

(TRANSLATION)

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

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of
NOMURA REAL ESTATE OFFICE FUND, INC. (*Nomura Fudosan Office
Fund Toshi Hojin*)

CHAPTER I

GENERAL PROVISIONS

Article 1. (*Trade Name*)

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

Article 2. (*Purpose*)

The purpose of the Company shall be to manage assets in accordance with the Law Concerning Investment Trusts and Investment Corporations (Law No. 198 of 1951 as amended; the “Investment Trust Law”) through investment primarily in Specified Assets (here and hereafter, meaning the assets specified in the Investment Trust Law).

Article 3. (*Location of Head Office*)

The Company shall have its head office in Shinjuku-ku, Tokyo.

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

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

CHAPTER II

INVESTMENT UNITS

Article 5. *(Repayment for Units at the Request of Unitholders)*

The Company shall not make repayment for any unit at the request of unitholders.

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

1. The total number of units authorized to be issued by the Company shall be 2 million units.
2. The ratio of the issue price of units issued and offered in Japan to the aggregate issue price of units issued by the Company shall exceed 50%.
3. The executive directors of the Company shall be entitled to additionally issue units, upon obtaining an authorization of the Board of Directors, within the scope provided in Paragraph 1. The issue price per unit of such additional issue shall be determined by the Board of Directors as deemed as a fair price in light of the contents of the assets owned by the Company (the "Investment Assets").

Article 7. *(Unit Handling Regulations)*

The registration of transfers of units in the unitholders' list and other handling procedures pertaining to units and fees therefor shall be governed by the Unit Handling Regulations established by the Board of Directors, as well as by laws or ordinances or these Articles of Incorporation.

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

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

CHAPTER III

GENERAL MEETINGS OF UNITHOLDERS

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

1. General meetings of unitholders shall in principle be held at least once every two years.
2. General meetings of unitholders shall, unless otherwise stipulated by laws and regulations, be convened by the executive director if there is one executive director, and if there are two or more executive directors, by one executive director in accordance with the order previously determined by the Board of Directors.
3. General meeting of unitholders shall be convened at the location of the Company's head office or an adjacent site or in one of the wards of Tokyo in accordance with a resolution of the Board of Directors.

Article 10. *(Chairman)*

The chairman of a general meeting of unitholders shall, when there is only one executive director, be such executive director, and when there are two or more executive directors, be one of such executive directors in accordance with an order previously determined by the Board of Directors. If all of the executive directors are absent or is unable to so act, a supervisory director shall serve as chairman in accordance with the order previously determined by the Board of Directors.

Article 11. *(Resolutions)*

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

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

1. Exercise of voting right in writing shall require a statement of the necessary matters in the document for the exercise of voting right and submission to the Company of the document with the necessary matters stated by the time specified by law.
2. The number of voting rights exercised in writing shall be included in the number of voting rights of the unitholders in attendance.
3. Exercise of voting right through electromagnetic methods shall require provision of necessary matters that should be stated in the document for the exercise of voting right to the Company through electromagnetic methods, as prescribed by law and with approval from the Company, by the time specified by law.
4. The number of voting rights exercised through electromagnetic methods shall be included in the number of voting rights of the unitholders in attendance.

Article 13. *(Deemed Approval)*

1. Any unitholder who does not attend a general meeting of unitholders and does not exercise his/her voting rights shall be deemed to be in favor of any proposal submitted to such general meeting of unitholders (provided, however, that in cases where two or more proposals are submitted and any such proposal is in conflict in its nature with another proposal, both of such proposals shall be excluded from such deemed approval).
2. The number of voting rights owned by the unitholder deemed to be in favor of a proposal in accordance with the preceding Paragraph shall be included in the number of voting rights of the unitholders in attendance.

Article 14. *(Record Date, etc.)*

1. A unitholder who should exercise his/her right at a general meeting of unitholders shall be a unitholder listed in the latest unitholders' list as of the record date previously determined in a public notice by the Company in accordance with laws or ordinances through a resolution of the Board of Directors.
2. The minutes of a general meeting of unitholders shall be prepared, in accordance with laws and ordinances.

