

Translation of Japanese Original

Articles of Incorporation

Sekisui House Reit, Inc.

Articles of Incorporation

Established on September 2, 2014
Amended on October 16, 2014
Amended on July 28, 2016
Amended on March 27, 2018
Amended on May 1, 2018
Amended on January 29, 2020
Amended on May 1, 2020
Amended on January 26, 2022
Amended on January 24, 2024

Chapter 1 General Provisions

Article 1 Corporate Name

The name of the Investment Corporation in Japanese shall be *Sekisui House Reit Toshi Hojin*. In English, the Investment Corporation shall be called Sekisui House Reit, Inc.

Article 2 Purpose

The purpose of the Investment Corporation is to manage its assets principally as an investment in real estate and other assets (as set forth in 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) (the "Regulation for Enforcement of the Investment Trusts Act")), among the specified assets (the "Specified Assets") as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Law No. 198 of 1951, as amended) (the "Investment Trusts Act").

Article 3 Location of Head Office

The head office of the Investment Corporation is in Minato-ku, Tokyo.

Article 4 Method of Public Notice

The Investment Corporation shall publish all public notices in *Nihon Keizai Shimbun*.

Chapter 2 Investment Unit

Article 5 Total Number of Issuable Investment Units, Etc.

1. The total number of issuable investment units for the Investment Corporation is twenty million (20,000,000) units.

2. The proportion of the issue amount of the investment units to be offered in Japan to the total issue amount of the investment units of the Investment Corporation shall be more than fifty hundredths.
3. The Investment Corporation may solicit persons who subscribe for the investment units it issues within the total number of issuable investment units as stated in Paragraph 1 above and with the approval of the board of directors. The amount to be paid per unit at the time of issuance of the offered investment units (which means the investment units to be allocated to those who applied for the subscription for such investment units in response to such solicitation) shall be the amount determined and approved by the board of directors as fair amount in light of the assets held by the Investment Corporation (the “Managed Assets”).

Article 6 Redemption of Investment Units upon Request of a Unitholder and Acquisition of Treasury Investment Units

1. The Investment Corporation shall not redeem any investment units upon request of a unitholder.
2. The Investment Corporation may acquire its investment units with compensation by agreement with its unitholders.

Article 7 Matters regarding the Handling of Investment Units

Recording and registration in the register of unitholders of the Investment Corporation, procedures for unitholders to exercise their rights and any other procedures and charges relating to the handling of investment units are subject to the laws and regulations, and these Articles of Incorporation, as well as the provisions of the Investment Units Handling Rules prescribed by the board of directors.

Article 8 Minimum Net Asset Value

The Investment Corporation shall hold a minimum net asset value of fifty-million yen (¥50,000,000) at all times.

Chapter 3 General Meetings of Unitholders

Article 9 General Meeting of Unitholders

1. A general meeting of unitholders of the Investment Corporation shall be held within the 23 wards of Tokyo, and shall be convened on January 1, 2020 and onwards without delay, and subsequently be convened on January 1 every two years and onwards without delay. In addition, the general meetings of unitholders may be held from time to time when it is

necessary.

2. To convene a general meeting of unitholders, the date of such general meeting of unitholders shall be announced in public notice at least two months prior to such date, and a notice shall be issued to each unitholder in writing or by electromagnetic means pursuant to the laws and regulations at least two weeks prior to such date. However, such public notice is not required in the case where the general meeting of unitholders is held before twenty-five (25) months have elapsed since the last general meeting of unitholders was held in accordance with the provision of the first sentence of the immediately preceding paragraph.
3. When convening a general meeting of unitholders, the Investment Corporation shall take measures to electronically provide information such as reference materials for the general meeting of unitholders, etc.
4. The Investment Corporation may decide not to include all or part of the matters stipulated in the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations among the matters for which electronic provision measures will be taken in the document to be delivered to unitholders who have requested delivery of printed documents by the record date for voting rights.

Article 10 Convener

Unless otherwise provided by the laws and regulations, general meetings of unitholders shall be convened by the executive director if there is one executive director, or by one executive director according to the order predetermined by the board of directors if there are two or more executive directors.

Article 11 Chair

The executive director shall chair general meetings of unitholders if there is one executive director, and one executive director shall chair general meetings of unitholders according to the order predetermined by the board of directors if there are two or more executive directors. If there are no executive directors or all executive directors are unable to do so, one supervisory director shall chair the general meeting of unitholders according to the order predetermined by the board of directors.

Article 12 Record Date

1. If the Investment Corporation convenes a general meeting of unitholders pursuant to the first sentence of Paragraph 1 of Article 9, the Investment Corporation shall deem the unitholders recorded or registered in the final register of unitholders as of the end of October in 2019 and subsequently as of the end of October in every two years to be the unitholders who are

entitled to exercise their rights at such general meeting of unitholders. In addition to such case, if a general meeting of unitholders is to be held on a day within three months after the immediately preceding Accounting Settlement Day (as defined in Article 45; the same shall apply hereinafter), the Investment Corporation shall deem the unitholders recorded or registered in the final register of unitholders for such Accounting Settlement Day to be the unitholders who are entitled to exercise their rights at such general meeting of unitholders.

2. Notwithstanding the preceding paragraph, the Investment Corporation may, in accordance with a resolution of the board of directors, make an advance public notice and deem the unitholders recorded or registered or the registered investment unit pledgees in the final register of unitholders on a certain date to be the unitholders or the registered investment unit pledgees who are entitled to exercise their rights.

Article 13 Exercise of Voting Rights by Proxy

1. Each unitholder is entitled to exercise its voting rights by proxy, who shall be one unitholder with voting rights in the Investment Corporation.
2. In the case of the preceding paragraph, such unitholders or proxies shall, for each general meeting of unitholders, submit to the Investment Corporation in advance a document evidencing their power of attorney or provide the Investment Corporation by electromagnetic means with the information that should be contained in such document. Unitholders or proxies who intend to provide the information to be contained in the document evidencing their power of attorney by electromagnetic means shall indicate to the Investment Corporation the type and content of the electromagnetic means they will use and obtain written or electromagnetic consent in advance.

