

[For Information Purpose Only.
The Japanese language press release should be referred to as the original.]

July 17, 2018

To All Concerned Parties

Name of REIT Issuer:

Invincible Investment Corporation

Name of representative:

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(Securities code: 8963)

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Naoki Fukuda, CEO

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**Notice concerning Partial Change in Investment Policy due to Revision of Internal Rules
(the “Investment Guidelines”) of the Asset Manager**

Invincible Investment Corporation (“INV”) today announced that Consonant Investment Management Co., Ltd., the asset management company to which INV entrusts the management of its assets (the “Asset Manager”), decided to partially revise the Investment Guidelines which are its internal rules as described below, and also newly established an investment policy for overseas real estate related assets and changed its domestic investment policy as described in the appendix.

1. Reason and Overview of Revision of the Investment Policy

INV seeks to build and manage its portfolio in pursuit of “profitability” and “stability”, based on comprehensive review of real estate markets as well as factors such as current financial and capital market conditions and trends, and general economic conditions.

INV’s portfolio has been diversified as it expands in asset size, and after the change of investment policy, INV will seek to build its portfolio based on a combination of hotels and residential assets in Japan, which has been and will continue to be core assets, as well as newly added overseas hotel assets. This portfolio mix not only makes the entire portfolio’s profitability less susceptible to fluctuations in revenues from domestic assets caused by changes in economic circumstances, etc. in Japan, but also mitigates seasonal fluctuations in revenues of our entire portfolio and stabilizes our revenues. Furthermore, for domestic hotel assets, taking into account domestic hotel market trends, we believe that we can further

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enhance the entire portfolio's revenue stability and mitigate risk by diversifying revenue sources in terms of geographic area and hotel type.

For such reasons, prior to the anticipated acquisition of overseas assets as announced in the press release "Notice Concerning Acquisition of TK Interest with Overseas Real Estate as Underlying Assets" dated July 17, 2018, the Asset Manager decided to partially revise the Investment Guidelines. Such revision is intended to establish an investment policy and asset management structure regarding investments in overseas assets, and also to change the investment policy regarding domestic hotels to focus on (i) Limited service hotels (Note), which feature relatively higher profit margins and potential for revenue growth backed by increasing demand for accommodations, and (ii) Full-service and Resort hotels (Note), which have a variety of revenue sources, including rooms, food and beverage and banquet facilities, that are expected to achieve stable growth in overall hotel revenues. In overseas markets, INV will target investments in hotels in major developed countries and regions that have the ability to capture demand for overnight stays, dining and other services.

(Note) "Limited service hotels" refers to hotels that offer limited services and amenities, such as food and banquet facilities, gyms or spas, and focus primarily on revenue from guest rooms. Their profit margins tend to be relatively higher than other types of hotels. "Full-service hotels" refers to hotels which have lodging facilities, food and beverages and banquet facilities. "Resort hotels" refers to hotels located in a resort area and which have lodging facilities and food facilities.

2. Effective Date of Change in the Investment Policy

July 17, 2018

3. Details of Changes to the Investment Policy

Please refer to Appendix (Details of Change in the Investment Policy).

4. Other

Please refer to "Notice concerning Revision of Forecast of Financial Results and Distribution for the 30th Fiscal Period Ended June 2018 and 31st Fiscal Period Ending December 2018" dated July 17, 2018 for the forecast of financial results of INV for the 30th Fiscal Period Ended June 2018 (from January 1, 2018 to June 30, 2018) and the 31st Fiscal Period Ending December 2018 (from July 1, 2018 to December 31, 2018); the change of the Investment Policy itself will not have any impact on the financial results.

Website of INV: <http://www.invincible-inv.co.jp/eng/>

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(Appendix)

<Details of Change in the Investment Policy>

Changes 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*) for the fiscal period ended December 2017 (from July 1, 2017 to December 31, 2017) (available in Japanese only), filed on March 26, 2018. Unless otherwise noted, capitalized terms used in this Appendix have the same meanings assigned to them in the semi-annual securities report filed on March 26, 2018.

