



Creating peace of mind through honest and committed management



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REIT Issuer

**Ichigo Real Estate Investment Corporation (8975)**

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Asset Management Company

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## **Partial Change in Management Guidelines of Asset Management Company**

Ichigo REIT Management Co., Ltd., the asset management company of Ichigo Real Estate Investment Corporation (“Ichigo REIT”), has partially changed its Management Guidelines, effective today. The details are as follows.

### 1. Major Changes and Reasons

As disclosed in today’s press release “Merger of FC Residential Investment Corporation and Ichigo Real Estate Investment Corporation,” FC Residential Investment Corporation and Ichigo REIT have merged effective today, and FC Residential Investment Corporation as the surviving corporation has changed its name to Ichigo Real Estate Investment Corporation.

By diversifying its investment among office and residential properties which have differing asset characteristics, the new Ichigo REIT will constitute a stable portfolio. The objective of the changes in the Management Guidelines is to secure steady asset growth and stable income. Some wordings in the Management Guidelines have also been unified and clarified.

### 2. Effective Date of Changes

November 1, 2011

This document is being distributed today to the Kabuto Club (the press club of the TSE) as well as to the press club for the Ministry of Land, Infrastructure, Transport, and Tourism and the press club for specialty construction newspapers at the Ministry of Land, Infrastructure, Transport, and Tourism.

Website of Ichigo REIT: [www.ichigo-reit.co.jp/eng](http://www.ichigo-reit.co.jp/eng)



the Guidelines in Section II and thereafter shall similarly apply to also real estate, etc. other than real estate stipulated in the Statement of Operational Procedures.

2. Transactions with interested parties shall be handled in accordance with the Rules, as well as the separately-established Interested Party Transaction Rules.

(Newly established)

## Section II. Investment Policy, Etc.

### Article 5 (Basic Policy)

1. The Company shall conduct asset management with an aim to secure steady growth of assets under management and stable revenues and profit from a medium- to long-term perspective, by investing primarily in real estate, etc.
2. The Company shall primarily invest in real estate and beneficiary rights in real estate investment trust, etc. located in Japan in accordance with the Statement of Operational Procedures.

(Newly established)

### Article 6 (Allocation Policies)

1. Investment shall be made in the following major metropolitan areas and other major cities (prefectural capital cities and other regional cities with a similar economic size) in Japan.

1	<u>Tokyo Metropolitan Area</u>	<u>Tokyo, Kanagawa Prefecture, Chiba Prefecture and Saitama Prefecture</u>
2	<u>Kansai Area</u>	<u>Osaka Prefecture, Kyoto Prefecture and Hyogo Prefecture</u>
3	<u>5 Major Cities</u>	<u>Nagoya City, Fukuoka City, Sapporo City, Sendai City and Hiroshima City</u>
4	<u>Other Regional Cities</u>	<u>Major cities in areas other than the above</u>

1. Transactions with interested parties shall be handled in accordance with the Rules, as well as the separately-established Interested Party Transaction Rules.

2. The Company shall not have any involvement with anti-social forces, as defined in the Basic Rules on Elimination of Anti-Social Forces that is separately provided by the Company, and shall respond in accordance with said Rules and the separately-provided Manual for Dealing with Anti-Social Forces.

## Section II. Investment Policy, Etc.

### Article 5 (Basic Policy)

1. The Company shall conduct asset management with an aim to secure steady growth of assets under management and stable revenues and profit from a medium- to long-term perspective.
2. The Company shall invest primarily in real estate and beneficiary rights in real estate investment trust, etc. located in Japan in accordance with the Articles of Incorporation and Statement of Operational Procedures.
3. When the Company is to invest in real estate related assets other than real estate and beneficiary rights in real estate investment trust, unless otherwise provided, the matters concerning investment decisions provided for in this Section shall also apply to the concerned real estate related assets.

### Article 6 (Allocation Policies)

1. Investment shall be made in the following areas located primarily in central Tokyo, but also in the greater Tokyo metropolitan area and other major cities (ordinance-designated cities and prefectural capital cities, etc.) in Japan.

1	<u>Central Tokyo</u>	<u>Chiyoda, Minato, Chuo, Shinjuku, Shibuya and Shinagawa Wards</u>
2	<u>Tokyo Metropolitan Area</u>	<u>Tokyo (excluding the 6 wards above), Kanagawa, Chiba, and Saitama Prefectures</u>
3	<u>4 Major Cities</u>	<u>Osaka, Nagoya, Fukuoka and Sapporo</u>
4	<u>Other Regional Cities</u>	<u>Major cities in areas other than the above</u>

	(prefectural capital cities <u>and other regional cities with a similar economic size</u> )
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2. Investment shall be made in primarily office buildings that are used mainly as offices (including educational facilities and medical treatment facilities, etc.), as well as beneficiary rights in real estate investment trust, etc. pertaining to such real estate. However, in view of making use of investment opportunities and diversified investment, investment shall be made in also certain other urban buildings that are used mainly as commercial and retail outlets for selling merchandise or providing food/drinks and services, etc., as well as beneficiary rights in real estate investment trust, etc. pertaining to such real estate.
3. Investment shall be made centering on properties located in the Tokyo Metropolitan Area. However, since there are areas other than the Tokyo Metropolitan Area where steady and strong demand can be expected, and in order to realize geographical diversification of the portfolio and reduce natural disaster risks, investment shall be made in competitive properties located in the Kansai Area, 5 Major Cities and Other Regional Cities while taking into consideration the market size and risks and returns.
4. In building the portfolio, the Company shall focus on potential capacities of individual assets under management and classify them into Type A and Type B categories in accordance with their room for improved profitability, and manage them in an effort to maximize investor profit and secure stable revenues and profit. Specifically, Type A represents assets under management that have executed their profitability to a certain degree but have room to produce further profit, while Type B represents properties that have fully executed their potential capacities through renewal constructions or other measures. The Company will flexibly and dynamically sell properties centering on those in the Type B category in order to acquire opportunities for gains through realizing the results of internal growth. The Company will periodically consider the necessity of reviewing the classification of the assets under management, and may shift the classification between Type A and Type B for individual properties as it judges it appropriate in consideration of the status of their renewal constructions, changes in economic environments, the real estate market conditions and other factors.

