

INVESTMENT CORPORATION
ARTICLES OF INCORPORATION

KENEDIX REALTY INVESTMENT CORPORATION

CHAPTER 1 – GENERAL PROVISIONS

Article 1 (Corporate Name)

The Investment Corporation shall be named Kenedix Realty Investment Corporation.

Article 2 (Purpose)

The Investment Corporation's purpose is, in accordance with the "Investment Trusts and Investment Corporation Law" (Law No. 198 of 1951, including amendments thereafter ; hereafter, the "Investment Trust Law"), to invest the assets of the Investment Corporation primarily in specified assets (assets referred to in Article 2.1 of the Investment Trust Law; the same shall apply hereafter).

Article 3 (Location of Head Office)

The location of the Investment Corporation's head office is Minato Ward, Tokyo.

Article 4 (Announcement Method)

Public notices of the Investment Corporation shall be provided through the *Nihon Keizai Shimbun*.

CHAPTER 2 – INVESTMENT UNITS

Article 5 (Total Number of Issuable Investment Units)

1. The total number of investment units that can be issued by the Investment Corporation shall be two million units.
2. The ratio of the total issue price of authorized investment units in Japan to the total issue price of investment units issued by the Investment Corporation shall exceed 50%.
3. The Investment Corporation shall be allowed to offer a party to underwrite investment units issued within the total number of investment units that can be issued under the limits specified in Paragraph 1 with the approval of the Board of Directors. The issue price per share of the offered investment units (investment units allocated to those who applied for the underwriting of the concerned investment units in response to their offer) shall be based on assets held by the Investment Corporation and determined evenly on each issue date at a fair price, the decision of which shall be made by the Executive Director and approved by the Board of Directors.

Article 6 (Handling of Investment Units)

Regarding entering or registering onto the Investment Corporation's unitholders register, the exercising of rights by unitholders and other handling procedures and fees, are based on regulatory requirements or the Articles of Incorporation, and rules for the handling of investment units which are provided by the Board

of Directors.

Article 7 (Minimum Unitholders' Equity)

The Investment Corporation's minimum unitholders' equity shall be ¥50 million.

Article 8 (Refund of Investment Units at Unitholder Request)

The Investment Corporation will not refund investment units at the request of unitholders.

CHAPTER 3 – GENERAL MEETING OF UNITHOLDERS

Article 9 (Convocation)

1. The Investment Corporation's General Meeting of Unitholders shall, in principle, be held once every two years.
2. Unless otherwise provided by regulatory requirements, and with the approval of the Board of Directors, when there is one Executive Director, said Executive Director shall convene the General Meeting of Unitholders. When there are two or more Executive Directors, the General Meeting of Unitholders shall be convened by a single Executive Director in accordance with the order predetermined by the Board of Directors.
3. In order to convene the General Meeting of Unitholders, the date of the General Meeting of Unitholders shall be announced by two months prior to the date of the General Meeting of Unitholders and each unitholder shall be notified in writing by two weeks prior to the date of said General Meeting of Unitholders. However, if unitholders unanimously agree that they can exercise their voting rights at the General Meeting, convocation procedures are not then required.

Article 10 (Chair)

When there is one Executive Director, said Executive Director shall chair the General Meeting of Unitholders. When there are two or more Executive Directors, the General Meeting of Unitholders shall be chaired by a single Executive Director in accordance with the order predetermined by the Board of Directors. When all the Executive Directors are unable to chair the General Meeting of Unitholders due to vacancies or an accident, the meeting shall be chaired by a Supervisory Director in accordance with the order predetermined by the Board of Directors.

Article 11 (Resolution)

A resolution of the General Meeting of Unitholders, unless otherwise stipulated by regulatory requirements or in the Articles of Incorporation, shall be made through a majority of the voting rights held by unitholders attending the meeting.

Article 12 (Voting by Proxy)

1. A unitholder can exercise his/her voting right by having another individual unitholder who holds voting rights act as a proxy.
2. Said unitholder or unitholder appointed as proxy as described in the preceding paragraph must submit a document which proves the power of attorney to the Investment Corporation in advance for each General Meeting of Unitholders.