Article 14 Exercise of Voting Rights in Writing

1. A unitholder may exercise its voting rights in writing by stating in a document for the exercise of voting rights (the "Voting Rights Exercise Form") the necessary matters and submitting the completed Voting Rights Exercise Form to the Investment Corporation by the time set forth by the laws and regulations.
2. The number of voting rights exercised in writing pursuant to the preceding paragraph shall be included in the number of voting rights of unitholders present.

Article 15 Exercise of Voting Rights by Electromagnetic Means

1. A unitholder may exercise its voting rights by electromagnetic means by providing the Investment Corporation with the information that is required to be stated in the Voting Rights Exercise Form by electromagnetic means by the time set forth in the laws and regulations,

with the consent of the Investment Corporation, in accordance with the provisions of the laws and regulations.

2. The number of voting rights exercised by electromagnetic means pursuant to the preceding paragraph shall be included in the number of voting rights of unitholders present.

Article 16 Method of Resolution

Unless otherwise provided by the laws and regulations or these Articles of Incorporation, resolutions of a general meeting of unitholders shall be passed with a majority of the voting rights of the unitholders present.

Article 17 Deemed Approval

1. Unitholders who do not attend a general meeting of unitholders and do not exercise voting rights shall be deemed to approve the proposals for resolution submitted to the general meeting of unitholders (excluding any proposals with purposes that conflict with each other in the case that multiple proposals are submitted).
2. The number of voting rights of unitholders deemed to approve the proposals for resolution pursuant to the preceding paragraph shall be included in the number of voting rights of unitholders present.

Article 18 Minutes

The minutes of the general meetings of unitholders which describe the outline of the progress of the agenda and the result thereof and other items provided by the laws and regulations shall be prepared.

Article 19 Rules for the General Meetings of Unitholders

Matters regarding the general meetings of unitholders shall be subject to the Rules for the General Meetings of Unitholders prescribed by the board of directors, as well as the laws and regulations and these Articles of Incorporation.

Chapter 4 Organizations other than General Meetings of Unitholders

Article 20 Number of Directors and Composition of the Board of Directors

The Investment Corporation shall have at least one executive director and at least two supervisory directors (at least a number one more than the number of executive directors), and executive directors and supervisory directors (the “Directors”) shall compose the board of directors.

Article 21 Appointment of Directors

Directors shall be appointed by resolution of the general meeting of unitholders.

Article 22 Term of Directors

1. The term of office of Directors shall be two (2) years after the appointment; provided, however, that this shall not prevent such term from being extended or shortened to the extent permitted by the laws and regulations by resolution of the general meeting of unitholders. The term of office of Directors appointed to fill a vacancy or increase numbers shall be the same as the remaining term of their predecessors or the other Directors still in office.
2. The resolution concerning the appointment of a Director who is appointed to fill a vacancy shall be effective until the term of office of the incumbent Director who is appointed at the general meeting of unitholders at which such resolution is passed (if the Director is not appointed at such general meeting of unitholders, the last general meeting of unitholders at which the Director is appointed) expires. However, such term shall not be restricted from being shortened by resolution of the general meeting of unitholders.

Article 23 Convener and Chair of Meeting of the Board of Directors

1. Unless otherwise provided by the laws and regulations, meetings of the board of directors shall be convened and chaired by the executive director if there is one executive director, or by one executive director according to the order predetermined by the board of directors if there are two or more executive directors. Furthermore, in accordance with the rules of the board of directors predetermined by the board of directors, the relevant executive director or supervisory director shall serve as the chairperson.
2. Convocation notices for meetings of the board of directors are issued to all the Directors at least three days before the date of a meeting of the board of directors. However, the convocation period may be abridged or the convocation procedures may be omitted, with the agreement of all the Directors.

Article 24 Method of Resolution of Meeting of the Board of Directors

Unless otherwise provided by the laws and regulations or these Articles of Incorporation, resolutions of a meeting of the board of directors shall be passed with a majority of the Directors present, when a majority of the Directors who are entitled to participate in the resolution are present.

Article 25 Minutes of the meetings of the Board of Directors

The minutes of the meetings of the board of directors which describe and record the outline of the progress of the agenda and the result thereof and other items provided by the laws and regulations shall be prepared. The Directors present shall sign, name and seal, or electromagnetically sign such minutes.

Article 26 Rules for the Board of Directors

Matters regarding the board of directors shall be subject to the Rules for the Board of Directors prescribed by the board of directors, as well as the laws and regulations and these Articles of Incorporation.

Article 27 Exemption of Directors from Liabilities to Damages

The Investment Corporation may exempt a Director from its liability under Article 115-6, Paragraph 1 of the Investment Trusts Act, to the extent permitted by the laws and regulations, by resolution of the board of directors in the event that the Director has acted in good faith and without gross negligence in the conduct of duties and that such exemption is considered particularly necessary in light of the details of the facts giving rise to the liability, the status of the execution of the Director's duties and any other factors.

Article 28 Appointment of Accounting Auditor

Accounting auditors shall be appointed by resolution of the general meetings of unitholders.

Article 29 Term of Accounting Auditor

1. The term of office of accounting auditors shall be the period up to the closing of the first general meeting of unitholders which is held after the first Accounting Settlement Day that comes after one year has elapsed since such accounting auditor took his/her office.
2. Unless any other specific resolution is made in the general meetings of unitholders as set forth in the preceding paragraph, the accounting auditors are deemed to be re-appointed in such general meeting of unitholders.

Article 30 Exemption of Accounting Auditors from Liabilities to Damages

The Investment Corporation may exempt an accounting auditor from its liability under Article 115-6, Paragraph 1 of the Investment Trusts Act, to the extent permitted by the laws and regulations, by resolution of the board of directors in the event that the accounting auditor has acted in good faith and without gross negligence in the conduct of duties and that such exemption is considered particularly necessary in light of the details of the facts giving rise to the liability, the status of the execution of the accounting auditor's duties and any other factors.

