold and security deposits in trust	1,059,315		1,048,635		-10,680	
Tenant leasehold and security deposits	183,579		183,579		-	
Long-term accrued expenses	1,404,333		1,395,513		-8,820	
Total non-current liabilities	46,367,728	57.8	46,217,228	57.6	-150,500	-0.3
Total liabilities	47,529,325	59.3	47,401,038	59.1	-128,287	-0.3
Net assets						
Unitholders' equity						
Unitholders' capital	26,134,396		26,134,396		-	
Surplus						
Capital surplus	6,264,432		6,264,432		-	
Unappropriated retained earnings / loss	271,868		449,196		177,328	
Total surplus	6,536,300	8.1	6,713,628	8.4	177,328	2.7
Total unitholders' equity	32,670,697	40.7	32,848,025	40.9	177,328	0.5
Total net assets	32,670,697	40.7	32,848,025	40.9	177,328	0.5
Total liabilities and net assets	80,200,022	100.0	80,249,063	100.0	49,041	0.1

2) Statement of Income for the 6 months Ended June 30, 2013
 (Consistent with Japanese GAAP)

Items	19th Fiscal Period 2012/7/1- 2012/12/31		20th Fiscal Period 2013/1/1- 2013/06/30		Changes	
	Ths JPY	%	Ths JPY	%	Ths JPY	%
Operating revenues	2,476,430	100.0	2,760,177	100.0	283,747	11.5
Rental revenues (1)	2,476,430		2,760,177		283,747	
Operating expenses	1,392,258	56.2	1,528,940	55.4	136,681	9.8
Property related expenses (2)	1,156,672		1,295,403		138,731	
Depreciation expenses (3)	480,622		543,640		63,017	
NOI(1)-(2)+(3)	1,800,380		2,008,413		208,033	
Directors' remuneration	4,800		4,800		-	
Asset management fees	130,067		125,000		-5,067	
Asset custodian fees	3,351		3,911		559	
Administrative service fees	24,781		21,531		-3,249	
Provision of allowance for doubtful accounts	797		730		-66	
Other operating expenses	71,786		77,562		5,775	
Operating income	1,084,171	43.8	1,231,237	44.6	147,065	13.6
Non-operating revenues	3,391	0.1	3,472	0.1	81	2.4
Interest revenues	487		383		-103	
Miscellaneous income	2,904		3,088		184	
Non-operating expenses	972,778	39.3	899,026	32.6	-73,752	-7.6
Interest expenses	763,201		800,615		37,414	
Finance related costs	208,347		96,816		-111,530	
Public listing related costs	1,230		1,300		70	
Miscellaneous losses	0		293		293	
Ordinary income	114,784	4.6	335,683	12.2	220,898	192.4
Income before income taxes	114,784	4.6	335,683	12.2	220,898	192.4
Corporate tax, etc.	604		605		0	
Net income	114,179	4.6	335,078	12.1	220,898	193.5
Retained earnings at the beginning of the period	157,688		114,118		-43,570	
Unappropriated retained earnings / loss at the end of the	271,868		449,196		177,328	

3) Statement of Cash Flows for the 6 months Ended June 30, 2013
(Consistent with Japanese GAAP)

Items	19th Fiscal Period	20th Fiscal Period
	2012/7/31- 2012/12/31	2013/1/1- 2013/06/30
	Ths JPY	Ths JPY
<i>Cash flows from operating activities</i>		
Net income before taxes	114,784	335,683
Depreciation expenses	481,000	543,717
Public listing related costs	1,230	1,300
Finance related costs	208,347	96,816
Amortization of tenant leasehold and security deposits in trust	(1,354)	(433)
Interest received	(487)	(383)
Interest paid	763,201	800,615
Increase (decrease) in allowance for doubtful accounts	(33)	730
Decrease (increase) in accounts receivable	733	962
Decrease (increase) in deposit payments	6,308	(57,701)
Decrease (increase) in consumption tax receivable	(92,135)	115,447
Increase (decrease) in accrued consumption taxes	-	24,902
Increase (decrease) in accounts payable	62,798	17,493
Increase (decrease) in accrued liabilities	13,696	(13,571)
Increase (decrease) in accrued expenses	(31,930)	9,112
Increase (decrease) in advances received	90,607	(1,294)
Increase (decrease) in deposits received	1,960	3,333
Others	714	(3,756)
Subtotal	1,619,439	1,872,971
Proceeds of interest	487	383
Payment of interest	(740,409)	(818,164)
Payment of corporate taxes, etc.	(608)	(581)
<i>Cash flows from operating activities</i>	878,909	1,054,609
<i>Cash flows from investment activities</i>		
Payment for acquisition of tangible assets in trust	(14,547,093)	(154,421)
Payment of tenant leasehold and security deposits in trust	(39,366)	(93,409)
Proceeds of tenant leasehold and security deposits in trust	174,339	83,162
Others	(694)	(3,298)
<i>Cash flows from investment activities</i>	(14,412,815)	(167,967)
<i>Cash flows from financing activities</i>		
Proceeds from long-term debt	13,400,000	-
Repayment of long-term debt	(10,981,000)	(131,000)
Proceeds from long-term debt in trust	9,960,000	-
Public listing related costs	(1,230)	(1,300)
Finance related costs	(251,904)	(10,636)
Payment of distributions	(270,196)	(157,800)
<i>Cash flows from financing activities</i>	11,855,670	(300,737)
<i>Increase (decrease) in cash and cash equivalents</i>	(1,678,236)	585,905
<i>Beginning balance of cash and cash equivalents</i>	5,210,146	3,531,910
<i>Closing balance of cash and cash equivalents</i>	3,531,910	4,117,815

For further information:

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Disclaimer

This document contains translations of selected information provided in the Japanese language Summary Financial Report (*Kessan-Tanshin*) for the 20th Fiscal Period Ended June 30, 2013 (from January 1, 2013 to June 30, 2013) of Invincible Investment Corporation (INV) dated August 28, 2013 and prepared under the timely disclosure requirements of the Tokyo Stock Exchange.

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These forward-looking statements are not a guarantee of future performance, and there are certain important factors that could cause actual results to differ, possibly materially, from expectations or estimates reflected in such forward-looking statements, including without limitation: the general economy, market conditions, financial markets including the performance of the real market, interest rate fluctuations, competition with our properties, and the impact of changing regulations or taxation.

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