Article 13 (Exercising Voting Rights in Writing)

1. For written votes, the Voting Rights Exercise Form should be completed and submitted to the Investment Corporation by the date stipulated by regulatory requirements.
2. The votes submitted in writing, according to the provision in the preceding paragraph, will be counted with the votes of attending unitholders.

Article 14 (Exercising Electromagnetic Media Voting Rights)

1. Voting by means of electromagnetic media has been defined under regulatory requirements. Such voting shall be performed, with the approval of the Investment Corporation, by completing the Voting Rights Exercise Form and electronically submitting it to the Investment Corporation by the date stipulated by regulatory requirements.
2. The votes cast by means of electromagnetic media, based on the provision in the preceding paragraph, will be added to the votes cast by attending unitholders.

Article 15 (Deemed Approval)

1. Unitholder non-attendance at the General Meeting of Unitholders and non-voting shall be deemed as unitholder approval of agenda items submitted to the General Meeting of Unitholders (when multiple agenda items have been submitted, if any are contradictory, said agenda items shall be omitted).
2. The unitholder votes deemed as having approved agenda items according to the preceding paragraph will be added to the votes cast by attending unitholders.

Article 16 (Date of Record)

1. When the day of the General Meeting of Unitholders falls within three months from the closing of accounts (Defined under Article 34; the same shall apply hereafter), the Investment Corporation shall deem unitholders who are listed or recorded in the most recent register of unitholders, including beneficial unitholders, immediately prior to the closing of accounts, to be unitholders entitled to exercise the rights at the convocation of the General Meeting of Unitholders.
2. Despite the preceding paragraph, whenever necessary by a resolution of the Board of Directors, provided public notice is given in advance according to regulatory requirements, the Investment

Corporation may deem unitholders or registered investment unit pledgees who are listed or recorded in the final register of unitholders on a specific date to be parties entitled to exercise their rights.

Article 17 (Minutes of the General Meeting of Unitholders)

With respect to the proceedings of the General Meeting of Unitholders, minutes containing a summary and the results of the proceedings along with other items as required by regulatory requirements shall be kept. The minutes shall be kept in the head office of the Investment Corporation for a period of ten years.

Article 18 (Rules for Managing the General Meeting of Unitholders)

Items pertaining to the General Meeting of Unitholders, although provided for in regulatory requirements and the Articles of Incorporation, shall also comply with the rules for managing the General Meeting of Unitholders formulated by the Board of Directors.

CHAPTER 4 – EXECUTIVE DIRECTORS, SUPERVISORY DIRECTORS AND BOARD OF DIRECTORS

Article 19 (Number of Directors and Composition of the Board of Directors)

The Board of Directors shall be composed of Executive Directors and Supervisory Directors (hereafter, “Directors”), and the Investment Corporation shall set the number of Executive Directors at two or less and Supervisory Directors at four or less. (However, the number of Supervisory Directors shall be at least one more than the number of Executive Directors).

Article 20 (Directors’ Election and Term of Office)

1. Directors are elected by a resolution of the General Meeting of Unitholders.
2. The term of office of the Directors shall be no more than two years after election. However, the term of office of Directors who are elected to increase the number of board members or to fill a vacancy shall be conterminous with the remaining term of the office of the predecessors or incumbents.

Article 21 (Criteria for Directors’ Compensation)

Criteria for Directors’ compensation from the Investment Corporation and the date of payment shall be as follows.

- (1) Each Director’s compensation shall be no more than ¥800,000 per month and shall be an amount judged reasonable in light of such factors as general price trends and wage trends. Said amount shall be approved by the Board of Directors and paid no later than the last day of each month.
- (2) Each Supervisory Director’s compensation shall be no more than ¥500,000 per month and shall be an amount judged reasonable in light of such factors as general price trends and wage trends. Said

amount shall be approved by the Board of Directors and paid no later than the last day of each month.

Article 22 (Director Exemption from Liability for Compensation)

With respect to Director responsibility as covered in Article 115-6.1 of the Investment Trust Law, if the aforementioned Directors' duties were carried out in good faith and without gross negligence, the Investment Corporation shall be able to exempt the concerned Director from responsibility with a resolution of the Board of Directors to the extent provided by regulatory requirements, taking into account the detailed facts that form the basis for an accusation of responsibility, the context in which their duties were carried out, and other circumstances.

