

ARTICLES OF INCORPORATION
OF
THE INVESTMENT CORPORATION

Frontier Real Estate Investment Corporation

CHAPTER I GENERAL PROVISIONS

Article 1 Trade Name

The Investment Corporation shall be referred to as *Frontier Fudosan Toshi Hojin* and Frontier Real Estate Investment Corporation in English.

Article 2 Purpose

The purpose of the Investment Corporation is to manage its assets mainly in Real Properties and Other Assets (as prescribed in Article 105, Item (1) of the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Order of the Prime Minister's Office No. 129 of 2000 as amended) (hereinafter referred to as the "Investment Trust Act Enforcement Regulation")) among Specified Assets (referring to specified assets as defined 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"); hereinafter the same shall apply), based on 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 twenty million (20,000,000) units.
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 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 a fair amount 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 laws and regulations 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 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 within each ward of Tokyo, and as a general rule, at least once every two years.
2. Unless otherwise prescribed by laws and regulations, the General Meeting of Unitholders shall be convened by the Executive Director in the event there is 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 9-2 Electronic Provision Measures, etc.

1. Upon convening the General Meeting of Unitholders, the Investment Corporation shall use electronic provision measures to provide the information contained in reference materials for unitholders' meeting, etc..
2. The Investment Corporation may omit all or any of the matters for which electronic provision measures are taken, which are specified in the Investment Trust Act Enforcement Regulation in the document to be delivered to unitholders that have requested the delivery of printed documents on or before the record date for voting rights.

Article 10 Chair of the Meeting

The General Meeting of Unitholders shall be chaired by the Executive Director in the event there is 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 of a vacancy or an accident in all of the Executive Directors, 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 laws and regulations or these Articles of Incorporation, a resolution of the General Meeting of Unitholders shall be passed by a majority of all voting rights of the unitholders in attendance.

Article 12 Proxy Voting

1. A unitholder may exercise his/her voting rights by appointing one other 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 in advance at each General Meeting of Unitholders.

Article 13 Exercise of Voting Rights 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 laws and regulations.
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 laws and regulations, by conveying the matters to be stated on Voting Cards to the Investment Corporation by electromagnetic means, no later than the time prescribed by laws and regulations.
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 a 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 the 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 provision of the preceding paragraph shall be included in the number of voting rights of the unitholders in attendance.
3. The provisions of the preceding two paragraphs shall not apply to resolutions of proposals pertaining to the each of the following matters.
 - (1) Dismissal of any Executive Director, Supervisory Director or Accounting Auditor;
 - (2) Revising these Articles of Incorporation (provided that this is only applicable to the creation, revision or abolition of the provisions related to the deemed agreement);

- (3) Dissolution;
- (4) Consent to the cancellation of asset management agreement by asset management company; and
- (5) Cancellation of asset management agreement by the Investment Corporation.

Article 15 Record Date

1. With respect to a General Meeting of Unitholders held within three months from each Fiscal-Term End prescribed in Article 36 hereof, unitholders who should exercise their rights at the General Meeting of Unitholders shall be those whose names have been stated or recorded in the final register of unitholders as of said Fiscal-Term End.
2. Notwithstanding the provision of the preceding paragraph, if needed, a unitholder or a registered pledgee of investment units whose name has been stated 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 laws and regulations, subject to the resolution of the Board of Directors, may be treated as a unitholder or a registered pledgee of investment units who should 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 laws and regulations, 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; hereinafter the same shall apply) shall constitute the Board of Directors.

Article 18 Election and Term of Office, etc. 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 has performed his/her duties in good faith and without gross negligence, the Investment Corporation may exempt said Director from the liabilities to the extent permitted by laws and regulations, 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

1. Unless otherwise prescribed by laws and regulations, the Board of Directors shall be convened by the Executive Director in the event there is 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 Executive 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 laws and regulations or these Articles of Incorporation, resolutions 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 of the proceedings and the outcome, and other matters prescribed by laws and regulations, 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 laws and regulations 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- Term 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 re-elected 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- Term End subject to audit, and an amount as determined by the Board of Directors shall be paid within three months after the date on which the Accounting Auditor requests payment following the receipt of all audit reports that are required under the Investment Trust Act or other laws and regulations.

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 Real Estate, etc. (meaning the assets specified in Paragraph 1 of Article 30; hereinafter the same shall apply).

Article 29 Investment Stance

1. The Real Estate, etc. and the assets forming the basis of Real-Estate-Backed Securities (as defined in Paragraph 2 of Article 30; hereinafter the same shall apply) in which the Investment Corporation invests shall be primarily used as suburban retail facilities and urban retail buildings, etc.
2. In investing in Real Estate, etc. and Real-Estate-Backed Securities (hereinafter referred to collectively as "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, etc. 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 thereby evaluate 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 value of the Specified Assets held by it.

