Invincible Investment Corporation

[For Information Purpose Only]

May 21, 2014

To All Concerned Parties

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Notice concerning Series of Transactions

Invincible Investment Corporation (INV) and Consonant investment Management Co., Ltd. (CIM), the asset manager of INV, have decided to conduct the sale of seven senior housing properties and the acquisition of two limited service, extended stay hotels, thereby implementing portfolio repositioning, and in relation to such transactions, to raise new borrowings and refinance existing loans (the series of transactions hereinafter collectively referred to as the "Transactions").
Accordingly, INV hereby announces the overview and purpose of the Transactions, which will serve as the comprehensive explanation of the Transactions.

1. Press releases announced as of today
   (1) Notice concerning Acquisition and Sale of Assets, Entering into and Termination of Leasing Contract and Commencement of Management of New Class of Assets
   (2) Notice concerning Debt Financing and Prepayment of Existing Borrowings
   (3) Notice concerning Revision of Forecast of Financial Results and Distribution for the 22nd Fiscal Period Ending June 2014

2. Overview of the Transactions
   (1) Portfolio restructuring (Note 1)
      (a) Sale
      Out of its owned properties, INV will sell seven senior housing properties with long-term and fixed-rent lease (total acquisition price: JPY 4,608 million / total

agreed sales price: JPY 5,400 million / estimated gain on sales: JPY 984 million (Note 2)) on May 22, 2014.

(b) Acquisition

INV will acquire two limited service, extended stay hotels (total acquisition price: JPY 5,435 million) by using a portion of the sales price described in “(a) Sale,” a portion of the borrowing as described in “(2) New borrowing” and cash-on-hand on May 23, 2014.

(2) New borrowing (Note 3)

INV will raise new borrowing from Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited (New Syndicate Loan (B): JPY 13,500 million) to fund the acquisition of two hotel properties as described in “(1) Portfolio restructuring (b) Acquisition” above, as well as a portion of the related expenses, and to refinance the existing Prudential LPS Loan (JPY 11,000 million) (as of May 23, 2014).

(3) Prepayment of the existing borrowings (Note 3)

INV will make partial prepayment (JPY 2,696 million) of New Syndicate Loan (A) in connection with the sale of seven senior housing properties as described in “(1) Portfolio restructuring (a) Sale” above on May 22, 2014 and will make prepayment of all of the outstanding Prudential LPS Loan by using the raised fund described in “(2) New borrowing” above.

(Note 1) For details of the portfolio repositioning, please refer to “Notice concerning Acquisition and Sale of Assets, Entering into and Termination of Leasing Contract and Commencement of Management of New Class of Assets” dated as of today

(Note 2) The estimated gain is based on the book value of the seven senior housing properties as of December 31, 2013. The actual gain amount may be different from the estimated amount based on the book value at the time of the sale of the properties; hereinafter the same.

(Note 3) For details of the new borrowing and the prepayment of the existing borrowings, please refer to “Notice concerning Debt Financing and Prepayment of Existing Borrowings” dated as of today.

3. Purpose of the Transactions – Implementation of the Transactions for the Purpose of Realizing Growth and Stability

(1) Repositioning of Portfolio

INV has determined to acquire two limited service, extended stay hotels (Note 1), and to sell its entire portfolio of fixed-rent assisted senior housing properties (referred to below as the “Bon Sejour properties”). The two limited service, extended stay hotels will be acquired from affiliates of Calliope Godo Kaisha (together with Fortress Investment Group LLC and other affiliates of Fortress Investment Group LLC, “Fortress”) for an aggregate acquisition price of JPY5,435 million and at an acquisition normalized NOI cap rate of 6.01% (Note 2). The hotels to be acquired have shown growth in room revenues and NOI during recent periods. INV also separately agreed to sell to a third-party purchaser the seven senior housing properties for a total aggregate sale price of JPY5,400 million at a 5.74% sales NOI cap rate(Note 3), and anticipates that it will recognize an aggregate estimated gain of JPY984 million during the fiscal period ending June 30, 2014. INV is selling its portfolio of fixed-rent senior housing properties in order to pursue new opportunities to acquire assets which are expected to have income stream growth in the current economic environment. The sale of the seven senior housing properties is expected to be completed on May 22, 2014, and the acquisition of the two hotels is expected to be completed on May 23, 2014.

