Invincible Investment Corporation

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To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 19th Fiscal Period Ending December 2012

Invincible Investment Corporation (INV) announces that it decided to revise its forecast of financial results and distribution per unit for the fiscal period ending December 2012 (19th fiscal period: from July 1, 2012 to December 31, 2012) announced in the "Notice concerning Revision of Forecast of Financial Results and Distributions for the 19th Fiscal Period Ending December 2012 and concerning Forecast of Financial Results and Distributions for the 20th Fiscal Period Ending June 2013" dated September 26, 2012, as described below. Further, there is no revision to the forecast of financial results and distribution per unit for the fiscal period ending June 2013 (20th fiscal period: from January 1, 2013 to June 30, 2013).

1. Revision of forecast of financial results and distribution per unit for the 19th fiscal period (from July 1, 2012 to December 31, 2012)

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding exceeding profit distribution per unit) (Note 1)
Previous forecast (A) (September 26, 2012)	Million JPY 2,456	Million JPY 998	Million JPY 16	Million JPY 15	JPY 11
Revised forecast (B)	Million JPY 2,464	Million JPY 1,020	Million JPY 48	Million JPY 47	JPY 72
Amount of Variance (B) – (A)	Million JPY 8	Million JPY 21	Million JPY 31	Million JPY 31	JPY 61
Rate of variance [(B) − (A)] ÷ (A)	% 0.3	% 2.2	% 193.8	% 200.5	% 554.5
(Reference) Actual results (18th fiscal period)	Million JPY 2,176	Million JPY 894	Million JPY 125	Million JPY 128	JPY 200

	Exceeding profit distribution per unit	Reversal of surplus	Total distribution amount
Previous forecast (A) (September 26, 2012)	JPY 0	Million JPY 0	Million JPY 14
Revised forecast (B)	JPY 0	Million JPY 49 (Note 2)	Million JPY 97 (Note 3)
Amount of Variance (B) – (A)	JPY —	Million JPY 49	Million JPY 82
Rate of variance [(B) − (A)] ÷ (A)	% —	% —	% 554.5
(Reference.) Actual results (18th fiscal period)	JPY 0	Million JPY 141	Million JPY 269

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period: 1,348,292 units

(Note 2) Reversal of surplus (revised forecast) for the 19th fiscal period is calculated using the following formula:
Reversal of surplus (JPY 49 million) = Total distribution amount (JPY 97 million) – Net income (JPY 47 million)

(Note 3) Total distribution amount (revised forecast) for the 19th fiscal period is set at the level that should surpass 90% of distributable income (JPY 107 million) (Note 4) being distributed.

(Note 4) Distributable income for the 19th fiscal period (JPY 107 million) is calculated using the following formula:
Distributable income (JPY 107 million) = Net income before income taxes (JPY 48 million) + amortization of negative goodwill for each fiscal period (JPY 59 million) (Note 5)

(Note 5) Amortization of negative goodwill for each fiscal period (JPY 59 million) is calculated using the following formula:
Amortization of negative goodwill for each fiscal period (JPY 59 million) = Gain on negative goodwill accrued upon the merger (JPY 11,843 million) x (number of months of the fiscal period ÷ 1,200 months (*))
(*) 1,200 months = 100 years x 12 months (a year)

(Note 6) Figures are rounded down to the indicated unit and percentages are rounded to first decimal place.

2. Reason for revision of forecast of financial results and distribution per unit for the 19th fiscal period

The decision to revise the forecast was made at this time due to the fact that a review of the forecast revealed a greater than 30% change is expected in the forecasted net income, and a greater than 5% change is expected in the forecasted distribution per unit, compared to the previous forecast for the 19th fiscal period announced on September 26, 2012.

The main factors causing the changes to the forecast of results for the 19th fiscal period are as follows:

(1) Operating revenues are expected to increase by JPY 8 million from the previous forecast of JPY 2,456 million to JPY 2,464 million, mainly as a result of focusing on leasing activities in line with INV's internal growth strategy in pursuit of improved and stabilized occupancy rates.
(2) Operating expenses are expected to decrease by JPY 13 million from the previous forecast of JPY 1,457 million to JPY 1,444 million, mainly due to the reduction of temporal expenses related to the general unitholders' meeting held on November 30, 2012 and professional fees in related to the acquisition of 24 new properties closed on September 28, 2012 that were conservatively estimated but are expected to decrease as a result of strong endeavours to reduce cost.
(3) As for non-operating expenses, finance-related expenses are expected to decrease by JPY 7 million from the previous forecast of JPY 216 million, which was conservatively estimated due to the one-time expenses incurred for the new debt financing and refinancing of existing borrowings conducted on September 28, 2012, to JPY 209 million, as a result of strong endeavors to reduce costs.