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

* * *

(2) Portfolio Construction Policy

Based on the policies set out below, the Asset Manager aims to achieve the goals of the basic policy below to construct an optimum portfolio, while giving due consideration to ever-changing domestic and overseas real estate market trends, regional economic trends, financial situations, capital market trends, changes in tax and legal frameworks and its own financial condition, as well as the credit of tenants and details of lease agreements, etc. as required, while at the same time attempting to mitigate the various risks involved in the management of its assets. While its asset management activities will focus primarily on investment in assets in Japan, it may invest in overseas assets as well.

Since stable revenues may be achieved through investments in overseas real estate properties as geographical diversity within the portfolio will help ensure stable revenues (including by mitigating seasonal fluctuations in revenues throughout the entire portfolio), and considering that high profitability may be achieved depending on the region and quality of the properties, the Asset Manager will consider investment in carefully-selected overseas hotels located in advanced countries and territories with expected stable demand. When making investments in overseas real estate properties, the Asset Manager will make an investment decision in a thoughtful manner, by comprehensively analyzing trends of the real estate markets, legal systems, accounting, tax and business principles and other market circumstances of the surrounding countries and territories in which the relevant properties are located, and considering the validity of investment schemes, risks related to legal, accounting and taxation issues, etc., as well as currency and country risks relating to investments and returns of revenues, based on proper information and from a macroeconomic viewpoint that also covers factors such as political situations, demographics and economic growth.

(I) Selection Policy for Investment Targets

INV will invest primarily in hotel properties or residential properties, or Real Estate-Related Assets backed by such hotel properties or residential properties (hereinafter "Core Assets", and Real Estate Assets and Real Estate-Backed Securities are collectively referred to as "Real Estate-Related Assets"). INV will also make investments in properties used for purposes other than as hotels or residential properties, or Real Estate-Related Assets backed by such properties (hereinafter "Sub Assets") to diversify investment targets.

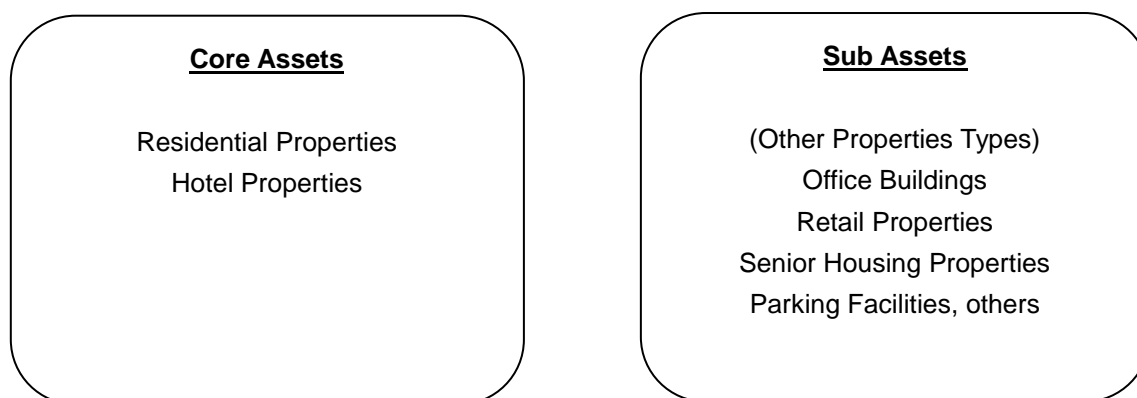
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As compliments to the Core Assets of residential properties and hotel properties, Sub Assets refers to office buildings, retail properties and facilities that fall under either "fee-based home for the elderly" or "housing for the elderly with life 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-Related Assets backed by such properties.

As explained above, INV will seek to expand its portfolio by diversifying investment targets to Sub Assets, while continuing to make focused investments in hotel properties and residential properties as Core Assets, in order to develop a comprehensive portfolio in which risk is diversified among different types of properties. (Portfolio allocation by property type is provided in "(II) Diversification by Property Type, D. Portfolio Allocation by Property Type" below.)

Regarding overseas assets, INV currently plans to invest only in hotel properties.

The above investment targets are shown in the diagram below:



(Note 1) Regarding overseas assets, INV currently plans to invest only in hotel properties.