(Note 1) As described further below, limited service hotels refer to hotels that focus more on room revenue and have a limited offering of other services such as food, banquet, spa, or gym facilities. By focusing on room revenue, the operating margins are often higher than full-service hotel facilities. Extended stay hotels refers to a sub-category of limited service hotels that offer separate rates for weekly or monthly stays, which helps contribute to stability of occupancy rates and room revenue.

(Note 2) The acquisition normalized NOI cap rate has been calculated based on the aggregate 2014 normalized NOI forecast for the two hotels divided by the aggregate acquisition price. The aggregate 2014 normalized NOI forecast assumes a hypothetical acquisition of the two hotels by INV prior to the beginning of 1H/2014, and is based on (i) historical figures provided by the seller for the two properties from January through March 2014 (as adjusted to reflect an expected change in trust fees, management fees and insurance expenses upon the acquisition by INV), (ii) INV's forecasted figures for the rest of the year (in the case of the period from the date of acquisition to June 30, 2014, such figures are consistent with the assumptions used to calculate the 1H/2014 forecast) and (iii) treating initial property-related taxes for the two hotels as if they were expensed and not capitalized.

(Note 3) The sales NOI cap rate was calculated by dividing the sum of the 20th and 21st fiscal period NOI attributed to the seven senior housing properties by the aggregate sales price.

(2) Debt Refinancing

In order to realize lower average interest rates, INV has entered into refinancing arrangements with respect to a portion of its debt. Specifically, effective May 23, 2014, INV expects to borrow an aggregate JPY13.5 billion of new debt from a bank syndicate comprising Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and two new lenders to INV – Mizuho Bank, Ltd. and Sumitomo Mitsui Trust Bank, Limited. INV has elected to expand its bank lender group in order to achieve greater financing flexibility and availability.

Concurrently, INV will repay the outstanding JPY11.0 billion Prudential LPS loan, which bears interest at a rate of 2.50%, as well as incur a prepayment penalty of JPY329 million. The new bank loan has a lower interest rate at one-month JPY TIBOR plus 0.80% compared to the interest rate of the previous bank facility obtained in December 2013 which provided one month JPY TIBOR plus 1.50%. As a result of such new loan together with the partial prepayment of New Syndicate Loan (A) in connection with the sale of seven senior housing properties as described in "2.

Overview of Transactions", INV's new weighted average interest rate will decline from 1.94% (as of the end of December 2013) to 1.49% (as of May 23, 2014 after the Transactions)(Note 1) and the overall LTV(Note 2) is expected to decline from 54.6% to 53.9%.

(Note 1) Weighted average interest rate after the Transactions is calculated based on the base rate available as of May 21, 2014.

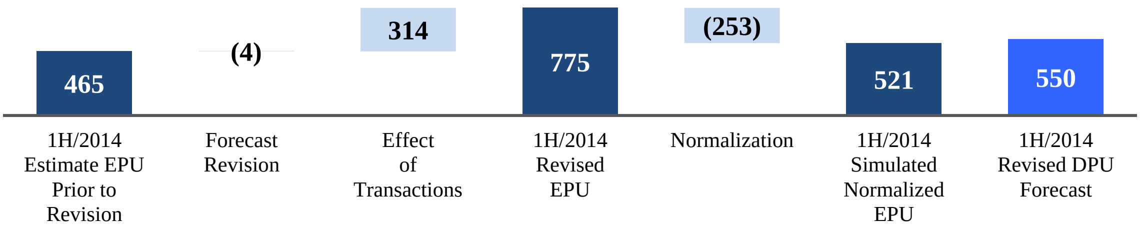
(Note 2) The overall LTV as of the end of 21st fiscal period ended December 2013 is calculated by dividing the total interest bearing debt as of the same date by the aggregated appraisal value as of the same date for the existing properties as of the end of the 21st fiscal period and the overall LTV after the Transactions (as of May 23, 2014) is calculated by dividing the total interest bearing debt after the debt refinancing by the appraisal value as of March 31, 2014 for the two newly acquired hotels and the appraisal value as of December 31, 2013 for the other existing properties as of the end of the 21st fiscal period (excluding the seven senior housing properties), and rounded to two decimal places.