Chapter 5 Asset Management

Article 31 Basic Policy of Asset Management

The Investment Corporation shall manage its assets by investing continuously and principally in Real Estate and Other Assets (as defined in Paragraph 1 of Article 32). The purpose of the Investment Corporation is to achieve mutual growth and prosperity together with all stakeholders such as unitholders and tenants, aiming at providing high-quality social capital and maximizing unitholder value through asset management that pursues stable earnings over the medium to long term and steady growth in the Managed Assets.

Article 32 Categories, Purpose and Scope of Target Assets of Asset Management

1. The Investment Corporation shall invest primarily in real estate, real estate lease rights, surface rights, trust beneficiary rights in trust of the above assets only and issued and outstanding shares of a corporation stipulated in Article 221-2, Paragraph 1 of the Regulation for Enforcement of the Investment Trusts Act (the “Corporation Holding Overseas Real Estate”) (limited to such outstanding shares as acquired in excess of the number obtained by multiplying the total number of such outstanding shares (excluding the shares held by such Corporation Holding Overseas Real Estate) by the ratio set forth in Article 221 of the Regulation for Enforcement of the Investment Trusts Act) (the “Real Estate and Other Assets”)
2. Besides the Real Estate and Other Assets, the Investment Corporation may invest in the following Specified Assets:
 - (a) Trust beneficiary rights in trust of real estate, real estate lease rights or surface rights (including comprehensive trust beneficiary rights in trust of the same together with money associated with the real estate, and also including trust beneficiary rights in trust of such trust beneficiary rights, but excluding those falling under the Real Estate and Other Assets);
 - (b) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as an investment in real estate, real estate lease rights or surface rights;
 - (c) Equity interests in an agreement where one party makes a financial contribution to another party to manage the Real Estate and Other Assets or the assets listed in the Items (a) and (b), and the other party manages that contribution principally as an investment in those assets and distributes profits from such management (“Equity Interests in Silent Partnership on Real Estate”);
 - (d) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets principally as an investment in Equity Interests in Silent Partnership on Real Estate;

- (e) Real estate, real estate lease rights or surface rights under the laws and regulations of a foreign country, or trust beneficiary rights in trust of only real estate, real estate lease rights or surface rights or the assets listed in Items (a) to (d) established under the laws and regulations of a foreign country;
- (f) Preferred equity securities (as set forth in the Act on Securitization of Assets (Law No. 105 of 1998, as amended) (the “Asset Securitization Act”) (limited to those the purpose of which is to invest the amount exceeding the half of the assets in the Real Estate and Other Assets or the assets listed in Items (a) to (e) (the “Real Estate-Related Assets”));
- (g) Beneficiary certificates (as set forth in the Investment Trusts Act) (limited to those the purpose of which is to invest the amount exceeding the half of the assets in the Real Estate-Related Assets);
- (h) Investment securities (as set forth in the Investment Trusts Act) (limited to those the purpose of which is to invest the amount exceeding the half of the assets in the Real Estate-Related Assets);
- (i) Beneficiary certificates of a specified purpose trust (as set forth in the Asset Securitization Act) (excluding the Real Estate and Other Assets, the assets falling under Item (a), (b) or (d) and the assets listed in Item (e) which are to be invested in the Real Estate and Other Assets or the assets listed in Item (a), (b) or (c)) (limited to those the purpose of which is to invest the amount exceeding the half of the assets in the Real Estate-Related Assets);
- (j) Assets of the same nature as those listed in Item (f) or (i) established under the laws and regulations of a foreign country (limited to those the purpose of which is to invest the amount exceeding the half of the assets in the Real Estate-Related Assets);
- (k) Deposits;
- (l) Call loans;
- (m) Monetary claims (excluding the assets listed in Item (k) or (l));
- (n) National government bonds;
- (o) Municipal bonds;
- (p) Debentures issued by a corporation pursuant to a special act (as set forth in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the “FIEA”));
- (q) Specified bond certificates as set forth in the Asset Securitization Act;
- (r) Bond certificates;
- (s) Share certificates (including those of a corporation under the laws and regulations of a foreign country; limited to those the purpose of which is to substantially invest in the Real Estate-Related Assets or those to be acquired incidental to or in relation to an investment in the Real Estate-Related Assets; and excluding those of a Corporation Holding Overseas Real Estate as set forth in Paragraph 1);

- (t) Beneficiary certificates of a bond investment trust (which are beneficiary certificates of a securities investment trust as set forth in the Investment Trusts Act which are intended to be managed as an investment in the assets, etc. listed in Item (n), (o), (r), (v) or (w));
 - (u) Investment corporation bonds certificates as set forth in the Investment Trusts Act;
 - (v) Commercial papers;
 - (w) Negotiable certificates of deposit issued by a foreign corporation;
 - (x) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as investment in the assets as set forth in Items (k) to (w);
 - (y) Assets of the same nature as those listed in the preceding item that were established under the laws and regulations of a foreign country;
 - (z) Rights related to derivatives transactions (as set forth in the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) (the “Investment Trusts Act Enforcement Order”); and
 - (aa) Renewable energy power generation facilities (as set forth in Article 3, Item 11 of the Investment Trusts Act Enforcement Order).
3. In addition to the Specified Assets as set forth in Paragraphs 1 and 2 above, the Investment Corporation may invest in the following assets:
- (a) Trademark rights, or exclusive rights to use or non-exclusive rights to use therefor as set forth in the Trademark Act (Act No. 127 of 1959, as amended);
 - (b) Right to use the source of hot springs as set forth in the Hot Springs Act (Act No. 125 of 1948, as amended); rights to use hot springs as set forth in the Sightseeing Facility Estate Mortgage Act (Act No. 91 of 1968, as amended) and the hot-spring rights (*onsen-ken*) or the rights to use hot springs (*onsen riyo-ken*) admitted under customary law; and facilities and the like related to such hot springs;
 - (c) Carbon dioxide equivalent quota provided for in the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998, as amended) or other quota similar thereto or emission right (including emission right concerning greenhouse gases);
 - (d) Movable as set forth in the Civil Code (Act No. 89 of 1896, as amended) (the “Civil Code”), such as facilities, equipment, and other items attached to the Real Estate-Related Assets (excluding those set forth in Item (aa) of Paragraph 2 of Article 32);
 - (e) Copyrights and other similar rights as set forth in the Copyright Act (Act No. 48 of 1970, as amended);
 - (f) Equity interests in a partnership under the Civil Code (limited to those established by investing real estate, real estate lease rights or surface rights and the purpose for which is lease, operation or management thereof);
 - (g) Easements;

