

To All Concerned Parties

Name of REIT Issuer:

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(Securities code: 8963)

Asset manager:

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Notice concerning Partial Revision of Internal Rules (the Investment Guidelines) of
the Asset Management Company

Consonant Investment Management Co., Ltd., the asset management company to which Invincible Investment Corporation (INV) entrusts the management of its assets (the "Asset Management Company"), today announced the decision to partially revise its internal rules (the investment guidelines), as described below.

Details

1. Reason for Revision of the Investment Guidelines

The Asset Management Company believes that rental demands and market rents are relatively stable for residential properties and can expect a stable investment over the medium and long term for residential properties, as tenant credit risk can be diversified through a large number of tenants. In addition, given the expected further increase of hotel users in Japan, the low level of new supply of hotels in Japan, the high occupancy rates of our existing hotel properties and the increasing market share of limited service/extended stay hotels in particular, the Asset Management Company expects hotels to have a stable operation and believes that the operation will further expand in the future. Accordingly, the Asset Management Company believes that hotels, in addition to its stable revenue, have a high potential to achieve further

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revenue growth. In order to construct a portfolio focused on both improved stability and future growth, the Asset Management Company has decided to position the residential properties and hotels possessing the characteristics described above as core assets and to make them the main investment targets of INV.

In addition, INV believes maintaining the stability of cash distributions over the medium to long term is one of the most important factors in determining the amount of distribution for a given fiscal period, and therefore, in cases where significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, leading to a significant decrease in earnings, INV has decided to consider making distributions in excess of profits in order to stabilize distributions and be more reflective of the simulated earnings of the INV.

2. Effective Date of Revision of the Investment Guidelines

June 23, 2014

3. Content of Revision of the Investment Guidelines

Please refer to Appendix (Content of Revision of the Investment Guidelines).

4. Future Policy

INV plans to make distributions in excess of profits during the fiscal period ending December 2014 (July 1, 2014 to December 31, 2014). For information on INV's financial results and distribution for the fiscal period ending December 2014 in connection with such excess profit distribution, please refer to "Notice concerning Revision of Forecast of Financial Results and Distribution for the 22nd Fiscal Period Ending June 2014 and concerning Forecast of Financial Results and Distribution for the 23rd Fiscal Period Ending December 2014" dated as of today.

5. Other

In connection with the above, INV has submitted an extraordinary report to Kanto Local Finance Bureau today pursuant to the Financial Instruments and Exchange Act of Japan.

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<Content of Revision of the Investment Guidelines>

Revisions are made as follows to certain items contained in "Part 1 Fund Information, I. Fund Status, 2. Investment Policy, (1) Investment Policy" in the semi-annual securities report (*yuka shoken hokokusho*) of INV (available in Japanese only), filed on March 26, 2014. Capitalized terms used but otherwise not defined in this Appendix have the same meanings assigned to them in the semi-annual securities report filed on March 26, 2014.

Underlined parts below indicate revisions or additions, while deletions are not indicated.

* * *

(2) Portfolio Construction Policy

Based on the policies set out below, the Asset Management Company aims to fulfill the goals of the basic policy above to construct an optimum portfolio, giving full consideration to ever-changing real estate market trends, regional economic trends, financial situations, capital market trends, changes in tax and legal frameworks and its own financial standing, as well as the credit rating of tenants and details of rental agreements, etc. as required, while at the same time attempting to mitigate the various risks involved in the management of its assets.

(I) Selection Policy for Investment Targets

INV will make investment in properties used primarily for residential purposes (hereinafter "Residential Properties") or hotel purposes or Real Estate Assets backed by such Residential Properties or hotel properties (hereinafter "Core Assets").

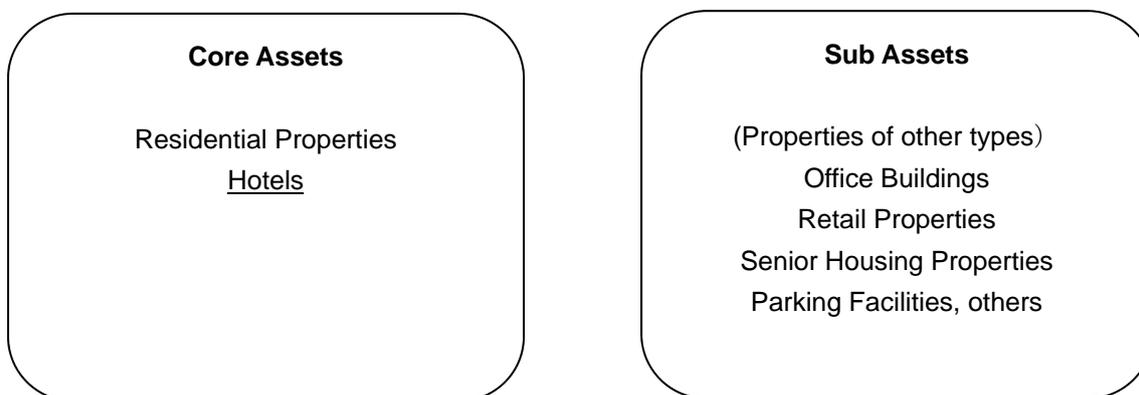
INV will also make investments in properties used for purposes other than Residential Properties or Real Estate Assets backed by such non-residential properties (hereinafter "Sub Assets") to diversify investment targets. As compliments to the Core Assets, being residential properties and hotels, Sub Assets refers to office buildings, retail properties and facilities that fall under either "fee-based home for the elderly" or "housing for the elderly with life support services" among housing or accommodation facilities for the elderly, etc. (hereinafter collectively referred to as "Senior Housing Properties"), parking facilities and properties used for other purposes or Real Estate Assets backed by those properties.

