



For Translation Purposes Only

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For Immediate Release

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Notice Concerning Amendments to Asset Management Guideline
of the Asset Management Company

Invesco Office J-REIT, Inc. (hereinafter referred to as the "Investment Corporation") announces that Invesco Global Real Estate Asia Pacific, Inc. (hereinafter referred to as the "Asset Management Company"), to which the Investment Corporation entrusts asset management operations, resolved to amend the asset management guideline (hereinafter referred to as the "Asset Management Guideline") regarding the asset management for the Investment Corporation, on the condition that the proposal regarding the amendments to the Articles of Incorporation of the Investment Corporation (Note) is passed at the general meeting of the unitholders scheduled on January 31, 2017.

(Note) For the details of the proposal mentioned above, please refer to the press release "Notice Concerning Amendments to the Articles of Incorporation and Election of Directors" dated today.

1. Reason and Background for Amendments

The Investment Corporation has been aiming to provide stable profit and to enhance the portfolio quality by investing mainly in large-scale office buildings in metropolitan areas such as the Tokyo area and steadily operating them, and it has been conducting its asset management for the purpose of improving both DPU amount and investors' value.

However, as the current real estate investment market is fiercely competitive and it is necessary to sustainably secure and increase opportunities to acquire assets in order to maximize investors' value through external growth, the Investment Corporation has determined to broaden the type of investable assets in which it may invest, into the assets other than office building subject to certain limitations. By broadening the type of investable assets and assessing appropriate investment timing to make rigorously selected investment in various assets, the Investment Corporation aims to realize sustainable external growth. As a result of expanding the size of the portfolio, diversification of both asset and tenants is expected to be furthered. Portfolio sustainability is also expected to be improved by combining assets having different cash flow characteristics.

The Investment Corporation submits extraordinary report on this matter to Kanto Local Finance Bureau.

2. Details of Change in the Asset Management Guideline

Under the current Asset Management Guideline, the Investment Corporation mainly invests in large-scale office buildings (Note 1) which are located in major metropolitan areas (Note 2) such as the Tokyo metropolitan area. At the same time, the Investment Corporation also makes selected investments in large-scale office buildings located in regional ordinance-designated cities that are expected to provide relatively high returns, and office buildings not considered to be large-scale (hereinafter referred to as the “middle-scale office buildings”) that are expected to provide relatively high profitability.

For the reason and backgrounds mentioned in above 1., the Investment Corporation keeps its main investment target in large-scale office buildings (investment ratio; more than 70%), and at the same time, changes its investment policy to enable selected investments in not only large-scale office buildings located in other areas and middle-scale office buildings but also retail facilities, residential properties, hotels, logistics and others (investment ratio; less than 30%).

The Investment Corporation maintains its existing policy regarding the investment area for large-scale office buildings (Tokyo metropolitan areas; more than 70% and other major metropolitan areas and other investable areas; less than 30%), and the investment areas for the other investable assets are to be major metropolitan areas and major cities such as regional ordinance-designated cities and surrounding areas all over Japan.

Also, respective amendments will be made regarding the change in investment policy. For the details, please refer to the attachment hereto.

(Note 1) “Large-scale office buildings” refer to real estate related assets which are, or which are backed by, real estate whose scale is deemed to be “large size” referred to the following standards and whose main use is offices.

Tokyo Metropolitan Area:

Total floor area of 10,000sqm or greater with a standard exclusive floor area on one floor covering at least 600sqm.

Other regions:

Total floor area of 7,000sqm or greater with a standard exclusive floor area on one floor covering at least 400sqm.

(Note 2) The Investment Corporation defines “major metropolitan areas” as the Tokyo Metropolitan Area (Tokyo, Yokohama-shi, Kawasaki-shi, Saitama-shi, and Chiba-shi), Osaka-shi, Nagoya-shi and Fukuoka-shi.

3. Date of Amendments to Asset Management Guideline

January 31, 2017 (Scheduled)

The Asset Management Guideline is to be changed on the condition that the proposal to amendments the Articles of Incorporation is passed at the general meeting of unitholders which is scheduled to be held on the same day above.

4. Future Outlook

The Asset Management Company does not expect the above mentioned amendments to the Asset Management Guideline to have a significant impact on the

Investment Corporation's performance.