2. Investment shall be made in primarily real estate that are used mainly as offices (including educational facilities and medical treatment facilities, etc.), residential facilities, commercial and retail facilities or hotel accommodation, as well as beneficiary rights in real estate investment trust, etc. pertaining to such real estate. However, in view of making use of investment opportunities and diversified investment, investment may be made in also certain real estate of other uses, as well as beneficiary rights in real estate investment trust, etc. pertaining to such real estate.
3. Investment shall be made centering on properties located in Central Tokyo and Tokyo Metropolitan Area. When there are deemed to be areas other than these areas where steady and strong demand can be expected, in an aim to realize geographical diversification of the portfolio and reduce natural disaster risks, investment shall be made in competitive properties located in the 4 Major Cities and Other Regional Cities while taking into consideration the market size and risks and returns.

(Deleted)

5. The target investment ratios by region or asset type shall be in line with the descriptions in the Attachments “1. Geographical Classification of Investment Real Estate” and “2. Asset Type Classification of Investment Real Estate.”

**Article 7 (Acquisition Policies)**

1. In acquiring investment properties, economic, physical and legal investigations shall be fully conducted based on the investigation items described in the Attachment “3. Examination Items for Acquiring Investment Properties” in order to examine the appropriateness of the properties as investment objects centering on grasping the existence or nonexistence of factors that hinder the stability and growth of cash flows, etc.
2. In acquiring investment properties, detailed examinations shall be made as a rule based on the results of building status evaluations, earthquake resistance investigations, environmental investigations, real estate appraisals and market investigations, the investigations of which shall be outsourced to independent external providers with no vested interest, in order to ensure professionalism, objectivity and transparency.
3. In acquiring investment properties, decisions shall be made as a rule after considering the standards of the “basic specifications” described in the Attachment “4. Basic Specifications of Investment Real Estate.” However, even properties that do not satisfy all of the “basic specifications” could be acquired through comprehensive judgment after considering their competitiveness, profitability and other factors.
4. In examining investment properties, investment shall be made as a rule in properties of 500 million yen, which is the minimum investment amount, or larger size by taking note of the following points. However, investment in 1 property shall be so that the investment amount of the property accounts for no more than 25% of the total amount of the portfolio after acquisition of the property.
  - ① (Descriptions omitted)
  - ② (Descriptions omitted)
  - ③ (Descriptions omitted)
  - ④ (Descriptions omitted)

(Newly established)

4. The target investment ratios by region or asset type shall be as provided in the Attachments “1. Geographical Classification of Investment Real Estate” and “2. Asset Type Classification of Investment Real Estate.”

**Article 7 (Acquisition Policies)**

1. In acquiring investment properties, economic, physical and legal investigations shall be fully conducted based on the investigation items described in the Attachment “3. Examination Items for Acquiring Investment Properties” in order to examine the appropriateness of the properties as investment objects centering on grasping the existence or nonexistence of factors that hinder the stability as well as growth of cash flows, etc.
2. In acquiring investment properties, detailed examinations shall be made as a rule based on the results of building status evaluations, earthquake resistance investigations, environmental investigations, real estate appraisals and, if necessary, market investigations, which shall be outsourced to independent external providers with no vested interest, in order to ensure professionalism, objectivity and transparency.
3. In acquiring investment properties, investment decisions shall be made as a rule after considering the standards of the “basic specifications” as provided in the Attachment “4. Basic Specifications of Investment Real Estate.” However, even properties that do not satisfy all of the “basic specifications” could be acquired through comprehensive judgment after considering their competitiveness, profitability and other factors.
4. In examining investment properties, investment decisions shall be made by taking note of the matters provided below.
  - ① (No change)
  - ② (No change)
  - ③ (No change)
  - ④ (No change)

5. When investment is to be made in real estate and beneficiary rights in real estate investment trust, as a rule, the minimum investment amount shall be 500 million yen. When investment is to be made in real-estate-backed securities, as a rule, the minimum investment amount shall be

5. (Descriptions omitted)

6. (Descriptions omitted)

**Article 8 (Leasing Policies)**

1. In pursuit of securing stable revenues and profit, leasing policies shall be formed and action taken to seek tenants for each investment real estate by collecting information on each investment real estate and analyzing the supply-demand status, market rent, vacancy rates, trends of competitive properties, etc. for the real estate market in the area in which the respective investment real estate is located.
2. When judged to be reasonable in efficiently operating and managing investment real estate, use of master lease companies (lease companies concluding lease agreements for the purpose of subleasing to end-tenants = lease companies concluding master lease agreements; there is a rent-guarantee-type and a pass-through-type with no rent guarantee) shall also be examined. In selecting master lease companies, decisions shall be made through comprehensive judgment of the characteristics, track record, etc. of potential master lease companies after considering the characteristics of the investment real estate and the area's real estate market.
3. (Descriptions omitted)

- (1) A check concerning the items given in the following table shall be conducted on prospective tenants. Databases of external investigation agencies, etc. shall also be utilized as necessary. When the credit check, etc. concludes no problems, whether or not to conclude a lease agreement shall be judged through a comprehensive examination of the rent level, lease contract period, security deposit amount, tenant's business category, balance with other tenants in the property, size and format of the demanded space, etc.