CHAPTER IV

EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS

Article 15. *(Number of Executive Directors and Supervisory Directors)*

The number of executive directors of the Company shall be no less than one and the number of supervisory directors of the Company shall be no less than two (provided, however, the number of supervisory directors shall exceed the number of executive directors).

Article 16. *(Election and Term of Executive Directors and Supervisory Directors)*

1. Executive directors and supervisory directors shall be elected through a resolution adopted by a general meeting of unitholders.
2. The term of office of executive directors and supervisory directors shall be two years after their respective assumption of office. The term of office of any executive director or supervisory director elected to fill a vacancy or to increase in number the executive directors or supervisory directors shall be the same as the remaining term of office of his/her predecessor or of the other executive directors or supervisory directors then in office.

Article 17. *(Standards for Payment of Compensation for Executive Directors and Supervisory Directors)*

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

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

CHAPTER V

BOARD OF DIRECTORS

Article 18. *(Board of Directors)*

The Company shall establish a Board of Directors made up of executive directors and supervisory directors.

Article 19. *(Convocation)*

1. In case the number of executive directors is one, such executive director shall, unless otherwise stipulated by laws and regulations, convene a meeting of the Board of Directors and act as chairman thereat. In case the number of executive directors is two or more, one of the executive directors shall, unless otherwise stipulated by laws and regulations, convene a meeting of the Board of Directors and act as chairman thereat in accordance with the order previously determined by the Board of Directors.
2. Notice of convocation of a meeting of the Board of Directors shall be given to all executive directors and supervisory directors at least three days prior to the date set for such meeting; provided, however, that this convocation period may be shortened or the convocation procedures may be omitted upon the consent of all of the executive directors and supervisory directors.

Article 20. *(Resolutions)*

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

Article 21. *(Rules for the Board of Directors)*

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

Article 21-2. *(Liability of Executive Directors, Supervisory Directors, and Independent Auditors to the Company)*

The Company may exempt executive directors, supervisory directors, and independent auditors from liability to the Company in accordance with the Investment Trust Law by resolution of the Board of Directors to the extent permitted by laws and regulations.

CHAPTER VI

INDEPENDENT AUDITOR

Article 22. *(Election of the Independent Auditor)*

An independent auditor shall be elected through a resolution of the general meeting of unitholders.

Article 23. *(Term of Office)*

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

Article 24. *(Standards for Payment of Compensation for the Independent Auditor)*

The compensation amount to the independent auditor for each fiscal period subject to audit shall be determined by the Board of Directors within a maximum amount of 20 million yen, and such amount shall be paid no later than three months after the final day of the relevant fiscal period.

CHAPTER VII

ASSET MANAGEMENT OBJECTIVES AND POLICIES

Article 25. *(Basic Asset Management Policies)*

The Company shall invest its assets primarily in Real Estate, etc. (here and hereafter, the assets specified in Article 27, Paragraph 1, Items (1) or (2)) and Real Estate-Backed Securities (here and hereafter, the assets specified in Article 27, Paragraph 1, Item (3)); Real Estate, etc. and Real Estate-Backed Securities are collectively referred to as “Real-Estate Related Assets”) to secure stable earnings and steady growth in the Investment Assets from the medium and long-term view.

Article 26. *(Investment Stance)*

1. When investing in Real Estate-Related Assets, the Company shall invest in assets composed of or backed by real estate (here and hereinafter in this Article, including surface rights and leasehold rights of real estate) used primarily as offices (here and hereafter, including real estate used for purposes other than offices that can easily be converted to office use; if such real estate consists of land, surface rights, or land leasehold rights, then this shall mean the sites of buildings used for office use); provided, however, that if the Company is to acquire all or part of Real Estate-Related Assets composed of or backed by facilities comprising multiple properties developed as a single unit (“Compound Real Estate-Related Assets”), the Company may acquire all of such Real Estate-Related Asset in question only if the primary use of the real estate comprising or backing the Compound Real Estate-Related Assets to be acquired is for offices. Further, the investment territory shall be, in addition to the three major metropolitan areas, primarily ordinance-designated cities.
2. When investing in Real Estate-Related Assets, the Company shall regionally distribute acquired Investment Assets to secure stable cash flows by mitigating earthquake risks, risks associated with changes in local economies and rental markets.
3. In principle, the Company shall acquire Real Estate-Related Assets that are actually or can be expected to generate stable rental or other similar income (in the case of Real Estate Equivalents (a collective designation for the assets specified in Article 27, Paragraph 1, Item (2)) and Real Estate-Backed Securities, the Real Estate, etc. backing such assets shall in principle satisfy this condition).
4. When investing in Real Estate-Related Assets, the Company shall make comprehensive determinations of the current and future profitability of the real estate comprising or backing such Real Estate-Related Assets, the future potential and stability of the site area, the status of deterioration and obsolescence of the real estate, and the characteristics of tenants and the content of lease agreements, and shall make decisions following an examination of the investment value.