(3) Effect of Overall Transactions

These transactions together are expected to increase the 1H2014 net income per unit from JPY465 to JPY775 mainly due to one-time gains relating to the sale of the Bon Sejour properties. To facilitate comparability among fiscal periods, INV has prepared a simulated, normalized earnings per unit amount for the 1H2014 fiscal period, which eliminates the effects of the one-time gains and certain other adjustments relating to the sale of the Bon Sejour properties and assumes the shift in its property portfolio and the refinancing occurred at the start of the 1H2014 fiscal period ("Simulated Normalized Earnings per Unit"), and compared such amount to its forecasted 1H2014 net income per unit as set forth below. The Simulated Normalized Earnings per Unit for the 1H2014 fiscal period would be JPY521.

INV believes maintaining the stability of cash distributions over the mid-term is one of the most important factors in determining the amount of distribution for a given fiscal period. In order to maintain the stability of cash distributions, INV plans to distribute a portion of its net income for 1H2014 fiscal period and retain the other portion as a reserve for future distributions and possible extraordinary one-time expenses. Specifically, INV expects that the distribution per unit ("DPU") for the fiscal period ending June 2014 will be JPY550. INV believes the amount of DPU for the fiscal period ending June 2014 represents a more appropriate approximation of targeted DPU levels in the medium-term (excluding extraordinary effects and factors) based upon a review of its future prospects including its ongoing initiatives for increasing revenue and reducing borrowing costs, as well as the continued implementation of its business strategy. Although the expected amount of 1H2014 DPU will be less than 90% of INV's distributable profit for the 1H2014 fiscal period, INV does not expect to incur any taxes for the fiscal period because of the availability of tax loss carried forwards.

Post-Transaction Simulated Normalized Earnings per Unit (“EPU”) (compared to forecasted 1H2014 EPU) (For Illustrative Purposes Only) (JPY)



(Note) Effect of Transactions is the sum of the following adjustments:
(i) One-time gains relating to the sale of the seven senior housing properties
(ii)Forecasted operating income after May 23, 2014 includes forecast operating income through June 30, 2013 for two acquired hotels. Operating income from the seven senior housing properties which have been sold is not included in forecasted operating income following May 23, 2014
(iii) One-time costs related to the refinancing (repayment premiums, professional expenses and other)
(iv) Interest expense to be incurred from May 23, 2014 under new loans less interest expense that would have been incurred on and after May 23, 2014 under portion of existing loans that are to be refinanced on such date
(v) Other operating expenses

Normalization is the sum of the following adjustments:
(i)Excluding one-time gains of the sale of Bon Sejour properties
(ii)Effects assuming that the change of portfolio and refinancing occurred prior to the beginning of 1H/2014
(iii) Effects assuming property tax on two hotels to be acquired is incurred as expenses and not capitalized as from the beginning of 1H/2014

Please note that the above Simulated Normalized Earnings per Unit compared to forecasted 1H2014 net income per unit is only a simulation to illustrate the effect of the overall transactions, and is not a forecast or projection of net income or DPU for any fiscal period of INV. Accordingly, INV does not give any assurance that INV will achieve the Simulated Normalized Earnings per Unit in any fiscal period in the future, and is not obliged to amend the simulated figure even if there is any change that could affect the above simulation. Please also note that the Simulated Normalized Earnings per Unit for the 1H2014 period as shown above may be significantly lowered due to the possible incurrence of one-time expenses relating to the potential acquisition of additional properties and related financing as described below.

(4) Possible Purchase of Additional Hotels and Related One-Time Expenses

CIM, as the asset manager of INV, decided to acquire the two limited service, extended stay hotels after reviewing the historical data for the hotels and assessing several macroeconomic factors affecting the hotel industry. INV believes that, under current economic conditions, these and other similar hotels will provide a unique opportunity to achieve stable cash flow and increase revenue and income. To further accelerate this strategy, on May 21, 2014, INV also entered into a Memorandum of Understanding ("MOU") with Fortress entities regarding the potential purchase of 26 additional limited service hotels comprising 3,389 rooms (of which 11 hotels offer extended stay packages) (For the properties subject to MOU, please refer to Appendix 2.). For a one year period, the MOU provides INV the right of first look with respect to any potential sale of these hotels. In connection with the potential acquisition of all or a part of the properties under the MOU, INV may enter into financing arrangements, and may recognize considerable amount of one-time expenses relating to the acquisitions and financings. Such additional one-time expenses may have the effect of significantly lowering the net income for the 1H2014 fiscal period or any future fiscal period.

