

(Translation for reference purpose only)

**ARTICLES OF INCORPORATION
of
NOMURA REAL ESTATE MASTER FUND, INC.**

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of
NOMURA REAL ESTATE MASTER FUND, INC.
(Nomura Fudosan Master Fund Toshi Hojin)

CHAPTER I

GENERAL PROVISIONS

Article 1. *(Trade Name)*

The investment corporation shall be called *Nomura Fudosan Master Fund Toshi Hojin*, and in English, Nomura Real Estate Master Fund, Inc. (the “Investment Corporation”).

Article 2. *(Purpose)*

The purpose of the Investment Corporation shall be to manage assets in accordance with the Act Concerning Investment Trusts and Investment Corporations (the “Investment Trust Act”) through investment primarily in Specified Assets (here and hereafter, meaning the assets specified in the Investment Trust Act).

Article 3. *(Location of Head Office)*

The Investment Corporation shall have its head office in Minato-ku, Tokyo.

Article 4. *(Method of Giving Public Notice)*

Public notices of the Investment Corporation shall be given in the *Nihon Keizai Shimbun*.

CHAPTER II

INVESTMENT UNITS

Article 5. *(Repayment for Units at the Request of Unitholders and Acquisition of Units through Agreement with Unitholders)*

1. The Investment Corporation shall not make repayment for any unit at the request of unitholders.
2. The Investment Corporation shall be able to acquire its investment units for value through agreement with unitholders.

Article 6. *(Total Number of Units Authorized to Be Issued by the Investment Corporation)*

1. The total number of units authorized to be issued by the Investment Corporation shall be twenty million (20,000,000) units.
2. The ratio of the issue price of units issued and offered in Japan to the aggregate issue price of units issued by the Investment Corporation shall exceed 50%.
3. The Investment Corporation may offer units to be issued by the Investment Corporation for subscription, upon obtaining an authorization of the Board of Directors, within the scope provided in Paragraph 1. The issue price for the Units for Subscription (meaning the units allotted to persons who, in response to such offer, applied for subscription of such units) shall be approved by the Board of Directors as deemed as a fair price in light of the contents of the assets owned by the Investment Corporation (the “Investment Assets”).

Article 7. *(Unit Handling Regulations)*

The handling of units of the Investment Corporation and fees therefor shall be governed by the Unit Handling Regulations established by the Board of Directors, as well as by laws and regulations or these Articles of Incorporation.

Article 8. *(Minimum Net Asset Amount to be Maintained at All Times by the Investment Corporation)*

The minimum net asset amount that the Investment Corporation shall maintain at all times shall be fifty million (50,000,000) yen.

CHAPTER III

GENERAL MEETINGS OF UNITHOLDERS

Article 9. *(Holding and Convocation of Meetings)*

1. General meetings of unitholders shall be convened on May 1, 2017 or without delay after that date and a general meeting of unitholders shall be convened every two years thereafter on May 1 or without delay after that date.
2. In addition to the case set forth in the preceding paragraph, general meetings of unitholders shall be convened when necessary.
3. General meetings of unitholders shall, unless otherwise stipulated by laws and regulations, be convened by the executive director if there is one executive director, and if there are two or more executive directors, by one executive director in accordance with the order previously determined by the Board of Directors.
4. In order to convene a general meeting of unitholders, the executive director must give public notice of the date of the meeting at least 2 months prior to such date and issue a notice of such date in writing to the unitholders at least 2 weeks prior to such date. However, public notice is not required with respect to a general meeting of unitholders held prior to the date as of which 25 months will have elapsed from the date of the holding of the immediately preceding general meeting of unitholders, pursuant to the provisions of paragraph 1.

Article 9, Paragraph 2 (Measures for Electronic Provision, etc.)

1. The Investment Corporation, when convening a general meeting of unitholders, shall take measures to provide electronically information contained in reference documents for the general meeting of unitholders, etc.
2. The Investment Corporation may decide not to include the whole or part of the matters that take measures for electronic provision, which are specified in the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations, in the document to be delivered to unitholders who have requested delivery of printed documents by the record date for voting rights.

Article 10. *(Chairman)*

The chairman of a general meeting of unitholders shall, when there is only one executive director, be such executive director, and when there are two or more executive directors, be one of such executive directors in accordance with an order previously determined by the Board of Directors; provided, however, that if the executive director

to be the chairman is unable to so act due to accidents, another executive director or a supervisory director shall serve as chairman in accordance with the order previously determined by the Board of Directors.

Article 11. *(Resolutions)*

1. Resolutions of a general meeting of unitholders shall, unless otherwise stipulated by laws and regulations or these Articles of Incorporation, be adopted by a majority of voting rights of the unitholders in attendance at the general meeting of unitholders.
2. A unitholder may exercise his/her voting rights by delegating such voting rights to another unitholder of the investment Corporation who has voting rights as a proxy.
3. In case of the preceding Paragraph, a unitholder or the proxy shall submit a certificate evidencing the status of the proxy for each general meeting of unitholders to the Investment Corporation.

Article 12. *(Exercise of Voting Right in Writing)*

1. Exercise of voting right in writing shall require a statement of the necessary matters in the document for the exercise of voting right and submission to the Investment Corporation of the document with the necessary matters stated by the time specified by laws and regulations.
2. The number of voting rights exercised in writing in accordance with the preceding Paragraph shall be included in the number of voting rights of the unitholders in attendance.