As explained above, INV seeks to expand its portfolio by diversifying investment targets to Sub Assets, while making focused investments in Residential Properties and hotels as Core Assets, thereby developing

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a comprehensive portfolio in which risk is spread among a variety of different types of properties.

The above investment targets are shown in the diagram below:



While steadily investing its assets, INV intends to diversify geographical risks by making investments across a number of regions. In line with its basic policy of asset management, INV endeavors to diversify risks and achieve steady growth of its investment assets and secure stable earnings over the medium and long term by investing in various types of properties and across a wide geographical area.

(II) Diversification by Property Type

A. Core Asset (Residential Properties)

Rental demand and market rents are relatively stable for Residential Properties compared with properties for other uses as a large proportion of tenants are individuals and the number of potential tenants is large, while the terms of rental agreements are relatively short, being around two years. For these reasons, INV considers Residential Properties a stable investment over the medium and long term.

In addition, INV can diversify tenant credit risk as single tenants, while large in number, individually occupy a smaller percentage of the total investment portfolio and their actions have a smaller impact on the overall investment assets of INV.

B. Core Asset (Hotels)

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Hotels tend to have a long-term lease contract with each tenant, and have a unique characteristic of being affected in particular by operational ability and rent payment capacity of hotel operators. In addition, limited service/extended stay hotels are increasing its market share and stable operation can be expected for such hotels. INV plans to make a focused investment in limited service/extended stay hotels, as limited service/extended stay hotels, in addition to its stable revenue, are expected to further expand its market share and have a high potential for further growth. Limited service hotels refer to hotels that offer limited amenities such as food and banquet facilities, spa and gym. By focusing more on revenue, limited service hotels generally have relatively high GOP margins. Extended stay hotels are a sub-category of limited service hotels that offer separate rates for weekly or monthly stays in order to achieve more stable occupancy rate and revenue.

C. Sub Assets (Properties of other types)

INV, while taking risk factors and other characteristics into consideration, makes investments in properties other than Residential Properties (office buildings, retail properties, Senior Housing Properties, parking facilities, etc.) that complement the Core Assets, Residential Properties and hotels. The specific investment targets by type of property, etc. and the respective investment policies are shown below. (Please note that these are only some of the examples and investments may be made in other types of properties, etc.)

(i) Office Buildings

INV invests in office buildings for which it judges sufficient rental demand can be expected among those properties that boast convenient or superior locations in business districts located mainly in the central districts of three major urban areas in Japan and comparable areas, after comprehensively judging various factors such as profitability, size of building, architectural and building specifications, earthquake resistance, attributes of tenants, and environment.

(ii) Retail Properties

INV invests in versatile multifaceted facilities located near cities and large general merchandise stores in suburbs, selecting those retail properties in superior locations while also taking the surrounding market conditions, etc. into consideration.

(iii) Senior Housing Properties

Of the residential facilities and accommodations for elderly people, INV defines “fee-based home for the

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elderly" and "housing for the elderly with life support services" as Senior Housing Properties and will make investments in such properties as its investment targets. In the operations regarding Senior Housing Properties, INV strives for efficiency by leveraging the expertise of operators who have track records in the operation of such properties.

The definitions and characteristics of "fee-based home for the elderly" and "housing for the elderly with life support services" that fall under the category of Senior Housing Properties are shown below.

