

November 19, 2019

To All Concerned Parties:

REIT Issuer: Japan Rental Housing Investments Inc.
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Representative: Ikuo Shoda, Executive Director
(Securities Code: 8986)
REIT Issuer: Nippon Healthcare Investment Corporation
6-2-1 Ginza, Chuo-ku, Tokyo 104-0061
Representative: Shunichi Suzuki, Executive Director
(Securities Code: 3308)
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Notice Regarding Conclusion of Merger Agreement between
Japan Rental Housing Investment Inc. and Nippon Healthcare Investment Corporation

Japan Rental Housing Investments Inc. (“JRH”) and Nippon Healthcare Investment Corporation (“NHI”); and together with JRH, hereinafter collectively referred to as the “both REITs”) announce that both REITs have respectively resolved at their respective board of directors meetings held today to implement an absorption-type merger as stated below, with JRH as the surviving corporation and NHI as the absorbed corporation (the “Merger”) with the effective date being April 1, 2020, and that the both REITs have entered into a merger agreement (the “Merger Agreement”) dated today.

1. Purpose of the Merger

While the performance of each REIT is generally solid, there are currently more than 60 REIT issuers in the whole J-REIT market and competition is intensifying. As of the end of October 2019, the total acquisition price

To unitholders in the United States:

This exchange offer or business combination is made for the securities of a foreign company. The offer is subject to disclosure requirements of a foreign country that are different from those of the United States. Financial statements included in the document, if any, have been prepared in accordance with foreign accounting standards that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the federal securities laws, since the issuer is located in a foreign country, and some or all of its officers may be residents of a foreign country. You may not be able to sue a foreign company or its officers in a foreign court for violations of the U.S. securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court’s judgment.

You should be aware that the issuer may purchase securities otherwise than under the exchange offer, such as in open market or privately negotiated purchases.

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of the assets under management of all the issuers listed on the J-REIT market was approximately JPY18.9 trillion (Note), and the total market capitalization of such issuers was approximately JPY17.0 trillion. The investment target sectors of J-REITs are diverse, ranging from offices to retail facilities, residential facilities, logistics facilities, hotels, and healthcare facilities. The J-REIT market is expected to become an increasingly popular vehicle for real estate investments by further growth of the market. Under such circumstances, both REITs believe, that, in order to achieve further growth and obtain the investors' support in the J-REIT market, both REITs need to promptly implement appropriate measures in order to ensure competitiveness and differentiate themselves from other REITs.

Note: Source: ARES J-REIT Databook issued by the Association for Real Estate Securitization

JRH is a “residential specialized REIT”, and was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange in June 2006 (securities code: 8986). JRH has been diversifying investment in rental housing across Japan with a focus on three main metropolitan areas including the 23 wards of Tokyo (Note). JRH implemented an absorption-type merger, with JRH as the surviving corporation and Prospect REIT Investment Corporation as the absorbed corporation, effective on July 1, 2010, and added 52 properties (JPY52.9 billion based on acquisition price) to its portfolio. Since the merger, JRH has aimed to steadily improve the level of distributions by improving the quality of its portfolio through replacement of properties (disposition of existing properties and acquisition of new properties), strengthening overall operations, such as improving occupancy rates, and focusing on cost reductions, such as reducing interest-bearing debt expenses. As a result, JRH's distribution per unit has increased to JPY2,040 for the fiscal period ended September 2019 and JRH manages a portfolio consisting of a total of 193 properties (a total acquisition price of JPY227.8 billion) and the total number of investment units issued and outstanding is 1,640,060 units as of today.

Note: The three major metropolitan areas mean the Kanto metropolitan area, the Chukyo metropolitan area, and the Kinki metropolitan area.

On the other hand, NHI was listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange in November 2014 as the first J-REIT in Japan specializing in healthcare facilities (securities code: 3308), and has been diversifying its investments in healthcare facilities nationwide. NHI was established to address Japan's structural problem of age demographics where the younger population is decreasing and the ratio of elderly people is increasing, and the associated social demand for the enhancement of private nursing homes and other facilities for the elderly, the supply of which is thought to be insufficient. As such, NHI has aimed to seize the opportunity to obtain cash flow generated by expansion of the social demand and contribute to the realization of Japan's major policy to improve the residential environment for the elderly. As of today, NHI manages a portfolio consisting of a total of 23 properties (total acquisition price of JPY19.7 billion) and the total number of investment units issued

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and outstanding is 74,632 units.

The asset manager of both REITs is Daiwa Real Estate Asset Management Co., Ltd. (“DR”), a wholly owned subsidiary of Daiwa Securities Group Inc. (“DSGI”), which is a sponsor of both REITs. DR is currently entrusted with asset management business of five investment corporations: Daiwa Office Investment Corporation, Daiwa Residential Private Investment Corporation, Daiwa Hotel Private Investment Corporation, and both REITs (which means DR manages the largest number of investment corporations in Japan among asset managers of investment corporations), in addition to other real estate funds other than investment corporations. DR has accumulated a track record of asset management assisted by DSGI’s sponsor support.

To date, both REITs have taken the following measures to ensure stable income over the medium to long term and steady expansion of their assets, taking advantage of their respective characteristics. At the same time, both REITs are also aware of the challenges they are facing.

JRH has achieved sustained dividend growth by taking advantage of steady demand for rental housing, with a focus on the three major metropolitan areas including the 23 wards of Tokyo, as well as other regions, and by establishing a stable portfolio of 227.8 billion based on the total acquisition price. However, JRH is being affected by changes in the supply-demand conditions in the rental housing investment market, as is the case with other residential J-REITs. For instance, the competition for acquisition of superior properties has intensified under the continued low interest rate environment. In such situation, JRH has adopted a property replacement strategy with a view to improve the quality of portfolio as a top priority under the new medium-term target (“JRH New Medium-Term Target”) established and announced by JRH in May 2019, and has been replacing its owned properties steadily thereafter, but JRH expects it will take some period of time (approximately three to five years) to complete such strategy.

NHI has developed its expertise on healthcare assets, which is a growing market, has established good relationship with operators by engaging in numerous transactions with operators, and has accumulated a track record of asset management, under the backdrop of the social demand for the enhancement of private nursing homes and other facilities for the elderly under the macro environment of age demographics, where the younger population is decreasing and the ratio of elderly people is increasing. On the other hand, there are constraints on opportunities for external growth due to factors such as stagnation in its investment unit price due to the small scale of its portfolio assets.

Under such circumstances, given that both REITs are managed by the same asset manager and sponsored by

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the same company and that both REITs manage assets that can be considered as having a certain degree of affinity in the framework of “places where people live and reside” for a wide range of age groups from students, single-person households, DINKS (double-income households with no kids), and families to senior households, expansion of their respective investment targets through the Merger from the current ones (rental housing/healthcare facilities) into those with a certain degree of affinity in the above framework would enable JRH to secure investment opportunities in other asset classes in order to achieve the JRH New Medium-Term Target earlier than scheduled under the circumstances where competition for acquisition is becoming more and more intensified in the rental housing investment market, as well as to secure opportunities to acquire healthcare facilities warehoused by the same sponsor after the Merger, and would enable NHI to secure large-scale external growth opportunities and improve stability in its portfolio income and risk diversification by increasing the likelihood of equity financing through future issuance of new investment units as a result of expansion of asset size and market capitalization. Therefore, both REITs believe that the Merger would contribute to resolving each of the challenges they are facing as stated above. In addition, both REITs share the view that as a result of industry reorganization and new entries led by major companies in the healthcare industry, the credit risk of healthcare operators, which had been an issue of concern, has declined and thereby the difference of the cap rates between rental housing and healthcare facilities is now considered to be almost ignorable. Accordingly, both REITs has reached the conclusion that the Merger would combine the characteristics and strengths of both REITs and re-characterize both REITs as a REIT that comprehensively provides comfortable living spaces suited to each life stage that “support life and lifestyle of everyone” and therefore it would contribute to ensure further growth in the future and thereby maximize unitholders’ value by securing earnings and stabilizing and improving distribution. Accordingly, both REITs entered into the Merger Agreement as of today. Further, JRH and NHI have been operated as REITs specializing in rental housing and healthcare facilities respectively. There are some differences in characteristics between these two asset classes such as in the number of investment properties, market size, tenant composition, and necessity of management by operators. However, as mentioned above, in the framework of “places where people live and reside” and from the viewpoint of stable cash flow, there would be a closer affinity in the combination of rental housing and healthcare facilities, as compared with the combination of rental housing or healthcare facilities with other asset classes such as offices, retail facilities and logistics facilities. Therefore, both REITs believe that, in order to resolve the issues that both REITs have faced so far, the expansion of their investment targets into asset classes with a certain affinity to each other would be in line with unitholders’ expectations from the viewpoint of the investment risk/return profile. The Merger would enable both REITs, as a united single REIT, to flexibly respond to the social demand shift from rental housing to healthcare facilities in response to the aging population and changes in the social structure. Both REITs will dispose of 27 JRH properties with a total anticipated disposition price of JPY13,606 million on April 1, 2020, which is the effective date of the Merger, and will acquire healthcare facilities comprising of 28 properties with a

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total anticipated acquisition price of JPY62,660 million (the “Assets to be Acquired”) on April 2, 2020, which is the day immediately following the effective date of the Merger, subject to the Merger taking into effect and other condition precedents. Both REITs will replace their assets with a view to improve the quality of the portfolio at the same time as expanding their assets through the Merger. In addition, JRH will issue its new investment units by way of a third-party allotment as of the effective date of the Merger, and allocate the proceeds of such issuance to partially fund the acquisition of the Assets to be Acquired (Note). Through the Merger and a series of related transactions (the “Merger and Related Transactions”), it is expected that JRH will be able to (i) increase its asset size and market capitalization, (ii) improve the quality of its portfolio by achieving the JRH New Medium-Term Target earlier than scheduled, (iii) increase level of distributions and (iv) enhance future external growth opportunities through the expansion of its investment targets. On the other hand, NHI will be able to (i) improve liquidity of its investment units through the expansion of its asset size and market capitalization, (ii) achieve significant external growth of its healthcare asset at an early stage, and (iii) strengthen operational alliance with Good Time Living Co. Ltd. (former Orix Living Co. Ltd.) (“Good Time Living”), a healthcare operator that became a subsidiary of DSGI in August 2019, and, thereby, improve income stability, and (iv) obtain flexible property acquisition capability through improvement of financing capacity. Both REITs believe that these are expected to contribute to ensuring stable leasing income in the medium to long term and to sustainable improvement of the unitholders’ value.

