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Articles of Incorporation of
the Investment Corporation
(16th edition)

Nippon Building Fund Inc.

Nippon Building Fund Inc.
Articles of Incorporation

Chapter I: General Provisions

Article 1: Trade Name

The name of the Investment Corporation is “日本ビルファンド投資法人”, and its English name is “Nippon Building Fund Inc.”

Article 2: Purpose

The purpose of the Investment Corporation shall be to manage its assets by investing mainly in specified assets (“*Specified Assets*”) as defined in Article 2, Paragraph 1 of the Act on Investment Trust and Investment Corporations (Act No. 198 of 1951, as amended (the “*Investment Trust Act*”)) pursuant to the Investment Trust Act.

Article 3: Location of Head Office

The head office of the Investment Corporation shall be located in Chuo-ku, Tokyo.

Article 4: Method of Public Notice

The Investment Corporation shall give public notice by publication in the Nihon Keizai Shimbun.

Chapter II: Investment Units

Article 5: Redemption of Investment Units upon Request of Unitholders and Acquisition of Investment Units through Agreement with Unitholders

1. The Investment Corporation shall not redeem investment units upon the request of unitholders.
2. The Investment Corporation may acquire its investment units for value upon agreement with unitholders.

Article 6: Total Number of Issuable Investment Units

1. The total number of authorized issuable investment units of the Investment Corporation is twenty(20) million units.
2. The issue price of investment units offered in Japan must account for more than 50% of the aggregate issue price of the investment units of the Investment Corporation.
3. An executive director of the Investment Corporation may, subject to the approval of the board of directors, solicit subscribers for investment units to be issued within the scope of paragraph 1 of this Article. The issue price for each of the offered investment units (i.e., the investment units allotted to persons who, in response to such offer, placed subscription orders for such investment units) shall be the price determined by the executive director and approved by the board of directors as a fair price in light of the assets held by the Investment Corporation (“*Investment Assets*”).

Article 7: Administrator of Unitholders’ Registry, etc.

1. The Investment Corporation shall appoint an administrator of the unitholders’ registry, etc., with respect to the investment units.
2. The administrator of the unitholders’ registry, etc., and its place of business shall be selected in accordance with resolution of the board of directors and made public notice.
3. The unitholders’ registry of the Investment Corporation shall be retained by the administrator of the unitholders’ registry, etc., at its place of business, and registration or recording in the unitholders’ registry and all other administrative affairs in connection with the investment units

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shall be carried out by the administrator of the unitholders' registry, etc., not by the Investment Corporation.

Article 8: Investment Unit Handling Rules

Registration or recording in the unitholders' registry of the Investment Corporation and other procedures, together with any fees shall associated therewith, shall be governed by the investment unit handling rules prescribed by the board of directors, in addition to applicable laws or regulations and the terms of these Articles of Incorporation.

Article 9: Minimum Net Assets

The minimum net assets of the Investment Corporation shall be 50 million yen.

Chapter III: Asset Management and Calculation, Etc.

Article 10: Investment Targets and Investment Policy

The Investment Corporation shall manage its assets in accordance with the "Investment Targets and Investment Policy" attached to these Articles of Incorporation.

Article 11: Reinvestment of Proceeds

The Investment Corporation may reinvest proceeds from sales of Investment Assets, returns or interest, etc., on securities, profit distributions from equity interest in real estate silent partnerships (*tokumei kumiai*), rental income from real estate, or any other proceeds.

Article 12: Methods, Standards and Reference Dates for Asset Valuation

1. The Investment Corporation shall value assets by applying the "Asset Valuation Methods and Standards" attached to these Articles of Incorporation as of the reference date, which shall be the Accounts Closing Date set forth in Article 13.
2. The net asset amount referred to in these Articles of Incorporation shall be the amount calculated by deducting total liabilities from total assets calculated using the method set forth in the preceding paragraph.

Article 13: Accounting Period

The accounting period of the Investment Corporation shall be the six-month period from January 1 to the last day of June of each year and the six-month period from July 1 to the last day of December of each year (such last day, the "***Accounts Closing Date***").

Article 14: Cash Distribution Policy

1. Distribution Policy

In principle, the Investment Corporation shall make distributions in accordance with the policy set forth below.

- (1) Distributable amounts arising from management of the Investment Corporation's Investment Assets (the "***Distributable Amount***") shall be an amount of profit calculated on each Accounts Closing Date in accordance with generally accepted corporate accounting principles (as defined in Article 136, Paragraph 1 of the Investment Trust Act, the same applies in this article.).
- (2) The amount of distributions shall be an amount determined by the Investment Corporation exceeding 90% of its distributable profit (or if the foregoing method of calculation changes due to an amendment of applicable laws or regulations, the amount as calculated after such amendment) as defined in Article 67-15 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended) (the "***Special Taxation Measures for Investment Corporations***"); provided, however, that the upper limit shall be the Distributable Amount. Furthermore, the Investment Corporation may set aside funds for long-term repair reserve, reserve for payment, reserve for distributions, reserve for reduction entry, reserve for temporary difference adjustments and similar reserves and allowances etc.,

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to the extent that any of the foregoing are deemed necessary to maintain or increase the value of Investment Assets.

