

[Translation for reference purpose only]

# **Articles of Incorporation**

**SANKEI REAL ESTATE Inc.**

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## Articles of Incorporation

### Chapter I General Provisions

#### Article 1 Trade Name

The investment corporation shall be named Sankei Real Estate Toshi Hojin, expressed in English as SANKEI REAL ESTATE Inc. (hereinafter “SANKEI REAL ESTATE”).

#### Article 2 Purpose

The purpose of SANKEI REAL ESTATE is to invest its assets primarily into real estate and other assets (as defined in the Regulation for Enforcement of the Act on Investment Trust and Investment Corporations (hereinafter referred to as the “Regulation for Enforcement of the Investment Trust Act”; hereinafter the same)) among the specified assets (as defined in the Act on Investment Trust and Investment Corporations (hereinafter referred to as the “Investment Trust Act”; hereinafter the same)), pursuant to the Investment Trust Act.

#### Article 3 Location of Head Office

The head office of SANKEI REAL ESTATE shall be in Chiyoda-ku, Tokyo.

#### Article 4 Method of Public Notice

SANKEI REAL ESTATE shall make public notice by means of publication in the Nihon Keizai Shimbun.

### Chapter II Investment Units

#### Article 5 Redemption of Investment Units upon the Request of Unitholders and Acquisition of Investment Units by SANKEI REAL ESTATE based on the Agreement with Unitholders

1. SANKEI REAL ESTATE shall not redeem investment units upon the request of unitholders.
2. SANKEI REAL ESTATE may acquire its own investment units for value based on agreements with unitholders.

#### Article 6 Total Number of Investment Units Authorized to be Issued

1. The total number of investment units of SANKEI REAL ESTATE authorized to be issued is 10 million units.
2. The issue price of investment units offered for subscription in Japan shall exceed 50% of the aggregate issue price of the investment units of SANKEI REAL ESTATE.

3. SANKEI REAL ESTATE may, upon obtaining the approval of the board of directors, solicit any persons to subscribe for investment units to be issued by SANKEI REAL ESTATE to the extent the number of the offered units is within the total number of investment units authorized to be issued stipulated in Paragraph 1. The amount to be paid in for one investment unit for subscription (meaning the investment units allotted to persons who, in response to such offer, applied for subscription to such investment units) shall be the price decided by the executive director and approved by the board of directors as fair in light of the assets held by SANKEI REAL ESTATE (hereinafter referred to as the “Assets under Management”).

#### Article 7 Matters relating to Investment Units Handling

The procedures related to investment units, including registration or recording in the registry of unitholders of SANKEI REAL ESTATE and the procedures for execution of unitholders’ rights, and the associated fees, shall be governed by laws and regulations and the Articles of Incorporation, as well as the “Investment Units Handling Rules” stipulated by the board of directors.

#### Article 8 Minimum Amount of Net Assets to be Regularly Held by SANKEI REAL ESTATE

The minimum amount of net assets to be regularly held by SANKEI REAL ESTATE shall be 50 million yen.

### Chapter III General Meeting of Unitholders

#### Article 9 Convocation

1. Unless otherwise stipulated by laws and regulations, general meeting of unitholders of SANKEI REAL ESTATE shall be convened pursuant to a resolution of the board of directors by the executive director in the case where there is only one executive director, or by one executive director in accordance with the order of priority predetermined by the board of directors in the case where there are two or more executive directors.
2. A general meeting of unitholders of SANKEI REAL ESTATE shall be convened on or after November 1, 2020 without delay and subsequently shall be convened every other year on or after November 1 without delay. SANKEI REAL ESTATE may also convene extraordinary general meeting of unitholders whenever necessary.
3. To convene a general meeting of unitholders, an executive director must give public notice of the day of the general meeting of unitholders at least two months before the relevant date, as well as notify unitholders in writing at least two weeks before such date; provided, however, that a general meeting of unitholders that is to be held prior to the day as of which 25 months have elapsed from the day of the immediately preceding general meeting of unitholders held in accordance with the first sentence of the preceding paragraph shall not require such public notice.
4. When SANKEI REAL ESTATE convenes a general meeting of unitholders, it shall provide information about the general meeting, including reference materials, in electronic form.

5. Of the matters to be provided in electronic format, SANKEI REAL ESTATE may not provide all or part of the matters set forth in the Regulation for Enforcement of the Investment Trust Act on the document to be provided for unitholders who request the delivery of written documents by a record date of voting rights.

#### Article 10 Chairperson

General meetings of unitholders of SANKEI REAL ESTATE shall be chaired by the executive director in the case where there is only one executive director, or by one executive director, in accordance with the order of priority predetermined by the board of directors, in the case where there are two or more executive directors. In the event of any accident involving the executive director undertaking the role of chairperson, such executive director shall be replaced as chairman by one of the other executive director or supervisory directors in accordance with the order priority predetermined by the board of directors.

#### Article 11 Resolutions

1. Unless otherwise stipulated by laws and regulations or the Articles of Incorporation, resolutions of general meeting of unitholders shall be made through majority vote of unitholders in attendance.
2. A unitholder may exercise his or her voting right by selecting as proxy another unitholder who has voting rights in SANKEI REAL ESTATE.
3. In the case of the preceding paragraph, a unitholder or his/her proxy shall be required to submit to SANKEI REAL ESTATE in advance for each general meeting of unitholders documentation evidencing the authority of the proxy.

#### Article 12 Exercise of Voting Rights in Writing

1. The exercise of voting rights in writing shall be executed by stating the necessary matters in the documents for unitholders to exercise their voting rights (hereinafter referred to as the "Voting Form") and submitting such Voting Form to SANKEI REAL ESTATE by the deadline stipulated by laws and regulations.
2. The number of voting rights exercised in writing pursuant to the preceding paragraph shall be added to the number of voting rights held by unitholders in attendance at the general meeting of unitholders.