- (h) Specified equity as set forth in the Asset Securitization Act;
- (i) Status of member of limited liability companies as set forth in the Companies Act (Act No. 86 of 2005, as amended);
- (j) Status of contributor of funds for a general incorporated association (including claim for refund of the funds) as set forth in the Act on General Incorporated Associations and General Incorporated Foundations (Act No. 48 of 2006, as amended);
- (k) Trust beneficiary rights in trust of the assets listed in Items (a) to (j) as trust assets;
- (l) Rights related to various insurance contracts;
- (m) Assets of the same nature as those listed in Items (f), and (h) to (l), established under the laws and regulations of a foreign country;
- (n) Investments stipulated in the Shinkin Bank Act (Act No. 238 of 1951, including subsequent amendments); and
- (o) Other assets obtainable under the rules of financial instruments exchanges or other similar organizations, which are necessary or useful for management of the Real Estate-Related Assets held by the Investment Corporation.

4. With respect to the Rights That Must Be Indicated on Securities as set forth in Article 2, Paragraph 2 of the FIEA, if no such securities indicating rights have been issued, such rights shall be regarded as such securities and Paragraphs 1 to 3 shall apply.

Article 33 Investment Policy

1. The Investment Corporation shall position real estate mainly for residential use (the “Residential Properties”) and non-residential, business purpose real estate that is used mainly as office buildings, hotels and retail properties, etc. (the “Commercial Properties”) as its primary investment target.
2. The investment area of the Residential Properties and the Commercial Properties shall be mainly in Japan but the Investment Corporation may invest overseas.
3. The main geographical areas for investment of the Residential Properties in Japan shall be Greater Tokyo and major cities in Japan other than Greater Tokyo such as the ordinance-designated cities, and commuting areas around them.
4. The main geographical areas for investment of the Commercial Properties in Japan shall be the Three Major Metropolitan Areas (which collectively refers to Greater Tokyo, Osaka Area and Nagoya Area) centering on the 23 wards of Tokyo, Osaka City and Nagoya City and major cities in Japan other than the Three Major Metropolitan Areas.
5. The main geographical areas for investment of the overseas Residential Properties and Commercial Properties are Singapore, Australia and the U.S., as well as other countries and regions where the population and economy are expected to grow.

Article 34 Investment Restrictions

1. The Investment Corporation shall invest in monetary claims and securities (excluding those falling under the Real Estate-Related Assets), focusing on the safety and redeemability, and shall not make investments only in pursuit of profits from active investment.
2. The Investment Corporation shall make investments in the rights related to derivatives transactions as set forth in Item (z) of Paragraph 2 of Article 32 only for the purpose of hedging exchange risk, price fluctuation risk, interest rate risk and other risk factors arising from the Managed Assets or liabilities of the Investment Corporation.
3. The Investment Corporation shall manage assets so that seventy-five hundredths or more of the total amount of the Specified Assets held by the Investment Corporation is made up of specified real estate (real estate, real estate lease rights or surface rights, or trust beneficiary rights in trust of ownership of real estate, land lease rights or surface rights from Specified Assets acquired by the Investment Corporation).

Article 35 Reinvestment of Proceeds, Etc.

The Investment Corporation may appropriate proceeds from sales of the Managed Assets, interests, dividends and redemption money on securities, interest, etc., trust dividends, profit distributions from Equity Interests in Silent Partnership, rent income from the Real Estate and Other Assets and any other proceeds, as well as leasehold deposit and tenant security deposit, to investment or reinvestment.

Article 36 Purpose and Scope of Lending of Portfolio Assets

1. In principle, the Investment Corporation shall lease the real estate within the Managed Assets (including underlying real estate of the Real Estate-Related Assets) for the purpose of securing mid- to long-term and stable income.
2. In leasing the real estate, the Investment Corporation may receive leasehold deposit or tenant security deposit or other similar money, and shall manage such received money in accordance with Articles 31, 34 and 35.
3. The Investment Corporation may lend the Managed Assets other than the real estate within the Managed Assets (including underlying real estate of the Real Estate-Related Assets).

Chapter 6 Asset Evaluation

Article 37 Principles for Evaluating Assets

The Investment Corporation shall evaluate the Managed Assets in accordance with the generally accepted corporate accounting standards and practices. In evaluation of the Managed Assets, the Investment Corporation shall comply with the general principal of consistency in order to ensure the reliability of the evaluation results, and carry out its business appropriately and faithfully for the interest of unitholders.

Article 38 Asset Evaluation Record Date

The asset evaluation record date for the Investment Corporation shall be each Accounting Settlement Day set forth in Article 45. However, the record date for securities (excluding those in which the Investment Corporation has invested with the intention to hold to maturity) and other Specified Assets that can be evaluated using the value based on the market value shall be the end of every month.

Article 39 Method of and Standards for Asset Evaluation

The method of and standards for asset evaluation of the Investment Corporation shall be determined by the type of the Managed Asset, and shall be as follows as a general rule.

- (a) Real estate, real estate lease rights and surface rights of the Real Estate and Other Assets as set forth in Paragraph 1 of Article 32; and those under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32:

To be evaluated by subtracting the accumulated depreciation from the acquisition price. The amount of depreciation for buildings and equipment is calculated using the straight line method. However, the calculation method may be changed if such calculation method as employed by the Investment Corporation is believed to be inappropriate on justifiable grounds and if it is reasonably believed that such change will cause no harm in terms of investor protection.

