

# **Information under AIFMD Article 23 (for UK and Dutch Investors)**

As of September 7, 2020

For the latest version, please refer to the Premier Investment Corporation's website.  
<https://www.pic-reit.co.jp/en/>

## **DISCLAIMER**

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

### **Netherlands**

The units of Premier Investment Corporation (“PIC” or the “AIF”) are being marketed in the Netherlands under Section 1:13b of the Dutch Financial Supervision Act (Wet op het financieel toezicht, or the “Wft”). In accordance with this provision, Premier REIT Advisors Co., Ltd. (the “AIFM”) has submitted a notification with the Dutch Authority for the Financial Markets. The units of PIC will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (gekwalificeerde beleggers) within the meaning of Article 1:1 of the Wft, and as a consequence neither the AIFM nor PIC is subject to the license requirement pursuant to the Wft. Consequently, neither the AIFM nor PIC is subject to supervision of the Dutch Central Bank (De Nederlandsche Bank, “DNB”) or the Netherlands Authority for Financial Markets (Autoriteit Financiële Markten, the “AFM”) and this Article 23 AIFMD Prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Regulation (EU) 2017/1129 (the “Prospectus Regulation”) as amended and applicable in the Netherlands. The AIFM is therefore solely subject to limited ongoing regulatory requirements as referred to in Article 42 of the AIFMD.

### **United Kingdom**

Units of PIC are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, the AIFM has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom.

For the purposes of the United Kingdom Financial Services and Markets Act 2000 (“FSMA”) PIC is an unregulated collective investment scheme which has not been authorized by the FCA.

Accordingly, any communication of an invitation or inducement to invest in CRR may only be made to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or “the Order”; or (ii) high net worth companies falling within Articles 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated (all such persons referred to under (i) and (ii) of this paragraph, together being referred to as “Relevant Persons”).

In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

### **European Economic Area and United Kingdom**

In addition to the restrictions under the AIFMD, the Units of PIC are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”) or the United Kingdom. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended, (the “MiFID II”); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulations, as amended. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the Units of PIC or otherwise making them available to retail investors in the EEA or the United Kingdom has been prepared and therefore offering or selling the Units of PIC, or otherwise making them available, to any retail investor in the EEA or the United Kingdom may be unlawful under the PRIIPs Regulation.