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

1. The Investment Corporation shall mainly conduct investment in the following Specified Assets (hereinafter collectively referred to as "Real Estate, etc."):
 - (1) Real estate;
 - (2) Real estate leasehold rights;
 - (3) Superficies;
 - (4) Trust beneficiary interests in trust of real estate, real estate leasehold rights and superficies only.
2. The Investment Corporation may conduct investment in the following Specified Assets in addition to Real Estate, etc. Real Estate, etc. and assets listed in Items (1) through (3) of this paragraph are collectively referred to as "Real Estate Equivalents", and the following assets listed in Items (4) through (7) of this paragraph for the purpose of conducting investments in Real Estate Equivalents exceeding 50% of total asset value are collectively referred to as "Real-Estate-Backed Securities."
 - (1) Trust beneficiary rights in monetary trusts for the purpose of managing the trust assets by investing primarily in real estate, real estate leasehold rights or superficies;
 - (2) Equity Interests relating to a contract where one party makes a capital contribution for the other party to manage Real Estate, etc. and the assets listed in Item (1) of this paragraph, and the other party manages the contributed properties primarily as an investment in said assets and distributes profits generated from said management (hereinafter referred to as "Equity Interests in Silent Partnership on Real Estate");
 - (3) Trust beneficiary rights in monetary trusts for the purpose of managing the trust assets by investing primarily in Equity Interests in Silent Partnership on Real Estate;
 - (4) 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");
 - (5) Beneficiary securities (as defined in Article 2, Paragraph 7 of the Investment Trust Act);
 - (6) Investment securities (as defined in Article 2, Paragraph 15 of the Investment Trust Act); and

- (7) Beneficiary securities 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) of the preceding paragraph or Item (1) or Item (3) of this paragraph)).
3. In addition to Specified Assets described in the preceding two paragraphs, the Investment Corporation may 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) Renewable energy power generation facilities (as stipulated in Article 3, Item (11) of the Investment Trust Act Enforcement Order);
 - (7) Beneficiary interests in monetary trusts which manage trust properties by investing primarily in the assets listed in Items (1) through (6) of this paragraph; and
 - (8) Rights in derivatives transactions (as defined in Article 3, Item (2) of the Investment Trust Act Enforcement Order).
4. The Investment Corporation, if needed, may invest in the assets specified below (for assets other than those listed in Item (5) and Item (6) of this paragraph, only those assets which are incidental to investments in Real Estate Equivalents, and for assets listed in Item (5) and Item (6) of this paragraph, only those assets which are necessary for the Investment Corporation to borrow funds):
 - (1) Trademark rights as prescribed in Article 18, Paragraph 1 of the Trademark Act (Act No. 127 of 1959 as amended), or exclusive rights to use trademarks based on Article 30, Paragraph 1 of said Act or non-exclusive rights 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 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) Trust beneficiary interests in monetary trusts for purpose of managing the trust assets by investing in the assets listed in Items (1) through (3) of this paragraph;
 - (5) Investments as prescribed in the Small and Medium-Sized Enterprise Cooperatives Act (Act No. 181 of 1949 as amended);
 - (6) Investments as prescribed in the Shinkin Bank Act (Act No. 238 of 1951 as amended); and

- (7) Other assets which would need to be acquired in connection with investments in Real Estate Equivalents
5. 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 1 through Paragraph 4 shall be applied.

Article 31 Investment Restrictions

1. The Investment Corporation shall invest in the securities and monetary claims specified in Paragraph 3 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 3, Item (8) 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 Equivalents (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 Silent Partnership on Real Estate, 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 1 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 laws and regulations.

- (2) Beneficiary interests in trust of real estate, real estate leasehold rights and superficies as prescribed in Item (4), Paragraph 1 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 (1), 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 Silent Partnership on Real Estate prescribed in Item (2), Paragraph 2 of Article 30

If the assets comprising the Equity Interests in Silent Partnership on Real Estate are the assets specified in Items (1) through (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 Silent Partnership on Real Estate 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 Silent Partnership on Real Estate as prescribed in Item (3), Paragraph 2 of Article 30

Appraisal shall be performed with respect to Equity Interests in Silent Partnership on Real Estate 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 Items (4) through (7), Paragraph 2 of Article 30 and Item (4), Paragraph 3 of Article 30

If the market prices for the relevant securities are available, the value based on such market prices shall be used. Appraisal of such as shares which have no market price shall be performed by taking into consideration the acquisition cost.

- (7) Monetary claims prescribed in Item (5), Paragraph 3 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 (7), Paragraph 3 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 (8), Paragraph 3 of Article 30

- (i) Appraisal of claims and debts arising from derivatives transactions shall be performed by using the market value
- (ii) Notwithstanding the foregoing, pursuant to the accounting standards for financial instruments and other 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 Silent Partnership on Real Estate

If the assets comprising the trust properties or Equity Interest in Silent Partnership on Real Estate 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 Silent Partnership on Real Estate 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- Term End prescribed in Article 36 hereof; provided, however, that those assets which are prescribed in Items (4) through (7) of Paragraph 2, Paragraph 3 and Item (4) of Paragraph 4 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; hereinafter 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 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 laws and regulations.
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 term shall be referred to as the "Fiscal-Term 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 shall be the amount of net assets on the balance sheet less the sum of total equity contributions, etc., and such amount shall be calculated in accordance with generally accepted corporate accounting practices in Japan.
- (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 laws and regulations, etc.; hereinafter 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, retain, or otherwise deal with necessary amounts in addition to the 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, or if it is possible to prevent the Investment Corporation from incurring tax such as corporate tax, etc., the Investment Corporation may distribute an amount determined by it as cash in excess of profits.

(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 stated 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 Items (1) through (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.

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 (Note 1) multiplied by a factor of 0.3% per annum (Note 2) during the current fiscal term, and pay an amount not exceeding the amount equal to operating income before depreciation (Note 3) 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).