- (b) Trust beneficiary rights in trust of real estate, real estate lease rights and surface rights as set forth in Paragraph 1 and Item (a) of Paragraph 2 of Article 32; and trust beneficiary rights in trust of real estate, real estate lease rights and surface rights established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32:

Real estate, real estate lease rights and surface rights as the trust assets are evaluated by subtracting the accumulated depreciation from the acquisition price. The amount of depreciation for buildings and equipment is calculated using the straight line method. However, the calculation method may be changed only when the calculation in the straight line method becomes inappropriate on justifiable grounds and if it is reasonably believed that such change will cause no harm in terms of investor protection. Financial assets and liabilities contained in the trust assets are evaluated in accordance with the generally accepted corporate accounting standards and practices. Trust beneficiary rights are then evaluated by subtracting the total amount of trust liabilities from the total amount of trust assets to obtain the amount equivalent to the share of the trust beneficiary rights.

- (c) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as an investment in real estate, real estate lease rights or surface rights as set forth in Item (b) of Paragraph 2 of Article 32; and trust beneficiary rights in monetary trusts established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32, the purpose of which is to manage the trust assets as an investment in real estate, real estate lease rights or surface rights as set forth in Item (b) of Paragraph 2 of Article 32:

Real estate, real estate lease rights and surface rights as the trust assets are evaluated in accordance with Item (a). Financial assets and liabilities contained in the trust assets are evaluated in accordance with the generally accepted corporate accounting standards and practices. Trust beneficiary rights of such trust are then evaluated by subtracting the total amount of trust liabilities from the total amount of trust assets to obtain the amount

equivalent to the share of the trust beneficiary rights.

- (d) Equity Interests in Silent Partnership on Real Estate as set forth in Item (c) of Paragraph 2 of Article 32; and those established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32:

Real estate, real estate lease rights and surface rights as the assets of silent partnership are evaluated in accordance with Item (a). Financial assets and liabilities contained in the assets of silent partnership are evaluated in accordance with the generally accepted corporate accounting standards and practices. Equity Interests in Silent Partnership are then evaluated by subtracting the total amount of liabilities from the total amount of assets to obtain the net asset value of the silent partnership that is equivalent to the Investment Corporation's equity interest in such silent partnership.

- (e) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets principally as an investment in Equity Interests in Silent Partnership on Real Estate as set forth in Item (d) of Paragraph 2 of Article 32; and trust beneficiary rights in monetary trusts established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32, the purpose of which is to manage the trust assets as an investment in Equity Interests in Silent Partnership on Real Estate as set forth in Item (d) of Paragraph 2 of Article 32:

Equity Interests in Silent Partnership as the assets of the trust assets are evaluated in accordance with Item (d). Financial assets and liabilities are evaluated in accordance with the generally accepted corporate accounting standards and practices and then are evaluated by subtracting the total amount of trust liabilities from the total amount of trust assets to obtain the amount equivalent to the share of the trust beneficiary rights.

- (f) Securities (including share certificates of the Corporation Holding Overseas Real Estate as set forth in Paragraph 1 of Article 32, and excluding those listed in each of the preceding Items):

- (i) Securities listed on the financial instruments exchange, OTC securities, and other securities listed in Article 6, Paragraph 1, Item 3 of the Regulations on Accounting of Investment Corporations (Cabinet Office Order No. 47 of 2006, as amended) (the "Investment Corporations Accounting Regulations"):

To be evaluated by market value (the amount calculated based on the published closing price or an equivalent amount produced in a reasonable calculation method).

- (ii) Other Securities:

To be evaluated in accordance with the generally accepted corporate accounting standards and practices and/or other Investment Corporations Accounting Regulations.

- (g) Monetary claims as set forth in Item (m) of Paragraph 2 of Article 32:

To be evaluated by subtracting the allowance for bad debts calculated in accordance with the estimated cost of bad debts from the acquisition price. However, if such monetary claims are acquired for a price higher or lower than the value of such claim, when the difference between the acquisition price and the value of such claim is considered as rate adjustment, the monetary claims are evaluated by subtracting the allowance for bad debts from the amount calculated on an amortized cost basis.

- (h) Rights related to derivatives transactions as set forth in Item (z) of Paragraph 2 of Article 32:

- (i) Claims and debts produced as a result of transactions of derivatives listed on the financial instruments exchange:

To be evaluated with a price calculated based on the closing price of the relevant financial instruments exchange. If no closing price is provided on such day, the amount calculated based on the closing price of the day immediately preceding such day will be used.

- (ii) Claims and debts produced as a result of transactions of unlisted and unquoted derivatives on the financial instruments exchange:

To be evaluated with a price calculated in a reasonable manner as a price equivalent to the market price.

However, hedge accounting is applicable to transactions recognized as hedge transactions in accordance with the generally accepted corporate accounting standards and practices. Special accounting method for interest rate swaps is applicable to transactions satisfying the requirements for the special accounting method for interest rate swaps as set forth in the accounting standards for financial instruments.

- (i) Others:

If the evaluation of an asset is not set forth in the above items, the asset is evaluated, by each type of assets, as the amount that should be affixed using the evaluation regulations of the Investment Trusts Association, Japan (the "JITA") or the generally accepted corporate accounting standards and practices.

Article 40 Value in Securities Registration Statements, Securities Reports and Asset Management Reports

If making evaluations in a way that differs from the methods set forth in Article 39 for the purposes of recording a value in a securities registration statement, securities report and asset management report, etc., evaluations shall be made in the following way.

- (a) Real estate, real estate lease rights and surface rights of the Real Estate and Other Assets as

set forth in Paragraph 1 of Article 32; those under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32; and those held by the Corporation Holding Overseas Real Estate as set forth in Paragraph 1 of Article 32:

In principle, to be evaluated as the amount calculated from the appraisal by a real property appraiser (if such assets are in any foreign currency, the amount converted into JPY).