Article 23 (1)(a)																								
Objectives of the AIF	PIC conducts asset management that takes advantage of the expertise and experience of NTT Urban Development Corporation, the main sponsor of Premier REIT Advisors Co., Ltd., which conducts real estate development and leasing businesses, as well as other sponsor, Kenedix, Inc., one of Japan's leading real estate asset management companies. PIC aims to maximize the interests of its unitholders by enhancing the profitability of such real estate.																							
Investment strategy	<p>PIC shall invest in real estate located primarily in the Tokyo metropolitan area, comprising buildings and land which are primarily for office and residential uses, as well as in securities and other assets that are backed by such real estate. PIC shall conduct management with an aim to ensure solid growth of its assets and to secure stable earnings from medium- to long-term perspectives.</p> <p>Office buildings are attractive when the economy is strong. Demand from tenants (lessees) for office buildings may fluctuate due to business cycles and other economic trends. Consequently, this might adversely affect PIC's profitability with regard to its office buildings. However, compared to real estate for other uses, office buildings are generally expected to generate relatively higher levels of profitability.</p> <p>Residential properties, on the other hand, have stable demand even when the economy is weak. In addition, rental residential properties are relatively resistant to adverse changes in economic and social conditions compared to real estate for other uses. By combining asset types that have low rent correlation with each other, PIC seeks to mitigate the impact of economic fluctuations.</p> <p>PIC's investments are focused primarily in the Tokyo Economic Bloc, which is characterized by high concentration of people and industries and an established economic foundation, and in Major Regional Cities., PIC seeks to achieve a portfolio diversified by asset type comprising office buildings and residential properties.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="background-color: #D3D3D3;">5 central wards of Tokyo</td> <td>Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards</td> </tr> <tr> <td style="background-color: #D3D3D3;">Other 18 wards of Tokyo</td> <td>The remaining 18 wards of the 23 wards of Tokyo, after excluding the 5 Central Wards of Tokyo</td> </tr> <tr> <td style="background-color: #D3D3D3;">Urban areas surrounding Tokyo</td> <td>Tokyo Prefecture excluding the 23 wards of Tokyo, Kanagawa Prefecture (Yokohama City, Kawasaki City and other cities), Saitama Prefecture (Saitama City and other cities) and Chiba Prefecture (Chiba City and other cities)</td> </tr> <tr> <td style="background-color: #D3D3D3;">Major regional cities</td> <td>Sapporo City, Sendai City, Shizuoka City, Nagoya City, Osaka City, Kyoto City, Kobe City, Hiroshima City, Okayama City and Fukuoka City etc.</td> </tr> </table> <p>Furthermore, PIC aims to achieve the following geographic diversification.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #D3D3D3;">Asset type/Area</th> <th style="background-color: #D3D3D3;">5 central wards of Tokyo</th> <th style="background-color: #D3D3D3;">Other 18 wards of Tokyo</th> <th style="background-color: #D3D3D3;">Urban areas surrounding Tokyo</th> <th style="background-color: #D3D3D3;">Major regional cities</th> </tr> </thead> <tbody> <tr> <td style="background-color: #D3D3D3;">Office buildings</td> <td>50% or more</td> <td>0% - 20%</td> <td>0% - 40%</td> <td>0% - 20%</td> </tr> <tr> <td style="background-color: #D3D3D3;">Residential properties</td> <td>50% or more</td> <td>0% - 40%</td> <td>0% - 20%</td> <td>0% - 20%</td> </tr> </tbody> </table> <p>(Note) Since the figures in the table represent ranges, the total of such figures is not necessarily 100%. Although PIC makes investments by aiming to achieve the ratios above, the actual ratios may differ in the course of acquiring the investment assets.</p>	5 central wards of Tokyo	Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards	Other 18 wards of Tokyo	The remaining 18 wards of the 23 wards of Tokyo, after excluding the 5 Central Wards of Tokyo	Urban areas surrounding Tokyo	Tokyo Prefecture excluding the 23 wards of Tokyo, Kanagawa Prefecture (Yokohama City, Kawasaki City and other cities), Saitama Prefecture (Saitama City and other cities) and Chiba Prefecture (Chiba City and other cities)	Major regional cities	Sapporo City, Sendai City, Shizuoka City, Nagoya City, Osaka City, Kyoto City, Kobe City, Hiroshima City, Okayama City and Fukuoka City etc.	Asset type/Area	5 central wards of Tokyo	Other 18 wards of Tokyo	Urban areas surrounding Tokyo	Major regional cities	Office buildings	50% or more	0% - 20%	0% - 40%	0% - 20%	Residential properties	50% or more	0% - 40%	0% - 20%	0% - 20%
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Types of assets the AIF may invest in	Real estate, leasehold rights, surface rights, trust beneficiary interests in real estate, real estate securities, specified assets and other assets.																							
Techniques it may employ and all associated risks	<p>PIC achieves its objective by investing in real estate consisting of office buildings and residential properties.</p> <p>The principal risks with respect to investment in PIC are as follows:</p>																							

