

**English Translation for Reference Only**

ARTICLES OF INCORPORATION  
OF  
THE INVESTMENT CORPORATION

Frontier Real Estate Investment Corporation

## CHAPTER I GENERAL PROVISIONS

### **Article 1** Trade Name

This Investment Corporation shall be referred to as *Frontier Fudosan Toshi Hojin* and Frontier Real Estate Investment Corporation in English (hereinafter referred to as the “Investment Corporation”).

### **Article 2** Purpose

The purpose of the Investment Corporation is to manage the assets of the investment corporation primarily as investments in specified assets (meaning the Specified Assets prescribed in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Investment Trust Act”)) pursuant to the Investment Trust Act.

### **Article 3** Location of Head Office

The head office of the Investment Corporation shall be located in Chuo Ward, Tokyo.

### **Article 4** Manner of Public Notice

The Investment Corporation shall issue its public notices by posting them in the *Nihon Keizai Shimbun*.

## CHAPTER II INVESTMENT UNITS

### **Article 5** Aggregate Number of Issuable Investment Units

1. The aggregate number of the Investment Corporation’s issuable investment units shall be four million (4,000,000).
2. The ratio of the issue prices of the Investment Corporation’s investment units offered for subscription in Japan shall exceed fifty one-hundredths (50/100) of the aggregate amount of issue prices of the Investment Corporation’s investment units.
3. The Investment Corporation may, with the approval of its Board of Directors, solicit subscribers for investment units to be issued by it within the limits of the aggregate number of issuable investment units prescribed in Paragraph 1. The amount of payment per unit of offered investment units (meaning the investment units to be allotted to those who will have subscribed for said investment units in response to said offering) shall be the amount determined by the Board of Directors as being fair in light of the content of the assets held by the Investment Corporation (hereinafter referred to as the “Invested Assets”).

### **Article 6** Matters Relating to the Handling of Investment Units

The procedures for handling entries or recordings in the Investment Corporation’s Register of Unitholders and other matters relating to investment units, as well as the commissions associated therewith, shall be as determined by the Board of Directors as well as prescribed by law and regulation and these Articles of Incorporation.

### **Article 7** Minimum Amount of Net Assets to Be Constantly Maintained by the Investment Corporation

The minimum amount of net assets to be constantly maintained by the Investment Corporation shall be fifty million yen (¥50,000,000).

**Article 8** Refund of Investment Units at Request of Unitholders and Acquisition of the Investment Corporation's Own Investment Unit

1. The Investment Corporation shall not refund its investment units at the request of the unitholders.
2. The Investment Corporation may acquire its investment units for value by agreement with the Unitholders.

### CHAPTER III GENERAL MEETING OF UNITHOLDERS

**Article 9** Convocation

1. The Investment Corporation's General Meeting of Unitholders shall be held in one of the 23 wards of Tokyo, and as a general rule, at least once every two years.
2. Unless otherwise prescribed by law and regulation, the Investment Corporation's General Meeting of Unitholders shall be convened by the Executive Director in the event there is only one Executive Director, or by an Executive Director in accordance with the order of priority predetermined by the Board of Directors in the event there are two or more Executive Directors.

**Article 10** Chair of the Meeting

The Investment Corporation's General Meeting of Unitholders shall be chaired by the Executive Director in the event there is only one Executive Director, or by an Executive Director in accordance with the order of priority predetermined by the Board of Directors in the event there are two or more Executive Directors. In the event that all Executive Director positions are vacant or all Executive Directors in office are impeded, a Supervisory Director in accordance with the order of priority predetermined by the Board of Directors shall serve as chair of the meeting.

**Article 11** Resolution

Unless otherwise prescribed by law and regulation or these Articles of Incorporation, a resolution of the Investment Corporation's General Meeting of Unitholders shall be passed by a majority of all voting rights of the Unitholders in attendance.

**Article 12** Proxy Voting

1. An Unitholder may exercise his/her voting rights by appointing another Unitholder holding the Investment Corporation's voting rights as his/her proxy.
2. In the case of the preceding paragraph, said appointing Unitholder or the Unitholder appointed as his/her proxy shall submit a document attesting to such proxy right to the Investment Corporation prior to each and every General Meeting of Unitholders.