Note: For the details of the issuance of new investment units by way of a third-party allotment and the disposition of assets, please refer to the press releases entitled “Notice Concerning Issuance of New Investment Units through Third-Party Allotment” and “Notice Concerning Disposition of Assets” released by JRH today. For the details of the acquisition of the Assets to be Acquired, please refer to the press release entitled “Notice Concerning Acquisition and Leasing of Property” released by NHI today.

DSGI, which is the sponsor of both REITs, is further promoting its efforts to achieve SDGs (Sustainable Development Goals) through Good Time Living’s healthcare operation business by, for example, implementing initiatives that contribute to “Good Health and Well-being for All People”, which is one of the goals of its SDGs. DSGI will further strengthen its real estate asset management business under its medium-term management plan “Passion for the Best 2020,” while demonstrating its strong sponsorship commitment through the Merger and Related Transactions and providing support for the sustainable growth of the REIT after the Merger.

The total asset size of the REIT after the Merger and Related Transactions (equivalent to the total of (i) the (anticipated) acquisition price of JRH’s assets as of April 2, 2020 and (ii) the total (estimated) value of NHI’s existing assets to be accepted by JRH) will reach approximately JPY 303.0 billion, enabling a significant expansion of the asset size. In addition, after the Merger and Related Transactions, the portfolio will be diversified

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to a certain extent with 71% in residential facilities and 29% in healthcare facilities (each based on the (anticipated) acquisition price), and the average building age (Note) will be younger with such age of residential facilities decreasing from 15.2 to 14.8 years and such age of healthcare facilities decreasing from 11.8 to 8.2 years respectively, which will improve the portfolio quality. Through a wide range of investments in residential and healthcare facilities, both REITs will aim to further increase unitholders' value by realizing stability and sustainable growth through flexible real estate management that will meet the needs of changing social conditions. In addition, it is expected that the aforementioned external growth and internal growth strategies will lead to increase in distributions, and that the Merger will increase the stability of investment unit prices brought by enhanced liquidity of the investment units.

Note: The average building age is the weighted average age obtained by dividing the building ages as of November 19, 2019 by the sum of the (anticipated) acquisition prices.

2. Overview of the Merger

(1) Merger Timetable

JRH

Board of Directors' Meeting to Approve the Merger Agreement	November 19, 2019
Execution Date of the Merger Agreement	
Date of Public Notice of the Record Date for General Meeting of Unitholders	November 20, 2019 (scheduled)
Record Date of General Meeting of Unitholders	December 13, 2019 (scheduled)
Date of General Meeting of Unitholders	February 13, 2020 (scheduled)
Effective Date of the Merger	April 1, 2020 (scheduled)
Registration Date of the Merger	Early April 2020 (scheduled)

Note: In accordance with simplified merger procedures under Paragraph 2 of Article 149-7 of the Act Concerning Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended, hereinafter referred to as the "Investment Trust Act"), JRH plans to implement the Merger without obtaining the approval of the General Meeting of Unitholders as required by Paragraph 1 of the abovementioned article. Accordingly, at the general meeting of unitholders of JRH, the proposal regarding approval of the Merger Agreement will not be submitted, but rather the proposal regarding amendment to the Articles of Incorporation, among other proposals, are scheduled to be submitted as described in (4) below.

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NHI

Board of Directors' Meeting to Approve the Merger Agreement Execution Date of the Merger Agreement	November 19, 2019
Date of Public Notice of the Record Date of General Meeting of Unitholders	November 20, 2019 (scheduled)
Record Date of General Meeting of Unitholders	December 13, 2019 (scheduled)
Date of General Meeting of Unitholders	February 4, 2020 (scheduled)
Delisting Date	March 30, 2020 (scheduled)
Effective Date of the Merger	April 1, 2020 (scheduled)
Registration Date of the Merger	Early April 2020 (scheduled)

(2) Method of Merger

JRH will be the surviving corporation under an absorption-type merger and NHI will be dissolved upon the Merger.

(3) Allocation of Units upon the Merger

	JRH (Surviving corporation in the absorption-type merger)	NHI (Absorbed corporation in the absorption-type merger)
Allocation of units upon the Merger	1	2.05

Note 1: The number of new JRH investment units to be issued upon the Merger: 152,995 investment units (scheduled)

Note 2: Fractions of less than one unit will arise with respect to the number of investment units to be allotted to the unitholders of NHI through the allotment of 2.05 units of JRH per unit of NHI. These fractional units will be sold through a market transaction in accordance with statutory provisions, and the proceeds from the sale will be delivered to the unitholders who are allocated fractions, in proportion to the size of their fractional units to be allocated.

Note 3: In addition to the abovementioned investment units, JRH intends to pay, within a reasonable period after the effective date of the Merger, to NHI unitholders (those unitholders stated or recorded in the final unitholders registry on the day immediately preceding the effective date of the Merger (excluding NHI unitholders who demanded the buyback of their investment units pursuant to Article 149-3 of the

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Investment Trust Act (excluding unitholders that have withdrawn such request for buyback), and hereinafter referred to as the “Allotted Unitholders”) or the registered pledgees of investment units held by Allotted Unitholders, in lieu of the cash distribution pertaining to NHI’s final fiscal period from November 1, 2019 to March 31, 2020, a payment on merger corresponding to the cash distribution based on NHI’s distributable income for that same period. Such payment on merger will be an amount (disregarding any fractions of a yen) equivalent to NHI’s distributable income on the date immediately preceding the effective date of the Merger divided by the total number of issued NHI investment units on that date, less the number of investment units held by unitholders other than the Allotted Unitholders; the same will be applicable hereinafter. Details will be announced when determined.

(4) Amendment to the Articles of Incorporation of the Surviving Corporation

As a result of the Merger, JRH intends to transform into a housing-oriented REIT investing in healthcare facilities (including hospitals and other medical facilities) in addition to residential properties. For this purpose, subject to the Merger taking effect, JRH will change its trade name to “Daiwa Securities Living Investment Corporation” and partially change its investment policies and investment targets. To make such changes and other related changes, JRH will make a proposal regarding the amendments to the Articles of Incorporation (the “Amendments to Articles of Incorporation”) at the 13th General Meeting of Unitholders to be held on February 13, 2020. Please refer to Appendix for the details of the Amendments to Articles of Incorporation. JRH will file a notification pursuant to Article 191 of the Investment Trust Act promptly after the Amendments to Articles of Incorporation taking effect.

(5) Major Conditions Precedent to the Merger

The Merger will be subject to following conditions and other conditions set forth in the Merger Agreement being fulfilled on the day immediately prior to the effective date of the Merger. If any of such conditions are unfulfilled or if it becomes clear that any of such conditions will not be fulfilled by the day immediately prior to the effective date of the Merger, JRH and NHI may respectively terminate the Merger Agreement upon written notice to the other party prior to the effective date of the Merger.

- It has been confirmed in a manner and substance reasonably satisfactory to both REITs that the filing of a registration statement on Form F-4 is not required for the Merger under the U.S. securities laws.
- NHI and DR have agreed in advance to terminate, as of the effective date of the Merger, the asset management agreement executed between NHI and DR, with the contents that JRH is reasonably satisfied.
- Necessary procedures (including approval at each of the general meetings of unitholders of JRH and NHI) and obtaining permits and approvals as required to implement the Merger or the matters contemplated in

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connection with the Merger have been completed pursuant to applicable laws and regulations as well as internal rules.

- Consent has been obtained from all of the financial institutions that have been providing loans to JRH or NHI, regarding the implementation of the Merger and the basic terms and conditions for the lending on and after the effective date of the Merger (with respect to loan agreements, including the countermeasures for the prevention of the occurrence of breaches of financial covenants, breaches of other covenants and acceleration event attributable to the surviving corporation after the Merger), and such consent has not been withdrawn by any of such financial institutions.
- Approval from the other parties from whom both REITs should obtain an approval regarding the implementation of the Merger in compliance with contracts and other agreements (except (i) financial institutions that provides a loan to JRH or NHI and (ii) the parties with whom JRH and NHI have agreed upon consultation that there is little importance to maintain relevant contracts and agreement for operation of the surviving corporation after the Merger) has been obtained, and such consent has not been withdrawn by any of such other parties.
- There has been no breach (excluding minor breach) of contractual obligations (including the Merger Agreement) or any default in monetary obligations (including delinquency in payment of tax due and payable) (however, excluding minor breach), or there has been no occurrence of acceleration event (including any event that will fall in an event of default as a result of the passage of time, the giving of notice, or both), suspension of payment, inability to pay debts, or commencement of or filing of petition for bankruptcy, special liquidation, civil rehabilitation, other applicable legal insolvency procedures, or procedures for private arrangement such as Turnaround ADR as to either of both REITs.
- None of either of both REITs or DR has received administrative sanction from the regulatory authorities such as cancellation of the registration, suspension of business in whole or in part, or other administrative sanction that would cause material hindrance or material adverse effects to implement the Merger.
- Other than the above, there exist no events that are reasonably considered to materially hinder, or make extremely difficult, the realization of the Merger.

3. Basis for the Calculation of the Allocation of Investment Units upon the Merger

(1) Basis for the Calculation

JRH appointed Ernst & Young Transaction Advisory Services Co., Ltd. (“EYTAS”) and NHI appointed Deloitte Tohmatsu Financial Advisory LLC (“DTFA”), respectively, as their respective financial advisors for the Merger. In order to ensure the fairness of the calculation of the merger ratio for the Merger, both REITs have requested that their respective financial advisor conduct financial analyses of the merger ratio for the Merger.

