

Articles of Incorporation of the Investment Corporation

MCUBS MidCity Investment Corporation

Established on May 26, 2006

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Revised on April 10, 2008

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Revised on October 23, 2020

Articles of Incorporation of MCUBS MidCity Investment Corporation

Chapter 1 General Provisions

Article 1 (Trade Name)

The investment corporation shall be named MCUBS MidCity 投資法人 and expressed as MCUBS MidCity Investment Corporation in English (hereafter, the investment corporation referred to as “MCUBS MidCity”).

Article 2 (Purpose)

The purpose of MCUBS MidCity shall, pursuant to the Law Concerning Investment Trusts and Investment Corporations (hereafter, the “ITL”), be to manage assets as investment in primarily specified assets (those listed in the ITL; the same hereafter).

Article 3 (Location of Head Office)

MCUBS MidCity shall have its head office located in Chiyoda Ward, Tokyo.

Article 4 (Method of Public Notice)

MCUBS MidCity’s public notice shall be given in the method of publication in The Nikkei.

Chapter 2 Investment Units

Article 5 (Refund of Investment Units at Request of Unitholders and acquisition of the Investment Units through Agreement)

1. MCUBS MidCity shall not refund investment units at the request of unitholders.
2. MCUBS MidCity shall be able to acquire its investment units for value through agreement with unitholders.

Article 6 (Total Number of Investment Units Authorized)

1. The total number of investment units authorized of MCUBS MidCity shall be 10,000,000

units.

2. Of the total amount of issue value of investment units of MCUBS MidCity, the issue value of investment units offered in Japan shall account for over 50%.
3. Within the scope of the total number of investment units authorized as stipulated in Paragraph 1, MCUBS MidCity shall be able to solicit persons who will subscribe for the investment units it issues, subject to approval of the board of directors. The amount of cash to be paid in exchange for one unit of investment units for subscription (meaning investment units allotted to persons who have applied to subscribe for the investment units in response to the solicitation) shall be the amount approved by the board of directors as being an amount that is fair in light of the content of the assets held by MCUBS MidCity (hereafter, the “assets under management”).

Article 7 (Investment Unit Handling Regulations)

The statements or records in the final register of unitholders of MCUBS MidCity and other procedures concerning investment units, as well as the corresponding fees, shall be pursuant to laws and regulations or these Articles of Incorporation, as well as the investment unit handling regulations provided by the board of directors.

Article 8 (Minimum Amount of Net Assets Regularly Held by Investment Corporation)

The minimum amount of net assets regularly held by MCUBS MidCity shall be 50 million yen.

Chapter 3 General Meeting of Unitholders

Article 9 (Convocation)

1. Unless otherwise provided for in laws and regulations, by resolution of the board of directors, the general meeting of unitholders shall be convened by the executive director in cases where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the board of directors in cases where there are two or more executive directors.
2. The general meeting of unitholders of MCUBS MidCity shall be convened on March 4, 2019 and thereafter without delay, and subsequently convened biennially on March 4 and thereafter without delay. Furthermore, general meeting of unitholders may be held from time to time when it is deemed necessary.
3. To convene the general meeting of unitholders, public notice concerning the date of general

meeting of unitholders must be given at least 2 months before the date of the general meeting of unitholders, and notice must be dispatched to each unitholder in writing or by electronic method in accordance with the laws or regulations at least two weeks before the date of the general meeting of unitholders. However, such public notice is not required with respect to a general meeting of unitholders held prior to the date on which 25 months have elapsed from the date on which the immediately preceding general meeting of unitholders was held in accordance with the provisions of the first sentence of the preceding paragraph.

Article 10 (Chairperson)

The chairperson of the general meeting of unitholders shall be the executive director in cases where there is one executive director and one of the executive directors in accordance with the order determined in advance by the board of directors in cases where there are two or more executive directors; provided, however, that in the event of an accident involving the executive director who is to be the chairperson, another executive director or one supervisory director in accordance with the order determined in advance by the board of directors shall substitute as chairperson.

Article 11 (Resolution)

1. Unless otherwise provided for in laws and regulations or these Articles of Incorporation, resolutions of the general meeting of unitholders shall be passed with a majority of the voting rights of unitholders who attended the meeting.
2. Unitholders shall be entitled to exercise voting rights by having one other unitholder with voting rights of MCUBS MidCity act as proxy.
3. In the case referred to in the preceding paragraph, the unitholder or proxy must submit to MCUBS MidCity a document evidencing the authority of proxy for every general meeting of unitholders.

Article 12 (Exercise of Voting Rights in Writing)

1. The exercise of voting rights in writing shall be effected by stating the necessary matters in the voting form and submitting the completed voting form to MCUBS MidCity by the time specified by laws and regulations.
2. The number of voting rights exercised in writing under the provisions of the preceding paragraph shall be included in the number of voting rights of unitholders who attended the meeting.

Article 13 (Exercise of Voting Rights by Electromagnetic Means)

1. MCUBS MidCity shall, by resolution of the board of directors, be able to provide to the effect that unitholders who do not attend the general meeting of unitholders are entitled to exercise their voting rights by electromagnetic means. The exercise of voting rights by electromagnetic means shall, pursuant to the provisions of laws and regulations, be effected by obtaining the consent of MCUBS MidCity and providing the matters to be stated in the voting form to MCUBS MidCity by electromagnetic means by the time specified by laws and regulations.
2. The number of voting rights exercised by electromagnetic means under the provisions of the preceding paragraph shall be included in the number of voting rights of unitholders who attended the meeting.