- (3) The amount of profit and the distributable profit earned prior to the Accounts Closing Date not allocated to distributions and retained shall be managed in accordance with the Investment Targets and Investment Policy set forth in Article 10.

2. Distributions of cash in excess of profit

In either of the following situations, the Investment Corporation may distribute an amount in excess of the Distributable Amount in cash as a return of capital; provided, however, that such distributions shall not exceed the prescribed amount under the rules of the Investment Trusts Association, Japan:

- (1) Where the Investment Corporation determines such distributions to be appropriate, based on trends in the economic environment, the real estate market and the leasing market, its status of assets and financial conditions; or
- (2) Where the Investment Corporation makes such distributions of the amount it determines by, for example, using the reserve for temporary difference adjustments for the purpose of reducing tax obligations.

3. Method of distribution

Distributions set forth in paragraphs 1 and 2 shall be made in cash and, in principle, shall be made within three (3) months from the Accounts Closing Date to unitholders or to registered pledgees of investment units registered or recorded in the latest unitholders' registry as of the Accounts Closing Date in proportion to the respective number of investment units owned by the unitholder or the respective number of investment units subject to the recorded investment unit pledge.

4. Discharge of claim for distributions

Once three (3) full years have elapsed from the payment commencement date of distributions set forth in paragraphs 1 and 2, the Investment Corporation shall no longer be obligated to pay such distributions. No interest shall accrue on unpaid distributions.

Article 15: Maximum Amount of Borrowings and Investment Corporation Bonds, etc.

1. For the purpose of contributing to the steady growth of Investment Assets, efficient asset management and stability of asset management, the Investment Corporation may borrow funds (including through call markets) or issue investment corporation bonds (including short-term investment corporation bonds) to be used for the acquisition of assets or for repairs, etc., the payment of distributions, the management of the Investment Corporation or the repayment of debts (including the refund of security deposits and guaranty deposits, the repayment of borrowings and the redemption of investment corporation bonds); provided, however, that the use or the purpose of funds raised through the issuance of short-term investment corporation bonds must be within the scope prescribed by applicable laws or regulations. Furthermore, borrowings shall be only from qualified institutional investors (limited to institutional investors as defined in the Special Taxation Measures for Investment Corporations) as defined in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the "*FIEA*").
2. In the event of a borrowing or issuance of investment corporation bonds pursuant to the preceding paragraph, the Investment Corporation may provide Investment Assets as collateral or security.
3. The maximum amount of borrowing and of issuance of investment corporation bonds shall be one (1) trillion yen, respectively, and the aggregate thereof shall not exceed one (1) trillion yen.

Article 16: Calculation Methods and Timing of Payment of Asset Management Fees to Asset Manager

The calculation methods and the timing of payment of asset management fees to the asset manager to which the Investment Corporation entrusts the management of its assets (the "*Asset Manager*") are as set forth below.

(1) Type 1 Management Fee

The type 1 management fee shall be equal to 2.5% of the total amount of (i) rent, common-area fees, income from parking lots, incidental revenue, facility use charges, facility installation charges,

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late payment charges, penalty charges in relation to cancellation of a lease agreement and relevant revenues and revenue arising from other leasing business and (ii) dividends, distributions and relevant revenue, with respect to real estate, etc., (i.e., assets as set forth in II.(1)a. and II.(1)c.(i) of the Investment Targets and Investment Policy) calculated on each Accounts Closing Date and recorded as revenue by the Investment Corporation (excluding revenue from disposition of real estate, etc.) (any calculated amount less than one (1) yen shall be rounded down; collectively, “**Rent Revenue**”). The amount equal to 2.5% of Rent Revenue shall be paid by the end of each March, June, September and December (or if such day is a bank holiday, the immediately preceding bank business day) with respect to the immediately preceding relevant three (3) months based on the annual management plan submitted by the Asset Manager to the Investment Corporation in the beginning of the year pursuant to the asset management services agreement, and such amount shall be adjusted without delay after the financial statements for the relevant fiscal period are fixed.

(2) Type 2 Management Fee

The type 2 management fee shall be payable without delay upon the fixing of the financial statements for the relevant fiscal period, and shall be equal to 3% of income before income taxes before deduction of the type 2 management fee calculated on each Accounts Closing Date (after compensation of loss carried forward, if any). Any calculated amount less than one (1) yen shall be rounded down, and if the amount resulting from the calculation above is negative, such amount shall be zero (0) yen.