Type	Definitions and Characteristics
Fee-Based Home for the Elderly	<p>"Fee-based home for the elderly" means a fee-based home for the elderly as defined under Article 29 of the Welfare Law for the Aged. These are facilities that provide accommodation and nursing care services related to bathing, eating and toileting, as well as meals and other forms of daily assistance to elderly people, as specified by the ministerial orders of the Ministry of Health, Labour and Welfare. Excluded from this category are elderly care facilities and residential facilities that provide long-term care services for dementia patients in communal living provided under the same Law and other facilities specified by the ministerial orders of the Ministry of Health, Labour and Welfare.</p> <p>"Fee-based home for the elderly" is qualified to provide nursing care services to elderly people who require it. Fee-based homes for the elderly are required to register with the government of the prefecture in which they are located and are placed under the supervision of local authorities.</p>
Housing for the Elderly with Life Support Services	<p>"Housing for the elderly with life support services" mean residences that meet criteria concerning designs and structures of residences, criteria concerning services to residents, and respective requirements in the following three criteria concerning the contents of the contract and registered to the prefectures in which the residences are located.</p> <p>(Residences)</p> <ul style="list-style-type: none"> - Floor area (in principle, 25m² or more) - Facilities such as toilets and washbasins to meet certain level of criteria on structures

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	<ul style="list-style-type: none"> - Barrier-free <p>(Services)</p> <ul style="list-style-type: none"> - Provision of services (provision of safety confirmation services and daily life consultation services at the least) <p>(Contracts)</p> <ul style="list-style-type: none"> - The contracts should aim for stable supply of residences for elderly people - Monies other than tenant leasehold, rents and compensation for the services should not be collected - Rules for returning prepaid rents and preservative measure should be established
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(iv) Parking facility

INV examines investment targets in the category of pay-by-the-hour parking lots in consideration of the experience, track record and creditworthiness of parking lot operators. It selects parking lots with a superior location after comprehensively examining various factors such as ground surface connection to road, signboard installation, regional characteristics and distance from the nearest train station.

The primary reasons for acquiring pay-by-the-hour parking lots are as follows: we can expect solid demand for pay-by-the-hour parking, given the reinforced traffic regulations and crack down on illegal parking, etc., and thus a certain level of revenue can be expected. In addition, these properties can be acquired with INV's own funds as, with the exception of some large-scale parking lots, they are generally small in size. Also, the management costs are low as tenants are responsible for parking lot facilities and management. Furthermore, conversion into other use is relatively easy since many are located in commercial districts.

D. Portfolio Allocation by Property Type

In light of the above, INV will make investments based on the allocation ratio by property type shown in the table below, which ratio INV deems optimum to secure sound growth of investment assets as well as stable profits.

If necessary due to reasons of portfolio construction, the allocation ratio may sometimes temporarily deviate from the ratio shown in the table below.

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<Allocation Ratio by Property Type>

Property Type	Allocation Ratio (based on acquisition value)
Residential Properties <u>and Hotels</u>	50% or more
Properties of other types (office buildings, retail properties, Senior Housing Properties, parking facility, etc.)	Less than 50%

(IV) Portfolio Allocation by Geography

INV's target regions for investment are mainly the greater Tokyo area (Tokyo and Kanagawa, Chiba, and Saitama prefectures) and ordinance designated cities. It further includes major cities and surrounding areas nationwide to ensure flexibility in the pursuit of investment opportunities.

For the purpose of securing sound growth of investment assets and stable profits over the medium and long term, INV aims to construct a geographically diverse portfolio of investment assets by avoiding the risk of economic fluctuations in certain regions as well as avoiding concentrated investment in certain areas to spread earthquake-related risks, etc.

In accordance with the above, INV will make investments based on the allocation ratio by geography shown in the table below. Hotels have higher allocation ratio in major regional cities as compared to other properties, given that hotels can be expected to have stable demand and growth potential in certain areas outside of the greater Tokyo area.

If necessary due to reasons of portfolio construction, the allocation ratio may sometimes temporarily deviate from the ratio shown in the table below.

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<Allocation Ratio by Geography>

Area	Specific Area	Allocation Ratio (based on acquisition value)
Greater Tokyo Area	Tokyo and Kanagawa, Chiba and Saitama Prefectures	<u>65% or above (or 70% or more excluding hotels)</u>
Major Regional Cities	Areas surrounding the greater Tokyo area and major cities nationwide including ordinance designated cities	<u>Less than 35% (or less than 30% excluding hotels)</u>

(3) Growth Strategy

One of INV's basic policies is to aim for the sound growth of its investment assets over the medium and long term. To achieve this aim, INV seeks the expansion of the size of its investment assets (external growth) and growth of revenue from management of the assets (internal growth) based on the growth strategy shown below.

(I) External Growth

INV aims for external growth with an emphasis on stable profits over the medium to long term. To attain stable profits over the medium to long term, INV will primarily acquire Residential Properties and hotels and position them as Core Assets. INV will position office buildings, retail properties, Senior Housing Properties, parking facility, etc. as Sub Assets, which are to complement the Core Assets, and examine the acquisition of a wide variety of property types giving consideration to such factors as the market situation, portfolio composition ratios and the effect of portfolio allocation by geography. Moreover, in order to further improve capabilities to collect information on property transactions, INV will endeavor to expand the information channels unique to the Asset Management Company while broadly pursuing opportunities to acquire properties in the market. In addition, INV will have periodical information exchanges and other opportunities to work with Calliope Godo Kaisha, our primary unitholder, and Fortress Investment Group LLC and its affiliates, in an effort to collect information on the market in a multi-faceted way.

