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ORIX JREIT Inc.

ARTICLES OF INCORPORATION

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Chapter 1 General Provisions

Article 1 (Trade name)

The investment corporation established by these Articles of Incorporation shall be named *ORIX Fudosan Toshi Hojin*, expressed as ORIX JREIT Inc., in English (hereinafter “OJR”).

Article 2 (Purpose)

The purpose of OJR is to invest assets based on the Law Concerning Investment Trusts and Investment Corporations (1951 Law No. 198, hereinafter “the Investment Trust Law”) primarily in Specified Assets (here and hereinafter refers to those specified in the Investment Trust Law).

Article 3 (Location of head office)

The head office of OJR is located in Minato-ku, Tokyo, Japan.

Article 4 (Method of announcements)

OJR shall make its public announcements by means of publication in *Nihon Keizai Shimbun*.

Chapter 2 Investment Units

Article 5 (No redemption of investment units on request of unitholders)

OJR shall not reimburse investment units on the request of unitholders.

Article 6 (Total number of investment units that may be issued, etc.)

- 1 The total number of investment units that OJR may issue shall be two million.
- 2 The issue price of investment units subscribed to in Japan shall exceed 50% as a proportion of the total issue price of investment units that OJR issues.
- 3 With the approval of the board of directors, the executive directors of OJR may solicit underwriters for the investment units that OJR issues within the limit of the total number of investment units that may be issued as stipulated in Paragraph 1. The amount to be paid in exchange for one of the offered investment units (the investment units allocated to persons and/or entities who applied to underwrite the said investment units in response to the offer) shall be an amount approved by the board of directors as a fair sum that reflects the assets owned by OJR (hereinafter “Assets under Management”).

Article 7 (Transfer of investment units)

Unitholders may transfer investment units, and no restrictions, including the approval of the board of directors, may be established in relation to the transfer of investment units.

Article 8 (Investment unit handling regulations)

Matters pertaining to entries and records in the register of unitholders and other procedures relating to the handling of investment units as well as the fees and the exercise of rights by unitholders shall be governed by laws and ordinances of Japan, these Articles of Incorporation and the investment unit handling regulations stipulated by the board of directors.

Article 9 (Establishment of rights related to investment units)

- 1 The unitholders and registered pledgeholders of investment units who are entered or recorded in the final register of unitholders on the last day of the fiscal period (as defined in Article 39, the same applies hereinafter; the last day of the fiscal period shall hereinafter be referred to as “Account Closing Date”) are entitled to exercise the right to receive the distribution for that fiscal period.
- 2 When the date of the General Meeting of Unitholders is within three months of the day after the Account Closing Date, the unitholders who are entered or recorded in the final register of unitholders on the Account Closing Date immediately prior to the said General Meeting of Unitholders are entitled to exercise rights at the General Meeting of Unitholders.
- 3 When the date of the General Meeting of Unitholders is not within three months from the day after the Account Closing Date, a date (hereinafter the “Date of Record”) shall be established by resolution of the board of directors, and unitholders who are entered or recorded in the final register of unitholders on such Date of Record announced in advance in accordance with legislation shall be entitled to exercise rights at the relevant general meeting of unitholders.
- 4 Notwithstanding the three preceding Paragraphs, if it is necessary, it shall be permitted to establish a Date of Record by resolution of the board of directors, and to make those unitholders and registered pledgeholders of investment units who are entered or recorded in the final register of unitholders on such Date of Record to be announced in advance in accordance with legislation entitled to exercise rights.

Chapter 3 General Meeting of Unitholders

Article 10 (General Meeting of Unitholders)

The General Meeting of Unitholders may only resolve the matters stipulated by laws and/or ordinances of Japan as well as these Articles of Incorporation.

Article 11 (Convocation of the General Meeting of Unitholders)

The General Meeting of Unitholders shall be held at least once every two years.

Article 12 (Convener of the General Meeting of Unitholders)

The General Meeting of Unitholders shall be convened by an executive director, except when otherwise stipulated by laws and/or ordinances of Japan.

Article 13 (Announcement of holding and notice of convocation of General Meeting of Unitholders)

- 1 When a General Meeting of Unitholders is to be held, OJR shall announce the date of the meeting at least two months before, and send a notice of the convocation of the General Meeting of Unitholders to persons and/or entities established as those who are entitled to exercise rights pursuant to Paragraphs 2, 3 and 4 of Article 9 of these Articles of Incorporation at least two weeks before the date of the meeting.
- 2 On the notice of the convocation of the General Meeting of Unitholders, OJR shall state the date, time and location of the General Meeting of Unitholders as well as the purpose of the General Meeting of Unitholders and other matters stipulated by laws and/or ordinances of Japan.