- * This material will be distributed to the Kabuto Club, the kisha club of the Ministry of Land, Infrastructure, Transport and Tourism, and the kisha club specializing in construction of the Ministry of Land, Infrastructure, Transport and Tourism.
- * Website address for the Investment Corporation: <http://www.invesco-reit.co.jp/en/>

Appendix: Current provisions and proposed amendments

(Appendix) Current provisions and proposed amendments

Current Management Guideline	Proposed Amendment
<p>Article 1. Basic Principles Investment Corporation’s investment targets are assets located in Japan. Investment Corporation seeks to secure stable income over the medium to long term and steadily enhance asset value through investment in Large Office Buildings (Note 1) located in Major Urban Areas(Note 2), with a focus on the Tokyo Metropolitan Area and sound management of those assets.</p> <p>Note</p> <p>1. “Large Office Buildings” refers to real property whose main use <u>is</u> offices and whose scale <u>falls under</u> the following standards <u>or real estate-backed securities (defined below in (2) Investment Targets, A. Investment Target Assets) backed by such buildings.</u> Tokyo Metropolitan Area: Buildings with a gross floor area of at least 10,000 square meters and standard floor exclusive use area (exclusive use area per floor; hereinafter the same) of at least 600 square meters. Other Regions: Buildings with a gross floor area of at least 7,000 square meters and standard floor exclusive use area of at least 400 square meters.</p> <p>2. “Major Urban Areas” refers to the Tokyo Metropolitan Area (Tokyo, Yokohama City, Kawasaki City, Saitama City, and Chiba City), Osaka City, Nagoya City, and Fukuoka City.</p>	<p>Article 1. Basic Principles Investment Corporation’s investment targets are assets located in Japan. Investment Corporation seeks to secure stable income over the medium to long term and steadily enhance asset value through investment in Large Office Buildings (Note 1) located in Major Urban Areas (Note 2), with a focus on the Tokyo Metropolitan Area, <u>as well as through highly selective investments in Large Office Buildings located in areas other than Major Urban Areas and buildings that would not be considered Large Office Buildings (“Medium Sized Office Buildings”), commercial facilities, residential housing, hotels, logistics facilities and other properties (including Integrated Facilities (Note 3) comprising the above-mentioned properties; hereinafter the same) and through</u> sound management of those assets.</p> <p>Note</p> <p>1. “Large Office Buildings” refers to <u>real estate related assets (defined in the Articles of Incorporation of Investment Corporation; hereinafter the same) which are, or which are backed by,</u> real property whose main use is offices and whose scale <u>is deemed to be “large size” referred to the following standards.</u> Tokyo Metropolitan Area: Buildings with a gross floor area of at least 10,000 square meters and standard floor exclusive use area (exclusive use area per floor; hereinafter the same) of at least 600 square meters. Other Regions: Buildings with a gross floor area of at least 7,000 square meters and standard floor exclusive use area of at least 400 square meters.</p> <p>2. “Major Urban Areas” refers to the Tokyo Metropolitan Area (Tokyo, Yokohama City, Kawasaki City, Saitama City, and Chiba City), Osaka City, Nagoya City, and Fukuoka City.</p>

