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To All Concerned Parties

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Notice concerning Supplementary Explanations to “Notice concerning Note regarding the Going Concern Basis” and Future Efforts

Invincible Investment Corporation (INV) provides the following supplementary explanations to the background to the note regarding the going concern basis in its interim financial statements for the 15th Fiscal Period Ending December 2010 disclosed in the press release titled “Notice concerning Note regarding the Going Concern Basis” dated September 28, 2010. At the same time, INV announces the following future activities.

1. Background to the Note Regarding the Going Concern Basis

As of September 30, 2010, INV possesses a total of JPY 43.1 billion in borrowings which are comprised of the following: JPY 16.8 billion in a Term Loan (hereinafter, “Securitized Loan”), JPY 11.3 billion in a Term Loan, JPY 3.6 billion in 24 individual credit loans, and JPY 11.3 billion in Term Loan (D). (For details of the borrowings, please refer to the press release titled “Notice concerning Change of Terms of Existing Borrowings” dated September 28, 2010.)

Of the abovementioned borrowings, making repayment of the Securitized Loan has become a factor for raising the risk of a going concern due to the following reasons: (1) and (2).

- (1) As a trend, conditions are such that the selling prices in the Japanese real estate market continue to decline. Therefore, it is difficult to sell the collateral of the Securitized Loan at prices whose sales amount fulfills the repayment amount of the loan principal.
- (2) The loan-to-value (LTV) level of INV remains high and, as a result, it is extremely difficult to take out loans without pledging collateral. Furthermore, since INV has no owned properties which INV can newly pledge as collateral, it would be difficult to make repayments through the utilization of new borrowings.

With regard to the Securitized Loan, INV has extended the maturity date twice this year. As disclosed in the press release titled “Notice concerning Change of Terms of Existing Borrowings” dated March 26, 2010, INV was able to secure an agreement concerning an extension of six months at the first maturity date extension. However, as disclosed in the press release titled “Notice concerning Change of Terms of Existing Borrowings” dated September 28, 2010, which was after the announcement of the interim financial report (*Kessan-Tanshin*), the second maturity date extension was set to three months after holding discussions and negotiations.

As of INV’s interim closing date (June 30, 2010) and as of the announcement of the interim financial report (*Kessan-Tanshin*) (August 20, 2010), INV had been examining and discussing various measures in detail, such as selling collateral, holding negotiations with new financial institutions towards taking out new loans, conducting equity financing through capital increases by way of third-party allotment, extending invitations to new sponsors, and others. Due to such examinations and discussions, repayment of the Securitized Loan or a maturity date extension of a commensurate period was expected to be realized at that point in time. Accordingly, INV judged that no serious uncertainties over the going concern basis existed.

However, as no specific agreement was reached in subsequent negotiations with related parties concerning the various methods mentioned above, conditions as of September 28, 2010 became such that the specific source for securing repayment funds for the Securitized Loan was not yet clear. Furthermore, there were no clear prospects for obtaining an agreement from related parties of the Securitized Loan concerning the further extension of the maturity date of the Securitized Loan after the maturity date (December 30, 2010). As a result, INV judged that there existed serious uncertainty over the going concern basis as of September 28, 2010 and decided to make a note regarding the going concern basis.

2. Future Efforts

As it is difficult to sell properties amid current real estate market conditions and it is extremely difficult to obtain new lenders as mentioned before, in order for INV to establish a stable financial foundation and growth strategy on a medium- to long-term basis, INV thinks that searching for a new sponsor and conducting equity financing through capital increases by way of third-party allotment, etc. which would accompany that, are vital. Therefore, INV is positioning such efforts as issues of top priority at the current moment and are conducting examinations.

Based on the assumption that INV will be able to gain understanding from its major financial institutions, INV will strive to secure a stable financial foundation by realizing INV’s enhanced credibility of INV as quickly as possible through an invitation to a new sponsor who possesses credibility and by improving its financial standing through equity financing. Through such efforts, INV will return to the growth track that is inherent to REITs and will strive to obtain returns for unitholders in the medium to long term.

INV and its asset manager will continue pouring their utmost effort into bringing about a swift

resolution of the note regarding the going concern basis.

Note: This English language notice is a translation of the Japanese language notice released on October 15, 2010 and was prepared solely for the convenience of, and reference by, non-Japanese investors. No warranties or assurance are given for its accuracy or completeness of this English translation.