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|  | <p>(1) General Risks</p> <ul style="list-style-type: none"> <li>(a) Risk concerning treatment of legal, taxation and other systems of investment corporations</li> <li>(b) Risk concerning transactions involving the investment units in the market</li> <li>(c) Risk concerning price fluctuations of the investment units or Corporate Bonds (defined below)</li> <li>(d) Risk concerning dilution of per-unit value through the issuance of new investment units</li> <li>(e) Risk concerning cash distributions</li> </ul> <p>(2) Risks Related to Product Design and Related Parties</p> <ul style="list-style-type: none"> <li>(a) Risk concerning marketability of investment units</li> <li>(b) Risk concerning fluctuations in revenues, expenditures and cash flow</li> <li>(c) Risk concerning loan to value ratio</li> <li>(d) Risk concerning borrowings and Corporate Bonds</li> <li>(e) Risk of PIC going bankrupt</li> <li>(f) Risk of PIC's registration being cancelled</li> <li>(g) Risk concerning dependency on related parties other than PIC</li> <li>(h) Risk concerning performance of duties of directors</li> <li>(i) Risk concerning insider trading</li> <li>(j) Risk concerning the asset manager</li> <li>(k) Risk concerning the property manager</li> <li>(l) Risk concerning conflicts of interest, etc. of entities involved in the management of PIC</li> </ul> <p>(3) Risks Peculiar to Trust Beneficiary Interests</p> <ul style="list-style-type: none"> <li>(a) Risk borne as a trust beneficiary</li> <li>(b) Risk concerning liquidity of trust beneficiary interests</li> <li>(c) Risk concerning trustee</li> <li>(d) Risk concerning co-ownership, etc. of trust beneficiary interests</li> </ul> <p>(4) Risks Peculiar to Preferred Share Securities of Specific Purpose Companies</p> <ul style="list-style-type: none"> <li>(a) Risk borne as a preferred shareholder</li> <li>(b) Risk concerning liquidity of preferred share securities</li> <li>(c) Risk concerning other preferred shareholders</li> </ul> <p>(5) Risks Related to Real Estate</p> <ul style="list-style-type: none"> <li>(a) Risk concerning liquidity of real estate, transaction costs, conclusion of post-dated sale agreements (forward commitment contracts), etc.</li> <li>(b) Risk concerning competition of property acquisition</li> <li>(c) Risk concerning defects and failures of real estate, including defective title and limited or invalid ownership rights</li> <li>(d) Risk arising from the complexity of rights regarding real estate and lack of public reliance effect (<i>koushinryoku</i>)</li> <li>(e) Risk concerning co-owned properties</li> <li>(f) Risk concerning compartmentalized ownership of buildings</li> <li>(g) Risk concerning properties on leased lands</li> <li>(h) Risk concerning properties under development</li> <li>(i) Risk concerning appraisal value and building evaluation</li> <li>(j) Risk concerning decrease of rent income</li> <li>(k) Risk concerning master lease contracts</li> <li>(l) Risk concerning lease contracts of real estate in Japan</li> <li>(m) Risk concerning the status of use of building by tenants</li> <li>(n) Risk concerning increase in operating costs of real estate</li> <li>(o) Risk concerning accidents, natural disasters and infections, etc.</li> <li>(p) Risk concerning uneven distribution of real estate</li> <li>(q) Risk concerning concentration of tenants</li> <li>(r) Risk concerning ownership liabilities, etc.</li> <li>(s) Risk concerning revisions of existing laws and regulations</li> <li>(t) Risk concerning hazardous materials and environmental liabilities</li> </ul> <p>(6) Risks Related to Taxation, Etc.</p> |
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	<ul style="list-style-type: none"> <li>(a) General risk concerning appliance of special provisions of taxation regarding inclusion in deductible expenses of distribution of profits</li> <li>(b) Risk concerning conduit requirements</li> <li>(c) Risk of additional tax requirements and risks of becoming unable to satisfy conduit requirements due to correction orders as a result of taxation investigations, etc.</li> <li>(d) Risk of falling under the category of family company</li> <li>(e) Risk that preferential tax measures associated with real estate acquisitions cannot be applied</li> <li>(f) Risk concerning revisions of the general tax system</li> <li>(g) Risk of PIC having no control over its investors</li> <li>(h) Risk concerning impairment loss</li> <li>(i) Risk concerning passing dividend due to lack of funds</li> <li>(j) Risk concerning charge of delinquent tax due to delay of tax payment</li> </ul> <p>(7) Other Risks</p> <ul style="list-style-type: none"> <li>(a) Risk concerning PIC's ability to make real estate acquisitions</li> <li>(b) Risk arising from bankruptcy of the seller of properties</li> <li>(c) Risk concerning spread of coronavirus</li> <li>(d) Risk concerning material events, etc.</li> </ul>
<p>Any applicable investment restrictions</p>	<p>PIC is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the "ITA"), the Financial Instruments and Exchange Act (the "FIEA")) as well as its articles of incorporation.</p> <p>PIC must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, real estate leasehold interests, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or beneficiary interests in trust for securities or real estate, real estate leasehold interests or surface rights.</p> <p>A listed J-REIT must invest substantially all of its assets in real estate. Real estate in this context includes, but is not limited to, real estate, real estate leasehold interests, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate. Pursuant to the ITA, investment corporations shall not independently develop land or construct buildings, but must outsource such activities.</p>
<p>Circumstances in which the AIF may use leverage</p>	<p>In order to achieve steady growth of investment assets and efficient and stable management of investments, PIC may borrow funds or issue corporate bonds to raise funds to acquire or repair assets, pay distributions, fund PIC's operation, or repay debts (including repayment of deposit money, loans and obligations of its corporate bonds (including short-term corporate bonds; referred to as "Corporate Bonds" in this document))</p>
<p>The types and sources of leverage permitted and associated risks</p>	<p>Loans or Corporate Bonds.</p> <p>Currently all of PIC's outstanding long- and short-term loans are unsecured and unguaranteed.</p> <p>Loans in which PIC enters or Corporate Bonds that PIC may issue may be subject to restrictive covenants in connection with any future indebtedness that may restrict operations and limit its ability to make cash distributions to unitholders, to dispose of properties or to acquire additional properties. Furthermore, if PIC were to violate such restrictive covenants, such as with regard to loan-to-value ratios, lenders may be entitled to require PIC to collateralize portfolio properties or demand that the entire outstanding balance be paid ahead of the scheduled date.</p> <p>In the event of an increase in interest rates, to the extent that PIC has any debt with unhedged floating rates of interest or PIC incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit PIC's ability to acquire properties, and could cause the market price of the investment units to decline.</p>

