

Organization of NBF

(1) Matters Concerning Corporate Governance

It is stipulated that NBF should have one or more Executive Director and no more than four Supervisory Directors (provided, the number of Supervisory Directors should be the number of Executive Directors plus 1 or more) (Article 28 Paragraph 1 of Articles of Incorporation).

The organization of NBF consists of the General Meeting of Unitholders comprised of unitholders, one Executive Director and three Supervisory Directors, the Board of Directors comprised of one Executive Director, three Supervisory Directors as well as all Executive Directors and Supervisory Directors, and one Accounting Auditor.

(i) General Meeting of Unitholders

Certain matters with respect to NBF stipulated under the Investment Trust Act or NBF's Articles of Incorporation are resolved at a General Meeting of Unitholders comprised of unitholders. With the location to be held set within 23 wards of Tokyo, NBF will convene a General Meeting of Unitholders on February 15, 2019 and after without delay, and the following on February 15 every two years without delay (Article 18 Paragraph 1 of Articles of Incorporation). In addition, NBF can call extraordinary meetings as needed (Article 18 Paragraph 2 of Articles of Incorporation). Unless otherwise stipulated in laws or the Articles of Incorporation, resolution at the General Meeting of Unitholders will be made by the majority of the voting rights of the unitholders present (Article 21 of Articles of Incorporation). Certain major matters including amendments to the Articles of Incorporation require resolution made by two-thirds or more of voting rights of unitholders present, provided that unitholders holding investment units equivalent to majority of total investment units issued are present (special resolution) (Article 93-2 Paragraph 2 of Investment Trusts Act).

NBF's policies for asset management and standards for asset valuation are stipulated in the Articles of Incorporation. In the case of amending policies for asset management and standards for asset valuation stipulated in such Articles of Incorporation, amendments to the Articles of Incorporation by resolution at General Meeting of Unitholders as stated herein above (special resolution) are required.

In addition, NBF has concluded an Asset Management Entrustment Agreement with an asset management company, Nippon Building Fund Management, Ltd. ("NBFM"), and entrusts operations concerning management of its assets. In the case NBFM cancels the Asset Management Entrustment Agreement, the consent of NBF is required as well as that of the Executive Director, In the case NBFM cancels the Asset Management Entrustment Agreement, obtaining the consent of NBF is required, where the Executive Director needs to obtain approval at the General Meeting of Unitholders, in principle (Article 205 of Investment Trusts Act). Furthermore, in the case NBF cancels the Asset Management Entrustment Agreement, resolution by the General Meeting of Unitholders in principle (Article 206 Paragraph 1 of Investment Trusts Act) will be required.

(ii) Executive Director, Supervisory Director and Board of Directors

The Executive Director executes the business of NBF as well as represents NBF (Article 109 Paragraph 1 of Investment Trusts Act). However, execution of providing consent for cancelling the asset management entrustment agreement, convening of General Meeting of Unitholders, entrusting administrative work to general administrative service providers, concluding asset management entrustment agreements and asset custody entrustment agreement, and other certain duties stipulated in the Investment Trusts Act requires the approval of the Board of Directors (Article 109 Paragraph 2 of Investment Trusts Act). Supervisory Directors are authorized to supervise the execution of duties of the Executive Director (Article 111 Paragraph 1 of Investment Trusts Act). In addition, the Board of Directors has the authority to approve execution of certain duties stated herein above and the authority stipulated in the Investment Trusts Act and the Articles of Incorporation as well as the authority to supervise execution of duties of Executive Director (Article 114 Paragraph 1 of Investment Trusts Act). Unless otherwise stipulated in laws and the Articles of Incorporation, resolution of the Board of Directors is made when a majority of directors comprising the Board of Directors entitled to participate in the vote is present and though a majority of directors present (Article 30 of Articles of Incorporation).

Furthermore, it is stipulated in laws and NBF's Rules of Board of Directors that the Executive Director or Supervisory Director with specific interest may not participate in the resolution (Article 115 of Investment Trusts Act and Articles 369 Paragraph 2 of Companies Act) and that in such case, such Executive Director or Supervisory Director will not be included in the number of Executive Director and Supervisory Director present. Major function of NBF's Board of Directors stipulated in laws, Articles of Incorporation or NBF's Rules of Board

of Directors are approval, etc. of matters below.