Article 23 (Convocation and Chair of the Board)

1. Unless otherwise provided by regulatory requirements, when there is one Executive Director, said Executive Director shall convene and chair the Board of Directors Meeting. When there are two or more Executive Directors, the Board of Directors shall be convened and chaired by a single Executive Director in accordance with the order predetermined by the Board of Directors.
2. The convocation notice of the Board of Directors shall be sent out to all Directors at least three days prior to the day of a Board of Directors' Meeting. However, the convocation period may be shortened or the convocation procedures may be omitted by unanimous approval of the Directors.

Article 24 (Resolution)

A resolution of the Board of Directors, unless otherwise stipulated by regulatory requirements or in the Articles of Incorporation, shall, with a majority of Board members who can exercise its voting rights in attendance, be made through the approval of a majority of those Board members in attendance.

Article 25 (Minutes of the Board of Directors)

With respect to the proceedings of the Board of Directors, minutes containing a summary and results of the proceedings along with other items as required by regulatory requirements shall be kept, and the Directors attending the meeting shall sign and stamp them with their seals. The minutes shall be kept in the head office of the Investment Corporation for a period of ten years.

Article 26 (Rules of the Board of Directors)

Issues taken up by the Board of Directors shall be stipulated in accordance with regulatory requirements and the Articles of Incorporation, as well as the stipulated requirements of the Board of Directors.

CHAPTER 5 – ACCOUNTING AUDITOR

Article 27 (Accounting Auditor Election)

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

Article 28 (Accounting Auditor Term of Office)

1. The term of office of the Accounting Auditors shall expire at the close of the first General Meeting of Unitholders to be held following the end of the first account after one year has passed since taking office.
2. Unless otherwise resolved at the General Meeting of Unitholders in the preceding paragraph, it shall be considered that Accounting Auditors have been reelected at such General Meeting of Unitholders.

Article 29 (Criteria for Accounting Auditor's Compensation)

The Accounting Auditor's compensation shall be no more than ¥15 million for each fiscal period that is subject to audit and shall be an amount approved by the Board of Directors. The compensation shall be paid within three months after the end of the relevant fiscal period.

Article 30 (Accounting Auditor Exemption from Liability for Compensation)

With respect to Accounting Auditor responsibility as covered in Article 115-6.1 of the Investment Trust Law, if the aforementioned Accounting Auditors' duties were carried out in good faith and without gross negligence, the Investment Corporation shall be able to exempt the concerned Accounting Auditor from responsibility with a resolution of the Board of Directors to the extent provided by regulatory requirements, taking into account the detailed facts that form the basis for an accusation of responsibility, the context in which their duties were carried out and other circumstances.

CHAPTER 6 – ASSET MANAGEMENT TARGETS AND POLICIES

Article 31 (Investment Targets and Policies)

The targets and policies for asset management of the Investment Corporation are stipulated in Attachment 1., which, as an inseparable part of the Articles of Incorporation, is attached at the end of the document and viewed as an integral part of the Articles of Incorporation.

CHAPTER 7 – ASSET VALUATION

Article 32 (Asset Appraisal Method, Criteria and Base Date)

The Investment Corporation's asset appraisal methods, criteria, and base date are set forth in Attachment

2., which, as an inseparable part of these Articles of Incorporation, is attached at the end of this document and viewed as an integral part of the Articles of Incorporation.

CHAPTER 8 - DEBT FINANCING AND INVESTMENT CORPORATION BOND ISSUES

Article 33 (Debt Financing and Investment Corporation Bond Issue Limit)

1. With the goal of securing stable profits and the sustained growth of managed assets, the Investment Corporation shall be able to execute debt financing and issue Investment Corporation bonds (includes short-term investment corporation bonds, the same shall apply hereafter). When the Investment Corporation borrows funds, lenders shall be limited to qualified institutional investors (However, it will be limited to those stipulated in Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including subsequent revisions) (hereafter “Special Taxation Measures Law”).) as defined in Article 2, Paragraph 3.1 of the Financial Instruments and Exchange Law.
2. The use of borrowed funds described in the preceding paragraph and money procured through Investment Corporation bonds shall be for the acquisition of properties, capital expenditure, distribution payments, operating expenses of the Investment Corporation and debt repayment (including deposit reimbursements, debt repayment and Investment Corporation bond repayments). However, the use or target for funds procured by issuing short-term investment corporation bonds will be limited to the scope stipulated in laws and ordinances.
3. When the Investment Corporation borrows funds in accordance with Paragraph 1, or issues Investment Corporation bonds, the Investment Corporation shall be able to provide managed assets as collateral.
4. Debt and the amount of Investment Corporation bonds issued shall each be limited to ¥1 trillion, and the total of the two may not exceed ¥1 trillion.

