

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of representative:

Naoki Fukuda, Executive Director

Roppongi Hills Mori Tower

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(Securities code: 8963)

Asset manager:

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Naoki Fukuda, CEO

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## Notice concerning Debt Financing and Payment before Maturity of Existing Borrowings

Invincible Investment Corporation (INV) announced that it expects to conduct debt financing (hereinafter, "the New Borrowing") and payment before maturity of the existing borrowings (hereinafter, "Payment before Maturity" and collectively with the New Borrowing, hereinafter referred to as "Refinancing"). Details are as follows.

Although INV expects that the New Borrowing will be realized under certain conditions as it already agreed with Sumitomo Mitsui Banking Corporation ("SMBC") and The Bank of Tokyo-Mitsubishi UFJ, Ltd. ("BTMU") about the arrangement of the New Borrowing as of November 28, 2013, the loan agreement for the New Borrowing has not been concluded to date, and the New Borrowing is subject to respective items described in 4. "Preconditions for implementing the New Borrowing in New Syndicate Loan (A)" below as preconditions for its implementation.

### 1. Reason for borrowing and repayment

INV and Consonant Investment Management Co., Ltd. (the "Asset Manager"), which is an asset manager to which INV entrusts the asset management services, consider that (i) strengthening of the financial foundation through a reduction of borrowing costs and lowering of loan to value ratio (LTV) and (ii) enhancement of fund-raising capability through borrowings and equity financing, are the essential next steps to redevelop the medium-to-long term financial strategies and the continuous growth strategy for INV's future. Therefore, INV and the Asset Manager have seriously considered the repayment of existing borrowings by way of new

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financing, improvement of borrowing terms such as the reduction of interest rates, the implementation of other financial strategies and capital policies.

As a result, INV decided to raise JPY 20,350 million of new borrowings (New Borrowings) from a syndicate led by SMBC and BTMU. INV will simultaneously procure JPY 2,999 million by way of the third-party allotment (the "Third-Party Allotment") (Note1) to Rayo GK ("Rayo", which belongs to Fortress Group (Note 1)), and SCG 16 Godo Kaisha ("SCG 16") of which Secured Capital Investment Management Co., Ltd. ("Secured Capital") acts as the executive officer. The combined funds raised from the New Borrowings and the Third-Party Allotment (Note 2) will be used to prepay the full amount of the term loan syndicate B due on July 31, 2014 ("Syndicate Loan B"), and the term loan Shinsei Trust A ("Shinsei Trust Loan A") and the term loan Shinsei Trust B ("Shinsei Trust Loan B") each due on January 30, 2015. Refinancing the existing loans (Refinancing) is a key step to reducing interest rates while strengthening INV's lender relationships, which enables INV to improve its financial soundness for future investment opportunities in turn enhancing unitholder value.

(Note 1) Together with Calliope GK (the parent company of Asset Manager, "Calliope"), which is an affiliate of Fortress Investment Group LLC ("FIG"), Rayo, FIG and its affiliates, the "Fortress Group".

(Note 2) For the details concerning the Third-Party Allotment, please refer to the press release titled "Notice concerning Issuance of New Investment Units by way of Third-Party Allotment" as of today.

(Note 3) LTV based on total amount of unitholder capital is projected to decrease from 57.5% as of the end of June 2013 to 53.9% after the Refinancing, and LTV based on appraisal value is projected to decrease from 59.0% to 55.6%.

LTV based on total amount of unitholder capital is calculated using the following formula.

$$\text{LTV based on total amount of unitholder capital} = \frac{\text{interest-bearing debt}}{\text{interest-bearing debt} + \text{total amount of unitholder capital} + \text{capital surplus}} \times 100$$

Further, the total amount of unitholder capital is calculated based on the total amount of unitholder capital as of today (JPY 26,134,396,789) plus amount of increase due to the Third Party Allotment (JPY 2,999,992,580) and the amount of capital surplus as of today (JPY 6,264,432,000).

LTV based on appraisal value is calculated using the following formula.

$$\text{LTV based on appraisal value} = \frac{\text{interest-bearing debt}}{\text{appraisal value as of the end of June 2013}}$$

As for the period ending June 2014 (the 22nd fiscal period) and subsequent periods, it is expected that the distribution per investment unit will increase after the implementation of the Refinancing and Third-Party Allotment compared to the distribution since the merger in February 2010, resulting from the decrease in borrowing costs and the increase in the net income. No change to the distribution per unit is expected for the fiscal period ending December 2013 (the 21st fiscal period) as announced in INV's Financial Summary on August 28, 2013.