<u>Check Items (Content)</u>
1. Business category, business history, financial performance content (financial soundness)
2. Leasing content ( <u>lease purpose</u> , contract form, contract period, rent, security deposit, leased floor space, content of interior finishing work, etc.)
3. With/without guarantor and attributes of guarantor, if any

100 million yen. However, the investment amount in one property shall account for no more than 25% of the total amount of the portfolio after acquisition of the property.

6. (No change)

7. (No change)

**Article 8 (Leasing Policies)**

1. In pursuit of securing stable revenues and profit, leasing policies shall be formed and action taken to seek tenants for each investment real estate by collecting information on each investment real estate and analyzing the supply-demand status, market rent, vacancy rates and trends of competitive properties, etc. for the real estate market in the area in which the respective investment real estate is located.
2. When judged to be reasonable in efficiently operating and managing investment real estate, use of master lease companies (lease companies concluding lease agreements for the purpose of subleasing to end-tenants (so-called master lease agreements); there is a rent-guarantee-type and a pass-through-type with no rent guarantee) shall also be examined. In selecting master lease companies, decisions shall be made through comprehensive judgment of the characteristics, track record, etc. of potential master lease companies after considering the characteristics of the investment real estate and the area's real estate market.
3. (No change)

- (1) A check of each of the screening items listed in the following table shall be conducted on prospective tenants. Databases of external investigation agencies, etc. shall also be utilized as necessary. When the credit check, etc. concludes no problems, whether or not to conclude a lease agreement shall be judged through a comprehensive examination of the rent level, lease contract period, security deposit amount, tenant's business category, balance with other tenants in the property, size and format of the demanded space, etc.

<u>Classification</u>	<u>Screening Items</u>
<u>Corporation</u>	1. Business category, business history, financial performance content (financial soundness) 2. Leasing content ( <u>use purpose</u> , contract form, contract period, rent, security deposit, leased floor space, content of interior finishing work, etc.) 3. With/without guarantor and

- (2) (Descriptions omitted)
- 4. (Descriptions omitted)
  - (1) (Descriptions omitted)
  - (2) Security deposits  
Security deposits shall be decided at the level that is appropriate in each case in light of the lease contract period, property characteristics, real estate rental market status, tenant's creditworthiness, lease purpose, etc.
  - (3) (Descriptions omitted)

**Article 9 (Property Management Policies)**

- 1. (Descriptions omitted)
- 2. In selecting property management companies, the property management company that is judged to be the best through a comprehensive examination of the screening items given in the following table shall be decided as a rule for each individual investment real estate.

Screening Items	Screening Content
1. Business	Property management business outline, personnel structure, geographic business coverage, etc.
2. Experience and track record	Property management track record by real estate use or geographic area, and real estate use or geographic area of expertise
3. Financial soundness	Past financial performance content, and creditworthiness
4. Property management content and capacity	Structure, quality and speed of operating and managing buildings (equipment maintenance, cleaning, security, etc.), managing construction, building and repairs (management of

	attributes of guarantor, if any
<u>Individual</u>	<ul style="list-style-type: none"> <li>1. <u>Place of employment and work content, tenure, etc.</u></li> <li>2. <u>Annual income (total amount of rent as a percentage of annual income, etc.)</u></li> <li>3. <u>Leasing content (use purpose, contract form, contract period, rent, security deposit, number of prospective residents, etc.)</u></li> <li>4. <u>With/witout guarantor and attributes of guarantor, if any (relationship with the person in question, etc.)</u></li> <li>5. <u>Age, gender, etc.</u></li> </ul>

- (2) (No change)
- 4. (No change)
  - (1) (No change)
  - (2) Security deposits  
Security deposits shall be decided at the level that is appropriate in each case in light of the lease contract period, property characteristics, real estate rental market status, tenant's creditworthiness and lease purpose, etc.
  - (3) (No change)

**Article 9 (Property Management Policies)**

- 1. (No change)
- 2. In selecting property management companies, the property management company that is judged to be the best through a comprehensive examination of the screening items listed in the following table shall be decided as a rule for each individual investment real estate.

