

Disclaimer

The following is an English translation of original Japanese documents, prepared solely for the convenience of and reference by overseas investors. If there exist any discrepancies between the original Japanese language and English translation, the Japanese language will always prevail. Neither ADR nor AD Investment Management Co., Ltd shall be liable for this translation or any loss or damage arising from the translation

Articles of Incorporation of Investment Corporation

Advance Residence Investment Corporation

Articles of Incorporation

I GENERAL PROVISIONS

Article 1 Corporate Name

The name of the Investment Corporation is Advance Residence Toushi Houjin, which is Advance Residence Investment Corporation in English.

Article 2 Purpose

The purpose of the Investment Corporation is to manage the assets of the Investment Corporation by investing them mainly in **specified assets** (meaning “specified assets” as provided for in Article 2, Paragraph 1, of the *Investment Trust and Investment Corporations Act* (Act No.198 of 1951; as amended, the “*Investment Trusts Act*”) in accordance with the *Investment Trusts Act*.

Article 3 Location of Head Office

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

Article 4 Method of Public Notice

Public notices of the Investment Corporation are published in the *Nihon Keizai Shimbun*.

II INVESTMENT UNITS

Article 5 Total Number of Investment Units Authorized to be Issued

- 1 The total number of investment units authorized to be issued by the Investment Corporation is 6,000,000.
- 2 The proportion of the aggregate amount representing the investment units issued by the Investment Corporation in Japan shall exceed 50% of the total amount representing the investment units of the Investment Corporation
- 3 The Investment Corporation may seek persons who subscribe for investment units issued by the Investment Corporation within the total number of investment units authorized to be issued by the Investment Corporation with the approval of the Board of Directors. The amount to be paid per **offered investment unit** (meaning the investment unit allocated to a person who applies for subscription of the investment units in response to the offering) shall be the amount determined by the Executive Director as fair in light of the details of the assets held by the Investment Corporation (the “**Managed Assets**”) and approved by the Board of Directors.

Article 6 Matters Concerning Handling of Investment Units

Unless otherwise provided for in laws, regulations, or these Articles of Incorporation, the procedures for handling investment units such as registration or recording of unitholders in the Investment Corporation’s unitholders’ register and the fees for those procedures are subject to the Investment Unit Handling Regulations established by the Board of Officers.

Article 7 Minimum Net Asset Amount

The minimum net asset value of the Investment Corporation is 50,000,000 yen.

Article 8 Refund of Payment for Investment Units upon Request of Unitholders

The Investment Corporation shall not refund the payment for investment units upon request of unitholders.

III GENERAL MEETING OF UNITHOLDERS

Article 9 Convocation

- 1 In principle, the general unitholders' meeting of the Investment Corporation is held at least once every 2 years.
- 2 Unless otherwise provided for in the laws or regulations, the general meetings of unitholders shall be convened with the approval of the Board of Directors, by the Executive Director if there is only one Executive Director, and by one of the Executive Directors following the protocols predetermined by the Board of Directors if there is more than one Executive Director.
- 3 To convene the general unitholders' meeting, public notice concerning the date of general meeting of unitholders must be given at least 2 months before the date of the general unitholders' meeting, and notice must be dispatched to each unitholder in writing or by electronic method in accordance with the laws or regulations at least 2 weeks before the date of the general unitholders' meeting.

Article 10 Chairperson

The Executive Director shall preside over the general unitholders' meeting if there is only one Executive Director. One of the Executive Directors shall preside over the general unitholders' meeting following the protocols predetermined by the Board of Directors if there is more than one Executive Director. If all of the positions of Executive Director come vacant or all of the Executive Directors are unable to so act, one of the Supervisory Directors shall preside over the general unitholders' meeting following the protocols predetermined by the Board of Directors.

Article 11 Resolution

Unless otherwise provided for in laws, regulations, or this Articles of Incorporation, the resolutions of the general unitholders' meeting are adopted by a majority of the voting rights represented by the unitholders present.