**Article 13** Proxy Voting in Writing or by Electromagnetic Means

1. Voting rights to be exercised in writing shall be exercised by stating the necessary items on a document for exercising voting rights (hereinafter referred to as "Voting Card") and

submitting the Voting Card stating said matters to the Investment Corporation no later than the time prescribed by law and regulation.

2. Voting rights to be exercised by electromagnetic means shall be subject to the Investment Corporation's consent, and exercised pursuant to the provisions of law and regulation, by conveying the matters to be stated on Voting Cards to the Investment Corporation by electromagnetic means, no later than the time prescribed by law and regulation.
3. The number of voting rights exercised in writing or by electromagnetic means pursuant to the preceding two paragraphs shall be included in the number of voting rights of the Unitholders in attendance.

**Article 14**    Deemed Agreement

1. In the event that an Unitholder neither attends a General Meeting of Unitholders nor exercises his/her voting rights, said Unitholder shall be deemed to have agreed to the proposals submitted to said General Meeting of Unitholders (excluding all of those proposals which conflict with each other in cases where multiple proposals are submitted).
2. The number of voting rights of the Unitholders who are deemed to have agreed to proposals pursuant to the provisions of the preceding paragraph shall be included in the number of voting rights of the Unitholders in attendance.

**Article 15**    Record Date

1. With respect to a General Meeting of Unitholders held within three months from a Fiscal-Term End prescribed in Article 36 hereof, Unitholders qualified to exercise voting rights at the General Meeting of Unitholders shall be those whose names have been entered or recorded in the final Register of Unitholders as of said Fiscal-Term End.
2. Notwithstanding the provisions of the preceding paragraph, if needed, a Unitholder or a registered pledgee of investment units whose name has been entered into or recorded in the final Register of Unitholders as of a record date for which public notice has been given and established beforehand pursuant to law and regulation, subject to the resolution of the Board of Directors, may be treated as a Unitholder or the registered pledgee of investment units qualified to exercise his/her voting rights.

**Article 16**    Minutes of the General Meetings of Unitholders

With respect to the proceedings of a General Meeting of Unitholders, minutes setting forth a summary of the proceedings and the outcome, and other matters prescribed by law and regulation, shall be prepared.

**CHAPTER IV    DIRECTORS AND THE BOARD OF DIRECTORS**

**Article 17**    Number of Directors and Composition of the Board of Directors

The number of the Investment Corporation's Executive Directors shall be one or more, and the number of Supervisory Directors shall be two or more (equal to or more than one added to the number of Executive Directors), and the Directors (meaning Executive Directors and Supervisory Directors collectively; hereafter the same shall apply) shall constitute the Board of Directors.

**Article 18** Election and Term of Office of Directors

1. A Director shall be elected by a resolution of a General Meeting of Unitholders.
2. The term of office of a Director shall be two years from the date of election; provided, however, that the term of office of a Director who is elected as a substitute or as a result of an increase in the number of Directors shall be equal to the remaining term of office of his/her predecessor or incumbents.
3. A resolution on the election of a substitute Director shall remain in force and effect until the time of expiration of the term of office of a Director elected at the General Meeting of Unitholders at which said resolution is passed (or at the most recent General Meeting of Unitholders at which a Director has been elected if a Director is not elected at said General Meeting of Unitholders); provided, however, that such period for which the resolution would remain in force and effect may be shortened by a resolution of a General Meeting of Unitholders.

**Article 19** Standard for Payment of Remuneration for the Directors

The standard and timing of payment of remuneration for the Directors of the Investment Corporation shall be as prescribed below:

- (1) The remuneration for each Executive Director shall be up to a ceiling of eight hundred thousand yen (¥800,000) per month, and an amount for a current month considered and determined by the Board of Directors as reasonable in light of general price trends, wage trends and other factors shall be paid monthly by the last day of each that month.
- (2) The remuneration for each Supervisory Director shall be up to a ceiling of five hundred thousand yen (¥500,000) per month, and an amount for a current month considered and determined by the Board of Directors as reasonable in light of general price trends, wage trends and other factors shall be paid monthly by the last day of each that month.

**Article 20** Exemption of Directors from Liability for Damages

If, with respect to the liabilities of any of its Directors prescribed in Article 115-6, Paragraph 1 of the Investment Trust Act, said Director is found to be in good faith and without gross negligence, the Investment Corporation may exempt said Director from the liabilities to the extent permitted by law and regulation, subject to a resolution of the Board of Directors, if deemed particularly necessary in consideration of the particulars of the facts causing such liabilities, status of performance of the Director's duties, and other circumstances.