<p><u>In cases where facilities comprising multiple real properties developed as a single project (“Integrated Facilities”) or real estate-backed securities backed by such facilities are acquired in whole or in part, if the portion of the leasable floor area of the real properties that constitute or backing the acquired portion of the Integrated Facilities or the real estate-backed securities that is intended for or actually used as offices is the largest portion compared to the floor area used for other purposes, then investment may be made in the relevant real property-related assets as a whole including offices, shops, and other retail and residential facilities.</u></p>	<p><u>3. “Integrated Facilities” refers to real properties, etc. comprising multiple buildings developed as a single project or real estate-backed securities backed by such real properties, etc. In cases where Integrated Facilities are acquired in whole or in part, if the portion of the leasable floor area of the real properties that constitute or backing the acquired portion used for any specific purpose is the largest portion compared to the floor area used for other purposes, such purpose of use shall be deemed to be the main use of the said facilities.</u></p>
<p>Article 2. Investment Policies</p> <p>1. Basic Policies Investment Corporation will primarily target for investment Large Office Buildings located in Major Urban Area focusing on the Tokyo metropolitan region, aiming for stable earnings over the medium to long term across its entire portfolio together with steady growth in asset value. <u>At the same time, Investment Corporation’s policy is to target as investment target regions regional ordinance-designated cities where relatively high returns may be expected and office buildings which would not be considered large and promise relatively high profitability, and to make highly selective investments.</u> The selection of properties for acquisition will be made with the objective of obtaining stable earnings over the medium to long term and a steady growth in asset value and Investment Corporation will make investment and management aimed at ensuring growth in dividends per investment unit and investor value.</p> <p>2. Criteria for Selection of Properties Based on a comprehensive judgment emphasizing the four criteria listed below, Investment Corporation will invest in</p>	<p>Article 2. Investment Policies</p> <p>1. Basic Policies Investment Corporation will primarily target for investment Large Office Buildings located in Major Urban Area focusing on the Tokyo metropolitan region, aiming for stable earnings over the medium to long term across its entire portfolio together with steady growth in asset value; <u>provided, however, that Investment Corporation will also make highly selective investments in regions other than Major Urban Areas as the investment target regions where relatively high returns may be expected. From the perspective of the uses of properties, Investment Corporation will also make highly selective investments in Medium Sized Office Buildings, commercial facilities, residential housing, hotels, logistic facilities and other properties in addition to investments in Large Office Buildings.</u> Furthermore, the selection of properties for acquisition will be made with the objective of obtaining stable earnings over the medium to long term and a steady growth in asset value and Investment Corporation will make investment and management aimed at ensuring growth in dividends per investment unit and investor value.</p> <p>2. Criteria for Selection of Properties Based on a comprehensive judgment emphasizing the four criteria listed below, Investment Corporation will invest in</p>

properties which are competitively superior and promise stable rent income over the medium to long term, plus steady growth in asset value. Priority will be placed on properties developed as part of large-scale projects which would be space favored by blue-chip companies with strong lease payment capacity, as well as on the sub-market of Large Office Buildings comprising high recognition so-called landmark buildings.

properties which are competitively superior and promise stable rent income (or if the operation of the operational assets, including hotels or other properties, is entrusted to operators, sales amounts; hereinafter the same) over the medium to long term, plus steady growth in asset value. Regarding Large Office Buildings among the investment target properties, priority will be placed on properties developed as part of large-scale projects which would be space favored by blue-chip companies with strong lease payment capacity, as well as on the sub-market of Large Office Buildings comprising high recognition so-called landmark buildings.

Building Scale

- Target total floor area
 - Tokyo metropolitan region: Total floor area of 10,000 square meters or greater with a standard exclusive floor area of at least 600 square meters
 - Other regions: Total floor area of 7,000 square meters or greater with a standard exclusive floor area of at least 400 square meters
- Acquisition price of any one property not to exceed 50% of overall portfolio

Building Scale

- Target total floor area
 - i) Large-scale office buildings
 - Tokyo metropolitan region: Total floor area of 10,000 square meters or greater with a standard exclusive floor area of at least 600 square meters
 - Other regions: Total floor area of 7,000 square meters or greater with a standard exclusive floor area of at least 400 square meters
 - ii) Others
 - Asset size of each asset is measured by comprehensively considering location (including the expectancy of the area), size of trading area and standard size in line with the business category.
- Acquisition price of any one property not to exceed 50% of overall portfolio

Property Quality and Seismic Resistance

- Judged to be above the standard level within its sub-market or capable of being renovated to above the standard level (shape of leased floor areas, divisibility, floor height, design, electric capacity and HVAC systems suited for leasing)
- Seismic resistance meeting or surpassing new seismic resistance standards and PML less than 15%

Property Quality and Seismic Resistance

- Above the standard level within its sub-market or capable of being renovated to above the standard level (in case of office buildings, shape of leased floor areas, divisibility, floor height, design, electric capacity and HVAC systems suited for leasing)
- Seismic resistance meeting or surpassing new seismic resistance