Screening Items	Screening Content
1. Business	Property management business outline, personnel structure, geographic business coverage, etc.
2. Experience and track record	Property management track record by real estate use or geographic area, and real estate use or geographic area of expertise
3. Financial soundness	Past financial performance content, and creditworthiness
4. Property management content and capacity	Structure, quality and speed of operating and managing buildings (equipment maintenance, cleaning, security, etc.), managing construction, building and repairs (management of

	building fixing, repairs and maintenance, renewal and renovation work, etc.) and managing leasing operations (tenant leasing, etc.), as well as accompanying reporting tasks, property management planning, external relations tasks, etc.
5. Fee amount	Appropriateness against property management content
6. Other	Status of consignment for nearby competitive buildings

3. A smooth property management structure shall be constructed by seeking mutually close ties with property management companies. A unified property management services manual shall be prepared and measures taken to ensure it is distributed to and followed by each property management company in order to maintain and improve the quality of property management services. Property management companies shall regularly report on the status of operating and managing investment real estate (status of leasing income and expenditures, status of occupancy, trends of existing tenants, status of seeking new tenants, actual and future repairs and maintenance work, etc.) and consulted with respect to such response and content, etc. as needed.
- The contract period with property management companies shall as a rule be for 1 year. Performance evaluations shall as a rule be conducted every year on the management performance for that contract period based on the content of daily monitoring and regular reports on the status of operating and managing properties, etc. Changing the property management company shall be examined in the event of poor performance evaluation results.

**Article (Basic Policy on Repairs and Maintenance and Capital Expenditures)**

- (Descriptions omitted)
- Efforts shall be made to efficiently conduct repairs and maintenance for the purpose of maintaining and conserving the functions of buildings and equipment by examining the implementation period, implementation content, implementation amount, etc. in light of past repairs and maintenance history, equipment level, building engineering report content, etc.
- In addition to usually required capital

	building fixing, repairs and maintenance, renewal and renovation work, etc.) and managing leasing operations (tenant leasing, etc.), as well as accompanying reporting tasks, property management planning, external relations tasks, etc.
5. Fee amount	Appropriateness for property management service
6. Other	Status of consignment for nearby competitive buildings

3. A smooth property management structure shall be constructed by seeking mutually close ties with property management companies in an effort to maintain and improve the quality of property management services. In addition, property management companies shall regularly report on the status of operating and managing investment real estate (status of leasing income and expenditures, occupancy, trends of existing tenants, status of seeking new tenants, actual and future repairs and maintenance work, etc.) and consulted with respect to such response and content, etc. as needed.
4. The contract period with property management companies shall as a rule be for 1 year. Performance evaluations shall as a rule be conducted every year on the management performance for that contract period based on the content of daily monitoring and regular reports on the status of operating and managing properties, etc. Changing the property management company shall be examined in the event of poor evaluation.

**Article (Basic Policy on Repairs and Maintenance and Capital Expenditures)**

- (No change)
- Efforts shall be made to efficiently conduct repairs and maintenance for the purpose of maintaining and conserving the functions of buildings and equipment by examining the implementation period, implementation content, and implementation amount, etc. in light of past repairs and maintenance history, equipment level and building engineering report content, etc.
- In addition to usually required capital



expenditures (renewal of various equipment as ways to cope with aging and for the purpose of maintaining functions of buildings), renewals for maintaining and improving the investment real estate's market competitiveness and tenant satisfaction over the medium and long term (installment of raised flooring, introduction of individual air-conditioning equipment, installment of 24-hour security systems, improvement of the appearance of external walls, common areas, etc. and enhancement of convenience, etc.) shall also be implemented by conducting sufficient examinations as needed. In implementing work, efforts shall be made for its efficient implementation by examining the implementation period, implementation content, implementation amount, etc.

4. In implementing the repairs and maintenance work above, when implementation of work of content that are in common among several properties is judged to lead to lower expenses for the portfolio on the whole, simultaneous implementation of such work shall also be examined.

In addition, attention shall be paid to balancing of repairs and maintenance expenses and reserves (depreciation) and leveling of repairs and maintenance expenses for the portfolio on the whole in each operating term in order to ensure stability of income and expenditures for the portfolio on the whole.

(Newly established)

(Descriptions omitted)

**Article (Policies on Review of the Portfolio 12 and Disposition of Properties)**

1. The Company may review the composition of the portfolio and dispose individual investment real estate in accordance with the criteria set in the next subparagraphs. Concerning reviews of the composition of the portfolio and disposition of individual investment real estate, the Company shall decide whether or not a property is disposed after analyzing the trends in the Japanese and global economy and the real estate market, studying whether the portfolio's asset composition after the disposition can secure stable revenues and profit from a medium- to

expenditures (refers to renewal of various equipment as ways to cope with aging and for the purpose of maintaining functions of buildings), renewals for maintaining and improving the investment real estate's market competitiveness and tenant satisfaction over the medium and long term (refers to installment of raised flooring, introduction of individual air-conditioning equipment, installment of 24-hour security systems, improvement of the appearance of external walls, common areas, etc. and enhancement of convenience, etc.) shall also be implemented by conducting sufficient examinations as needed. In implementing work, efforts shall be made for its efficient implementation by examining the period, content, amount, etc.

4. In implementing the repairs and maintenance work provided in this Article, when implementation of work of content that are in common among several properties is deemed to lead to lower expenses for the portfolio on the whole, simultaneous implementation of such work shall also be examined. In addition, attention shall be paid to balancing of repairs and maintenance expenses and reserves (depreciation) and leveling of repairs and maintenance expenses for the portfolio on the whole in each operating term in order to ensure stability of income and expenditures for the portfolio on the whole.

5. Reinforcement work shall be implemented for properties that require seismic strengthening due to failure to meet the earthquake resistance performance as provided in the Attachment "4. Basic Specifications of Investment Real Estate" after implementation period and other examinations while considering the status of tenants' operations.