#### Article 13 Exercise of Voting Rights by Electronic Method

1. The exercise of voting rights by electronic method shall be executed pursuant to the provisions of laws and regulations by obtaining the consent of SANKEI REAL ESTATE and by providing the matters required to be stated in the Voting Form to SANKEI REAL ESTATE by electronic method by the deadline stipulated by laws and regulations.
2. The number of voting rights exercised by electronic method pursuant to the preceding paragraph shall be added to the number of voting rights held by unitholders in attendance at the general meeting of unitholders.

#### Article 14 Deemed Affirmative Vote

1. If a unitholder fails to attend a general meeting of unitholders and exercise his/her voting rights, such unitholder shall be deemed to approve the proposal(s) submitted to the general meeting of unitholders (in the cases where multiple proposals have been submitted and they include conflicting proposals, excluding all proposals which conflict with each other).
2. The number of voting rights held by unitholders that are deemed to have approved the proposal(s) pursuant to the preceding paragraph shall be added to the number of voting rights held by unitholders in attendance at the general meeting of unitholders.
3. The preceding two paragraphs shall not apply to proposals when (i) within two weeks from the date on which SANKEI REAL ESTATE announced submission of the proposals regarding the following matters to a general meeting of unitholders on its website or the date on which a convenor announced the submission through a method equivalent to such, whichever date is earlier, a unitholder who owns 1% or more of the total investment units issued for a continuous period of six months or longer has notified SANKEI REAL ESTATE (when the convenor is one other than the executive director or the supervisory director, both SANKEI REAL ESTATE and the convenor) of their disapproval of the said proposals, or (ii) concerning the proposals regarding the following matters, SANKEI REAL ESTATE has stated its disapproval of the said proposals in the convocation notice or announced such on its website.
  - (1) Appointment or dismissal of executive directors or supervisory directors
  - (2) Conclusion or cancellation of the asset management agreement with the asset manager
  - (3) Dissolution
  - (4) Consolidation of investment units
  - (5) Exemption of liability of the executive directors, supervisory directors, or accounting auditor.
4. The provisions of Paragraphs 1 and 2 shall not apply to proposals to amend the Articles of Incorporation amending this Article.

#### Article 15 Record Date, Etc.

1. In the case where SANKEI REAL ESTATE convenes a general meeting of unitholders pursuant to the provision of the first sentence of Article 9, Paragraph 2, SANKEI REAL ESTATE shall recognize the unitholders registered or recorded in the final registry of unitholders on the last day of August 2020 and subsequently on the last day of August every other year to be the unitholders entitled to vote at the relevant general meeting of unitholders. Moreover, in the case where SANKEI REAL ESTATE convenes a general meeting of unitholders pursuant to the provision of the second sentence of Article 9, Paragraph 2, SANKEI REAL ESTATE shall, in principle, recognize the unitholders registered or recorded in the final registry of unitholders as of the record date determined by a resolution of the board of directors and announced in advance in a public notice in accordance with laws and regulations to be the unitholders entitled to vote at the relevant general meeting of unitholders.

2. Regarding the proceedings for general meetings of unitholders, minutes shall be prepared by setting forth recording a summary of the course of the proceedings, the results thereof, and other matters stipulated by laws and regulations.

#### Chapter IV Executive Directors and Supervisory Directors

##### Article 16 Number of Executive Directors and Supervisory Directors

SANKEI REAL ESTATE shall have at least one executive director and two supervisory directors (provided, however, that the number of supervisory directors shall be at least the number obtained by adding one to the number of executive directors).

##### Article 17 Election and Term of Office of Executive Directors and Supervisory Directors

1. Unless otherwise stipulated by laws and regulations, executive directors and supervisory directors shall be elected by a resolution of a general meeting of unitholders.
2. The term of office of executive directors and supervisory directors shall be 2 years upon the assumption of office; provided, however, that this shall not preclude the extending or shortening of the term by a resolution of a general meeting of unitholders to the extent permitted by laws and regulations. In addition, the term of office of an executive director or a supervisory director who is elected to fill a vacancy or is appointed to increase the number of officers shall be the same as the remaining term of the predecessor or incumbent.
3. The period during which a resolution on the election of a substitute executive director or supervisory director (executive director(s) and supervisory director(s) shall be individually or collectively referred to as “director(s)” hereinafter) to fill a vacancy will remain in force shall continue until the expiration of the term of office of the directors to be substituted who were elected at the general meeting of unitholders at which the aforementioned resolution was adopted (in cases where the directors were not elected at such general meeting of unitholders, then at the most recent general meeting of unitholders at which the directors were elected); provided, however, that such period may be shortened by a resolution of the general meeting of unitholders.

##### Article 18 Standards for Payment of Remuneration for Executive Directors and Supervisory Directors

Standards for the payment of remuneration to the executive directors and the supervisory directors of SANKEI REAL ESTATE and the time of payment thereof shall be as follows:

- (1) Remuneration for an executive director shall be no more than 800,000 yen per month, in the amount to be determined by the board of directors, and such remuneration shall be paid by the last day of each month by remittance into the account designated by the relevant executive director.
- (2) Remuneration for a supervisory director shall be no more than 600,000 yen per month, in the amount to be determined by the board of directors, and such remuneration shall

be paid by the last day of each month by remittance into the account designated by the relevant supervisory director.

#### Article 19 Exemption of Liability for Damages of Executive Directors and Supervisory Directors to SANKEI REAL ESTATE

If an executive director or a supervisory director performed his or her work duties in good faith and without gross negligence, and when SANKEI REAL ESTATE finds it particularly necessary taking into consideration the factual details of the source of liability, the status of the execution of the duties of such director, and other circumstances, SANKEI REAL ESTATE may, up to the limit of the amount permitted to be released by laws and regulations, by a resolution of the board of directors, release such director from liability for damages under Article 115-6, Paragraph 1 of the Investment Trust Act.