<table border="1"> <tr> <td data-bbox="225 304 836 338">Profitability</td> </tr> <tr> <td data-bbox="225 344 836 562"> <ul style="list-style-type: none"> •Taking into account occupancy rates and lease revenue, promising stable future earnings •Suitable characteristics, creditworthiness, use, form and lease payment status of tenants </td> </tr> </table>	Profitability	<ul style="list-style-type: none"> •Taking into account occupancy rates and lease revenue, promising stable future earnings •Suitable characteristics, creditworthiness, use, form and lease payment status of tenants 	<table border="1"> <tr> <td data-bbox="873 232 1474 266">standards and PML less than 15%</td> </tr> <tr> <td data-bbox="873 304 1474 338">Profitability</td> </tr> <tr> <td data-bbox="873 344 1474 600"> <ul style="list-style-type: none"> •Taking into account occupancy rates and lease revenue, promising stable future earnings •Suitable characteristics, creditworthiness, use, form and lease payment status of tenants (<u>or operators</u>) </td> </tr> </table>	standards and PML less than 15%	Profitability	<ul style="list-style-type: none"> •Taking into account occupancy rates and lease revenue, promising stable future earnings •Suitable characteristics, creditworthiness, use, form and lease payment status of tenants (<u>or operators</u>)
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(omitted)	(omitted)					
<p>3. <u>Regional Diversification</u> and Property Investment Return Profile Diversification (Note 1)</p> <p>Investment Corporation, as discussed above, will place priority on investment in Large Office Buildings in Major Urban Areas focusing on the Tokyo metropolitan region; however, with the aim of obtaining stable earnings over the medium to long term across its entire portfolio together with steady growth in asset value, it will also make in the future highly selective investments in <u>properties in other areas</u>.</p> <p>Note:</p> <p>1. "Investment return profile" means the characteristic of investment return on the relevant property, classified by the level of the initial expected net operating income yield and of the expectation for the internal growth.</p> <p>While Large Office Buildings where increased rents can be anticipated during a period of economic <u>recovery</u> will continue to be the primary investment targets, it is also the policy to make highly selective investments in <u>office buildings which would not be considered Large Office Building but where relatively high profitability can be anticipated</u>, from the viewpoint of the difference in investment return profile.</p>	<p>3. <u>Use</u> and Property Investment Return Profile Diversification (Note) <u>and Regional Diversification</u></p> <p>Investment Corporation, as discussed above, will place priority on investment in Large Office Buildings in Major Urban Areas focusing on the Tokyo metropolitan region; however, with the aim of obtaining stable earnings over the medium to long term across its entire portfolio together with steady growth in asset value, it will also make in the future highly selective investments in <u>other properties</u>.</p> <p>Note:</p> <p>"Investment return profile" means the characteristic of investment return on the relevant property, classified by the level of the initial expected net operating income yield and of the expectation for the internal growth.</p> <p>(1) <u>Use and Property Investment Return Profile Diversification</u></p> <p>While Large Office Buildings where increased rents can be anticipated during a period of economic <u>upturn</u> will continue to be the primary investment targets, it is also the policy to make highly selective investments in <u>Medium Sized Office Buildings, commercial facilities, residential housing, hotels, logistic facilities and other properties</u> from the viewpoint of the difference in <u>uses and investment return</u> profile.</p>					

(add the chart regarding use diversification)

<u>Investment Target Assets</u>	<u>Investment Ratio (Note)</u>
<u>Large-scale office buildings</u>	<u>70% or greater</u>
<u>Others</u>	<u>30% or less</u>

Note:

“Investment ratios” are based on acquisition prices excluding consumption taxes and acquisition expenses. Note that there may be one-time deviations from these ratios due to the acquisition or sale of real estate-related assets.

Specifically, Investment Corporation will invest aggressively based on positioning the 23 wards of Tokyo as its top priority area and other areas of the Tokyo metropolitan region, together with Osaka City, Nagoya City and Fukuoka City as priority areas. In particular, in the top priority areas other than the five central wards (Note 2), where competition is presently intensifying, and in the priority areas, an increase in rents is forecasted and profitability at the time of acquisition is relatively robust; accordingly, going forward, investment opportunities in these areas will be most actively pursued. Investment Corporation will also seek to increase profitability and respond to changes in the market through highly selective investments in superior properties in other investment target regions where relatively high profitability can be anticipated.