Article 14 (Deemed Approval)

1. When unitholders do not attend the general meeting of unitholders and do not exercise their voting rights, those unitholders shall be deemed to have voted in favor of the proposal submitted to that general meeting of unitholders (in cases where several proposals have been submitted, when these include proposals of conflicting purpose, then excluding all of those conflicting proposals).
2. The number of voting rights held by the unitholders who are deemed to have voted in favor of the proposal under the provisions of the preceding paragraph shall be included in the number of voting rights of unitholders who attended the meeting.

Article 15 (Record Date, etc.)

1. In the case where MCUBS MidCity is to hold the general meeting of unitholders with a date that is within three months of the most recent settlement of accounts (defined in Article 33; the same hereafter) as the date of the general meeting of unitholders, the unitholders stated or recorded in the final register of unitholders as of the concerned settlement of accounts shall be the unitholders who are entitled to exercise their voting rights at that general meeting of unitholders.
2. Notwithstanding the provisions of the preceding paragraph, unitholders who are entitled to exercise their voting rights at the general meeting of unitholders shall be the unitholders stated or recorded in the final register of unitholders as of the record date that MCUBS MidCity determined by resolution of the board of directors and gave public notice in advance in accordance with laws and regulations.

3. Minutes of the proceedings concerning the general meeting of unitholders shall be prepared in accordance with laws and regulations.
4. MCUBS MidCity shall keep the minutes prepared under Paragraph 2 at its head office for a period of ten years from the date of the general meeting of unitholders.

Chapter 4 Executive Directors and Supervisory Directors

Article 16 (Number of Executive Directors and Supervisory Directors)

MCUBS MidCity shall have at least one executive director and at least two supervisory directors (provided, however, that the number of supervisory directors shall be at least one more than the number of executive directors).

Article 17 (Appointment and Term of Office of Executive Directors and Supervisory Directors)

1. Executive directors and supervisory directors shall, unless otherwise provided for in laws and regulations, be appointed by resolution of the general meeting of unitholders.
2. The term of office of executive directors and supervisory directors shall be two years from assumption of office. However, this shall not preclude extending or shortening such period by resolution of a general meeting of unitholders, to the extent stipulated by the laws and regulations. Furthermore, the term of office of executive directors or supervisory directors who are appointed as substitute or additional executive directors or supervisory directors shall be the same as the remaining period of the term of office of the person who was previously or who is currently in office.
3. The period that a resolution pertaining to the appointment of a substitute executive director and substitute supervisory director remains in force shall be until expiry of the term of office of the executive director or supervisory director who the executive director or supervisory director is to substitute appointed at the general meeting of unitholders at which the concerned resolution was passed (in cases where the executive director or supervisory director was not appointed at that general meeting of unitholders, then the most recent general meeting of unitholders at which the executive director or supervisory director was appointed); provided, however, that this shall not preclude the shortening of such period by resolution of the general meeting of unitholders.

Article 18 (Standards of Payment of Executive Directors' and Supervisory Directors' Compensation)

The standards of payment and time of payment of compensation for executive directors and supervisory directors of MCUBS MidCity shall be as follows:

- (1) The amount of compensation for executive directors shall be an amount determined by the board of directors that is no more than 800,000 yen per month per person and shall be paid no later than the last day of the relevant month by depositing such amount into the account designated by executive directors.
- (2) The amount of compensation for supervisory directors shall be an amount determined by the board of directors that is no more than 500,000 yen per month per person and shall be paid no later than the last day of the relevant month by depositing such amount into the account designated by supervisory directors.

Article 19 (Executive Directors', Supervisory Directors' and Accounting Auditors' Exemption from Liability for Damages to Investment Corporation)

Concerning the liability for damages of executive directors, supervisory directors or accounting auditors (hereafter, the "directors, etc." in this article) provided in Article 115-6, Paragraph 1 of the ITL, in cases where those directors, etc. have performed their duties in good faith and without gross negligence and when MCUBS MidCity finds it particularly necessary, taking into consideration the details of the facts that are the source of liability, the status of execution of the duties of those directors, etc. and other circumstances, MCUBS MidCity shall, by resolution of the board of directors, be able to exempt those directors, etc. from liability for damages within the limit of the maximum amount prescribed by laws and regulations.

Chapter 5 Board of Directors

Article 20 (Convocation)

- 1. Unless otherwise provided for in laws and regulations, the meeting of the board of directors shall be convened and chaired by the executive director in cases where there is one executive director and by one of the executive directors in accordance with the order determined in advance by the board of directors in cases where there are two or more executive directors.
- 2. The notice of convocation of the meeting of the board of directors shall be sent to all executive directors and supervisory directors at least three days prior to the date of the meeting of the board of directors; provided, however, that the convocation period may be shortened or convocation procedures omitted when the consent of all executive directors and supervisory directors is obtained.

3. Notwithstanding the provisions of Paragraph 1, executive directors and supervisory directors who do not hold the right to convene a meeting of the board of directors shall each be entitled to request for convocation of a meeting of the board of directors by presenting the matters that are the purpose of the meeting of the board of directors to the executive director who holds the right to convene a meeting of the board of directors.