- (b) Trust beneficiary rights in trust of real estate, real estate lease rights and surface rights as set forth in Paragraph 1 and Item (a) of Paragraph 2 of Article 32; and trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as an investment in real estate, real estate lease rights or surface rights as set forth in Item (b) of Paragraph 2 of Article 32; and trust beneficiary rights in trust of real estate, real estate lease rights or surface rights established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32; and trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as an investment in real estate, real estate lease rights or surface rights as set forth in Item (b) of Paragraph 2 of Article 32: The trust assets which are real estate, real estate lease rights and surface rights are evaluated, in principle, as the amount produced from the appraisal by the real property appraiser (if such assets are in any foreign currency, the amount converted into JPY), and trust assets which are financial assets or liabilities are evaluated in accordance with the generally accepted corporate accounting standards and practices. Trust beneficiary rights are then evaluated by subtracting the total amount of trust liabilities from the total amount of trust assets to obtain the amount equivalent to the share of the trust beneficiary rights.
- (c) Trust beneficiary rights in monetary trusts, the purpose of which is to manage the trust assets as an investment in Equity Interests in Silent Partnership on Real Estate as set forth in Items (c) and (d) of Paragraph 2 of Article 32; and trust beneficiary rights in monetary trusts established under the laws and regulations of a foreign country as set forth in Item (e) of Paragraph 2 of Article 32, the purpose of which is to manage the trust assets as an investment in Equity Interests in Silent Partnership on Real Estate as set forth in Items (c) and (d) of Paragraph 2 of Article 32:

Real estate, real estate lease rights and surface rights which are underlying assets of silent partnership are evaluated following the preceding Item. Financial assets and liabilities which are underlying assets of silent partnership are evaluated in accordance with the generally accepted corporate accounting standards and practices. Equity Interests in Silent Partnership are then evaluated by subtracting the total amount of liabilities for such silent partnership from the total amount of assets therefor to obtain the net asset value of the silent partnership that is equivalent to the Investment Corporation's equity interest in such silent partnership. Equity Interests in Silent Partnership which are trust assets are

evaluated in accordance the first sentence of this Item, and the financial assets and liabilities are evaluated in accordance with the generally accepted corporate accounting standards and practices, and then are evaluated with the amount calculated by subtracting the total amount of liabilities from the total amount of assets to obtain the amount equivalent to the share of the trust beneficiary rights of such trust.

Chapter 7 Borrowings and Issuance of Investment Corporation Bonds

Article 41 Purpose of Borrowings and Issuance of Investment Corporation Bonds

The Investment Corporation may make borrowings from qualified institutional investors as set forth in Article 2, Paragraph 3, Item 1 of the FIEA (limited to institutional investors specified by Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, as amended)) (the “Special Taxation Measures Law”) or issue investment corporation bonds (including short-term investment corporation bonds; the same shall apply hereinafter), in order to use the funds for such purpose as set forth in the following Article, aiming at steady growth in the Managed Assets and realization of efficient and safe management.

Article 42 Use of Borrowings and Funds Raised by Issuance of Investment Corporation Bonds

Subject to the provisions of the laws and regulations, the Investment Corporation shall spend the borrowings and funds raised by the issuance of investment corporation bonds by acquiring assets, making repairs, repaying tenant leasehold deposit and tenant security deposit, paying distributions, paying the Investment Corporation’s expenses or repaying debts (including fulfillment of borrowings and investment corporation bond debts).

Article 43 Limits for Borrowings and Issuance of Investment Corporation Bonds

Borrowings and issuance of investment corporation bonds shall be limited to one trillion (1,000,000,000,000) yen respectively and the aggregate amount thereof shall not exceed one trillion (1,000,000,000,000) yen.

Article 44 Provision of Collateral

When making borrowings or issuing investment corporation bonds, the Investment Corporation may provide the Managed Assets as collateral.

Chapter 8 Calculation

Article 45 Business Term and Accounting Settlement Day

The business term of the Investment Corporation shall be from May 1 to the last day of October, and from November 1 to the last day of April in the following year, each year (the last day of each business term is hereinafter referred to as the “Accounting Settlement Day”).

Article 46 Cash Distribution Policies

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

1. Method for calculating total amount of money to be distributed to unitholders

- (a) The Investment Corporation’s profits (the “Distributable Amount”) shall be calculated by subtracting (i) the sum of the total unitholders' capital and the capital surplus (the total unitholders' capital and the like) from (ii) the net asset value produced by subtracting the total amount of liabilities from the total amount of assets on the balance sheet as of the Accounting Settlement Day, in accordance with the generally accepted corporate accounting standards and practices.
- (b) The Investment Corporation shall distribute the amount which is in excess of an amount equivalent to ninety hundredths (if the calculation of this amount is changed pursuant to revisions of the laws and regulations, etc., such revised amount) of the distributable income amount of the Investment Corporation as stipulated in Article 67-15, Paragraph 1 of the Special Taxation Measures Law. The Investment Corporation may save, reserve or otherwise deal with, long-term reserves for repair, reserves for distributions, and other similar reserves and provisions, as well as other amounts, that are deemed necessary to maintain or improve the value of the Managed Assets. However, this shall not apply if any tax loss arises or there is no profit for tax purposes due to carry-over of such losses, and the amount reasonably determined by the Investment Corporation shall apply instead.

2. Cash distributions in excess of profits

If the Investment Corporation deems it appropriate in light of the economic conditions, trend of real estate market and lease market, or if it serves to mitigate its burden of taxation such as corporate tax, the Investment Corporation may make cash distributions to unitholders in the amount determined by the Investment Corporation itself as cash in excess of profits. Any amount distributed to unitholders in excess of profits shall be first deducted from the capital surplus, and the remainder then subtracted from the total unitholders’ capital.

Article 47 Method of Cash Distribution

The Investment Corporation shall pay cash distributions to unitholders and registered unitholder pledgees recorded or registered on the final register of unitholders as of the Accounting Settlement Day in proportion to the number of units held, or the number of units intended for registered unitholder pledge. The Investment Corporation shall make such distributions within three months of the Accounting Settlement Day as a general rule.

Article 48 Limitation of Cash Distribution

The Investment Corporation is relieved of its duty to pay any cash distributions to a unitholder if three full years have passed from the day of commencing payments without being received by the unitholder. No interest will accumulate on any unpaid cash distributions.