- A. Decision to convene General Meeting of Unitholders
- B. Decision on compensation amount for Executive Director and Supervisory Director
- C. Dismissal of Executive Officer and Accounting Auditor
- D. Approval of calculation documents, asset management reports and calculations concerning cash distribution as well as the detailed statement thereof.
- E. Setting of record date
- F. Matters concerning soliciting persons to subscribe investment units
- G. Matters concerning soliciting persons to subscribe investment corporation bonds and entrustment of handling of investment corporation bonds
- H. Entrustment of preparation and keeping of unitholder registry and investment corporation bond register, and other administrative work concerning unitholder registry and investment corporation bond register
- I. Conclusion and amendment to agreement terms of asset management entrustment agreement and asset custody entrustment agreement
- J. Payment of asset management fees, asset custody fees and other fees related to asset management or asset custody
- K. Entrustment of general administrative service
- L. Conclusion of merger agreement
- M. Cancellation of asset management entrustment agreement stipulated in Article 206 Paragraph 2 of Investment Trusts Act
- N. Investment unit split
- O. Disposition or cancellation of acquired treasury investment units
- P. Decision on matters concerning acquisition in case of acquiring treasury investment units with mutual agreement with unitholders
- Q. Approval in cases of certain major transactions out of acquisition, disposition or lease of real estate or securities with interested parties etc. of NBFM.

(iii) Accounting Auditor

NBF has assigned KPMG AZSA LLC as the Accounting Auditor. The Accounting Auditor will audit NBF's balance sheet, statements of income, statements of changes in net assets, notes to financial statements, asset management report, calculations concerning cash distribution and the detailed statement, etc. thereof (calculation documents, etc.) (Article 115-2 of Investment Trusts Act), report to Supervisory Auditors in the case when detecting a fraudulent act or material fact violating any law or the Articles of Incorporation concerning execution of duties of the Executive Director (Article 115-3 of Investment Trusts Act) and other duties stipulated in laws.

(iv) Supervising Organization, Personnel and Procedures by Internal Management and Supervisory Director

NBF is operated by its Board of Directors comprised of one Executive Director and three Supervisory Directors. Whereas the Rules of Board of Directors stipulates to hold more than one meeting every three months, NBF holds Board of Directors meetings roughly once a month.

At NBF's Board of Directors meetings, in addition to approval matters stipulated in laws and regulations, the state of operation of NBF and execution of duties of NBFM are reported. Through such reporting procedures, it maintains a structure where the Supervisory Directors, who are independent of NBFM and its related parties, can achieve appropriate information and supervise execution of duties by the Executive Director.

Furthermore, lawyers, real estate appraisers, certified public accountants or other external experts are assigned as Supervisory Directors and each Supervisory Director implements supervisory functions concerning execution of duties of the Executive Director from each professional viewpoint.

(v) Mutual Cooperation between Supervision and Accounting Audit by Internal Management and Supervisory Director

Each Supervisory Director will execute supervision concerning execution of duties of the Executive Director through requesting reports concerning status of asset management, compliance and risk management from the Executive Director and NBFM, as well as conducting investigation as needed.

In addition, the Accounting Auditor is responsible for, in addition to conducting audit of calculation documents,

etc., reporting to the Supervisory Auditor in the case when detecting a fraudulent act or material fact violating any law or the Articles of Incorporation concerning the execution of duties of the Executive Director. The Accounting Auditor cooperates mutually with Supervisory Directors by providing audit reports to Supervisory Directors prior to Board of Directors meetings where the calculation documents, etc. are approved, and also conduct hearings for the Supervisory Directors as to the knowledge on existence fraud, doubt of fraud or petition of fraud that will impact NBF.

(vi) State of NBF Developing Structure Managing Associated Corporations

NBF receives reports on the results of internal audits held at NBFM, content of Risk Management Meetings held once every three months, etc. at NBF's Board of Directors meetings and understands the state of NBFM's governance, etc.

In addition, concerning associated corporations where other duties are entrusted, NBF develops a structure to manage execution of duties by conducting hearings on internal control, governance, etc. of each associated corporation through NBFM, as needed.