Article 21 (Resolution, etc.)

1. Unless otherwise provided for in laws and regulations or these Articles of Incorporation, resolutions of the board of directors shall be passed with a majority of the members of the board of directors who are entitled to participate in the vote attending the meeting and by a majority vote of those members.
2. Minutes of the proceedings concerning the meeting of the board of directors shall be prepared in accordance with laws and regulations, and the executive directors and supervisory directors present shall sign or affix their name and seal or provide an electronic signature on the minutes.
3. MCUBS MidCity shall keep the minutes prepared under Paragraph 2 at its head office for a period of ten years from the date of the meeting of the board of directors.

Article 22 (Board of Directors Regulations)

The matters concerning the board of directors shall be pursuant to the board of directors regulations provided by the board of directors, excluding those stipulated under laws and regulations and these Articles of Incorporation.

Chapter 6 Accounting Auditors

Article 23 (Appointment of Accounting Auditors)

Accounting auditors shall be appointed by resolution of the general meeting of unitholders.

Article 24 (Term of Office of Accounting Auditors)

1. The term of office of accounting auditors shall continue until the conclusion of the first general meeting of unitholders held following the first settlement of accounts after one year has elapsed since assumption.
2. When it is not resolved otherwise at the general meeting of unitholders prescribed in the

preceding paragraph, accounting auditors shall be deemed to have been reappointed at said general meeting of unitholders.

Article 25 (Standards of Payment of Accounting Auditors' Compensation)

The amount of compensation for accounting auditors shall be an amount determined by the board of directors that is no more than 15 million yen per business period and shall be paid no later than three months after the settlement of accounts of the relevant business period by depositing such amount into the account designated by accounting auditors.

Chapter 7 Asset Management Target and Policy

Article 26 (Basic Policy of Asset Management)

MCUBS MidCity shall manage assets in pursuit of securing stable revenue and achieving steady growth of its assets under management from a medium- to long-term perspective.

Article 27 (Investment Stance)

1. The purpose of MCUBS MidCity shall be to manage assets as investment primarily in real estate and other assets (defined in Article 105, Item 1 of the Ordinance for Enforcement of the Law Concerning Investment Trusts and Investment Corporations; hereafter, the "Ordinance of Enforcement of the ITL").
2. MCUBS MidCity shall target investment primarily in assets that have primarily real estate used as office buildings as the actual or underlying assets, and invest in also assets that have real estate of other uses (excluding commercial properties (a property where the floor area used for retail purposes is the largest among other floor areas for each use, or such asset backed by that property; the same hereafter) and industrial properties (logistics facilities (a property where the floor area used as a facility for business-to-business logistics operations and sales logistics operations, which consist of each function of transportation, shipping, storage, stock, cargo, packing, assortment, distributive processing and providing information is the largest among other floor areas for each use, or such asset backed by that property), plants and research and development facilities (a property where the floor area used as a facility for research and development, raw material procurement and stock, storage, manufacture and production, assembly and processing, recycling, etc. is the largest among other floor areas for each use, or such asset backed by that property), infrastructure facilities (a property where the floor area used as

a facility developed as a base of industrial activity such as traffic, communications, energy, water service, public facilities, etc. is the largest among other floor areas for each use, or such asset backed by that property) and data centers (a property where the floor area used for a facility in which server and data communication equipment, etc. are installed and operated is the largest among other floor areas for each use, or such asset backed by that property))) as the actual or underlying assets; provided, however, that MCUBS MidCity may continue to target investment in the commercial properties held as at June 16, 2015.

3. The investment region shall be focused on the three major metropolitan areas (Tokyo metropolitan area (Tokyo, Kanagawa, Chiba and Saitama Prefectures), Osaka metropolitan area (Osaka, Kyoto and Hyogo Prefectures) and Nagoya metropolitan area (Aichi Prefecture)), and also include the government-designated cities and other major cities as well as abroad.
4. MCUBS MidCity shall manage assets so that the sum total amount of the value of specified real estate (meaning specified assets that MCUBS MidCity acquires that are real estate, real estate lease rights or superficies rights, or beneficiary interests of trusts that have real estate ownership, land lease rights or superficies rights placed in trust) constitutes 75% or more of the sum total amount of the value of specified assets held by MCUBS MidCity.
5. When stipulated by Article 116-2 of the Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations (hereafter, the “Order for Enforcement of the ITL”), MCUBS MidCity shall be able to acquire the shares issued and outstanding or the equity investment of a corporation holding overseas real estate (meaning the corporation stipulated in Article 221-2, Paragraph 1 of Ordinance for Enforcement of the ITL; the same hereafter) in excess of a number or an amount obtained by multiplying the total number of the shares issued and outstanding or equity investment (excluding the corporation holding overseas real estate’s own shares held) by the rate stipulated in Article 221 of the Ordinance for Enforcement of the ITL.