(No change)

**Article (Policies on Review of the Portfolio 12 and Disposition of Properties)**

1. The Company may review the composition of the portfolio and dispose individual investment real estate in accordance with the criteria set in the next subparagraphs. Concerning reviews of the composition of the portfolio and disposition of individual investment real estate, the Company shall decide whether or not a property is disposed after analyzing the trends in the Japanese and global economy and the real estate market, studying whether the portfolio's asset composition after the disposition can secure stable revenues and profit from a medium- to

long-term perspective, and further considering present revenue status and future revenue forecasts of the individual investment real estate. The Company shall work to stabilize the distributions delivered by the Investment Corporation to its unitholders for each operating term by utilizing gains from selling individual properties as well as profit from lease operations.

2. (Descriptions omitted)
  - (1) When the disposition is judged as appropriate in light of the Investment Corporation's medium- to long-term management strategy as a result of conducting analysis of revenues and profit of individual properties, etc., allocation analysis of the portfolio and analysis on the status of property acquisitions, etc.
  - (2) (Descriptions omitted)
  - (3) (Descriptions omitted)
  - (4) (Descriptions omitted)
  - (5) When a Type B property is judged to be contributing more to the Investment Corporation's revenues and profit if it is sold at an appropriate market timing in pursuit of realizing unrealized profit.
3. (Descriptions omitted)

#### **Article (Financial Policy)**

##### **13**

1. (Descriptions omitted)
  - (1) The Company shall raise funds from balanced sources to secure funds to acquire assets, make repairs and capital investments, pay dividends, manage the Investment Corporation, and repay debts (including payments of tenant leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc.
  - (2) (Descriptions omitted)
2. (Descriptions omitted)
3. (Descriptions omitted)
  - (1) (Descriptions omitted)
  - (2) The borrowing of funds from financial institutions, etc. shall be based on the following policy:
    - The Company shall maintain a balance between short-term and long-term borrowings and fixed and floating interest rates, etc. to reduce the interest rate risk while endeavoring to limit overall funding costs. The Company shall also diversify repayment dates and lenders to reduce refinancing risk.
    - When selecting a lender, the Company shall

long-term perspective, and further considering present revenue status and future revenue forecasts of the individual investment real estate.

2. (No change)
  - (1) When the disposition is judged as appropriate in light of the Investment Corporation's medium- to long-term management strategy as a result of analysis of revenues and profit of individual properties, etc., allocation analysis of the portfolio as well as analysis on the status of property acquisitions, etc.
  - (2) (No change)
  - (3) (No change)
  - (4) (No change)
- (Deleted)
3. (No change)

#### **Article (Financial Policy)**

##### **13**

1. (No change)
  - (1) The Company shall raise funds from balanced sources to secure funds to acquire assets, make repairs and capital investments, pay dividends and manage the Investment Corporation, or repay debts (including payments of tenant leasehold and security deposits, repayment of loans and redemption of investment corporation bonds), etc.
  - (2) (No change)
2. (No change)
3. (No change)
  - (1) (No change)
  - (2) The borrowing of funds from financial institutions, etc. shall be based on the following policy:
    - ① The Company shall maintain a balance between short-term and long-term borrowings and fixed and floating interest rates, etc. to reduce the of interest rate risk while endeavoring to limit overall funding costs. The Company shall also diversify repayment dates and lenders to reduce refinancing risk.
    - ② When selecting a lender, the Company shall

negotiate with multiple potential lenders terms and conditions such as the borrowing period, interest rate, collateralization requirement, and fees, taking into consideration the financial market situation, and make a decision based on the overall merits. Lenders shall be limited to qualified institutional investors as stipulated in Article 2-3-1 of the Securities and Exchange Law.

- The Company shall consider credit line agreements, etc. as necessary to enable the flexibly procure required funds.

- (3) (Descriptions omitted)
- (4) (Descriptions omitted)
- (5) The Company may invest in rights pertaining to financial futures transactions, etc. and rights pertaining to financial derivative transactions (refers to those provided in each of Article 14-13 and Article 14-14 of the Order for Enforcement of the Investment Trust and Investment Corporation Law (2000 Cabinet Order No. 480 and including afterward revisions) (hereafter, the “Investment Trust Law Enforcement Order”)) only for the purpose of hedging interest rate risks arising from the liabilities of the Investment Corporation and other risks. However, if the liabilities underlying the hedging of risks terminate because of repayment or other reasons, the Company may elect not to cancel the hedging transaction in consideration of the avoid cancellation fees.

4. (Descriptions omitted)

- (1) The Company shall maintain an appropriate level of cash and deposits as surplus funds in preparation for expenditures necessary for the management, etc. of the Investment Corporation, while also paying attention to funding ratio. With emphasis on the security and liquidity of funds, the surplus funds of the Investment Corporation will be kept in interest-free accounts (settlement accounts that are fully protected by deposit insurance) or in accounts of banks with the highest or second-highest grade in short-term debt ratings. The Articles of Incorporation allow investment in short-term investment securities and monetary claims with emphasis on security and negotiability. For the time being,

negotiate with multiple potential lenders terms and conditions such as the borrowing period, interest rate, collateralization requirement and fees, taking into consideration the financial market situation, and make a decision based on the overall merits. Lenders shall be limited to qualified institutional investors as defined in Article 2-3-1 of the Financial Instruments and Exchange Law (but limited to institutional investors as provided in Article 67-15-1 of the Special Taxation Measures Law (1957 Law No. 26 and including afterward revisions).

- ③ The Company shall consider credit line agreements, etc. as necessary to flexibly procure required funds.