**Article 21** Convocation and Chair of the Meeting

1. Unless otherwise prescribed by law and regulation, the Investment Corporation's Board of Directors shall be convened by the Executive Director in the event there is only one Executive Director, or by an Executive Director in accordance with the order of priority predetermined by the Board of Directors in the event there are two or more Executive Directors and the convening Director shall act as chair of the meeting of the Board of Directors.
2. The convocation notice of a meeting of the Board of Directors shall be sent to all of the Directors at least three days prior to the date of said meeting; provided, however, that the period of convocation may be shortened or the convocation procedures may be omitted subject to the consent of all of the Directors.

**Article 22** Resolution

Unless otherwise prescribed by law and regulation or these Articles of Incorporation, a resolution of the Board of Directors shall be passed by a majority of the members in attendance where the majority of the members entitled to participate in vote are present.

**Article 23** Minutes of Meetings of the Board of Directors

With respect to the proceedings of a meeting of the Board of Directors, minutes setting forth the summary the proceedings and the outcome, and other matters prescribed by law and regulation, shall be prepared, and the Directors in attendance shall sign or affix their respective names and seals thereto.

**Article 24** Rules of the Board of Directors

Matters relating to the Board of Directors shall be governed by the rules of the Board of Directors as prescribed by the Board of Directors, as well as by law and regulation and these Articles of Incorporation.

## CHAPTER V ACCOUNTING AUDITOR

**Article 25** Election of the Accounting Auditor

The Accounting Auditors shall be elected by a resolution of a General Meeting of Unitholders.

**Article 26** Term of Office of the Accounting Auditor

1. The term of office of an Accounting Auditor shall continue until the conclusion of the first General Meeting of Unitholders held after the first Fiscal-Year End following the lapse of one year after the assumption of his/her office.
2. Unless otherwise resolved at the General Meeting of Unitholders referred to in the preceding paragraph, the Accounting Auditor shall be deemed to have been reelected at said General Meeting of Unitholders.

**Article 27** Standard for Payment of Remuneration for Accounting Auditors

The remuneration for the Accounting Auditor shall be up to a ceiling of fifteen million yen (¥15,000,000) for each Fiscal-Year End subject to audit, and an amount as determined by the Board of Directors shall be paid within three months after said Fiscal-Year End.

## CHAPTER VI OBJECTS AND POLICY OF ASSET MANAGEMENT

**Article 28** Basic Policy of Asset Management

With the aim of securing stable earnings in the medium- and long-term, the Investment Corporation shall manage its assets through investing primarily in Specified Assets including real estate, etc. (meaning the assets specified in Paragraph 2 of Article 30 hereof; hereafter the same shall apply) and real-estate-backed securities (meaning the assets specified in Paragraph 3 of Article 30 hereof; hereafter the same shall apply).

**Article 29** Investment Stance

1. The Investment Corporation shall invest primarily in Specified Assets including real estate, etc. used for the purposes of suburban retail facilities and urban retail buildings or real-estate-backed securities backed by said real estate, etc. (hereinafter referred to collectively as "Real-Estate-Related Assets").
2. In investing in Real-Estate-Related Assets, the Investment Corporation shall make geographically diversified investments by mitigating risks associated with fluctuations in regional economies and lease market conditions and earthquakes and other natural disasters, with a view to stabilizing its cash flows.
3. The Investment Corporation shall as a general rule target its investments in those Real-Estate-Related Assets from which stable lease business revenues or similar revenues are being actually generated or are likely to be generated, and shall determine Real-Estate-Related Assets targeted for investment by making comprehensive judgments on their present and future profitability, future potential and stability of locational area, status of response to deterioration and obsolescence of the real estate, tenant attributes, particulars and terms of lease contracts, etc. and by thereby evaluating their investment value.
4. The Investment Corporation shall manage its assets in such a manner as to cause the ratio of the sum of the values of specified real estate (meaning real estate, real estate leasehold rights, superficies, or beneficiary interests in trust of real estate ownership, ground leasehold rights or superficies) to be equal to or greater than seventy five one-hundredths (75/100) of the sum of the values of the Specified Assets held by it.
5. The Investment Corporation shall manage its assets in such a manner as to cause the ratio of the value of real estate, etc. prescribed in Article 22-19 of the Ordinance for Enforcement of the Act on Special Measures concerning Taxation (Ministry of Finance Ordinance No. 15 of 1957 as amended) to be equal to or greater than seventy one-hundredths (70/100) of the aggregate amount of the assets held by it.