(Snip)

(II) Diversification by Property Type

A. Core Asset (Hotel Properties)

Hotels generally have long lease periods with tenants or management arrangements and the performance of these properties depends significantly on the hotel operator's operational capabilities and ability to pay rent. Regarding domestic hotels, the Asset Manager will mainly focus on (i) limited service hotels with relatively higher profit margins, which is an asset category that features expected revenue growth is due to increasing demand for accommodations, and (ii) full-service hotels and resort hotels that are expected to achieve stable growth in overall hotel revenues from a variety of revenue sources, including guest rooms.

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foods and beverages and banquet facilities. Limited service hotels refers to hotels that offer limited services and amenities, such as food and banquet facilities, gyms or spas, and focus on revenue from guest rooms. Their profit margins tend to be relatively higher supported by the focus on revenues from room stay. Full-service hotels refer to hotels which have lodging facilities and food and banquet facilities. Resort hotels refers to hotels located in a resort area and which have lodging facilities and food facilities. In overseas markets, INV will target investments in hotels in major developed countries and regions that have the ability to capture demand for overnight stays, dining and other services. Through diversification of our portfolio in and outside Japan, INV aims to achieve growth and stability of revenues for our hotel portfolio as a whole.

B. Core Asset (Residential Properties)

Rental demand and market rents are relatively stable for residential properties compared with other types of properties, 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 as stable investments 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.

INV currently does not plan to invest in overseas residential properties.

C. Sub Assets (Properties of other types)

INV, while taking risk factors and other characteristics into consideration, makes investments in properties other than hotel properties and residential properties (e.g., office buildings, retail properties, Senior Housing Properties, parking facilities that complement the Core Assets. The specific investment targets by type of property, etc. and the respective investment policies are shown below. (Please note that this is an incomplete list of examples and investments may be made in other types of properties.)

INV currently does not plan to invest in overseas Sub Assets.

(Snip)

D. Portfolio Allocation by Property Type

In light of the above, INV will seek to make investments based on the allocation ratio by property type, taking into account both domestic and overseas assets, shown in the table below, which ratio INV deems optimum to achieve sound growth of investment assets as well as stable profits.

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

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<Allocation Ratio by Property Type>

Property Type	Allocation Ratio (based on acquisition price)
Hotels and Residential Properties	50% or more
Properties of other types (e.g., Office Buildings, Retail Properties, Senior Housing Properties, Parking Facility)	Less than 50%

(Snip)

(IV) Portfolio Allocation by Geography

INV's primary target regions for investment are the greater Tokyo area (Tokyo and Kanagawa, Chiba, and Saitama prefectures) and ordinance designated cities. Target regions further include major cities and surrounding areas nationwide and overseas to ensure flexibility in the pursuit of investment opportunities. In order to secure 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 diversify earthquake and other risks.

INV's overseas investment targets will only include countries and territories that fulfill the requirements specified in Article 24-2 of the Rules on Real Estate Investment Trusts and Real Estate Investment Corporations prescribed by The Investment Trusts Association of Japan. Specifically, INV will invest only in assets located in advanced countries and regions in North America, Europe and Asia that have stable political, economic and financial systems, and in which transparency of legal, accounting and taxation procedures and real estate markets, etc. is ensured, as well as other equivalent countries and regions.

In accordance with the above, INV will seek to make investments based on the allocation ratio by geography shown in the table below. INV will not specify allocation ratios by geography for domestic hotel properties, as stable demand and growth potential can be expected in hotel properties in areas other than the greater Tokyo area. Also, the Asset Manager intends to limit investments in overseas properties to less than 15% of our portfolio on an acquisition price basis in light of the fact that investments in overseas assets may entail unique risks.

The allocation ratio may sometimes deviate temporarily from the ratio shown in the table below, during the course of the acquisition of assets necessary to build a portfolio that is expected to contribute to secure

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steady growth and mid- to long-term stable revenues.