(II) Internal Growth

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INV aims to achieve steady internal growth by expanding revenues from investment assets through proactive and efficient operation and management based on the following policies.

A. Maintenance and Growth of Revenue

INV aims to maintain and improve occupancy rates and income from properties by implementing the following measures:

- (i) Boost satisfaction of tenants by providing quality services matched to suit the characteristics of individual investment assets and tenant attributes and enhancing relationship with tenants.
- (ii) Promptly identify tenant trends and engage in flexible leasing activities while working to respond to low seasonal demand.
- (iii) For hotels, appropriately manage the status of hotel operations by the hotel operators, and aim to stabilize and maximize hotel revenues and rental income.
- (iv) Aim to maximize the value of assets acquired and relative competitiveness by drawing up long-term repair plans and implementing well-organized repairs and capital investments.

(5) Management Policy

The Asset Management Company will manage the assets of INV in accordance with the management policy set forth below, based on the basic policy, portfolio construction policy and investment approach described above with the aim to maximize unitholder value by securing sound growth of investment assets and stable profits.

(I) Criteria for Acquisitions

When making investment in real estate assets which are investment targets of INV, such investment will be made in accordance with the following criteria.

A. Size

(Residential Properties and Senior Housing Properties)

In principle, gross floor area of 500 m² or more per property, except in the case of acquiring compartmentalized ownership interests (*kubun shoyu-ken*).

(Hotels, Office Buildings, Others (excluding Residential Properties and Senior Housing Properties))

Determine acquisition on a property by property basis by taking into consideration such factors as size and

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investment value.

C. Equipment and Facilities

(Residential properties, hotels and Senior Housing Properties)

Set certain specifications for number of units, number of guest rooms (hotels), layout, type of guest rooms (hotels), interior, ceiling height, security equipment, air-conditioning, broadcast reception, Internet reception, plumbing, elevators, parking area, entrance, lobby (hotels) and other common facilities, and determine acquisition on a property by property basis by comprehensively assessing factors such as geography and possibility of any post-acquisition changes.

(IV) Administrative Management Policy of Properties

H. Management of Hotel Operators

With respect to investments in hotels, appropriately manage the status of hotel operations by the hotel operator as well as the trend of occupancy, revenue, etc. of the managed hotels through periodic meetings and implement various measures to stabilize and maximize rental income.

(8) Distribution Policy

(I) Basic Policy

In addition to distribution of profits, INV may make distribution in excess of profits (hereinafter "Excess Profit Distribution") to be determined each fiscal period, in accordance with the following basic policy.

A. INV will consider making Excess Profit Distribution in the event of (a) or (b) below, and, will, in principle, not make Excess Profit Distribution in other circumstances.

(a) To satisfy the requirements under the Special Taxation Measures Act applicable to INV, in case the distributable amount is less than 90% of distributable income.

(b) To stabilize distributions in cases where significant expenses are to be recorded in connection with, among other things, the acquisition of assets or the raising of capital, and the distribution amount is expected to decrease significantly.

B. The Excess Profit Distribution amount will be no more than 60%(Note) of the depreciation expenses recognized on the last day of the fiscal period immediately preceding the fiscal period in which such distribution will be made.

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(Note) Per the applicable standards set by the Investment Trusts Association of Japan, closed-end investment corporation may make distributions in excess of profits in the amount up to 60% of the depreciations expenses recognized on the last day of the relevant fiscal period.

C. With respect to implementation of Excess Profit Distribution and determination of the Excess Profit Distribution amount, INV is to carefully consider the following: (i) securing funds necessary to maintain the value, etc. of INV's investment assets; (ii) the LTV level (Note) is to not exceed 60% following the Excess Profit Distribution; and (iii) securing liquidity following the Excess Profit Distribution.

(Note) LTV level (%) = a / b x 100%

a = total outstanding balance of interest-bearing debt at fiscal end

b = total assets at fiscal end - expected distribution amount

(II) Approval process for Excess Profit Distribution

In the event INV decides to make Excess Cash Distribution, the Asset Management Company is to present its executive officers with drafts of financial statements, asset management report and financial documents relating to cash distributions as well as any accompanying statement, in each case for the fiscal period immediately preceding the fiscal period in which such distribution is to be made. In presenting such drafts, the General Manager of the Finance Department of the Asset Management Company, in accordance with "(I) Basic Policy" above, is to prepare a proposal taking into account matters affecting cash flow such as medium to long term capital requirements, etc. (e.g., long-term repair plans) and other necessary matters, and will seek the approval of the President and CEO of the Asset Management Company.

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