(3) Type 3 Management Fee

For each newly acquired real estate, etc. (or in the case of a merger involving the Investment Corporation, a transferred real estate, etc., in relation to such merger), the type 3 management fee shall be payable by the end of the month immediately following the month of such acquisition (or in the case of merger of the Investment Corporation, the effective date of such merger) (if such day is a bank holiday, the immediately preceding bank business day), which, in principle, shall be equal to the total of the following percentages based on the purchase price of such real estate, etc., (i.e., the total purchase price of the land and the building; where two or more real estate, etc., are purchased at the same time, each purchase price shall be used for the relevant real estate, etc.; where the acquisition is carried out through equity investment, the amount of such equity investment shall be used as purchase price, and where the acquisition is by merger involving the Investment Corporation, the appraisal value of relevant real estate, etc., subject to the merger as of the effective date of the merger shall be used as purchase price; excluding national and local consumption taxes and expenses) (any calculated amount less than one (1) yen shall be rounded down):

- 0.5% for ¥10,000,000,000 or less
- 0.2% for more than ¥10,000,000,000 up to ¥30,000,000,000
- 0.05% for more than ¥30,000,000,000 up to ¥50,000,000,000
- 0% for more than ¥50,000,000,000.

The Investment Corporation may set different rates within the range of rates provided above, subject to the approval of the board of directors.

(4) Type 4 Management Fee

Where the Investment Corporation disposes of real estate, etc., the type 4 management fee shall be payable by the end of the month immediately following the month of such disposition (if such day is a bank holiday, the immediately preceding bank business day), which, in principle, shall be equal to the total of the disposition price of such real estate, etc. multiplied by the following percentages (i.e., the total disposition price of the land and the building; where two or more parcels of real estate, etc., are disposed of at the same time, each disposition price for the relevant real estate, etc., shall be used as disposition price) excluding national and local consumption taxes and expenses) (any calculated amount less than one (1) yen shall be rounded down):

- 0.5% for ¥10,000,000,000 or less
- 0.2% for more than ¥10,000,000,000 up to ¥30,000,000,000
- 0.05% for more than ¥30,000,000,000 up to ¥50,000,000,000
- 0% for more than ¥50,000,000,000

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The Investment Corporation may set different rates within the range provided above, subject to the approval of the board of directors.

Chapter IV: Entrustment of Asset Management

Article 17: Attribution of Profit and Loss

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

Chapter V: General Unitholders' Meeting

Article 18: Convocation

1. The Investment Corporation shall convene a general unitholders' meeting in one of the wards in Tokyo on February 15, 2019, or later without delay, and on February 15 or later without delay every two (2) years thereafter.
2. In addition, the Investment Corporation may convene a general unitholders' meeting as otherwise required by applicable laws or regulations or when necessary.
3. Except as otherwise required by applicable laws or regulations, general unitholders' meetings shall be convened by the executive director where there is only one (1) executive director, and by one (1) of the executive directors in accordance with the order prescribed in advance by the board of directors where there are two (2) or more executive directors.
4. In order to convene a general unitholders' meeting, the executive director shall publicly notify the date of the general unitholders' meeting no later than two (2) months prior to such date, and dispatch a notice in writing to unitholders no later than two (2) weeks prior to such date. However, a general unitholders' meeting that is held before twenty-five (25) months have passed since the last general unitholders' meeting was held in accordance with paragraph 1 does not require such public notice.

Article 19: Chairperson

The chairperson of a general unitholders' meeting shall be the executive director where there is one (1) executive director, and one (1) of executive directors in accordance with the order prescribed in advance by the board of directors where there are two (2) or more executive directors. If all executive directors are absent or are otherwise involved in an incident, one (1) of supervisory directors shall serve as the chairperson in accordance with an order prescribed in advance by the board of directors.

Article 20: Measures for Providing Information Electronically

1. When the Investment Corporation convenes a general unitholders' meeting, it shall take measures to provide information constituting the content of the reference documents, etc. for the general unitholders' meeting electronically.
2. Among items for which measures to provide information electronically shall be taken, the Investment Corporation may exclude all or some of those items designated by the Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (i.e., Ordinance of the Prime Minister's Office No. 129 of 2000, including subsequent amendments) from statements in the paper-based documents to be delivered to unitholders who requested such delivery by the record date of voting rights.

Article 21: Resolutions

Except as otherwise required by applicable laws or regulations or these Articles of Incorporation, resolutions of a general unitholders' meeting shall be adopted by a majority of the voting rights held by the unitholders in attendance at the general unitholders' meeting.

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Article 22: Deemed Approval

1. If a unitholder neither attends a general unitholders' meeting nor exercises his or her voting rights, such unitholder shall be deemed to have approved the proposals submitted to the general unitholders' meeting (except where multiple proposals, including conflicting proposals, have been submitted, such conflicting proposals are excluded).
2. The provisions of the preceding paragraph shall not apply to resolutions of proposals pertaining to the following matters:
 - (1) Dismissal of any executive director, supervisory director, or independent accounting auditor;
 - (2) Any amendment to the Articles of Incorporation (limited to the establishment, revision or repeal of the provisions related to the deemed approval);
 - (3) Dissolution;
 - (4) Approval on termination of the asset management services agreement by the Asset Manager; and
 - (5) Termination of the asset management services agreement by the Investment Corporation.
3. The number of voting rights held by unitholders that are deemed to have approved proposals pursuant to paragraph 1 of this Article shall be included in the number of voting rights held by unitholders in attendance at the general unitholders' meeting.