CHAPTER 9 – CALCULATION

Article 34 (Fiscal Period and Closing of Accounts)

The fiscal period of the Investment Corporation shall be from May 1 to October 31 and from November 1 to April 30 each year (the last day of each of these fiscal periods is referred to hereinafter as the “closing of accounts”).

Article 35 (Cash Distribution Policies)

The Investment Corporation shall, in principle, pay distributions based on the following policies:

(1) Distribution of earnings

- ①Of the total cash distributions to unitholders, the earnings amount stipulated under the Investment Trust Law (hereafter, “distributable amount”) shall be calculated based on corporate accounting

practices generally accepted in Japan. Specifically, the distribution amount is calculated by subtracting total unitholders' capital and the sum of total capitalization, retained earnings and valuation and translation balance (total contribution) from total unitholders' equity (the amount of total assets less total liabilities recorded on balance sheets as of the closing of accounts).

- ② The amount of the distribution shall be in excess of an amount equivalent to 90% of the distributable income amount (hereafter, "distributable income amount") of the Investment Corporation as stipulated in Article 67-15 of the Special Taxation Measures Law.

In addition, the Investment Corporation shall be able to accumulate a long-term reserve from the distributable amount for repairs, maintenance and renovation, fund reserve, reserve for distribution and other similar reserves and allowances that are deemed necessary to maintain assets under management or increase their value.

(2) Distribution of Money in Excess of Earnings

When the Investment Corporation's distributable amount is less than 90% of distributable earnings, or when the Investment Corporation determines that it is appropriate, the Investment Corporation shall, using the amount established under the rules of the Investment Trust Association, Japan (hereafter, the "Investment Trust Association") as a limit, be able to distribute a self-determined amount of money in excess of earnings. However, in such cases, and if the amount of the cash distribution does not fulfill the requirements of the special tax exception for investment corporations, the Investment Corporation shall be able to distribute a self-determined amount with the objective of fulfilling said requirements.

(3) Cash Distribution Method

Distribution based on this Article shall be paid in cash and, in principle, distributed within three months from the closing of accounts, according to the number of investment units or the number of investment units in the registered pledges for investment units held by unitholders or registered investment unit pledgees who are listed or recorded in the most recent register of unitholders as of the closing of accounts.

(4) Statute of Limitation for Right to Claim Distributions

If three full years have elapsed since the payment commencement date without a cash distribution being received in accordance with this Article, the Investment Corporation shall be immune from the obligation to repay the distributions. Moreover, no interest shall accrue on the unpaid distributions.

(5) Regulations of the Investment Trust Association

For cash distributions, the Investment Corporation shall adhere to the rules formulated by the Investment Trust Association as well as No. (1) through No. (4) identified above.

CHAPTER 10 – OUTSOURCING OF BUSINESS ACTIVITIES AND ADMINISTRATIVE TASKS

Article 36 (Asset Management Fees for the Asset Management Company)

The asset management fee that the Investment Corporation pays to the asset management company

(hereafter, the “Asset Management Company”) and the criteria for such payment shall be set forth in Attachment 3, which forms a part of these Articles of Incorporation.