**Article 30** Types, Purposes and Scope of Specified Assets Targeted for Asset Management

1. The Investment Corporation shall invest primarily in Real Estate, etc. specified in Paragraph 2 and in Real-Estate-Backed Securities specified in Paragraph 3.
2. Real Estate, etc. mean the assets listed below:
  - (1) Real estate;
  - (2) Real estate leasehold rights;
  - (3) Superficies;
  - (4) Beneficiary interests in trust of real estate, real estate leasehold rights and superficies (including comprehensive trusts in combination with monies incidental to real estate);
  - (5) Beneficiary interests in monetary trusts managing trust properties by investing primarily in real estate, real estate leasehold rights or superficies;
  - (6) Equity interests in investment relating to a contract where one party makes a capital contribution for the purpose of investments made by the other party in the assets listed in the preceding items, and the other party invests the contributed properties primarily in said assets and promises to distribute profits generated from said investments (hereinafter referred to as "Equity Interests in Anonymous Real Estate Associations"); and
  - (7) Beneficiary interests in monetary trusts managing trust properties by investing

primarily in Equity Interests in Anonymous Real Estate Associations.

3. Real-Estate-Backed Securities mean those listed below over one-half (1/2) of which assets are intended to be invested in Real Estate, etc.:
  - (1) Preferred equity securities (as defined in Article 2, Paragraph 9 of the Act on Securitization of Assets (Act No. 105 of 1998 as amended; hereinafter referred to as the "Asset Securitization Act");
  - (2) Beneficiary interests (as defined in Article 2, Paragraph 7 of the Investment Trust Act);
  - (3) Investment securities (as defined in Article 2, Paragraph 15 of the Investment Trust Act); and
  - (4) Beneficiary interests of specified purpose trusts (as defined in Article 2, Paragraph 15 of the Asset Securitization Act (excluding those falling under assets specified in Item (4), Item (5) or Item (7) of the preceding paragraph)).
4. In addition to Real Estate, etc. and Real-Estate-Backed Securities specified in the preceding two paragraphs, the Investment Corporation may also invest in the Specified Assets listed below:
  - (1) Deposits;
  - (2) Call loans;
  - (3) Negotiable certificates of deposit;
  - (4) Securities (as defined in Article 3, Item 1 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000 as amended; hereinafter referred to as the "Investment Trust Act Enforcement Order") (excluding those assets which are separately specified in the preceding two paragraphs and this paragraph));
  - (5) Monetary claims (as defined in Article 3, Item 7 of the Investment Trust Act Enforcement Order) (excluding those assets which are specified in Items (1) through (3) of this paragraph);
  - (6) Beneficiary interests in monetary trusts which manage trust properties by investing primarily in the assets listed in Items (1) through (5) of this paragraph; and
  - (7) Rights in derivatives transactions (as defined in Article 3, Item 2 of the Investment Trust Act Enforcement Order).
5. The Investment Corporation, if needed, may invest in the assets specified below (limited to those assets which are incidental to investments in Real Estate, etc.):
  - (1) Trademark rights as prescribed in Article 18, Paragraph 1 of the Trademark Act (Act No. 127 of 1959 as amended), or exclusive right to use trademarks based on Article 30, Paragraph 1 of said Act or non-exclusive right to use trademarks based on Article 31, Paragraph 1 of said Act;
  - (2) Rights to use the source of a hot spring as prescribed by Article 2, Paragraph 1 of the Hot Springs Act (Act No. 125 of 1948 as amended) and facilities, etc. related to such hot spring;
  - (3) Carbon dioxide equivalent quotas or other similar assets or emission rights (including emission rights for greenhouse gases) based on the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998 as amended);
  - (4) Beneficiary interests in monetary trusts which manage trust properties by investing primarily in the assets listed in Items (1) through (3) of this paragraph; and

- (5) Other assets which would need to be acquired in connection with investments in Real Estate, etc.
6. In the event that securities indicating the rights prescribed in Article 2, Paragraph 2 of the Financial Instruments and Exchange Act (Act No. 25 of 1948 as amended; hereinafter referred to as the "FIEA") are not issued, said rights shall be deemed to be such securities, and the provisions of Paragraph 2 through Paragraph 5 shall be applied.