Article 23: Exercise of Voting Rights by Proxy

1. A unitholder may exercise its voting rights by designating another unitholder with voting rights in the Investment Corporation as his or her proxy.
2. In the case of the preceding paragraph, the unitholder or the proxy must submit to the Investment Corporation a document certifying the proxy authority for each general unitholders' meeting.

Article 24: Exercise of Voting Rights in Writing

1. Unitholders not in attendance at a general unitholders' meeting may exercise their voting rights in writing. The exercise of voting rights in writing shall be made by entering the required information in the voting form, and submitting such completed voting form to the Investment Corporation by the deadline prescribed under applicable laws or regulations.
2. The number of voting rights exercised in writing pursuant to the preceding paragraph shall be included in the number of voting rights held by unitholders in attendance at the general unitholders' meeting.

Article 25: Exercise of Voting Rights through Electromagnetic Methods

1. By resolution of the board of directors, the Investment Corporation may provide that the unitholders not in attendance at a general unitholders' meeting may exercise voting rights through electromagnetic methods. Exercise of a voting right through electromagnetic methods shall be made by submitting to the Investment Corporation the information required to be stated in the voting form through electromagnetic methods, as required by applicable laws or regulations and with approval from the Investment Corporation, by the deadline prescribed under applicable laws or regulations.
2. The number of voting rights exercised through electromagnetic methods pursuant to the preceding paragraph shall be included in the number of voting rights held by unitholders in attendance at the general unitholders' meeting.

Article 26: Record Date

1. The unitholders registered or recorded in the latest unitholders' registry as of the last day of each fiscal period as unitholders shall be entitled to exercise their rights at a general unitholders' meeting held within three (3) months after the end of the relevant fiscal period.
2. Notwithstanding the preceding paragraph, the Investment Corporation may, as necessary, deem unitholders registered or recorded in the latest unitholders' registry as of the record date determined by the Investment Corporation pursuant to resolution of the board of directors and publicly notified by the Investment Corporation in advance in accordance with applicable laws or regulations as unitholders able to exercise their rights at a general unitholders' meeting.

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Article 27: Minutes of General Unitholders' Meeting

Minutes that set forth or record a summary of the proceedings of a general unitholders' meeting, the results thereof, and other matters required by laws or regulation shall be prepared.

Chapter VI: Directors and Board of Directors

Article 28: Directors

1. The Investment Corporation shall have no fewer than one (1) executive director and four (4) or fewer supervisory directors (and at least one (1) more than the number of executive director).
2. Executive directors and supervisory directors (the "**Directors**") shall be elected through a resolution of the general unitholders' meeting.
3. The term of office of directors shall be a two (2)-year period after their assumption of office; provided, however, that this shall not preclude the extension or shortening of the term of office by resolution of the general unitholders' meeting to the extent permitted by applicable laws or regulations. The term of office of a Director who is elected to fill a vacancy or to increase the number of Directors shall be the same as the remaining term of the preceding Directors or current Directors.
4. The period during which the resolution on the election of a replacing Director to fill a vacancy will remain in force shall continue until the expiration of the term of office of the Director to be replaced who was elected at the general unitholders' meetings at which the aforementioned resolution was adopted; provided, however, that such period may be shortened by a resolution of the general unitholders' meeting.

Article 29: Convocation and Chairperson

1. The board of directors shall be composed of all the Directors.
2. Except as otherwise required by applicable laws or regulations, the executive director shall convene meetings of the board of directors and serve as chairperson in the case where there is one (1) executive director, and by one (1) of executive directors in accordance with the order prescribed in advance by the board of directors in the case where there are two (2) or more executive directors.
3. Convocation notices for a meeting of the board of directors shall be sent to all Directors at least three (3) days prior to the meeting date; provided, however, that the convocation period may be shortened or the convocation procedure may be omitted with the consent of all Directors.

Article 30: Resolution of Board of Directors

Except as otherwise required by applicable laws or regulations or these Articles of Incorporation, a resolution of the board of directors shall be adopted by a majority vote at a meeting attended by a majority of the Directors entitled to vote.

Article 31: Minutes of Board of Directors Meeting

Regarding the proceedings of board of directors' meetings, a summary and the results thereof and other matters prescribed under applicable laws or regulations shall be recorded in minutes, and the Directors present at such meeting shall sign or affix their seals thereon, or electronically sign such minutes.

Article 32: Exemption of Liability for Damages of Directors to Investment Corporation

The Investment Corporation may, to the extent permitted by applicable laws or regulations, exempt by resolution of the board of directors a Director from liability for damages under Article 115-6, Paragraph 1 of the Investment Trust Act if the Director has performed his or her work duties in good faith and without gross negligence, and when the Investment Corporation finds it particularly necessary to do so taking into consideration the details of the facts that caused the liability, the Director's execution of duties and other circumstances.