Article 13. *(Exercise of Voting Right through Electromagnetic Methods)*

1. Exercise of voting right through electromagnetic methods shall require provision of necessary matters that should be stated in the document for the exercise of voting right to the Investment Corporation through electromagnetic methods, as prescribed by laws and regulations and with approval from the Investment Corporation, by the time specified by laws and regulations.
2. The number of voting rights exercised through electromagnetic methods in accordance with the preceding Paragraph shall be included in the number of voting rights of the unitholders in attendance.

Article 14. *(Deemed Approval)*

1. Any unitholder who does not attend a general meeting of unitholders and does not exercise his/her voting rights shall be deemed to be in favor of any proposal submitted to such general meeting of unitholders (provided, however, that in cases where two or more proposals are submitted and any such proposal is in conflict in its nature with another proposal, both of such proposals shall be excluded from such deemed approval).
2. Notwithstanding the provision of the preceding paragraph, the provision on Deemed Approval shall not apply to proposals concerning the following items.
 - (1) Dismissal of Executive Directors, Supervisory Directors or Auditors
 - (2) Amendment to Articles of Incorporation (limited to establishment, revision or abolition of provisions related to Deemed Approval)
 - (3) Dissolution
 - (4) Approval of cancellation of the asset management agreement by the asset management company
 - (5) Cancellation of the asset management agreement by the investment corporation
3. The number of voting rights owned by the unitholder deemed to be in favor of a proposal in accordance with Paragraph 1 shall be included in the number of voting rights of the unitholders in attendance.

Article 15. *(Record Date, etc.)*

1. If a general meeting of unitholders of the Investment Corporation is held within three months after the settlement date set forth in Article 35 of its Articles of Incorporation, the Investment Corporation may determine the unitholders listed in the latest unitholders' list as of the relevant settlement date as the person who may exercise voting rights at relevant general meeting of unitholders.
2. Notwithstanding the provisions in the preceding paragraph, the Investment Corporation may determine unitholders listed in the latest unitholders' list as of the record date determined by a resolution of the Board of Directors and announced in advance in a public notice in accordance with laws and regulations as the person who may exercise voting rights at a general meeting of unitholders, when necessary.
3. The minutes of a general meeting of unitholders shall be prepared, in accordance with laws and regulations.

CHAPTER IV

EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS

Article 16. *(Number of Executive Directors and Supervisory Directors)*

The number of executive directors of the Investment Corporation shall be no less than one and the number of supervisory directors of the Investment Corporation shall be no less than two (provided, however, the number of supervisory directors shall exceed the number of executive directors), and the total number of executive directors and supervisory directors shall be no more than five.

Article 17. *(Election and Term of Executive Directors and Supervisory Directors)*

1. Executive directors and supervisory directors shall be elected through a resolution adopted by a general meeting of unitholders, unless otherwise stipulated by laws and regulations.
2. The term of office of executive directors and supervisory directors shall be two years after their respective assumption of office; provided, however, that this shall not preclude the extending or shortening the term of office to the extent prescribed by laws and regulations by resolution of a general meeting of unitholders. In addition, the term of office of any executive director or supervisory director elected to fill a vacancy or to increase in number the executive directors or supervisory directors shall be the same as the remaining term of office of his/her predecessor or of the other executive directors or supervisory directors then in office.
3. The period during which the resolution on the election of substitute directors (here and hereafter in this Paragraph, meaning executive directors and supervisory directors) to fill a vacancy will remain in force shall continue until the expiration of the term of office of the directors to be substituted who were elected at the general meeting of unitholders at which the aforementioned resolution was adopted (in cases where the directors were not elected at such general meeting of unitholders, then at the most recent general meeting of unitholders at which the directors were elected); provided, however, that such period may be shortened by a resolution of the general meeting of unitholders.

Article 18. *(Standards for Payment of Compensation for Executive Directors and Supervisory Directors)*

Standards for the payment of compensation and the time of payment to the executive directors and the supervisory directors shall be as follows:

- (1) Compensation for an executive director shall be no more than 800,000 yen per month, and the amount of compensation shall be determined by the Board of Directors taking into account the levels of compensation of directors and statutory auditors performing similar work in similar positions for other companies and legal entities, general economic trends, trends concerning wages and other factors. Payment shall be made by the last day of the relevant month by remittance into a bank account designated by the relevant executive director.
- (2) Compensation for a supervisory director shall be no more than 700,000 yen per month, and the amount of compensation shall be determined by the Board of Directors taking into account the levels of compensation of directors and statutory auditors performing similar work in similar positions for other companies and legal entities, general economic trends, trends concerning wages and other factors. Payment shall be made by the last day of the relevant month by remittance into a bank account designated by the relevant supervisory director.

Article 19. *(Exemption of Liability of Executive Directors, Supervisory Directors, and Independent Auditors to the Investment Corporation)*

If executive directors, supervisory directors or independent auditors (here and hereafter in this Article, referred to as the “Directors Etc.”) has performed his or her duties in good faith and without gross negligence, and when the Investment Corporation finds it particularly necessary, taking into consideration the details of the facts that are the source of liability, the status of the execution of the duties of such Directors Etc., and other circumstances, the Investment Corporation may, to the extent permitted by laws and regulations, by resolution of the Board of Directors, exempt such Directors Etc. from liability for damages under Article 115-6, Paragraph 1 of the Investment Trust Act.

CHAPTER V

BOARD OF DIRECTORS

Article 20. *(Board of Directors)*

The Investment Corporation shall establish a Board of Directors made up of all of the executive directors and supervisory directors.