<Allocation Ratio by Geography>

Area	Specific Area	Allocation Ratio (based on acquisition value)	
Greater Tokyo Area	Tokyo and Kanagawa, Chiba and Saitama Prefectures	Overall allocation ratio: <u>85% or more</u>	<u>Allocation ratio among domestic assets excluding domestic hotels:</u> <u>70% or more</u>
Major Regional Cities	Areas surrounding the greater Tokyo area and major cities nationwide including ordinance designated cities		<u>Allocation ratio among domestic assets excluding domestic hotels:</u> <u>less than 30%</u>
<u>Overseas</u>	<u>Countries and regions in North America, Europe and Asia with stable political, economic and financial systems, in which transparency of legal, accounting and taxation procedures and real estate markets, etc. is ensured, as well as other equivalent countries and regions (e.g., the United States of America, Canada, Great Britain, The British Cayman Islands and Singapore)</u>	Overall allocation ratio: <u>less than 15%</u> (Investments only in hotels for the time being)	

(Note 1) Acquisition price of overseas real estate will be converted into JPY amount based on the exchange rate as of the time of investment.

(3) Growth Strategy

(Snip)

(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 hotels and residential properties and position them as Core Assets. With regard to domestic hotel assets, INV will consider potential acquisition of properties that are expected to contribute to stable growth in the portfolio revenue, and that will contribute to stable revenue with a fixed rent scheme, based on a comprehensive review of trends of foreign tourists, demand for accommodations from business and tourist travelers in and surrounding areas

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in which potential investment targets are located, and terms of leasing contracts, etc. With regard to overseas hotel assets, INV will carefully select high-quality hotels with stable expected demand, in order to enhance the stability of revenues through geographically-diversified asset allocation and realize the improvement of profitability through investments in highly profitable properties. These high-quality hotels should be operated by an international hotel operator with a wide-ranging track record of hotel operation globally with strong expertise in marketing and sales activities, or such an international operator should provide operational know-how, systems or branding for such hotels. INV will examine investment in residential properties with a focus on highly-competitive properties consisted of smaller units located in major cities, based on analyses of occupancy rates, trends of rental markets and whether there are competitive properties or not. 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 its ability to collect information on property transactions, INV will endeavor to expand the information channels unique to the Asset Manager while broadly pursuing opportunities to acquire properties in the market. In addition, INV will have periodical information exchanges and other opportunities to work with Fortress Investment Group LLC and its affiliates ("Fortress Group"), which is a sponsor of INV and a subsidiary of Softbank Group Corp., the parent company holding a 100% stake in the Asset Manager directly or indirectly, in an effort to collect market information in more diverse ways. In principle, in the category of overseas hotel assets, INV will only invest in hotels developed, owned or operated by Fortress Group, the sponsor of INV, to ensure that INV can obtain adequate information necessary for investment decisions, and obtain sufficient support for post-acquisition operations.

(Snip)

(II) Internal Growth

(Snip)

A. Maintenance and Growth of Revenue

(Snip)

(iii) While aiming to increase revenues by capitalizing upon the corporate marketing expertise and hotel operations of Mystays Hotel Management Co., Ltd., the tenant of INV's domestic hotel assets, INV will aim to stabilize and maximize hotel revenues and rental income from domestic hotels by appropriately managing hotel operators such as Mystays Hotel Management. INV will also seek to stabilize and maximize hotel revenues from overseas hotel assets by appropriately selecting and managing hotel operators with experience in the relevant areas, or by making arrangements for appropriate selection and management of operators based on support from Fortress Group.

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(Snip)

(5) Management Policy

(Snip)

B. Investment Amount

(i) Minimum Amount of Investment

In principle, INV will invest at least ¥300 million to acquire any property or at least ¥1 billion to acquire any property overseas (based on the acquisition price converted into Japanese yen at the time of investment)

(Snip)

D. Seismic and PML Review

INV will invest in properties that meet applicable earthquake resistance building codes. Further, in principle, INV will invest in properties whose individual PML does not exceed 20%. If any individual property's PML exceeds 20%, or our portfolio PML exceeds 10%, following the acquisition of any property, INV will consider structural reinforcement of our properties and taking out earthquake insurance after evaluating the estimated impact of earthquakes on our entire as well as the effect the insurance premiums would have on our financial performance.

However, with respect to properties located overseas, INV will confirm that the earthquake resistance of the property complies with standards established by applicable laws of the relevant country or region and will refer to PML only where it is prevailing market practice to do so when investing in buildings in the relevant country or region.