Article 33: Standards and Timing of Payment of Remuneration for Directors

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The remuneration for Directors shall be in amounts determined to be reasonable by the board of directors, up to a monthly amount 700,000 yen per Director, taking into account the level of remuneration payable to directors and statutory auditors who perform similar work to that of the Directors, general economic trends, wage trends and other factors. Remuneration for a given month shall be paid by the last day (if such day is a bank holiday, the immediately preceding bank business day) of such month.

Chapter VII: Independent Auditor

Article 34: Election of Independent Auditor

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

Article 35: Term of Office of Independent Auditor

1. The term of office of the independent auditor shall expire at the conclusion of the general unitholders' meeting first held after the first Accounts Closing Date and after one (1) year has elapsed from the independent auditor's assumption of office.
2. Unless otherwise resolved at the general unitholders' meeting referred to in the preceding paragraph, the independent auditor shall be deemed to have been reelected at the relevant general unitholders meeting.

Article 36: Standards and Timing of Payment of Remuneration for Independent Auditor

The Investment Corporation shall pay fees to the independent auditor in an amount determined by the board of directors that is no more than twenty (20) million yen for each fiscal period subject to audit, by the last day of March, June, September and December each year (if such day is a bank holiday, the immediately preceding bank business day) for the period of three (3) months up to such day.

Chapter VIII: Miscellaneous

Article 37: Payment of Miscellaneous Expenses

1. The Investment Corporation shall bear taxes on Investment Assets, miscellaneous expenses incurred by the general administrator, the asset custodian or the Asset Manager in performing certain work entrusted by the Investment Corporation and interest or other losses accrued for advances made by the general administrator, the asset custodian or the Asset Manager, upon request for payment thereof.
2. In addition to the preceding paragraph, the Investment Corporation shall bear the following expenses:
 - (1) Expenses related to the issuance of investment units, etc.;
 - (2) Expenses for the preparation, printing and submission of securities registration statements, periodic securities reports and extraordinary reports;
 - (3) Expenses for the preparation, printing and distribution of prospectuses;
 - (4) Expenses for the preparation, printing and distribution of financial statements and asset management reports, etc., as prescribed by applicable laws or regulations (including expenses for submission to supervising government agencies, etc.);
 - (5) Expenses related to public notice and advertising, etc. with respect to the Investment Corporation;
 - (6) Fees and expenses paid to professionals (including legal counsel, real estate appraisals, asset inspections, judicial scriveners, etc.);
 - (7) Out-of-pocket expenses, insurance premiums, advances, etc., for Directors, and expenses for holding general unitholders' meetings and board of directors' meetings, etc.;

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- (8) Expenses for the acquisition or management and operation of Investment Assets (including brokerage fees, administration service fees, insurance premiums, maintenance and repair expenses, utilities expenses, etc.);
- (9) Interest on borrowings and on investment corporation bonds;
- (10) Expenses for the operation of the Investment Corporation; and
- (11) Other expenses similar to any of the above items which the Investment Corporation shall bear.

Article 38: National and Local Consumption Taxes

The Investment Corporation shall bear national and local consumption taxes imposed on all items subject to taxation under the Consumption Tax Act (Act No. 108 of 1988, as amended) of expenses and funds for asset management and other expenses and funds which the Investment Corporation must pay (“***Taxable Items***”). The Investment Corporation shall pay the amount of national and local consumption taxes together with the monies payable for the relevant Taxable Items.

(End)

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Investment Targets and Investment Policy

The Investment Targets and Investment Policy (the “**Investment Policy**”) set forth in Article 10 of the Articles of Incorporation of Nippon Building Fund Inc. (the “**Investment Corporation**”) are as set forth below.

I. Basic Investment Policy

The Investment Corporation shall aim to manage assets mainly in the form of real estate etc. (i.e., real estate, leaseholds of real estate, surface rights, and the beneficial interests of trusts formed by entrustment of only these assets out of assets stipulated in the Article 105(i) of Regulation for Enforcement of the Act on Investment Trusts and Investment Corporations (Order of the Prime Minister’s Office No. 129 of 2000, as amended)), in order to secure stable earnings and steady growth in the assets belonging to the Investment Corporation (“**Investment Assets**”) over the medium to long term.

II. Type, Purpose, and Scope, etc., of Assets which are Investment Targets

(1) Investment Targets

a. Specified Assets that are Investment Targets

The Investment Corporation shall make investments in the Specified Assets listed below for the purpose of securing stable earnings and steady growth of its Investment Assets:

- (i) Real estate, real estate leasehold rights and surface rights;
- (ii) beneficiary rights of trusts formed by entrustment of real estate, real estate leasehold rights or surface rights (including comprehensive trusts (*hokatsu shintaku*) formed by entrustment of real estate together with funds incidental to the real estate);
- (iii) Equity interests in silent partnerships (*tokumei kumiai*) in relation to silent partnership agreements (*tokumei kumiai keiyaku*) stipulated in Article 535 of the Commercial Code (Act No.48 of 1899, as amended) (limited to where the underlying assets are primarily items (i) or (ii) above);
- (iv) Equity interests in partnerships (*nini kumiai*) stipulated in Article 667 of the Civil Code (Act No.89 of 1896, as amended) (limited to interests for which the comprising or backing assets are primarily items (i) or (ii) above aiming at leasing, operation and management etc.) (“**Equity Interests in Partnerships**”) and to interests applicable to Article 2(2)(v) of the FIEA);
- (v) Preferred equity securities of specified purpose companies (stipulated in Article 2(1)(viii) of the FIEA and limited to where the underlying assets are primarily items (i) or (ii) above);
- (vi) Beneficiary certificates of investment securities (stipulated in Article 2(1)(xiii) of the Financial Instruments and Exchange Act and limited to where the underlying assets are primarily (i) or (ii));
- (vii) Beneficiary securities of specified purpose trusts (stipulated in Article 2(1)(x) of the FIEA and limited to where the underlying assets are primarily items (i) or (ii) above);
- (viii) Investment securities (stipulated in Article 2(1)(xi) of the FIEA and limited to where the underlying assets are primarily items (i) or (ii) above); or
- (ix) Beneficiary interests in a monetary trust (which aim to manage the trust assets by investing primarily in items (i), (iii) or (iv) above).

b. The Specified Assets other than item a. above

The Investment Corporation may also invest in the Specified Assets listed below for the efficient management of funds and as otherwise necessary.

- (i) Deposits
- (ii) Negotiable certificates of deposit to be issued by an entity established in Japan
- (iii) Call loans
- (iv) National government bonds (as defined in Article 2(1)(i) of the FIEA)

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- (v) Municipal bonds (as defined in Article 2(1)(ii) of the FIEA)
 - (vi) Commercial papers (as defined in Article 2(1)(xv) of the FIEA)
 - (vii) Specified bond certificates of specified purpose companies (stipulated in Article 2(1)(iv) of the FIEA, but limited generally to certificates backed by the assets falling under item a.(i) or (ii) above)
 - (viii) Monetary claims (limited to such claims that constitute specified assets provided by the Investment Trust Act, but excluding assets falling under item a. above or any of the preceding items)
 - (ix) Securities (as defined in Article 2(1) and(2)of the FIEA, but excluding assets falling under a. above or any of the preceding items)
 - (x) Interests in derivative transactions (as defined in Article 2(1)(xx) of the FIEA)
 - (xi) Facilities generating renewable energy (as defined in Article 3, Item 11 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended) (the “**Investment Trusts Act Enforcement Order**”).
- c. Assets Other than Specified Assets
- The Investment Corporation may also invest in the assets listed below for the efficient management of funds and as otherwise necessary.
- (i) Equity interests in Partnerships (*nini kumiai*) (excluding item a.(iv) above)
 - (ii) Easements
 - (iii) Trademark rights
 - (iv) Copyrights
 - (v) Movable (excluding item b.(xi) above)
 - (vi) Carbon dioxide equivalent quotas or other similar assets or emission rights (including emission rights for greenhouse gases) as provided by the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998, as amended)
 - (vii) investments based on the “Credit Union Act” (Act No. 238 of 1951, as amended)
 - (viii) investments based on the “Small and Medium-Sized Enterprise Cooperatives Act” (Act No. 181 of 1949, as amended)
 - (ix) Other rights the acquisition of which are necessary in connection with investments in the Specified Assets applicable to each item of item a.
- d. Regarding rights indicated on securities stipulated in Article 2(2) of the FIEA, if such securities indicating rights have not been issued, such rights shall be regarded as securities and items a. to c. above shall apply.

(2) Investment Perspective

- (i) The Investment Corporation invests primarily in real estate that is composed of office buildings and their sites, real estate-based securities and trust beneficiary interests in real estate and other assets (“**Real Estate-related Assets**”) in central Tokyo, urban areas surrounding Tokyo and regional cities.
- (ii) When investing in a Real Estate-related Asset, the Investment Corporation shall select targets taking into consideration the investment yield estimated based on the acquisition price and the future profitability of such Real Estate-related Asset, the future potential and stability of the surrounding area where the real estate comprising or backing such Real Estate-related Asset is located, risks and costs related to the deterioration or obsolescence concerning buildings of such Real Estate-related Asset and the status of insurance coverage, etc. Selection criteria are based on the size of the building, construction type and facility specification, earthquake resistance, measures implemented to ensure legal title, tenancy characteristics, building management and environmental conditions of the land, etc.
- (iii) The Investment Corporation shall generally divide the target portfolio into three (3) areas, which are central Tokyo, urban areas surrounding Tokyo and regional cities, and aim to diversify the locations of investments in order to mitigate risks on cash flows such as

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earthquake and vacancy risks. The target investment percentages are 70% or more for real estate, land leasehold rights and surface rights and trust beneficiary interests in real estate, land leasehold rights and surface rights in central Tokyo and surrounding urban areas and 30% or less in regional cities.