**Article 31**    Investment Restrictions

1. The Investment Corporation shall invest in the securities and monetary claims specified in Paragraph 4 of the preceding Article by laying weight on the safety and liquidity of such investments, and shall refrain from investing solely for the purpose of actively making investment gains.
2. The Investment Corporation shall invest in the rights associated with the derivatives transactions specified in Paragraph 4, Item (7) of the preceding Article solely for the purpose of hedging interest rate fluctuation risk arising from the Investment Corporation's debts and other risks.
3. The Investment Corporation shall not invest in real estate located outside Japan, or in Real Estate, etc. (excluding real estate) or Real-Estate-Backed Securities based on real estate located outside Japan.
4. The Investment Corporation shall not invest in foreign-currency-denominated assets.

**Article 32**    Reinvestment of Revenue and Other Receipts

The Investment Corporation may invest or reinvest the proceeds from sale of the Invested Assets, interest, dividends and redemption proceeds received on securities, interest and delinquency charges received in connection with monetary claims, distributions received on Equity Interests in Anonymous Real Estate Associations, real estate lease income and other income, and leasehold deposits and security deposits.

**Article 33**    Purpose and Scope of Lending of Portfolio Assets

1. For the purpose of securing its stable earnings in the medium- and long-term, the Investment Corporation may lend the assets (including leasing parking lots and setting up advertising displays) belonging to the Invested Assets (including the real estate forming the basis of Real-Estate-Related Assets other than real estate acquired by it).
2. When lending real estate, the Investment Corporation may receive leasehold deposits or security deposits, etc. and other similar money, and shall invest the money so received pursuant to Article 28 and Article 29.
3. The Investment Corporation may lend Invested Assets other than real estate belonging to the Invested Assets (including real estate forming the basis of Real-Estate-Related Assets other than real estate acquired by it).

## **CHAPTER VII    APPRAISAL OF ASSETS**

**Article 34**    Method, Standard, and Record Date, for Appraisal of Assets

1. The method and standard for appraisal of assets of the Investment Corporation shall be established by the type of the Invested Assets, and shall as a general rule be as follows:

- (1) Real estate, real estate leasehold rights and superficies as prescribed in Items (1), (2) and (3) of Paragraph 2 of Article 30

Appraisal shall be performed by deducting the value of accumulated depreciation from acquisition value. The amount of depreciation on buildings and equipment, etc. shall be based on the straight-line method. However, if the Investment Corporation determines that a calculation method adopted by it is not appropriate for a reasonable cause and it may be reasonably judged that adoption of another calculation method would not pose any problem for the Unitholders, the Investment Corporation may switch to another calculation method in accordance with law and regulation.

- (2) Beneficiary interests in trust of real estate, real estate leasehold rights and superficies as prescribed in Item (4), Paragraph 2 of Article 30

If the trust properties are the assets specified in Item (1) of this paragraph, appraisal shall be performed in accordance with the provisions of Item (1) of this paragraph. In case of financial assets and liabilities, they shall be appraised in accordance with generally accepted corporate accounting practice, and on the basis of the value equivalent to equity interests in the relevant trust beneficiary interests by deducting the sum of liabilities from the sum of assets.

- (3) Beneficiary interests in monetary trust which manage trust properties by investing primarily in real estate, real estate leasehold rights or superficies as prescribed in Item (5), Paragraph 2 of Article 30

If the assets comprising the trust properties are the assets specified in Item (1) of this paragraph, appraisal shall be performed in accordance with the provisions of Item (1) of this paragraph. In case of financial assets and liabilities, they shall be appraised in accordance with generally accepted corporate accounting practices, and on the basis of the value equivalent to equity interests in the relevant trust beneficiary interests by deducting the sum of liabilities from the sum of assets.

- (4) Equity Interests in Anonymous Real Estate Associations prescribed in Item (6), Paragraph 2 of Article 30

If the assets comprising the Equity Interests in Anonymous Real Estate Associations are the assets specified in Item (1) through Item (3) of this paragraph, appraisal shall be performed in accordance with the methods prescribed in respective items. In case of financial assets and liabilities, they shall be appraised in accordance with generally accepted corporate accounting practices, and on the basis of the value equivalent to Equity Interests in Anonymous Real Estate Associations by deducting the sum of liabilities from the sum of assets.