For the forecasted financial results and distribution per unit for the 21st fiscal period ending December 2013 and for the 22nd fiscal period ending June 2014, please refer to 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" as of today.

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

### New Syndicate Loan (A)

- |  |   |  |
|--|---|--|
| (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. (Note1)<br>Aozora Bank, Ltd.  |
| (2) Borrowing amount                     | : | JPY 20,350 million   |
| (3) Interest rate, etc.                  | : | One-month JPY TIBOR + spread (1.5%)<br>As for the first interest calculation period, two-month JPY TIBOR + spread (1.5%)<br>Variable interest rate   |
| (4) Borrowing method                     | : | Borrowing based on term loan agreement planned to be concluded as of December 17, 2013<br>Mortgage (Note2) / non guarantee   |
| (5) Agreement date                       | : | December 17, 2013  |
| (6) Borrowing date                       | : | December 20, 2013  |
| (7) Interest payment date                | : | Last business day of every month before the principal repayment date, with January 31, 2014 set as the first payment date, and the principal maturity date   |
| (8) Principal repayment method           | : | Part of the principal will be repaid (JPY 203.5 million per year) on the same date as the above (7) Interest payment date and the remainder will be repaid on the principal maturity date  |
| (9) Principal Maturity Date              | : | December 20, 2016  |
| (10) Partial repayment date of principal | : | Same day as the above (7) Interest payment date  |
| (11) Other                               | : | The following cases, among others, will constitute an event of default concerning the New Borrowing: (i) during the period from the execution date of the New Borrowing and ending on December 20, 2016 (the "Loan Term"), if Calliope transfers all or a part of INV's investment units held by it (609,942 units, the investment units held as of today, and not including the investment units issued through the Third Party Allotment; the "Subject Investment Units") to any third party other than any affiliate of FIG without Lender's consent (provided, however, that, after one day immediately following the completion of the first public offering of investment units by INV during the Lock-up Period, the number of Subject Investment Units will be reduced to one-half, held by Calliope as of today) and (ii) during the Loan Term, if Calliope transfers all or a part of the shares of Asset Manager held by it, to any |

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third party other than any affiliate of FIG, without Lenders' consent.

INV plans to receive a letter of covenants not to violate (i) and (ii) above from Calliope on "(5) Agreement Date" above.

(Note 1) Shinsei Trust & Banking Co., Limited is the trustee in the form of a specified money trust, and Platinum CRE Loan II Investment Limited Partnership holds beneficiary interests for such trust.

(Note 2) The first priority pledges will be established on trust beneficiary interests in real estate 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 the first priority mortgages will be established on 9 properties (Bon Sejour Chitose Funabashi, Bon Sejour Yotsugi, Bon Sejour Hino, Bon Sejour Musashi Shinjo, Bon Sejour Komaki, Bon Sejour Hadano Shibusawa, Bon Sejour Itami, Shinjuku Island and Stop Parking Kanda-Sudacho). In addition, first priority pledges will be established on trust beneficiary interests for loan to trust extended by Prudential Mortgage Asset Holdings 1 Japan Investment Business Limited Liability Partnership ("Ptudential LPS").

### 3. Details of Payment before Maturity (planned)

#### < Syndicate Loan B >

- |   |   |  |
|---|---|--|
| (1) Lender  | : | MetLife Alico Life Insurance K.K.<br>The Bank of New York Mellon Trust (Japan), Ltd.<br>Citibank Japan Ltd.<br>Shinsei Bank, Limited   |
| (2) Outstanding borrowing amount before Repayment | : | JPY 13,212 million   |
| (Initial loan amount)                             | : | (JPY 13,400 million)   |
| (3) Repayment amount                              | : | JPY 13,212 million   |
| (4) Borrowing amount outstanding after repayment  | : | JPY 0  |
| (5) Source of repayment                           | : | The source of repayment for the Syndicate Loan B, Shinsei Trust Loan A and Shinsei Trust Loan B below is the borrowings of JPY 20,350 million as described in "2. Details of the New Borrowings (planned)" and part (JPY 2,410 million) of the proceeds to be procured by the Third Party Allotment. |
| (6) Interest rate                                 | : | 2.24214%<br>(from November 29, 2013 to February 27, 2014)<br>Variable  |
| (7) Borrowing method                              | : | Borrowing based on the term loan agreement as of September 26, 2012 (including changes made thereafter)  |

