

[For Information Purpose Only]

June 23, 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 certain existing borrowings. Details are as follows.

1. Reason for borrowing and prepayment

INV entered into a loan agreement as of June 23, 2014 to fund a portion of the acquisition of 18 hotel properties (in the form of trust beneficiary interests) (note 1) scheduled between July 17, 2014 and July 22, 2014 and to obtain a new syndicate loan (New Syndicate Loan (C)) with an interest rate of 0.80% plus one-month JPY TIBOR to refinance the two existing syndicate loans (New Syndicate Loan (A) and New Syndicate Loan (B)) which have an average interest rate of 1.5% plus one-month JPY TIBOR (the "Refinancing").

All three "megabanks" participating as lenders in the New Syndicate Loan (B) obtained in May 2014, namely Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Mizuho Bank, Ltd., will continue to participate as lenders in the New Syndicate Loan (C), which will lengthen borrowing period, further reduce borrowing costs, enhance debt service coverage ratio, strengthen lender formation and secure greater financing availability and flexibility, as well as strengthen our revenue base through the acquisition of the 18 hotel properties mentioned above.

INV believes that the Refinancing will enhance INV's financial position and will serve as the basis for implementing financial strategies such as procuring unsecured borrowings and obtaining credit ratings.

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(Note 1) For details on the acquisition of the 18 hotel properties, please refer to the press release dated as of today entitled "Notice concerning Acquisition of Assets and Entering into Leasing Contract".

2. Details of the New Borrowing (anticipated)

New Syndicate Loan (C)

- | | |
|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Lender | : Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.
Citibank Japan Ltd.
Shinsei Bank, Limited
Sumitomo Mitsui Trust Bank, Limited
Resona Bank, Limited |
| (2) Borrowing amount | : JPY57,300 million |
| (3) Interest rate, etc. | : 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%) (note1)
Variable interest rate |
| (4) Borrowing method | : Borrowing based on separate term loan agreement dated
as of June 23, 2014
Secured (Note 2) / with no guarantee |
| (5) Agreement date | : June 23, 2014 |
| (6) Anticipated borrowing date | : July 17, 2014 (Note 3) |
| (7) Interest payment date | : On (1) the last Japanese business day of each month
before the principal maturity date, beginning with August
29, 2014, and (2) the principal maturity date |
| (8) Principal repayment method | : Lump-sum repayment on the principal maturity date |
| (9) Principal Maturity Date | : July 14, 2017 |

- (Note1) • 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 Japanese 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 65 properties: Nisshin Palacestage Daitabashi, Nisshin Palacestage Higashi-Nagasaki, Growth Maison Gotanda, Growth Maison Kameido, Emerald House, Harmonie Ochanomizu, Suncrest Shakujii Koen, Growth Maison Shin-Yokohama, Belle Face Ueno Okachimachi, Grand Rire Kameido, Growth Maison Ikebukuro, Growth Maison Yoga, Route Tachikawa, Shibuya Honmachi Mansion, City Heights Kinuta, Acseeds Tower Kawaguchi Namiki, Capital Heights Kagurazaka, College Square Machida, Belair Meguro, Wacore Tsunashima I, Foros Nakamurabashi, Growth Maison Kaijin, College Square Machiya, 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

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TOWER Minami 6-Jo, Spacia Ebisu, Kindai Kagakusha Building, Lexington Plaza Nishigotanda, Cross Square NAKANO, Ohki Aoba Building, Lexington Plaza Hachiman, AEON TOWN Sukagawa, Hotel MyStays Kanda, Hotel MyStays Asakusa, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama, Hotel MyStays Nippori, Hotel MyStays Fukuoka-Tenjin-Minami, Flexstay Inn Iidabashi, Hotel MyStays Ueno Inaricho, Flexstay Inn Shinagawa, Flexstay Inn Tokiwadai, Flexstay Inn Sugamo, Hotel MyStays Otemae, Flexstay Inn Kiyosumi Shirakawa, Flexstay Inn Nakanobu P1 and Flexstay Inn Nakanobu P2. First priority mortgages over two real estate properties: Shinjuku Island and Stop Parking Kanda-Sudacho. Floating lien over nine properties: Hotel MyStays Kanda, Hotel MyStays Kyoto-Shijo, MyStays Shin Urayasu Conference Center, Hotel MyStays Maihama, Hotel Vista Premio Dojima, Hotel MyStays Nagoya-Sakae, Hotel MyStays Sakaisuji-Honmachi, Hotel MyStays Yokohama and Hotel MyStays Fukuoka-Tenjin-Minami.