Article 28 (Type, Purpose and Scope of Assets for Asset Management)

1. In accordance with the basic policy provided in Article 26 and the investment stance provided in Article 27, MCUBS MidCity shall invest in the specified assets listed below:
 - (1) Real estate
 - (2) The respective assets listed below (hereafter, referred collectively as the “real estate equivalents,” and real estate and real estate equivalents referred collectively as the “real estate, etc.”):
 - ① Real estate lease rights
 - ② Superficies rights

- ③ Beneficiary interests of trusts that have real estate, real estate lease rights or superficies rights, or these assets under laws and regulations of a foreign state, placed in trust (including comprehensive trusts that have such placed in trust together with monies in association with real estate)
 - ④ Beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties as investments in primarily real estate, real estate lease rights or superficies rights, or these assets under laws and regulations of a foreign state
 - ⑤ Equity investment interests pertaining to agreements contracting one party to conduct equity investments for the other party to manage real estate stipulated in the preceding item or the assets listed in ① to ④ of this item and contracting the other party to manage those invested properties primarily as investment in the concerned assets and to distribute the earnings generating from such management (hereafter, the “silent partnership interests in real estate”)
 - ⑥ Beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties as investments in primarily silent partnership interests in real estate
 - ⑦ Real estate, real estate lease rights or superficies rights under laws and regulations of a foreign state, or beneficiary interests of trusts that have these assets placed in trust (including comprehensive trusts that have such placed in trust together with monies in association with real estate)
 - ⑧ Assets of a similar nature to the assets listed in ③ to ⑥ of this item that were formed in compliance with the laws and regulations of a foreign state
- (3) Those listed below, the purpose of which is to invest an amount that is more than 50% of the underlying assets in real estate, etc. (furthermore, where securities that indicate rights have not been issued, it shall include the rights that are to be indicated on those securities and, hereafter, referred collectively as the “real estate backed securities;” In addition, real estate, etc. and real estate backed securities referred to collectively as the “real estate related assets”):
- ① Preferred equity investment securities (those provided in the Law on Securitization of Assets (hereafter, the “Asset Securitization Law”))
 - ② Beneficiary securities (those provided in the ITL)
 - ③ Investment securities (those provided in the ITL)
 - ④ Beneficiary securities of specific purpose trusts (those provided in the Asset Securitization Law (excluding those falling under the category of the assets listed in ③, ④ or ⑥ of the preceding item))
 - ⑤ Assets of a similar nature to the assets listed in ① or ④ of this item that were formed in compliance with the laws and regulations of a foreign state
2. In accordance with the basic policy provided in Article 26 and the investment stance

provided in Article 27, in addition to the specified assets listed in the preceding paragraph, MCUBS MidCity shall invest in the specified assets listed below. Furthermore, where securities that indicate rights have not been issued, it shall include the rights that are to be indicated on those securities.

(1) Specified assets listed below:

- ① Deposits
- ② Securities (those provided in the ITL; provided, however, that it shall exclude those falling under the category of securities individually listed separately in this article)
- ③ Negotiable deposits
- ④ Monetary claims (those provided in the “Order for Enforcement of the ITL”)
- ⑤ Beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties primarily as investment in the assets listed in ① to ④ of this item, and beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties primarily as investment in such beneficiary interests of monetary trusts
- ⑥ Renewable energy power generation facilities (those provided in the Order for Enforcement of the ITL)
- ⑦ Rights to operate a public facility, etc. (those provided in the Order for Enforcement of the ITL)
- ⑧ Shares issued and outstanding of a corporation holding overseas real estate (limited to the shares issued and outstanding acquired in a number exceeding the number obtained by multiplying the total number of the shares issued and outstanding (excluding the corporation holding overseas real estate’s own shares held) by the rate stipulated in Article 221 of the Ordinance for Enforcement of the ITL)

(2) Rights pertaining to derivative transactions (those provided in the Order for Enforcement of the ITL)

3. In addition to the specified assets provided in Paragraph 1 and Paragraph 2, MCUBS MidCity may invest in the specified assets listed below; provided, however, that the cases where investment can be made shall be cases where it is recognized to be necessary or useful for the basic policy of asset management provided in Article 26 or cases where it is recognized to be necessary or useful for operating the MCUBS MidCity organization.

- (1) Trademark rights, etc. under the Trademark Law (meaning trademark rights, or the exclusive right to use or non-exclusive right to use trademark rights)
- (2) Rights to use the source of hot springs and facilities concerning those hot springs provided in the Hot Springs Law
- (3) Specified equity investments stipulated in the Asset Securitization Law

- (4) Movable under the Civil Code (provided, however, that it shall exclude the assets listed in Item 1⑥ of the preceding paragraph and that it shall be limited to facilities, fixtures and those other that are added to real estate in terms of structure or in terms of use)
- (5) Equity investment interests of partnerships under the Civil Code (provided, however, that it shall be limited to those that are established through equity investment of real estate, real estate lease rights or superficies rights, the purpose of which is the leasing / asset management / property management of such, and it shall exclude those falling under the category of securities)
- (6) Carbon dioxide equivalent quotas pursuant to the Law on Promotion of Global Warming Countermeasures and other similar emissions, emissions credits or emissions allowances, etc. (including those concerning greenhouse gas emissions)
- (7) Assets of a similar nature to the assets listed in Item 3 or Item 5 that were formed in compliance with the laws and regulations of a foreign state
- (8) In addition to those listed in the preceding items, other rights of which acquisition is necessary or useful in association with investment in real estate, etc. or real estate backed securities

Article 29 (Investment Restrictions)

1. The securities and monetary claims, etc. listed in Paragraph 2, Item 1 of the preceding article shall not be for active investment, but rather for management that takes security and liquidity or connection with the specified assets listed in Paragraph 1 of the preceding article into consideration.
2. The rights pertaining to derivative transactions listed in Paragraph 2, Item 2 of the preceding article shall be limited to management for the purpose of hedging interest rate fluctuation risks arising from liabilities pertaining to MCUBS MidCity, exchange risks related to assets held by MCUBS MidCity and other risks.