- (iv) The Investment Corporation shall generally acquire Real Estate-related Assets that are in operation as of the time of closing. The Investment Corporation may acquire Real Estate-related Assets that are not in operation as of the time of closing, upon comprehensive consideration of the investment amount, when operation is expected to commence, the revenue projection, etc. and impact on the management of the Investment Corporation's Investment Assets; provided, however, that the total of the acquisition prices, as stipulated in relevant agreements, of the assets that are not in operation after closing (excluding any assets that commenced operation after closing) shall be limited to 10% of the total assets recorded in the balance sheet of the Investment Corporation as of the latest Accounts Closing Date. For the avoidance of doubt, assets in operation means real estate comprising or backing such Real Estate-related Assets the building of which has been completed and has been leased or is leasable. Real Estate-related Assets held by the Investment Corporation that become operational at some time shall be regarded as having been continuously in operation (including reconstruction of buildings or major repairs). Assets not in operation means Real Estate-related Assets other than assets in operation.
- (v) The Investment Corporation aims to maintain the ratio of the aggregate value of the Specified Real Estate (i.e., the real estate, leaseholds of real estate or surface rights, or the beneficial interests of trusts formed by entrustment of ownership rights of real estate, leaseholds of land or surface rights) to the aggregate value of the Specified Assets held by the Investment Corporation (the "*Specified Real Estate Ratio*") at not less than 75%.
- (vi) The Investment Corporation shall, from a medium- to long-term perspective, seek to maintain and increase the asset value and competitiveness of Real Estate-related Assets acquired by the Investment Corporation by making continuous capital investments in the real estate comprising or backing such Real Estate-related Assets and aim to achieve stable growth in operating income by increasing revenues (e.g., increase in rent, reduction in vacancy rates, longer and fixed lease terms, etc.) and reducing expenses (e.g., reduction in outsourcing costs, utilities costs).
- (vii) The Investment Corporation shall make a determination to sell any Real Estate-related Asset acquired by the Investment Corporation by comprehensively taking into consideration the future profitability thereof; increases, decreases and forecasts of its value; potential and stability of the surrounding area; risks and costs related to the deterioration or obsolescence of the buildings; and the composition of the Investment Corporation's Investment Assets. Such consideration on disposition or retention shall be conducted regularly on all Real Estate-related Assets.
- (viii) The Investment Corporation may not be able to manage its assets in accordance with the above policies, if any unforeseeable circumstances arise, such as a sudden change in capital trends, market condition trends or real estate market trends.
- (ix) For the purpose of contributing to the steady growth of Investment Assets, efficient asset management and stability of asset management, the Investment Corporation may take out loans (including through call market) or issue investment corporation bonds for the purpose of investing in real estate, conducting repairs or other work, making distributions, operating, repaying our obligations (including repayment of security deposits or guaranty deposits, and obligations related to loans or investment corporation bonds) and other activities.

III. Restrictions on Investment

- (1) The Investment Corporation shall not actively invest in monetary claims stipulated in II.(1)b.(viii) above and securities stipulated in II.(1)b.(ix) above, and shall, in conducting asset management, consider the safety and liquidity of the investment or its relationship with the Specified Assets stipulated in II.(1)a above.
- (2) The Investment Corporation may invest in interests in derivative transactions set forth in II.(1)b.(x) above only for the purpose of hedging against interest rate fluctuation risk and other risks arising from the Investment Corporation's indebtedness.

[Translation for reference purpose only]

- (3) The Investment Corporation shall not make investments in real estate located overseas or Real-Estate-related Assets that target real estate located overseas.
- (4) The Investment Corporation shall not make investments in assets denominated in a foreign currency.

[Translation for reference purpose only]

IV. Purpose and Scope of the Lending of Portfolio Assets

- (1) The Investment Corporation shall, in principle, lease all real estate comprising or backing a Real Estate-related Asset that constitutes an Investment Asset and movables pertaining to such real estate (collectively “**Leasing Assets**”) in order to secure stable income therefrom for the medium to long term (including car parks, placement of signboards, etc.).
- (2) When leasing the Leasing Assets, the Investment Corporation may receive or provide security deposits, guaranty deposits and other similar monies (“**Security Deposits**”), the Investment Corporation shall invest such received Security Deposits in accordance with the Investment Targets and Policy.
- (3) The Investment Corporation shall not lease assets other than those Leasing Assets which constitute Investment Assets.

V. Compliance with Laws and Regulations

The Investment Corporation shall manage Investment Assets in accordance with the Investment Trust Act, relevant laws and regulations and the rules of the Investment Trusts Association, Japan (as amended) as well as the Investment Targets and Policy.

(End)

[Translation for reference purpose only]

Asset Valuation Methods and Standards

Asset Valuation Methods and Standards (the “*Valuation Standards*”) set forth in Article 12, paragraph 1 of the Articles of Incorporation (the “*Articles of Incorporation*”) of Nippon Building Fund Inc. (the “*Investment Corporation*”) are as set forth below.

I. Principles of Asset Valuation

- (1) The Valuation Standards aim to set forth asset valuation methods and standards for calculating the net assets pursuant to Article 12, paragraph 2 of the Articles of Incorporation and the distributions pursuant to Article 14 of the Articles of Incorporation.
- (2) The Investment Corporation shall conduct valuation of assets belonging to the Investment Corporation (“*Investment Assets*”) carefully and faithfully for the benefit of the unitholders.
- (3) The Investment Corporation shall conduct valuation of Investment Assets in accordance with the principle of consistency.
- (4) The Investment Corporation shall make efforts to ensure the reliability of valuation of Investment Assets.