- (5) Beneficiary interests in monetary trusts managing trust properties by investing primarily in Equity Interests in Anonymous Real Estate Associations as prescribed in Item (7), Paragraph 2 of Article 30

Appraisal shall be performed with respect to Equity Interests in Anonymous Real Estate Associations as trust properties in accordance with Item (4) of this paragraph. In case of financial assets and liabilities, they shall be appraised in accordance with generally accepted corporate accounting practices, and on the basis of the value equivalent to equity interests in the relevant trust beneficiary interests by deducting the sum of liabilities from the sum of assets.

- (6) Securities prescribed in Paragraph 3 of Article 30 and Item (4), Paragraph 4 of Article

If the market prices for the relevant securities are available, the value based on such market prices shall be used. If no market price is available, appraisal shall be performed according to a rationally calculated value.

(7) Monetary claims prescribed in Item (5), Paragraph 4 of Article 30

Appraisal shall be performed by deducting an allowance for doubtful accounts from acquisition value. However, if the monetary claims are acquired at a value lower or higher than the amount of claims and if the nature of difference between the amount of acquisition and the amount of claims is deemed to be an adjustment of interest, appraisal shall be performed by deducting an allowance for doubtful accounts from the value calculated in the amortized cost method.

(8) Beneficiary interests in monetary trusts prescribed in Item (6), Paragraph 4 of Article 30

Appraisal according to Invested Assets shall be performed in accordance with the appraisal methods for the investment assets prescribed in Items (1) through (7) and Item (10) of this paragraph. In case of financial assets and liabilities, they shall be appraised in accordance with generally accepted corporate accounting practices, and on the basis of the value equivalent to equity interests in the relevant trust beneficiary interests by deducting the sum of liabilities from the sum of assets.

(9) Rights associated with derivatives transactions prescribed in Item (7), Paragraph 4 of Article 30

(i) Claims and debts arising from derivatives transactions listed on the Financial Instruments Exchanges

Appraisal shall be performed by using the value calculated on the basis of the final price (i.e., closing price; or quotation (publicly available lowest ask quotation or highest bid quotation, or a middle price thereof if both are publicly available) in case of no closing price). If there is no final price on the day, appraisal shall be performed by using the value calculated on the basis of the final price on the most recent preceding day.

(ii) Claims and debts arising from unlisted derivatives transactions without market quotations on the Financial Instruments Exchanges

Appraisal shall be performed by using the value which is calculated by a rational method and is determined to be similar to the market prices. If it is found to be extremely difficult to calculate a fair appraised value, appraisal shall be performed by using the acquisition value.

(iii) Notwithstanding the foregoing, pursuant to the generally accepted corporate accounting practices, hedge accounting may be applied to those claims and debts which fulfill the requirements for hedge accounting, and, furthermore, special treatment may be applied to those claims and debts which fulfill the requirements for special treatment pursuant to the accounting standards for financial instruments.

(10) Others

In the absence of any provision above, appraisal shall be performed by using the appraisal value provided in accordance with provisions of the Investment Trust Act or the appraisal rules of the Investment Trusts Association, Japan or in accordance with

- the generally accepted corporate accounting practices.
2. Appraisal shall be performed in the following manner if appraisal is performed in a manner different from that prescribed above for the purpose of stating the price in asset management reports, etc.
    - (1) Real estate, real estate leasehold rights and superficies  
As a general rule, the appraised value obtained on the basis of the appraisal conducted by a certified real estate appraiser, etc.
    - (2) Beneficiary interest in trust of real estate, superficies or real estate leasehold rights and Equity Interests in Anonymous Real Estate Association  
If the assets comprising the trust properties or Equity Interest in Anonymous Real Estate Associations are the assets specified in Item (1) of this paragraph, appraisal shall be performed in accordance with the provision of Item (1) of this paragraph. Financial assets shall be appraised in accordance with generally accepted corporate accounting practices, and on the basis of the value equivalent to Equity Interests in Anonymous Real Estate Associations or the value equivalent to equity interests in the relevant trust beneficiary interests by deducting the sum of liabilities from the sum of assets.
  3. The record date for the Investment Corporation's asset appraisal shall be each Fiscal-Year End prescribed in Article 36 hereof; provided, however, that those assets which are prescribed in Paragraph 3, Paragraph 4 and Item (4) of Paragraph 5 of Article 30 and which may be appraised by using the values based on market prices shall be appraised at the end of each month.

