

PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS (SUMMARY OF SFDR ARTICLE 8 PRE-CONTRACTUAL DISCLOSURE)

What environmental and/or social characteristics are promoted by Invincible Investment Corporation (“INV”)?

INV and Consonant Investment Management Co., Ltd. (“Asset Manager”) (hereinafter referred to collectively as “we,” “us” or “our”) recognize the importance of environmental, social, and governance (“ESG”) considerations in real estate investment management from the viewpoint of sustainability such as economic and social development and contributing to global environmental conservation, and designate improvement of sustainability as an important management issue. We also have established the basic policies for sustainability on the belief that the incorporation of ESG considerations into the real estate investment management business, which is our primary business, is essential to maximizing unitholder value over the medium to long term.

What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by INV?

We use the following indicators to measure the attainment of the E/S characteristics we promote.

- *GRESB Real Estate Assessment.* The GRESB is an annual benchmarking assessment to measure ESG integration of real estate companies and funds. It was founded in 2009 by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (“PRI”). The GRESB Real Estate Assessment is characterized by evaluating sustainability initiatives of real estate companies, REITs, and real estate funds, rather than targeting individual real estate. In the 2022 GRESB Real Estate Assessment, INV received the “2-Star” GRESB Rating, which is based on overall GRESB scores and its quintile position among participants. INV was also awarded the “Green Star” designation for the second consecutive year by achieving high performance in both the “Management Component” that evaluates policies and organizational structure for ESG promotion, and the “Performance Component” that assesses environmental performance and tenant engagement of properties owned. Furthermore, INV was highly evaluated for its ESG information disclosure efforts and received, for the second consecutive year, the “A Level”, which is the highest for GRESB Public Disclosure assessing the substantiality of ESG information disclosure.
- *Environmental targets.* The Asset Manager has formulated an “Energy Conservation Policy”, “Greenhouse Gas Emissions Reduction Policy”, “Water Saving Policy” and “Waste Management Policy”, which stipulate initiatives to reduce environmental impact occurred by real estate investment management operations. Through the cycle of planning, implementation, performance management, and improvement set forth in an “Environmental Management System Operation Manual” that stipulates the details for operating these policies, the Asset Manager strives to continuously reduce the environmental impact.
- *Tenant Satisfaction Survey.* The Asset Manager conducted a satisfaction survey for all residents of our residential properties (excluding three residences for students with fixed-rent subleases) in March 2022 through an external research organization. We continuously collect opinions and requests of residents and share them with property management companies to improve building/equipment specifications and services.
- *Building-housing Energy-efficiency Labeling System (“BELS”) Assessment.* The BELS system was created for the purpose of implementing accurate evaluation and labeling of non-residential buildings’ energy-efficiency performance by third-party organizations based on the evaluation guidelines for energy-efficiency labeling for non-residential buildings issued by the Ministry of Land, Infrastructure, Transport and Tourism of Japan in October 2013. As of today, residential buildings are also included in the scope of evaluation. As of November 30, 2022, we had received five stars for three properties, four stars for two properties, three stars for one property and two stars for two properties out of the maximum rating system of five stars.

What investment strategy does INV follow?

INV, making focused investments in hotels and residential properties as core assets, shall manage its assets with an aim to secure stable growth and profits over the medium and long term. INV also recognizes its social responsibility to the environment and local communities as a J-REIT and therefore proactively implements ESG-friendly investment management and sustainability initiatives that take advantage of assets' characteristics and carry out social contribution activities such as voluntary cleanup on roads and rivers.

Prior to our investment in a property, the Asset Manager conducts due diligence review of the property, including investigation of soil contamination and toxic substances such as asbestos, Freon gas and PCBs by obtaining real estate appraisal reports and engineering reports in addition to conducting economical, physical and legal assessment. For overseas property, INV complies with laws and regulations regarding the environment and geology in the country or region where properties are located and makes a comprehensive judgment on whether or not to invest, taking into account the practices in the region.

What is the policy to assess good governance practices of the investee companies and INV?

INV invests directly or indirectly through trust beneficiary interests in real estate and real estate-related assets. Therefore, due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable to INV.

While there is no third-party rating used to assess our governance practices, we, along with the Asset Manager, have introduced the following measures to assess and enhance our governance systems: restrictions on related-party transactions, risk management and internal audit system.

What is the asset allocation planned for INV?

INV's asset allocation is 100% in real estate and real estate-related assets. INV has BELS certification for its eight hotels, accounting for 13.2% of our properties based on appraisal value, as of November 30, 2022. We target to acquire other certification, such as CASBEE, prioritizing hotels which represent major portions of INV's portfolio in terms of gross floor area.

REMUNERATION AND SUSTAINABILITY RISKS (SFDR ARTICLE 5 DISCLOSURE)

The Asset Manager has a remuneration policy in place which aims to support its strategy, values and long-term interest, including its interest in sustainability. The Asset Manager's remuneration policy is consistent with the integration of sustainability risks, as follows:

- Remuneration, methods of calculation and payment, and timing of payment are determined according to the Asset Manager's compensation rules.
- Base salary for each employee of the Asset Manager is determined every year on March at the Asset Manager's discretion, considering factors such as performance of and economic conditions surrounding the Asset Manager, and such employee's duties/position, performance, ability, achievement and contribution, which may include those with respect to ESG.
- Employees may receive various allowances such as unemployment benefit, commutation benefit, retirement allowance, and overtime and day-off work charge.
- Employees may receive bonuses, which amount is determined by the Asset Manager considering the performance and profits of the Asset Manager and the achievement and contribution of each employee, which may include those with respect to ESG.