### Chapter V Board of Directors

#### Article 20 Convocation

1. Unless otherwise stipulated by laws and regulations, meetings of the board of directors shall be convened by the executive director in the case where there is only one executive director, or by one executive director in accordance with the order of priority predetermined by the board of directors in the case where there are two or more executive directors.
2. Executive directors or supervisory directors who do not have the authority to convene meetings of the board of directors may request convocation of a meeting of the board of directors in accordance with the provisions of the Investment Trust Act.
3. Convocation notices for a meeting of the board of directors shall be sent to all executive directors and supervisory directors at least three days prior to the meeting; provided, however, that the convocation period may be shortened in the case where there is an urgent necessity.
4. Meetings of the board of directors may be held without the convocation procedures subject to the consent of all executive directors and supervisory directors.

#### Article 21 Chairperson

The executive director shall chair the meetings of the board of directors in the case where there is only one executive director, or one of the executive directors shall chair the meetings of the board of directors in accordance with the order of priority predetermined by the board of directors in the case where there are two or more executive directors. If such executive director to be the chairman is unable to act as such due to absence or accidents, one of the other executive directors shall chair the meeting of the board of directors in accordance with the order of priority predetermined by the board of directors; provided, however, if all of the executive directors are unable to act as such due to absence or accident, one of the

supervisory directors shall chair the meeting of the board of directors in accordance with the order of priority predetermined by the board of directors.

Article 22 Resolution, Etc.

1. Unless otherwise stipulated by laws and regulations or the Articles of Incorporation, resolutions of the board of directors shall be made by a majority vote at a meeting attended by a majority of the members entitled to participate in the vote.
2. Regarding the proceedings of meetings of the board of directors, minutes shall be prepared by setting forth or recording a summary of the course of proceedings, the results thereof, and other matters stipulated by laws and regulations, and the executive directors and the supervisory directors in attendance shall sign their names or affix their names and seals or digital signs thereto.

Article 23 Rules of the Board of Directors

In addition to those stipulated by laws and regulations or the Articles of Incorporation, matters relating to the board of directors shall be governed by the “Rules of the Board of Directors” stipulated by the board of directors.

Chapter VI Accounting Auditor

Article 24 Election of Accounting Auditor

Unless otherwise stipulated by laws and regulations, an accounting auditor shall be elected by a resolution of the general meeting of unitholders.

Article 25 Term of Office of Accounting Auditor

1. The term of office of the accounting auditor shall be until the conclusion of the first general meeting of unitholders held after the first Closing Date (as defined in Article 35; hereinafter the same) one year after appointment of the accounting auditor.
2. Unless a resolution deciding otherwise is passed at the general meeting of unitholders referred to in the preceding paragraph, the accounting auditor shall be deemed to have been reelected at that general meeting of unitholders.

Article 26 Standards for Payment of Remuneration for Accounting Auditor

Remuneration for the accounting auditor shall be the amount to be determined by the board of directors; provided, however, it shall be no more than 20 million yen per Closing Date subject to auditing. Such amount shall be paid by remittance into the account designated by the accounting auditor within three months of receipt of demand from the accounting auditor after receipt of all audit report documents required pursuant to the Investment Trust Act and other laws and regulations.



#### Article 27 Exemption of Liability for Damages of Accounting Auditor to SANKEI REAL ESTATE

If the accounting auditor performed their work duties in good faith and without gross negligence, and when SANKEI REAL ESTATE deems it particularly necessary taking into consideration the factual details of the source of liability, the status of the execution of the duties of the accounting auditor, and other circumstances, SANKEI REAL ESTATE may, up to the limit of the amount permitted to be released by laws and regulations, by resolution of the board of directors, release the accounting auditor from liability for damages under Article 115-6, Paragraph 1 of the Investment Trust Act.

### Chapter VII Investment Target and Investment Policy

#### Article 28 Basic Investment Policy

SANKEI REAL ESTATE shall manage the Assets under Management primarily as investment in real estate and other assets (real estate, real estate leasehold rights, surface rights and the trust beneficiary rights having only these assets as trust assets, among those stipulated in the Regulation for Enforcement of the Investment Trust Act) and invest them with the aim of securing stable profits over the medium to long term and steady growth of the Assets under Management through continuous investment.

#### Article 29 Investment Perspective

1. In case SANKEI REAL ESTATE invests in real estate (for the purposes of this paragraph, including Real Estate, etc. as defined in Article 30, Paragraph 1, Item (2) and real estate backing respective Real Estate Backed Securities as defined in Article 30, Paragraph 1, Item (3)), the primary use of which shall be office buildings; provided, however, SANKEI REAL ESTATE may invest in real estate with use different from office buildings such as logistics facilities, hotels, retail facilities, healthcare facilities or residences, from the viewpoint of diversification of use.
2. SANKEI REAL ESTATE shall set cities designated under government ordinance, core cities and major regional cities throughout Japan in addition to greater Tokyo area (Tokyo and the prefectures of Kanagawa, Saitama and Chiba) as its target investment regions.
3. The asset allocation weightings for assets that SANKEI REAL ESTATE acquires shall be that the total amount of the Specified Real Estate (real estate, real estate leasehold rights or surface rights, or the trust beneficiary rights having as trust assets real estate ownership, land leasehold rights, or surface rights that SANKEI REAL ESTATE acquires as Specified Assets) accounts for at least 75% of the total amount of the Specified Assets held by SANKEI REAL ESTATE.