Article 30 (Purpose and Scope, etc. of Loan of Portfolio Assets)

1. MCUBS MidCity shall lease out (including parking spaces, signs and other installations, etc.) all real estate belonging to assets under management (including real estate underlying real estate related assets other than real estate that MCUBS MidCity acquires), in principle, for the purpose of securing stable revenue over the medium to long term.
2. Upon the leasing of real estate in the preceding paragraph, MCUBS MidCity may receive or pay deposits and guarantees, as well as other cash similar thereto, and manage any

such cash pursuant to MCUBS MidCity's basic policy of asset management and investment stance, as well as other provisions.

3. MCUBS MidCity may loan assets under management other than the real estate belonging to assets under management (including real estate underlying real estate related assets other than real estate that MCUBS MidCity acquires).
4. As part of asset management, MCUBS MidCity may lease real estate and sublease those real estate.

Article 31 (Principles of Asset Valuation)

1. In the valuation of assets under management, MCUBS MidCity shall engage in the valuation carefully and faithfully for the benefit of unitholders.
2. In the valuation of assets under management, MCUBS MidCity shall strive to ensure reliability of the valuation.
3. The valuation of assets under management shall be based on the principle of consistency.

Article 32 (Methods, Standards and Record Date of Asset Valuation)

1. The methods and standards of asset valuation of MCUBS MidCity shall be provided for every type of assets under management as follows, in accordance with the "Regulations Concerning Accounting of Investment Corporations," the "Rules Concerning Real Estate Investment Trusts and Real Estate Investment Corporations" established by The Investment Trusts Association, Japan, a general incorporated association, other rules provided by the Association, and generally accepted corporate accounting principles and practices.

- (1) Real estate, real estate lease rights and superficies rights (of those provided in Article 28, Paragraph 1, Item 1, Item 2①, Item 2② or Item 2⑦, those falling under the following)

Valuation shall be in the value arrived at when accumulated depreciation is deducted from the acquisition value. Furthermore, the method of estimation of depreciation shall be estimation based on the straight-line method for the buildings portion and facilities, etc. portion; provided, however, that in the case where estimation based on the straight-line method is no longer appropriate due to justifiable grounds and also limited to the case where reasonable judgment can be made that there are no problems in terms of investor protection, change to another method of estimation shall be acceptable.

- (2) Beneficiary interests of trusts that have real estate, real estate lease rights or superficies rights placed in trust (of those provided in Article 28, Paragraph 1, Item

2③, Item 2⑦ or Item 2⑧, those falling under the following)

Valuation shall be in the value that estimates the amount equivalent to the interests of the concerned beneficiary interests of trusts by deducting the amount of liabilities from the sum total amount of the trust properties that, in the case of assets listed in the preceding item , shall be based on valuation in accordance with the preceding item, and, in the case of financial assets, shall be based on valuation in accordance with generally accepted corporate accounting principles and practices.

- (3) Beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties as investments in primarily real estate, real estate lease rights or superficies rights (of those provided in Article 28, Paragraph 1, Item 2④ or Item 2⑧, those falling under the following)

Valuation shall be in the value that estimates the amount equivalent to the interests of the concerned beneficiary interests of trusts by deducting the amount of liabilities from the sum total amount of the assets comprising the trust properties that, in the case of assets listed in Item 1 , shall be based on valuation in accordance with that item, and, in the case of financial assets, shall be based on valuation in accordance with generally accepted corporate accounting principles and practices.

- (4) Silent partnership interests in real estate (of those provided in Article 28, Paragraph 1, Item 2⑤ or Item 2⑧, those falling under the following)

Valuation shall be in the value that estimates the amount equivalent to the interests of the concerned equity investment in silent partnership by deducting the amount of liabilities from the sum total amount of the assets comprising the silent partnership interests in real estate that, in the case of assets listed in the preceding items, shall be based on valuation in accordance with the methods provided for each, and, in the case of financial assets, shall be based on valuation in accordance with generally accepted corporate accounting principles and practices.

- (5) Beneficiary interests of monetary trusts, the purpose of which is to manage the trust properties as investments in primarily silent partnership interests in real estate (of those provided in Article 28, Paragraph 1, Item 2⑥ or Item 2⑧, those falling under the following)

Valuation shall be in the value that estimates the amount equivalent to the interests of the concerned beneficiary interests of trusts by deducting the amount of liabilities from the sum total amount of the silent partnership interests in real estate that are the trust properties that shall be based on valuation in accordance with the preceding item, and, in the case of financial assets, shall be based on valuation in accordance with generally accepted corporate accounting principles and practices.