Article 14 (Chair of the General Meeting of Unitholders)

The chair of the General Meeting of Unitholders shall be one of the executive directors in accordance with the order of precedence that the board of directors specifies in advance. In the event of any accident involving the executive director undertaking the role of chair, he or she may be replaced by one of the other executive director or supervisory directors (hereinafter “Directors” shall be the collective term for executive directors and supervisory directors) in accordance with the order of precedence that the board of directors specifies in advance.

Article 15 (Requirements, etc., for resolutions of the General Meeting of Unitholders)

- 1 Except where otherwise stipulated by laws or ordinances of Japan and/or these Articles of Incorporation, resolutions of the General Meeting of Unitholders shall be made through a majority of the voting rights of the unitholders in attendance.
- 2 Voting rights in writing shall be exercised by stating the necessary particulars on the Exercise of Voting Rights form and submitting the said form to OJR by the deadline stipulated by laws and/or ordinances of Japan.
- 3 The number of voting rights that are exercised in writing based on the provision of the preceding Paragraph shall be added to the number of voting rights of the unitholders in attendance.
- 4 OJR may stipulate by resolution of the board of directors that unitholders who do not attend the general meeting of unitholders may exercise voting rights by an electromagnetic method. If the votes are exercised by an electromagnetic method, it shall be exercised by providing the matters to be entered on the voting form to OJR by an electromagnetic method, with the approval of OJR, no later than the time prescribed by the applicable laws and ordinances.

- 5 The number of votes exercised by electromagnetic method pursuant to the preceding paragraph shall be included in the number of votes of the unitholders who are present at the General Meeting of Unitholders.

Article 16 (Exercise of voting rights by proxy)

- 1 A unitholder may exercise voting rights by proxy; provided that the unitholder shall designate only one proxy, and the proxy shall be an OJR unitholder.
- 2 In the case of the main text of the preceding Paragraph, the unitholder or the proxy shall submit documentary proof of authority to exercise voting rights to OJR at each General Meeting of Unitholders.

Article 17 (Construed approval)

- 1 If a unitholder fails to attend a General Meeting of Unitholders and to exercise voting rights, the unitholder shall be construed to have approved the proposals submitted to the General Meeting of Unitholders, except for any conflicting proposals among submitted proposals.
- 2 The number of voting rights of the unitholders construed to have approved proposals based on the provision of the preceding Paragraph shall be added to the number of voting rights of the unitholders who attended the General Meeting of Unitholders.

Article 18 (Minutes of the General Meeting of Unitholders)

- 1 Minutes of the General Meeting of Unitholders shall be prepared by recording a summary of the proceedings, the results thereof and other particulars stipulated by laws and/or ordinances of Japan.
- 2 OJR shall retain the minutes in the preceding Paragraph at its head office for a period of ten years after the date of the General Meeting of Unitholders concerned.

Chapter 4 Directors and the Board of Directors

Article 19 (Number of executive directors)

At least one executive director shall be assigned to OJR.

Article 20 (Election of executive directors)

Executive directors shall be elected based on the resolution taken at a General Meeting of Unitholders of OJR.

Article 21 (Term of office of executive directors)

- 1 The term of office of executive directors shall be two years after appointment.
- 2 The term of office of an executive director appointed to fill a vacancy shall be the same as the remaining term of office of the predecessor; the term of office of an executive director appointed to increase the number of executive directors shall be the same as the remaining term of office of the currently serving executive director(s).

- 3 The term of validity for the resolution concerning the election of an alternative executive director shall be until the expiry of the term of office of the executive director elected at the general meeting of unitholders that passed such resolution (if the executive director was not elected at such general meeting of unitholders, the most recent general meeting of unitholders at which the executive director was elected).

Article 22 (Number of supervisory directors)

At least two supervisory directors shall be assigned to OJR; provided, however, that the number of supervisory directors shall be at least one more than the number of executive directors.

Article 23 (Election of supervisory directors)

Supervisory directors shall be elected based on the resolution taken at a General Meeting of Unitholders of OJR.