Any restrictions on leverage	The maximum limit of loans and the maximum limit of bond issuances shall each be one trillion yen and the combined amount shall not exceed one trillion yen.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	PIC shall aim to maintain the ratio of the balance of loans and issued corporate bonds to total assets at 60% or less. However, in connection with the acquisition of new investment assets and other circumstances, this ratio may tentatively exceed 60% for a short period of time.
<b>Article 23(1) (b)</b>	
Procedure by which the AIF may change its investment strategy / investment policy	<p>Amendment of the articles of incorporation.</p> <p>The amendment requires a quorum of a majority of the total issued investment units and at least a two-thirds favor of the voting rights represented at the general meeting of unitholders.</p> <p>Unitholders should note, however, that under the ITA and our articles of incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to be in agreement with proposals submitted at the meeting, except in cases where contrary proposals are also being submitted.</p> <p>Additionally, the Asset Management Guidelines of the AIFM, which provide more detailed policies within PIC's overall investment strategy and policy, can be modified without such formal amendment of the articles of incorporation.</p>
<b>Article 23(1) (c)</b>	
Description of the main legal implications of the contractual relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established	<p>PIC is a corporate-type investment trust in the form of investment corporation (<i>toshi hojin</i>) provided for under the ITA. Therefore, the relationship between PIC and its unitholders is governed by PIC's articles of incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general meeting of unitholders. PIC's articles of incorporation stipulate rules relating to general meetings of unitholders, including the convocation, setting of record date, exercise of voting rights, resolutions and election of PIC's directors. The relationship between PIC and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>The above agreements are governed by Japanese law.</p> <p>The courts in Japan would recognize as a valid judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against PIC obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) PIC has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.</p> <p>PIC, Premier REIT Advisors Co., Ltd. and NTT Urban Development Corporation have entered into an agreement on information provision.</p> <p>PIC is not involved in or threatened by any legal arbitration, administrative or other proceedings, the results of which might, individually or in the aggregate, be material.</p>