Article 12 Voting by Proxy

- 1 A unitholder may exercise the voting rights by a proxy, who must be another unitholder of the Investment Corporation with voting rights.
- 2 In the event of the preceding Paragraph, the relevant unitholder or proxy shall submit a document certifying the authority of the proxy to the Investment Corporation for each general unitholders' meeting.

Article 13 Exercise of Voting Rights in Writing or by Electronic Method

- 1 A unitholder may exercise the voting rights in writing by indicating the required matters in the document for exercising voting rights (the "**Form for Exercising Voting Rights**") and submitting the Form for Exercising Voting Rights containing such matters to the Investment Corporation by the time prescribed by laws or regulations.
- 2 A unitholder may exercise the voting rights by the electronic method with the consent of the Investment Corporation in accordance with laws and regulations, by submitting the matters required to be contained in the Form for Exercising Voting Rights to the Investment Corporation by an electronic method by the time prescribed by laws and regulations.
- 3 The number of voting rights exercised in writing or by the electronic method shall be counted in the number of voting rights represented by the unitholders present.

Article 14 Deemed Approval

- 1 If a unitholder is not present at a general unitholders' meeting and does not exercise his or her voting rights, the unitholder will be deemed to have approved the proposals submitted to the general unitholders' meeting (excluding, if more than one proposal is submitted and the

import of two or more proposals conflict with each other, all such proposals of conflicting import).

- 2 The number of voting rights represented by the unitholders who are deemed to have approved the proposals under the preceding Paragraph are counted in the number of voting rights represented by the unitholders present.

Article 15 Record Date

- 1 The unitholders entered or recorded in the final unitholders' register as of the preceding Accounts Closing Date (meaning the last day of each business term provided for in Article 31; the same applies throughout) shall be the unitholders entitled to exercise their rights at the general unitholders' meeting convened by the Investment Corporation. However, this applies only if the general unitholders' meeting is held on a date within 3 months from the Accounts Closing Date.
- 2 In addition to the preceding Paragraph, whenever necessary, the Investment Corporation may deem the unitholders or registered investment unit pledgees entered or recorded in the final unitholders' register as of a certain date to be the persons entitled to exercise their rights, upon giving prior public notice following a resolution of the Board of Directors.

Article 16 Minutes of General Meeting of Unitholders

The Investment Corporation shall prepare minutes containing a summary of the proceedings and the outcome of each general unitholders' meeting and other matters prescribed by laws and regulations.

IV DIRECTORS AND BOARD OF DIRECTORS

Article 17 Number of Directors and Composition of Board of Directors

The Investment Corporation shall not have more than 2 Executive Directors or 3 Supervisory Directors (but the number of Supervisory Directors must always be at least one more than the number of Executive Directors). The Board of Directors is composed of Directors (which means its Executive Directors and Supervisory Directors; the same applies throughout).

Article 18 Election and Term of Office of Directors

- 1 Directors are elected by resolution of the general unitholders' meeting.
- 2 The term of office of a Director shall be 2 years from his or her election. However, the term of office of a Director elected to fill a vacancy or for increase in the number of Directors shall be the remainder of the term of office of the Director being replaced or that of the Directors with whom office is held simultaneously.
- 3 The period that a resolution on appointment of a substitute director remains in force shall be until the end of the term of office of the director appointed at the general unitholders' meeting at which the concerned resolution was passed (where the director was not appointed at such general unitholders' meeting, then the most recent general unitholders' meeting at which the director was appointed); provided, however, that such period shall not be precluded from being shortened by resolution of a general unitholders' meeting.

Article 19 Payment Standards and Timing of Payment of Remuneration of Directors

Payment standards and timing of payment of the remuneration of Directors of the Investment Corporation are as follows:

- (1) The remuneration of each Executive Director must not be more than 1,000,000 yen per month and the Investment Corporation shall pay every month the amount for the relevant month determined to be reasonable by the Board of Directors in light of general price movements, wage movements, and other factors, by the end of the month.
- (2) The remuneration of each Supervisory Director must not be more than 500,000 yen per

month and the Investment Corporation shall pay every month the amount for the relevant month determined to be reasonable by the Board of Directors in light of general price movements, wage movements, and other factors, by the end of the month.

