Invincible Investment Corporation

[For Information Purpose Only]

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To All Concerned Parties

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Notice concerning Revision of Forecast of Financial Results and Distribution for the 21st Fiscal Period Ended December 2013

Invincible Investment Corporation (INV) announces that it decided to revise its forecast of financial results and distribution per unit for the fiscal period ended December 2013 (21st fiscal period: from July 1, 2013 to December 31, 2013) announced in the press release titled "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" dated December 6, 2013, as described below. Further, there is no revision to the forecast of financial results and distribution per unit for the fiscal period ending June 2014 (22nd fiscal period: from January 1, 2014 to June 30, 2014).

Details

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) (December 6, 2013)	Million JPY 2,740	Million JPY 1,213	Million JPY 278	Million JPY 277	JPY 200
Revised forecast (B)	Million JPY 2,740	Million JPY 1,265	Million JPY 353	Million JPY 352	JPY 237
Amount of Variance (B) – (A)	Million JPY 0	Million JPY 52	Million JPY 75	Million JPY 75	JPY 37
Rate of variance [(B) − (A)] ÷ (A)	% 0.0	% 4.3	% 27.0	% 27.1	% 18.5
(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) (December 6, 2013)	JPY 0	Million JPY 37	Million JPY 314
Revised forecast (B)	JPY 0	Million JPY 20	Million JPY 372
Amount of Variance (B) – (A)	JPY —	Million JPY -16	Million JPY 58
Rate of variance [(B) − (A)] ÷ (A)	% —	% -45.8	% 18.5
(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: 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 20 million) = Total distribution amount (JPY 372 million) – Net income (JPY 352 million)

(Note 3) For the total distribution amount (JPY 372 million), please refer to "2. Reason for revision of forecast of financial results and distribution for the 21st fiscal period ended December 2013" below.

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

2. Reason for revision of forecast of financial results and distribution for the 21st fiscal period ended December 2013

The financial results for the fiscal period ended December 2013 have generally been fixed through the process of settlement of accounts for the relevant fiscal period, and no less than 5% change is expected in the forecast of the distribution per unit compared to the previous forecast for the fiscal period ended December 2013 announced on December 6, 2013. Accordingly INV hereby announces the revised forecast.

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

(1) Decrease of Operating Expenses
Operating Expenses are expected to decrease by JPY 52 million (3.4%) from the previous forecast because commission paid for new contracts and advertising expenses decreased by JPY 24 million (24.4%), repair expenses and restitution costs decreased by JPY 19 million (17.2%), taxes and public dues decreased by JPY 6 million (46.9%) from the previous forecast.

(2) Decrease of Non-operating Expenses
Non-operating Expenses are expected to decrease by JPY 22 million (1.7%) from the previous forecast because the finance related costs and costs related to the issuance of investment units, which were related to the Third-Party Allotment and the Refinancing consummated on December 20, 2013 (Note 1), decreased by JPY 15 million (2.6%) and JPY 4 million (21.2%) respectively from the previous forecast.

(3) Satisfaction of dividend payment requirement
INV plans to distribute the total amount of net income of JPY 352 million plus the reversal of Surplus of JPY 20 million for the 21st fiscal period ended December 2013 in order to satisfy the dividend payment requirement (Note 2).

As a result of (1) to (3) above, the total distribution amount will be JPY 372 million, and the distribution per unit will be JPY 237, an increase of JPY 37 (18.5%) from the previous forecast.

(Note 1) For details of the Third-Party Allotment consummated on December 20, 2013, please refer to "Notice concerning Issuance of New Investment Units by way of Third-Party Allotment" as of December 6, 2013, and for the details of the Refinancing, please refer to "Notice concerning Debt Financing and Payment before Maturity of Existing Borrowings" as of December 6. 2013.

(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 ended December 2013 (JPY 412 million (*)) × 90% = JPY 371.3 million
Total distribution amount for the fiscal period ended December 2013 is JPY 372.8 million, which exceeds the amount of JPY 371.3 million, calculated as above.

(*) Distributable income (JPY 412 million) = Net income before income tax (JPY 353 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)

For the detail of the pre-conditions and assumptions underlying the changes and the forecasts, please see the Appendix.

3. Other: about Surplus
Following such revision of forecasted results, the balance of Surplus is expected to become JPY 73 million (Previous forecast: JPY 56 million) after the distribution for the 21st fiscal period ended 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 (JPY 73 million) after the distribution for the 21st fiscal period ended December 2013.

4. Future outlook
The financial summary announcement (*Kessan-Tanshin*) for the 21st fiscal period ended December 2013 (from July 1, 2013 to December 31, 2013) is scheduled to be made on February 26, 2014.

(Appendix)

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

Item	Assumptions
Fiscal period	The 21st fiscal period : from July 1, 2013 to December 31, 2013
Assets under management	As of the end of the 21st fiscal period: 78 properties
Units outstanding	As of the end of the 21st fiscal period: 1,573,179 units
Interest-bearing liabilities	Balance as of the end of the 21st fiscal period: JPY 41,310 million
Operating revenues	JPY 2,740 million of operating revenues are expected. The breakdown is as follows: ・Rental revenues JPY 2,740 million
Operating expenses	JPY 1,261 million of property related expenses are expected. The breakdown is as follows: ・Facility management fees JPY 435 million (of these, JPY 28 million are repair costs) ・Taxes and other public charges JPY 175 million ・Insurance expenses JPY 5 million ・Other expenses JPY 116 million ・Depreciation expenses JPY 527 million In addition, other than the property related expenses, INV expects it will incur operating expenses of JPY 213 million.
Non-operating income	With respect to the exit fee that was recorded as unpaid expenses (finance related costs) for the fiscal period ended December 2011, part of such exit fee (JPY 354 million) is scheduled to be recorded as the profit of finance related cost adjustment.
Non-operating expenses	JPY 1,267 million of non-operating expenses are expected. The breakdown is as follows: ・Interest expense JPY 672 million ・Finance related costs JPY 579 million ・Other non-operating expenses JPY 16 million (of these, JPY 15 million are expenses for issuing new investment units for the Third Party Allotment)
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 ended December 2013, as a source of repayment, INV assumes it will pay the net income for the fiscal period ended December 2013 and JPY 20 million, a part of the surplus based on the gain on negative goodwill resulting from the merger, and plans to distribute JPY 372 million (JPY 237 per unit).
Excess profit distribution per unit	INV currently does not expect to make excess profit distributions (excess profit distribution per unit).

Item	Assumptions
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.