EYTAS performed its financial analyses of the merger ratio by adopting the following methods in order to

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analyze the investment units of both REITs from multiple perspectives. EYTAS adopted (i) the market investment unit price analysis for the purpose of reflecting into its financial analyses the prices of the investment units of both REITs on the Tokyo Stock Exchange as such investment units are listed thereon, (ii) the dividend discount model (“DDM”) for the purpose of reflecting into its financial analyses the theoretical dividends that the unitholders of both REITs would receive in the future, (iii) the comparable similar investment corporation analysis for the purpose of reflecting into its financial analyses the valuation based on the investment unit prices of other J-REITs conducting business similar to that of both REITs and (iv) the adjusted net asset value approach for the purpose of reflecting into its financial analyses the unrealized gains/losses in respect of the assets held by both REITs. A summary of EYTAS’s analyses is shown below.

Method of Analysis	Range of Merger Ratios
Market investment unit price analysis	1.97 ~ 2.07
DDM	1.61 ~ 2.18
Comparable similar investment corporation analysis	1.94 ~ 2.06
Adjusted net asset value approach	2.06

Taking into account recent market conditions for the investment units of both REITs, EYTAS used, as their market investment unit prices, the closing investment unit prices as of the financial analysis date, the average closing investment unit prices for the one-month, three-month and six-month periods preceding the financial analysis date, which was set as November 18, 2019.

The calculation and analyses of the merger ratio by EYTAS are also based on certain other assumptions apart from what is indicated above. For further details additionally explaining assumptions and disclaimers, please refer to (Note 1) at the end of this press release.

The profit plans of both REITs used by EYTAS as the basis for the DDM does not include any fiscal periods in which significant changes in profit are projected.

DTFA performed its financial analyses of the merger ratio by adopting the following methods. DTFA adopted (i) the average market investment unit price analysis as the investment units of both REITs are listed on the Tokyo Stock Exchange and there are market investment unit prices available, (ii) the dividend discount model (DDM) for the purpose of reflecting into its financial analyses the theoretical dividends that the unitholders of both REITs would receive in the future, (iii) the comparable similar investment corporation analysis as there are several listed investment corporations comparable to both REITs and the investment unit value may be analogically inferred by using the comparable similar investment corporation analysis and (iv) the adjusted net asset value approach for

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the purpose of reflecting into its financial analyses the unrealized gains/losses in respect of the assets held by both REITs. A summary of DTFA's analyses is shown below.

Method of Analysis	Range of Merger Ratios
Average market investment unit price analysis	1.97 ~ 2.07
DDM	1.96 ~ 2.24
Comparable similar investment corporation analysis	1.76 ~ 2.15
Adjusted net asset value approach	2.12 ~ 2.16

Taking into account recent market conditions for the investment units of both REITs, DTFA used, as their market investment unit prices, the closing investment unit prices as of the financial analysis date, the average closing investment unit prices for the one-week, one-month, three-month and six-month periods preceding the financial analysis date, which was set as November 18, 2019.

The calculation and analyses of the merger ratio by DTFA are also based on certain other assumptions apart from what is indicated above. For further details additionally explaining assumptions and disclaimers concerning DTFA's analyses, please refer to (Note 2) at the end of this press release.

The future profit plans of both REITs used by DTFA as the basis for the DDM does not include any fiscal periods in which significant changes in profit are projected.

(2) Background of the Calculations

As a result of careful discussions and negotiations between both REITs, taking comprehensively into consideration factors such as the financial performance and condition of the assets and liabilities of each, their future business prospects, the merits of the Merger and the results of the analyses performed by their respective financial advisors, both REITs concluded that the above merger ratio is appropriate.

(3) Relationships with Financial Advisors

Neither EYTAS nor DTFA falls under a related party of both REITs as defined in Article 67, Paragraph 4 of the Regulation on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006 as amended) and do not have any material interests in connection with the Merger that should be disclosed.

(4) Prospects and Reasons for Delisting

The Merger is scheduled to be implemented in the form of an absorption-type merger whereby JRH will be the surviving corporation and NHI will be dissolved in accordance with Item 4, Article 143 of the Investment Trust

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Act. The investment units issued by NHI are expected to be delisted on March 30, 2020, which is two trading days prior to the effective date of the Merger, in accordance with the delisting criteria stipulated by the Tokyo Stock Exchange. In exchange for the Merger, each of NHI's unitholders will be allocated new JRH investment units in accordance with the number of NHI investment units they hold and thus become JRH unitholders. As the JRH investment units are listed on the Tokyo Stock exchange, they will continue to have the opportunity to trade their investment units on the Tokyo Stock Exchange.

(5) Measures to Ensure Fairness

i. Measures to ensure fairness in the process of considering appropriateness of the Merger and the merger ratio

Regarding both REITs, DR conducts their respective asset management operations. In this respect, in considering the Merger and giving advice and support to the Board of Directors of each of JRH and NHI, DR ensured that information was thoroughly blocked through a system where (i) different working groups, consisting of the different asset management department heads (JRH: Head of JRH Asset Management Department/NHI: Head of Asset Management Department) and the different asset management departments (JRH: JRH Asset Management Department/NHI: Asset Management Department), were assigned to each team responsible for the asset management operations of each REIT and (ii) a Chinese wall was appropriately built between the relevant asset management departments. In addition, if a relevant asset management department needed to communicate information in a way that may cause a conflict of interests, in the course of their consideration of the Merger, DR ensured that such information was communicated through respective financial advisor individually appointed by each REIT and thereby prevented direct contact between the relevant asset management departments under such situation.

In considering the Merger and giving advice and support to the Board of Directors of each of JRH and NHI, each of the asset management department heads and each of the asset management departments reported the status of their considerations to the Board of Directors of each REIT on a timely basis with each board being composed of the respective REIT's executive director (who is not an officer or employee of the asset manager) and two supervisory directors (whose independence from the asset manager is ensured as required by the Investment Trust Act). All material matters for their consideration, including the execution of the Merger Agreement, were deliberated on and approved by their respective Board of Directors.

In accordance with the Articles of Incorporation of JRH and the Asset Management Agreement with the JRH, DR will receive from JRH, the surviving REIT, the merger fee and the management fee for the management of the assets after the Merger takes effect, but the merger ratio will not affect the amount of any of such fees. DR also agreed with NHI, among other things, that the merger fee payable by NHI to DR upon the Merger and the Management Fee I (based on assets under management) and the Management Fee II (based on operating income) for the final fiscal period will be zero, and that the administrative fee for handling the General Meeting of

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Unitholders of NHI will be reduced.

Furthermore, JRH appointed Nagashima Ohno & Tsunematsu and NHI appointed Kimura Takushima & Yamaguchi, as their respective legal advisors for the Merger, and both REITs received independent advice on the methodology and process relating to the procedures and decision-making process required for the Merger.

ii. Measures to ensure fairness in the calculation of the merger ratio

As discussed in (1) through (3) above, in order to ensure the fairness of the Merger, JRH obtained from EYTAS as an independent financial advisor for the benefit of its unitholders, a written merger ratio calculation report providing analyses based on certain assumptions in respect of the merger ratio from a financial perspective.

On the basis of the foregoing, JRH's Board of Directors concluded that sufficient steps had been taken to ensure the fairness of the Merger with respect to the calculation of the merger ratio.

On the other hand, in order to ensure the fairness of the Merger, NHI obtained from DTFA as an independent financial advisor for the benefit of its unitholders, a written merger ratio calculation report providing analyses based on certain assumptions in respect of the merger ratio from a financial perspective.

On the basis of the foregoing, NHI's Board of Directors concluded that sufficient steps had been taken to ensure the fairness of the Merger with respect to the calculation of the merger ratio.

However, both REITs did not obtain written opinions (so-called "fairness opinions") from their respective financial advisors to the effect that the merger ratio is reasonable for their respective unitholders from a financial perspective.

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4. Outline of Parties to Merger

	Surviving Corporation		Absorbed Corporation	
(1) Name	Japan Rental Housing Investments Inc.		Nippon Healthcare Investment Corporation	
(2) Location	4-17-33 Minami Aoyama Minato-ku, Tokyo		6-2-1 Ginza, Chuo-ku, Tokyo	
(3) Name of Executive Directors	Ikuo Shoda		Shunichi Suzuki	
(4) Unitholders Capital (Note 1)	JPY91,715 million		JPY9,971 million	
(5) Date of Incorporation	October 7, 2005		January 7, 2014	
(6) Total Number of Investment Units Issued (Note 2)	1,640,060 units		74,632 units	
(7) Fiscal Period End	March, September		April, October	
(8) Main Assets under Aaangement	Real estates and real estate trust beneficiary interests		Real estates and real estate trust beneficiary interests	
(9) Number of Properties (Note 1)	Rental housing	193	Fee-based homes for the elderly 22 Elderly housing with supportive services 1	
(10) Book Value at the End of Fiscal Period (Note 2)	Rental housing	JPY 216,604 million	Fee-based homes for the elderly JPY18,784 million Elderly housing with supportive services JPY 605 million	
(11) Main Banks	Mitsubishi UFJ Bank, Ltd., Sumitomo Mitsui Banking Corporation and other 16 banks		Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Ltd and other 6 banks	
(12) Major Unitholders and Ratio of Investment Units Held (Note 2)	The Master Trust Bank of Japan, Ltd. (Trust account)	16.31%	Daiwa Securities Group Inc.	10.18%
	Japan Trustee Services Bank, Ltd. (Trust account)	13.74%	The Master Trust Bank of Japan, Ltd. (Trust account)	8.72%
	NOMURA BANK (LUXEMBOURG) S.A.	4.39%	Japan Trustee Services Bank, Ltd. (Trust account)	5.88%
	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	3.88%	SCB SG S/A SCB THAILAND AC FOR CIMB-PRINCIPAL PROPERTY JP000294300545	4.02%