<b>Article 23(1) (d)</b>	
<p>The identity of the AIFM, AIF's depositary, auditor and any other service providers and a description of their duties and the investors' rights thereto</p>	<ul style="list-style-type: none"> <li>• <b>AIFM (Asset Manager): Premier REIT Advisors Co., Ltd.</b> The AIFM manages assets owned by PIC pursuant to the asset management agreement and based on the Articles of Incorporation of PIC.</li> <li>• <b>Auditor: KPMG AZSA LLC</b> The Auditor audits financial statements and prepare audit reports.</li> <li>• <b>Asset Custodian: Sumitomo Mitsui Trust Bank, Ltd.</b> The Custodian provides, pursuant to the asset custody agreement, services related to custody of documents evidencing the rights to the assets acquired by PIC and other documents, management of deposits into and withdrawals from bank accounts as well as fund transfers, preparation and delivery of ITA-based account books.</li> <li>• <b>General Administrative Agents (Institutions): Premier REIT Advisors Co., Ltd.</b> Pursuant to the general administrative agreement, the General Administrative Agent provides services related to operations of PIC's administrative instruments.</li> <li>• <b>General Administrative Agents (Accounting and tax payment): Sumitomo Mitsui Trust Bank, Ltd.</b> The General Administrative Agent provides services related to accounting, preparation of accounting books and tax payments, pursuant to the general administrative agreement.</li> <li>• <b>General Administrative Agents (Corporate Bonds): Sumitomo Mitsui Trust Bank, Ltd.</b> The General Administrator Agent provides services related to receipt and delivery to PIC of subscriptions, reimbursement of principle of Corporate Bonds and payment of interest, coordination of investment corporation bond registry and its copy and management of investment corporation bond registry, pursuant to the fiscal agent agreement.</li> <li>• <b>Transfer Agent: Sumitomo Mitsui Trust Bank, Ltd.</b> The transfer agent provides services related to preparation and keeping of the unitholders registry and other affairs concerning the registry, payment of cash distributions to unitholders, and responding to requests from unitholders on exercising their rights against PIC and other requests from them, pursuant to the transfer agent agreement. In addition, as an account management institution for the special account under the Act on Book-Entry of Company Bonds, Shares, etc., the bank provides services related to preparation and keeping of PIC's book-entry transfer account registry and other affairs concerning the registry by request from PIC, pursuant to the special account management agreement.</li> </ul> <p>Service providers owe contractual obligations under their respective agreements with the AIF or AIFM, as the case may be. In addition, the FIEA provides that an asset manager owes a J-REIT a fiduciary duty and must conduct its activities as the asset manager in good faith. The FIEA also prohibits an asset manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the asset manager that are contrary to or violate the J-REIT's interests. Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.</p>
<b>Article 23(1) (e)</b>	
<p>Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)</p>	<p>Not applicable.</p>

<b>Article 23(1) (f)</b>	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	<p>Not applicable.</p> <p>There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Custodian, which is responsible for safekeeping activities.</p>
<b>Article 23(1) (g)</b>	
Description of the AIF's valuation procedure and pricing methodology, including the methods used in valuing hard-to-value assets	<p>PIC makes investment decisions based on its investment strategies and in accordance with its articles of incorporation and based on the results of due diligence, including the valuation of properties and consideration of the property appraisal value.</p> <p>PIC evaluates assets in accordance with its Article of Incorporation. The methods and standards that PIC uses for the evaluation of assets are based on the Regulations Concerning the Calculations of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by ITA, in addition to Japanese GAAP. J-REITs may only use the valuation methods prescribed in the rules of the Investment Trusts Association, Japan, which emphasize market price valuation.</p>
<b>Article 23(1) (h)</b>	
Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors	<p>PIC seeks to manage the capital resources and liquidity sources to provide adequate funds for current and future financial obligations and other cash needs and acquisitions. PIC manages associated liquidity and interest rate fluctuation risk by keeping the ratio of interest-bearing liabilities to total assets at a conservative level, lengthening loan terms, selecting interest rates in consideration of economic conditions and establishing stable relationships with financial institutions.</p> <p>PIC is a closed-end investment corporation, and PIC shall not refund any investment units upon request of unitholders.</p>
<b>Article 23(1) (i)</b>	
Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors	<p><b>Compensation:</b></p> <ul style="list-style-type: none"> <li>The articles of incorporation provide that the compensation shall be no more than 800,000 yen per month for each Executive Director and no more than 350,000 yen per month for each Supervisory Directors, and shall be the amount judged reasonable in light of such factors as the compensation levels for the directors and auditors, etc. who perform similar assignments, general price trends and wage trends. Said amount shall be determined by the Board of Directors, to the extent not larger than the above-mentioned amount, respectively.</li> </ul> <p><b>Asset Management Fee:</b></p> <p>PIC will pay the AIFM an asset management fee as follows;</p> <ul style="list-style-type: none"> <li>Management Fee 1 – Asset Management Fee 1 shall be the amount (rounded down to the nearest 1 yen) equivalent to 3% of the total amount of rents, common area charge, parking fees, incidental revenue, facility use charge, facility installation charge, delay damage charge, cancellation penalty or similar monies for cancelling lease agreements, and other income from leasing operations, generated from real estate, etc. (including real estate backing securities and other assets that the Investment Corporation acquires) in the Investment Assets, and calculated for each settlement period. The amount shall be equivalent to 3% of the total amount (rounded down to the nearest 1 yen) of dividend income, interests or similar revenues for the said equity interests or real estate backed securities, calculated for each settlement period.</li> </ul>