5. The Company shall, from the medium and long-term view, seek to maintain and raise the asset value and competitiveness of the Real Estate-Related Assets which the Company acquired by engaging in continuous equipment investment in the real estate comprising or backing such Real Estate-Related Assets and to achieve stable growth in operating income by increasing revenues and reducing expenses.
6. The Company shall make comprehensive determinations concerning the sale of Real Estate-Related Assets which the Company acquired taking into consideration the current and future profitability of the real estate comprising or backing such Real Estate-Related Assets, the future potential and stability of the site area, the status of deterioration and obsolescence of the real estate, the characteristics of tenants and the content of lease agreements, and the composition of the Company's Investment Assets.
7. Notwithstanding the provisions of preceding paragraph, if any unexpected event such as a sudden change of market condition trends, general economic conditions or real estate market trend, etc. occurs, the Company may take measures necessary.
8. The Company shall maintain the ratio of the aggregate value of the specified real estate (the real estate, leaseholds of real estate or surface rights, or the beneficial interests of trusts formed by entrustment of ownership rights of real estate, leaseholds of land or surface rights) to the aggregate value of the specified assets held by the Company at not less than 75%.
9. The Company shall maintain the ratio of the value of the real estate, etc. prescribed in Article 22-19 of the Enforcement Regulations of the Special Taxation Measures Law (Ministerial Ordinance of the Ministry of Finance No. 15 of 1957, as amended) to the total amount of the assets held by the Company at not less than 70%.

Article 27. *(Types, Objectives and Extent of Specified Assets Targeted for Asset Management)*

1. The Company shall invest mainly in the specified assets set forth below in accordance with the basic policies provided for in Article 25:
 - (1) Real estate.
 - (2) Each of the assets set forth below:
 - (i) Leaseholds of real estate;
 - (ii) Surface rights;
 - (iii) Beneficial interests of trusts formed by entrustment of real estate, leaseholds of real estate or surface rights (including comprehensive trusts (*hokatsu shintaku*) formed by entrustment of real estate, together with money appertaining thereto);
 - (iv) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate or surface rights;

- (v) Equity interests in such agreements as shall provide that, in consideration of contribution of either of the parties in order to finance an investment by the other party in (a) the real estate or (b) the assets set forth in (i) through (iv) above, such other party shall invest the properties so contributed in such assets mainly and make distribution of profits from such investment (the “equity interests in anonymous associations (*tokumei kumiai*) relating to real estate”); and
 - (vi) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in equity interests in anonymous associations relating to real estate.
- (3) The following certificates invested primarily in Real Estate, etc. (including rights that should be stated on the certificates in cases where certificates stating such rights have not been issued, and collectively referred to as the “Real Estate-Backed Securities”):
- (vii) Preferred capital contribution certificates (as defined in the Law Concerning Securitization of Assets (Law No. 105 of 1998, as amended; the “Asset Securitization Law”));
 - (viii) Beneficial certificates (beneficial certificates defined in the Investment Trust Law);
 - (ix) Investment unit certificates (investment unit certificates defined in the Investment Trust Law); and
 - (x) Beneficial certificates of specified purpose trust (beneficial certificates of such specified purpose trust in the Asset Securitization Law (excluding such falling under the category of the assets set forth in (iii), (iv) or (vi) of (2) above)).
2. The Company may invest in the following specified assets, in addition to the specified assets set forth in the immediately preceding Paragraph, including rights that should be stated on the certificates in cases where certificates stating such rights have not been issued:
- (1) The specified assets falling under any of the following Items:
- (i) Deposits;
 - (ii) Government bonds (as defined in the Financial Instruments and Exchange Law (Law No. 25 of 1948, as amended));
 - (iii) Municipal bonds (as defined in the Financial Instruments and Exchange Law);
 - (iv) Bonds issued by a juridical person pursuant to a special law (as defined the Financial Instruments and Exchange Law);

