

[For Information Purpose Only]

May 21, 2014

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of representative:

Naoki Fukuda, Executive Director

Roppongi Hills Mori Tower

6-10-1 Roppongi, Minato-ku, Tokyo, Japan

(Securities code: 8963)

Asset manager:

Consonant Investment Management Co., Ltd.

Naoki Fukuda, CEO

Contact: Akiko Watanabe, Manager

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## Notice concerning Debt Financing and Prepayment of Existing Borrowings

Invincible Investment Corporation (INV) has determined to obtain new debt financing and to prepay or partially prepay certain existing borrowings. Details are as follows.

### 1. Reason for borrowing and prepayment

INV entered into a new one-year loan agreement (New Syndicate Loan (B)) to fund the expected acquisition of two hotel properties (in the form of trust beneficiary interests) (note) on May 23, 2014, as well as a portion of the related expenses, and to refinance the existing Prudential LPS Loan. INV is also planning to partially prepay the New Syndicate Loan (A) in connection with the sale of seven senior housing properties, which sale is expected to be completed on May 22, 2014 (note). INV elected to have a shorter term for the New Syndicate Loan (B) in order to ensure flexibility for future refinancing.

INV believes that the above borrowing and repayments (the “Transactions”) will enhance INV’s financial position by reducing borrowing costs as well as strengthening its lender formation. INV also believes these measures will serve as the basis for implementing financial strategies such as procuring unsecured borrowings and obtaining credit ratings.

(Note) For details on the acquisition of the two hotel properties and the sale of seven senior housing properties, please refer to the press release dated as of today entitled “Notice concerning Acquisition and Sale of Assets, Entering into Leasing Contract as well as Commencement of Management of New Class of Assets”.

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## 2. Details of the New Borrowing (anticipated)

### New Syndicate Loan (B)

- |                                |   |
|--------------------------------|---|
| (1) Lender                     | : Sumitomo Mitsui Banking Corporation<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd.<br>Mizuho Bank, Ltd.<br>Sumitomo Mitsui Trust Bank, Limited   |
| (2) Borrowing amount           | : JPY13,500 million   |
| (3) Interest rate, etc.        | : 0.98000% (for the interest period from May 23, 2014 to June 29, 2014) (note1)<br>Variable interest rate   |
| (4) Borrowing method           | : Borrowing based on term loan agreement dated as of May 21, 2014<br>Secured (Note 2) / with no guarantee   |
| (5) Agreement date             | : May 21, 2014  |
| (6) Borrowing date             | : May 23, 2014  |
| (7) Interest payment date      | : On (1) the last business day of each month before the principal maturity date, beginning with June 30, 2014, and (2) the principal maturity date  |
| (8) Principal repayment method | : A portion of the principal (JPY 11.25 million each) will be paid on each of the interest payment dates described in “(7) Interest payment date”, excluding principal maturity date, and the remainder will be paid on the principal maturity date |
| (9) Principal Maturity Date    | : May 22, 2015<br>:   |

(Note1) One-month JPY TIBOR (Base Rate) + spread (0.8%); provided that for the first interest calculation period only, two-month JPY TIBOR + spread (0.8%).

- Base rate applicable to the interest calculation period for interests to be paid on the relevant interest payment date shall be one-month JPY TIBOR announced by Japanese Bankers Associations two business days prior to the immediately preceding interest payment date.
- JPY TIBOR announced by the Japanese Bankers Associations is available at its website (<http://www.zenginkyo.or.jp/en/tibor/>).
- Details of our debt financing is available at the “Borrowings & Investment Corporation Bonds” page of INV’s website (<http://www.invincible-inv.co.jp/eng/cms/loan.html>)

(Note 2) First priority pledges over the real estate trust beneficiary interests for 26 properties: Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Shin-Yokohama, Belle Face Ueno Okachimachi, Growth Maison Yoga, Shibuya Honmachi Mansion, City Heights Kinuta, Foros Nakamurabashi, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Growth Maison Ikebukuro, Route Tachikawa, College Square Machida, Belair Meguro, Wacore Tsunashima I, Harmonie Ochanomizu, Suncrest Shakujii Koen, Grand Rire Kameido, Acseeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, Growth Maison Kaijin, College Square Machiya, Kindai Kagakusha Building, Hotel MyStays Kanda and Hotel MyStays Asakusa. Second priority pledges will be granted with respect to the real estate trust beneficiary interests for 21 properties: City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuoan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki

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Aoba Building, Lexington Plaza Hachiman and AEON TOWN Sukagawa; and second priority mortgages over two real estate properties: Shinjuku Island and Stop Parking Kanda-Sudacho (land only). Each such second priority pledge and second priority mortgage is subject to first priority pledges and first priority mortgages in connection with the New Syndicate Loan (A) borrowed pursuant to the “agreement on lending” and the “individual term loan agreement”, each dated December 17, 2013.

### 3. Details of Prepayment (anticipated)

#### < New Syndicate Loan (A) > (partial prepayment)

- |   |  |
|---|--|
| (1) Lender  | : Sumitomo Mitsui Banking Corporation<br>The Bank of Tokyo-Mitsubishi UFJ, Ltd.<br>Shinsei Bank, Limited<br>Citibank Japan Ltd.<br>Shinsei Trust & Banking Co., Ltd. (Note 1)<br>Aozora Bank, Ltd.   |
| (2) Outstanding borrowing amount before Repayment | : JPY20,282 million  |
| (Initial loan amount)                             | : (JPY20,350 million)  |
| (3) Repayment amount                              | : JPY2,696 million   |
| (4) Borrowing amount outstanding after repayment  | : JPY17,586 million  |
| (5) Source of repayment                           | : The repayment of the New Syndicate Loan (A) and the Prudential LPS Loan below will be funded by a portion of the proceeds from both the New Syndicate Loan (B) (JPY11,000 million) as described in “2. Details of the New Borrowing (anticipated)” and the sale of seven senior housing properties (JPY2,696 million). |
| (6) Interest rate                                 | : 1.64636%<br>(from April 30, 2014 to May 29, 2014)<br>Variable interest rate  |
| (7) Borrowing method                              | : Borrowing based on the term loan agreement dated as of December 17, 2013<br>Secured (note 2) / with no guarantee   |
| (8) Borrowing date                                | : December 20, 2013  |
| (9) Principal Maturity date                       | : December 20, 2016  |
- (Note 1) Shinsei Trust & Banking Co., Limited is the trustee for a specified money trust, and Platinum CRE Loan II Investment Limited Partnership holds beneficiary interests for such trust.
- (Note 2) First priority pledges over real estate trust beneficiary interests for 21 properties: City House Tokyo Shinbashi, Winbell Kagurazaka, Nishiwaseda Crescent Mansion, Lexington Square Akebonobashi, Casa Eremitaggio, Towa City Coop Shinotsuka II, Bichsel Musashiseki, Lexel Mansion Ueno Matsugaya, Towa City Coop Sengencho, Royal Park Omachi, Lexington Square Haginomachi, Visconti Kakuozan, Lexington Square Daitabashi, Lexington Square Honjo Azumabashi, AMS TOWER Minami 6-Jo, Spacia Ebisu, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman and AEON TOWN Sukagawa; and first priority mortgages over two properties (real estate): Shinjuku Island and Stop Parking Kanda-Sudacho.

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## <Prudential LPS Loan> (prepayment)

### 【First Lending】

- |   |  |
|---|--|
| (1) Borrower                                      | : Mizuho Trust & Banking Co., Ltd. (trustee of real estate in trust)(borrower of the Trust Asset-Backed Borrowing)   |
| (2) Lender  | : Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership   |
| (3) Outstanding borrowing amount before Repayment | : JPY3,750 million   |
| (Initial loan amount)                             | : (JPY3,750 million)   |
| (4) Repayment amount                              | : JPY3,750 million   |
| (5) Borrowing amount outstanding after repayment  | : JPY0   |
| (6) Source of repayment                           | : The repayment of the Prudential LPS Loan and the New Syndicate Loan (A) above will be funded by a portion of the proceeds from both the New Syndicate Loan (B) (JPY11,000 million) as described in “2. Details of the New Borrowing (anticipated)” and the sale of seven senior housing properties (JPY2,696 million). |
| (7) Interest rate                                 | : 2.5%<br>Fixed interest rate  |
| (8) Borrowing method                              | : Borrowing based on the term loan agreement dated as of July 27, 2011, as amended<br>Secured / with no guarantee  |
| (9) Borrowing date                                | : July 29, 2011  |
| (10) Principal Maturity date                      | : January 25, 2017   |