Article 30 Types, Purpose, and Scope of Assets which are Investment Target

1. In accordance with the basic investment policy prescribed in Article 28, SANKEI REAL ESTATE shall make investments in the Specified Assets listed below:
  - (1) Real estate
  - (2) The assets listed below (hereinafter collectively referred to as “Real Estate Equivalents”; real estate and Real Estate Equivalents are collectively referred to as “Real Estate, etc.”)
    - (i) Real estate leasehold rights
    - (ii) Surface rights
    - (iii) Trust beneficiary rights having as trust assets real estate, real estate leasehold rights or surface rights (including blanket trusts in which cash incidental to the real estate is also entrusted)
    - (iv) Trust beneficiary rights having cash as the trust asset, the purpose of which is management of trust assets by investing in real estate, real estate leasehold rights, or surface rights
    - (v) Equity interests in silent partnership in relation to real estate (equity interests in contracts whereby one party makes investment in the asset management by the counterparty of Item (1) of this paragraph or assets of the kind listed in (i) through (iv) in this item and the counterparty manages the contribution by the first party by primarily investing it in the cited assets and distributing the profits derived from those investments; hereinafter the same)
    - (vi) Trust beneficiary rights having cash as the trust asset, the purpose of which is management of trust assets by investing primarily in the assets listed in (v) in this item
  - (3) The following securities/certificates, the purpose of which is to invest more than 50% of the amount of the underlying assets in Real Estate, etc. (including the interests which should be indicated in the subject securities/certificates in instances where securities/certificates indicating the interests are not issued) (hereinafter collectively referred to as the “Real Estate Backed Securities”)
    - (i) Preferred equity securities (as prescribed in Article 2, Paragraph 9 of the Act on the Securitization of Assets (Act No. 105 of 1998; as amended; hereinafter referred to as the “Asset Securitization Act”))
    - (ii) Beneficiary certificates of investment trusts (as prescribed in Article 2, Paragraph 7 of the Investment Trust Act)
    - (iii) Investment securities of investment corporations (as prescribed in Article 2, Paragraph 15 of the Investment Trust Act)
    - (iv) Beneficiary certificates of specific purpose trusts (as prescribed in Article 2, Paragraph 15 of the Asset Securitization Act)
    - (v) Equity interests in silent partnerships securities (this means securities indicating equity interests in silent partnerships as prescribed in Article 2, Paragraph 2, Item 5

of the Financial Instruments and Exchange Act (Act No. 25 of 1948; as amended; hereinafter referred to as “FIEA”))

2. In addition to the Specified Assets listed in the preceding paragraph, SANKEI REAL ESTATE shall also invest in the Specified Assets listed below

- (1) Other Specified Assets (including the interests which should be indicated in the subject securities/certificates in instances where securities/certificates indicating the interests are not issued)

- (i) Deposits
- (ii) Call loans
- (iii) Government bonds (as prescribed in Article 2, Paragraph 1, Item 1 of the FIEA)
- (iv) Local government bonds (as prescribed in Article 2, Paragraph 1, Item 2 of the FIEA)
- (v) Corporate bonds issued by corporations in accordance with special law (as prescribed in Article 2, Paragraph 1, Item 3 of the FIEA)
- (vi) Specified corporate bonds as prescribed in the Asset Securitization Act (as prescribed in Article 2, Paragraph 1, Item 4 of the FIEA)
- (vii) Corporate bonds (as prescribed in Article 2, Paragraph 1, Item 5 of the FIEA)
- (viii) Negotiable certificates of deposit
- (ix) Trust beneficiary certificates for loan trusts (as prescribed in Article 2, Paragraph 1, Item 12 of the FIEA)
- (x) Commercial paper (as prescribed in Article 2, Paragraph 1, Item 15 of the FIEA)
- (xi) Monetary claims such as loan claims to specific purpose companies (as prescribed in the Article 2, Paragraph 3 of the Asset Securitization Act), special purpose companies or other corporations categorized as such form similar thereto with the objective of investing in the assets prescribed in the above Paragraph 1, Item (1) and Paragraph 1, Item (2) (i) through (iv) or (vi) (hereinafter referred to as the “Real Estate Related Loans and Other Monetary Claims”)
- (xii) Bonds issued by a limited liability company (*godo-kaisha*) with the objective of investing in the Real Estate-Related Loans and Other Monetary Claims
- (xiii) Trust beneficiary rights having the Real Estate Related Loans and Other Monetary Claims as its primary trust assets
- (xiv) Monetary claims (prescribed in Article 3, Item 7 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Act No. 480 of 2000; as amended; hereinafter referred to as “Investment Trust Act Enforcement Order”) and excludes meanings otherwise prescribed in the above)
- (xv) Share certificates (as prescribed in Article 2, Paragraph 1, Item 9 of the FIEA)
- (xvi) Trust beneficiary rights having cash as the trust asset, the purpose of which is management of the trust assets by investing primarily in the assets listed in (i) through (xv) of this item

- (xvii) Securities (securities as prescribed in Article 2, Paragraph 5 of the Investment Trust Act; excluding securities prescribed in Paragraph 1 Item (2) or Item (3) above or Item (1) in this paragraph; hereinafter the same)
  - (2) Interests associated with derivative transactions listed in Article 2, Paragraph 22, Item 2 through Item 5 in the FIEA
  - (3) Renewable Energy Power Generation Facility (as prescribed in Article 3, Item 11 of the Investment Trust Act Enforcement Order; hereinafter the same)
3. In addition to the foregoing two paragraphs, SANKEI REAL ESTATE may invest in the following rights or interests, etc., the acquisition of which is determined to be necessary or useful in connection with the investment in Real Estate, etc. or Real Estate Backed Securities (hereinafter, Real Estate, etc. and Real Estate Backed Securities are collectively referred to as the “Real Estate Related Assets”), the Real Estate Related Loans and Other Monetary Claims or Renewable Energy Power Generation Facility.
- (1) Trademark rights, etc. based on the Trademark Act (Act No. 127 of 1959; as amended) (trademarks or the exclusive or non-exclusive right to use trademarks)
  - (2) Copyrights, etc., based on the Copyright Act (Act No. 48 of 1970; as amended)
  - (3) Movables (however, excluding assets falling under the Renewable Energy Power Generation Facility)
  - (4) Rights to use the source of a hot spring as stipulated by the Hot Springs Act (Act No. 125 of 1948; as amended) and facilities, etc., related to such hot spring
  - (5) Specified contributions (as stipulated in Article 2, Paragraph 6 of the Asset Securitization Act)
  - (6) Equity interests in partnerships as defined in the Civil Code (Act No. 89 of 1896; as amended) (however, excluding assets falling under securities)
  - (7) Damage insurance contracts and rights or profits under damage insurance contracts
  - (8) Carbon dioxide equivalent quotas or other similar assets or emission rights (including emission rights for greenhouse gases) based on the Act on Promotion of Global Warming Countermeasures (Act No. 117 of 1998; as amended)
  - (9) Easements
  - (10) Other rights or interests, the acquisition of which is necessary or useful, in connection with investments in the other Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims or Renewable Energy Power Generation Facility
4. In addition to the foregoing, SANKEI REAL ESTATE may acquire other rights or interests to be held in conjunction with the organization management of the investment corporation.