Article 21. *(Convocation, etc.)*

1. In case the number of executive directors is one, such executive director shall, unless otherwise stipulated by laws and regulations, convene a meeting of the

Board of Directors and act as chairman thereat. In case the number of executive directors is two or more, one of the executive directors shall, unless otherwise stipulated by laws and regulations, convene a meeting of the Board of Directors in accordance with the order previously determined by the Board of Directors.

2. Executive directors and supervisory directors who are not entitled to convene a meeting of the Board of Directors may request convocation of the Board of Directors in accordance with the Investment Trust Act.
3. Notice of convocation of a meeting of the Board of Directors shall be given to all executive directors and supervisory directors at least three days prior to the date set for such meeting; provided, however, that this convocation period may be shortened in case of emergency.
4. A meeting of the Board of Directors may be held without the convocation procedures upon the consent of all of the executive directors and supervisory directors.
5. In case the number of executive directors is one, such executive director shall act as chairman at a meeting of the Board of Directors. In case the number of executive directors is two or more, one of the executive directors shall act as chairman thereat in accordance with the order previously determined by the Board of Directors; provided, however, that if such executive director to be the chairman is unable to so act due to accidents, another executive director or a supervisory director shall serve as chairman thereat in accordance with the order previously determined by the Board of Directors.

Article 22. *(Resolutions, etc.)*

1. Resolutions of a meeting of the Board of Directors shall, unless otherwise stipulated by laws and regulations or these Articles of Incorporation, be adopted by a majority of voting rights of the members in attendance at a meeting, at which more than one half (1/2) of the members then in office shall be present.
2. Proceedings of meetings shall be recorded in the minutes in accordance with laws and regulations, and to which the executive directors and supervisory directors present at such meeting shall affix their names and seals or sign or digital sign.

Article 23. *(Rules for the Board of Directors)*

Matters concerning the Board of Directors shall be governed by the Rules for the Board of Directors resolved in a meeting of the Board of Directors in addition to laws and regulations and these Articles of Incorporation.

CHAPTER VI

INDEPENDENT AUDITOR

Article 24. *(Election of the Independent Auditor)*

An independent auditor shall be elected through a resolution of the general meeting of unitholders, unless otherwise stipulated by laws and regulations.

Article 25. *(Term of Office)*

1. The term of office of the independent auditor shall expire at the conclusion of the first general meeting of unitholders held after the first fiscal period commenced after the expiration of one (1) year after his/her assumption of office.
2. Unless otherwise resolved at the general meeting of unitholders referred to in the immediately preceding Paragraph, the independent auditor shall be deemed to be re-elected at such meeting.

Article 26. *(Standards for Payment of Compensation for the Independent Auditor)*

The compensation amount to the independent auditor for each fiscal period (defined in Article 35) subject to audit shall be determined by the Board of Directors within a maximum amount of thirty million (30,000,000) yen, and such amount shall be paid no later than the last day of the month following the month when the audit engagement for the settlement of the relevant fiscal period finishes, by remittance into a bank account designated by the independent auditor.

CHAPTER VII

ASSET MANAGEMENT OBJECTIVES AND POLICIES

Article 27. *(Basic Asset Management Policies)*

The Investment Corporation shall aim at managing its assets mainly as investment in real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets out of Real Estate, etc. Assets (meaning the assets specified in the Enforcement Ordinance of the Act Concerning Investment Trusts and Investment Corporations), and invest them to secure stable earnings and steady growth in the Investment Assets for the medium to long-term.

Article 28. *(Investment Stance)*

1. When investing in Real-Estate Related Assets (here and hereafter, a collective designation of Real Estate, etc. (here and hereafter, the assets specified in Article 29, Paragraph 1, Items (1) or (2)) and Real Estate-Backed Securities (here and hereafter, the assets specified in Article 29, Paragraph 1, Item (3)), the Investment Corporation shall invest primarily in Real-Estate Related Assets, without limiting the use of real estate composed of or backed by real estate used as logistics facilities, retail facilities, offices, residential facilities or Real-Estate Related Assets for various purposes.
2. The Investment Corporation shall focus its investments in the three major metropolitan areas and other major cities including government-designated cities in Japan and the surrounding areas of those cities. When investing in Real Estate-Related Assets, the Investment Corporation shall seek to diversify the Investment Assets by region to secure stable cash flows through mitigating earthquake risks, risks associated with changes in local economies and leasing markets.
3. In principle, the Investment Corporation shall acquire Real Estate-Related Assets that are actually or can be expected to generate stable leasing or other similar income (in the case of Real Estate Equivalents (a collective designation for the assets specified in Article 29, Paragraph 1, Item (2)) and Real Estate-Backed Securities, the Real Estate, etc. backing such assets shall in principle satisfy this condition).
4. When investing in Real Estate-Related Assets, the Investment Corporation shall make comprehensive determinations based on the current and future profitability of the real estate comprising or backing such Real Estate-Related Assets, the site area, the size, and the characteristics of tenants and the detail of lease agreements, merchantability and the status of handling to the deterioration or obsolescence concerning buildings of such real estate, and rights under lease agreements and shall make decisions following an examination of the investment value.

