Invincible Investment Corporation

[For Information Purpose Only]

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To All Concerned Parties

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Notice concerning Revision of Forecasted Financial Results for the 21st Fiscal Period Ending December 2013 and concerning Forecasted Financial Results and Distribution per Unit for the 22nd Fiscal Period Ending June 2014

Invincible Investment Corporation (INV) plans to issue new investment units by way of Third-Party Allotment, to conduct the prepayment of the full amount of "Syndicate Loan B", "Shinsei Trust Loan A" and "Shinsei Trust Loan B" before maturity and to borrow a new loan under improved borrowing terms as announced in separate press releases "Notice concerning Issuance of New Investment Units by way of Third-Party Allotment", "Notice concerning Debt Financing and Payment before Maturity of Existing Borrowings", and "Notice concerning Series of Transactions" (hereinafter collectively referred to as the "Transactions").

INV announces the revision of its financial results forecast for the fiscal period ending December 2013 (21st fiscal period: from July 1, 2013 to December 31, 2013) and its forecast of financial results and distribution per unit for the 22nd fiscal period ending June 2014 as previously announced in the financial summary (*Kessan- Tanshin*) dated August 28, 2013 on the assumption that the Transactions are realized, as stated below.

1. Revision of forecast of financial results for the 21st fiscal period (from July 1, 2013 to December 31, 2013)

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding excess profit distribution per unit) (Note 1)
Previous forecast (A) (August 28, 2013)	Million JPY 2,740	Million JPY 1,182	Million JPY 270	Million JPY 270	JPY 200
Revised forecast (B)	Million JPY 2,740	Million JPY 1,213	Million JPY 278	Million JPY 277	JPY 200

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding excess profit distribution per unit) (Note 1)
Amount of Variance (B) – (A)	Million JPY —	Million JPY 31	Million JPY 7	Million JPY 7	JPY —
Rate of variance [(B) − (A)] ÷ (A)	% —	% 2.6	% 2.8	% 2.8	% —
(Reference) Actual results (20th fiscal period)	Million JPY 2,760	Million JPY 1,231	Million JPY 335	Million JPY 335	JPY 264

	Excess profit distribution per unit	Reversal of surplus	Total distribution amount
Previous forecast (A) (August 28, 2013)	JPY 0	Million JPY —	Million JPY 269
Revised forecast (B)	JPY 0	Million JPY 37	Million JPY 314
Amount of Variance (B) – (A)	JPY —	Million JPY 37	Million JPY 44
Rate of variance [(B) − (A)] ÷ (A)	% —	% —	% 16.7
(Reference.) Actual results (20th fiscal period)	JPY 0	Million JPY 20	Million JPY 355

(Note 1) The number of investment units issued and outstanding at the end of the fiscal period at the time of previous forecast (A): 1,348,292 units
The number of investment units issued and outstanding at the end of the fiscal period at the time of revised forecast (B): 1,573,179 units

(Note 2) Reversal of surplus (the gain on negative goodwill resulting from the merger on February, 2010 (the "Surplus")) (revised forecast) for the 21st fiscal period is calculated using the following formula:
The Surplus (JPY 37 million) = Total distribution amount (JPY 314 million) – Net income (JPY 277 million)

(Note 3) For the total distribution amount (JPY 314 million), please refer to "3. Reason for revision of forecast of financial results for the 21st fiscal period ending December 2013 and forecast of financial results and distribution per unit for the 22nd fiscal period ending June 2014" below.

(Note 4) Figures are rounded down to the indicated amount and percentages are rounded to first decimal place.

2. Forecast of financial results and distribution per unit for the 22nd Fiscal Period Ending June 2014

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit (excluding excess profit distribution per unit) (Note 1)
Forecast for the 22nd fiscal period ending June 2014	Million JPY 2,760	Million JPY 1,191	Million JPY 731	Million JPY 731	JPY 464

	Excess profit distribution per unit	Reversal of surplus	Total distribution amount
Forecast for the 22nd fiscal period ending June 2014	JPY 0	Million JPY ―	Million JPY 729

(Note 1) The number of investment units issued and outstanding at the end of the 22nd fiscal period: 1,573,179 units
(Note 2) Figures are rounded down to the indicated amouunt and percentages are rounded to first decimal place.

3. Reason for revision of forecast of financial results for the 21st fiscal period ending December 2013 and forecast of financial results and distribution per unit for the 22nd fiscal period ending June 2014

<Fiscal Period Ending December 2013>
In association with the implementation of the Transactions, the forecast of INV's financial results for the fiscal period ending December 2013 were revised, and INV hereby announces the revised forecast of the financial results for the fiscal period ending December 2013, which INV announced in Financial Summary on August 28, 2013.