Article 24 (Term of office of supervisory directors)

- 1 The term of office of supervisory directors shall be two years after appointment.
- 2 The term of office of a supervisory director appointed to fill a vacancy shall be the same as the remaining term of office of the predecessor; the term of office of an supervisory director appointed to increase the number of supervisory directors shall be the same as the remaining term of office of the currently serving supervisory director(s).
- 3 The term of validity for the resolution concerning the election of an alternative supervisory director shall be until the expiry of the term of office of the supervisory director elected at the general meeting of unitholders that passed such resolution (when the supervisory director was not elected at such general meeting of unitholders, the most recent general meeting of unitholders at which the supervisory director was elected).

Article 25 (Board of directors and its authority)

The board of directors shall be composed of all of the executive directors and supervisory directors. In addition to the authority stipulated by laws and/or ordinances of Japan as well as these Articles of Incorporation, the board of directors shall oversee the execution of duties by the executive directors.

Article 26 (Convener of the meeting of the board of directors)

- 1 When there is one executive director, the said executive director shall convene the meeting of the board of directors and take the chair. When there are two or more executive directors, one of the executive directors shall convene the meeting of the board of directors and take the chair according to the order of precedence that the board of directors specifies in advance.
- 2 Notwithstanding the provision of the preceding Paragraph, in accordance with the provision of the Investment Trust Law, an executive director or a supervisory director

who does not have the authority to convene a meeting of the board of directors may request the convener to convene a meeting of the board of directors, by indicating matters that are the purpose for the requested meeting of the board of directors.

Article 27 (Notice of convocation for meeting of board of directors)

- 1 The notice of convocation of a meeting of the board of directors shall be issued either verbally or in writing at least three days before the date of the meeting to each Director.
- 2 Notwithstanding the provision of the preceding paragraph, a meeting of the board of directors may be held without the procedure of convocation when all the Directors agree.

Article 28 (Requirements for resolutions of the board of directors)

Resolution of the board of directors shall require a majority of the members attending the board of directors meeting, at which a majority of all the members entitled to vote are present.

Article 29 (Minutes of the meeting of the board of directors)

- 1 Minutes on the proceedings of the meeting of the board of directors shall be prepared by recording a summary of the proceedings, the results thereof and other particulars stipulated by laws and/or ordinances of Japan, and the Directors in attendance shall either sign the document or print their names and affix their seals thereon.
- 2 OJR shall retain the minutes in the preceding Paragraph at its head office for a period of ten years after the date of the meeting of the board of directors.

Article 30 (Liability of directors, etc., to the investment trust)

With regard to the liability of directors and accounting auditors as stipulated in Article 115-6 Paragraph 1 of the Investment Trust Law (hereinafter such directors and accounting auditors are referred to collectively as “Directors, etc.”), when OJR deems it particularly necessary on consideration of the factual details of the source of the liability, the state of execution of the duties of the Directors, etc., and other circumstances when the execution of the duties of the Directors, etc., has been in good faith and without gross negligence, a resolution by the board of directors may make an exemption up to the limit of the amount permitted to be exempted under the provision of the Investment Trust Law.

Article 31 (Amount and criteria for payment of Directors’ remuneration)

Directors’ remuneration shall be determined by the board of directors at an amount judged to be reasonable reflecting general salary levels for directors and/or auditors performing similar duties, and price and wage trends, etc., with the amount capped at 800,000 yen per month for each individual Director. The salary shall be paid by the last day of the month in question.

Chapter 5 Accounting Auditor

Article 32 (Election of accounting auditor)

The accounting auditor shall be elected by resolution taken at a General Meeting of Unitholders of OJR.

Article 33 (Term of office of accounting auditor)

- 1 The term of office of the accounting auditor shall last until the end of the first General Meeting of Unitholders held following the first Account Closing Date one year after the appointment.
- 2 If the General Meeting of Unitholders in the preceding Paragraph does not resolve otherwise, the accounting auditor shall be deemed to be re-elected at the General Meeting of Unitholders.

Article 34 (Amount of remuneration and criteria for payment of remuneration of independent auditor)

The amount of the remuneration of the accounting auditor shall be capped at 20 million yen for each fiscal period audited and shall be determined by the board of directors. The amount for the fiscal period shall be paid within three months of the Account Closing Date of the applicable fiscal period.

Chapter 6 Assets, Asset Management, Calculations, etc.

Article 35 (Minimum net assets to be held by OJR)

The minimum net assets to be held by OJR at any time shall be 50 million yen.