Article 49 JITA Regulations

The Investment Corporation shall comply with these Articles of Incorporation and the JITA's rules and regulations with regards to distribution of money.

Chapter 9 Fees

Article 50 Standards for Fee Payment to Asset Management Company

Standards for the amount or payment of the management fees payable by the Investment Corporation to the asset management company to which the Investment Corporation entrusts management of its assets (the "Asset Management Company") shall be as set forth in Appendix that forms part of these Articles of Incorporation.

Article 51 Standards for Fee Payment to Executive Directors and Supervisory Directors

The Investment Corporation shall pay fees to each executive director monthly by the last day of the relevant month in an amount determined by the board of directors in light of general trends of price and wage and the like, that is no more than 1,000,000 yen per month. Further, the Investment Corporation shall pay fees to each supervisory director monthly by the last day of the relevant month in an amount determined by the board of directors in light of general trends of price and wage and the like, that is no more than 500,000 yen per month.

Article 52 Standards for Fee Payment to Accounting Auditor

The Investment Corporation shall pay fees to the accounting auditor in an amount determined by the board of directors that is no more than 25 million yen for each Accounting Settlement Day subject to audit, by the last day of February and August each year for the period of six

months up to such day, through bank transfer to an account designated by the accounting auditor.

Chapter 10 Entrustment of Business and Administration

Article 53 Entrustment of Business and Administration

1. The Investment Corporation entrusts the Asset Management Company with services related to the management of its assets pursuant to Article 198 of the Investment Trusts Act, and entrusts the asset custody company with services related to the custody of its assets pursuant to Article 208 of the Investment Trusts Act.
2. The Investment Corporation entrusts administrative services other than those related to the management and custody of its assets, as set forth in Article 117 of the Investment Trusts Act, to a third party determined by the board of directors, as necessary.

Chapter 11 Supplementary Provisions

Article 54 Consumption Tax and Local Consumption Tax

The Investment Corporation may assume consumption tax, local consumption tax and other similar taxes imposed on taxable items under the Consumption Tax Act (Act No. 108 of 1988, as amended) (the “Consumption Tax, Etc.” in this Article) among costs and expenses pertaining to the management of the Managed Assets and other costs and expenses payable by the Investment Corporation. In this case, the Investment Corporation shall pay the amount equivalent to the Consumption Tax, Etc. in addition to the other amount of the taxable items. Unless otherwise specified, all the amounts described in these Articles of Incorporation are exclusive of the Consumption Tax, Etc.

Management Fee to Asset Management Company

Followings are the calculation methods and the timing for the payment of the management fee to be paid to the Asset Management Company. The Investment Corporation shall pay such fees and the amount equivalent to the consumption tax and local consumption tax thereon to a bank account designated by the Asset Management Company by means of transfer (the Investment Corporation shall bear the bank transfer fee and the consumption tax and local consumption tax thereon).

1. Management Fee I (Ongoing Operational and Management Fee I)

Management Fee I shall be calculated by multiplying (i) the total assets (less the amount equivalent to unamortized positive goodwill) of the Investment Corporation on the balance sheet (limited to those approved by the board of directors pursuant to Article 131, Paragraph 2 of the Investment Trusts Act) for the latest Accounting Settlement Day by (ii) the total annual rate of a rate separately agreed by the Investment Corporation and the Asset Management Company (up to 0.5% per annum) and the TSE REIT Index Performance-Linked Rate (as defined below), on a per diem basis. In this calculation method, the actual number of days in the relevant business term shall be assumed to be 365 days in a year and any fraction less than one yen shall be rounded down.

In this paragraph (1)

“TSE REIT Index Performance-Linked Rate” means a number to be calculated using the following formula for each relevant business term. The upper limit and lower limit of the TSE REIT Index Performance-Linked Rate shall be 0.02% and -0.02% respectively. However, even if the number calculated using the following formula for the relevant business term is positive, when the result of subtracting the closing price (or, if there is no closing price on that day, the closing price of the immediately preceding day; the same shall apply hereinafter) of the Investment Corporation’s investment unit for the business term preceding the previous business term from the closing price of the Investment Corporation’s investment unit for the previous business term is negative, the TSE REIT Index Performance-Linked Rate shall be deemed to be zero.

<Calculation Formula>

TSE REIT Index Performance-Linked Rate = $(A - B)/1,000$ (rounded to the fifth decimal place)

- A: $(\text{Closing price of the Investment Corporation's investment unit on the last business day of the previous business term} + \text{distribution per unit for the previous business term} - \text{Closing price of the Investment Corporation's investment unit on the last business day of the business term preceding the previous business term}) / \text{Closing price of the Investment Corporation's investment unit on the last business day of the business term preceding the previous business term}$
- B: $(\text{Closing price of the TSE REIT Total Return Index on the last business day of the previous business term} - \text{Closing price of the TSE REIT Total Return Index on the last business day of the business term preceding the previous business term}) / \text{Closing price of the TSE REIT Total Return Index on the last business day of the business term preceding the previous business term}$

“TSE REIT Total Return Index” means the TSE REIT Index, including distribution announced by the Tokyo Stock Exchange, Inc. However, if it is not possible to obtain the closing price of the TSE REIT Total Return Index because the Tokyo Stock Exchange, Inc. does not announce the TSE REIT Total Return Index or for some other reason, a number calculated by the Investment Corporation based on the calculation method used for the TSE REIT Total Return Index that was announced for the most recent relevant business term shall be used.

2. Management Fee II (Ongoing Operational and Management Fee II)

Management Fee II for each business term shall be (i) the distributable amount before deduction of Management Fee II for the relevant business term of the Investment Corporation (i.e., the amount of the net profit for the period before tax (after adding the amount of amortization of goodwill and deducting the gains on negative goodwill incurred) on the profit and loss statement (limited to those approved by the board of directors pursuant to Article 131, Paragraph 2 of the Investment Trusts Act; the same shall apply hereinafter) plus the amount of Management Fee II for the business term (including the amount of the non-deductible consumption tax on Management Fee II), after a loss carried forward is compensated, if any) divided by (ii) the total number of issued and outstanding units as of the Accounting Settlement Day of the relevant business term (the “Distributable Amount per Unit”), and multiplied by (iii) (a) the operating profits before deduction of Management Fee II (i.e., the amount of the operating profits on the profit and loss statement plus the amount of amortization of goodwill and Management Fee II for the business term (including the amount of the non-deductible consumption tax on Management Fee II)) and (b) a rate separately agreed by the Investment Corporation and the Asset Management Company (up to 0.004%). In this calculation method, any fraction less than one yen shall be rounded down, and

divisions shall be done at the end of the calculation, and the lower limit shall be zero yen.