(Note 3) As noted in "Notice concerning Acquisition of Assets and Entering into Leasing Contract" dated today, the acquisition date for the 18 hotel properties is subject to change and could be as late as July 22, 2014. In case the acquisition date changes, then the borrowing date will also be changed to the same date.

3. Details of Prepayment (anticipated)

< New Syndicate Loan (A) > (prepayment)

- | | |
|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Lender | : Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Shinsei Bank, Limited
Citibank Japan Ltd.
Shinsei Trust & Banking Co., Ltd.
Aozora Bank, Ltd. |
| (2) Outstanding borrowing amount before Repayment | : JPY17,569 million |
| (Initial loan amount) | : (JPY20,350 million) |
| (3) Repayment amount | : JPY17,569 million |
| (4) Borrowing amount outstanding after repayment | : JPY0 million |
| (5) Source of repayment | : The repayment of the New Syndicate Loan (A) and the New Syndicate Loan (B) below will be funded by a portion of the proceeds from the New Syndicate Loan (C) (JPY57,300 million) as described in "2. Details of the New Borrowing (anticipated)". |
| (6) Interest rate | : 1.64636%
(from May 30, 2014 to June 29, 2014)
Variable interest rate |
| (7) Borrowing method | : Borrowing based on the term loan agreement dated as of December 17, 2013
Secured / with no guarantee |
| (8) Borrowing date | : December 20, 2013 |
| (9) Principal Maturity date | : December 20, 2016 |

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(9) Anticipated repayment date : July 17, 2014 (Note)

(Note) If the borrowing date for the New Syndicate Loan (C) is changed, then the repayment date will be changed to the same date.

< New Syndicate Loan (B) > (prepayment)

- (1) Lender : Sumitomo Mitsui Banking Corporation
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Mizuho Bank, Ltd.
Sumitomo Mitsui Trust Bank, Limited
- (2) Outstanding borrowing amount before Repayment
(Initial loan amount) : JPY13,500 million
(JPY13,500 million)
- (3) Repayment amount : JPY13,500 million
- (4) Borrowing amount outstanding after repayment : JPY0 million
- (5) Source of repayment : The repayment of the New Syndicate Loan (A) and the New Syndicate Loan (B) below will be funded by a portion of the proceeds from the New Syndicate Loan (C) (JPY57,300 million) as described in “2. Details of the New Borrowing (anticipated)”.
- (6) Interest rate : 0.98000%
(from May 23, 2014 to June 29, 2014)
Variable interest rate
- (7) Borrowing method : Borrowing based on a separate term loan agreement dated as of May 21, 2014
Secured / with no guarantee
- (8) Borrowing date : May 23, 2014
- (9) Principal Maturity date : May 23, 2015
- (9) Anticipated repayment date : July 17, 2014 (Note)

(Note) If the borrowing date for the New Syndicate Loan (C) is changed, then the repayment date will be changed to the same date.

4. Future outlook

We expect to record loan-related costs in the amount of JPY300 million in the fiscal period ending June 2014 and JPY244 million in the fiscal period ending December 2014 as one-time expenses for the Refinancing.

Additionally, for the forecasted financial results and distributions in relation to the Refinancing for the fiscal period ending June 2014 (January 1, 2014 to June 30, 2014) and for the fiscal period ending December 2014 (July 1, 2014 to December 31, 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 and concerning

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Forecast of Financial Results and Distribution for the 23rd Fiscal Period Ending December 2014” dated as of today.

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

For risks relating to the Refinancing, please refer 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, as well as “Section Two: Supplemental Information, 8. Investment Risks” in the securities registration statement (*yuka shoken todokedesho*) of INV filed today (available in Japanese only).

