

Strong Governance Structure aimed at Maximizing the Value of Our Units

We believe that our governance structure, which aligns the interests of the Asset Manager and Tokyu Land Corporation with those of our unitholders, allows us to maximize the value of our units.

Acquisition Approval Process

The following sets forth the Asset Manager's investment policy and acquisition approval process:

- The Investment Committee is responsible for formulating investment policies and identifying potential acquisitions based on our acquisition strategies and with reference to the investment guidelines and the asset management plan. The Investment Committee also formulates proposals for resolutions regarding the updating of key matters, such as the updating of asset management guidelines and the investment management plan.
- Any proposal on investment policy or acquisition of properties is submitted by the Asset Management Department, but it must first be submitted to the Compliance Officer, who is the Head of the Compliance Office, to confirm that the proposal conforms to applicable legislation and other compliance-related matters. Otherwise, the proposal is submitted to the Investment Committee. Where the Compliance Officer finds that the proposed investment policy or acquisition is a related-party transaction or involves other matters that raise compliance issues, such investment policy or acquisition proposal is then submitted to the Compliance Committee for review.
- The Compliance Committee comprises the Compliance Officer as the chair and other members, including one or more outside experts (who must be a licensed expert such as an attorney or accountant) appointed by the board of directors, and in principle meets at least quarterly. If two thirds of the members of the Compliance Committee who are present at the meeting including the Compliance Officer and an outside expert agree with the proposal, the proposal may be submitted to the Board of Directors.
- The Investment Committee comprises the Asset Manager's President & CEO as the chair and other directors, Executive Manager of the Asset Management Department, Executive Manager of the Fund Management Department, a qualified independent real estate appraiser appointed by the board of directors, and the Compliance Officer, who does not have a voting right. The Investment Committee in principle meets at least quarterly, and approves a submitted proposal by a unanimous vote of all voting members. A qualified independent real estate appraiser must vote in favor of any proposal with respect to which property value is an issue, either at the meeting or by submission of an opinion prior to such meeting.
- Subject to the satisfactory resolution of any compliance issues, the Executive Manager of the Asset Management Department may submit the proposal to the Investment Committee. The Investment Committee will report the approval of the proposal to the Board of Directors of the Asset Manager.

Sponsor's Interests aligned with those of the Unitholders

In order to align the interests of our unitholders with those of the Sponsor, the Sponsor plans to retain upon the completion of the offerings an approximately 10% equity interest in us and to continue to hold such units for at least five years as long as it remains the parent of the Asset Manager. In addition, we intend to consider holding certain properties and trust beneficiary interests in co-ownership with Tokyu Land Group companies.

Asset Manager Incentivized by Distribution per unit-based Fee

We also intend to emphasize unitholder value by incentivizing the Asset Manager through payment of asset management fees that partly depend on our distribution per unit, or DPU.

Management Fees

The Asset Manager receives a management fee, which comprises a type 1 management fee and a type 2 management fee as described below, of up to 0.5% per year of our total assets (as stated in our balance sheet at the end of each fiscal period prepared in accordance with Japanese GAAP), payable by us.

• Type 1 management fee: Asset-based Fee

We pay to the Asset Manager a type 1 management fee for each fiscal period. This type 1 asset management fee of up to 0.4% per year (and has been agreed upon to be 0.3% per year for the time being) of our total assets (as stated in our balance sheet at the end of the immediately preceding fiscal period prepared in accordance with Japanese GAAP) is payable by us within the fiscal period. However, there is no type 1 management fee payable for the first fiscal period ending May 31, 2012, and with respect to the fiscal period ending November 30, 2012, the balance sheet as of November 30, 2012 will be used for the calculation, and the fee is to be paid without delay after the amount of total assets in such balance sheet has been approved by our board of directors.

• Type 2 management fee: DPU-based Fee

We pay to the Asset Manager a type 2 management fee for each fiscal period. This type 2 management fee is payable within three months after the financial statements for the relevant fiscal period are approved by our board of directors, and is equal to (i) the distribution per unit (before deduction of type 2 management fee) multiplied by (ii) net operating income, which is the total rental and other operating revenues earned during the fiscal period, less property-related expenses (not including depreciation expenses and loss on retirement of fixed assets), and multiplied by (iii) up to 0.0002% (and has been agreed upon to be 0.0002% for the time being). There is no type 2 management fee payable for the first fiscal period ending May 31, 2012. For purposes of calculation of type 2 management fee, the distribution per unit (before deduction of type 2 management fee) is equal to income before income taxes, excluding

type 2 management fee and certain non-deductible consumption taxes, for such fiscal period calculated in accordance with Japanese GAAP, less any loss carried forward from the previous fiscal period, if any, divided by the number of units outstanding as of the end of such fiscal period.

- **Acquisition Fees**

For each new property we acquire, the Asset Manager receives an acquisition fee, which is equal to 0.7%, or 0.5% in case of a transaction with a related party, of the purchase price (excluding national and local consumption taxes and expenses), payable by the end of the month immediately following the month of such acquisition or, if such month falls in the next fiscal period, by the end of the month of such acquisition.

- **Disposition Fees**

For each property we dispose of, the Asset Manager receives a disposition fee to the extent there is any net profit as a result of such disposition, which is equal to 0.5% of the disposition price (excluding national and local consumption taxes and expenses) payable by the end of the month immediately following the month of such disposition or, if such month falls in the next fiscal period, by the end of the month of such acquisition. No disposition fee is payable for a transaction with a related party.