Article 37 (Outsourcing of Services and Operations)

1. The Investment Corporation, based on Articles 198 and 208 of the Investment Trust Law, entrusts the business of asset management to the Asset Management Company and the business of asset custody to the Asset Custodian.
2. The Investment Corporation shall outsource to third parties administrative operations stipulated in Article 117 of the Investment Trust Law (hereafter, “general administrative operations”) and related services other than those concerning asset management and asset custodian duties.
3. The Investment Corporation shall outsource to operating agents appointed by the Board of Directors, as appropriate, administrative operations related to the following: underwriters’ public offering of the Investment Corporation’s authorized investment units and investment corporation bonds; creation and maintenance of investment corporation bond registers, as well as other administrative operations related to investment corporation bond registers; administrative operations related to the issuance of investment corporation bonds; and creditors of the Investment Corporation (those administrative operations stipulated in Article 169 paragraph 2.4 and 2.5 of the Enforcement Regulation for the Investment Trust Law [General Administrative Agency of the Cabinet Law No. 129 of the year 2000, including amendments thereafter], hereafter “the Enforcement Order of the Investment Trust Law”).

CHAPTER 11 – SUPPLEMENTARY PROVISIONS

Article 38 (Consumption Taxes)

Of expenses and amounts that the Investment Corporation must pay for services such as asset management, the Investment Corporation shall be liable for consumption taxes and local consumption taxes levied on taxable items (hereafter, “taxable items”) under the Consumption Tax Law. The Investment Corporation shall add said consumption taxes and local consumption taxes to the various amounts of the taxable items and make payments.

Instituted	April 27, 2005
Revised	May 30, 2005
Revised	June 10, 2005
Revised	January 25, 2007
Revised	January 22, 2009

(Attachment 1)

ASSET MANAGEMENT TARGETS AND POLICIES

Basic Asset Management Policies

The Investment Corporation invests in specified assets, mainly in real estate (as defined in paragraph 2. under the subheading “Types, Purposes and Scope of Specified Assets Targeted for Investment” below; the same shall apply hereafter) and securities backed by real estate (as defined in paragraph 3. under the subheading “Types, Purposes and Scope of Specified Assets Targeted for Investment” below; the same shall apply hereafter), and those assets are managed with the purpose of ensuring long-term, stable earnings. Furthermore, real estate and securities backed by real estate shall hereafter be collectively referred to as “real estate-related assets.”

Investment Policies

1. When the Investment Corporation invests in real estate-related assets, real estate serving as the main body of real estate-related assets and real estate backing such assets shall be primarily used for office buildings, residential properties and retail properties. Targeted investment areas shall primarily be the Tokyo Metropolitan Area (principal urban areas in Tokyo, Kanagawa, Saitama and Chiba Prefectures) and Other Regional Areas (key cities throughout Japan, including government-designated cities).
2. When the Investment Corporation invests in real estate-related assets, it shall conduct the following: economic surveys that examine such factors as expected returns from real estate and the future potential and stability of sites; physical surveys, including building specifications, building fixtures, earthquake resistance, building management and environmental and geologic conditions; and legal surveys examining building rights issues. The Investment Corporation shall comprehensively examine these issues.
3. The Investment Corporation shall manage its assets so that specified real estate (refers to real estate, real estate leasehold rights and land rights, or to trust beneficiary interests in entrusted real estate, land leasehold rights and land rights) accounts for more than 75% of the total value of specified assets acquired by the Investment Corporation.

Types, Purposes and Scope of Specified Assets Targeted for Investment

1. The primary investment targets of the Investment Corporation shall be real estate and other investments listed in Paragraph 2. and securities backed by real estate listed in Paragraph 3.
2. “Real estate” refers to the following assets:
 - (1) Real estate
 - (2) Real estate leasehold rights
 - (3) Land rights

- (4) Easements
- (5) Trust beneficiary rights in real estate, real estate leasehold rights, land rights and easements (including umbrella agreements left in trust that combine cash contingent upon real estate).
- (6) Trust beneficiary interests in cash for the purpose of investment in real estate, real estate leasehold rights, land rights or easements.
- (7) Equity holdings relating to agreements under which one party to the agreement makes contributions for the purpose of investment in assets set forth in all items above. Such investment is to be performed by the other party to the agreement, which utilizes such contributions primarily to manage investments in the aforementioned assets and distributes profits arising from such investment (such holdings hereafter referred to as “equity in *tokumei-kumiai* relating to real estate”)
- (8) Trust beneficiary interests in cash with the purpose of managing assets in trust for investment, primarily in equity in *tokumei-kumiai* relating to real estate.