The main factors causing the changes to the forecast of the financial results and distribution per unit are as follows:

(1) Increase of Non-operating Income
The exit fee to be paid in accordance with agreements concerning borrowings from both Shinsei Trust Loan A and Shinsei Trust Loan B were recorded as unpaid expenses JPY1,337 million on the assumption that such exit fee was to be paid on the payment date of each of the above-mentioned loans. Due to the payment of each loan before maturity, such fee, which was paid back, is scheduled to be recorded as JPY 354 million as non-operating income (profit from finance related cost adjustment) for the fiscal period ending December 2013 (21st fiscal period). As a result, non-operating income for the fiscal period ending December 2013 is expected to increase by JPY 354 million from the previous forecast.

(2) Increase of Non-operating Expenses
Due to the decrease of total amount of borrowings and the decreased interest rate burden in association with the Transaction, interest expense, a portion of non-operating expenses, is expected to decrease by JPY 137 million from the previous forecast. On the other hand, in association with various one-time expenses incurred upon the implementation of the Transactions, finance related costs, a portion of non-operating expenses, are expected to increase by JPY 495 million from the previous forecast, and costs related to the issuance of investment units JPY 20 million is expected to be newly recorded. As a result, non-operating expenses are expected to increase by JPY 378 million in total from the previous forecast.

As a result of (1) and (2) above, net income is expected to increase by JPY 7 million (2.8%) from the previous forecast. The distribution per unit will be JPY 200 (Note 1), which will be partially paid out from part (JPY 37 million) of the Surplus, even after taking into account the dilutive effect on investment units due to the Third-Party Allotment.and incurrence of the various one-time costs associated with the Transactions. As a result, the distribution per unit has not changed from the previous forecast announced in Financial Summary on August 28, 2013.

(Note 1) The amount of distrubutable income for the fiscal period ending December 2013, which is required to satisfy the dividend payment requirement (Note 2), is JPY 305.1 million (Distribution per unit JPY 194), of which JPY 27 million comes from funds from the Surplus. However the amount of distributable income for the fiscal period ending December 2013 is planned to be JPY 314.6 million (Distribution per unit is JPY 200) by utilizing funds from the Surplus (an additional JPY 9 million, total amount of the Surplus used is expected to be JPY 37 million) after comprehensively considering the past distribution results of INV, the level of the distribution for the fiscal period ending June 2013, financial conditions and the level of outstanding balance of the Surplus.

(Note 2) 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 (Note 3).

(Note 3) Amount of distributable income for the fiscal period ending December 2013 (JPY 337 million (*)) × 90% = JPY 303.6 million

(*) Distributable income (JPY 337 million) = Net income before income tax (JPY 278 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)

[Fiscal Period Ending June 2014]

INV announces the forecast of the financial results and distribution per unit for the fiscal period ending June 2014, based on currently available information and certain assumptions which INV judges to be reasonable, for the purpose of providing useful information for investors.

As stated in “2. Forecast of financial results and distribution per unit for the 22nd Fiscal Period Ending June 2014” above, it is planned that the total distribution amount will be JPY 729 million (Note 3), and the distribution per unit will be JPY 464 for the fiscal period ending June 2014.

(Note 4) With respect to the satisfaction of the dividend payment requirement:
As described in (Note 2) and (Note 3) above, INV is required to distribute its net income before income tax, which is at least 90% of its distributable income (= net income before income tax + amortization of negative goodwill for each fiscal period (JPY 59 million)), for the purpose of satisfying the dividend payment requirement. That is to say, if the total distribution amount exceeds the amount equal to the ninefold amortization of negative goodwill for each fiscal period (JPY 59 million) (i.e., JPY 532 million), it becomes possible to satisfy the dividend payment requirement, without the reversal of the Surplus.
Therefore, it should be noted that JPY 729 million will be paid as dividends in total for the June 2014 Period, all derived from Net Income.

For the avoidance of doubt, with respect to the detail of the pre-conditions and assumptions underlying the changes and the forecasts, please see the Appendix.

4. Other: about Surplus

Following upon such revision of forecasted results, the balance of Surplus is expected to become JPY 56 million (Previous forecast: JPY 93 million) after the distribution for the 21st fiscal period ending December 2013.

Furthermore, the balance of Surplus after the distribution for the 22nd fiscal period ending June

30, 2014 is not expected to change from the balance after the distribution for the 21st fiscal period ending December 2013.

5. Future outlook

If forecasted financial results and distribution per unit change over a certain level from now on, we will publish immediately.

(Note)

The amount of money above is the current estimated amount on the assumption that the Transactions are realized. INV does not guarantee the statement about the estimated amount above , and the estimated amount is merely calculated based on the INV's assumptions. Therefore, please pay sufficient attention to the progress.