Moreover, gains from sale of real estate, etc. (including real estate backing the securities and other assets that the Investment Corporation acquires) and other assets in the Investment Assets shall be excluded. PIC shall pay the amount and the consumption taxes and local consumption taxes levied on the amount within a month after the accounts are settled.

- **Management Fee 2 – Asset Management Fee 2** shall be the amount (rounded down to the nearest 1 yen) equivalent to 3% of the distributable amount calculated for each settlement period. The Investment Corporation shall pay the amount and the consumption taxes and local consumption taxes levied on the amount within a month after the accounts are settled. “Distributable amount” shall be the amount calculated from net income before tax before the deduction of Asset Management Fee 2, calculated in accordance with generally accepted corporate accounting principles and other corporate accounting practices, plus a compensation amount for the losses carried forward, if any.
- **Management Fee 3** – When the Investment Corporation has newly acquired real estate, etc. as the Investment Assets (including the case where the Investment Corporation has acquired securities and other assets backed by real estate), the Investment Corporation shall pay the amount designated in the asset management agreement it has concluded with the asset management company, in accordance with the acquisition price of the real estate, etc. (meaning the combined acquisition price for the land and building, or the respective acquisition price when multiple real estate properties are acquired simultaneously; with the amount equivalent to the consumptions taxes and local consumption taxes as well as expenses associated with the acquisition are excluded), to an extent not larger than the sum total of the amount obtained by multiplying the acquisition price by the following rates (rounded down to the nearest 1 yen) and the amount equivalent to the consumption taxes and local consumption taxes levied on the amount. Payment shall be made by the end of the month following the month to which the acquisition date belongs.
  - 0.5% for the portion up to 10 billion yen
  - 0.2% for the portion over 10 billion yen and up to 30 billion yen
  - 0.05% for the portion over 30 billion yen and up to 50 billion yen
  - None for the portion over 50 billion yen

Furthermore, in the event that the acquisition is made from interested parties, etc. of the asset management company as defined in the asset management agreement which the Investment Corporation has concluded with the asset management company (which includes all interested parties, etc. as defined in the Investment Trusts Act), the rates to be applied shall be one half of the above rates.

**General Administrative Agent Fee (Institutions):**

- For administration of AIF’s general meetings of unitholders, the General Administrative Agent (Institutions) receives a General Administrative Agent Fee of 5 million yen per meeting, plus national and local consumption taxed pertaining thereto, by the end of the month immediately following the month of the relevant meeting.
- For administration of AIF’s board of directors’ meetings, the General Administrative Agent (Institutions) receives a General Administrative Agent Fee of 1.5 million yen, plus national and local consumption taxed pertaining thereto, by the end of April and October each year.