- (v) Transferable deposits;
 - (vi) Stocks (as defined the Financial Instruments and Exchange Law; limited, however, to those cases where necessary or beneficial to the basic policies on asset investment specified in Article 25 of these Articles of Incorporation);
 - (vii) Commercial papers (as defined in the Financial Instruments and Exchange Law);
 - (viii) Specified bonds provided for in the Asset Securitization Law (as defined in the Asset Securitization Law);
 - (ix) Monetary receivables (as defined in the Investment Trust Law Enforcement Order; Order No. 480 of 2000, as amended; the “Investment Trust Law Enforcement Order”);
 - (x) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in the assets set forth in (i) through (ix) above; and
 - (xi) Marketable securities (marketable securities defined in the Investment Trust Law; excluding those assets specified in Paragraph 1 and this Paragraph that are deemed as marketable securities.)
- (2) Rights relating to a derivative transaction (as defined in the Investment Trust Law Enforcement Order).
3. The Company may acquire the following rights only when such acquisition is necessary or beneficial to the basic policies on asset investment specified in Article 25 of these Articles of Incorporation:
- (1) Trademarks and trademark equivalents (i.e., trademarks and exclusive or standard trademark use rights) under the Trademark Law (Law No. 127 of 1959, as amended);
 - (2) Copyrights as defined in the Copyright Law (Law No. 48 of 1970, as amended);
 - (3) Movables (of those movables specified in the Civil Code (Law No. 89 of 1896, as amended), facilities, fixtures, and other items attached to the real estate constructional or for the use of real estate);
 - (4) Rights to use the source of hot springs provided for in the Hot Spring Law (Law No. 125 of 1948, as amended) and the facilities relating to such hot springs;
 - (5) Carbon dioxide equivalent quotas as defined in the Act on Promotion of Global Warming Countermeasures (Law No. 117 of 1998, as amended) and any other rights similar thereto or emission rights (including emission rights regarding greenhouse gases); and

- (6) Other assets accessory to specified real estate acquisition of which in conjunction with the acquisition of such real estate is appropriate.
4. In addition to the assets specified in the preceding three paragraphs, notwithstanding the other provisions of this article, the Company may acquire, other than assets owned for investment purposes, assets such as trademarks relating to the Company's trade name and assets owned in conjunction with the operation of other organizations.

Article 28. *(Investment Restrictions)*

1. The Company shall not seek to invest aggressively in securities and monetary receivables, etc. set forth in Paragraph 2, Item (1) of the immediately preceding Article, but rather make an investment taking into consideration the security and cash ability thereof or the relationship thereof with the specified assets set forth in Paragraph 1 of the immediately preceding Article.
2. The Company may invest in rights relating to a financial derivative transaction set forth in Paragraph 2, Item (2) of the immediately preceding Article; provided, however, that such investment shall be limited to those to be made for the purpose of hedging an interest rate risk or other risks arising from the Company's liabilities.
3. The Company may not invest in real estate (including investment securities, the beneficial interests of trusts, and other assets backed by real estate acquired by the Company) that is located outside of Japan.
4. The Company may not invest in assets denominated in a foreign currency.

Article 29. *(Reinvestment of Income)*

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

Article 30. *(Objectives and Extent of Leasing of Incorporated Assets)*

1. The Company shall, in principle, lease all of the real estate (including, other than the real estate acquired by the Company, the real estate which is the backed assets of the Real Estate-Related Assets) belonging to the Investment Assets in order to obtain stable earnings therefrom from the medium and long-term view (including the creation of car parks and the placement of signboards, etc.).
2. When leasing real estate as provided for in the preceding Paragraph, the Company may receive or make a deposit of security deposits or guaranty monies or any money similar thereto, and if such money is deposited with the Company, the Company shall invest

such money in accordance with its basic asset management policies and investment attitude.