#### Article 31 Restrictions on Investment

1. The monetary claims stipulated in Paragraph 2, Item (1), (xiv) of the preceding article and the securities stipulated in Paragraph 2, Item (1) (xvii) of the same article shall not be the subject of active investments, and in cases where there are surplus funds, investments shall be made in such assets, taking security and liquidity of investment into consideration, and in other

cases, investment shall be made in such assets taking into consideration relevance with Real Estate Related Assets.

2. In regard to rights relating to the derivative transactions set forth in Paragraph 2, Item (2) of the preceding article, investment therein shall be limited to investment for the purpose of achieving the same performance in the case where SANKEI REAL ESTATE owns the target investment asset and reducing risk arising from price or interest rate fluctuation as well as exchange fluctuation in forward foreign exchange transactions involved in SANKEI REAL ESTATE's assets or liabilities.

#### Article 32 Purpose and Scope of the Leasing of Portfolio Assets

1. SANKEI REAL ESTATE shall, in principle, lease (including cases of leasing for the purpose of using as parking area and setting up displays, etc.) all real estate that belongs to SANKEI REAL ESTATE (including real estate backing Real Estate Related Assets other than real estate which SANKEI REAL ESTATE acquires) for the purpose of achieving stable income over the medium to long term.
2. When conducting lease of real estate as per the preceding paragraph, SANKEI REAL ESTATE may receive or deposit security deposits, guaranty deposits and other similar monies; if it receives such monies, SANKEI REAL ESTATE shall invest such received monies in accordance with the stipulations of SANKEI REAL ESTATE's basic investment policy and investment perspective, etc.
3. SANKEI REAL ESTATE may lease the Assets under Management other than real estate (including real estate backing the Real Estate Related Assets other than real estate which SANKEI REAL ESTATE acquires) that belongs to the Assets under Management.

#### Article 33 Asset Evaluation Rules

1. SANKEI REAL ESTATE shall conduct asset evaluation of the Assets under Management carefully and faithfully for the benefit of unitholders.
2. When evaluating the Assets under Management, SANKEI REAL ESTATE shall endeavor to ensure the reliability of the evaluations.
3. Evaluation as a going concern will be the basic principle in the evaluation of the Assets under Management.

#### Article 34 Methods, Standards and Reference Dates for Asset Evaluation

1. The methods for asset evaluation used by SANKEI REAL ESTATE shall be defined as follows for each type of asset within the Assets under Management in accordance with the Investment Trust Act, the Rules for Accounting of Investment Corporations and rules stipulated by the Investment Trusts Association, Japan (hereinafter referred to as the "Investment Trusts Association"), and other laws and regulations, as well as generally accepted corporate accounting principles and practices in Japan.
  - (1) Real estate, real estate leasehold right or surface rights (the assets set forth in Article 30, Paragraph 1, Item (1) or Item (2) (i) or (ii))

Assets shall be evaluated at a value obtained by deducting the accumulated depreciation amount from the acquisition price. Depreciation shall be calculated on a straight-line basis for buildings and facilities, etc.; provided, however, that if the straight-line basis becomes inappropriate for any legitimate reason, a different method may be used for the calculation of the depreciation of the facilities, etc., as long as it can reasonably be determined that no problems will arise from the perspective of the protection of the unitholders.

- (2) Trust beneficiary rights having as trust assets real estate, real estate leasehold rights or surface rights (the assets set forth in Article 30, Paragraph 1, Item (2), (iii))

Accounting shall be conducted pursuant to the generally accepted corporate accounting principles in Japan; and the value of the beneficiary rights or a trust held by SANKEI REAL ESTATE shall be calculated based on the amount obtained by subtracting the amount of trust liabilities from the aggregate value of trust assets after, in the case where the trust assets are the assets listed in Item (1), evaluating the trust assets by the method stated in Item (1), and, in the case where the trust assets are financial assets, evaluating the trust assets in accordance with generally accepted corporate accounting principles and practices in Japan.

- (3) Trust beneficiary rights having cash as the trust asset, the purpose of which is management of the trust assets by investing in real estate, real estate leasehold rights, or surface rights (the assets set forth in Article 30, Paragraph 1, Item (2), (iv))

Accounting shall be conducted pursuant to generally accepted corporate accounting principles in Japan; and the value of the trust beneficiary rights held by SANKEI REAL ESTATE shall be calculated based on the amount obtained by subtracting the amount of trust liabilities from the aggregate value of trust assets after, in the case where the trust assets are composed of the assets listed in Item (1), evaluating the trust assets by the method stated in Item (1), and, in the case where the trust assets are composed of financial assets, evaluating the trust assets in accordance with generally accepted corporate accounting principles and practices in Japan.

- (4) Equity interests in silent partnerships in relation to real estate (the assets set forth in Article 30, Paragraph 1, Item (2), (v))

In principle, the value of the equity interests in silent partnerships held by SANKEI REAL ESTATE shall be calculated based on the amount obtained by subtracting the amount of silent partnership liabilities from the aggregate value of silent partnership assets after, in the case where the assets of the equity interests in silent partnerships are composed of the assets listed in Item (1) through Item (3), evaluating the assets of the silent partnerships by the methods respectively stated in Item (1) through Item (3), and, in the case where the assets of the silent partnerships are composed of financial assets, evaluating the assets of the silent partnerships in accordance with generally accepted corporate accounting principles and practices in Japan.