(5) Background of the Acquisition

The two newly acquired limited service, extended stay hotels are Hotel MyStays Kanda and Hotel MyStays Asakusa, which are within walking distance from major subway and train stations and cater to both daily and longer term users on weekly and monthly contracts. Hotel MyStays Kanda is centrally located in Tokyo's business district and provides easy access to major train stations and lines. Hotel MyStays Asakusa, which was renovated in 2013, is located in one of Tokyo's major tourist destinations with attractions such as Tokyo Sky Tree, Sensoji Temple and the Edo Tokyo Museum. These hotels are managed by FlexStay Hotel Management Co., Ltd. ("FlexStay") on 10-year fixed-term leases with a minimum rent and upside for INV based on the underlying gross operating profit ("GOP") for each hotel. FlexStay, which is an affiliate of Fortress, manages 45 other hotels and provides access to approximately 2,200 corporate clients as of March 31, 2014.

The two hotel properties are characterized by their ability to offer rooms for daily, weekly, or monthly stays, thereby achieving a high occupancy rate relative to hotels other than limited service, extended stay hotels, and higher profit margins compared to full-service hotels made possible by offering limited services and amenities. The properties target tourists and business travelers at affordable rates – Hotel MyStays Kanda and Hotel MyStays Asakusa had an average daily rate ("ADR") of JPY6,607 and JPY4,848, respectively, for 2013. INV believes the ability to attract a diverse customer base at various length of stays enables the properties to achieve relatively stable occupancy rates. Revenues for the two hotels have increased over the past three years ended December 31, 2013, with 2013 revenue up 17.2% over 2012 and YTD (through March 2014) up 16.1% over the same period in 2013. The revenue improvement is in part due to the increase in corporate contracts, which accounted for 25.6% of the total revenues of these two hotels in 2013.

(6) Hospitality Market Overview

The Japanese hospitality market has been enjoying a general improvement in operational performance, with hotel occupancies in Tokyo and many other major domestic hotel markets at a 10-year highs as of December 2013. INV believes that these two limited service, extended stay hotels, and the limited service hotel sector in general, have been able to increase revenue and NOI due to several key reasons including the specific operational approach by the hotels, government initiatives to stimulate tourism into and within Japan, and macroeconomic factors in Japan and Asia.

Over the past several years, there has been a steady increase in travelers to and within Japan. In particular, 2013 was a record year for inbound tourism, or foreigners visiting Japan, with 10.4 million persons visiting Japan(Note). INV believes this increase has been supported by several key factors, including:

(Note) Source: Japan National Tourism Organization.

- In 2012, a new "Tourism Nation Promotion Basic Plan" was approved by the Japanese government, pursuant to which various measures have been implemented to promote inbound tourism to Japan. Specifically, the Japanese government has announced plans to attract 18 million visitors in 2016 and 25 million visitors in 2020, and to achieve domestic travel consumption relating to tourism to JPY30 trillion by 2016.
- Air traffic capacity has increased significantly at the two major airports servicing the Tokyo market. Specifically, Haneda Airport, the largest airport in Japan and fourth largest in the world based on passenger traffic(Note), opened a fourth runway in 2010 and initiated 24-hour operations. Haneda Airport also completed the expansion of its international terminal in March 2014. As a result, the number of landing slots will increase from a total of 390,000 per year (domestic and international) for the year ended March 31, 2012 to 447,000 per year for the year ended March 31, 2015, with the majority of new slots being allotted to international flights. The other major airport servicing the Tokyo market, Narita Airport, also added a runway in 2012, has increased its landing slots from 220,000 per year for the fiscal year ended March 31, 2011 to 250,000 per year for the fiscal year ended March 31, 2013, and has announced plans to expand the number of slots up to 300,000 by the end of the fiscal year ending March 31, 2015. Additional enhancements relating to Narita Airport, such as faster rail connections to Tokyo and a dedicated terminal for low cost carriers ("LCCs"), are also expected to stimulate increased traffic through Narita Airport.