## **CHAPTER VIII   BORROWINGS AND ISSUANCE OF INVESTMENT CORPORATION BONDS**

### **Article 35   Maximum Limit on Borrowings and Issuance of Investment Corporation Bonds**

1. The Investment Corporation may borrow funds or issue investment corporation bonds (including short-term investment corporation bonds; hereafter the same shall apply) for the purpose of securing stable earnings and steadily developing the Invested Assets. If borrowing funds, the Investment Corporation shall borrow only from the Qualified Institutional Investors defined in Article 2, Paragraph 3, Item 1 of the FIEA (limited to those Institutional Investors which are prescribed in Article 67-15 of the Act on Special Measures on Taxation (Act No. 26 of 1957 as amended; hereinafter referred to as the "Special Taxation Measures Act").
2. The intended uses of cash procured by the borrowings and issuance of the investment corporation bonds prescribed in the preceding paragraph shall include acquisition of assets, repairs, payment of distributions, funds required for the operation of the Investment Corporation, and repayments of debt obligations (including return of leasehold deposits and security deposits, and repayments of the borrowings and the investment corporation bonds liabilities); provided, however, that the uses and purposes of the funds procured by issuance of short-term investment corporation bonds shall be limited to the scope prescribed by law and regulation.
3. When borrowing funds pursuant to Paragraph 1, the Investment Corporation may pledge Invested Assets as collateral.
4. The upper limit on the amount of borrowing and on the amount of investment corporation

bonds to be issued shall be one trillion yen (¥1,000,000,000,000), respectively, and the sum of such borrowings and bonds issued shall not exceed one trillion yen (¥1,000,000,000,000).

## CHAPTER IX CALCULATION

### **Article 36** Fiscal Term and Fiscal-Term End

With respect to each year, the Investment Corporation's fiscal term shall begin on January 1 and end on June 30, and shall begin on July 1 and end on December 31 (hereinafter, the last day of each fiscal year shall be referred to as the "Fiscal-Year End.")

### **Article 37** Policy on Distribution of Cash

As a general rule, the Investment Corporation shall make distributions on the basis of the following policy:

#### (1) Distribution of profits

(i) Of the aggregate amount of cash to be distributed to the Unitholders, the amount of profits prescribed by the Investment Trust Act (hereinafter referred to as the "Distributable Amount") shall be the profit calculated in accordance with generally accepted corporate accounting practices (meaning the amount of net assets on the balance sheet (limited to that which is approved pursuant to Article 131, Paragraph 2 of the Investment Trust Act; hereafter the same shall apply) less the sum of total equity contributions, capital surplus and valuation/translation differences, etc.; hereafter the same shall apply).

(ii) As a general rule, the amount of distribution shall be an amount to be determined by the Investment Corporation which shall be in excess of the amount (to be changed if calculation is changed as a result of an amendment to law and regulation, etc.; hereafter the same shall apply for the purpose of this Article) equal to ninety one-hundredths (90/100) of the distributable profits prescribed in Article 67-15, Paragraph 1 of the Special Taxation Measures Act (hereinafter referred to as the "Special Tax Provisions of Investment Corporations").

The Investment Corporation may accumulate long-term reserves for repairs which are deemed to be necessary for maintenance or value enhancement of the Invested Assets, payment reserves, distribution reserves, and similar reserves and provisions.

#### (2) Distribution of cash in excess of profits

If the Investment Corporation finds it appropriate to do so, the Investment Corporation may distribute an amount determined by it up to and equal to the amount of depreciation for the relevant fiscal term as cash in excess of profits. If the amount of distribution of cash does not fulfill the requirements of the Special Tax Provisions of Investment Corporations, the Investment Corporation may distribute cash in the amount that the Investment Corporation may determine for the purpose of fulfilling said requirements.

#### (3) Distribution Method

Distributions pursuant to this Article shall be made in cash, and shall be distributed to the Unitholders or the registered pledgee of investment unit entered or recorded in the final

Register of Unitholders as of the Fiscal-Term End, as a general rule within three months from the Fiscal-Term End, in accordance with the number of investment units held by them or pledged as registered investment unit pledge.