Article 20 Waiver of Directors' Liabilities

The Investment Corporation may waive the liabilities of a Director under Paragraph 1 of Article 115-6 of the *Investment Trusts Act* by a resolution of the Board of Directors to the extent permitted by laws and regulations in circumstances where the Director was acting in good faith without gross negligence in performing his or her duties and if it is considered especially necessary to do so after considering the facts that caused the liability, the Director's performance of his or her duties, and other circumstances.

Article 21 Convocation and Chairperson

- 1 Unless otherwise provided for in laws or regulations, the Executive Director shall convene and preside over the meetings of the Board of Directors if there is only 1 Executive Director. One of the Executive Directors shall convene and preside over the meetings of the Board of Directors following the protocols predetermined by the Board of Directors if there is more than one Executive Director.
- 2 Notice of convocation of a meeting of the Board of Directors must be dispatched to all Directors at least 3 days before the date of the meeting of the Board of Directors. However, that period may be shortened or convocation procedures may be forgone with the consent of all Directors.

Article 22 Resolutions

Unless otherwise provided for in laws, regulations, or these Articles of Incorporation, the resolutions of the meetings of the Board of Directors are adopted by a majority of the voting rights of the members present, provided the members present represent a majority of total members entitled to vote.

Article 23 Minutes of Meeting of Board of Directors

The Investment Corporation shall prepare minutes containing a summary of the proceedings and the outcome of each meeting of the Board of Directors and other matters prescribed by laws and regulations, and each Director present shall sign or affix a name and seal, or provide an electronic signature on the minutes.

Article 24 Regulations of Board of Directors

Unless otherwise provided for in laws, regulations, or these Articles of Incorporation, the matters concerning the Board of Directors are subject to the Regulations of the Board of Directors established by the Board of Directors.

V ACCOUNTING AUDITOR

Article 25 Election of Accounting Auditor

The accounting auditor is elected by resolution of a general unitholders' meeting.

Article 26 Term of Office of Accounting Auditor

- 1 The term of office of the Accounting Auditor expires at the close of the first general unitholders' meeting held after the first closing of a term subsequent a lapse of 1 year after the assumption of office.
- 2 Unless otherwise resolved at the general unitholders' meeting provided for in the preceding Paragraph, the Accounting Auditor will be deemed to have been reelected at the general unitholders' meeting.

Article 27 Payment Standards for Remuneration of Corporate Auditors

The Accounting Auditor's remuneration must not be more than 20,000,000 yen per accounting term subject to audit, and the Investment Corporation shall pay the amount determined by the Board of Directors within 3 months after the end of the relevant accounting term.

VI TARGETS AND POLICIES OF ASSET MANAGEMENT

Article 28 Targets and Policies of Asset Management

The targets and policies of the Investment Corporation's asset management policy are set out in Attachment 1, attached to the end of this Articles of Incorporation, which forms an integral and inseparable part of this Articles of Incorporation.

VII ASSET EVALUATION

Article 29 Methods, Standards, and Reference Date of Asset Evaluation

The methods, standards, and reference date of asset evaluations of the Investment Corporation are as set forth in Attachment 2, attached to the end of these Articles of Incorporation, which forms an integral and inseparable part of these Articles of Incorporation.

VIII BORROWINGS; ISSUE OF INVESTMENT CORPORATION BONDS

Article 30 Limit of Borrowing and Issue of Investment Corporation Bonds, etc.

- 1 The Investment Corporation may borrow funds or issue investment corporation bonds (including short-term investment corporation bonds; the same applies throughout) in order to ensure stable earnings and steady growth of the Managed Assets. The Investment Corporation may borrow funds only from qualified institutional investors as set out in Article 2, Paragraph 3, Item (1), of the Financial Instruments and Exchange Act (Law No. 25 of 1948; as amended, the "*Financial Instruments and Exchange Act*") (but limited to institutional investors set out in Article 67-15 of the *Act on Special Measures Concerning Taxation* (Act No. 26 of 1957; as amended) (the "*Special Taxation Measures Act*").
- 2 Cash received through borrowing and issue of investment corporation bonds in accordance with the preceding Paragraph may be used for acquisitions of assets, repair, payment of dividends, funds required for the operation of the Investment Corporation, repayment of debts (including return of deposit and guarantee money and repayment of borrowed money and debts for investment corporation bonds), and other similar purposes.
- 3 If the Investment Corporation borrows funds or issues investment corporation bonds under Paragraph 1, it may provide the Managed Assets as collateral.
- 4 The limit on borrowings and the issue of investment corporation bonds is 1,000,000,000,000 yen each, and the total of both amounts must not exceed 1,000,000,000,000 yen.