3. “Securities backed by real estate” refers to each of the assets noted in the following items, where an amount exceeding one-half of the assets backing such securities is to be invested in real estate.

- (1) Specified contribution securities (with regard to laws governing the liquidity of assets, provided under Law No. 105 of 1998 and including amendments thereafter, hereafter referred to as the “Asset Liquidation Law”) as defined under Article 2.9 of the Revised Asset Liquidation Law.
- (2) Beneficiary securities as provided under Article 2.7 of the Investment Trust Law
- (3) Investment securities as provided under Article 2.15 of the Investment Trust Law
- (4) Specified purpose trust beneficiary securities as provided under Article 2.15 of the Asset Liquidation Law (excluding those that come under 2. (5), (6) or (8) above)

4. In addition to the real estate and securities backed by real estate detailed in the preceding Paragraph 2., the Investment Corporation shall also be able to invest in the specified assets listed in the following items:

- (1) Savings
- (2) Call loans
- (3) Negotiable certificates of deposit
- (4) Marketable securities (stipulated under Article 3.1 of the Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, including subsequent revisions) (hereafter “Investment Trust Law Enforcement Order”) (However, this excludes the special assets raised in each item in the preceding paragraph, said paragraph and the following paragraph.)).
- (5) Pecuniary claims (stipulated under Article 3.7 of the Investment Trust Law Enforcement Order. However, this excludes the assets raised in the preceding items)
- (6) Trust beneficiary interests in cash for the purpose of investment in assets as identified in the

previous items, primarily in the form of trust assets
(7) Rights concerning derivative transactions as provided under Article 3.2 of the Investment Trust Law Enforcement Order

5. In addition to the specified assets detailed in Paragraphs 2. through 4. above, the Investment Corporation shall be able to invest in assets or securities backed by real estate in the following items as necessary when investing in real estate.

- (1) Trademark rights as regulated by the Trademark Law (Law No. 127 of 1959, including amendments thereafter), exclusive license and ordinary-use rights
- (2) Rights of access to use hot spring sources and hot spring facilities, as provided in Article 2.1. of the Hot Spring Law (Law No. 125 of 1948, including amendments thereafter)
- (3) Copyrights and other rights based upon the Copyright Law (Law No. 48 of 1970, including amendments thereafter)
- (4) Equity in partnerships (limited to leasing, operating and management partnerships established by capital contributions toward real estate, real estate leasehold rights, land rights or easements) stipulated by Article 667 of the Civil Code (Law No. 89 of 1896, including amendments thereafter)
- (5) Movable stipulated by the Civil Code
- (6) Stocks (limited to stocks in real estate management companies when such stocks are attached to specified assets that are the primary investment target of the Investment Corporation)
- (7) Other rights obtained in associated with investments in real estate, securities backed by real estate or other primary targets of investment
- (8) Trust beneficiary rights in cash managed for the purpose of investing in the trust assets listed in the items above
- (9) Specified investment as stipulated by Article 2.6 of the Asset Liquidation Law

Investment Limitations

1. The Investment Corporation shall invest in marketable securities and pecuniary claims specified above in Paragraph 4., of “Types, Purposes and Scope of Specified Assets Targeted for Investment” with an emphasis on stability and liquidity, and shall not invest with the sole purpose of gaining aggressive investment returns.
2. The Investment Corporation shall implement investment in rights concerning derivatives transactions contained in the abovementioned “Types, Purposes and Scope of Specified Assets Targeted for Investment” Paragraph 4. (7), only for the purpose of hedging risks of interest-rate fluctuation and other risks concerning the Investment Corporation’s liabilities.
3. The Investment Corporation shall limit real estate investment targets (including trust beneficiary interests in real estate, equity in *tokumei-kumiai* relating to real estate, securities in response to real

estate, etc. other than real estate as well as real estate that backs securities in response to real estate, etc.) to real estate in Japan.

4. The Investment Corporation shall not invest in foreign currency-denominated assets.

Purposes and Scope of Leasing of Portfolio Assets

1. For the purposes of ensuring stable earnings in the medium to long term, the Investment Corporation shall be able to lease real estate (including parking, signboard installation space) included in its management assets (including real estate that forms the basis of real estate-related assets other than real estate acquired by the Investment Corporation).
2. When leasing real estate, cash such as leasehold and security deposits is collected, and the Investment Corporation shall be allowed to manage the cash so collected based on the provisions contained in “Asset Management Targets and Policies.”
3. The Investment Corporation may lease assets under management other than real estate that is regarded as managed assets (including real estate that forms the basis of real estate-related assets other than real estate acquired by the Investment Corporation).