Article 36 (Objects and policies of asset management)

OJR shall conduct asset management in accordance with Appendix 1 Objects and Policies of Asset Management, which constitutes part of these Articles of Incorporation.

Article 37 (Method, standards, and date of record for evaluation of assets)

OJR shall evaluate assets in accordance with Appendix 2 Methods, Standards and Date of Record for Evaluation of Assets, which constitutes part of these Articles of Incorporation.

Article 38 (Distribution policy)

As a rule, OJR shall conduct cash distributions in accordance with Appendix 3 Distribution Policy, which constitutes part of these Articles of Incorporation.

Article 39 (Fiscal period)

OJR's fiscal periods shall be the six monthly periods from March 1 until the last day of August and from September 1 until the last day of February the following year.

Article 40 (Cap on the amount, etc., of borrowing and issue of investment corporate bonds)

- 1 In order to contribute to the efficiency and stability of asset management, OJR may borrow funds and/or issue investment corporate bonds with the objective of allocating funds to the acquisition and/or improvement of assets, payment of distributions, repayment of liabilities, including repayment of deposits, securities and other similar monies (hereinafter collectively "Deposits, etc."), borrowings, and investment

corporate bonds (here and hereinafter including short-term investment corporate bonds), etc.; provided, however, that lenders shall be restricted to qualified institutional investors stipulated in Article 2 Paragraph 3, Item 1 of the Financial Instruments and Exchange Law (hereinafter “Financial Instruments Law”) and limited to those stipulated in Article 67-15 of the Special Measures for Taxation Law.

- 2 In the case of the preceding Paragraph, OJR may provide assets under management as security.
- 3 Borrowings and investment corporate bonds to be issued by OJR are capped at 1 trillion yen respectively, and the total of both may not exceed 1 trillion yen.

Article 41 (Amount and criteria for payment of asset management fees to asset management company)

The method for the calculation of the fees that OJR pays to the persons and/or entities who is contracted by OJR to carry out operations related to the management of its assets (an asset management company as stipulated under the Investment Trust Law, hereinafter “Asset Management Company”) and the timing of the payments shall be as follows:

(a) Management Fee 1

An amount equal to 0.175% of OJR’s total assets (rounded down to the nearest whole yen) on the immediately preceding Account Closing Date shall be designated Management Fee 1 for the fiscal period beginning on the date that follows such immediately preceding Account Closing Date. Half of the aforementioned amount (rounded down to the nearest whole yen) shall be paid promptly i) after the last days of May and August of the fiscal period beginning on the date that follows the immediately preceding Account Closing Date (when the immediately preceding fiscal period ends on the last day of February) and ii) after the last days of November and February (when the immediately preceding fiscal period ends on the last day of August).

(b) Management Fee 2

An amount equivalent to 3% (rounded down to the nearest whole yen) of the Adjusted Net Income shall be designated Management Fee 2 for the fiscal period beginning on the next day to the Account Closing Date of the immediately preceding fiscal period, where the Adjusted Net Income shall be i) OJR’s pre-tax net income in the immediately preceding fiscal period, plus ii) amount equal to interest paid and other interest expenses in such immediately preceding fiscal period, plus/minus iii) gain or loss from the sale of Real Estate-Related Assets (defined in Appendix 1 Objects and Policies of Asset Management, which forms part of these Articles of Incorporation, the same applies below; however, in this Article Real Estate-Related Assets also include movables acquired or sold at the same time as the acquisition or sale of real estate-related assets as defined in Appendix 1 Objects and Policies of Asset Management) in such immediately preceding fiscal period. Half of the aforementioned 3% amount (rounded down to the nearest whole yen) shall be paid either i) promptly after the last days of May and August in the fiscal period beginning on the next day to the Account Closing Date of the immediately preceding fiscal period (if the fiscal period preceding

the last day of May/August ends on the last day of February), or ii) promptly after the last days of November and February (if the fiscal period preceding the last day of November/February ends on the last day of August). If the Adjusted Net Income is zero or negative, the Adjusted Net Income to be used in the calculation of Management Fee 2 shall be zero, and therefore the Management Fee 2 shall be zero.

(c) Management Fee 3

If OJR acquires new Real Estate-Related Assets, an amount equal to not more than 0.5% of the acquisition price (rounded down to the nearest whole yen) of the Real Estate-Related Asset, excluding consumption tax, local consumption tax and expenses accompanying the acquisition, shall be designated Management Fee 3 and paid within one month of the end of the month of the date of the acquisition (the date when the transfer of ownership rights or other related rights takes effect).