3. The Company may not lease any Investment Assets other than the real estate (including, other than the real estate acquired by the Company, the real estate which is the backed assets of the Real Estate-Related Assets) belonging to the Investment Assets.

Article 31. *(Principle of Appraisal of Assets)*

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

Article 32. *(Methods, Standards and Calculation Date of Appraisal of Assets)*

1. The method of the appraisal of assets of the Company with respect to each type of the Investment Assets shall be set forth as follows:

- (1) Real estate, leaseholds of real estate and surface rights (as defined in Article 27, Paragraph 1, Item (1) and Article 27, Paragraph 1, Item (2), (i) or (ii)):

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

- (2) Beneficial interests of trusts formed by entrustment of real estate, leaseholds of real estate or surface rights (as defined in Article 27, Paragraph 1, Item (2), (iii)):

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

- (3) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in real estate, leaseholds of real estate or surface rights (as defined in Article 27, Paragraph 1, Item (2), (iv)):

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

- (4) Equity interests in anonymous associations relating to real estate (as defined in Article 27, Paragraph 1, Item (2), (v)):

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

- (5) Beneficial interests of money trusts the purpose of which is to invest the trust properties mainly in equity interests in anonymous associations relating to real estate (as defined in Article 27, Paragraph 1, Item (2), (vi)):

Appraisal shall be made at the value calculated as to the amount equivalent to the Company's share in the relevant beneficial interests, after aggregating the amount of the equity interests in anonymous associations, which is the trust property, appraised by the method as provided for in (4) above, and deducting from the sum thereof the amount of liabilities.

- (6) Securities (as defined in Article 27, Paragraph 1, Item (3) and Article 27, Paragraph 2, Item (1), (ii) through (iv), (vi) through (viii) and (xi)):

Appraisal shall be made at the value calculated based on the final publicly announced price or the value calculated using a reasonable method corresponding to this; provided, however if there is no value calculated based on the final publicly announced price or a value calculated using a reasonable method corresponding to this, appraisal shall be made at the acquisition price.

- (7) Monetary receivables (as defined in Article 27, Paragraph 2, Item (1), (ix)):

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

- (8) Beneficial interests of money trusts (as defined in Article 27, Paragraph 2, Item (1), (x)):

Appraisal shall be made at the aggregate value of the amount of the component assets of the trust properties appraised by the relevant method set forth in (6), (7) or (10) above, if such component assets fall under the category of any of the assets set forth in (6), (7) or (10) above.

(9) Rights relating to a derivative transaction (as defined in Article 27, Paragraph 2, Item (2)):

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

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

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

Appraisal shall be made at the value calculated by a reasonable method as equivalent to a market price. If it is found to be extremely difficult to obtain a fairly appraised price, the acquisition price may be used.

(iii) Hedge accounting may be applicable to those transactions deemed as hedge transactions under generally accepted corporate accounting principles. Also, notwithstanding the provisions of (i) and (ii) above, special handling for interest rate swaps may be applied to those transactions that satisfy the requirements for special interest rate swap handling under the financial instruments accounting standards.

(10) Others:

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

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

(1) Real estate, leaseholds of real estate and surface rights:

In principle, appraisal shall be made at the value calculated using the income approach.

- (2) Beneficial interests of trusts formed by entrustment of real estate, surface rights or leaseholds of real estate and equity interests in anonymous associations relating to real estate:

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

- (3) Interests in derivative transactions (when the special handling for interest rate swaps is adopted pursuant to Paragraph 1, Item (9) (iii)):

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

3. The calculation date of appraisal of assets shall be the Settlement Date provided for in the immediately following Article; provided, however, that in the case of the assets provided for in Article 27, Paragraph 1, Item (3) and Paragraph 2, which may be appraised by the market price thereof, the calculation date thereof shall be the last day of each month.