- (3) (No change)
- (4) (No change)
- (5) The Company may invest in rights pertaining to financial futures transactions, etc. and rights pertaining to financial derivative transactions (refers to those provided in each of Article 14-13 and Article 14-14 of the Order for Enforcement of the Investment Trust and Investment Corporation Law (2000 Cabinet Order No. 480 and including afterward revisions) (hereafter, the “Investment Trust Law Enforcement Order”)) only for the purpose of hedging currency risks, interest rate risks and other risks arising from the liabilities of the Investment Corporation. However, if the liabilities underlying the hedging of risks terminate because of repayment or other reasons, the Company may elect not to cancel the hedging transaction in consideration of the cancellation fees.

4. (No change)

- (1) The Company shall maintain an appropriate level of cash and deposits as surplus funds in preparation for expenditures necessary for the management, etc. of the Investment Corporation, while also paying attention to funding ratio. With emphasis on the security and liquidity of funds, the surplus funds of the Investment Corporation will be kept in interest-free accounts (settlement accounts that are fully protected by deposit insurance) or in accounts of banks with the highest or second-highest grade in short-term debt ratings. The Articles of Incorporation allow investment in short-term investment securities and monetary claims with emphasis on security and negotiability. For the time being, however, the Company will refrain from

however, the Company will refrain from investing in short-term investment securities and monetary claims for management purposes.

(2) (Descriptions omitted)

**Article (Information Disclosure Policies)  
14**

Efforts shall be made to provide investors with information that is easy to understand and in a quick, accurate and fair manner, in line with the contents and formats required respectively by the Investment Trust Law, Financial Instruments and Exchange Law, the Tokyo Stock Exchange and The Investment Trusts Association, Japan, etc. Details shall be in line with the regulations on timely disclosure that are established separately.

**Article (Dividend Policies)  
15**

(Descriptions omitted)

(1) Distribution of profit (Article 34-1 of the Articles of Incorporation)

(a) The amount of profit of the Investment Corporation (hereafter, the “distributable amount”) shall be calculated in accordance with generally accepted corporate accounting practices in Japan.

(b) As a rule, the dividend amount shall be determined by the Investment Corporation so that it shall exceed the amount equivalent to 90% of the amount of the Investment Corporation’s distributable income designated in Article 67-15-1 of the Special Taxation Measures Law (1957 Law No. 26 and including afterward revisions) (hereafter, the “distributable income”). The Investment Corporation may use the distributable amount to 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 the assets under management.

investing in short-term investment securities and monetary claims for management purposes.

(2) (No change)

**Article (Information Disclosure Policies)  
14**

Information shall be disclosed in a quick, accurate and fair manner, in line with the contents and formats required respectively by the Investment Trust Law, Financial Instruments and Exchange Law, the Tokyo Stock Exchange and The Investment Trusts Association, Japan, etc. In addition, efforts shall be made to provide information that is easy to understand for investors. Details shall be in line with the regulations on timely disclosure that the Company has separately provided.

**Article (Dividend Policies)  
15**

(No change)

(1) Distribution of profit (Article 37-1 of the Articles of Incorporation)

① Of the total amount of dividends to unitholders, the amount of profit of the Investment Corporation (hereafter, the “distributable amount”) shall be calculated in accordance with generally accepted corporate accounting practices.

② As a rule, the dividend amount shall exceed the amount equivalent to 90% of the Investment Corporation’s amount of earnings available for dividend designated in Article 67-15-1 of the Special Taxation Measures Law (1957 Law No. 26 and including afterward revisions) (hereafter, the “special provisions for taxation on investment corporations”) (hereafter, the “amount of earnings available for dividend”) (or if the method for calculating that amount changes due to revision or modification of applicable laws or ordinances, the amount calculated by the method after the revision). Notwithstanding the above, the dividend amount shall be an amount reasonably decided upon by the Investment Corporation if it records a tax deficit or there is no taxable income due to carry-over of losses. The Investment Corporation may use the distributable amount to accumulate a long-term repair reserve, payment reserve, dividend reserve and any other similar reserve and allowance considered necessary for the maintenance or

- (2) Distribution of monies in excess of profit  
When the distributable amount is smaller than the amount equivalent to 90% of the amount of the distributable income, or when the Investment Corporation judges it appropriate, the Investment Corporation shall be able to determine and distribute the amount as monies in excess of profit, to the limit of the amount designated in the rules of The Investment Trusts Association, Japan (hereafter, the “Investment Trusts Association”). However, when the distribution amount of monies does not satisfy the requirements in the exceptional regulations concerning taxation on investment corporations, the Investment Corporation shall be able to distribute monies in the amount it determines with an aim to satisfy the requirements (Article 34-2 of the Articles of Incorporation).

The Investment Corporation places emphasis on consistent payment of dividends; provided, however, that concerning distribution of monies in excess of profit, distribution of monies in excess of profit shall not be made to unitholders if individual unitholders receiving such dividend need to conduct their own calculation of gain/loss on transfer in taxation for each case of such distribution. However, distribution of monies in excess of profit may be made in accordance with the dividend policies above when the Board of Directors of the Investment Corporation judges that distribution of monies in excess of profit is necessary in cases such as for the purpose of the Investment Corporation satisfying the requirements of the special provisions for taxation on investment corporations.