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(Appendix)

< Status of Borrowings before and after the Refinancing >

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

Information which will be updated in connection with the Refinancing are underlined in each of the tables below.

(Before the Refinancing: as of May 30, 2014)

	Lender	Borrowing date	Borrowing amount (mn JPY)	Interest rate (per annum)	Maturity date	Security / guarantee
<u>New Syndicate Loan (B)</u>	<u>Sumitomo Mitsui Banking Corporation</u> <u>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</u> <u>Mizuho Bank, Ltd.</u> <u>Sumitomo Mitsui Trust Bank, Limited</u>	<u>May 23, 2014</u>	<u>13,500</u>	<u>0.98000% Variable Interest Rate (Note 1)</u>	<u>May 22, 2015</u>	<u>Secured / non guarantee</u>
	Subtotal of short-term debt		<u>13,500</u>			
<u>New Syndicate Loan (A)</u>	<u>Sumitomo Mitsui Banking Corporation</u> <u>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</u> <u>Shinsei Bank, Limited</u> <u>Citibank Japan Ltd.</u> <u>Shinsei Trust & Banking Co., Ltd.</u> <u>Aozora Bank, Ltd.</u>	<u>December 20, 2013</u>	<u>17,569</u>	<u>1.64636% Variable Interest Rate (Note 2)</u>	<u>December 20, 2016</u>	<u>Secured / non guarantee</u>
	Subtotal of long-term debt		<u>17,569</u>			
Prudential LPS Loan B (Note 3)	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		9,960			

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	Total debt		<u>41,029</u>	<u>1.49%</u> (Note 4)		
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- (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 May 30, 2014 to June 29, 2014.
One-month JPY TIBOR + spread (1.5%)
- (Note 3) INV received the borrowed funds (after deducting reserves and other proceeds) from Mitsubishi UFJ Trust and Banking Corporation (hereinafter, "Mitsubishi UFJ Trust") as payment of the trust principal of the Trust Beneficiary Interests ("TBI") on September 28, 2012. On the same day, Mitsubishi UFJ Trust, the trustee of the TBI to which INV is the beneficiary, borrowed funds from Prudential Mortgage Asset Holdings 1 Japan Investment Limited Partnership, which is a part of the Prudential Financial Inc. Group.
- (Note 4) Interest rate (per annum) provided in Total debt is the weighted average interest rate based on the borrowing amount, rounded to the nearest two decimal places. The borrowing amount is rounded down to the nearest million JPY.

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

(After the Refinancing: as of July 17, 2014 (anticipated))

	Lender	Borrowing date	Borrowing amount (mn JPY)	Interest rate (per annum)	Maturity date	Security/guarantee
<u>New Syndicate Loan (C)</u>	<u>Sumitomo Mitsui Banking Corporation</u> <u>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</u> <u>Mizuho Bank, Ltd.</u> <u>Citibank Japan Ltd.</u> <u>Shinsei Bank, Limited</u> <u>Sumitomo Mitsui Trust Bank, Limited</u> <u>Resona Bank, Limited</u>	<u>July 17, 2014</u>	<u>57,300</u>	<u>Variable (Note 1)</u>	<u>July 14, 2017</u>	<u>Secured/non guarantee</u>
	Subtotal of long-term debt		<u>57,300</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		9,960			
	Total debt		<u>67,260</u>	<u>1.09% (Note 2)</u>		

(Note 1) 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 (per annum) provided in Total debt is the weighted average interest rate, rounded to the nearest two decimal places. In addition, the interest rate for New Syndicate Loan (C) is calculated based on the assumption that a one-month JPY TIBOR as of May 30, 2014 applies. The borrowing amount is rounded down to the nearest million JPY.

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Borrowing amount outstanding as of July 17, 2014 (anticipated)

(Units: mn JPY, figures rounded down to the nearest mn JPY)

	Before Refinancing (As of May 30, 2014)	After Refinancing (As of July 17, 2014)	Balance
Short-term debt	13,500	-	(13,500)
Long-term debt	27,529	67,260	39,731
Total debt	41,029	67,260	26,231

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