**General Administrative Agent Fee (Accounting):**

- The PIC pays to the General Administrative Agent (Accounting) monthly General Administrative Fees (Accounting) each fiscal period. The General Administrative Agent (Accounting) shall request the fees by the end of the month immediately following the relevant fiscal period, and PIC shall pay the fees, plus national and local consumption taxed pertaining thereto, by the end of the month immediately following the month of the request.

The monthly General Administrative Agent Fees (Accounting) is calculated by multiplying PIC’s total assets as of the end of each month by 0.06%, divided by 12.

**General Administrative Agent Fee (Corporate Bonds):**

	<ul style="list-style-type: none"> <li>For principal and interest payment services with respect to series five through eight unsecured Corporate Bonds, the General Administrative Agent receives a General Administrative Agent Fee (Corporate Bonds) equivalent to 0.00075% of any principal and interest payment amount.</li> </ul> <p><b>Transfer Agent Fee:</b></p> <ul style="list-style-type: none"> <li>Standard Fee - The standard transfer agent fee is for services such as the preparation, maintenance and storage of PIC's unitholder register; and preparation of materials concerning unitholder statistical data as of the end of each fiscal period or any other day. The monthly standard fee is one-sixth of the amount determined based on the number of unitholders as shown below, subject to a minimum monthly fee of ¥200,000.</li> </ul> <table border="0" data-bbox="502 571 1045 750"> <tr> <td>Up to 5,000</td> <td>480 yen</td> </tr> <tr> <td>5,001 to 10,000</td> <td>420 yen</td> </tr> <tr> <td>10,001 to 30,000</td> <td>360 yen</td> </tr> <tr> <td>30,001 to 50,000</td> <td>300 yen</td> </tr> <tr> <td>50,001 to 100,000</td> <td>260 yen</td> </tr> <tr> <td>More than 100,000</td> <td>225 yen</td> </tr> </table> <ul style="list-style-type: none"> <li>Other fees - PIC also pays certain other fees in addition to the standard fee in connection with the administration and handling of distributions (minimum of 350,000 yen per distribution) and other unitholder-related functions.</li> </ul> <p><b>Custodian Fee:</b></p> <ul style="list-style-type: none"> <li>PIC pays to the Custodian monthly Custodian Fees each fiscal period. The Custodian shall request the fees by the end of the month immediately following the relevant fiscal period, and PIC shall pay the fees, plus national and local consumption taxes pertaining thereto, by the end of the month immediately following the month of the request.</li> </ul> <p>The Custodian Fee is calculated by multiplying PIC's total assets as of the end of the each month by 0.01%, divided by 12.</p> <p>In case of an early terminated of the custodian agreement, the fees shall be prorated based on the number of days during the period from the date immediately following the preceding fiscal period until the date of the termination, and payable within five days from the termination date.</p> <p><b>Auditor Fee:</b></p> <ul style="list-style-type: none"> <li>The Auditor receives an Auditor Fee determined by a resolution of a PIC's board of directors' meeting subject to a maximum amount of 15 million yen (including a fee of 2 million yen for audit of English language financials) for each fiscal period. A portion of Auditor Fee for the immediately preceding three-month period is payable by the end of January, April, July and October each year.</li> </ul>	Up to 5,000	480 yen	5,001 to 10,000	420 yen	10,001 to 30,000	360 yen	30,001 to 50,000	300 yen	50,001 to 100,000	260 yen	More than 100,000	225 yen
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<b>Article 23(1) (j)</b>													
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the Act on Investment Trusts and Investment Corporations of Japan, which applies the requirements of Article 109 paragraph 1 of the Companies Act to investment corporations, investment corporations are required to treat unitholders equally depending on the number of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.												
<b>Article 23(1) (k)</b>													
The latest annual report referred to in Article 22(1)	Not applicable. Additional information may be found in our most recent semiannual report, which can be viewed at <a href="https://www.pic-reit.co.jp/file/en-ir_library_term-">https://www.pic-reit.co.jp/file/en-ir_library_term-</a>												