- (5) Trust beneficiary rights having cash as the trust asset, the purpose of which is to manage the trust assets by investing primarily in equity interests in silent partnerships in relation to real estate (the assets set forth in Article 30, Paragraph 1, Item (2), (vi))  
Accounting shall be conducted pursuant to the generally accepted corporate accounting principles in Japan; and the value of the trust beneficiary rights held by SANKEI REAL ESTATE shall be calculated based on the amount obtained by subtracting the amount of trust liabilities from the aggregate value of trust assets that are equity interests in silent partnerships after evaluating the equity interests in silent partnerships in accordance with Item (4).
- (6) Securities (the assets set forth in Article 30, Paragraph 1, Item (3) or Paragraph 2, Item (1) (iii) through (vii), (ix), (x), (xii), (xv), (xv) or (xvii))  
If classified into bonds held to maturity, they shall be evaluated at acquisition cost and if classified into other securities, they shall be assessed at fair value. Stock, etc. that has no market price shall be evaluated at the acquisition cost.
- (7) Monetary claims (the assets set forth in Article 30, Paragraph 2, Item (1) (xi) or (xiv))  
The value shall be obtained by deducting any allowance for bad debt from the acquisition price; provided, however, that if the monetary claims were acquired at a price lower or higher than their face value and the difference between the acquisition price and their face value can be considered to be an interest adjustment, the value shall be obtained by deducting the allowance for bad debt from the value calculated by the amortized cost method.
- (8) Trust beneficiary rights having the Real Estate Related Loans and Other Monetary Claims as its primary trust assets or trust beneficiary rights having cash as the trust asset, the purpose of which is management of trust assets by investing primarily in the assets listed in Article 30, Paragraph 2, Item (1) (i) through (xv) (the assets set forth in Article 30, Paragraph 2, Item (1) (xiii) or (xvi))  
Accounting shall be conducted pursuant to generally accepted corporate accounting principles in Japan; and trust beneficiary rights held by SANKEI REAL ESTATE shall be calculated based on the amount obtained by subtracting the amount of trust liabilities from the aggregate value of trust assets after, in the case where the trust assets are composed of assets listed in Item (6) or Item (7) in this paragraph, evaluating the trust assets by the methods respectively stated in Item (6) or Item (7).
- (9) Interests in derivative transactions (the assets set forth in Article 30, Paragraph 2, Item (2))  
(i) Claims and obligations from derivative transactions shall be evaluated at fair value  
(ii) For those transactions that are found to be hedging transactions in accordance with generally accepted corporate accounting principles and practices in Japan, hedge accounting can be applied. Further, for those transactions that satisfy the criteria for special treatment for interest rate swaps in accordance with the accounting principles for financial instruments, such special treatment can be applied, regardless of whether they fall under (i) above.
- (10) Others  
If not provided for above, evaluations shall be made at the value obtained in accordance with the evaluation rules of the Investment Trusts Association or at the value obtained in accordance with generally accepted corporate accounting principles and practices in

Japan.

2. If asset evaluation methods other than those mentioned in the preceding paragraph are to be used in order to indicate values in asset management reports, etc., evaluation shall be made in the following manner
  - (1) Real estate, real estate leasehold rights or surface rights  
In principle, the evaluation shall be based on the appraisal by a real estate appraiser, etc.
  - (2) Trust beneficiary rights having as trust assets real estate, real estate leasehold rights or surface rights, or equity interests in silent partnerships in relation to real estate  
Evaluations shall be made by calculating the amount equivalent to the equity interests in silent partnerships or the value of the interest in the trust beneficiary rights based on the amount obtained by subtracting the amount of liabilities from the aggregate value of assets, after evaluating the assets, in the case where the trust assets or the assets of silent partnerships are composed of the assets set forth in Item (1) of this paragraph, by the method described in Item (1), and in the case where the trust assets or the assets of silent partnerships are composed of financial assets, in accordance with generally accepted corporate accounting principles and practices in Japan.
  - (3) Interests in derivative transactions (cases where special treatment of interest swaps is employed pursuant to Paragraph 1, Item (9), (ii))  
The value specified in Paragraph 1, Item (9), (i).
3. The reference dates for asset evaluations shall be the respective Closing Dates stipulated in the following article; provided, however, that, for assets listed in Article 30, Paragraph 1, Item (3) or Paragraph 2 that can be evaluated based on their market prices (transaction prices on financial instrument exchanges, prices published by the Japan Securities Dealers Association, etc., or transaction prices under the transaction system in which buying and selling and cashing can be conducted in a timely manner in conformity with these), the reference dates shall be the last day of each month.

#### Article 35 Closing Dates

The fiscal period of SANKEI REAL ESTATE shall be the periods from March 1 to the last day of August of each year and from September 1 to the last day of February of the following year (hereinafter, the last day of each fiscal period is referred to as a "Closing Date").

#### Article 36 Policy on the Distribution of Funds

##### 1. Distribution Policy

SANKEI REAL ESTATE shall, in principle, make distributions pursuant to the following policy, and shall follow the rules stipulated by the Investment Trusts Association.

- (1) The distributable amount (hereinafter referred to as the "Distributable Amount") arising from the management of Assets under Management of SANKEI REAL ESTATE means the amount of profit calculated on each Closing Date in accordance with the Investment Trust Act as well as generally accepted corporate accounting principles and practices in Japan.
- (2) The amount of distributions shall be an amount determined by SANKEI REAL ESTATE (provided, however, that, in any case, the amount shall not be greater than the Distributable Amount), which exceeds the amount equivalent to 90% of the distributable



profit of SANKEI REAL ESTATE (if there is a change in the method of calculation due to the amendment to laws and regulations, then the amount as calculated after such change), as defined in the special taxation measures for investment corporations as set forth in Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (hereinafter referred to as the "Special Taxation Measures for Investment Corporations"). Furthermore, SANKEI REAL ESTATE may accumulate, reserve, or otherwise take from the Distributable Amount a long-term reserve for repair, payment reserve, reserve for distribution, reserves for adjustments of temporary difference etc. and other similar reserves and allowances, etc. as well as other required amounts that are considered necessary for the maintenance or increase in value of its Assets under Management.