(Note) PML is typically the estimated total cost associated with restoring a property damaged by an earthquake event to its previous condition, expressed as a percentage of the replacement cost associated with the property. The firm reports the results of its analysis as the PML that a property will experience over the next 50 years due to a large earthquake event of a scale expected to occur once in 475 years (with a 10% probability of occurrence in the next 50 years).

E. Environment

INV will invest in properties after reviewing following environmental risks,

- (i) the use or control of asbestos, chlorofluorocarbons and PCBs

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- (ii) contamination of soil and other environmental mediums

However, with respect to properties located overseas, INV will confirm that the property complies with environmental standards established by applicable laws and refer to other prevailing market standards of the relevant country or region.

F. Building Age

In principle, INV's investment targets should be properties constructed in June 1981 or after, when a new earthquake-resistance standard was introduced. However, INV may invest in buildings constructed before June 1981 if such buildings fulfill the new earthquake-resistance standard or are regarded as investment-grade assets for other reasons.

No standard concerning building age will apply to overseas properties.

(Snip)

I. Property Rights

(Snip)

(v) Overseas Real Estate

- a) INV will conduct research on the property rights in the relevant country or region based on the prevailing local market practice of the country or region.
- b) If INV determines that it is appropriate in light of restrictions under the legal system or tax system, the applicable accounting treatment, mitigation of investment risk or other reasons of the relevant country or region, INV may indirectly invest in overseas real estate by acquiring real estate backed securities, stock, debt securities or other securities of an overseas entity that owns or invests in such real estate.

(II) Due Diligence

Prior to INV's investment in any property, the Asset Manager will conduct economic, physical and legal due diligence, generally covering the topics set forth below. In conducting such due diligence, INV will review engineering, market and seismic review reports prepared by competent and experienced third party experts, as well as conduct on-site diligence and discussions with the potential seller. INV will also assess the value of the property by obtaining a real estate appraisal or equivalent report from a qualified third-party expert (and in the case of overseas real estate, a report meeting the requirements under the guidelines for overseas real estate appraisals published by the Ministry of Land, Infrastructure, Transport and Tourism). Accordingly, INV conducts various due diligences from this perspective to the extent it obtains cooperation from the operator or tenant.

- A. Detailed due diligence, including economic due diligence, physical due diligence and legal due diligence, on properties in the portfolio, etc. will be conducted

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	Evaluation Item	What are Reviewed
Economic Due Diligence	Tenant evaluation	<ul style="list-style-type: none"> if the tenant is a corporate entity, <ul style="list-style-type: none"> the type and nature of business, business experience, business size, status of listing, financials, trends of share price and credit ratings, etc. if the tenant is an individual, evaluation of the creditworthiness of tenants, including the following: <ol style="list-style-type: none"> the tenant's occupation, age, family unit, income level and assets the number of tenants and intended use and whether the tenant is current on its rent payments the lease terms, historical occupancy rates, history of rents and future prospects of them the percentage of the property leased to tenants and the level of tenant diversification
	Market evaluation	<ul style="list-style-type: none"> the market rent rental and occupancy rates of similar properties in the surrounding area the general condition of the surrounding area, including population, the number of households and commercial indices the presence of potentially competing properties tenant demand and supply trend
	Revenue of profits	<ol style="list-style-type: none"> the possibility of attracting new tenants and the ability to dispose of the property the lease structure and rental rate stability historical and planned expenses and the outlook for and appropriateness of future maintenance expenses, equipment and other improvements based on the property's condition the level and appropriateness of maintenance reserves
Physical Due Diligence	Geographic analysis	<ol style="list-style-type: none"> the condition of and access to roads, the convenience of rail and other public transportation and number of passengers on public transportation the presence and accessibility of public and other convenient facilities the condition of land use in the surrounding area the condition relating to sunlight, scenery and noise level the area's popularity, reputation and size the stability and growth prospects of the area and any city or regional development projects or other plans the width, the shape of the opening and depth, and breadth of the front road
	Building analysis	<p>For all buildings, building analysis includes a review of:</p> <ol style="list-style-type: none"> the design, main structure, construction completion date, architect and construction company the condition of the external and internal parts <p>For Residential Properties and Senior Housing Properties, building analysis includes a review of:</p> <ul style="list-style-type: none"> the number of units, layout, internal design, ceiling height, security equipment, air-conditioning, broadcast reception, internet reception, plumbing, elevators, parking facilities, condition of entrance and other common facilities. <p>For hotel properties, building analysis includes a review of:</p>