(4) Net income before income tax is expected to increase by JPY 31 million from the previous forecast of JPY 16 million to JPY 48 million mainly due to (1) through (3) above. In addition, reversal of surplus based on the gains on negative goodwill accrued upon the merger (the "Surplus") is expected to increase by JPY 49 million from the previous forecast of nil to JPY 49 million since INV has decided to pay distributions to the extent required to satisfy the dividend payment requirement among the conduit requirements (Note). As a result of the foregoing, total distribution amount for the 19th fiscal period is expected to increase by JPY 82 million from the previous forecast of JPY 14 million to JPY 97 million.

(Note) Please refer to "3. Forecast of distribution per unit and satisfaction of conduit requirements" below.

3. Forecast of distribution per unit and satisfaction of conduit requirements

INV sets its distribution policy to determine the amount of distribution per each fiscal period upon determination of the utilization of, and the amount utilized from, Surplus, taking into comprehensive consideration the maintenance of the level of distribution amount per unit in the past (around JPY 200 per unit) and stability of distribution amount in the mid-term, as the main factor, as well as its financial condition, liquidity of its cash on hand, trends of interest rate levels and the real estate market, and the level of balance of Surplus. As for the conduit requirements, INV will take into consideration the satisfaction of the dividend payment requirement, one of the conduit requirements, to the extent possible. However, it may decide the amount of distribution will not satisfy the dividend payment requirement when it determines that it is necessary to ensure the stability of distribution amount in the mid-term, which INV deems as the most important factor.

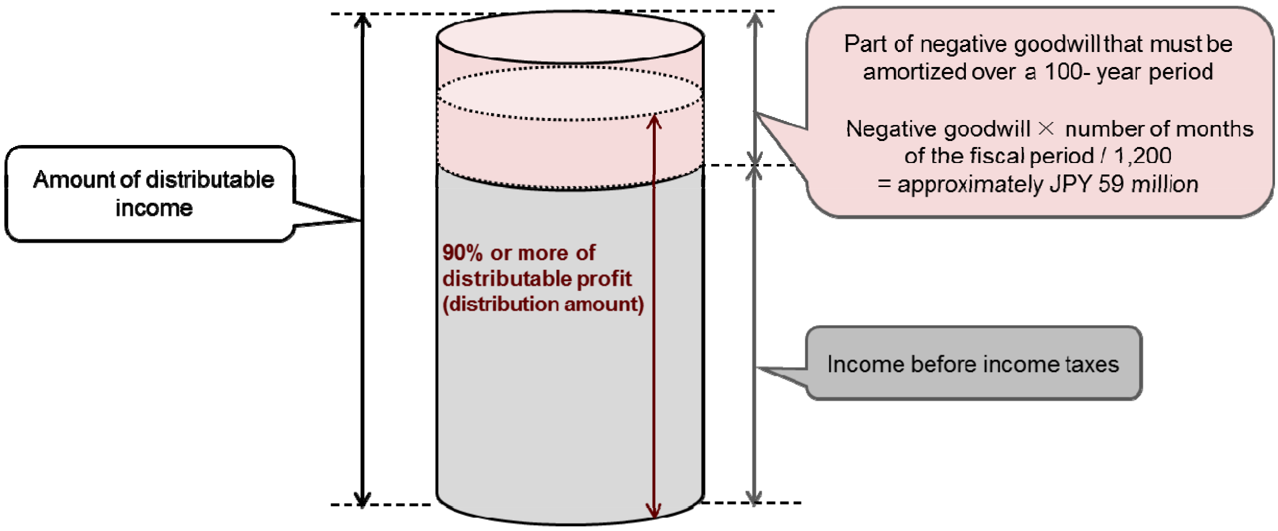
The previous forecasts for the 19th fiscal period and the 20th fiscal period dated September 26, 2012 were prepared and announced on the premise that the Surplus is retained in preparation for the occurrence of unexpected situations in the future, and that the Surplus is not utilized for the purpose of paying distributions based on the above policy. In such case, conduit requirements were not satisfied for each of these fiscal periods (Note).

However, with the operating results of the 19th fiscal period largely realized, and in comprehensive consideration of INV's financial conditions and the liquidity of its cash on hand, as well as the level of balance of Surplus, among other factors, INV has determined that, even if it pays distribution by utilizing the Surplus for the 19th fiscal period to the extent required to satisfy the dividend payment requirement among the conduit requirements, there is sufficient level of Surplus remaining to ensure a stable distribution amount for and after the 20th fiscal period. Therefore, INV determined to make distribution to the extent required to satisfy the dividend payment requirement for the 19th fiscal period. Although the distribution amount per unit for the fiscal period ending December 2012 is expected to be JPY 72 which is substantially lower than the level of the past distribution amount, INV decided to utilize the Surplus only to the extent required to meet the dividend payment requirement. To maintain the stability of the level of distribution amount for and after the fiscal period ending June 2013, INV acquired 24 properties that are expected to contribute to the stability of distribution amount in the future, taking into consideration that the net income for the fiscal period ending December 2012 is expected to significantly decrease due to the one-time costs incurred for the acquisition.
Further, the forecast of distribution per unit for the fiscal period ending June 2013 announced on September 26, 2012 is JPY 200, and there is no revision at this moment. Such forecast was made on the assumption that INV will not satisfy the dividend payment requirement, and