(4) Expiration Period for Distribution Amounts

If a distribution of cash pursuant to this Article is not claimed within a period of three years from the payment commencement date, the Investment Corporation shall be exempted from its obligation to pay such distribution. No interest shall accrue on such unpaid distribution.

(5) Rules of the Investment Trust Association, Japan

Except for the provision of Item (1) through Item (4) above, the Investment Corporation shall comply with the rules, etc. established by the Investment Trust Association, Japan when making distributions of cash.

**Article 38** Asset Management Fees Payable to Asset Management Company

The standards for the amount and payment of the asset management fees payable by the Investment Corporation to the asset management company with whom the Investment Corporation would entrust the management of assets (hereinafter referred to as the "Asset Management Company") shall be as prescribed in Exhibit 1 hereto which constitutes an integral part of these Articles of Incorporation.

## **CHAPTER X ENTRUSTMENT OF BUSINESSES AND ADMINISTRATIVE WORK**

**Article 39** Entrustment of Businesses and Administrative Work

1. Pursuant to the provisions of Article 198 and Article 208 of the Investment Trust Act, the Investment Corporation shall entrust business pertaining to asset management with the Asset Management Company, and entrust business pertaining to the custody of assets with the custodian.
2. The Investment Corporation shall entrust with a third party administrative work related to its business other than those pertaining to the asset management and custody of assets that must be entrusted with a third party pursuant to Article 117 of the Investment Trust Act.

## **CHAPTER XI SUPPLEMENTARY PROVISIONS**

**Article 40** Coming into Force and Effect of Amendment

The amendment relating to the newly adopted Paragraph 2 of Article 8 hereof shall come into force and effect on the date of enforcement of the amended Investment Trust Act which will permit investment corporations to acquire their own investment units for value by an agreement with their unitholders.

Established on: May 11, 2004  
Most recently amended on: March 26, 2014

## EXHIBIT 1

### ASSET MANAGEMENT FEES PAYABLE TO THE ASSET MANAGEMENT COMPANY

The amounts, calculation methods, and payment dates of fees payable to the Asset Management Company are as stated below.

#### 1. Asset management fee

With respect to each fiscal term, the Investment Corporation shall pay an amount not exceeding the amount equal to its total assets<sup>1</sup> multiplied by a factor of 0.3% per annum<sup>2</sup> during the current fiscal term, and pay an amount not exceeding the amount equal to operating income before depreciation<sup>3</sup> multiplied by a factor of 2% within three months from the Fiscal-Term End in respect of the relevant fiscal term.

Notes:

- 1) The term "total assets" means the amount of total assets stated on the balance sheet of the Investment Corporation as of the Fiscal-Term End immediately preceding its relevant fiscal term.
- 2) Prorated for the actual number of days on the basis of a 365-day year (with any fractional amount less than one yen discarded)
- 3) The term "operating income before depreciation" means the Investment Corporation's operating revenue for the relevant fiscal term, less the operating expenses for the fiscal term (excluding depreciation expenses, asset management fee related to total assets, and asset management fee related to operating income before depreciation).

#### 2. Acquisition fee

The Investment Corporation shall pay an amount not exceeding the purchase price of Real Estate, etc. (excluding tax and public charges on the acquisition of said Real Estate, etc. and other expenses in connection with the acquisition) to be acquired by it multiplied by a factor of 0.5% (or 0.25% in the cases of transaction with interested parties, etc. specified in the regulations regarding transactions with interested parties, etc. of the Asset Management Company) no later than the last day of the month immediately following the month in which the date of acquisition falls (meaning a date on which the effect of transfer of rights including transfer of ownership comes into force and effect).

#### 3. Deposition fee

The Investment Corporation shall pay an amount not exceeding the disposition price of Real Estate, etc. (excluding tax and public charges on the disposition of said Real Estate, etc. and other expenses in connection with the disposition) to be disposed of by it multiplied by a factor of 0.5% (or 0.25% in the cases of transaction with interested parties, etc. specified in the regulations regarding transactions with interested parties, etc. of the Asset Management Company) no later than the last day of the month immediately following the month in which the date of disposition falls (meaning a date on which the effect of transfer of rights including transfer of ownership comes into force and effect).