(3) The amount of profit not allocated to distributions and retained and the amount of profit earned by the Closing Date shall be invested in accordance with the stipulations of SANKEI REAL ESTATE's basic investment policy and investment perspective, etc.

2. Distributions in Excess of the Amount of Profit

In the case where SANKEI REAL ESTATE determines it to be appropriate by taking into account trends in the economic environment, the real estate market, the leasing market and other markets, the state of its assets or the state of its finances, or other circumstances, or if it is possible to mitigate imposition of corporate tax or other tax on SANKEI REAL ESTATE, SANKEI REAL ESTATE may make distributions of funds in excess of the Distributable Amount, consisting of the distribution amount specified in (2) of the preceding paragraph plus an amount determined by SANKEI REAL ESTATE, which is not greater than the amount stipulated by the Investment Trusts Association.

3. Method for Distribution of Funds

Distributions of funds shall be in cash and, in principle, shall be made within three months from the Closing Date to unitholders or to pledgees of investment units registered or recorded in the last registry of unitholders as of the Closing Date in accordance with the number of investment units.

4. Period of Exclusion of Right to Demand Distributions

Once three full years have elapsed from the date of the start of the payment of a distribution, SANKEI REAL ESTATE will no longer be obligated to make the payment of such distribution. No interest shall accrue on unpaid distributions.

Article 37 Maximum Amounts, Etc., of Borrowing and Investment Corporation Bonds Issuance

1. For the purpose of contributing to the steady growth of the Assets under Management, efficient asset management and stability of asset management, SANKEI REAL ESTATE may borrow funds (including through the call market) or issue investment corporation bonds for the purpose of procuring funds required for the acquisition of assets, for the payment of repair costs and other maintenance and management expenses or of distributions, for the operation of SANKEI REAL ESTATE, or for the repayment of SANKEI REAL ESTATE's debts (including the refund of security deposits and guaranty deposits, the repayment of borrowing and the redemption of investment corporation bonds (including short-term investment corporation bonds; hereinafter the same)); 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 stipulated in laws and regulations. Furthermore, borrowing can only be made from

qualified institutional investors as stipulated by the FIEA (provided, however, limited to institutional investors as defined in Article 67-15 of the Act on Special Measures Concerning Taxation).

2. In the event of borrowing or issuance of investment corporation bonds, as stipulated in the preceding paragraph, SANKEI REAL ESTATE may provide the Assets under Management as collateral.
3. The maximum amount of borrowing and of issuance of investment corporation bonds shall be one trillion yen respectively and the total of the two shall not exceed one trillion yen.

#### Article 38 Standards for the Payment of Asset Management Fees to Asset Manager

1. The calculation method and payment timing for fees payable to the asset manager to which SANKEI REAL ESTATE entrusts the management of its Assets under Management (hereinafter referred to as the "Asset Manager") shall be as set forth below. Furthermore, SANKEI REAL ESTATE shall not pay the Asset Manager any fees relating to agency services or brokerage under the Building Lots and Buildings Transactions Business Act.

##### (1) Asset Management Fee I

Asset Management Fee I for each fiscal period shall be the amount obtained by multiplying the total assets as stated on the balance sheet on the Closing Date of SANKEI REAL ESTATE's immediately preceding fiscal period by a rate separately agreed upon between SANKEI REAL ESTATE and the Asset Manager, not to exceed 0.5% per annum (calculated pro rata based on the actual number of days in the relevant fiscal period, taking one year as being 365 days with fractions of less than 1 yen rounded down).

##### (2) Asset Management Fee II

Asset Management Fee II for each fiscal period shall be the amount obtained by multiplying the profit from the real estate leasing business by a rate separately agreed upon between SANKEI REAL ESTATE and the Asset Manager, not to exceed 5.0% (with fractions of less than 1 yen rounded down). Furthermore, the profit from the real estate leasing business refers to the amount obtained by deducting the expense for the real estate leasing business from the proceeds from the real estate leasing business in the statement of income as of the Closing Date of SANKEI REAL ESTATE's fiscal period targeted for the calculation of the Asset Management Fee II.

##### (3) Acquisition Fee

In cases where SANKEI REAL ESTATE acquired Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims, or Renewable Energy Power Generation Facilities (provided, however, cases of acquisition through merger (defined in Item (5) of this paragraph; hereinafter the same) are excluded), SANKEI REAL ESTATE shall pay the amount obtained by multiplying the acquisition price (purchase price in a case of purchase, evaluation amount of the relevant Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims, or Renewable Energy Power Generation Facility acquired through exchange in a case of exchange, the contribution amount in a case of capital contribution; provided, however, that national and local consumption tax are excluded) by a rate separately agreed upon between SANKEI REAL ESTATE and the Asset Manager, not to exceed 1.0% to the Asset Manager (with fractions of less than 1 yen rounded down) as the Acquisition Fee.

(4) Disposition Fee

In cases where SANKEI REAL ESTATE disposed of Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims, or Renewable Energy Power Generation Facilities (provided, however, cases of disposition through merger are excluded), SANKEI REAL ESTATE shall pay the amount obtained by multiplying the disposition price (sales price in a case of sale, evaluation amount of the relevant Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims, or Renewable Energy Power Generation Facility disposed through exchange in a case of exchange; provided, however, that national and local consumption tax are excluded) by a rate separately agreed upon between SANKEI REAL ESTATE and the Asset Manager, not to exceed 1.0% to the Asset Manager (with fractions of less than 1 yen rounded down) as the Disposition Fee.