We believe that such regional diversification will also serve to diversify tenant risk and seismic risk.

Note:

2. The five central wards are Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.

Note:

“Investment ratios” are based on acquisition prices excluding consumption taxes and acquisition expenses. Note that there may be one-time deviations from these ratios due to the acquisition or sale of real estate-related assets; the same shall apply hereinafter.

(2) Regional Diversification

Regarding Large Office Buildings among the investment target properties, Investment Corporation will invest aggressively based on positioning the 23 wards of Tokyo as its top priority area and other areas of the Tokyo metropolitan region, together with Osaka City, Nagoya City and Fukuoka City as priority areas. In particular, in the top priority areas other than the five central wards (Note), where competition is presently intensifying, and in the priority areas, an increase in rents is forecasted and profitability at the time of acquisition is relatively robust; accordingly, going forward, investment opportunities in these areas will be most actively pursued.

Regarding properties other than those mentioned above, Investment Corporation will make investments in Major Urban Areas, major cities throughout Japan including ordinance-designated cities and those peripheral regions as the investment target regions.

We believe that such regional diversification will also serve to diversify tenant risk and seismic risk.

Note:

The five central wards are Chiyoda-ku, Chuo-ku, Minato-ku, Shinjuku-ku and Shibuya-ku.

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<p>(Established)</p> <p>4. (Omitted)</p>	<p><Investment Target Regions – Other than the above></p> <table border="1"> <thead> <tr> <th>Investment Target Regions</th> </tr> </thead> <tbody> <tr> <td>Major urban areas, major cities in all over Japan such as ordinance-designated cities and surrounding areas</td> </tr> </tbody> </table> <p>4. (Omitted)</p>	Investment Target Regions	Major urban areas, major cities in all over Japan such as ordinance-designated cities and surrounding areas																																
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<p>Article 3. Growth Strategy</p> <p>1. (Omitted)</p> <p>2. Internal growth strategy</p> <p>(1) Maximization of property income</p>	<p>Article 3. Growth Strategy</p> <p>1. (Omitted)</p> <p>2. Internal growth strategy</p> <p>(1) Maximization of property income</p>																																		

Asset Management Company sets appropriate rent levels for each property and strives through negotiations to raise the rents of existing tenants of properties whose rents are low compared to those levels. Formulation and revision of leasing strategies is carried out flexibly and quickly, and by conducting leasing that takes into consideration tenant diversification, Asset Management Company seeks to quickly lease up and maintain and raise occupancy rates. Non-rent income is sought to expand by erecting billboards and or mobile phone base station antennae on roofs or lots of managed property, subleasing blocks of empty parking spaces to parking facility operating companies, consolidating vending machines vendors, and other means.

Items (2) and (4) (omitted)

Asset Management Company sets appropriate rent levels for each property and strives through negotiations to raise the rents of existing tenants of properties whose rents are low compared to those levels. Formulation and revision of leasing strategies is carried out flexibly and quickly, and by conducting leasing that takes into consideration tenant diversification (in respect of office buildings and commercial facilities, etc.), Asset Management Company seeks to quickly lease up and maintain and raise occupancy rates. Non-rent income is sought to expand by erecting billboards and or mobile phone base station antennae on roofs or lots of managed property, subleasing blocks of empty parking spaces to parking facility operating companies, consolidating vending machines vendors, and other means.

Regarding the operational assets, including hotels, etc., Asset Management Company shall endeavor to enhance the profitability by appropriately supervising the operators that were appointed in accordance with the standards set forth in Article 8, Paragraph 3 hereof to allow such operators to perform competently and capably in the operation.

Items (2) and (4) (omitted)

Article 4. Due Diligence Standards

Item		Description
Economic due diligence	Tenant investigation	(omitted)
	Income factors	(omitted) · Leasing policies

Article 4. Due Diligence Standards

Item		Description
Economic due diligence	Tenant investigation	(omitted)
	Income factors	(omitted) · Leasing <u>or</u> operation policies

(Note) Regarding the operational assets, including hotels, etc., the operators' operational capabilities, performance and creditworthiness and the type of agreement to be executed with the operators, terms and conditions of such agreement, substitutability of the operators and other factors shall be investigated.