Article 33. (*Fiscal Period*)

The fiscal period of the Company shall commence on May 1 of each year and end on the last day of October of the same year, and commence on November 1 of each year and end on the last day of April of the following year (the last day of each fiscal period shall be referred to as the "Settlement Date").

Article 34. (*Cash Distribution Policies*)

1. Distribution Policies

The Company shall make distributions in accordance with the following investment policies:

- (1) Distributable amounts arising from investment of the Company's Investment Assets (the "Distributable Amount") shall be income calculated on each Settlement Date in accordance with the Investment Trust Law and generally accepted corporate accounting principles (being the amount calculated by deducting the total amount of the aggregate contribution amount, the surplus contribution amount, and valuation and conversion differences from the net assets shown in the balance sheet of the Company).

- (2) Distribution amounts shall be determined by the Company and such distribution amounts shall exceed 90% of the earnings available for distribution of the Company as provided for in Article 67-15, Item (1) (the “special provision of taxation on investment corporations”) of the Special Taxation Measures Law (Law No. 26 of 1957, as amended) (provided however, the Distributable Amounts is the upper limit.). The Company may accumulate reserves from the Distributable Amount that are deemed to be necessary for maintaining its Investment Assets or improving the value thereof such as the long-term reserve for maintenance, payment reserve, reserve for distribution, and other similar reserves and accounts.
- (3) Any amount of income or earned income through the Settlement Date that is not applied to the distribution and retained shall be invested under the basic investment policies and investment stance of the Company.

2. Distributions in Excess of Income

If the Company deems it appropriate depending on the economic circumstances or the trend of the real-estate market or the rental market, etc., the Company may distribute an amount in excess of the Distributable Income Amount equal to the amount of the distribution specified in Item (2) of the preceding paragraph *plus* an amount to be determined by the Company up to the amount corresponding to depreciation for the Fiscal Periods in question. Further, if such distribution of monies does not satisfy the conditions of the special provisions concerning taxation of investment companies provided by law, the Company may distribute monies in an amount determined by the Company for the purpose of satisfying those conditions.

3. Method of distribution of dividends

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

4. Statute of Limitation for dividends

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

Article 35. (*Maximum Amount of Borrowings and Investment Corporation Bonds, etc.*)

1. Aiming for a steady growth in, and an efficient and stable management of the Investment Assets, the Company may borrow funds (including any borrowings through the call market) or issue investment corporation bonds in order to finance acquisition of assets, payment of maintenance expenses or dividends, funds required to manage the Company, and repayment of liabilities (including repayment of obligations of or under security deposits, guaranty monies, borrowings and investment corporation bonds (here and hereafter, including the short-term investment corporation bonds)), etc. In

addition, in case of borrowing funds, the Company shall borrow such funds only from the qualified institutional investors as defined in the Financial Instruments and Exchange Law (limited to the institutional investor provided for in Article 67-15 of the Special Taxation Measures Law).

2. In case of the preceding paragraph, the Company may provide the Investment Assets as security.
3. The maximum amount of borrowings and investment corporation bonds shall be 1 trillion yen, respectively, and the aggregate thereof shall not exceed 1 trillion yen.

Article 36. *(Standards concerning Amount of Asset Management Fees and Payment of Asset Management Fees Payable to the Asset Management Company)*

The method of calculation of fees payable to the asset management company (the “Asset Management Company” as defined in the Investment Trust Law) to which the Company commissions the management of its assets and the time of payment thereof shall be as follows:

(1) Management Fee 1

Management Fee 1 shall be the amount calculated by multiplying (a) the total assets of the Company determined by the method specified below by (b) 0.35% per annum for the period from the day after the Company’s immediately preceding Settlement Date until the last day of the third month following (“Calculation Period 1”) and for the period from the day after the final day of Calculation Period 1 until the last day of the third month following (“Calculation Period 2”) (pro rata daily amounts shall be calculated on the basis of 365 days per year; amounts less than one yen shall be rounded down).

Total Assets in Calculation Period 1

The total amount of assets indicated on the Company’s balance sheet as of the Settlement Date of the Company’s immediately preceding Fiscal Period (limited to the “approved balance sheet” as specified in the Investment Trust Law; the “Balance Sheet”).