5. The Investment Corporation shall, from the medium to long-term view, seek to maintain and raise the asset value and competitiveness of the Real Estate-Related Assets which the Investment Corporation acquired by engaging in continuous capital investment in the real estate comprising or backing such Real Estate-Related Assets and aim to achieve stable growth in operating income by increasing revenues and reducing expenses.
6. The Investment Corporation shall make comprehensive determinations concerning the sale of Real Estate-Related Assets which the Investment Corporation acquired taking into consideration the current and future profitability of the real estate comprising or backing such Real Estate-Related Assets, the future potential and stability of the surrounding market, merchantability and the status of handling to the deterioration or obsolescence concerning buildings of such real estate, the characteristics of tenants, the detail of rights under the lease agreements, and the composition of the Investment Corporation's Investment Assets.
7. Notwithstanding the provisions of preceding Paragraph, if any unexpected event such as a sudden change of market condition trends, general economic conditions or real estate market trend, etc. occurs, the Investment Corporation may take measures necessary.
8. The Investment Corporation shall maintain the ratio of the aggregate value of the specified real estate (the real estate, leaseholds of real estate or surface rights, or the beneficial interests of trusts formed by entrustment of ownership rights of real estate, leaseholds of land or surface rights) to the aggregate value of the specified assets held by the Investment Corporation at not less than 75%.

Article 29. *(Types, Objectives and Extent of Assets Targeted for Asset Management)*

1. The Investment Corporation shall invest in the specified assets set forth below in accordance with the basic asset management policies provided for in Article 27:
 - (1) Real estate.
 - (2) Each of the assets set forth below:
 - (i) Leaseholds of real estate;
 - (ii) Surface rights;
 - (iii) The assets set forth in (1) or (2) (i) or (ii) above under foreign laws and regulations;
 - (iv) Beneficial interests of trusts formed by entrustment of real estate, leaseholds of real estate, surface rights or the assets set forth in (iii) above (including comprehensive trusts (*hokatsu shintaku*) formed

by entrustment of real estate, together with money appertaining thereto);

- (v) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate, surface rights or the assets set forth in (iii) above;
 - (vi) Equity interests in such agreements as shall provide that, in consideration of contribution of either of the parties in order to finance an investment by the other party in (a) the real estate or (b) the assets set forth in (i) through (v) above, such other party shall invest the properties so contributed in such assets mainly and make distribution of profits from such investment (the “equity interests in anonymous associations (*tokumei kumiai*) relating to real estate”);
 - (vii) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in equity interests in anonymous associations relating to real estate; and
 - (viii) Assets having a nature similar to the assets set forth in (iv) through (vii) formed in accordance with foreign laws and regulations.
- (3) The following certificates invested primarily in Real Estate, etc. (including rights that should be represented by the certificates in cases where certificates representing such rights have not been issued, and collectively referred to as the “Real Estate-Backed Securities”):
- (i) Preferred capital contribution certificates (as defined in the Act Concerning Securitization of Assets (the “Asset Securitization Act”));
 - (ii) Beneficial certificates (as defined in the Investment Trust Act);
 - (iii) Investment unit certificates (as defined in the Investment Trust Act);
 - (iv) Beneficial certificates of specified purpose trust (as defined in the Asset Securitization Act (excluding such falling under the category of the assets set forth in (2) (iv), (v) or (vii) above));
 - (v) Equity interests certificates in anonymous association (meaning equity interests in anonymous associations as set forth in Article 2, Paragraph 2, Item 5 of the Financial Instruments and Exchange Act (excluding such falling under the category of the assets set forth in (2) (vi) above)); and
 - (vi) Assets having a nature similar to the assets set forth in (i) through (v) formed in accordance with foreign laws and regulations.

2. The Investment Corporation may invest in the following specified assets, in addition to the specified assets set forth in the immediately preceding Paragraph,

including rights that should be represented on the certificates in cases where certificates representing such rights have not been issued:

- (1) The specified assets falling under any of the following Items:
 - (i) Deposits;
 - (ii) Negotiable deposits;
 - (iii) Monetary receivables (in this Paragraph, as defined in the Enforcement Order for the Investment Trust and Investment Corporation Act ; here and hereafter, referred to as the “Investment Trust Act Enforcement Order”);
 - (iv) Government bonds (as defined in the Financial Instruments and Exchange Act);
 - (v) Municipal bonds (as defined in the Financial Instruments and Exchange Act);
 - (vi) Bonds issued by a juridical person pursuant to a special law (as defined in the Financial Instruments and Exchange Act);
 - (vii) Shares (as defined in the Financial Instruments and Exchange Act);
 - (viii) Commercial papers (as defined in the Financial Instruments and Exchange Act);
 - (ix) Specified bonds provided for in the Asset Securitization Act (as defined in the Asset Securitization Act);
 - (x) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in the assets set forth in (i) through (ix) above; and
 - (xi) Securities (securities as defined in the Investment Trust Act; excluding those assets set forth in Paragraph 1 and Paragraph 2 of this Article that fall under securities, hereinafter the same).
 - (2) Rights relating to a derivative transaction (as defined in the Investment Trust Act Enforcement Order).
 - (3) Facilities generating Renewable Energy (as defined in the Investment Trust Act Enforcement Order).
3. The Investment Corporation may invest in the following rights, etc., the acquisition of which is considered to be necessary or useful in connection with Real Estate-Related Assets:

- (1) Trademarks and trademark equivalents (i.e., trademarks and exclusive or standard trademark use rights) under the Trademark Act;
 - (2) Copyrights as defined in the Copyright Act;
 - (3) Movables (of those movables specified in the Civil Code, facilities, fixtures, and other items attached to the real estate constructional or for the use of real estate); excluding those that fall under Facilities generating Renewable Energy);
 - (4) Rights to use the source of hot springs provided for in the Hot Spring Act and the facilities relating to such hot springs;
 - (5) Carbon dioxide equivalent quotas as defined in the Act on Promotion of Global Warming Countermeasures and any other rights similar thereto or emission rights (including emission rights regarding greenhouse gases); and
 - (6) Other rights the acquisition of which is necessary or useful, in connection with investments in Real Estate-Related Assets, etc.
4. In addition to the assets specified in the preceding three Paragraphs, the Investment Corporation may acquire, other than assets owned for investment purposes, assets such as trademarks relating to the Investment Corporation's trade name and other assets owned in conjunction with the operation of the Investment Corporation.