XI ACCOUNTING

Article 31 Business Term and Accounts Closing Date

The business term of the Investment Corporation is from February 1 to the last day of July of each year and from August 1 of each year to the last day of January of the following year. However, the first business term after the incorporation of the Investment Corporation is from the date of incorporation of the Investment Corporation to the last day of January 2011.

Article 32 Policy on Cash Distribution

In principle, the Investment Corporation shall make distributions in accordance with the following policy.

(1) Distribution of profits

- (i) The amount of profits out of the total amount of cash to be distributed to unitholders (the “**Distributable Amount**”) must be calculated in accordance with the corporate accounting standards generally accepted as fair and proper in Japan.
- (ii) In principle, the amount of distribution is the amount determined by the Investment Corporation that exceeds 90% of the amount of profit available for dividend of the Investment Corporation as set out in Article 67-15, Paragraph 1, of the Special Taxation Measures Act (the “**Amount of Profit Available for Dividend**”).

The Investment Corporation may accumulate a long-term repair reserve, payment reserve, dividend reserve, and any other similar reserve and allowance considered necessary for the maintenance or improvement of Managed Assets out of the Distributable Amount.

(2) Distribution of cash exceeding profit

If the Distributable Amount is less than 90% of the Amount of Profit Available for Dividend or if it is otherwise considered appropriate by the Investment Corporation, the Investment Corporation may distribute the amount determined by the Investment Corporation not exceeding the amount set out in the Regulations of the Investment Trusts Association, Japan, as cash exceeding profit. However, in this case, if the amount of cash distribution does not satisfy the requirements set out in special rules for taxation on investment corporations, the Investment Corporation may distribute in cash the amount determined by the Investment Corporation for the purpose of satisfying those requirements.

(3) Method of payment of dividends

Distributions made pursuant to this Article must be in cash and the Investment Corporation shall pay dividends in principle within 3 months of the term to the unitholders or registered investment unit pledgees entered or recorded in the final register of unitholders as of the closing date of the applicable term, in accordance with the number of investment units or the number of investment units covered by the registered investment unit pledge held by them.

(4) Limitation period for claims for dividends

If the cash distributed under this Article remains unreceived after the lapse of 3 full years after the date on which it became due, the Investment Corporation will be released from the obligation to pay those dividends. Interest does not accrue on unpaid dividends.

(5) Regulations of the Investment Trusts Association, Japan

The Investment Corporation shall make cash distributions in accordance with the Regulations and other rules established by the Investment Trusts Association, Japan, in addition to Items (1) through (4).

X DELEGATION OF BUSINESSES AND AFFAIRS

Article 33 Asset Management Fees for Asset Management Company

The standards for the amount and payment of asset management fees paid by the Investment Corporation to the asset management company to which the Investment Corporation entrusts the management of its assets (the “**Asset Management Company**”) is set out in Attachment 3, which forms a part of these Articles of Incorporation.

Article 34 Delegation of Businesses and Services

- 1 The Investment Corporation shall delegate the business pertaining to the management of assets to the Asset Management Company and the business pertaining to the custody of assets to the custodian under Articles 198 and 208, respectively, of the *Investment Trusts Act*.
- 2 The Investment Corporation shall delegate the services pertaining to the business other than

the management and custody of assets that are set out in Article 117 of the *Investment Trusts Act* (the "**Administration Services**") to third parties.