- (6) Securities (those provided in Article 28, Paragraph 1, Item 3)

In the case where there is a market price for the concerned securities, valuation shall

use the value based on the market price (meaning the trading price on an financial instruments exchange or price quoted by certified financial instruments services associations, etc., or similar trading price reached in a trading system that enables trading, cashing, etc. any time; the same hereafter). In the case where these is no market price, valuation shall be in the reasonably estimated value. In addition, except in cases where the accuracy of the valuation is increased, the market price given or reasonably estimated value shall be obtained by the same method every period. In the case where neither market price or reasonably estimated value can be obtained, valuation using the cost of acquisition shall be acceptable.

- (7) Securities, etc. (those provided in Article 28, Paragraph 2, Item 1 ② and ③)

In the case where there is a market price for the concerned securities, etc., valuation shall use the value based on the market price. In the case where these is no market price, valuation shall be in the reasonably estimated value.

- (8) Monetary claims (those provided in Article 28, Paragraph 2, Item 1④)

Valuation shall be in the amount arrived at when allowance for doubtful accounts is deducted from the acquisition value; provided, however, that in the case where claims are acquired at a lower value or higher value than the amount of claims, valuation shall be in the amount arrived at when allowance for doubtful accounts is deducted from the value estimated based on the amortized cost method when the nature of the difference in amount between the acquisition value and amount of claims is recognized to be adjustment of interest rates.

- (9) Beneficiary interests of monetary trusts (those provided in Article 28, Paragraph 2, Item 1⑤)

Valuation shall be based on the sum total amount of the assets comprising the trust properties that, in the case of assets listed in Item 6 to Item 8 or Item 11, shall be based on valuation in accordance with the methods provided for each.

- (10) Rights pertaining to derivative transactions (those provided in Article 28, Paragraph 2, Item 2)

- ① Claims and obligations arising from derivative transactions listed on an financial instruments exchange

Valuation shall be in the value derived based on the final price on the exchange (the closing price; if there is no closing price, then the indicative price (the lowest offer price or highest bid price quoted; if both are quoted, then the mid price)) on the record date. Furthermore, in the case where there is no final price on the record date, valuation shall be in the value derived based on the most recent final price prior to the record date.

- ② Claims and obligations arising from ② unlisted derivative transactions that have no quotation on an financial instruments exchange

Valuation shall be in the value estimated based on a reasonable method as that equivalent to the market price. Furthermore, in the case where estimation of a fair valuation amount is recognized to be extremely difficult, valuation shall be in the acquisition value.

- ③ Hedge accounting shall be applicable to those that are recognized to be hedge transactions under generally accepted corporate accounting principles and practices. In addition, special treatment for interest rate swaps shall be applicable to those that meet the requirements for special treatment for interest rate swaps provided in the Accounting Standard for Financial Instruments.

(11) Other

In cases where there are no provisions above, valuation shall be in the amount of valuation given in accordance with the ITL and rules of The Investment Trusts Association, Japan, a general incorporated association or the amount of valuation given in accordance with generally accepted corporate accounting principles and practices.

2. In cases of valuation based on a method different from that in the preceding paragraph for the purpose of stating the price in the asset management report, etc., valuation shall be in the following manner:
 - (1) Real estate, real estate lease rights and superficies rights
In principle, the amount of valuation based on an appraisal by a real estate appraiser
 - (2) Beneficiary interests of trusts that have real estate, real estate lease rights or superficies rights placed in trust, and silent partnership interests in real estate
Valuation shall be in the value that estimates the amount equivalent to the interests of the concerned equity investment in silent partnership or the amount equivalent to the interests of the concerned trust beneficiary interests by deducting the amount of liabilities from the sum total amount of the trust properties or assets comprising the silent partnership that, in the case of assets listed in the preceding item, shall be based on valuation in accordance with the preceding item, and, in the case of financial assets, shall be based on valuation in accordance with generally accepted corporate accounting principles and practices
3. The record date of the asset valuation shall be the respective settlement of accounts provided in the following article; provided, however, that it shall be the end of every month for those of the assets provided in Article 28, Paragraph 1, Item 3 and Paragraph 2 that are assets for which valuation can be made in the value based on market price.

Article 33 (Settlement of Accounts)

The business periods of MCUBS MidCity shall be from March 1 to the last day of August and

from September 1 to the last day of next February every year (hereafter, the last day of the business periods each referred to as the “settlement of accounts”); provided, however that the 29th business period shall be from July 1, 2020 to the last day of February 2021.

Article 34 (Cash Distribution Policy)

1. Distribution policy

MCUBS MidCity shall, in principle, make distributions based on the following policy.