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		<ul style="list-style-type: none"> the number of rooms, types of rooms, size of rooms, fixtures including beds, internet reception including Wi-Fi, air conditioning, plumbing, elevators, laundry facilities, vending machines, parking facilities, condition of lobby, restaurants, banquet rooms, conference rooms and other common facilities <p>For office properties and other properties (other than Residential Properties and Senior Housing Properties), building analysis includes a review of:</p> <ul style="list-style-type: none"> the leasable area, layout, demarcation, ceiling height, electricity supply, air-conditioning, maximum load, lighting, raised floor, security equipment, broadcast reception, plumbing, elevators, and parking facilities and other common facilities
	Seismic capacity (Note 1)	<ol style="list-style-type: none"> Whether the building fulfills the new earthquake-resistance standard or secure seismic capacity equivalent to that required under the new earthquake-resistance standard Whether earthquake-related risks are analyzed and seismic diagnosis is executed
	Building management analysis (Note 1)	<ol style="list-style-type: none"> Compliance with the Fire Service Act of Japan, the City Planning Act of Japan, or the City Planning Act, and other applicable laws; Potential repair costs (over the next 12 years or so) based on building inspection report, etc.; and Quality of building management, the existence and adequacy of detailed management regulations, and the quality and creditworthiness of the property management company.
	Environment due diligence	<ol style="list-style-type: none"> Use and containment of asbestos, chlorofluorocarbons, PCBs and other toxic substances Geographic features, land use and soil contamination
Legal due diligence	Property rights-related investigation	<p>This includes the confirmation of the certainty of the rights of the previous owner and, particularly in the case of properties subject to complex ownership rights such as co-ownership, compartmentalized ownership, leaseholds, and properties in which we do not have sole ownership, the following issues:</p> <ol style="list-style-type: none"> the perfection of leasehold rights and the existence of rights superior to leasehold rights the registration of rights of site, the existence of restrictions on separate disposition of buildings or of rights of site and the registration of such restrictions, as well as the relative proportions of the interests measures to protect tenant deposits, and policies and measures regarding reserves for long-term maintenance and repair plans the existence and registration of non-partitioning agreements, appropriate measures to address demands for partitioning or disposition of co-ownership and rights and obligations among co-owners the structure of the compartmentalized ownership the status, content, and succession of mortgage interests existing prior to the acquisition the content of agreements or special arrangements with land lessors, holders of compartmentalized ownership interests or co-owners the attributes and creditworthiness of land lessors or holders of compartmentalized ownership interests or co-ownership interests, such as their classification as individuals or legal entities in the case of trust beneficiary interests, the terms of the trust agreements

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Tenant analysis	1. Purpose of the lease and terms of the lease 2. Existence of any disputes with tenants
Boundary survey	This includes the confirmation of the existence of any uncertainty regarding property boundaries and the existence and condition of any encroachments

(Note 1) INV checks whether domestic properties secure seismic capacity as specified in the Building Standards Act before acquisition thereof, through a survey entrusted to third-party professionals on whether there is any problem in the earthquake-proof structures of relevant properties, including scrutiny of structural calculation sheets.

(Note 2) With respect to overseas properties, INV conducts an analysis of a number of factors based on the standards set forth by the Investment Trusts Association of Japan, or the ITAJ. INV examines the laws of the relevant country or region regarding property rights for the use, revenue and disposition of the property, rules relating to perfection against third parties, creating and breaching contracts, dispute resolution and the overall legal system and the system for foreign currency exchange, payments and remittance as well as risks specific to the country or region and prevailing market practice regarding real estate transactions. INV shall analyze a broad range of risks relating to the relevant country or region, including the short- and long-term stability of the political system and economy, potential changes in laws and regulations, increased costs of doing business, suspension of cross-border transfer of funds, eminent domain and public use of real estate, as well as the stability and independence of the legal system in the case that any risk events occur. In addition, INV assesses environmental risks, including climate change, land use restrictions and water and food resources, as well as the stability and condition of the transportation and communications infrastructure (including whether risks can be mitigated through the use of insurance). While INV generally assesses all these factors in evaluating an overseas property investment, INV may determine that the assessment of one or more of these factors is not necessary based on market practice in a particular country or region.