XI SUPPLEMENTARY PROVISIONS

Article 35 Consumption Tax and Local Consumption Tax

The Investment Corporation shall bear the consumption tax, local consumption tax, and other taxes imposed on the management of Managed Assets and other expenses and money payable by the Investment Corporation considered to be taxable items under the *Consumption Tax Act* (Act No. 108 of 1988; as amended) (collectively, "**Taxable Items**") and pay the consumption tax, local consumption tax, and other taxes payable on the Taxable Items in addition to the amount of Taxable Items.

Enacted: March 1, 2010

Targets and Policies of Asset Management

Basic Policy of Asset Management

The Investment Corporation seeks to maximize unitholder value, aiming to secure stable profits and achieve asset growth over the medium and long term by investing primarily in real estate used for residential purposes with a focus on diversifying its investments among regions.

Targets of Asset Management

The primary investment targets of the Investment Corporation are the following types of real estate, etc., and real-estate-backed securities:

- 1 Real estate, etc. (which means the following assets; the same applies throughout)
 - (1) real estate
 - (2) leasehold rights in real estate
 - (3) surface rights
 - (4) beneficiary interests of trusts under which real estate, leasehold rights in real estate, or surface rights have been placed in trust (including comprehensive trusts under which cash incidental to real estate has been placed in trust together with such assets)
 - (5) beneficiary interests in trusts of money the purpose of which is to manage the trust assets primarily as investments in real estate, leasehold rights in real estate, and surface rights
 - (6) interests in equity investments associated with an agreement under which one party makes an investment for the purpose of the other party's managing any of the assets set out in (1) through (5) above and that other party manages that investment primarily as investments in those assets and distributes the profits from its management of those assets ("**Silent Partnership Equity Interests Concerning Real Estate**")
 - (7) beneficiary interests in trusts of money the purpose of which is to manage the trust assets primarily as investments in Silent Partnership Equity Interests Concerning Real Estate
- 2 Real-estate-backed securities (which means the following assets the purpose of which is to invest more than 50% of the underlying assets in real estate, etc.; the same applies throughout)
 - (1) Preferred Equity Securities (which means "Preferred Equity Securities" as provided for in Article 2, Paragraph 9, of the *Act on Securitization of Assets* (Act No. 105 of 1998; as amended; the "**Asset Securitization Act**")
 - (2) Beneficiary interests (which means beneficiary interests as provided for in Article 2, Paragraph 7, of the *Investment Trusts Act*)
 - (3) Investment securities (which means "investment securities" as provided for in Article 2, Paragraph 15, of the *Investment Trusts Act*)
 - (4) Beneficiary interests of specified purpose trusts (which means "beneficiary interests of specified purpose trusts" (excluding those that correspond to assets provided for in Paragraphs 1(4), 1(5), and 1(7) above) as provided for in Article 2, Paragraph 15, of the *Asset Securitization Act*)
- 3 The Investment Corporation may invest in the following specified assets in addition to the real estate, etc., and real-estate-backed securities provided for in Paragraphs 1 and 2 above.
 - (1) deposits

- (2) call loans
 - (3) negotiable certificates of deposit
 - (4) securities (which has the meaning defined in Article 2, Paragraph 5, of the *Investment Trusts Act*) (but excluding those which correspond to other assets provided for in this section *Targets of Asset Management*)
 - (5) monetary claims (which means “monetary claims” as provided for in Article 3, Item (7), of the *Enforcement Order of the Investment Trusts and Investment Corporations Act* (Cabinet Order No. 480 of 2000; as amended, the “*Enforcement Order of the Investment Trusts Act*”)
 - (6) beneficiary interests in trusts of money the purpose of which is to invest the trust assets as investments in the assets set out in (1) through (5) above
 - (7) rights associated with derivatives transactions (which has the meaning provided for in Article 3, Item 2, of the *Enforcement Order of the Investment Trusts Act*)
- 4 In investing in real estate, etc., the Investment Corporation may invest in the following assets if necessary.
- (1) trademark rights, as provided for under the *Trademark Act* (Act No. 127 of 1959; as amended), and exclusive licenses and non-exclusive licenses of trademarks (limited to such rights incidental to investing in real estate, etc.)
 - (2) shares (limited to shares of management companies and the like that manage real estate where the Investment Corporation acquires the shares incidental to investing in specified assets that are a primary invest target)
 - (3) copyrights, etc. under the *Copyright Act* (Act No. 48 of 1970; as amended)
 - (4) specified equities as provided in Article 2, Paragraph 6, of the *Act on Securitization of Assets*
 - (5) servitudes
 - (6) movables as provided under the *Civil Code* (Act No. 89 of 1896; as amended) (limited to those added to facilities, fixtures and other real estate in terms of structure or use)
 - (7) other rights of which acquisition is necessary or useful in association with investment in real estate, etc. or real-estate-backed securities)
- 5 Rights to be indicated on securities as set out in Article 2, Paragraph 2, of the *Financial Instruments and Exchange Act* shall, when securities indicating these rights have not been issued, be deemed as securities indicating these rights, and the rights listed in 1. through 4. above shall apply.