### 【Second Lending】

- |   |   |
|---|---|
| (1) Borrower                                      | : Mizuho Trust & Banking Co., Ltd. (trustee of real estate in trust)(borrower of the Trust Asset-Backed Borrowing)  |
| (2) Lender  | : Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership  |
| (3) Outstanding borrowing amount before Repayment | : JPY3,620 million  |
| (Initial loan amount)                             | : (JPY3,620 million)  |
| (4) Repayment amount                              | : JPY3,620 million  |
| (5) Borrowing amount outstanding after repayment  | : JPY0  |
| (6) Source of repayment                           | : The repayment of the Prudential LPS Loan and the New Syndicate Loan (A) above will be funded by a portion of the proceeds from both the New Syndicate Loan (B) (JPY11,000 million) as described in “2. Details of the New |

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- Borrowing (anticipated)" and the sale of seven senior housing properties (JPY2,696 million).
- (7) Interest rate : 2.5%  
Fixed interest rate
- (8) Borrowing method : Borrowing based on the term loan agreement dated as of July 27, 2011, as amended  
Secured / with no guarantee
- (9) Borrowing date : July 29, 2011
- (10) Principal Maturity date : January 25, 2017

## 【Third Lending】

- (1) Borrower : Mizuho Trust & Banking Co., Ltd. (trustee of real estate in trust)(borrower of the Trust Asset-Backed Borrowing)
- (2) Lender : Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Partnership
- (3) Outstanding borrowing amount before Repayment : JPY3,630 million
- (Initial loan amount) : (JPY3,630 million)
- (4) Repayment amount : JPY3,630 million
- (5) Borrowing amount outstanding after repayment : JPY0
- (6) Source of repayment : The repayment of the Prudential LPS Loan and the New Syndicate Loan (A) above will be funded by a portion of the proceeds from both the New Syndicate Loan (B) (JPY11,000 million) as described in "2. Details of the New Borrowing (anticipated)" and the sale of seven senior housing properties (JPY2,696 million).
- (7) Interest rate : 2.5%  
Fixed interest rate
- (8) Borrowing method : Borrowing based on the term loan agreement dated as of July 27, 2011, as amended  
Secured / with no guarantee
- (9) Borrowing date : July 29, 2011
- (10) Principal Maturity date : January 25, 2017

In connection with the prepayment of all of the outstanding Prudential LPS Loan, INV will pay JPY329 million as the prepayment premium to Mizuho Trust & Banking Co., Ltd. (borrower of the Trust Asset-Backed Borrowing).

#### 4. Future outlook

For the impact of the refinancing transactions described above on forecasted results and distributions for the fiscal period ending June 2014 (January 1, 2014 to June 30, 2014), please refer to the press release entitled “Notice concerning Revision of Forecast of Financial Results and Distribution for the 22nd Fiscal Period Ending June 2014” dated as of today.

#### 5. Other matters necessary for appropriate understanding and decision by investors

The refinancing transactions described above will not result in any material adverse change to the “Investment Risks” (*toshi risuku*) in the semi-annual securities report (*yuka shoken hokokusho*) of INV for the fiscal period ended December 2013 (July 1, 2013 – December 31, 2013) (available in Japanese only), filed on March 26, 2014.

(Appendix)

< Status of Borrowings before the Transactions (anticipated) >

The table below provides an overview of the borrowings of INV before the refinancing transactions.