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	Daiwa Securities Group Inc.	3.35%	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2.92%
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(13) Operating Results for the Last Three Fiscal Periods						
(Unit: millions of yen unless otherwise noted; values less than one unit are rounded off)						
	Japan Rental Housing Investments Inc.			Nippon Healthcare Investment Corporation		
Fiscal year end	2018 September	2019 March	2019 September	2018 April	2018 October	2019 April
Operating revenue	8,250	8,256	8,460	697	697	705
Operating income	3,733	3,720	3,834	273	271	281
Ordinary income	3,115	3,159	3,365	247	244	257
Net income	3,114	3,158	3,364	246	243	256
Net income per unit (yen)	1,899	1,925	2,051	3,302	3,259	3,437
Distribution per unit (yen)	1,964	1,990	2,040	4,163	4,130	4,307
Net assets per unit (yen)	66,076	66,055	66,124	139,516	138,613	137,920
Net assets	108,369	108,334	108,447	10,412	10,344	10,293
Total assets	227,305	226,953	227,187	21,146	21,068	21,019
(14) Name of Asset Manager	Daiwa Real Estate Asset Management Co. Ltd.			Daiwa Real Estate Asset Management Co. Ltd.		
(15) Location of Asset Manager	6-2-1 Ginza, Chuo-ku, Tokyo			6-2-1 Ginza, Chuo-ku, Tokyo		
(16) Title and Name of Representative of Asset Manager	Toshio Fukushima, President and Chief Executive Officer			Toshio Fukushima, President and Chief Executive Officer		
(17) Relationship between the Parties						
Capital Relationship	There is no capital relationship to be reported between the parties to the Merger. The asset manager of both parties is DR.					
Personnel Relationship	There is no personal relationship to be reported between the parties to the Merger. The asset manager of both parties is DR.					
Business Relationship	There are no business relationships to be reported between the parties to the Merger. The asset manager of both parties is DR.					
Status as Related Party	Each party to the Merger does not fall under the category of a related party of the other party. However, DR, the asset manager of both parties, is a related party of each of them.					

Note 1: The figures shown are as of November 19, 2019.

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Note 2: The figures shown for JRH are as of September 30, 2019 and those for NHI are as of April 30, 2019.
The “Ratio of Investment Units Held” is rounded down to the second decimal place.

5. Post-Merger Status

(1) Status of Surviving Corporation

	Surviving Corporation
(1) Name	Daiwa Securities Living Investment Corporation (Scheduled) (Note 1) (Currently, Japan Rental Housing Investments Inc.)
(2) Location	6-2-1 Ginza, Chuo-ku, Tokyo (Scheduled) (Note 2) (Currently, 4-17-33 Minami Aoyama Minato-ku, Tokyo)
(3) Name of Executive Directors	Ikuo Shoda Shunichi Suzuki (Scheduled) (Note 3)
(4) Unitholders Capital	Undetermined (Currently, not determined)
(5) Fiscal Period End	March, September
(6) Net Assets	Undetermined (Currently, not determined)
(7) Total Assets	Undetermined (Currently, not determined)
(8) Name of Asset Manager	Daiwa Real Estate Asset Management Co. Ltd.
(9) Location of Asset Manager	6-2-1 Ginza, Chuo-ku, Tokyo
(10) Name and Title of Representative of Asset Manager	Toshio Fukushima, President and Chief Executive Officer

Note 1: Subject to the Merger taking effect, JRH will change its trade name and its asset management targets and policies. To make such changes, JRH will make a proposal regarding the amendments to the Articles of Incorporation at the 13th General Meeting of Unitholders to be held on February 13, 2020. Please refer to Appendix for the details of the Amendments to the Articles of Incorporation.

Note 2: JRH will submit a proposal regarding the amendment to the Articles of Incorporation at its 13th General Meeting of Unitholders to be held on February 13, 2020, to change the location of its head office as of April 1, 2020.

Note 3: Subject to the Merger taking effect, JRH intends to appoint Mr. Shunsuke Suzuki as a new executive director and Ms. Chizuko Nakata as a new supervisory director as of the effective date of the Merger, and will submit a proposal for their appointment at its 13th General Meeting of Unitholders to be held on February 13, 2020.

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(2) Major Unitholders and Ratio of Investment Units Held before and after the Merger

Before the Merger			
JRH (Note 1)		NHI (Note 1)	
The Master Trust Bank of Japan, Ltd. (Trust Account)	16.31%	Daiwa Securities Group Inc.	10.18%
Japan Trustee Services Bank, Ltd. (Trust Account)	13.74%	The Master Trust Bank of Japan, Ltd. (Trust Account)	8.72%
NOMURA BANK (LUXEMBOURG) S.A.	4.39%	Japan Trustee Services Bank, Ltd. (Trust Account)	5.88%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	3.88%	SCB SG S/A SCB THAILAND AC FOR CIMB-PRINCIPAL PROPERTY JP000294300545	4.02%
Daiwa Securities Group Inc.	3.35%	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	2.92%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	2.92%	NORTHERN TRUST CO.(AVFC) SUB A/C USL NON-TREATY	2.41%
Mitsubishi UFJ Trust and Banking Corporation	1.99%	Daiwa Real Estate Asset Management Co., Ltd.	1.33%
Aozora Bank, Ltd.	1.64%	Fukui Medical Credit Association	1.26%
SSBTC CLIENT OMNIBUS ACCOUNT	1.57%	UENOYA BUILDING Co. Ltd.	1.25%
STATE STREET BANK WEST CLIENT-TREATY 505234	1.47%	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	1.20%
After the Merger (simple sum after taking into account merger ratio) (Note 2)			
Daiwa Securities Group Inc.			15.72%
The Master Trust Bank of Japan, Ltd. (Trust Account)			13.66%
Japan Trustee Services Bank, Ltd. (Trust Account)			11.39%
NOMURA BANK (LUXEMBOURG) S.A.			3.50%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)			3.31%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)			2.42%
Mitsubishi UFJ Trust and Banking Corporation			1.58%
Aozora Bank, Ltd.			1.31%
SSBTC CLIENT OMNIBUS ACCOUNT			1.25%

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STATE STREET BANK WEST CLIENT-TREATY 505234	1.17%
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Note 1: Figures shown are based on JRH's unitholders register as of September 30, 2019 and NHI's unitholders register as of April 30, 2019, respectively. Accordingly, the figures may not reflect the actual holdings of the unitholders. The "Ratio of Investment Units Held" are rounded down to the second decimal place.

Note 2: The post-merger major unitholders and ratios of investment units held are calculated on the basis of the major unitholders' unitholding ratios before the Merger as described above, assuming JRH's investment units will be allocated in accordance with "2. Overview of the Merger; (3) Allocation of Units upon the Merger" above and new investment units will be issued through a third-party allotment as shown in "1. Purpose of the Merger". The "Ratio of Investment Units Held" are rounded down to the second decimal place.

(3) Amendment to Asset Management Agreement and its Contents

After the Merger, JRH intends to continue outsourcing the asset management function to DR, which is the current asset manager of JRH. NHI intends to terminate its asset management agreement with DR subject to the Merger taking effect upon approval therefor being obtained at its General Meeting of Unitholders.

The asset management agreement between JRH and DR will be amended subject to the Merger and the Amendments to the Articles of Incorporation taking effect. Details will be announced when finalized.

(4) Amendment to Investment Policies and its Contents

In connection with the merger between JRH (specializing in residential properties) and NHI (specializing in healthcare facilities), DR will establish a new investment policies required for a housing-oriented REIT, which will be generally based on JRH's current investment policies. Details will be announced when finalized.

(5) Amendment to Agreements with Sponsor and Other Related Parties and its Contents

DR has entered into a sponsor-support agreement with DSGI for the provision of information on real estate and other related information in connection with properties that JRH can invest in. This agreement will continue to be effective after the Merger; therefore, DSGI will continue to strongly support the REIT after the Merger. In addition, DR and NHI have entered into a pipeline support agreement with Daiwa ACA HealthCare Inc. (66% owned by DSGI). This agreement will be succeeded to the REIT after the Merger; therefore, the Sponsor group will continue to strongly support the REIT after the Merger. Furthermore, DR has entered into an advisory agreement with AIP Healthcare Japan GK in order to obtain advice on property information, management and operations concerning properties that NHI can invest in and advice on collaboration with operators. This agreement will continue to be effective with respect to health care facilities after the Merger with partial amendments.

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6. Outline of Accounting Method

The Accounting Standards for Business Combinations (ASBJ Statement No. 21, revision dated November 18, 2014) will be applied and the purchase method will be used in the accounting treatment of the Merger with JRH as the acquiring corporation, NHI as the acquired corporation. Goodwill or negative goodwill is expected to arise as a result of the Merger but as of today, the amount is not determined and will be announced upon determined.

7. Future Outlook

For the prospective future performance of the surviving REIT, please refer to the press release entitled “Notice Concerning the Forecasted Financial Results and Distributions for the Fiscal Periods Ending September 2020 and March 2021 following the Merger of Japan Rental Housing Investments Inc. and Nippon Healthcare Investment Corporation” released by JRH and NHI as of today.

For the forecasted financial results for the fiscal period ending March 2020 (from October 1, 2019 to March 31, 2020) of JRH, please refer to the “27th Fiscal Period Financial Report (REIT)” released as of today. For the forecasted financial results of NHI, please refer to the press release entitled “Notice Concerning the Forecasted Financial Results for the Fiscal Period Ending March 2020 (Final Fiscal Period) and Payment on Merger” released as of today.

End

Note 1: EYTAS did not independently assess or evaluate the assets and liabilities of both REITs or perform a detailed examination of the assets and liabilities in coordination with a certified public accountant or any other professional. In calculating the merger ratio, EYTAS used the financial information of both REITs and other investment corporations, market data, analyst reports and other publicly disclosed information and financial, economic and market indicators to which EYTAS could refer. EYTAS calculated the merger ratio on the premise that there was no undisclosed information that could have a material impact on its analysis of the merger ratio. Furthermore, in calculating the merger ratio, EYTAS assumed that all of the information and materials EYTAS relied on were accurate and complete and that the future business plans and financial forecasts of both REITs included in such information and materials were reasonably prepared based on the best possible forecasts and judgment of both REITs at the time they were made; EYTAS did not independently check or verify the accuracy, reasonableness or feasibility or other aspects of such information and materials.