(5) Merger Fee

In cases where the Asset Manager conducts a survey or evaluation of the assets held by a counterparty of a consolidation-type merger or an absorption-type merger (including both cases in which SANKEI REAL ESTATE is the surviving company in an absorption-type merger or the dissolving company in an absorption-type merger; hereinafter the same) (hereinafter collectively referred to as the "Merger") or any other operations regarding the Merger, and the Merger became effective, SANKEI REAL ESTATE shall pay the amount obtained by multiplying the total amount of evaluation amount of Real Estate Related Assets, Real Estate Related Loans and Other Monetary Claims, and Renewable Energy Power Generation Facility succeeded or owned by the new company established through the consolidation-type merger or the surviving company in the absorption-type merger as of the date when the Merger became effective, among those owned by the counterparty, by a rate separately agreed on by SANKEI REAL ESTATE and the Asset Manager, not to exceed 1.0% to the Asset Manager (with fractions of less than 1 yen rounded down).

(6) Timing for Payment of Fees

(i) Asset Management Fee I

SANKEI REAL ESTATE shall pay the Asset Management Fee I for the respective fiscal period to the Asset Manager within three months of the Closing Date of the relevant fiscal period.

(ii) Asset Management Fee II

SANKEI REAL ESTATE shall pay the Asset Management Fee II for the respective fiscal period to the Asset Manager within three months of the Closing Date of the relevant fiscal period.

(iii) Acquisition Fee

SANKEI REAL ESTATE shall pay the Acquisition Fee to the Asset Manager by the end of the month following the month to which the acquisition date of Real Estate Related Assets belongs, Real Estate Related Loans and Other Monetary Claims, or Renewable Energy Power Generation Facilities.

(iv) Disposition Fee

SANKEI REAL ESTATE shall pay the Disposition Fee to the Asset Manager by the end of the month following the month to which the disposition date of Real Estate Related Assets belongs, Real Estate Related Loans and Other Monetary Claims, or

Renewable Energy Power Generation Facilities.

(v) Merger Fee

SANKEI REAL ESTATE shall pay the Merger Fee to the Asset Manager by the end of the three months after the effective date of the Merger.

2. When paying asset management fees to the Asset Manager, SANKEI REAL ESTATE shall also bear an amount equivalent to all national and local consumption tax applicable to those fees and SANKEI REAL ESTATE shall pay an amount equivalent to the asset management fees to be paid plus the applicable national and local consumption tax by electronic bank transfer (all transfer fees and all national and local consumption tax applicable to those transfer fees shall be borne by SANKEI REAL ESTATE) or by remittance to a bank account designated by the Asset Manager.

Article 39 Attribution of Profit and Loss

The profit and loss arising from the Assets under Management of SANKEI REAL ESTATE as a result of management by the Asset Manager shall all be attributable to SANKEI REAL ESTATE.

Article 40 Payment of Miscellaneous Expenses

1. SANKEI REAL ESTATE shall bear tax on the Assets under Management, miscellaneous expenses incurred by the SANKEI REAL ESTATE's general administrator, SANKEI REAL ESTATE's asset custodian or the Asset Manager in performing administrative services entrusted by SANKEI REAL ESTATE. SANKEI REAL ESTATE shall also bear interest arrears or damages pertaining to advances made by such general administrator, the asset custodian or the Asset Manager, upon request for payment thereof.
2. In addition to the preceding paragraph, SANKEI REAL ESTATE shall in principle bear the following expenses. The details thereof shall be governed by the provisions of agreements with the general administrator, asset custodian, or the Asset Manager.
  - (1) Expenses related to the issuance of investment units and investment equity subscription rights, the issuance of investment corporation bonds, listing, and maintenance of listing of investment units (including expenses associated with the preparation, printing, and delivery of certificates as well as commissions to underwriting securities companies);
  - (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 stipulated by laws and regulations (including expenses for submission to supervising government agencies, etc. in cases of submissions);
  - (5) Expenses for public notice, advertising, IR activities, etc., of SANKEI REAL ESTATE;
  - (6) Fees and expenses paid to professionals (including financial advisors, legal counsels, tax advisors, accounting advisors, real estate appraisers, asset inspections, judicial scriveners, etc.);

- (7) Remuneration, out-of-pocket expenses, insurance premiums, advances, etc., for executive directors and supervisory directors, remuneration for accounting auditors, and expenses for holding general meetings of unitholders and meetings of the board of directors, etc.;
- (8) Expenses for the acquisition and disposal, as well as maintenance and management and operation of the Assets under Management (including expenses related to registration, inspection expenses for due diligence, etc., trust fees and trust expenses, brokerage fees, advertising expenses, administration service costs, damage insurance premiums, maintenance and repair expenses, utilities expenses, etc.);
- (9) Interest on borrowings and on investment corporation bonds, financing fees, underwriting fees, and other assorted expenses;
- (10) Expenses for obtainment and maintenance of ratings of SANKEI REAL ESTATE;
- (11) Expenses required for the operation of SANKEI REAL ESTATE; and
- (12) Other expenses ancillary or similar to any of the above items that should be borne by SANKEI REAL ESTATE.

#### Article 41 National and Local Consumption Tax

Unless otherwise stipulated herein, SANKEI REAL ESTATE shall bear national and local consumption tax (hereinafter referred to as “Consumption Tax”) levied on the expenses and monies for the management of the Assets under Management and other expenses and monies payable by SANKEI REAL ESTATE that are subject to taxation under consumption tax law (hereinafter collectively referred to as “Taxable Items”), and SANKEI REAL ESTATE shall pay the amount equivalent to Consumption Tax together with the monies for payment of the relevant Taxable Items. Unless otherwise specified herein, all amounts stated herein are amounts excluding Consumption Tax.

### Chapter VIII Entrustment of Services and Work

#### Article 42 Entrustment of Asset Management, Asset Custody and Other Services and Work

1. Pursuant to the Investment Trust Act, SANKEI REAL ESTATE shall entrust asset management services to an Asset Manager and asset custody services to an asset custodian.
2. SANKEI REAL ESTATE shall also entrust to third parties related work, other than asset management and asset custody services that must be entrusted to third parties under the Investment Trust Act.

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