(Appendix)

<Pre-Conditions and Assumptions Underlying Distribution Forecasts, etc. for the 21st Fiscal Period (From July 1, 2013 to December 31, 2013) and for the 22nd Fiscal Period (From January 1, 2014 to June 30, 2014)>

Item	Assumptions
Fiscal period	The 21st fiscal period : from July 1, 2013 to December 31, 2013 The 22nd fiscal period : from January 1, 2014 to June 30, 2014
Assets under management	As of the end of the 21st fiscal period: 78 properties As of the end of the 22nd fiscal period: 78 properties INV assumes the number of properties is 78 properties, which is based on the number of properties held by INV as of today. In addition, INV assumes there will be no new acquisitions or disposals of existing properties thereafter through to the end of the fiscal period ending June 2014.
Units outstanding	As of the end of the 21st fiscal period: 1,573,179 units As of the end of the 22nd fiscal period: 1,573,179 units INV assumes the number of units issued and outstanding is 1,573,179 units, which is based on the number of units issued by INV after the Third-Party Allotment. Also, INV assumes there will be no additional issue of investment units thereafter through to the end of the fiscal period ending June 2014.
Interest-bearing liabilities	Balance as of the end of the 21st fiscal period: JPY 41,310 million INV assumes that this re-financing will be made by a drawdown of the New Syndicate Loan (A) dated December 20, 2013 and the funds to be procured through the Third-Party Allotment. (For more information, please see "Notice concerning Issuance of New Investment Units by way of Third-Party Allotment", "Notice concerning Debt Financing and Payment before Maturity of Existing Borrowings" as of today. In addition, INV assumes there will be no new financing other than the financing mentioned above. Balance as of the end of the 22nd fiscal period: JPY 41,208 million The repayments of JPY 101 million are scheduled to be made by scheduled repayments during this fiscal period and INV assumes there will be no additional repayments of the borrowings other than the scheduled repayments and no new financing.
Operating revenues	INV assumes it will incur operating revenues of JPY 2,740 million for the fiscal period ending December 2013, and JPY 2,760 million for the fiscal period ending June 2014. The breakdown is as follows: The 21st fiscal period / The 22nd fiscal period ・Rental revenues JPY 2,740 million / JPY 2,760 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.

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Item	Assumptions
Operating expenses	INV assumes it will incur property related expenses of JPY 1,304 million for the fiscal period ending December 2013, and JPY 1,330 million for the fiscal period ending June 2014. The breakdown is as follows: The 21st fiscal period / The 22nd fiscal period ・Facility management fees: JPY 453 million (of these, JPY 34 million are repair costs) / JPY 464 million (of these, JPY 40 million are repair costs) ・Taxes and other public charges: JPY 176 million / JPY 170 million ・Insurance expenses: JPY 5 million / JPY 5 million ・Other expenses: JPY 141 million / JPY 151 million ・Depreciation expenses: JPY 528 million / JPY 537 million In addition, other than the property related expenses, INV assumes it will incur operating expenses of JPY 222 million for the fiscal period ending December 2013, and JPY 239 million for the fiscal period ending June 2014.
Non-operating income	With respect to the exit fee that were recorded as unpaid expenses (finance related costs) for the fiscal period ending December 2011, part of such exit fee (JPY 354 million) is scheduled to be recorded as the profit of finance related cost adjust for the fiscal period ending December 2013.
Non-operating expenses	INV assumes it will incur non-operating expenses of JPY 1,290 million for the fiscal period ending December 2013, and JPY 459 million for the fiscal period ending June 2014. The breakdown is as follows: The 21st fiscal period / The 22nd fiscal period ・Interest expense: JPY 674 million / JPY 396 million ・Finance related costs: JPY 594 million / JPY 62 million ・Other non-operating expenses: JPY 21 million (of these, JPY 20 million are expenses on issuing new investment units) / JPY 1 million (of these, JPY - are expenses on issuing new investment units) For the fiscal period ending June 2014, INV assumes the borrowing terms (such as the decrease of the interest rate) will be changed when the Transactions are conducted. In addition, with respect to the borrowing terms after realizing the Transactions, please see “Notice concerning Debt Financing and Payment before Maturity of Existing Borrowings” as of today.
Distribution per unit	The distribution per unit is calculated in accordance with the cash distribution policy set forth in INV’s Articles of Incorporation. With respect to the distribution for the fiscal period ending December 2013, as a source of repayment, INV assumes it will pay JPY 37 million which is a part of the net income for the fiscal period ending December 2013 and the surplus based on the gain on negative goodwill resulting from the merger, and plans to distribute JPY 314 million (JPY 200 per unit). In addition, with respect to the distribution for the fiscal period ending June 2014, as a source of repayment, INV assumes it will pay the net income for the fiscal period ending June 2014, and plans to distribute JPY 729 million (JPY 464 per unit).
Excess profit distribution per unit	INV currently does not expect to make distributions excess profits (excess profit distribution per unit).
Other	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 market environment, including general economic trends and real estate market conditions.