(Attachment 2)

Methods, Criteria and Base Date of Appraisal

1. Methods and criteria of the Investment Corporation's asset appraisal shall be stipulated in accordance with the following types of investment assets:

(1) Real estate, land leasehold rights, land rights and easements

These shall be appraised by deducting accumulated depreciation from the acquisition price. Depreciation for buildings and equipment is calculated based on the straight-line method. However, calculation methods may be changed to other methods when the Investment Corporation has a legitimate reason to judge such calculation methods as inappropriate and is able to make a rational determination that changing the calculation methods would not go against the interests of investors.

(2) Trust beneficiary interests in real estate, real estate leasehold rights, land rights or easements

Trust assets falling in the category of the previous item shall be appraised in accordance with the criteria contained in that item. If the trust assets are financial assets, they shall be appraised based upon generally accepted corporate accounting practices. After these measures are taken, liabilities shall be deducted from the total amount to calculate the share of the relevant trust beneficiary interests.

(3) Trust beneficiary interests in cash for the purpose of investing assets in trust, primarily in real estate, real estate leasehold rights, land rights or easements

Trust assets consisting of assets falling in the category of Item (1) above, shall be appraised in accordance with the criteria contained in Item (1). If the trust assets are financial assets, they shall be evaluated based upon generally accepted corporate accounting practices. After these measures are taken, liabilities shall be deducted from the total amount to calculate the share of the relevant trust beneficiary interests.

(4) Equity in *tokumei-kumiai* related to real estate

Equity in *tokumei-kumiai* related to real estate consisting of assets falling in the category of the previous items above shall be appraised in accordance with the methods stipulated in each item. If the trust assets are financial assets, they shall be evaluated based upon generally accepted corporate accounting practices. After these measures are taken, liabilities shall be deducted from the total amount to calculate the equity in the relevant *tokumei-kumiai*.

(5) Trust beneficiary interests in cash for the purpose of investing assets in trust, primarily in equity in *tokumei-kumiai* related to real estate

Trust assets in the form of equity in *tokumei-kumiai* shall be appraised in accordance with the methods stipulated in the previous item above. Financial assets shall be appraised based upon generally accepted corporate accounting practices. After these measures are taken, liabilities shall be deducted from the total amount to calculate the amount of equity in the relevant trust beneficiary

interests.

(6) Marketable Securities

When there is a market price for the aforementioned marketable securities, a price based on the market price shall be used. When there is no market price, valuation will be made based upon a reasonable assessed price.

(7) Pecuniary Claims

Appraisals shall be based on the amount of the provisions for doubtful accounts deducted from the acquisition costs. However, when the aforementioned pecuniary claims are acquired at a price that is lower or higher than the claimable price, and the difference between the acquisition price and the claimable price is recognized as an interest rate adjustment, the appraisal shall be based on the amount of the provisions for doubtful accounts deducted from the assessed price based on the amortized-cost method.

(8) Rights concerning derivatives transactions

- ① Claimable assets and liabilities resulting from derivatives transactions listed on the stock exchange
Valuation made by calculating a price based on the closing price (if no closing price exists, then the quoted price <the lowest published offering price or highest bid price, and if both have been published, then the median price>) of the relevant stock exchange will be applied.
- ② Claimable assets and liabilities resulting from unlisted non-market derivatives transactions
Price calculated using a reasonable method pursuant to the market price. When the calculation of a fair price is deemed extremely difficult, valuation shall be based on the acquisition price.
- ③ Despite the aforementioned, hedge accounting shall be able to be applied to items that are recognized as hedge transactions by generally accepted corporate accounting practices.

(9) Trust beneficiary interests in cash

The Investment Corporation shall appraise investment assets in accordance with the appraisal methods corresponding to the relevant investment assets, as stipulated in the preceding items and in the following item, depending on the assets used for investment. If the investment assets are financial assets, they shall be evaluated based upon generally accepted corporate accounting practices. After these measures are taken, liabilities shall be deducted from the total amount to calculate the amount of equity in the relevant trust beneficiary interests.