	<a href="#">9a3a904ced097bfe7fed4bc0c74530fee6875fbb.pdf</a>																								
<b>Article 23(1) (l)</b>																									
The procedure and conditions for the issue and sale of the units	<p>The total number of authorized investment units for PIC shall be 10 million units. The investment units have been listed on the Tokyo Stock Exchange since September 10, 2002.</p> <p>Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.</p>																								
<b>Article 23(1) (m)</b>																									
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	PIC's latest investment unit's price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters, which can be viewed at <a href="https://www.reuters.com/finance/stocks/overview/8956.T">https://www.reuters.com/finance/stocks/overview/8956.T</a> ).																								
<b>Article 23(1) (n)</b>																									
Details of the historical performance of the AIF, where available	<p>The investment units of PIC were listed on the Tokyo Stock Exchange on September 10, 2002.</p> <p>The most recent fiscal period performance of the units is as follows.</p> <table border="1"> <thead> <tr> <th>Fiscal period (six months ended)</th> <th>Total Assets (JPY million)</th> <th>Total Net Assets (JPY million)</th> <th>Net Assets per unit (base value) (JPY)</th> </tr> </thead> <tbody> <tr> <td>April 30, 2020</td> <td>245,487</td> <td>124,895</td> <td>94,833</td> </tr> <tr> <td>October 31, 2019</td> <td>246,128</td> <td>124,789</td> <td>94,753</td> </tr> <tr> <td>April 30, 2019</td> <td>245,996</td> <td>125,032</td> <td>94,937</td> </tr> <tr> <td>October 31, 2018</td> <td>247,665</td> <td>124,301</td> <td>94,382</td> </tr> <tr> <td>April 30, 2018</td> <td>248,262</td> <td>124,289</td> <td>94,373</td> </tr> </tbody> </table>	Fiscal period (six months ended)	Total Assets (JPY million)	Total Net Assets (JPY million)	Net Assets per unit (base value) (JPY)	April 30, 2020	245,487	124,895	94,833	October 31, 2019	246,128	124,789	94,753	April 30, 2019	245,996	125,032	94,937	October 31, 2018	247,665	124,301	94,382	April 30, 2018	248,262	124,289	94,373
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Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	Not applicable.																								
<b>Article 23(1) (p)</b>																									
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through its Internet website or semi-annual report.																								

<b>Article 23(2)</b>	
The AIFM shall inform the investors before they invest in the AIF of any arrangement made by the depositary to contractually discharge itself of liability in accordance with Article 21(13)	Not applicable.
The AIFM shall also inform investors of any changes with respect to depositary liability without delay	Not applicable.
<b>Article 23(4)(a)</b>	
Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned	There are no assets that are subject to special arrangements arising from their illiquid nature.
Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
<b>Article 23(4)(b)</b>	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

accordance with Article 106(1) of Regulation (EU) No 231/2013 (ie. there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).	
Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	PIC is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
<b>Article 23(4)(c)</b>	
The current risk profile of the AIF and the risk management systems employed by the AIFM to manage those risks	<p>Deposits are exposed to risks of failure of the financial institution holding the deposit and other credit risks, but PIC manages credit risk by restricting the term of the deposit to relatively short periods.</p> <p>The fund proceeds from borrowings and issuance of Corporate Bonds are used for the purpose of investing in properties, conducting repairs, paying cash distributions, operating the AIF, repaying obligations and other activities. These borrowings and Corporate Bonds are exposed to liquidity risks. PIC strives to reduce the liquidity risks and a risk of rising interest rates by setting long-term and fix rate and diversifying repayment dates, fee, and so forth.</p> <p>Derivative transactions are also utilized to hedge the interest rate risks arising from any borrowing or other debts.</p>
Measures to assess the sensitivity of the AIF's	No such measures have been implemented.

portfolio to the most relevant risks to which the AIF is or could be exposed	
If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken	No such situation has occurred.
<b>Article 23(5)(a)</b>	
Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted	No such right or guarantee exists.
Details of any change in service providers relating to the above.	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
<b>Article 23(5)(b)</b>	
Information on the total amount of leverage employed by the AIF calculated in accordance with the gross and commitment methods	The Interest-bearing liabilities totaled 109 billion yen as of April 30, 2020.