- (1) Of the total amount of cash to be distributed to unitholders, the amount of earnings (the amount arrived at when the sum total amount of unitholders’ capitals is deducted from the amount of net assets as stated on the balance sheets of MCUBS MidCity as stipulated in the ITL; the same hereafter) shall be calculated in accordance with generally accepted corporate accounting principles and practices.
- (2) In cases where distribution of cash of no more than the amount of earnings is to be made, distribution shall be in an amount determined by MCUBS MidCity that is in excess of an amount equivalent to 90% of MCUBS MidCity’s amount of earnings available for distribution (hereafter, the “earnings available for distribution”) as stipulated in Article 67-15 of the Special Taxation Measures Law and Article 39-32-3 of the Order for Enforcement of the Special Taxation Measures Law (the two provisions hereafter referred to as the “special provisions for taxation pertaining to investment corporations”) (provided, however, that it shall be the content or percentage after the change in cases where the content or percentage of earnings available for distribution changes as a result of revision of laws and regulations, etc.). Furthermore, MCUBS MidCity shall be able to set aside a reserve for long-term repairs, reserve for payments, reserve for dividends, other similar reserves and other similar allowances, etc. as recognized to be necessary in maintaining or enhancing the value of assets.
- (3) Of the amount of earnings, those retained without being allocated to distributions shall be managed based on the asset management target and policy of MCUBS MidCity.
- (4) In cases where it is necessary to meet the requirements for special provisions for taxation pertaining to investment corporations or in cases where it is recognized to be appropriate by the board of directors for countering the occurrence of the tax burden on MCUBS MidCity or otherwise in light of the economic environment, real estate market, leasing market and other trends, MCUBS MidCity shall be able to distribute to unitholders cash in excess of earnings based on statements pertaining to cash distributions approved pursuant to the ITL. In cases where MCUBS MidCity is to distribute cash in excess of earnings, it can distribute the amount arrived at when the

amount decided by MCUBS MidCity is added to the amount of earnings pertaining to the relevant business period as long as they arrived at amount is no more than the amount stipulated under laws and regulations, etc. (including rules, etc. provided by The Investment Trusts Association, Japan, a general incorporated association); provided, however, that in cases where the concerned amount does not meet the requirements for special provisions for taxation pertaining to investment corporations, MCUBS MidCity shall be able to distribute cash in an amount determined by the board of directors for the purpose of meeting those requirements. (5)

Method of payment of distributions

Distributions shall be made in cash and shall, in principle, be made within three months of the settlement of accounts to the unitholders or registered pledgees of investment units stated or recorded in the final register of unitholders at the settlement of accounts in proportion to the number of investment units held or the number of investment units of the registered pledges of investment units.

- (6) In addition to the above, MCUBS MidCity shall be governed by the “Rules Concerning Real Estate Investment Trusts and Real Estate Investment Corporations” provided by The Investment Trusts Association, Japan, a general incorporated association in making cash distributions.
2. Statute of limitation for right to claim distributions, etc.

When distributions have not been collected after the lapse of three full years since the date of the commencement of payment of those distributions, MCUBS MidCity shall be released from the obligation to pay those distributions. Furthermore, no interest shall accrue on distributions payable.

Article 35 (Maximum Amount, etc. of Loans and Investment Corporation Bonds Issuance)

1. In view of contributing to steady growth, as well as efficient management and stability of management, of assets under management, for the purpose of acquiring assets, paying for repairs or distributions and financing the funds required for operating MCUBS MidCity or funds for repaying obligations (including repaying deposits and guarantees, as well as repaying obligations of loans and investment corporation bonds (including short-term investment corporation bonds; the same hereafter)), etc., MCUBS MidCity shall be able to borrow funds (including via the call market) or issue investment corporation bonds. Furthermore, in the case of borrowing of funds, MCUBS MidCity shall be limited to borrowing from qualified institutional investors stipulated in the Financial Instruments and Exchange Law (provided, however, that this shall be limited to institutional investors provided in Article 67-15 of the Special Taxation Measures Law).
2. In the case referred to in the preceding paragraph, MCUBS MidCity shall be entitled to

pledge assets under management as collateral.

3. The maximum amount of loans and investment corporation bonds issuance shall each be 1 trillion yen and the sum total amount of both shall not exceed 1 trillion yen.

Article 36 (Standards of Payment of Asset Management Fees to Asset Management Company)

The following shall be the method of calculation and time of payment of compensation payable to the asset management company to which MCUBS MidCity entrusts the management of its assets under management (hereafter, the “asset management company”). Furthermore, MCUBS MidCity shall not pay compensation concerning agency/brokerage provided in the Building Lots and Buildings Transaction Business Law to the asset management company.

(1) Management Fee I

The amount arrived at when the total assets amount on balance sheets (limited to those approved pursuant to Article 131 of the ITL) at the most recent settlement of accounts of MCUBS MidCity is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 0.2% (rounded down to the nearest yen) shall be Management Fee I; provided, however that, with respect to the 29th business period, the amount arrived at when the relevant amount is prorated by the actual days during the business period on the basis of a 184 days half year (rounded down to the nearest yen) shall be Management Fee I.

Half of the amount of Management Fee I shall be paid by the settlement of accounts of MCUBS MidCity, and the remaining amount shall be paid no later than three months after the settlement of accounts of MCUBS MidCity.

(2) Management Fee II

The amount arrived at when the distributable amount before deduction of Management Fee II estimated for each of the respective business periods of MCUBS MidCity is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 5.0% (rounded down to the nearest yen) shall be Management Fee II. Furthermore, when there is loss brought forward in income before income taxes calculated in compliance with generally accepted corporate accounting principles and practices in Japan, “distributable amount” shall mean the amount after compensating for such amount.

Management Fee II shall be paid no later than three months after the settlement of accounts pertaining to the relevant business period of MCUBS MidCity.