Investment Stance

- (1) In investing in real estate (which includes real estate that is a principal trust asset when investing in trust beneficiary interests; the same applies throughout), the Investment Corporation will invest in real estate the primary use of which is for rental housing in a primary investment area of the 7 Major Tokyo Wards (which means Minato City, Chiyoda City, Shibuya City, Shinjuku City, Meguro City, Setagaya City, and Shinagawa City; the same applies throughout), Central Tokyo (which means the 23 wards in Tokyo other than the 7 Major Tokyo Wards; the same applies throughout), Tokyo Metropolitan Area (which means Tokyo, Kanagawa, Saitama, and Chiba; the same applies throughout), and Regional Cities (which means cities designated under government ordinance and cities similar to such cities).
- (2) The residential types of rental housing that the Investment Corporation will invest in are single types, compact types, family types, and large types. It may also invest in dormitory types.
- (3) In acquiring properties, the Investment Corporation will comprehensively examine the property by adequately investigating, among other factors, projected revenues from the real estate, the future prospects of the area, building specifications, earthquake-resistance features of the building, related rights, the state of the

management of the building, and the environment and quality of the land.

- (4) The Investment Corporation will acquire properties with a basic policy of managing them over the medium and long term. When it comes time to sell them, the Investment Corporation will therefore make its decision after comprehensively judging the financial market and real estate market trends, revenue projections, increases or decreases in asset values, forecasts for such movements, future prospects for each property's location, and portfolio composition.
- (5) The Investment Corporation aims for the total amount of specified real estate (which means specified assets that the Investment Corporation acquires that are real estate, leasehold rights in real estate, or surface rights; or beneficiary interests in trusts under which ownership of real estate, leasehold rights in land, or surface rights have been placed in trust) to constitute 75% or more of the total amount of specified assets held by the Investment Corporation.
- (6) The Investment Corporation aims for the amount of real estate, etc. (which, in this paragraph, means real estate (which means assets listed in Article 37, Paragraph 3, Item 2 (a), (b) and (e), of the Regulations Concerning Accounting of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006; as amended); the same applies throughout this paragraph), leasehold rights in real estate, assets listed in (f) of said Item, surface rights, and servitudes; and beneficiary interests in trusts under which such assets have been placed in trust) to constitute 70% or more of the amount of specified assets held by the Investment Corporation.

Investment Restrictions

- (1) Restrictions relating to securities and monetary claims
The Investment Corporation will place importance on stability and convertibility of investments into securities and monetary claims, and it will not make investments aimed only at gaining positive management profits.
- (2) Restrictions relating to derivatives transactions
The Investment Corporation will invest in rights associated with derivatives transactions only for the purpose of hedging against interest risks arising from liabilities of the Investment Corporation and other such risks.
- (3) The Investment Corporation will restrict its real estate investment targets (including real estate, etc., other than real estate and including real estate, etc., underlying real-estate-backed securities) to real estate located in Japan.
- (4) The Investment Corporation will not invest in assets denominated in a foreign currency.