  (Note) Airports Council International 2013 data. Passenger traffic is counted as total passengers boarding and de-boarding at each airport. Passengers in transit are counted once.
- Growth in LCCs has contributed to increased domestic leisure travel. The Japanese government has announced a goal to increase the market share for

LCCs within domestic air travel to around 20-30%, and to create domestic tourism demand of approximately JPY1 trillion by reforming the vacation / holiday calendar.

- The weakening of the Yen over the past 18 months has made Japan a cheaper destination for foreigners while making overseas travel more costly for Japanese. For example, the number of Japanese overnight guests in Japan increased by 9.6% from 2010 to 2013(note).
  (Note) Source: Ministry of Land, Infrastructure, Transport and Tourism ("MLIT").
- The number of retirees in Japan has continued to increase in recent years. This segment of the population often has more leisure time to travel across Japan.

Despite the increase in travelers to and within Japan, the annual new supply of hotels in Japan has continued to decrease every year over the past five years. Together with the increase in travelers, the decreased new supply has helped to keep hotel occupancy rates high as exemplified by Tokyo recording a 10-year high in hotel occupancy in 2013.

In addition to the general increase in travelers, INV notes that the proportion of cost-conscious travelers to and within Japan has increased in recent periods. As a result, INV believes it is important to offer affordable rates and target the middle-class customer base, which is the focus of limited service and extended stay hotels. INV believes these factors are indicative of this trend:

- The growth in LCC services among airlines. Since 2003, the market share of LCCs has increased significantly, and such carriers represented 17.1% of domestic seat capacity in Japan and 5.9% of international seat capacity to and from Japan in 2013(Note). Narita Airport has also announced plans to construct a dedicated LCC terminal by 2015, demonstrating the increasing importance of LCCs throughout Japan.
  (Note) Source: CAPA – Centre for Aviation and MLIT.
- The Japanese government has reduced the visa requirements for travelers from many countries in Asia. For example, Chinese citizens now only need annual income of $8,000 instead of $36,000 to be able to obtain a visa(Note). Visas are also waived for citizens of Thailand and Malaysia, with possible future waivers being discussed for Indonesia, Vietnam and the Philippines.
  (Note) Source: Japan National Tourism Organization.
- Visitors from many Asian countries have increased in recent years. Many of these countries have growing economies and an emerging middle class, and INV believes extended stay hotels or limited service hotels are likely to appeal to many travelers to Japan from these countries. According to the Japan National Tourist Organization, visitor arrivals from Asia increased by 24% from 2010 to 2013.

INV believes the above factors create a favorable environment for limited service and extended stay hotels in Japan. Limited service hotels, including Hotel MyStays Kanda and Hotel MyStays Asakusa as well as the 26 hotels covered by the MOU, are generally characterized by their lower rates and fewer amenities. This allows such limited service hotels to attract a broader customer base. As a result, limited service hotels have been the fastest growing segment within the hotel industry in Japan, with the total number of accommodation guests having increased 44% from 2009 to 2013, compared to the overall hotel market growth of 25% in the same period, according to the Japan Tourism Agency. Limited service and extended stay hotels also have the following unique business characteristics:

- By offering fewer amenities, GOP margins for limited service and extended stay hotels are generally higher compared to 4-star hotels and other luxury-class hotels, which often have GOP margins in the mid 20% range. Specifically, Hotel MyStays Kanda and Hotel MyStays Asakusa had an average GOP margin of 56.3% in 2013.
- Extended stay hotels generally target corporate customers and tour groups, which often require longer term stays and thus generally provide more stable revenues than daily stay hotels. The two hotels and the other hotels covered by the MOU are mostly operated by FlexStay under this approach.

INV believes that upon the completion of the sale of the seven senior housing properties, the acquisition of the two limited service, extended stay hotels and the debt refinancing, it will be better positioned to enhance its revenue stream and deliver growth in future periods. Furthermore, INV believes that the limited service hotel sector presents an attractive asset class in the current macroeconomic environment, and will continue to focus on acquisition opportunities in this sector, including the properties covered under the MOU.

