Additional Material for Press Release Change in Asset Management Fee Structure

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Changes in Asset Management Fee Structure: Overview of Changes



Linked to asset size

Management Fee 1

Acquisition value x 0.45%

(Annual rate)

Linked to performance

Management Fee 2

FFO x 4.50% (Gain and loss on transfer is included in FFO)

Linked to events

Management Fee 3 (Acquisition fee)

Acquisition value x 1%* (Reduction rate by acquisition amount)

[Multiplying factor by acquisition value]

- Portion of 3 billion yen or less:
- · Portion of more than 3 billion yen and
- 5 billion yen or less:

• Portion of more than 5 billion yen:

(*Interested parties are applied half rate.)

0.75%*

0.50%*

1.00%*

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Management Fee 1

Total assets x 0.30% (Upper limit) (Annual rate)

- The percentage of the asset size-linked fee in the management fee will be lowered significantly.
- The basis for the fee will be changed from acquisition value to total assets to make the structure easier to understand.

Management Fee 2

FFO x 4.50% (Upper limit) (Gain and loss on transfer is not included in FFO)

Management Fee 3

DPU x 50,000 (Upper limit)

- The percentage of the performance-linked fee in the management fee will be raised significantly. As a result, returns for unitholders will be reflected more directly in the profit of the asset management company.
- By introducing a DPU-linked fee, the linkage between returns for individual unitholders and the profit of the asset management company will be stronger, and actions and due to the dilution of PO, etc. that will not lead to returns for investors will be reflected as the reduction of fees for the asset management company.
- Gain or loss on transfer of property will be excluded from the calculation of FFO as a result of establishing the DPU-linked fee.

Acquisition Fee

Acquisition value x 1%*

(Abolition of reduction rate)

Transfer Fee

(Only if a gain on sale has arisen) Transfer value x 1%*(Upper limit)

Merger Fee

Valuation amount of succeeded assets x 1%*

(Upper limit)

- At present, the larger the size of an acquired asset, the lower the acquisition fee rate becomes. Generally, the acquisition of a larger asset will bring bigger returns to unitholders. Accordingly, the reduction rate will be abolished in order to link returns for unitholders more closely with an incentive of the asset management company (the rate of 0.5% for interested parties will be maintained).
- In the transfer of assets, if a gain on transfer is 1% or less of the transfer price, it will be subject to a fee, with 50% of the gain on transfer as the upper limit.

We will be prepared for mergers in the future.

* 0.5% for interested persons

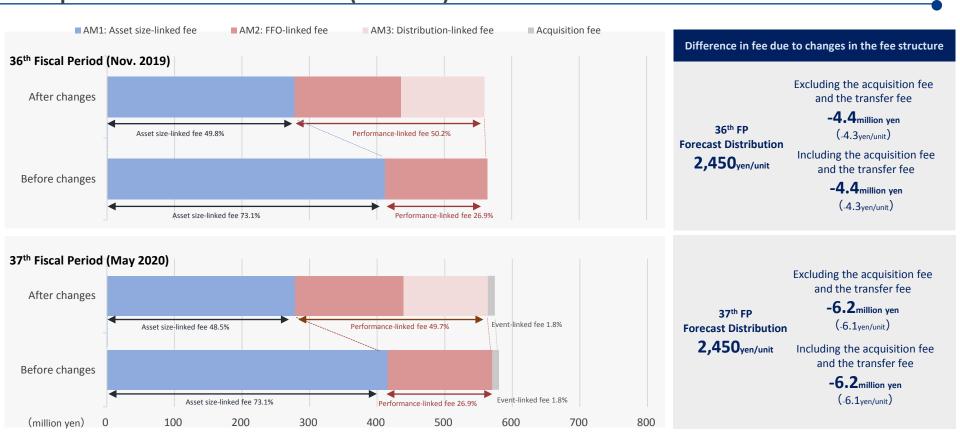
Changes in Asset Management Fee Structure: Comparison with Actual Values (Estimate)





Changes in Asset Management Fee Structure: Comparison with Forecast Values (Estimate)





Note: The values above are calculated based on the results forecasts announced on July 18, 2019. The asset management fee will be changed from the 37th fiscal period (ending May 2020).

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