(Snip)

(IV) Administrative Management Policy of Properties

(Snip)

H. Selection and Oversight of Hotel Tenants and Operators

With respect to hotels, through periodic meetings and other means, we monitor the performance of the operators of our properties as well as occupancy and revenue trends of our hotels. Through these efforts, the Asset Manager seeks to execute strategies to secure and maximize stable income from the hotels in our portfolio.

(i) Selection of Hotel Tenants and Operators

For the selection of hotel tenants and operators, INV evaluates the following criteria:

- experience and ability in managing hotels, operations including brand of the tenant or operator,
- track record for the relevant assets (or assets in a similar location),
- ability to attract customers and capture demand for overnight stays and other services.

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- networks with related businesses (including agents and corporate customers),
- ability to operate and manage properties in line with our interests,
- organizational structure,
- financial condition,
- knowledge and experience regarding the hotel market in the relevant area,
- reporting ability for the relevant property and level of fees and commissions

(ii) Management of Hotel Tenants and Operators

Through periodic meetings and other avenues, the Asset Manager monitors the performance of the operators of our properties as well as occupancy and revenue trends of our hotels. Through these efforts, the Asset Manager seeks to execute strategies to secure and maximize stable income from the hotels in our portfolio. With respect to hotels located overseas, the Asset Manager coordinates closely with the hotel team of Fortress Group in overseas and local subcontractor to appropriately oversee the operators of INV's properties through periodic teleconferences and obtaining detailed reports.

I. Management and Oversight of Overseas Properties

Prior to investing in an overseas property, the Asset Manager gathers relevant information regarding the investment in the property through advice, reports or other information from experienced local law firms and other specialists with relevant expertise. Where appropriate, the Asset Manager also assesses the differences between local law and systems of the country or region and Japanese law and systems by retaining Japanese lawyers, accountants, tax accountants, real estate appraisers, engineers and other specialists.

The Asset Manager exercises management and oversight of overseas properties in INV's portfolio by obtaining relevant information through the sponsor support agreement and the advisory agreement with Fortress Group.

Notwithstanding local disclosure requirements for real estate and the investment structure, the policy of the Asset Manager is to maintain the same level of disclosure as the level of disclosure for Japanese real estate required by the Financial Instruments and Exchange Act of Japan (the "FIEA") and the rules of the Tokyo Stock Exchange while at the same time also disclosing appropriate information regarding the investment structure, foreign exchange risk hedging and specific information on the property. Even where the relevant country or region is located in a different time zone and has a different language, the Asset Manager seeks to establish a closely coordinated communication system with tenants or operators of the property so that it can obtain the necessary information in a timely and appropriate manner that will enable it to exercise appropriate management oversight of the property. The Asset Manager will also establish a system to keep and retain appropriate records of its communications with tenants and operators of overseas properties.

(V) Insurance

(Snip)

C. The insurance policy set forth above generally applies to overseas assets as well. However, the Asset Manager refers to PML only where it is prevailing market practice to do so when investing in buildings in the

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relevant country or region. In addition, the Asset Manager makes a comprehensive determination on the appropriate level of insurance based on our assessment of the natural disaster risk of the country or region and prevailing local market practice.

(Snip)

(6) Financial Policy

(Snip)

(VI) INV may undertake derivative transactions in order to hedge risk of interest rate fluctuations derived from our debts and other risks. With respect to overseas properties, INV may enter into derivative transactions to hedge foreign currency exchange risk.

(Snip)

(VIII) In connection with investments in overseas properties, INV may enter into borrowings denominated in local currency. INV may also enter into borrowings in yen and convert the proceeds into local currency depending on the market environment at the time INV raises the funds.

(The rest is omitted.)