Article 30. *(Investment Restrictions)*

1. The Investment Corporation shall not seek to invest aggressively in securities and monetary receivables, etc. set forth in Paragraph 2, Item (1) of the immediately preceding Article, and in cases where there are surplus funds, make an investment taking into consideration the security and liquidity thereof, and in other cases, investment shall be made taking into consideration relevance with Real Estate-Related Assets.
2. The Investment Corporation may invest in rights relating to a derivative transaction set forth in Paragraph 2, Item (2) of the immediately preceding Article; provided, however, that such investment shall be limited to those to be made for the purpose of hedging an interest rate risk arising from the Investment Corporation's liabilities or a currency risk relating to Investment Assets of the Investment Corporation or other risks.

Article 31. *(Reinvestment of Income)*

The Investment Corporation may reinvest proceeds from the sale of Investment Assets, proceeds from the redemption of securities, interest, distributions relating to equity interest in anonymous associations, real estate leasing income and other income, and security deposits and guaranty monies.

Article 32. *(Objectives and Extent of Leasing of Incorporated Assets)*

1. The Investment Corporation shall, in principle, lease all of the real estate (including, other than the real estate acquired by the Investment Corporation, the real estate which is the back assets of the Real Estate-Related Assets) belonging to the Investment Assets in order to obtain stable income therefrom for the medium to long-term (including the creation of car parks and the placement of signboards, etc.).
2. When leasing real estate as provided for in the preceding Paragraph, the Investment Corporation may receive or provide security deposits or guaranty monies or any other money similar thereto, and if the Investment Corporation receives such money, the Investment Corporation shall invest such money in accordance with its basic asset management policies and investment stance.
3. The Investment Corporation may lease any Investment Assets other than the real estate (including, other than the real estate acquired by the Investment Corporation, the real estate which is the back assets of the Real Estate-Related Assets) belonging to the Investment Assets.
4. The Investment Corporation may sublease the real estate, which The Investment Corporation lease from a third party, as part of its asset management.

Article 33. *(Principle of Appraisal of Assets)*

1. The Investment Corporation shall conduct an appraisal of the Investment Assets carefully and faithfully for the benefit of the unitholders.
2. The Investment Corporation shall, when conducting an appraisal of the Investment Assets, make effort to ensure the reliability of the appraisal.
3. The Investment Corporation shall conduct an appraisal of the Investment Assets in conformity with the principle of consistency.

Article 34. *(Methods, Standards and Calculation Date of Appraisal of Assets)*

1. The method of the appraisal of assets of the Investment Corporation shall be in accordance with the Investment Trust Act, the Ministerial Ordinance for Calculation of Investment Corporation, the “Rules relating to Real Estate

Investment Trusts and Real Estate Investment Corporations” of The Investment Trusts Association, Japan and other laws and regulations, and generally accepted corporate accounting principles in Japan and the method of the appraisal with respect to each type of the Investment Assets shall be as set forth as follows. For foreign currency transactions, accounting and appraisal shall be conducted in accordance with the Practical Guidelines on Accounting for Foreign Currency Transactions.

- (1) Real estate, leaseholds of real estate or surface rights, or the assets of a similar nature under foreign laws and regulations (as defined in Article 29, Paragraph 1, Item (1) and Article 29, Paragraph 1, Item (2), (i) through (iii)):

Appraisal shall be made at the value obtained by deducting the accumulated depreciation from the acquisition price. The straight-line method shall be adopted as the method of calculation of depreciation for both of the building and facilities; provided, however, that for facilities, another method may be used if the straight-line method ceases to be suitable for a justifiable reason and that the adoption of such another method is reasonably deemed to cause no problem in terms of the protection of investors.

- (2) Beneficial interests of trusts or the assets of a similar nature under foreign laws and regulations formed by entrustment of real estate, leaseholds of real estate or surface rights, or the assets of a similar nature under foreign laws and regulations (as defined in Article 29, Paragraph 1, Item (2), (iv) or (viii)):

Appraisal shall be made pursuant to the Practical Solution on Accounting for Trusts (PITF No. 23) and at the value calculated as to the amount equivalent to the Investment Corporation’s share in the relevant beneficial interests, after aggregating the amount of the trust properties appraised by the method as provided for in (1) above, if such properties fall under the category of the assets set forth in (1) above, and, if such properties are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles in Japan, and deducting from the sum thereof the amount of liabilities.

- (3) Beneficial interests of money trusts or the assets of a similar nature under foreign laws and regulations the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate or surface rights, or the assets of a similar nature under foreign laws and regulations (as defined in Article 29, Paragraph 1, Item (2), (v) or (viii)):

Appraisal shall be made pursuant to the Practical Solution on Accounting for Trusts (PITF No. 23) and at the value calculated as to the amount equivalent to the Investment Corporation’s share in the relevant beneficial interests, after aggregating the amount of the component assets of the trust properties appraised by the method as provided for in (1) above, if such component assets fall under the category of the assets set forth in (1) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting

principles in Japan, and deducting from the sum thereof the amount of liabilities.

- (4) Equity interests in anonymous associations relating to real estate or the assets of a similar nature under foreign laws and regulations (as defined in Article 29, Paragraph 1, Item (2), (vi) or (viii)):

Appraisal shall be made at the value calculated as to the amount equivalent to the relevant Investment Corporation's equity interests, after aggregating the amount of the component assets of the equity interests in anonymous associations appraised by the relevant method provided for in (1) through (3) above, if such component assets fall under the category of any of the assets set forth in (1) through (3) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles in Japan, and deducting from the sum thereof the amount of liabilities.