Article 5. Investment Decision Criteria		Article 5. Investment Decision Criteria	
Analysis Item	Purpose	Analysis Item	Purpose
Portfolio analysis	<ul style="list-style-type: none"> Evaluation of degree of contribution of the real property-related assets to portfolio (including property age, geographical diversification, tenant diversification, occupancy rates, net operating income (NOI), and capital expenditures) 	Portfolio analysis	<ul style="list-style-type: none"> Evaluation of degree of contribution of the real property-related assets to portfolio (including property age, <u>diversification of uses</u>, geographical diversification, tenant diversification, occupancy rates, net operating income (NOI), and capital expenditures)
Article 8. Asset Management Policies <ol style="list-style-type: none"> (Omitted) Formulation and Administration of an Annual Management Plan Asset Management Company will formulate an annual management plan for each of the invested assets and the overall portfolio of Investment Corporation and implement systematic management and administration. In principle the particulars of each invested asset will be reviewed with the cooperation of PM Companies in formulating the annual management plan. The annual management plan will include the overall portfolio income and expenditure budget, the income and expenditure budget for each invested asset, the management and administration plan, the leasing plan, the maintenance and repair plan, and the capital expenditure plan. (omitted) Leasing Management (omitted) When executing lease agreements with a tenant, in accordance with its internal rules, Asset Management Company will judge the tenant's appropriateness after checking for any ties with anti-social forces, analyze the tenant's type and history of business, capital ties, industry 		Article 8. Asset Management Policies <ol style="list-style-type: none"> (Omitted) Formulation and Administration of an Annual Management Plan Asset Management Company will formulate an annual management plan for each of the invested assets and the overall portfolio of Investment Corporation and implement systematic management and administration. In principle the particulars of each invested asset will be reviewed with the cooperation of PM Companies (<u>or the operators</u>) in formulating the annual management plan. The annual management plan will include the overall portfolio income and expenditure budget, the income and expenditure budget for each invested asset, the management and administration plan, the leasing plan, the maintenance and repair plan, and the capital expenditure plan. (omitted) Leasing Management (omitted) When executing lease agreements with a tenant, in accordance with its internal rules, Asset Management Company will judge the tenant's appropriateness after checking for any ties with anti-social forces, analyze the tenant's type and history of business, capital ties, industry 	

<p>tend and creditworthiness (Asset Management Company will obtain a report for credit research by credit research company, when necessary), and make a comprehensive decision taking into account the rent level, the form of the lease agreement, the term of contract, and the possibility for renewals, etc. On the other hand, when executing lease agreements with an individual for the purpose of residing, Asset Management Company will make comprehensive decision taking into business condition of the employer and duration of employment, etc. Every effort will be made to maintain sufficient communication with existing tenants through periodic liaison through PM Companies in order to build strong relationships and ensure prompt awareness of matters such as tenant attitudes, needs for smaller or larger space, dissatisfactions or need to terminate, so that appropriate and quick responses are made. (omitted)</p> <p>Paragraph 4. Through 7. (omitted)</p>	<p>tend and creditworthiness (Asset Management Company will obtain a report for credit research by credit research company, when necessary), and make a comprehensive decision taking into account the rent level, the form of the lease agreement, the term of contract, and the possibility for renewals, etc. On the other hand, when executing lease agreements with an individual for the purpose of residing, Asset Management Company will make comprehensive decision taking into business condition of the employer and duration of employment, etc. <u>Regarding the operational assets, including hotels, as profitability largely depends on the operators' management capability, in respect of the appointment of the the operators, the management policy, operational performance and financial status of the operator candidates and other factors shall be comprehensively reviewed.</u> Every effort will be made to maintain sufficient communication with existing tenants through periodic liaison <u>directly or contacting</u> through PM Companies in order to build strong relationships and ensure prompt awareness of matters such as tenant attitudes, needs for smaller or larger space, dissatisfactions or need to terminate, so that appropriate and quick responses are made. (omitted)</p> <p>Paragraph 4. Through 7. (omitted)</p>
<p>Supplementary Provisions This guideline shall come into force as of April 9, 2014.</p>	<p>Supplementary Provisions This guideline shall come into force as of April 9, 2014. <u>This guideline shall be revised as of January 31, 2017.</u></p>