Total Assets in Calculation Period 2

If the Company acquired or disposed of Investment Assets during Calculation Period 1, the total amount of assets indicated in Calculation Period 1 *plus or minus* difference of the total acquisition value of Investment Assets acquired and the total book value on the most recent Balance Sheet of the Investment Assets that were disposed of.

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

(2) Management Fee 2

Management fee 2 shall be an amount equivalent to 5.0% of the operating cash flows (the amount of ordinary income/loss on the Company's Statement of Income prior to deduction of Management Fee II and Management Fee III *plus* depreciation and deferred asset depreciation *minus* gains/losses on the sale of specified assets and appraisal income/loss (excluding those items recorded in the extraordinary income/loss section); "Cash Flows") for the relevant fiscal period (amounts less than one yen to be rounded down).

Such compensation shall be payable within one month after the Company's Board of Directors approves (here and hereafter, "approves" as specified in the Investment Trust Law) the financial statements for the relevant fiscal period.

(3) Management Fee 3

(a) If Cash Flows per investment unit of the Company for the relevant fiscal period are the same or higher than the amount for the preceding fiscal period for six consecutive fiscal periods (here and hereafter, including the current fiscal period) and Cash Flows per investment unit for the relevant fiscal period are higher than in the previous fiscal period, the amount calculated according to the following formula shall be paid (amounts less than one yen shall be rounded down).

Formula

(Cash Flows per investment unit of the Company on the Settlement Date for the relevant fiscal period *minus* Cash Flows per investment unit of the Company on the Settlement Date for the previous fiscal period) *times* the total number of investment units issued as of the Settlement Date for the relevant fiscal period *times* 30.0%.

(b) If the conditions in (a) above are not satisfied but Cash Flows per investment unit of the Company for the relevant fiscal period are higher than the average Cash Flows of the six preceding fiscal periods and Cash Flows per investment unit for the relevant fiscal period are higher than the amount for the preceding fiscal period, the amount calculated according to the following formula shall be paid (amounts less than one yen shall be rounded down).

Formula

(Cash Flows per investment unit of the Company for on the Settlement Date the relevant fiscal period *minus* average Cash Flows per investment unit for the previous six fiscal period including the current fiscal period) *times* the total number of investment units issued as of the Settlement Date for the relevant fiscal period *times* 30.0%.

Cash flows per investment unit shall be Cash Flows *divided by* the total number of investment units issued and outstanding on the Settlement Date of each fiscal period.

The payment periods for Management Fees 3 for both (a) and (b) above shall be within one month of approval of the financial statements for the relevant fiscal period by the Company's Board of Directors.

Article 37. *(Attribution of Profit and Loss)*

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

CHAPTER VIII

COMMISSION OF BUSINESS AND ADMINISTRATIVE SERVICES

Article 38. *(Commission of Business and Administrative Services)*

1. The Company shall, in accordance with the Investment Trust Law, commission the management of its assets to the Asset Management Company, and the custody thereof to the custodian of assets.
2. The Company shall commission any administrative services, excluding services relating to the management and custody of its assets, regulated to be commissioned to a third party in accordance with the Investment Trust Law ("general administrative services") to a third party.
3. Among the administrative services to be commissioned following the incorporation of the Company, administrative services relating to the offering of any units and investment corporation bonds to be issued by the Company, preparation and maintenance of registry of investment corporation bonds and other administrative services relating to the registry of investment corporation bonds, , administrative services relating to the issuance of the investment corporation bonds certificates, and the administrative services relating to the holders of the investment corporation bonds (meaning each of the administrative services prescribed in the Enforcement Regulations of the Law Concerning Investment Trusts and Investment Corporations (Cabinet Office Ordinance No. 129 of 2000, as amended)) shall be commissioned upon each offering to an administration agent determined by the Board of Directors, and a relevant general administrative services agreement shall be executed.

Supplementary Provisions

Adopted: August 5, 2003
Amended: October 23, 2003
 July 26, 2005
 July 23, 2007
 July 27, 2009
 July 28, 2011