- (5) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in equity interests in anonymous associations relating to real estate or the assets of a similar nature under foreign laws and regulations (as defined in Article 29, Paragraph 1, Item (2), (vii) or (viii)):

Appraisal shall be made pursuant to the Practical Solution on Accounting for Trusts (PITF No. 23) and at the value calculated as to the amount equivalent to the Investment Corporation's share in the relevant beneficial interests, after aggregating the amount of the equity interests in anonymous associations, which is the trust property, appraised by the method as provided for in (4) above, and deducting from the sum thereof the amount of liabilities.

- (6) Securities (as defined in Article 29, Paragraph 1, Item (3) and Article 29, Paragraph 2, Item (1), (iv) through (ix) and (xi)):

The value shall be the market price (i.e., the trading price on a financial instruments exchange, the price published by the Japan Securities Dealers Association or the similar trading prices at which transactions are formed on any trading system where securities can be sold and converted into cash from time to time in accordance with the foregoing prices; hereinafter the same). However, stocks and other securities for which no market price is available shall be evaluated at the acquisition cost.

- (7) Monetary receivables (as defined in Article 29, Paragraph 2, Item (1), (iii)):

Appraisal shall be made at the amount obtained by deducting the allowance for doubtful accounts from the acquisition price; provided, however, that in the case of monetary receivables obtained under par or above par where the difference between the acquisition price thereof and the claim amount is deemed to be of the nature of adjustment of interest, appraisal shall be made at the amount obtained by deducting the allowance for doubtful accounts from the value calculated by the amortized cost method.

- (8) Beneficial interests of money trusts (as defined in Article 29, Paragraph 2, Item (1), (x)):

Appraisal shall be made pursuant to the Practical Solution on Accounting for Trusts (PITF No. 23) and at the aggregate value of the amount of the component assets of the trust properties appraised by the relevant method set forth in (6), (7) or (10), if such component assets fall under the category of any of the assets set forth in (6), (7) or (10).

- (9) Rights relating to a derivative transaction (as defined in Article 29, Paragraph 2, Item (2)):

- (i) Debts and credits arising from the listed derivative transactions:

Appraisal shall be made at the value calculated based upon the final price (the closing price; provided, however, that if there is no such closing price, the quotation price (the minimum offered quotation price or the maximum bid quotation price, or if both of them are quoted, the mean price thereof)) at the relevant exchange as of the calculation date; provided, however, if there is no such final price as of the calculation date, appraisal shall be made at the value calculated based upon the latest final price prior to the calculation date.

- (ii) Debts and credits arising from non-listed derivative transactions:

Appraisal shall be made at the value calculated by a reasonable method as equivalent to a market price.

- (iii) Hedge accounting may be applicable to those transactions deemed as hedge transactions under generally accepted corporate accounting principles in Japan. Also, notwithstanding the provisions of (i) and (ii) above, special handling for interest rate swaps may be applied to those transactions that satisfy the requirements for special interest rate swap handling under the financial instruments accounting standards. For foreign exchange futures and similar transactions that satisfy the requirements for deferred hedge accounting criteria under the Practical Guidelines on Accounting for Foreign Currency Transactions, deferred hedge accounting may be applied.

- (10) Others:

Any item other than those provided for above shall be appraised at the value appraised pursuant to the Investment Trust Act, the Ministerial Ordinance for Calculation of Investment Corporation and the appraisal regulations of The Investment Trusts Association, Japan or in accordance with generally accepted corporate accounting principles in Japan.

2. If appraisal is made in any method other than those provided for in the immediately preceding Paragraph with an aim to state the appraised price in the Asset Management Report, etc., appraisal shall be made as follows:

- (1) Real estate, leaseholds of real estate or surface rights, or the assets of a similar nature under foreign laws and regulations:

In principle, appraisal shall be made based on the appraisal by a real estate appraiser.

- (2) Beneficial interests of trusts formed by entrustment of real estate, leaseholds of real estate or surface rights (including the assets of similar nature under foreign laws and regulations) or equity interests in anonymous associations relating to real estate, or the assets of similar nature under foreign laws and regulations:

Appraisal shall be made at the value calculated as the amount equivalent to the relevant Investment Corporation's equity interests or the Investment Corporation's share in the relevant beneficial interests, after aggregating the amount of the component assets of the trust properties or anonymous associations appraised by the method as provided for in (1) above, if such component assets fall under the category of any of the assets set forth in (1) above, and, if such component assets are financial assets, the amount thereof appraised in accordance with generally accepted corporate accounting principles in Japan, and deducting from the sum thereof the amount of liabilities.

- (3) Interests in derivative transactions (when the special handling for interest rate swaps or deferred hedge accounting for foreign currency futures or the like is adopted pursuant to Paragraph 1, Item (9) (iii)):

Appraisal shall be made at the value specified in Paragraph 1, Item (9) (i) or (ii).

3. The calculation date of appraisal of assets shall be the Settlement Date provided for in the immediately following Article; provided, however, that in the case of the assets provided for in Article 29, Paragraph 1, Item (3) and Paragraph 2, which may be appraised by the market price thereof, the calculation date thereof shall be the last day of each month.

Article 35. (*Fiscal Period*)

The fiscal period of the Investment Corporation shall commence on March 1 of each year and end on the last day of August of the same year, and commence on September 1 of each year and end on the last day of February of the following year (the last day of each fiscal period shall be referred to as the "Settlement Date").