Note 2: DTFA did not independently assess or evaluate the assets and liabilities of both REITs or perform a detailed examination of the assets and liabilities in coordination with a certified public accountant or any

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other professional. In calculating the merger ratio, DTFA used the financial information of both REITs and other investment corporations, market data and other publicly disclosed information and financial, economic and market indicators to which DTFA could refer. DTFA calculated the merger ratio on the premise that there was no undisclosed information that could have a material impact on its analysis of the merger ratio. Furthermore, DTFA assumed that all of the information and materials DTFA relied on were accurate and complete and that the future business plans and financial forecasts of both REITs included in such information and materials were reasonably prepared based on the best possible forecasts and judgment of both REITs at the time they were made; DTFA did not independently check or verify the accuracy, reasonableness or feasibility or other aspects of such information and materials.

Disclaimer Regarding Forward-Looking Statements

This press release includes forecasts, targets, plans, strategies and other forward-looking statements regarding both REITs. These forward-looking statements are based on the current beliefs and assumptions of both REITs based on the information currently available to JRH or NHI but in light of possible changes due to uncertainties in those beliefs and assumptions and future changes in business operations and internal and external conditions, actual future performance or events regarding JRH or NHI may be significantly different. These forward-looking statements are indicated by words such as “believe,” “expect,” “estimate,” “plan,” “aim,” “should be,” “intend,” “forecast,” “future” and other similar expressions or are particularly seen in the form of explanations concerning “strategy,” “target,” “plan,” “intention” and the like. Due to many factors, it is possible that actual future results may differ significantly from the “forward-looking statements” contained in this press release. Such factors include, but are not limited to, (i) approvals of General Meetings of Unitholders required for the Merger not being obtainable, (ii) regulatory or other conditions considered requisite for completion of the Merger not being fulfilled, (iii) the effect of changes in the legal system or to accounting standards or other changes in the business environment relating to the parties to the Merger, (iv) issues in terms of the implementation of business strategies, (v) the effect of financial instability or other changes in general economic or industry conditions and (vi) other risks in regard to the completion of the Merger.

※ Website Address of both REITs

JRH <http://www.jrhi.co.jp/>

NHI <http://www.nippon-healthcare.co.jp/>

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Appendix (Proposed Amendments to the Articles of Incorporation)

Proposed Amendments to the Articles of Incorporation

Articles of Incorporation will be amended as follows:

(Amended portions are underlined)

Current Articles of Incorporation	Proposed Amendments
<p>ARTICLES OF INCORPORATION of <u>JAPAN RENTAL HOUSING INVESTMENTS INC.</u> (<i>Nihon Chintai Jutaku Toshi Hojin</i>)</p> <p>Article 1. (<i>Trade Name</i>) The investment corporation shall be called <u><i>Nihon Chintai Jutaku Toshi Hojin</i></u>, and in English, <u>Japan Rental Housing Investments Inc.</u> (the “Corporation”).</p> <p>Article 3. (<i>Location of Head Office</i>) The Corporation shall have its head office in <u>Minato-ku</u>, Tokyo.</p> <p>Article 10. (<i>Investment Policies</i>) 1. The Corporation shall invest mainly in the Real Estate, etc. (the Real Estate, etc. set forth in Article 11, Paragraph 2 hereof; the same shall apply hereinafter unless otherwise separately stipulated) among the Specified Assets set forth in Article 11, Paragraphs 2 and 3 hereto that <u>is primarily used as housing (the Real Estate, etc. primarily used as housing shall hereinafter be referred to as the “Rental Housing”)</u> in accordance with the basic asset management policies set forth in Article 9.</p>	<p>ARTICLES OF INCORPORATION of <u>DAIWA SECURITIES LIVING INVESTMENT CORPORATION</u> (<i>Daiwashoken Living Toshi Hojin</i>)</p> <p>Article 1. (<i>Trade Name</i>) The investment corporation shall be called <u><i>Daiwashoken Living Toshi Hojin</i></u>, and in English, <u>Daiwa Securities Living Investment Corporation</u> (the “Corporation”).</p> <p>Article 3. (<i>Location of Head Office</i>) The Corporation shall have its head office in <u>Chuo-ku</u>, Tokyo.</p> <p>Article 10. (<i>Investment Policies</i>) 1. The Corporation shall invest mainly in the Real Estate, etc. (the Real Estate, etc. set forth in Article 11, Paragraph 2 hereof; the same shall apply hereinafter unless otherwise separately stipulated) <u>or the Real Estate Backed Securities (the Real Estate Backed Securities set forth in Article 11, Paragraph 3 hereof; the same shall apply hereinafter unless otherwise separately stipulated),</u> among the Specified Assets set forth in Article 11, Paragraphs 2 and 3 hereto, that <u>are primarily used as housing (the “Rental Housing”) or Healthcare Facility (meaning private nursing homes and residential facilities for the residence or utilization by the elderly, including, but not limited to, buildings that are primarily categorized as fee-based homes for the elderly and elderly housing with support services together with other facilities for the elderly, as well as medical facilities)</u> in accordance with the basic asset management policies set forth in Article 9 <u>(the Rental Housing and the Healthcare Facility shall be collectively referred to as the “Life and Welfare Related Facility” hereinafter).</u> When the Corporation acquires part or all of one or multiple Real Estate, etc. that <u>can be integrally used for multiple purposes in terms of social or economic use or the Real Estate Backed Securities backed by such Real Estate, etc., the Corporation can acquire such asset on condition that the primary use of such multi-purpose</u></p>

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<p>2. When investing in the <u>assets set forth in the preceding paragraph</u>, the Corporation shall regionally diversify investments in order to secure stable cash flows by mitigating risks associated with changes in local economies and rental markets, and with earthquakes, etc. The investment territory shall include the national capital region, ordinance-designated cities, prefectural capitals and other similar cities, and commuting areas around thereof, and the Corporation shall diversify investments throughout Japan by region.</p> <p>3. <u>When investing in the assets set forth in Paragraph 1 above, the Corporation shall diversify investments with different categories of the Rental Housing in order to secure stable cash flows by mitigating risks associated with changes in the rental markets for each category of the Rental Housing. The categories of the Rental Housing for investments shall be the one-room type and the family-type.</u></p> <p>4. When investing in <u>each Real Estate, etc.</u>, the Corporation shall make comprehensive judgements based on an examination of investment value, whereby a full investigation is conducted in respect of expected earnings, site area and housing environment, construction and equipment specifications, earthquake-resisting capacity, related rights, building management conditions, environment and geology of the relevant <u>Real Estate, etc.</u> and others. (New Provision)</p> <p>(New Provision)</p>	<p><u>facility and the primary use of the portion that the Corporation will own is the Life and Welfare Related Facility.</u></p> <p>2. When investing in the <u>Rental Housing</u>, the Corporation shall regionally diversify investments in order to secure stable cash flows by mitigating risks associated with changes in local economies and rental markets, and with earthquakes, etc. The investment territory <u>for the Rental Housing</u> shall include the national capital region, ordinance-designated cities, prefectural capitals and other similar cities, and commuting areas around thereof, and the Corporation shall diversify investments throughout Japan by region. <u>The Corporation shall diversify investments with different categories of the Rental Housing in order to secure stable cash flows by mitigating risks associated with changes in the rental markets for each category of the Rental Housing. The categories of the Rental Housing for investments shall be the one-room type and the family-type.</u> (Deleted)</p> <p>3. When investing in <u>the Rental Housing</u>, the Corporation shall make comprehensive judgements based on an examination of investment value, whereby a full investigation is conducted in respect of expected earnings, site area and housing environment, construction and equipment specifications, earthquake-resisting capacity, related rights, building management conditions, environment and geology of the relevant <u>Rental Housing</u> and others.</p> <p>4. <u>When investing in the Healthcare Facility, the Corporation shall mainly invest in facilities located in Three Major Metropolitan Areas consisting of the greater Tokyo area, the Chukyo area and the Kinki area where concentration of the entire population and the elderly population can be expected to secure medium to long-term stable management, as well as invest in the Healthcare Facilities located throughout Japan to diversify the risk of the portfolio.</u></p> <p>5. <u>When investing in the Healthcare Facility, the Corporation shall make comprehensive judgements based on comprehensive examination of (i) general factors including economic factors (such as economic and financial condition, trend in financial and real estate market), social factors (such as trend in the elderly population and the number of those who are certified for being eligible of long term care) and administrative factors (such as nursing and medical insurance system and regulations on the Healthcare Facility supply), (ii)</u></p>

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<p>(New Provision)</p> <p>5. Notwithstanding the provisions of the preceding paragraphs, if a sudden change in the macroeconomic variables or the management environment of the Corporation arises, such as changes in general economic conditions, monetary conditions, consumption trends, real estate market trends, etc. that may detract from unitholder interest in the Real Estate, etc., the Corporation may take measures necessary to secure the interest of the unitholders.</p> <p>6. <u>The investment ratio of the assets to be acquired by the Corporation shall be subject to the following policy.</u> The proportion of the aggregate value of the specified real estate (this means among the Specified Assets that the Corporation acquires, real estate, real estate leasehold rights or surface rights or beneficiary interests having real estate ownership, leasehold rights in land or surface rights as trust assets) to the aggregate value of the Specified Assets held by the Corporation shall be no less than 75%.</p> <p>7. (Omitted)</p>	<p><u>local factors of the surrounding area of the property (such as transportation accessibility, vicinity to retail and public facilities, quality for residence; hereinafter the same shall apply), and (iii) factors for the individual property such as specification of the building and performance of the operator as tenant and level of rent.</u></p> <p>6. <u>While the Corporation generally aims to own the properties for medium to long-term, if necessary for maintenance of optimal composition of the portfolio, the Corporation shall make comprehensive determinations for the benefit of the unitholders with its best effort concerning the sale of the Real Estate, etc. or the Real Estate Backed Securities which the Corporation owns, taking into consideration the current and future profitability of the Real Estate, etc. (including those underlying the Real Estate Backed Securities; the same shall apply in this paragraph), the condition of the area where the property is located, the status of deterioration and obsolescence of the Real Estate, etc., and the composition of the Corporation's portfolio. The Corporation shall make comprehensive examination of market condition and the composition of the Corporation's portfolio when it sells the Real Estate, etc. or the Real Estate Backed Securities.</u></p> <p>7. Notwithstanding the provisions of the preceding paragraphs, if a sudden change in the macroeconomic variables or the management environment of the Corporation arises, such as changes in general economic conditions, monetary conditions, consumption trends, real estate market trends, etc. that may detract from unitholder interest in the Real Estate, etc., the Corporation may take measures necessary to secure the interest of the unitholders.</p> <p>8. The proportion of the aggregate value of the specified real estate (this means among the Specified Assets that the Corporation acquires, real estate, real estate leasehold rights or surface rights or beneficiary interests having real estate ownership, leasehold rights in land or surface rights as trust assets) to the aggregate value of the Specified Assets held by the Corporation shall be no less than 75%.</p> <p>9. (Unchanged)</p>