such assumption has not been changed. INV is not expected to satisfy the conduit requirements for the fiscal period ending June 2013, however, even in such case, no corporation tax will be levied for a certain period since INV has a loss carried forward for the tax purpose totaling JPY 20,561 million (as of June 30, 2012) due to the sale of assets in the past.

Please refer to “Notice concerning Revision of Articles of Incorporation and Appointment of Directors” dated October 30, 2012 as well as “(Note) Conduit requirements and distribution payment by INV" for the detail of revision of Articles of Incorporation in relation to the dividend policy which was approved at the unitholders’ meeting held on November 30, 2012.

(Reference) <Overview image of distribution on the assumption of satisfying dividend payment requirement>



(Note) Conduit requirements and distribution payment by INV

Unlike ordinary stock companies, investment corporations under the J-REIT system are granted a tax exemption for profits that are equivalent to the distributions they deliver to their unitholders, on the condition that they satisfy the conduit requirements. Only the unitholders are taxed for the delivered profit so that double taxation is prevented. One of the conduit requirements is the dividend payment requirement, in which investment corporations are required to distribute at least 90% of their distributable income.

However, INV revised its Articles of Incorporation in relation to the distribution policy, as resolved at its unitholders’ meeting held on November 30, 2012, taking into account the circumstances described in 1) and 2) below. While INV makes it a principle to distribute the amount that exceeds 90% of the amount of its distributable income, the revision enables INV to determine the amount of distributions on a rational basis after comprehensively taking into account INV’s financial status, past actual distribution amounts, trends of interest rate levels and the real estate market, etc. and with consideration to the stability of distribution amounts, when income for the tax purpose does not arise due to the carried-over deduction of a loss carried forward for the tax purpose.

1) Usually, net income before income taxes is equal to the amount of distributable income. At INV, however, distributable income is equal to the amount obtained by adding JPY 59 million to net income before income taxes, as it must amortize the amount of gain on negative goodwill (JPY 11,843 million) resulting from the merger (fiscal period ended December 2010 (15th fiscal period)), which is a profit for the accounting purpose, over a hundred-year period after the merger. Nevertheless, the added amount is no more than the profit for the accounting purpose and not backed by any cash from which distribution is paid. Payment of distributions up to the fiscal period ended June 2012 had been made from the amount equivalent to the added amount by reversing the Surplus. Since the amount of the Surplus has a limit, however, it will be difficult to continue the similar arrangement in the future.

2) On the other hand, since INV has a loss carried forward for the tax purpose totaling JPY 20,561 million (as of June 30, 2012) due to the sale of assets, no corporation tax will be levied for a certain period even if INV does not satisfy the conduit requirements. Furthermore, although tax system revisions have placed an 80% ceiling on the use of a loss carried forward for corporations having paid-in capital of JPY 100 million or more, investment corporations are out of this scope. Accordingly, INV will continue to be able to fully use its loss carried forward.

The previous forecasts for the 19th fiscal period and the 20th fiscal period announced on September 26, 2012, were based on the policy of making distribution payment on the premise that the conduit requirements are not satisfied. However, as stated above, with the operating results of the 19th fiscal period largely coming out and comprehensively taking into account INV's financial conditions, liquidity of its cash on hand, as well as the level of balance of Surplus, INV has decided on its policy to pay distribution for the 19th fiscal period to the extent required to satisfy the dividend payment requirement amoung conduit requirements. Further, the forecast of distribution per unit for the 20th fiscal period is JPY 200, and there is no revision at this moment. Such forecast was made on the assumption that INV will not satisfy the dividend payment requirement, and such assumption has not been changed.

4. Other: Utilization of the Surplus

As stated above, INV plans to pay distributions for the 19th fiscal period to the extent required to satisfy the dividend payment requirement among the conduit requirements. As such, INV intends to reverse the Surplus in the amount of JPY 49 million, and utilize the amount to pay distributions.

Furthermore, the balance of the Surplus is expected to be JPY 107 million after paying distribution for the 19th fiscal period (Note).

(Note) The balance of the Surplus after paying distribution for the 18th fiscal period is JPY 157 million.

(Note) The above-mentioned figures are currently forecasted figures and the actual financial results and distribution per unit may differ. INV does not guarantee the statements concerning the abovementioned forecasted figures. If change is found to occur on the forecasted financial results and forecasted distribution per unit to a certain extent, an announcement will be made immediately.