(d) Management Fee 4

If Real Estate-Related Assets from among assets under management are sold, an amount equivalent to not more than 0.5% of the sale price (rounded down to the nearest whole yen) of the Real Estate-Related Assets, excluding consumption tax and local consumption tax, shall be designated Management Fee 4 and paid within one month of the end of the month of the date of the sale (the date when the transfer of ownership rights or other related rights takes effect).

(e) OJR shall bear the consumption tax and local consumption tax relating to the payment of each management fee.

(f) The payment of each management fee shall be made by transfer of the amount plus an amount equivalent to the consumption tax and local consumption tax relating to the fee to the bank account designated by the Asset Management Company; OJR shall bear the bank fees as well as consumption tax and local consumption tax related to the transfer fees.

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Appendix 1

Objects and Policies of Asset Management

The objects and policies, etc., of asset management at OJR are as below.

I Objects of Asset Management

The objects of asset investment conducted by OJR are the specified assets listed in (1) through (3) below, and the assets listed in (4) below.

If securities on which the rights to be indicated on securities in accordance with Article 2 Paragraph 2 of the Financial Instruments Law are not issued, these rights shall be deemed as securities, and (1) through (4) below shall apply to all these rights.

- (1) Real estate, etc. (referring to the assets listed in (a) through (g) below, the same applies hereinafter.)
 - (a) Real estate (meaning real estate when OJR acquires real estate directly from a third party. If OJR first acquires trust beneficial interests from a third party with real estate as an entrusted asset, and, on the termination or cancellation of the trust agreement, real estate as an entrusted asset is delivered to OJR, the same applies hereinafter to such real estate acquired by OJR.)
 - (b) Real estate lease rights
 - (c) Land rights
 - (d) Trust beneficial interests entrusting real estate, real estate lease rights, and/or land rights, including cases of umbrella agreement that entrusts money concomitant to real estate (hereinafter "Umbrella Trusts").
 - (e) Beneficial interests in money trusts with the objective of investment in real estate, real estate lease rights and/or land rights.
 - (f) Investment equity in relation to an agreement under which one contractual party invests funds in order for the other party to manage the investment in the form of one of those (a) through (e) above; the other party manages the investment of the invested assets primarily in the form of such asset; and the other party undertakes to make distribution of the profit arising from the management. Hereinafter, such investment holdings shall be referred to as "Anonymous Association Investment Equity Related to Real Estate."
 - (g) Beneficial interests in money trusts with the objective of investment primarily in the Anonymous Association Investment Equity Related to Real Estate
- (2) Real estate securities (referring to assets listed in (a) through (d) below, the same applies hereinafter.) (Hereinafter, "Real Estate-Related Assets" is used as a collective term for real estate, etc., and real estate securities.)

The below listed items, with the objective of investment in the above (1) Real estate, etc. as the principal investment object

- (a) Preferred securities, as stipulated by the Law concerning the Securitization of Assets (hereinafter the Asset Securitization Law)
 - (b) Beneficiary certificates, as stipulated by the Investment Trust Law.
 - (c) Investment securities, as stipulated by the Investment Trust Law.
 - (d) Beneficiary certificates of special purpose trusts, i.e. beneficiary certificates of special purpose trusts stipulated by the Asset Securitization Law, excluding those corresponding to the assets listed in (1) (d), (e) and (g) above, which are defined as real estate, etc.
- (3) Specified assets other than those listed in (1) and (2) above, as follows.
- (a) Negotiable securities, as stipulated in the Investment Trust Law, but excluding those considered as Real Estate-Related Assets, those referred to in (f) and (4) (j) below (The same applies hereinafter). (This shall be restricted to those with the objective of actual investment in Real Estate-Related Assets and/or those acquired together with or in relation to investment in Real Estate-Related Assets.)
 - (b) Money claims, as stipulated by the Enforcement Ordinance for the Law Concerning Investment Trusts and Investment Corporations (hereinafter the Investment Trust Enforcement Ordinance).
 - (c) Bank deposits
 - (d) Call loans
 - (e) Transferable bank deposits
 - (f) Beneficial interests in money trusts with the objective of investment in the assets listed in (a) through (e) above as the principal entrusted assets.
 - (g) Rights relating to derivative transactions, as stipulated by the Investment Trust Enforcement Ordinance.
- (4) Assets other than the specified assets referred to in (1) through (3) above, as follows, but limited to assets that accompany investment in Real Estate-Related Assets. Item (f) shall be limited to those established through investment in real estate, real estate lease rights and/or land rights with the objective of lease, operation and/or management. Item (g) below shall be limited to those for the objective of reducing the risk related to investment in Real Estate-Related Assets.