Purpose and Scope of Loaning of Assets Acquired

- (1) The Investment Corporation may loan (including car parks, signs and the like, and other such facilities) real estate (including real estate underlying real-estate-backed securities other than real estate, etc., that the Investment Corporation is to acquire; the same applies throughout this section) forming part of Managed Assets for the purpose of securing stable profits over the medium and long term.
- (2) In making loan of real estate, the Investment Corporation may receive security deposits, guarantee deposits, and the like and money similar to those deposits, and it may manage the money so received in accordance with its investment policy set out above.
- (3) The Investment Corporation may make loans of its Managed Assets that are not real estate.

—End of Attachment 1—

**(Articles of Incorporation of Investment Corporation) Attachment 2
Methods, Criteria, and Reference Dates for Valuating Assets**

1 The Investment Corporation's methods and criteria for valuating assets are as follows depending on the type of assets targeted for investment:

(1) Real estate, leasehold rights in real estate, and surface rights

The Investment Corporation will value these assets based on the acquisition price less accumulated depreciation. The method of calculating depreciation for buildings and facilities, etc., will be the straight-line method. However, if the Investment Corporation judges on proper grounds that the calculation method it has adopted is inappropriate and can reasonably judge that changing the method would not raise any issue from the perspective of investor protection, then the Investment Corporation may change the calculation method to another method.

(2) Beneficiary interests in trust under which real estate, leasehold rights in real estate, and surface rights have been placed in trust

The Investment Corporation will value these assets based on the value determined by first:

- if the trust assets are the assets described in paragraph 1 above—valuating them based on the same paragraph; or
- if the trust assets are financial assets—valuating them in accordance with generally accepted accounting standards, and then:

subtracting from those total amounts the amount of liabilities of the trust, and calculating the proportionate amount of beneficiary interests in the trust.

(3) Beneficiary interests in trust of money the purpose of which is to manage its trust assets primarily by investing in real estate, leasehold rights in real estate, and surface rights

The Investment Corporation will value these assets based on the value determined by first:

- if the assets constituting the trust are the assets described in paragraph 1 above—valuating them based on the same paragraph; or
- if the assets constituting the trust are financial assets—valuating them in accordance with generally accepted accounting standards, and then:

subtracting from those total amounts the amount of liabilities of the trust, and calculating the proportionate amount of beneficiary interests in the trust.

(4) Equity interests in silent partnership which invests in real estate

The Investment Corporation will value these assets based on the value determined by first:

- if the assets constituting the silent partnership are the assets described in any of the paragraphs 1 through 3 above—valuating them based on the method set out in the relevant paragraph; or
- if the assets constituting the silent partnership are financial assets—valuating them based on generally accepted accounting standards, and then:

subtracting from those total amounts the amount of liabilities of the silent partnership, and calculating the proportionate amount of equity interest in the silent partnership.

(5) Beneficiary interests in trust of money the purpose of which is to manage its trust assets primarily by investing in equity interests in silent partnership which invests in real estate

The Investment Corporation will value these assets based on the value determined by first:

- for equity interests in silent partnership constituting the trust assets—valuating them based on the method set out in paragraph (4) above; and

- for financial assets—valuating them based on generally accepted accounting standards, and then:

subtracting from those total amounts the amount of liabilities of the trust, and calculating the proportionate amount of beneficiary interest in the trust.

(6) Securities

If the securities are traded, the Investment Corporation will value these assets based on the market price. If they are not traded, the Investment Corporation will value them based on a reasonably calculated value; provided, however, that if there is no value calculated by a reasonable method, the Investment Corporation shall be able to value them based on the acquisition value.

(7) Monetary claims

The Investment Corporation will value these assets based on the acquisition price less the allowance for doubtful receivables. However, if the monetary claims were acquired at a value that is lower or higher than the face amount and the nature of the difference between the acquisition price and the face amount is regarded as adjustments for their interests, the Investment Corporation will value these assets based on the amount calculated by the amortized cost method less an allowance for doubtful receivables.

(8) Derivatives

- (i) Receivables and debts arising from derivative transactions listed on a financial instruments exchange

The Investment Corporation will value these based on the value calculated based on the final price (the closing price; if there is no closing price, then the final quotation (if both a minimum sell quotation and a maximum buy quotation have been announced, then the middle price between those quotations)) on the financial instruments exchange.