- (3) Method of payment of dividends (Article 34-3 of the Articles of Incorporation)  
Dividends shall be paid in monies, and shall be delivered within three months from the end of the fiscal period as a rule to unitholders or registered investment unit pledgees entered or recorded in the final unitholders register (including the register of beneficial unitholders) as of the end of the fiscal period, in proportion to the number of investment units held by the unitholders.
- (4) Limitation period for right to claim dividends (Article 34-4 of the Articles of Incorporation)  
If distributions of monies remain unreceived

improvement of the assets under management.

- (2) Distribution of monies in excess of profit (Article 37-2 of the Articles of Incorporation)  
When the distributable amount is no more than the amount equivalent to 90% of the amount of earnings available for dividend, or when the Investment Corporation judges it appropriate, the Investment Corporation shall be able to determine and distribute the amount as monies in excess of profit, to the limit of the amount designated in the rules of The Investment Trusts Association, Japan (hereafter, the “Investment Trusts Association”). However, in this case, when the distribution amount of monies still does not satisfy the requirements in the special provisions for taxation on investment corporations, the Investment Corporation shall be able to distribute monies in the amount it determines with an aim to satisfy the requirements.

- (3) Method of payment of dividends (Article 37-3 of the Articles of Incorporation)  
Dividends made under this Article shall be paid in monies, and shall be delivered within three months from the end of the fiscal period as a rule to unitholders or registered investment unit pledgees entered or recorded in the final unitholders register as of the end of the fiscal period, in proportion to the number of investment units held by the unitholders or the number of investment units subject to the pledges that are held by the registered investment unit pledgees.
- (4) Limitation period for right to claim dividends (Article 37-4 of the Articles of Incorporation)  
If distributions of monies made under this

after the lapse of three full years after the date on which they became due, the Investment Corporation will be released from its obligation to pay those distributions. Interest shall not accrue on distributions payable.

- (5) Rules of the Investment Trusts Association (Article 34-5 of the Articles of Incorporation) Besides the above (1) through (4), the Investment Corporation shall deliver distribution of monies following the rules, etc. designated by the Investment Trusts Association.

## Attachments

### [1 Geographical Classification of Investment Real Estate]

Geographical Classification	Location	Percentage
Tokyo Metropolitan Area	Tokyo, Kanagawa, Chiba, and Saitama Prefectures	<u>60~80%</u>
Other	<u>Kansai Area</u> , 5 Major Cities and Other Major Cities	<u>20~40%</u>
Total (%)		100%

(Note Investment ratio is the total amount of acquisition prices for the respective classification divided by the total amount of acquisition prices for all classifications.)

### [2 Asset Type Classification of Investment Real Estate]

Asset Type	Investment Ratio
<u>Office buildings</u>	% or more
Other <u>urban buildings</u>	% or less
Total (%)	100%

(Note Investment ratio is the total amount of acquisition prices for the respective classification divided by the total amount of acquisition prices for all classifications.)

### [3 Examination Items for Acquiring Investment Properties]

Investigation Item	Investigation Content
Economic investigation	① (Descriptions omitted) ② (Descriptions omitted) ③ (Descriptions omitted) ④ (Descriptions omitted) ⑤ (Descriptions omitted) ⑥ (Descriptions omitted) ⑦ Convenience in terms of train and other major means of transportation

Article remain unreceived after the lapse of three full years after the date on which they became due, the Investment Corporation will be released from its obligation to pay those distributions. Interest shall not accrue on distributions payable.

- (5) Rules of the Investment Trusts Association (Article 37-5 of the Articles of Incorporation) Besides the preceding items, the Investment Corporation shall deliver distribution of monies following the rules, etc. designated by the Investment Trusts Association.

## Attachments

### [1 Geographical Classification of Investment Real Estate]

Geographical Classification	Location	Percentage
Tokyo Metropolitan Area	Tokyo, Kanagawa, Chiba, and Saitama Prefectures	<u>Over 70%</u>
Other	<u>4 Major Cities and Other Regional Cities</u>	<u>Under 30%</u>
Total (%)		100%

(Note Investment ratio is the total amount of acquisition prices for the respective classification divided by the total amount of acquisition prices for all classifications.)

### [2 Asset Type Classification of Investment Real Estate]

Asset Type	Investment Ratio
<u>Office</u>	<u>Over 60%</u>
Other ( <u>residential, retail facilities, hotels, etc.</u> )	<u>Under 40%</u>
Total (%)	100%

(Note Investment ratio is the total amount of acquisition prices for the respective classification divided by the total amount of acquisition prices for all classifications.)

### [3 Examination Items for Acquiring Investment Properties]

Investigation Item	Investigation Content
Economic investigation	① (No change) ② (No change) ③ (No change) ④ (No change) ⑤ (No change) ⑥ (No change) ⑦ Convenience in terms of train and other major means of transportation <u>or public and other convenient facilities</u>