- (a) Trade mark rights, etc., as stipulated by the Trademarks Law (meaning trade mark rights, rights of exclusive use and rights of customary use)
- (b) Copyrights, etc., as stipulated by the Copyright Law.
- (c) Hot spring rights, etc., (meaning rights to use hot springs as stipulated by the Tourism Facility Mortgage Law, as well as hot spring rights or rights to use hot springs recognised as rights under common law)
- (d) Movable, etc., (meaning property attached to equipment, fixtures and/or other structurally considered or actually considered real estate, out of the movables stipulated by the Civil Code, and including these movables, etc. that are leased)
- (e) Specified investment, as stipulated by the Asset Securitization Law
- (f) Investment equity of associations, as stipulated by the Civil Code
- (g) Rights relating to all types of derivative transactions (excludes those corresponding to (3) (g) above) and to all types of insurance contracts.
- (h) Easements stipulated in the Civil Code.
- (i) Carbon dioxide equivalent quotas stipulated in the Law concerning Countermeasures to Global Warming, other similar value and/or emission rights, including emission rights related to greenhouse gases.
- (j) Trust beneficial interests entrusting the assets listed in (a) through (i) above as the entrusted assets.
- (k) In addition to those listed in (a) through (j) above, rights which must be acquired accompanying investment in Real Estate-Related Assets.

II Asset Management Policy

- (1) OJR seeks to secure steady growth of assets under management and stable income from a medium-to long-term perspective.
- (2) The principal object of investment at OJR shall be Real Estate-Related Assets.
- (3) OJR shall primarily invest in Real Estate-Related Assets of which the main or underlying real estate is used for the leasing business.
- (4) The greater Tokyo area (which refers to Tokyo, Kanagawa, Saitama, and Chiba prefectures) is the principal region for investment by OJR.
- (5) In the selection of the main or underlying real estate that forms the Real Estate-Related Assets, OJR shall examine comprehensively and carry out adequate

investigation into such factors as forecast income of the said property, prospects for the area in which it is located, the size of building, architectural and equipment specifications, earthquake resistance, rights relations, occupying tenants, building management status, environment and geological features.

- (6) In the geographical composition of the main or underlying real estate that forms the Real Estate-Related Assets, OJR shall determine the proportion that each area accounts for in its overall portfolio after comprehensively examining the investment environment of the area in which the property is located.
- (7) As a rule, OJR shall invest in Real Estate-Related Assets in which productive, income-producing real estate, including real estate that is ready to be leased, forms the main or underlying part. When investing in Real Estate-Related Assets in which non-productive real estate forms the main or underlying part, OJR shall give consideration to keeping the proportion of unproductive real estate in its overall portfolio within a proper limit.
- (8) When investing in negotiable securities and/or money claims (except for shares), OJR shall operate exclusively from the viewpoint of safety and liquidity.
- (9) When investing in derivative transactions-related rights, OJR shall invest only for the purpose of avoiding or reducing interest rate fluctuation risks and other risks arising from OJR's liabilities.
- (10) As an asset management policy at OJR, the total price of specified real estate (i.e. real estate, real estate lease rights, and land rights, as well as trust beneficial interests entrusting real estate ownership rights, land lease rights and/or land rights, out of all the specified assets that OJR acquires) shall be 75% or more as a proportion of the total price of specified assets that OJR owns.
- (11) As an asset management policy at OJR, the total price of real estate, etc., (for the purpose of this Item (11), meaning assets listed in Article 37 Paragraph 3 Item 2 i), ii), and/or v) of the Regulations concerning the Accounting of Investment Corporations), real estate lease rights, assets listed under vi) in the same Item, land rights, and easements as well as trust beneficial interests entrusting these assets) shall be 70% or more as a proportion of the total price of assets that OJR owns.

III Purpose of and Limits on the Lease of Assets

- (1) Real estate, which is a specified asset, shall in principle be leased through the conclusion of a lease agreement with a third party. Furthermore, real estate, which is an entrusted asset related to trust beneficial interests which are a specified asset, shall in principle be either i) leased through the conclusion of a lease agreement made between the trust fiduciary and a third party, or ii) sublet through the conclusion of a sublease agreement between OJR and a third party after OJR concludes a master lease agreement with the trust fiduciary to lease the relevant real estate as specified in (4) below.