(3) Management Fee III

In the event that MCUBS MidCity newly acquires real estate or specified assets principally backed by real estate, the amount arrived at when the acquisition value of the concerned real estate or specified assets principally backed by real estate (however, excluding consumption tax and local consumption tax, as well as expenses, etc. associated with the acquisition) is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 1.0% (rounded down to the nearest yen) shall be Management Fee III; provided, however, that in the event that MCUBS MidCity acquires from related parties stipulated in the asset management agreement concluded with the asset management company (hereafter, the “related parties”), the amount arrived at when the acquisition value of the concerned real estate or specified assets principally backed by real estate is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 0.5% (rounded down to the nearest yen) shall be Management Fee III.

Management Fee III shall be paid by the last day of the month following the month in which the date on which the acquisition of the concerned real estate or specified assets principally backed by real estate is made (the date that the transfer of ownership and other transfer of rights takes effect) falls.

(4) Management Fee IV

In the event that MCUBS MidCity transfers real estate or specified assets principally backed by real estate that are assets under management, the amount arrived at when the transfer value of the concerned real estate or specified assets principally backed by real estate (however, excluding consumption tax and local consumption tax, as well as expenses, etc. associated with the transfer) is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 1.0% (rounded down to the nearest yen) shall be Management Fee IV; provided, however, that in the event that MCUBS MidCity transfers to related parties, the amount arrived at when the transfer value of the concerned real estate or specified assets principally backed by real estate is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 0.5% (rounded down to the nearest yen) shall be Management Fee IV.

Management Fee IV shall be paid by the last day of the month following the month in which the date on which the transfer of the concerned real estate or specified assets principally backed by real estate is made (the date that the transfer of ownership and other transfer of rights takes effect) falls.

(5) Management Fee V

In the event that MCUBS MidCity mergers, the appraisal value of the real estate or specified assets principally backed by real estate owned by the other party at the time of the merger is multiplied by a rate separately agreed upon by MCUBS MidCity and the asset management company of no more than 1.0% (rounded down to the nearest yen) shall be Management Fee V.

Management Fee V shall be paid by the last day of the month following the month in which the date on which the merger took effect.

Article 37 (Attribution of Income/Loss)

All income generated and loss incurred from assets under management of MCUBS MidCity through management by the asset management company shall be attributable to MCUBS MidCity.

Article 38 (Burden of Various Expenses)

1. MCUBS MidCity shall be liable for taxes concerning assets under management; various expenses required by MCUBS MidCity's general administrators, MCUBS MidCity's asset custodian and the asset management company for carrying out administration entrusted from MCUBS MidCity; and, in cases where MCUBS MidCity is billed for penalty interest on advances paid or damages paid by those general administrators, the asset custodian and the asset management company for MCUBS MidCity, the concerned penalty interest or damages.
2. In addition to the preceding paragraph, MCUBS MidCity shall be liable for the expenses listed below:
 - (1) Expenses concerning issuance of investment units and investment corporation bonds, and allotment of investment equity subscription rights without contribution
 - (2) Expenses pertaining to preparation, printing and submission of securities registration statements, securities reports and extraordinary reports

- (3) Expenses pertaining to preparation, printing and delivery of prospectuses
- (4) Expenses pertaining to preparation, printing and delivery of financial statements, asset management reports and statements pertaining to cash distributions, as well as the annexed detailed statements thereof, and business reports, etc. provided by laws and regulations (including submission expenses in the case of submission to supervisory government agencies, etc.)
- (5) Expenses pertaining to public notice and expenses concerning advertising, etc. of MCUBS MidCity
- (6) Compensations or expenses to experts, etc. (including compensation to legal advisors, accounting auditors, tax advisors and judicial scriveners, and those pertaining to appraisal and asset due diligence, etc.)
- (7) Actual expenses, insurance expenses, advances paid, etc. pertaining to executive directors and supervisory directors, and expenses associated with the holding of general meetings of unitholders and meetings of the board of directors, etc.
- (8) Expenses concerning acquisition or property management / asset management of assets under management (brokerage fees, property management fees, insurance premiums, maintenance and repair expenses, utilities expenses, etc.)
- (9) Interest expenses pertaining to loans and investment corporation bonds
- (10) Expenses required for operating MCUBS MidCity
- (11) Other expenses similar to the preceding items for which MCUBS MidCity is to be liable

Article 39 (Consumption Tax and Local Consumption Tax)

Of the expenses/monies for the management of assets under management and otherwise payable by MCUBS MidCity, MCUBS MidCity shall be liable for the consumption tax and local consumption tax imposed on those items that are taxable under the Consumption Tax Law (hereafter, referred collectively as the “taxable items”) and shall make the payment by adding the amount equivalent to such consumption tax, etc. to the various monies for the taxable items.

Chapter 8 Entrustment of Business and Administration

Article 40 (Entrustment of Management, Custody and Other Business and Administration of Assets)

1. MCUBS MidCity shall, pursuant to the ITL, entrust business pertaining to management

of assets to the asset management company and business pertaining to custody of assets to the asset custodian.

2. MCUBS MidCity shall entrust administration pertaining to business, other than the business pertaining to management and custody of assets, that must be entrusted to a third party pursuant to the ITL to a third party.

Chapter 9 Supplementary Provision

Article 41 (Effectiveness of Amendment)

Amendment of the provisions of Article 3 shall become effective on the head office relocation date that is decided at a meeting of the board of directors to be held by December 31, 2015. Furthermore, this chapter shall be deleted on the concerned head office relocation date.

End