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<p>8. Any and all transactions, excluding the transactions set forth in Paragraphs 2, <u>3</u>, 4 and <u>7</u> above, shall be made only when it is determined (i) that such transactions are allowed under laws and ordinances, regulations established by the Investment Trusts Association, Japan (the “Investment Trusts Association”) and these Articles of Incorporation, and (ii) that such transactions are beneficial for the management of the assets of the Corporation.</p> <p>Article 11. (<i>Assets as Target for Asset Management</i>)</p> <p>1. The Corporation shall invest in Real Estate, etc. set forth in Paragraph 2 in accordance with the basic asset management policies set forth in Article 9.</p> <p>2. (Omitted) (New Provision)</p> <p><u>3</u>. The Corporation may invest in the following Specified Assets, in addition to the Real Estate, etc. set forth in the preceding paragraph:</p> <p>(1)~(3) (Omitted)</p> <p>(4) Securities (meaning securities defined in Article 3, Item 1 of the Investment Trust Act Enforcement Order; Order No. 480 of 2000, as amended) (the “Investment Trust Act Enforcement Order”) (excluding items falling under securities among those set forth in Paragraph 2 and this</p>	<p><u>10</u>. Any and all transactions, excluding the transactions set forth in Paragraphs 2, 4, <u>6</u> and <u>9</u> above, shall be made only when it is determined (i) that such transactions are allowed under laws and ordinances, regulations established by the Investment Trusts Association, Japan (the “Investment Trusts Association”) and these Articles of Incorporation, and (ii) that such transactions are beneficial for the management of the assets of the Corporation.</p> <p>Article 11. (<i>Assets as Target for Asset Management</i>)</p> <p>1. The Corporation shall invest in Real Estate, etc. set forth in Paragraph 2 <u>and Real Estate Backed Securities set forth in Paragraph 3</u> in accordance with the basic asset management policies set forth in Article 9.</p> <p>2. (Unchanged)</p> <p><u>3</u>. <u>The Real Estate Backed Securities set forth in Paragraph 1 shall be as listed below and more than half of underlying assets of which shall be invested in the Real Estate, etc.</u></p> <p>(1) <u>Preferred equity certificates (as defined in the Act concerning Liquidation of Assets (Act No. 105 of 1998, as amended; hereinafter the “Asset Liquidation Act”));</u></p> <p>(2) <u>Beneficial certificates (as defined in the Investment Trust Act);</u></p> <p>(3) <u>Investment unit certificates (as defined in the Investment Trust Act);</u></p> <p>(4) <u>Beneficial certificates of specified purpose trust (as defined in the Asset Liquidation Act (excluding those investing in the assets set forth in Paragraph 2 Items (4) or (5) above)); and</u></p> <p>(5) <u>Equity interests certificates in anonymous association (meaning as set forth in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter the “FIEA”).</u></p> <p>4. The Corporation may invest in the following Specified Assets, in addition to the Real Estate, etc. <u>set forth in Paragraph 2 and the Real Estate Backed Securities set forth in the preceding paragraph:</u></p> <p>(1)~(3) (Unchanged)</p> <p>(4) Securities (meaning securities defined in Article 3, Item 1 of the Investment Trust Act Enforcement Order; Order No. 480 of 2000, as amended) (the “Investment Trust Act Enforcement Order”) (excluding items falling under securities among those set forth in Paragraph 2, <u>Paragraph 3</u></p>

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paragraph);	and this paragraph);
(5) <u>Monetary receivables (as defined in Article 3, Item 7 of the Investment Trust Act Enforcement Order) (excluding those assets listed in Items 1 through 3 of this paragraph);</u>	(Deleted)
(6) <u>Beneficial interests of money trusts the purpose of which is to invest the trust properties in the assets set forth in each of the preceding items of this paragraph;</u>	(Deleted)
(7) Rights relating to derivative transactions (as defined in Article 3, Item 2 of the Investment Trust Act Enforcement Order); <u>and</u> (New Provision) (New Provision) (New Provision)	(5) Rights relating to derivative transactions (as defined in Article 3, Item 2 of the Investment Trust Act Enforcement Order); (6) <u>Monetary receivables (as defined in Article 3, Item 7 of the Investment Trust Act Enforcement Order) (excluding those assets listed in Items 1 through 3 of this paragraph);</u> (7) <u>Beneficial interests of money trusts the purpose of which is to invest the trust properties in the assets set forth in each of the preceding items of this paragraph or the items of Paragraph 5;</u> (8) <u>Beneficial interests of money trusts the purpose of which is to invest the trust properties in equity interests in anonymous association; and</u>
(8) Renewable energy power generation facilities (as defined in Article 3, Item 11 of the Investment Trust Act Enforcement Order; hereinafter the same shall apply).	(9) Renewable energy power generation facilities (as defined in Article 3, Item 11 of the Investment Trust Act Enforcement Order; hereinafter the same shall apply).
4. (Omitted)	5. (Unchanged)
(1), (2) (Omitted)	(1), (2) (Unchanged)
(3) Specified contribution as set forth in Article 2, Paragraph 6 of the <u>Act concerning Liquidation of Assets (Act No. 105 of 1998, as amended; hereinafter the "Asset Liquidation Act")</u> (limited to the case where the investment in the assets listed in Paragraph 2, Items (1) through (4) is practically intended);	(3) Specified contribution as set forth in Article 2, Paragraph 6 of the Asset Liquidation Act (limited to the case where the investment in the assets listed in Paragraph 2, Items (1) through (4) is practically intended);
(4), (5) (Omitted)	(4), (5) (Unchanged)
(6) <u>Beneficial interests of money trusts the purpose of which is to invest the trust properties in assets set forth in each of the preceding items.</u>	(Deleted)
5. Regarding the rights to be represented on securities as prescribed in Article 2, Paragraph 2 of the <u>Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; hereinafter the "FIEA")</u> , if securities that represent the relevant rights are not issued, such rights shall be deemed as securities and Paragraph 2 through Paragraph 4 shall apply.	6. Regarding the rights to be represented on securities as prescribed in Article 2, Paragraph 2 of the FIEA, if securities that represent the relevant rights are not issued, such rights shall be deemed as securities and Paragraph 2 through Paragraph 5 shall apply.
Article 12. (<i>Investment Restrictions</i>)	Article 12. (<i>Investment Restrictions</i>)
1. The Corporation shall make an investment in securities and monetary receivables set forth in Paragraph 3 of the preceding article <u>putting emphasis on the safety and liquidity thereof</u> , but rather shall not seek only to acquire investment profit aggressively.	1. The Corporation shall make an investment in securities and monetary receivables set forth in Paragraph 4 of the preceding article <u>taking into account the safety, liquidity, or relevance to Specified Assets set forth in Paragraph 2 or 3 of the preceding article</u> , but rather shall not seek only to acquire

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<p>2. The Corporation may invest in rights relating to a derivative transaction set forth in Paragraph 3, Item (7) of the immediately preceding article; provided, however, that such investment shall be limited to those to be made for the purpose of hedging an interest rate risk or other risks arising from the Corporation's liabilities. (New Provision)</p> <p>3. (Omitted)</p> <p>4. The Corporation may not invest in <u>real estate</u> located outside Japan or assets mainly backed by <u>real estate</u> located outside Japan, assets denominated in a foreign currency or securities mainly traded in foreign securities markets.</p> <p>Article 13. (<i>Leasing of Incorporated Assets</i>)</p> <p>1. The Corporation shall, in order to obtain medium and long-term stable earnings from assets, lease real estate from among the Specified Assets held by the Corporation through executing lease agreements with third parties. Further, with respect to the real estate which is the trust assets related to the beneficial interests, among the Specified Assets, held by the Corporation, the Corporation shall cause the trustee of the trust to execute lease agreements with third parties in order to lease such real estate.</p> <p>2.~4. (Omitted)</p> <p>Article 14. (<i>Methods, Standards and Calculation Date of Appraisal of Assets</i>)</p> <p>1. (Omitted) (1), (2) (Omitted) (3) Securities set forth in Article 11, Paragraph 3, Items (3) and (4) above:</p> <p>If there is a market price for the relevant securities, appraisals shall be made at the value based on the market price (the price on a financial instruments exchange, the</p>	<p>investment profit aggressively.</p> <p>2. The Corporation may invest in rights relating to a derivative transaction set forth in Paragraph 4, Item (5) of the immediately preceding article; provided, however, that such investment shall be limited to those to be made for the purpose of hedging an interest rate risk or other risks arising from the Corporation's liabilities.</p> <p>3. <u>The Corporation shall not proactively invest in renewable energy power generation facilities set forth in Paragraph 4, Item (9) of the preceding article, but rather may acquire such assets only when it is necessary or useful to acquire such assets in connection with acquisition of Specified Assets set forth in Paragraph 2 or 3 of the preceding article in order to supplement real estate investment which is the Corporation's primary investment target.</u></p> <p>4. (Unchanged)</p> <p>5. The Corporation may not invest in <u>Real Estate, etc.</u> located outside Japan or assets mainly backed by <u>Real Estate, etc.</u> located outside Japan, assets denominated in a foreign currency or securities mainly traded in foreign securities markets.</p> <p>Article 13. (<i>Leasing of Incorporated Assets</i>)</p> <p>1. The Corporation, <u>in principle</u>, shall, in order to obtain medium and long-term stable earnings from assets, lease real estate from among the Specified Assets held by the Corporation through executing lease agreements with third parties. Further, with respect to the real estate which is the trust assets related to the beneficial interests, among the Specified Assets, held by the Corporation, the Corporation, <u>in principle</u>, shall cause the trustee of the trust to execute lease agreements with third parties in order to lease such real estate, <u>or execute lease agreements (master lease agreements) with the trustee and then sublease the premise to third parties by executing lease agreements (sublease agreements) with third parties.</u></p> <p>2.~4. (Unchanged)</p> <p>Article 14. (<i>Methods, Standards and Calculation Date of Appraisal of Assets</i>)</p> <p>1. (Unchanged) (1), (2) (Unchanged) (3) <u>Real Estate Backed</u> Securities set forth in Article 11, Paragraph 3 <u>and securities set forth in Article 11, Paragraph 4, Items (3) and (4) above:</u> If there is a market price for the relevant <u>Real Estate Backed Securities</u> or securities, appraisals shall be made at the value based on the market price (the price on a financial instruments exchange, the price publicly announced by the</p>