II. Reference Date

The Investment Corporation has fixed the Accounts Closing Dates defined in Article 13 of the Articles of Incorporation as the valuation reference date.

III. Asset Valuation Methods and Standards

The asset valuation methods and standards of the Investment Corporation shall be as follows based on the type of Investment Asset:

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

Valuation shall be based on value after deducting accumulated depreciation from the acquisition price. Depreciation shall be calculated on a straight-line basis for building and facilities; provided, however, that if such calculation method is inappropriate due to any justifiable reason, a different method may be used, provided it can reasonably be determined that no issue will arise from the perspective of protecting the unitholders.

(2) Beneficiary interests of trusts formed by entrustment of real estate, real estate leasehold rights or surface rights

Where the trust assets are assets listed in (1) above, valuation in accordance with (1) above shall be conducted, and where the trust assets are financial assets, valuation in accordance with generally accepted corporate accounting principles and market practices shall be conducted, and the total of the foregoing, less the total amount of trust liabilities, will be the value of trust beneficiary interests.

(3) Equity Interests in silent partnerships (*tokumei kumiai*)

Where the assets that constitute equity interests in silent partnerships (*tokumei kumiai*) are assets listed in (1) or (2) above, valuation in accordance with (1) or (2) above shall be conducted, and where the assets that constitute equity interests in silent partnerships (*tokumei kumiai*) are financial assets, valuation in accordance with generally accepted corporate accounting principles and market practices shall be conducted, and the total of the foregoing, less the total amount of liabilities in relation to equity interests in silent partnerships (*tokumei kumiai*), will be the value of equity interests in silent partnerships (*tokumei kumiai*).

(4) Equity interests in partnership (*nini kumiai*)

Where the assets that constitute equity interests in partnership (*nini kumiai*) are assets listed in (1) or (2) above, valuation in accordance with (1) or (2) above shall be conducted, and where the assets that constitute equity interests in partnership (*nini kumiai*) are financial assets, valuation in accordance with generally accepted corporate accounting principles and market practices shall be conducted, and the total of the foregoing, less the total amount of liabilities in relation to equity interests in partnership (*nini kumiai*), will be the value of equity interests in partnership (*nini kumiai*).

[Translation for reference purpose only]

(5) Beneficiary interests in a monetary trust

Where the assets that constitute trust assets are assets listed in (1) or (2) above, valuation in accordance with (1) or (2) above shall be conducted, and where the assets that constitute trust assets are financial assets, valuation in accordance with generally accepted corporate accounting principles and market practices shall be conducted, and the total of the foregoing, less the total amount of trust liabilities, will be the value of trust beneficiary interests.

(6) Securities (excluding assets falling under any of the preceding items)

Where market price is available for a security, the value based on such market prices shall be used. Where no market price is available, the valuation of a stock, etc. shall be performed by taking into consideration its acquisition cost.

(7) Monetary claims

Valuation shall be based on value after deduction from acquisition price any allowance for bad debt calculated based on estimated bad debt; provided, however, that if the monetary claim was acquired at a price lower or higher than its face value and the difference between the acquisition price and the face value may be treated as interest adjustment, valuation shall be based on value calculated using the amortized cost method, less the allowance for bad debt.

(8) Interests in derivative transactions

Valuations of claims and obligations arising from derivatives transactions shall be performed by using their market value.

However, for transactions that satisfy the criteria for hedging transactions in accordance with the accounting principles for financial instruments and the operational guidelines for the accounting of financial instruments, hedge accounting may be applied. Further, for transactions that satisfy the criteria for special treatment for interest rate swaps in accordance with the accounting principles for financial instruments and the operational guidelines for the accounting of financial instruments, such special treatment may be applied.

(9) In all other cases, valuation shall be based on value calculated in accordance with the valuation rules of the Investment Trusts Association, Japan, and generally accepted accounting principles and other market practices.

IV. Miscellaneous

If an asset valuation method other than those described above are to be used in order to indicate any value in asset management reports, etc., valuation shall be conducted in the following manner:

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

In principle, value shall be based on appraisal by a real estate appraiser.

(2) Beneficiary interests in trusts and equity interests in silent partnerships (*tokumei kumiai*) and equity interests in partnership (*nini kumiai*)

With respect to trust assets or assets of silent partnerships (*tokumei kumiai*) or partnerships (*nini kumiai*) composed of real estate, real estate leasehold rights and surface rights, valuation shall be conducted using the method described in (1), and with respect to trust assets or assets of silent partnerships (*tokumei kumiai*) or partnerships (*nini kumiai*) composed of financial assets, valuations shall be conducted by calculating the total value of such assets in accordance with generally accepted accounting principles and market practices, less the total amount of trust liabilities and liabilities with respect to silent partnerships (*tokumei kumiai*).

(End)

[Translation for reference purpose only]

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