Article 36. (*Cash Distribution Policies*)

1. Distribution Policies

The Investment Corporation shall, in principle, make distributions in accordance with the following policies, and, upon making cash distributions, shall follow the rules stipulated by The Investment Trusts Association, Japan:

- (1) Distributable amounts arising from investment of the Investment Corporation's Investment Assets (the "Distributable Amount") shall be income calculated on each Settlement Date in accordance with the Investment Trust Act and generally accepted corporate accounting principles in Japan (being the Profits as specified in Article 136, Paragraph 1 of the Investment Trust Act).
- (2) Distribution amounts shall be determined by the Investment Corporation and such distribution amounts shall exceed 90% of the earnings available for distribution of the Investment Corporation (in case of change in the calculation method of such amount due to amendment to laws and regulations etc., the amount as amended) as defined in the special taxation measures for investment corporations as set forth in Article 67-15, Paragraph 1 of the Special Taxation Measures Act (the "Special Provisions of Taxation on Investment Corporations") (provided however, the Distributable Amounts is the upper limit.). Provided, however, that this will not apply if there is a loss for tax purposes or if there will be no taxable earnings because of carrying a tax loss forward, and in such cases the amount will be reasonably determined by the Investment Corporation. The Investment Corporation may accumulate from the Distributable Amount reserves deemed necessary for maintaining its Investment Assets or improving the value thereof such as the long-term reserve for maintenance, payment reserve, reserve for distribution, and other similar reserves and accounts as well as other necessary amounts, reserve or handle such amounts in any other manner.
- (3) Any amount of income or earned income through the Settlement Date that is not applied to the distribution and retained shall be invested under the basic investment policies and investment stance of the Investment Corporation.

2. Distributions in Excess of Income

In the following cases, the Investment Corporation may distribute an amount in excess of the Distributable Amount equal to the amount of the distribution specified in Item (2) of the preceding Paragraph *plus* an amount to be determined by the Investment Corporation up to the amount stipulated by the regulations of The Investment Trusts Association, Japan.

- (1) In cases where the Investment Corporation aims to mitigate imposition of corporation taxes, etc.

- (2) In addition to the immediately preceding item, in cases where the Investment Corporation deems it appropriate taking into consideration, among other things, the economic circumstances, the trend of the real-estate market, the leasing market or the real estate investment trust market, etc., or the influence, etc. of acquisition and sale of assets, large-scale repair and financing by the Investment Corporation on the distribution per unit.

3. Method of distribution of dividends

The dividends specified in Paragraphs 1 and 2 shall be distributed in cash within three months in principle after such Settlement Date to the unitholders or registered pledgees whose names appear or are recorded as such on the latest unitholders' list as of the Settlement Date, in proportion to the respective number of units held by such unitholders.

4. Discharge of claim for distributions

In case the dividends specified in Paragraphs 1 and 2 are unclaimed for a period of three (3) full years after the date on which such dividends first become payable, the Investment Corporation shall be discharged from its payment obligation thereof. Further, any dividends remaining unpaid shall bear no interest.

Article 37. *(Maximum Amount of Borrowings and Investment Corporation Bonds, etc.)*

1. Aiming for a steady growth in, and an efficient and stable management of the Investment Assets, the Investment Corporation may borrow funds (including any borrowings through the call market) or issue investment corporation bonds in order to finance acquisition of assets, payment of maintenance expenses and other maintenance and management expenses or dividends, funds required to manage the Investment Corporation, and repayment of liabilities (including the refund of security deposits and guaranty monies, and the repayment of borrowings and investment corporation bonds (here and hereafter, including the short-term investment corporation bonds)), etc.; provided, however, that the use or the purpose of funds raised through the issuance of short-term investment corporation bonds must be within the scope prescribed in laws and regulations. In addition, in case of borrowing funds, the Investment Corporation shall borrow such funds only from the qualified institutional investors as defined in the Financial Instruments and Exchange Act (limited to the institutional investor provided for in Article 67-15 of the Special Taxation Measures Act).
2. In case of the preceding Paragraph, the Investment Corporation may provide the Investment Assets as security.
3. The maximum amount of borrowings and investment corporation bonds shall be 2 trillion yen, respectively, and the aggregate thereof shall not exceed 2 trillion yen.

Article 38. *(Standards concerning Payment of Asset Management Fees Payable to the Asset Management Company)*

1. The method of calculation of fees payable to the asset management company (the “Asset Management Company”) to which the Investment Corporation commissions the management of its assets and the time of payment thereof shall be as follows. The Investment Corporation shall not pay Asset Management Company any fees relating to agency services or brokerage under the Building Lots and Buildings Transactions Business Act.

(1) Management Fee I

Management Fee I Management Fee I shall be the amount calculated by multiplying (a) the total assets of the Investment Corporation determined by the method specified below by (b) 0.45% per annum for the period from the day after the Investment Corporation’s immediately preceding Settlement Date until the last day of the third month following such Settlement Date (“Calculation Period 1”) and for the period from the day after the final day of Calculation Period 1 until the next Settlement Date (“Calculation Period 2”) (pro rata monthly amounts shall be calculated on the basis of 12 months per year; amounts less than one yen shall be rounded down).

Total Assets in Calculation Period 1

The total amount of assets indicated on the Investment Corporation’s balance sheet as of the Settlement Date of the Investment Corporation’s immediately preceding Fiscal Period (limited to the balance sheet approved at the meeting of the Board of Directors in accordance with the Article 131, Paragraph 2 of the Investment Trust Act) (provided, however, that an amount equivalent to unamortized goodwill shall be deducted).