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<p>price publicly announced by the securities dealers' association and others, or the transaction price concluded on the similar transaction system where purchases, sales and cash conversions are made from time to time; hereinafter the same) or if no market price exists, the value calculated using a reasonable method; provided, however, that, in the case of preferential shares set forth in Article 2 of the Asset Liquidation Act, if there is no value calculated based on the market price or a value calculated using a reasonable method, appraisals may be made at the acquisition price.</p>	<p>securities dealers' association and others, or the transaction price concluded on the similar transaction system where purchases, sales and cash conversions are made from time to time; hereinafter the same) or if no market price exists, the value calculated using a reasonable method; provided, however, that, in the case of preferential shares set forth in Article 2 of the Asset Liquidation Act, if there is no value calculated based on the market price or a value calculated using a reasonable method, appraisals may be made at the acquisition price.</p>
<p>(4) <u>Monetary receivables set forth in Article 11, Paragraph 3, Item (5) above:</u> <u>Appraisals shall be made at the amount obtained by deducting the allowance for doubtful accounts from the acquisition price; provided, however, that, in the case of monetary receivables obtained under par or above par, where the difference between the acquisition price thereof and the claim amount is deemed to be of the nature of adjustment of interest, appraisals shall be made at the amount obtained by deducting the allowance for doubtful accounts from the value calculated by the amortized cost method.</u></p>	<p>(Deleted)</p>
<p>(5) <u>Beneficial interests of money trusts set forth in Article 11, Paragraph 3, Item (6) above:</u> <u>Appraisals shall be made at the value calculated as the amount equivalent to the relevant Corporation's equity interests in beneficial interests of money trusts, after (i) aggregating the amount of the investment assets appraised by the relevant method provided for in Items (1) through (4) and Items (6) and (7) of this paragraph, and if such component assets are financial assets or liabilities, the amount thereof appraised in accordance with generally accepted corporate accounting standards and other corporate accounting practices, and (ii) the amount of liabilities deducting from the sum thereof.</u></p>	<p>(Deleted)</p>
<p>(6) Rights relating to derivative transactions set forth in Article 11, Paragraph 3, Item (7) above: (Omitted)</p>	<p>(4) Rights relating to derivative transactions set forth in Article 11, Paragraph 4, Item (5) above: (Unchanged)</p>
<p>(New Provision)</p> <p>(New Provision)</p>	<p>(5) <u>Monetary receivables set forth in Article 11, Paragraph 4, Item (6) above:</u> <u>Appraisals shall be made at the amount obtained by deducting the allowance for doubtful accounts from the acquisition price; provided, however, that, in the case of monetary receivables obtained under par or above par, where the difference between the acquisition price thereof and the claim amount is deemed to be of the nature of adjustment of interest, appraisals shall be made at the amount obtained by deducting the allowance for doubtful accounts from the value calculated by the amortized cost method.</u></p> <p>(6) <u>Beneficial interests of money trusts set forth in Article 11,</u></p>

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<p>(7) (Omitted)</p> <p>2. (Omitted)</p> <p>3. The calculation date of the asset appraisals shall be the Settlement Date (as defined in Article 16; hereinafter the same shall apply); provided, however, that, in the case where the assets provided for in Paragraph 1, Item (3) and Item (6), which may be appraised using the market price thereof, the calculation date shall be the last day of each month.</p> <p>4. (Omitted)</p> <p>Article 15. (<i>Cash Distribution Policies</i>)</p> <p>(1) (Omitted)</p> <p>(2) If monetary distribution is conducted within the limit of the amount of profit, distribution amounts shall be determined by the Corporation and such distribution amounts shall exceed 90% of the profits available for distribution of the Corporation as provided for in Article 67-15 of the Special Taxation Measures Act (Act No. 26 of 1957, as amended) (provided, however, that in case of any change in calculation of such amounts due to an amendment to relevant laws and regulations, the distribution amounts after such change shall apply). The Corporation may accumulate, retain or otherwise process reserves that are deemed to be necessary for maintaining its Investment Assets or improving the value thereof such as the long-term reserve for maintenance, payment reserve, reserve for distribution, reserve for reduction entry and reserve for temporary difference adjustment, and other similar reserves and accounts and necessary amounts from the Distributable Amount.</p> <p>(3)~(7) (Omitted)</p> <p>Article 17. (<i>Borrowings and Issuing Investment Corporation Bonds</i>)</p> <p>1.~3. (Omitted)</p> <p>4. In case of borrowing funds, the Corporation shall borrow such funds only from the qualified institutional investors provided for in Article 2, Paragraph 3, Item 1 of the FIEA (limited to institutional investors set forth in Article 67-15,</p>	<p><u>Paragraph 4, Items (7) and (8) above:</u></p> <p><u>Appraisals shall be made at the value calculated as the amount equivalent to the relevant Corporation's equity interests in beneficial interests of money trusts, after (i) aggregating the amount of the investment assets appraised by the relevant method provided for in Items (1) through (5) and Item (7) of this paragraph, and if such component assets are financial assets or liabilities, the amount thereof appraised in accordance with generally accepted corporate accounting standards and other corporate accounting practices, and (ii) the amount of liabilities deducting from the sum thereof.</u></p> <p>(7) (Unchanged)</p> <p>2. (Unchanged)</p> <p>3. The calculation date of the asset appraisals shall be the Settlement Date (as defined in Article 16; hereinafter the same shall apply); provided, however, that, in the case where the assets provided for in Paragraph 1, Item (3) and Item (4), which may be appraised using the market price thereof, the calculation date shall be the last day of each month.</p> <p>4. (Unchanged)</p> <p>Article 15. (<i>Cash Distribution Policies</i>)</p> <p>(1) (Unchanged)</p> <p>(2) If monetary distribution is conducted within the limit of the amount of profit, distribution amounts shall be determined by the Corporation and such distribution amounts shall exceed 90% of the profits available for distribution of the Corporation as provided for in Article 67-15 of the Special Taxation Measures Act (Act No. 26 of 1957, as amended; hereinafter the "Special Taxation Measures Act") (provided, however, that in case of any change in calculation of such amounts due to an amendment to relevant laws and regulations, the distribution amounts after such change shall apply). The Corporation may accumulate, retain or otherwise process reserves that are deemed to be necessary for maintaining its Investment Assets or improving the value thereof such as the long-term reserve for maintenance, payment reserve, reserve for distribution, reserve for reduction entry and reserve for temporary difference adjustment, and other similar reserves and accounts and necessary amounts from the Distributable Amount.</p> <p>(3)~(7) (Unchanged)</p> <p>Article 17. (<i>Borrowings and Issuing Investment Corporation Bonds</i>)</p> <p>1.~3. (Unchanged)</p> <p>4. In case of borrowing funds, the Corporation shall borrow such funds only from the qualified institutional investors provided for in Article 2, Paragraph 3, Item 1 of the FIEA (limited to institutional investors set forth in Article 67-15,</p>

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Current Articles of Incorporation	Proposed Amendments
<p>Paragraph 1, Item 1(b)(2) of the Special Taxation Measures Act (<u>Act No. 26 of 1957, as amended</u>).</p> <p>Article 19. (<i>Convocation of Meetings</i>)</p> <ol style="list-style-type: none"> (Omitted) A general meeting of unitholders of the Corporation shall be convened on <u>May 1, 2016</u> or onwards without delay and subsequent meetings shall be convened on <u>May 1</u> or onwards without delay every two years. In addition, the Corporation may convene a general meeting of unitholders as necessary. <p>Article 25. (<i>Record Date</i>)</p> <ol style="list-style-type: none"> In a case where the Corporation convenes a general meeting of unitholders pursuant to the provision of the first sentence of Article 19, Paragraph 2, the Corporation shall designate the unitholders registered or recorded in the final register of unitholders as of <u>March 31, 2016</u> and on <u>March 31</u> of every two years onward as unitholders who may exercise the rights thereof at the relevant general meeting of unitholders subject to the convocation. <p>2.~3. (Omitted)</p> <p>Article 36. (<i>Amount of Compensation or Standards regarding Payment of Compensation for the Independent Auditor and Timing of Payment</i>)</p> <p>The compensation amount to the independent auditor for each fiscal period shall be determined by the Board of Directors to be an amount not to exceed 30 million yen. Such amount shall be paid no later than <u>three months after</u> the relevant Settlement Date by way of remittance to a bank account designated by the relevant independent auditor.</p> <p>Article 40. (<i>Burden of Expenses</i>)</p> <p>The Corporation shall bear the following expenses:</p> <p style="text-align: center;">(New Provision)</p> <p style="text-align: center;">(New Provision)</p> <p style="text-align: center;">(New Provision)</p>	<p>Paragraph 1, Item 1(b)(2) of the Special Taxation Measures Act).</p> <p>Article 19. (<i>Convocation of Meetings</i>)</p> <ol style="list-style-type: none"> (Unchanged) A general meeting of unitholders of the Corporation shall be convened on <u>December 1, 2021</u> or onwards without delay and subsequent meetings shall be convened on <u>December 1</u> or onwards without delay every two years. In addition, the Corporation may convene a general meeting of unitholders as necessary. <p>Article 25. (<i>Record Date</i>)</p> <ol style="list-style-type: none"> In a case where the Corporation convenes a general meeting of unitholders pursuant to the provision of the first sentence of Article 19, Paragraph 2, the Corporation shall designate the unitholders registered or recorded in the final register of unitholders as of <u>September 30, 2021</u> and on <u>September 30</u> of every two years onward as unitholders who may exercise the rights thereof at the relevant general meeting of unitholders subject to the convocation. <p>2.~3. (Unchanged)</p> <p>Article 36. (<i>Amount of Compensation or Standards regarding Payment of Compensation for the Independent Auditor and Timing of Payment</i>)</p> <p>The compensation amount to the independent auditor for each fiscal period shall be determined by the Board of Directors to be an amount not to exceed 30 million yen. Such amount shall be paid no later than <u>the end of the month following the month when the Corporation has received all the audit reports required under the Investment Trust Act and other relevant laws and regulations</u> for the relevant Settlement Date, by way of remittance to a bank account designated by the relevant independent auditor.</p> <p>Article 40. (<i>Burden of Expenses</i>)</p> <p>The Corporation, <u>in principle</u>, shall bear the following expenses:</p> <p style="text-align: center;"><u>CHAPTER VIII</u></p> <p style="text-align: center;"><u>SUPPLEMENTARY PROVISIONS</u></p> <p><u>Article 41. (<i>Supplementary Provisions</i>)</u></p> <ol style="list-style-type: none"> <u>The amendments to the heading, Article 1, each Paragraph of Article 10, Article 11, Paragraph 1 and Paragraphs 3 through 6, each Paragraph of Article 12, Article 13, Paragraph 1, Article 14, Paragraph 1, Items 3 through 6 and Paragraph 3, Article 19, Paragraph 2, Article 25, Paragraph 1 and Exhibit</u>