- (2) On the lease of real estate in the preceding Item, a Deposit, etc., shall be received or supplied, and the Deposit, etc., received shall be invested on the basis of the policies stipulated in II above.
- (3) In order to efficiently invest surplus funds, assets other than real estate belonging to the portfolio may be leased.
- (4) Regarding the right to lease real estate, which is a specified asset, it shall in principle be sublet through the conclusion of a sublease agreement with a third party.

Appendix 2

The Methods, Standards and Date of Record for Evaluation of Assets

I The Methods and Standard for the Evaluation of Assets

The methods and standards that OJR uses for the evaluation of assets shall be based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by The Investment Trusts Association (ITA), in addition to Japanese GAAP.

1 Methods and standards of evaluation for each type of asset under management

(1) Real estate, etc.

(a) Real estate, real estate lease rights and land rights

The value shall be the one obtained by deducting accumulated depreciation from the acquisition price.

As a rule, the straight-line method of computing depreciation shall be used for both the building component and the equipment component. However, if there is due cause rendering straight-line method of computing depreciation no longer suitable, depreciation may be computed using another method when it can be reasonably determined that there are no problems with investor protection.

(b) Trust beneficial interests entrusting real estate, real estate lease rights and land rights (including Umbrella Trusts)

When the entrusted assets are the assets listed in (a) above, OJR shall make the valuation stipulated in (1) above. In the case of financial assets, the equity value in the trust beneficial interests shall be calculated after making an evaluation in accordance with Japanese GAAP and by deducting liabilities from the total amount.

(c) Beneficial interests in money trusts with the objective of investing in real estate, real estate lease rights and land rights

When the component assets of the trust assets are the assets listed in (a) above, OJR shall make the evaluation stipulated in (a) above. In the case of financial assets, the equity value in the trust beneficial interests shall be calculated after making an evaluation in accordance with Japanese GAAP and by deducting liabilities from the total amount.

(d) Anonymous Association Investment Equity Related to Real Estate.

When the component equity value of the anonymous association investments are the assets listed in (a) through (c) OJR makes the valuation as stipulated for each. In the case of financial assets, the equity value in the anonymous association investments is calculated after making an evaluation in accordance with Japanese GAAP and by deducting liabilities from the total amount.

- (e) Beneficial interests in money trusts with the objective of investing in Anonymous Association Investment Equity Related to Real Estate as the principal entrusted asset
Evaluation of the equity in the anonymous association investment as the entrusted asset is conducted in accordance with (d) above. In the case of financial assets, the equity value in the trust beneficial interests is calculated after making an evaluation in accordance with Japanese GAAP and by deducting liabilities from the total amount.
- (2) Negotiable securities (including real estate securities, but excluding those included in real estate, etc., or (4))
 - (a) Negotiable securities listed on financial instrument exchanges
The value shall be the one calculated on the final price on the securities market or overseas securities market established by a financial instrument exchange. In principle, the final price shall be the closing contract price. If the final price is not published on the date of record for the evaluation, the most recently published closing price shall be used.
 - (b) Negotiable securities other than those listed in (a) above
The value shall be the one based on the market price if the negotiable securities have a market price, which means either the price quoted (or even an indicative price presented) by a securities firm or any other securities broker or the price established through a trading system that allows trading and encashment just like the trading price on the exchange securities market. If there is no market price, the value shall be an equivalent value calculated on the basis of a reasonable method. If there is no market price and no value can be calculated in a reasonable method for securities having characteristics of i) preferred securities, ii) commercial paper, iii) beneficiary certificates for loan trusts, iv) beneficiary certificates for overseas loan trusts, v) transferable certificates of deposit issued by overseas corporations, vi) beneficiary certificates for loan receivables trusts, or vii) rights to beneficiary certificates for loan receivables trusts which are rights against overseas corporations, these instruments may be evaluated at the acquisition price.
- (3) Money claims
The value shall be the one obtained by deducting the allowance for bad debts from the acquisition price. If OJR acquired the claim for a lower or higher value than the claim amount, and the gap between the acquisition price and the claim amount is recognized as an interest adjustment, the value shall be the one calculated deducting the allowance for bad debts from a value calculated based on the amortized cost method.
- (4) Beneficial interests in money trusts
If the component assets of the entrusted assets are those in (2), (3) above or (6) below, OJR shall make an evaluation in accordance with the method stipulated for each asset, basing the valuation on the total amounts.
- (5) Rights related to derivative transactions
 - (a) Derivative transactions listed on exchanges