3. Management Fee III (Acquisition Fee)

Management Fee III shall be calculated by multiplying (i) the trading value for the acquisition of the Real Estate-Related Assets (excluding the consumption tax, other similar taxes and expenses and the like) by (ii) a rate separately agreed between the Investment Corporation and the Asset Management Company (up to 0.5%) (in the case of acquisition from any interested party as set forth in the “Rules for Transactions with Interested Parties” of the Asset Management Company, there shall be no Acquisition Fee), any fraction less than one yen being rounded down.

4. Management Fee IV (Disposition Fee)

Management Fee IV shall be calculated by multiplying (i) the trading value for the disposition of the Real Estate-Related Assets (excluding the consumption tax, other similar taxes and expenses and the like) by (ii) a rate separately agreed between the Investment Corporation and the Asset Management Company (up to 0.5%) (in the case of disposition to any interested party as set forth in “Rules for Transactions with Interested Parties” of the Asset Management Company, there shall be no disposition fee), any fraction less than one yen being rounded down.

5. Management Fee V (Merger Fee)

In a consolidation-type merger or absorption-type merger (collectively, a “merger”) between the Investment Corporation and another investment corporation, if such merger takes effect after the Asset Management Company investigates and assesses the assets and other properties held by such investment corporation and conducts any other business associated with the merger, Management Fee V shall be calculated by multiplying (i) the then assessed value of the Real Estate-Related Assets held by such investment corporation when such merger takes effect by (ii) a rate separately agreed between the Investment Corporation and the Asset Management Company (up to 0.8%).

6. Timing of Payment of Management Fee

Management Fee I and Management Fee II shall be paid within three months from the Accounting Settlement Day of the relevant business term of the Investment Corporation.

Management Fee III shall be paid on or before the last day of the following month of the month in which the Investment Corporation has acquired the relevant asset.

Management Fee IV shall be paid on or before the last day of the following month of the

month in which the Investment Corporation has dispositioned the relevant asset.

Management Fee V shall be paid within two months after the merger takes effect.

7. Adjustment Provision

- (1) If the Investment Corporation acquires its own investment units and holds any undisposed or unretired treasury investment units as of the Accounting Settlement Day for the business term in which the Investment Corporation acquired such investment units, the number of the treasury investment units of the Investment Corporation shall be excluded from the total number of issued and outstanding investment units as of such Accounting Settlement Day for the purpose of calculation of the Distributable Amount per Unit for the Management Fee II.
- (2) In the case of a split of the investment units of the Investment Corporation that increases the total number of issued and outstanding investment units, the Investment Corporation shall act as follows:
 - (i) Management Fee I for a business term in which such split of the investment units takes effect shall be calculated by making an adjustment in which both the closing price of the Investment Corporation's investment unit for the previous business term of the relevant business term and the distribution per unit for the previous business term are multiplied by the Split Ratio (as defined below).
 - (ii) Management Fee II for a business term ending on or after the day on which such split of the investment units takes effect shall be calculated by making an adjustment in which the Distributable Amount per Unit is multiplied by the Split Ratio related to the total number of issued and outstanding investment units.

In this paragraph (2),

"Split Ratio" shall be calculated, in the case of any split of the investment units of the Investment Corporation that increases the total number of issued and outstanding investment units, by dividing (i) the total number of issued and outstanding investment units immediately after such split of the investment units takes effect by (ii) the total number of issued and outstanding investment units immediately before such split of the investment units takes effect.

- (3) In the case of a Rights Offering (as defined below) that increases the total number of issued and outstanding investment units, the Investment Corporation shall act as follows.
 - (i) Management Fee I for a business term in which the issue date of such Rights Offering belongs shall be calculated by making an adjustment in which both the closing price of the Investment Corporation's investment unit for the

previous business term of the relevant business term and the distribution per unit for the previous business term are multiplied by the Ratio of Allotment without Contribution (as defined below).

- (ii) Management Fee II for a business term ending on or after the issue date of such Rights Offering shall be calculated by making an adjustment in which the Distributable Amount per Unit is multiplied by the Ratio of Allotment without Contribution.

In this paragraph (3),

“Rights Offering” means issuance of new investment units as a result of the exercise of investment unit acquisition rights related to an allotment without contribution to unitholders.

“Ratio of Allotment without Contribution” means a ratio to be calculated in the following formula in the case of a Rights Offering.

<Calculation Formula>

Ratio of Allotment without Contribution = A/B

A: Number of the total number of issued and outstanding investment units immediately after such Rights Offering less the Number of Units Deemed to Be Issued at Market Price (as defined below)

B: Total number of issued and outstanding investment units immediately before such Rights Offering

“Number of Units Deemed to Be Issued at Market Price” shall be the Number of Incremental Units (as defined below) (any fraction less than one (1) unit shall be rounded down) multiplied by the ratio obtained by dividing (i) the amount to be paid per unit at the time of exercising investment unit acquisition rights allotted without contribution in such Rights Offering by (ii) a Market Price per Unit (as defined below), or by another ratio determined by the board of directors, in the case of Rights Offering.

“Market Price per Unit” means the closing price of an ordinary market transaction of the investment units of the Investment Corporation on the Tokyo Stock Exchange, Inc. on the last day of the exercise period of the investment unit acquisition rights allotted without contribution in such Rights Offering (or, if there is no closing price on that day, the closing price of the immediately preceding day), in the case of Rights Offering.

“Number of Incremental Units” means the number of units increased as a result of such Rights Offering in the case of Rights Offering.