(Before the Transactions: as of May 21, 2014)

	Lender	Borrowing date	Borrowing amount (mn JPY)	Interest rate (per annum)	Maturity date	Security / guarantee
New Syndicate Loan (A)	Sumitomo Mitsui Banking Corporation	December 20, 2013	20,282	1.64636% (Note 1)	December 20, 2016	Secured / non guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Shinsei Bank, Limited					
	Citibank Japan Ltd.					
	Shinsei Trust & Banking Co., Ltd.					
	Aozora Bank, Ltd.					
	Subtotal of long-term debt		20,282			
Prudential LPS Loan	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	July 29, 2011	3,750	2.5% Fixed interest	January 25, 2017	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	July 29, 2011	3,620	2.5% Fixed interest	January 25, 2018	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	July 29, 2011	3,630	2.5% Fixed interest	January 25, 2019	Secured/ non guarantee
Prudential LPS Loan B	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,700	1.9% Fixed interest	March 31, 2018	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,860	1.9% Fixed interest	March 31, 2019	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	1,830	1.9% Fixed interest	March 31, 2020	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,570	1.9% Fixed interest	March 31, 2019	Secured/ non guarantee
	Subtotal of long-term debt in trust		20,960			
	Total debt		41,242	1.94% (Note 2)		

(Note 1) Interest rate applicable to the period from April 30, 2014 to May 29, 2014.

One-month JPY TIBOR + spread (1.5%)

(Note 2) Interest rate (per annum) provided in Total debt is the weighted average interest rate, rounded to the nearest two decimal places.

(Note 3) The borrowing amount is rounded down to the million JPY.

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< Status of Borrowings after the Transactions (anticipated) >

The table below provides an overview of the borrowings of INV after the refinancing transactions.

(After the Transactions: as of May 23, 2014)

	Lender	Borrowing date	Borrowing amount (mn JPY)	Interest rate (per annum)	Maturity date	Security/guarantee
New Syndicate Loan (B)	<u>Sumitomo Mitsui Banking Corporation</u>	<u>May 23, 2014</u>	<u>13,500</u>	<u>0.98000% Variable (Note 1)</u>	<u>May 22, 2015</u>	<u>Secured/ non guarantee</u>
	<u>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</u>					
	<u>Mizuho Bank, Ltd.</u>					
	<u>Sumitomo Mitsui Trust Bank, Limited</u>					
	Subtotal of short-term debt		<u>13,500</u>			
New Syndicate Loan (A)	Sumitomo Mitsui Banking Corporation	December 20, 2013	<u>17,586</u>	1.64636% Variable (Note 2)	December 20, 2016	Secured/ non guarantee
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.					
	Shinsei Bank, Limited					
	Citibank Japan Ltd.					
	Shinsei Trust & Banking Co., Ltd.					
	Aozora Bank, Ltd.					
	Subtotal of long-term debt		<u>17,586</u>			
Prudential LPS Loan B	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,700	1.9% Fixed interest	March 31, 2018	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,860	1.9% Fixed interest	March 31, 2019	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	1,830	1.9% Fixed interest	March 31, 2020	Secured/ non guarantee
	Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership	September 28, 2012	2,570	1.9% Fixed interest	March 31, 2019	Secured/ non guarantee
	Subtotal of long-term debt in trust		<u>9,960</u>			
	Total debt		<u>41,046</u>	<u>1.49% (Note3)</u>		

(Note 1) Interest rate applicable to the period from May 23, 2014 to June 29, 2014.

One-month JPY TIBOR + spread (0.8%); provided that for the first interest calculation period only, two-month JPY TIBOR + spread (0.8%)

(Note 2) Interest rate applicable from April 30, 2014 to May 29, 2014.

One-month JPY TIBOR + spread (1.5%)

(Note 3) Interest rate (per annum) provided in Total debt is the weighted average interest rate, rounded to the nearest two decimal places.

(Note 4) The borrowing amount is rounded down to the million JPY.

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Borrowing amount outstanding as of May 23, 2014

(Units: mn JPY, figures rounded down to a mn JPY)

	Before refinancing (As of May 21, 2014)	After refinancing (As of May 23, 2014)	Balance
Short-term debt	-	13,500	13,500
Long-term debt	41,242	27,546	- 13,696
Total debt	41,242	41,046	- 196
Loan to Value Ratio (LTV) (%)	53.8	53.7	- 0.1

(Note) Loan to Value Ratio (LTV) is calculated using the following formula:

Loan to Value Ratio (LTV) = interest-bearing debt ÷ (interest-bearing debt + total amount of unitholders' capital + capital surplus) x 100. (rounded to the nearest one decimal place)