- (ii) Receivables and debts arising from unlisted derivative transactions that are not quoted on a financial instruments exchange

The value calculated by a reasonable method as similar to that for a market price. If calculating a fair value seems to be extremely difficult, then the Investment Corporation will value these based on their acquisition price.

- (iii) Notwithstanding the above, the Investment Corporation may apply hedge accounting if these are regarded as hedge transactions pursuant to generally accepted accounting standards.

(9) Beneficiary interests in trust of money

The Investment Corporation will value these assets based on the values determined by first, depending on the assets being managed as investments:

- valuating them based on the valuation method(s) for the relevant assets being managed as investments set out in paragraphs (1) through (8) and (10) above; or
- if they are financial assets, valuating them in accordance with generally accepted accounting standards, and then:

subtracting from those total amounts the amount of liabilities of the trust, and calculating the proportionate amount of beneficiary interest in the trust.

(10) Others

Assets not provided for above will be valued as appropriate under the *Investment Trusts Act* and the *Valuation Rules* of the Investment Trusts Association, Japan, or generally accepted accounting standards.

- 2 If the Investment Corporation is to make a valuation by a method different from any method set out in section 1 above for the purpose of indicating a value into an asset management report or the like, it shall make the valuation as follows:

- (1) Real estate, leasehold rights in real estate, and surface rights

The value calculated by the real estate appraisal or the like made by a real estate appraiser.

(2) If the assets constituting the trust are the assets described in paragraph 1 above, the Investment Corporation will value these assets based on the same paragraph.

If the assets constituting the equity interests in silent partnership are the assets described in paragraph 1 above, the Investment Corporation will value these assets on such bases as the amount valued as appropriate under the Valuation Rules of the Investment Trusts Association, Japan.

If the assets constituting the trust or the silent partnership are financial assets, the Investment Corporation will value these assets:

- first in accordance with generally accepted accounting standards, and
- then subtracting from those total amounts the amount of liabilities of the trust or the silent partnership, and calculating the proportionate amount of beneficiary interests in the trust or equity interests in the silent partnership.

3 The reference date for each valuation is, in principle, the end of the Investment Corporation's accounting term.

—End of Attachment 2—

**(Articles of Incorporation of Investment Corporation) Attachment 3
Fees for Asset Management Company**

The method of calculating and timing of payment of the fees payable to the Asset Management Company to whom the Investment Corporation has entrusted the management of assets are as follows. The fees, plus the appropriate amounts for consumption tax and local consumption tax payable on the fees, are paid by remittance into the bank account designated by the Asset Management Company.

Base Fee

The Investment Corporation will, within 2 months after the end of accounting term, pay an amount up to a maximum of the amount (calculated pro rata based on the actual number of days in the relevant accounting term, taking one year as being 365 days; the same applies to calculations of the base fee below) calculated by multiplying by 0.40% p.a. to the total asset value set out in the Investment Corporation's balance sheet (limited to one that has been approved under Article 131, Paragraph 2 of the *Investment Trusts Act*; "**Balance Sheet**") dated as of the closing of the latest accounting term.

Acquisition Fee

When real estate, etc., or real-estate-backed securities are newly acquired, the Investment Corporation will pay, by the end of the month of the following month of the acquisition date, an amount not exceeding the amount calculated by multiplying the purchase price of the asset acquired by 1.0%. The "purchase price" is the amount set out in the purchase agreement and excludes expenses associated with the purchase and consumption tax and local consumption tax.

Disposal Fee

When real estate, etc., or real-estate-backed securities are disposed of, the Investment Corporation will pay, by the end of the month of the following month of the disposal date, an amount not exceeding the amount calculated by multiplying the sales price of the asset so disposed of by 0.50%. The "sales price" is the amount set out in the purchase agreement and excludes expenses associated with the sales and consumption tax and local consumption tax.

Incentive Fee

The Investment Corporation will pay, within 3 months after the closing of accounting term, an amount not exceeding the amount calculated by multiplying its current net profit before tax for the relevant accounting term (calculated before deduction of incentive fee, and if there is a loss carried forward, the amount of current net profit before tax after making-up of such loss) by 3.0%.

—End of Attachment 3—