Total Assets in Calculation Period 2

The total amount of assets indicated in Calculation Period 1, *plus or minus* difference of the total acquisition price (meaning the purchase price in a case of purchase, the price of the asset acquired by way of exchange provided in the exchange agreement in a case of exchange (the amount after the deduction of the compressed amount, if compressed entry is made), the contribution amount in a case of capital contribution, and the amount of assets recognized with respect to the property (excluding ancillary expenses) in accordance with the Accounting Standards for Business Combination (*kigyo ketsugo ni kansuru kaikei kijun*) in a case of merger; excluding national and local consumption taxes required for acquisition of buildings, hereinafter the same in this Item and Item (3)) of acquired specified assets, and the total book value of the disposed specified assets indicated on the Investment Corporation’s balance sheet as of the Settlement Date of the Investment Corporation’s immediately preceding Fiscal Period (limited to the balance sheet approved at the meeting of the Board of Directors in accordance with the Article 131, Paragraph 2 of the Investment Trust Act), if the Investment Corporation acquired (including the case where the Investment Corporation succeeded specified assets of an absorbed investment corporation as a result of an absorption-type merger, in which the Investment Corporation participates as a surviving investment corporation ; hereinafter the same in this Item and Item (3)) or disposed of

specified assets as specified in Article 29, Paragraph 1 during Calculation Period 1.

Fees for Calculation Period 1 shall be paid by the last day of Calculation Period 1 and fees for Calculation Period 2 shall be paid by the last day of Calculation Period 2.

(2) Management Fee II

Management Fee II for each Fiscal Period of the Investment Corporation shall be the amount calculated by multiplying the Net Income before Deduction of Management Fee II by 5.5% (amounts less than one yen shall be rounded down).

The “Net Income before Deduction of Management Fee II” means the amount obtained by adding goodwill amortization cost to, and deducting gain on negative goodwill from, income before income taxes calculated in accordance with generally accepted corporate accounting principles in Japan (before deduction of Management Fee II and non-deductible consumption taxes on Management Fee II) and after compensation of loss carried forward (if any). If the result of the above calculation of the Net Income before Deduction of Management Fee II becomes negative value, the amount of the Net Income before Deduction of Management Fee II shall be zero yen.

Management Fee II shall be paid within three months after the Settlement Date for the relevant Fiscal Period.

(3) Acquisition Fee

If the Investment Corporation acquired specified assets as specified in Article 29, Paragraph 1, the Investment Corporation shall pay Acquisition Fee in the amount obtained by multiplying the acquisition price by a rate separately agreed upon between the Investment Corporation and the Asset Management Company, which rate shall be up to 1.0% (0.5%, if the acquisition is from a related party defined in the Article 201, Paragraph 1 of the Investment Trust Act or a company etc. for which a related party provides the asset management or investment advisory service).

Acquisition Fees shall be paid by the last day of the month following the month in which the specified asset was acquired (the month to which the effective date of merger or the date of incorporation of the investment corporation belongs, in a case of merger).

(4) Disposition Fee

If the Investment Corporation disposed of specified assets as specified in Article 29, Paragraph 1, the Investment Corporation shall pay Disposition Fee in the amount obtained by multiplying the disposition price (meaning the disposition price in a case of sale, and the price of the asset disposed of by way of exchange provided in the exchange agreement in a case of exchange; excluding national and local consumption taxes required for disposition of buildings, hereinafter the same in this Item) by a rate

separately agreed upon with the Asset Management Company, which rate shall be up to 1.0% (0.5%, if the disposition is to a related party defined in the Article 201, Paragraph 1 of the Investment Trust Act or a company etc. for which a related party provides the asset management or investment advisory service).

Disposition Fees shall be paid by the last day of the month following the month in which the specified asset was disposed of.

2. When paying asset management fees, the Investment Corporation shall also bear an amount equivalent to all national and local consumption taxes applicable to those fees and the Investment Corporation shall pay an amount equal to the asset management fees to be paid plus the applicable national and local consumption taxes by electronic bank transfer (all transfer fees and all national and local consumption taxes applicable to those fees shall be borne by the Investment Corporation) or by remittance to a bank account designated by Asset Management Company.

Article 39. *(Attribution of Profit and Loss)*

Any and all profit and loss arising from the management of the Investment Corporation's Investment Assets by the Asset Management Company shall be attributable to the Investment Corporation.

Article 40. *(National and Local Consumption Taxes)*

Except as otherwise prescribed herein, the Investment Corporation shall bear the national and local consumption taxes ("Consumption Taxes") levied on those expenses and monies for the management of the Investment Assets and other expenses and monies that the Investment Corporation shall pay that are subject to taxation under the Consumption Tax Act (collectively, "Taxable Items"), and the Investment Corporation shall pay the amount of Consumption Taxes together with the monies for payment of the relevant Taxable Items. All the amounts stated herein, if not otherwise specified herein, are amounts excluding Consumption Taxes.

CHAPTER VIII

COMMISSION OF BUSINESS AND ADMINISTRATIVE SERVICES

Article 41. *(Commission of Business and Administrative Services)*

1. The Investment Corporation shall, in accordance with the Investment Trust Act, commission the management of its assets to the Asset Management Company, and the custody thereof to the custodian of assets.
2. The Investment Corporation shall commission any administrative services, excluding services relating to the management and custody of its assets, required to be commissioned to a third party under the Investment Trust Act and the Enforcement Ordinance of the Act Concerning Investment Trusts and Investment Corporations, to a third party.

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