(10) Others

Unless otherwise provided for in the above, appraisal values shall be calculated in accordance with the valuation rules stipulated in the Investment Trust Law and by the Investment Trusts Association, or in accordance with generally accepted corporate accounting practices.

2. In the event that evaluation methods different from those in the preceding paragraph are used when describing values in the Asset Management Report or other materials, such values shall be calculated

as follows.

(1) Real estate, real estate leasehold rights, land rights and easements

In principle, an appraisal value sought through appraisal by a real estate appraiser

(2) Trust beneficiary interest in real estate, real estate leasehold rights, land rights or easements and equity in *tokumei-kumiai* related to real estate

Trust beneficiary interests in real estate, real estate leasehold rights, land rights and easement, or equity in *tokumei-kumiai* related to real estate and equity in *tokumei-kumiai* consisting of assets falling in the category of Item 2. (1) above shall be in accordance with valuation methods outlined in the previous item. Financial assets shall be valued in accordance with generally accepted corporate accounting practices after deducting liabilities. This total amount of assets is the amount of equity in *tokumei-kumiai* or the amount of trust beneficiary interests.

3. The base date for appraisal of the Investment Corporation's assets shall be at the closing of accounts for each period as stipulated in Article 34. However, for assets stipulated in Attachment 1, ("Type, Purpose and Scope of Specified Assets Targeted for Investment,") Paragraphs 3 and 4, provided that such assets can be appraised in accordance with market-based prices, the base date shall be the end of every month.

(Attachment 3)

ASSET MANAGEMENT FEES TO THE ASSET MANAGEMENT COMPANY

The asset management fees that the Investment Corporation pays to the Asset Management Company for the management of assets are comprised of Asset Management Fees I and II, Acquisition Fees, and Transfer Fees. The actual amount, calculation method, and date of payment of aforementioned fees shall be as follows. The Investment Corporation shall transfer an amount equivalent to the aforementioned fees including consumption taxes to the account specified by the Asset Management Company.

(1) Asset Management Fee I

Asset Management Fee I shall be the amount arrived at when the amount of total assets is multiplied by 0.15% (amounts of less than ¥1 are rounded down). Total assets shall be the amount recorded in the Investment Corporation's balance sheets (limited only to those approved by Article 131.1 of the Investment Trust Law,) for the fiscal period of the Investment Corporation immediately preceding the first day of the relevant fiscal period.

The payment date of Asset Management Fee I shall be within the relevant fiscal period.

(2) Asset Management Fee II

Asset Management Fee II shall be the distribution amount calculated for each fiscal period multiplied by 3.0% (amounts of less than ¥1 are rounded down). In the event of losses carried forward, the distribution amount shall be the amount calculated from net income before tax before the deduction of Asset Management Fee II, calculated in accordance with generally accepted corporate accounting principles with a compensation amount for the losses carried forward.

The payment date of Asset Management Fee II shall be within one month after receiving the Board of Directors' approval of financial statements relating to the relevant fiscal period and of other documents stipulated in Article 129 of the Investment Trust Law.

(3) Acquisition Fees

When the Investment Corporation has acquired specified assets, the acquisition fees shall be obtained by multiplying the acquisition price (excluding, however, consumption taxes and expenses associated with the acquisition) by 0.5%. In addition, with respect to the acquisition of specified assets from an interested party set forth in the interested party transaction rules of the Asset Management Company, the acquisition fees shall be obtained by multiplying said acquisition price (excluding, however, consumption taxes and acquisition-related expenses) by 0.25%.

The payment date of the acquisition fees shall be within one month of the date that the Investment Corporation acquired the relevant assets (the date when the transfer of ownership goes into effect).

(4) Transfer Fees

When specified assets have been transferred by the Investment Corporation, the transfer fees shall be obtained by multiplying said transfer price (excluding, however, consumption taxes and acquisition-related expenses) by a maximum of 0.5%.

The payment date of acquisition fees shall be within one month of the date that the Investment Corporation transferred the relevant assets (the date when the transfer of ownership goes into effect).