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- Mortgage / non guarantee  
(8) Borrowing date : September 28, 2012  
(9) Principal Maturity date : July 31, 2014

## <Shinsei Trust Loan A>

- (1) Lender : Shinsei Trust & Banking Co., Ltd.  
(2) Outstanding borrowing amount before Repayment : JPY 7,100 million  
(Initial loan amount) : (JPY 7,300 million)  
(3) Repayment amount : JPY 7,100 million  
(4) Borrowing amount outstanding after repayment : JPY 0  
(5) Source of repayment : The source of repayment for the Shinsei Trust Loan A, the Syndicate Loan B above and Shinsei Trust Loan B below is the borrowings of JPY 20,350 million as described in “2. Details of the New Borrowings (planned)” and part (JPY 2,410 million) of the proceeds to be procured by Third-Party Allotment.  
(6) Interest rate : 8.5%  
Fixed interest  
(7) Borrowing method : Borrowing based on the term loan agreement as of July 27, 2011 (including changes made thereafter)  
Mortgage / non guarantee  
(8) Borrowing date : July 29, 2011  
(9) Principal Maturity date : January 30, 2015

## <Shinsei Trust Loan B>

- (1) Lender : Shinsei Trust & Banking Co., Ltd.  
(2) Outstanding borrowing amount before Repayment : JPY 2,448 million  
(Initial loan amount) : (JPY 2,900 million)  
(3) Repayment amount : JPY 2,448 million  
(4) Borrowing amount outstanding after repayment : JPY 0  
(5) Source of repayment : The source of repayment for the Shinsei Trust Loan B, the Syndicate Loan B above and Shinsei Trust Loan A above is the borrowings of JPY 20,350 million as described in “2. Details of the New Borrowings (planned)” and part (JPY 2,410 million) of the proceeds to be procured by the Third-Party Allotment” as of today.  
(6) Interest rate : 9.5%

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	Fixed interest
(7) Borrowing method	: Borrowing based on the term loan agreement as of July 27, 2011 (including changes made thereafter) Mortgage / non guarantee
(8) Borrowing date	: July 29, 2011
(9) Principal Maturity date	: January 30, 2015

Payment before Maturity is conditional upon procurement by INV of JPY 20,350 million by New Loan described in “2. Details of the New Borrowing (planned)” and JPY 2,999 million by Third Party Allotment by the repayment date.

With respect to Shinsei Trust Loan A and Shinsei Trust Loan B, due to Payment before Maturity, INV will pay exit fees (the total amount is JPY 982) under the provisions of the agreement concerning the said respective loans. However, with respect to the exit fees specified in the said respective agreements, INV has already recorded accrued expenses as non-operating expense (finance related costs)(total amounts of payment: JPY 1,337 million) on the assumption that INV pays the exit fees on the principal maturity date of said respective loans (January 30, 2015) and, due to Payment before Maturity, INV will record reversal of JPY 354 million as non-operating income (the profit of finance related cost adjustment) for the 21st fiscal period ending December 2013. Further, with respect to the Refinancing, there are no additional fees which will be paid by INV to Fortress Group including Calliope.

#### 4. Preconditions for implementing the New Borrowing in New Syndicate Loan (A)

Implementation of the New Syndicate Loan (A) is conditional, among other things, on procurement of all funds scheduled to be raised by the Third Party Allotment on or prior to the New Borrowing Date.

#### 5. Future outlook

For the impact on the outlook of performance associated with the Refinancing for the fiscal period ending December 2013 (July 1, 2013 to December 31, 2013) and for the fiscal period ending June 2014 (January 1, 2014 to June 30, 2014), please refer to 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” as of today.

#### 6. Others: for appropriate understanding and decision of investors

Regarding the risks involved in the Refinancing, please refer to “Part 2 Supplemental Information, 3. Investment Risks” in the securities registration statement filed today, as well as to the description of “Investment risks” in the securities report for the fiscal period ended June 2013 (January 1, 2013 – June 30, 2013) which INV filed on September 26, 2013. (all in Japanese only)

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[For reference]

Borrowing amount outstanding as of December 20, 2013

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

	Before repayment	After repayment	Balance
Long-term debt	43,720	41,310	- 2,410
Total debt	43,720	41,310	- 2,410

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