The value shall be the one calculated based on the final price on the exchange. If there is no final price, the value shall be the one calculated based on the final indicative price, i.e. either the final lowest indicative offer price published or the final highest indicative bid price published (If both prices are published, the mid rate shall be used). If no final price or indicative price is published on the exchange on the date of record for evaluation, OJR shall use an amount calculated based on the most recently published final price or indicative price.

(b) Unlisted derivative transactions with no exchange market

The value shall be the one equivalent to a market price calculated using a reasonable method. If it is extremely difficult to calculate a fair value, they may be evaluated at the acquisition price.

(c) If the derivative transaction is considered to be a hedge transaction based on Japanese GAAP and hedging is deemed valid in the validity judgement in accordance with the Corporation Tax Law, then hedge accounting may be applied.

(6) Other

OJR shall evaluate items not stipulated in (1) through (5) above in accordance with Japanese GAAP.

2 Fair value

If OJR uses a value that differs from the balance sheet value for the purpose of its asset management reports, etc., Item I -1 (1) (a) in Appendix 2 shall read, "As a rule, a value calculated based on an appraisal by a real estate appraiser."

3 Consistent application of methods of calculation

In accordance with the principle of consistency, OJR shall not modify the methods of evaluation stipulated in 1 and 2 above. Notwithstanding, OJR may change to another method of evaluation if a due cause renders evaluation using the method employed no longer suitable and it can be reasonably judged that there are no problems with investor protection. When OJR changes the method of evaluation, it shall state the matters listed below in the subsequent asset management report delivered to unitholders.

- (1) The fact of the change in the method of evaluation and the date of the change
- (2) Specific details of the method of evaluation used before the change and after the change
- (3) Evaluated value at the end of the financial period obtained based on the previous method of evaluation and that based on the new method
- (4) Specific reasons for the change
- (5) Matters pertinent to investor protection in addition to those items listed in (1) through (4) above

II Date of record for evaluation of assets

As a rule, the date of record for the evaluation of OJR's assets shall be the Account Closing Date stipulated in Article 9 Paragraph 1 of these Articles of Incorporation. However, it shall be the last day of each month for assets that are negotiable securities, including real estate securities, for which a value can be evaluated based on the market price.

Policy for Distributions

As a rule, OJR shall carry out distributions on the basis of the policy below.

1 Distribution of profit

- (1) Out of the total amount for distribution to unitholders, the amount of profit, or the amount obtained by subtracting unitholders' capital, etc., from net assets on OJR's balance sheet, as stipulated by the Investment Trust Law (the same applies hereinafter), shall be calculated in accordance with Japanese GAAP.
- (2) When OJR makes a distribution up to the profit amount, as a rule, it shall exceed the amount equivalent to 90% of the amount of OJR's account profit available for distribution, stipulated in Article 67-15 of the Special Measures for Taxation Law and Article 39-32-3 of the Enforcement Ordinance for the Special Measures for Taxation Law (if the criteria for determining such amount change due to the revision of laws and/or regulations, an amount based on the criteria for determining the amount after the relevant changes).
- (3) OJR may accumulate the allowance for long-term repairs, payment reserve, distribution reserve and similar reserves that are deemed necessary to maintain and improve the value of its assets.

2 Distributions in excess of profit

If the board of directors considers it appropriate, OJR may make a distribution to unitholders in excess of the profit amount based on a statement of cash dividends authorized in accordance with the Investment Trust Law; provided, however, that OJR shall consider whether tax liabilities will arise as a result of such distribution under the Corporation Tax Law, and what will be the effect on tax liabilities after the fiscal period to which such in-excess distribution relates.

3 Method of distribution

Distributions shall be made in cash to unitholders and registered pledgeholders of investment units who are recorded or registered in the final register of unitholders as of the Account Closing Date, and will, as a rule, be paid within three months of the day following the Account Closing Date and in accordance with the number of investment units held or the investment units subject to the registered pledge.

4 Expiration of obligation of distributions, etc.

The obligation to pay the distribution stipulated in 3 above will be void after a period of three years from the date of commencement of payments. The payment of distributions shall not include interest.