4. Schedule of the Transactions

Date	Matters
May 21, 2014	Execution of agreements for acquisition and sale of properties
	Execution of agreement on New Syndicate Loan (B)
May 22, 2014	Implementation of sale of seven senior housing properties (expected)
May 23, 2014	Implementation of acquisition of two hotels (expected), Implementation of borrowing of New Syndicate Loan (B) (expected) and implementation of prepayment of Prudential LPS Loan and partial prepayment of New Syndicate Loan (A) (expected)

(Appendix 1)

<Fund Transfer through the Transactions>

Procurement (mn JPY)			Payment (mn JPY)	
Borrowing of New Syndicate Loan (B)	JPY 13,500	⇒	Repayment of Prudential LPS Loan	JPY 11,000
			Acquisition of Properties (two hotels)	JPY 5,4935
Sales of Properties (seven senior housing properties)	JPY 5,400		Repayment of New Syndicate Loan (A) due to Sales of Properties	JPY 2,696
Cash on hand	JPY 737		Cost relating to new loan and prepayment	JPY 515
			Cost relating to Sale of Properties	JPY 48
Total	JPY 19,637		Total	JPY 19,637

(Note) The amount is rounded down to JPY million.

(Appendix 2)

Property Name	Address
Hotel MyStays Fukuoka-Tenjin-Minami	3-14-20, Haruyoshi, Chuo-ku, Fukuoka-shi, Fukuoka, Japan
Hotel MyStays Kameido P1	6-32-1, Kameido, Koto-ku, Tokyo, Japan
Hotel MyStays Kameido P2	6-7-8, Kameido, Koto-ku, Tokyo, Japan
Hotel MyStays Kyoto-Shijo	52, Kasabokocho, Higashiiru, Aburanokoji, Shijyo-dori, Shimogyo-ku, Kyoto-shi, Kyoto, Japan
Hotel MyStays Maihama	3-5-1, Tekkodori, Urayasu-shi, Chiba, Japan
Hotel MyStays Nagoya-Sakae	2-23-22, Higashisakura, Naka-ku, Nagoya-shi, Aichi, Japan
Hotel MyStays Nippori	5-43-7, Higashinippori, Arakawa-ku, Tokyo, Japan
Hotel Mystays Otemae	1-3-2, Tokuicho, Chuo-ku, Osaka-shi Osaka, Japan
Hotel MyStays Sakaisuji-Honmachi	1-4-8, Awajimachi, Chuo-ku, Osaka-shi, Osaka, Japan
Hotel MyStays Shin-Urayasu Conference Center	2-1-4, Akemi, Urayasu-shi, Chiba, Japan
Hotel MyStays Ueno Inaricho	1-5-7, Matsugaya, Taito-ku, Tokyo, Japan
Hotel Mystays Utsunomiya	2-4-1, Higashishukugo, Utsunomiya-shi, Tochigi, Japan
Hotel MyStays Yokohama	4-81, Sueyoshicho, Naka-ku, Yokohama-shi, Kanagawa
Flexstay Inn Ekoda	8-6, Sakaecho Nerima-ku, Tokyo, Japan
Flexstay Inn Higashi-Jujo	2-10-2, Nakajujo, Kita-ku, Tokyo, Japan
Flexstay Inn Iidabashi	3-26, Shinogawamachi, Shinjuku-ku, Tokyo, Japan
Flexstay Inn Kiyosumi Shirakawa	1-12-16, Tokiwa, Koto-ku, Tokyo, Japan
Flexstay Inn Shinagawa	1-22-19, Kitashinagawa, Shinagawa-ku, Tokyo, Japan
Flexstay Inn Shinsaibashi	1-9-30, Nishishinsaibashi, Chuo-ku, Osaka-shi, Osaka, Japan
Flexstay Inn Shirogane	5-10-15, Shirogane, Minato-ku, Tokyo, Japan
Flexstay Inn Sugamo	3-6-16, Sugamo, Toshima-ku, Tokyo, Japan
Flexstay Inn Tokiwadai	1-52-5, Tokiwadai, Itabashi-ku, Tokyo, Japan
Flexstays Inn Nakanobu P1	4-27-12, Futaba, Shinagawa-ku, Tokyo, Japan
Flexstays Inn Nakanobu P2	4-27-8, Futaba, Shinagawa-ku, Tokyo, Japan
Hotel Nets Hakodate	26-17, Honcho, Hakodate-shi, Hokkaido, Japan
Hotel Vista Premio Dojima	2-4-1, Sonezakishinchi, Kita-ku, Osaka, Japan