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Current Articles of Incorporation	Proposed Amendments
<p>(New Provision)</p> <p>(New Provision)</p> <p>Exhibit I (1) Management Fee 1 Each fiscal period of the Corporation shall be divided into [a] the period from the initial day of the relevant fiscal period to the day corresponding to three months after the immediately preceding Settlement Date and [b] the period from the day following the final day of the above-mentioned period until the Settlement Date (hereinafter each referred to as the "Calculation Period") and for each Calculation Period, this shall be the amount obtained by multiplying the total asset <u>value shown on the balance sheet (limited to the one that has received approval prescribed in Article 131, Paragraph 2 of the Investment Trust Act) as of the immediately preceding Settlement Date of the Corporation</u> by a rate that will be a maximum of 0.50% (annual rate) (prorated based on a 365-day year, according to the actual number of days in the relevant Calculation Period, with units of less than one yen disregarded). The Management Fee 1 shall be paid by each of payment dates (which are the last day of February, May, August and November of each year) that falls immediately after the last day of each Calculation Period.</p> <p>(2) Management Fee 2 This shall be the amount that results from multiplying net income before income taxes (<u>excluding gain on negative goodwill</u>) prior to the deduction of Management Fee 2 calculated for each fiscal period of the Corporation by a rate that will be a maximum of 3.0% (<u>annual rate</u>) (with units of less than one yen disregarded). The Management</p>	<p><u>I shall take effect on the effective date of the absorption-type merger between the Corporation as the surviving corporation and Nippon Healthcare Investment Corporation as the absorbed corporation under the merger agreement dated November 19, 2019 entered into between the Corporation and Nippon Healthcare Investment Corporation (the "Merger") on condition that the Merger takes effects.</u></p> <p>2. <u>The amendments to Article 3, Article 36 and Article 40 shall take effect on April 1, 2020.</u></p> <p>3. <u>Paragraph 1 of this article shall be deleted on the effective date of the Merger and Paragraph 2 of this article shall be deleted on April 1, 2020 and this chapter shall be deleted when the two preceding paragraphs have been deleted.</u></p> <p>Exhibit I (1) Management Fee 1 Each fiscal period of the Corporation shall be divided into [a] the period from the initial day of the relevant fiscal period to the day corresponding to three months after the immediately preceding Settlement Date and [b] the period from the day following the final day of the above-mentioned period until the Settlement Date (hereinafter each referred to as the "Calculation Period") and for each Calculation Period, this shall be the amount obtained by multiplying the total asset <u>valuation amount which is calculated by the following method</u> by a rate that will be a maximum of 0.20% (annual rate) (prorated based on a 365-day year, according to the actual number of days in the relevant Calculation Period, with units of less than one yen disregarded). The Management Fee 1 shall be paid by each of payment dates (which are the last day of February, May, August and November of each year) that falls immediately after the last day of each Calculation Period. <u>The total asset valuation amount for each Calculation Period shall mean the total of the appraisal value (meaning the appraisal value or other value which is obtained pursuant to Article 14, Paragraph 2; provided, however, that, if such value is not available, the acquisition price (as shown in the relevant agreement for acquisition of such assets and excluding acquisition related costs as well as national and local consumption taxes; hereinafter the same shall apply) shall be applied) of real estate related investment assets (meaning the Real Estate, etc. and the Real Estate Backed Securities; hereinafter the same shall apply) as of the immediately preceding Settlement Date of the Corporation.</u></p> <p>(2) Management Fee 2 This shall be the amount that results from multiplying net income before income taxes (<u>the amount after adding goodwill amortization cost and deducting gain on negative goodwill</u>) prior to the deduction of Management Fee 2 calculated for each fiscal period of the Corporation by a rate that will be a maximum of 8.0% (with units</p>

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<p>Fee No. 2 shall be paid by the end of the month that follows the month when the Board of Directors of the Corporation approved the financial statements, etc.</p> <p>(3) Acquisition Fee This shall be the amount that results from multiplying the acquisition price (<u>excluding the amounts equivalent to national and local consumption tax for the building</u>) by a rate that will be a maximum of 1.0% (with units of less than one yen disregarded) in a case where <u>assets are</u> acquired (excluding acquisition through a merger). <u>The term "acquisition price" means the amount stated in the purchase and sale agreement, excluding the costs in connection with the acquisition as well as the national and local consumption tax.</u> The Acquisition Fee shall be paid by the end of the month that follows the month to which the day of acquisition belongs (i.e., the day when the transfer of rights, including the transfer of ownership, takes effect).</p> <p>(4) Transfer Fee This shall be the amount that results from multiplying the sale price (<u>excluding the amounts equivalent to national and local consumption tax on the building</u>) by a rate that will be a maximum of 0.5% (with units of less than one yen disregarded) in a case where assets are transferred (excluding transfer through a merger). The term "sale price" means the <u>amount stated in the purchase and sale agreement, excluding the costs in connection with the transfer</u> as well as the national and local consumption <u>tax</u>. The Transfer Fee shall be paid by the end of the month that follows the month to which the day of transfer belongs (i.e., the day when the transfer of rights, including the transfer of ownership, takes effect).</p> <p>(5) Merger Fee This shall be, in case of a merger with another investment corporation (including a consolidation-type merger and an absorption-type merger whereby the Corporation is the surviving corporation or the absorbed corporation; hereinafter the same shall apply), when the Asset Management Company investigates and evaluates the assets, etc. held by the other party of the merger and performs other services related to the merger on behalf of the Corporation and the merger takes effect, the amount that results from multiplying the total valuation amount of real estate, <u>etc.</u> held by the other party of the merger that is to be succeeded to or to be held by the newly established entity under the consolidation-type merger or the surviving corporation under the absorption-type merger on the day that the merger takes effect by a rate that will be a maximum of 1.0% (with units of less than one yen disregarded). The Merger Fee shall be paid within three months from the end of the month to which the effective date of the merger belongs.</p>	<p>of less than one yen disregarded). The Management Fee No. 2 shall be paid by the end of the month that follows the month when the Board of Directors of the Corporation approved the financial statements, etc.</p> <p>(3) Acquisition Fee</p> <p>a. This shall be the amount that results from multiplying the acquisition price by a rate that will be a maximum of 1.0% (with units of less than one yen disregarded) in a case where <u>the Rental Housing is</u> acquired (excluding acquisition through a merger).</p> <p>b. <u>This shall be the amount that results from multiplying the acquisition price by a rate that will be a maximum of 1.5% (with units of less than one yen disregarded) in a case where the Healthcare Facility is acquired (excluding acquisition through a merger).</u></p> <p>c. The Acquisition Fee shall be paid by the end of the month that follows the month to which the day of acquisition belongs (i.e., the day when the transfer of rights, including the transfer of ownership, takes effect).</p> <p>(4) Transfer Fee This shall be the amount that results from multiplying the sale price by a rate that will be a maximum of 0.5% (with units of less than one yen disregarded) in a case where <u>real estate related investment</u> assets are transferred (excluding transfer through a merger). The term "sale price" means the <u>price as shown in the relevant agreement for transfer of such assets and</u> excluding <u>transfer related</u> costs as well as national and local consumption <u>taxes</u>. The Transfer Fee shall be paid by the end of the month that follows the month to which the day of transfer belongs (i.e., the day when the transfer of rights, including the transfer of ownership, takes effect).</p> <p>(5) Merger Fee This shall be, in case of a merger with another investment corporation (including a consolidation-type merger and an absorption-type merger whereby the Corporation is the surviving corporation or the absorbed corporation; hereinafter the same shall apply), when the Asset Management Company investigates and evaluates the assets, etc. held by the other party of the merger and performs other services related to the merger on behalf of the Corporation and the merger takes effect, the amount that results from multiplying the total valuation amount of real estate <u>related investment assets</u> held by the other party of the merger that is to be succeeded to or to be held by the newly established entity under the consolidation-type merger or the surviving corporation under the absorption-type merger on the day that the merger takes effect by a rate that will be a maximum of 1.0% (with units of less than one yen disregarded). The Merger Fee shall be paid within three months from the end of the month to which the effective date of the merger belongs.</p>

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