	<ul style="list-style-type: none"> <li>⑧ (Descriptions omitted)</li> <li>⑨ (Descriptions omitted)</li> <li>⑩ (Descriptions omitted)</li> <li>⑪ (Descriptions omitted)</li> </ul>
Physical investigation	<ul style="list-style-type: none"> <li>① (Descriptions omitted)</li> <li>② (Descriptions omitted)</li> <li>③ Leasable floor space, shape of leased units (<u>whether or not it supports partitioning</u>), ceiling height, electrical capacitance, air-conditioning system, floor load, raised flooring, disaster prevention equipment, security method, common area (elevator hall, restroom, kitchen, common hallway, etc.), parking lot, elevator and other status</li> <li>④ (Descriptions omitted)</li> <li>⑤ (Descriptions omitted)</li> <li>⑥ Verification of long-term repair plans</li> <li>⑦ (Descriptions omitted)</li> <li>⑧ (Descriptions omitted)</li> </ul>
Legal investigation	<ul style="list-style-type: none"> <li>① (Descriptions omitted)</li> <li>② (Descriptions omitted)</li> <li>③ (Descriptions omitted)</li> <li>④ In the case of buildings under sectional ownership <ul style="list-style-type: none"> <li>(a) (Descriptions omitted)</li> <li>(b) (Descriptions omitted) (Newly established)</li> </ul> </li> <li>⑤ In the case of co-ownership interests <ul style="list-style-type: none"> <li>(a) (Descriptions omitted)</li> <li>(b) <u>Presence/Absence</u> of special provisions, agreements, claims or obligations, etc. among co-owners</li> <li>(c) (Descriptions omitted)</li> </ul> </li> <li>⑥ In the case of leasehold rights in land <ul style="list-style-type: none"> <li>(a) (Descriptions omitted)</li> <li>(b) (Descriptions omitted) (Newly established)</li> </ul> </li> <li>⑦ (Descriptions omitted)</li> <li>⑧ (Descriptions omitted)</li> <li>⑨ (Descriptions omitted) (Newly established)</li> </ul>

**[4 Basic Specifications of Investment Real Estate]**

Item	Standard
Location	<u>Within 10-minute walk from nearest station</u> <u>Frontal road width of at least 10m</u>
Building age	(Descriptions omitted)

	<ul style="list-style-type: none"> <li>⑧ (No change)</li> <li>⑨ (No change)</li> <li>⑩ (No change)</li> <li>⑪ (No change)</li> </ul>
Physical investigation	<ul style="list-style-type: none"> <li>① (No change)</li> <li>② (No change)</li> <li>③ Leasable floor space, shape of leased units, <u>floor layout</u>, ceiling height, electrical capacitance, air-conditioning system, floor load, raised flooring, disaster prevention equipment, security method, common area (elevator hall, restroom, kitchen, common hallway, etc.), parking lot, elevator and other status</li> <li>④ (No change)</li> <li>⑤ (No change)</li> <li>⑥ Verification of <u>need for emergency repairs</u> and long-term repair plans</li> <li>⑦ (No change)</li> <li>⑧ (No change)</li> </ul>
Legal investigation	<ul style="list-style-type: none"> <li>① (No change)</li> <li>② (No change)</li> <li>③ (No change)</li> <li>④ In the case of buildings under sectional ownership <ul style="list-style-type: none"> <li>(a) (No change)</li> <li>(b) (No change)</li> <li>(c) <u>Attributes of other sectional owners</u></li> </ul> </li> <li>⑤ In the case of co-ownership interests <ul style="list-style-type: none"> <li>(a) (No change)</li> <li>(b) <u>Attributes of co-owners, and presence/absence</u> of special provisions, agreements, claims or obligations, etc. among co-owners</li> <li>(c) (No change)</li> </ul> </li> <li>⑥ In the case of leasehold rights in land <ul style="list-style-type: none"> <li>(a) (No change)</li> <li>(b) (No change)</li> <li>(c) <u>Attributes of parties that established leasehold rights in land, and presence/absence</u> of special provisions, etc.</li> </ul> </li> <li>⑦ (No change)</li> <li>⑧ (No change)</li> <li>⑨ (No change)</li> <li>⑩ <u>Content of trust agreement for beneficiary rights in real estate investment trust</u></li> </ul>

**[4 Basic Specifications of Investment Real Estate]**

Item	Standard
Location	<u>Investment decisions shall be made based on a comprehensive analysis and examination of asset type, area, size and other characteristics</u>

<u>Floor space</u>	<u>Leasable floor space of at least 1,000m<sup>2</sup></u> <u>Typical floor space of at least 150m<sup>2</sup></u>		<u>Building age</u>	(No change)	
<u>Ceiling height</u>	<u>At least 2.5m</u>		<u>Floor, space, specification, facilities</u>	<u>Investment decisions shall be made based on a comprehensive analysis and examination of asset type, area, size and other characteristics</u>	
<u>Air-conditioning system</u>	<u>Individual air-conditioning, or able to support such in the future</u>		<u>Legal compliance</u>	(No change)	
<u>Flooring</u>	<u>Supports raised flooring, or able to support such in the future</u> <u>Floor load of at least 300kg/m<sup>2</sup></u>		<u>Earthquake resistance performance</u>	(No change)	
<u>Security method</u>	<u>Supports 24-hour mechanical security, or able to support such in the future</u>		<u>Earthquake PML (probable maximum loss)</u>	(No change)	
<u>Legal compliance</u>	(Descriptions omitted)		<u>Standard for asbestos, PCB and other harmful substances</u>	<u>Asbestos</u>	(No change)
<u>Earthquake resistance performance</u>	(Descriptions omitted)			<u>PCB</u>	(No change)
<u>Earthquake PML (probable maximum loss)</u>	(Descriptions omitted)			<u>Other</u>	(No change)
<u>Standard for asbestos, PCB and other harmful substances</u>	<u>Asbestos</u>	(Descriptions omitted)	<u>Soil contamination</u>	(No change)	
	<u>PCB</u>	(Descriptions omitted)			
	<u>Other</u>	(Descriptions omitted)			
<u>Soil contamination</u>	(Descriptions omitted)				