



JEI

Japan Excellent, Inc.

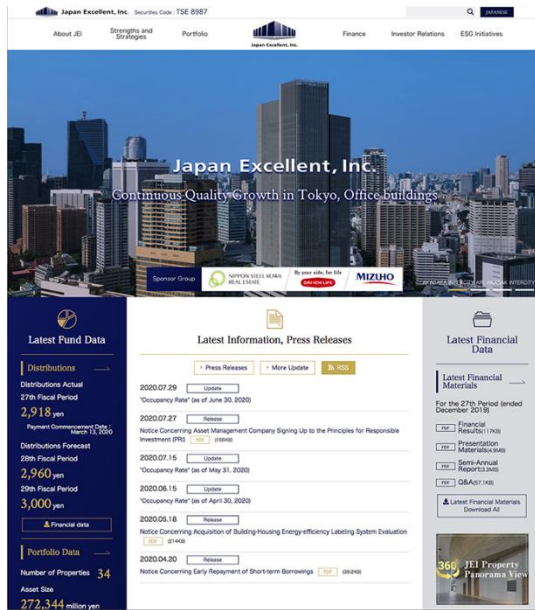
**Thirtieth Period (Ended June 2021)
Presentation Materials**

August 19, 2021



Information on Website

Please visit JEI's website below.



(URL) <https://www.excellent-reit.co.jp/en/>

QR code



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Introduction of JEI: Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area	3	IV. Future Initiatives	
I. Financial Results of the 30th Period (Ended June 2021)		1. Future Goals	29
1. Review of Operations in the 30th Period (Ended June 2021)	5	2. Review of Corporate Action	30
2. Overview of Financial Results of the 30th Period (Ended June 2021)	6	3. Strategic Leasing Activities in Cooperation with Sponsor Group	31
3. Actual Results of Distributions per Unit and NAV for the 30th Period (Ended June 2021)	7	4. ESG Related	
4. Highlights of the 30th Period (Ended June 2021)	8	(1) Initiatives in the Most Recent Year	32
II. Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)		(2) Future Initiatives	33
1. Idea on Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)	11	(3) Initiatives in the 30th Period (Individual Measures (1))	34
2. Overview of Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)	12	(3) Initiatives in the 30th Period (Individual Measures (2))	35
3. Forecast of Distributions per Unit	13		
III. Management Status and Policy			
1. External Growth			
(1) Property Acquired in the 30th Period (Ended June 2021) (BIZCORE JIMBOCHO)	15		
(2) BIZCORE Series	16		
(3) Overview of Asset Replacement	17		
(4) Change in External Growth and Policies/Strategies	18		
(5) Major Development Cases and Portfolio of Sponsor	19		
2. Internal Growth			
(1) Status of Rent ① (Departure and Lease-Up)	20		
Status of Rent ② (Rent Revision)	21		
(2) Status of Rent Gap	22		
(3) Construction Results	23		
(4) Facility Renewal for CO ₂ Emissions Reduction	24		
3. Financial Strategy			
(1) Performance of Financing Activities	25		
(2) Status of Financial Management	26		

Introduction of JEI: Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area Japan Excellent, Inc.

1. Sponsors

Japan Excellent, Inc.
Japan Excellent Asset Management Co., Ltd.



- Continuous expansion of the asset size through the provision of property acquisition opportunities

- Strengthening of profitability and enhancement of property competitiveness with strong property management and leasing capabilities

- Stable and flexible fund procurement

Core Sponsors



Nippon Steel Kowa Real Estate Co., Ltd.
(Investment ratio: 54%)

Total of group: **64%**



The Dai-ichi Life Insurance Company, Limited.
(Investment ratio: 26%)

Total of group: **36%**



Mizuho Bank, Ltd.



Mizuho Trust & Banking Co., Ltd.



The Dai-ichi Building Co., Ltd.



Sohgo Housing Co., Ltd.

*The investment ratio by each core sponsor shown above is the investment ratio in Japan Excellent Asset Management Co., Ltd., which is the Asset Management Company.

- Cooperative system with finance, insurance and developers as the core sponsors

- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline

- Percentage of properties in the portfolio that were acquired from the sponsor: **80.6%**

- Maintained a high occupancy rate by also gaining significant sponsor support on property operation and management
Continuous stable growth of rental revenue

- Period-end occupancy rate for the 30th Period: **96.4%**
(Average occupancy rate over the past 5 years: **99.0%**)

- Rental revenue for the 30th Period: **9,845 million yen**

- Established a solid financial base supported by a megabank sponsor

- Ratings: **AA-** (JCR), **A3** (Moody's)

- Average remaining period of interest-bearing debt: **4.4 years**

- LTV: **42.7%**

2. Portfolio*

- High growth potential and stability mainly in the Tokyo metropolitan area

Number of properties: **35**

Asset size: **282.5 billion yen**

Ratio of investment in office buildings: **100.0%**

Large-scale properties: **67.5%**

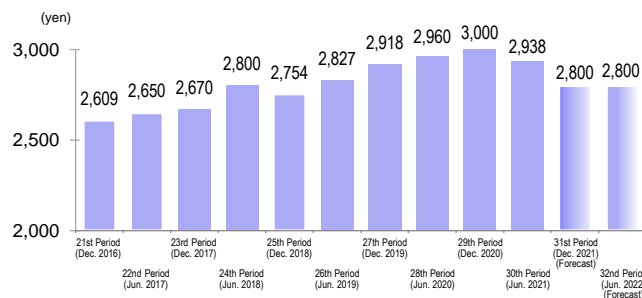
Tokyo metropolitan area: **85.8%**

6 central wards of Tokyo: **53.4%**

** Please refer to notes on p. 40 for definitions of the figures above.

3. Historical Distributions

- Operational stance aiming for stable distribution



4. ESG Initiatives

- Strongly promoting initiatives by positioning them as the most important issue

- Reduction of Environmental Burden
- Cooperation/Collaboration with Stakeholders

GRESB: Acquired the highest rating of "Green Star" and "5star"

Included in MSCI Japan ESG Select Leaders Index

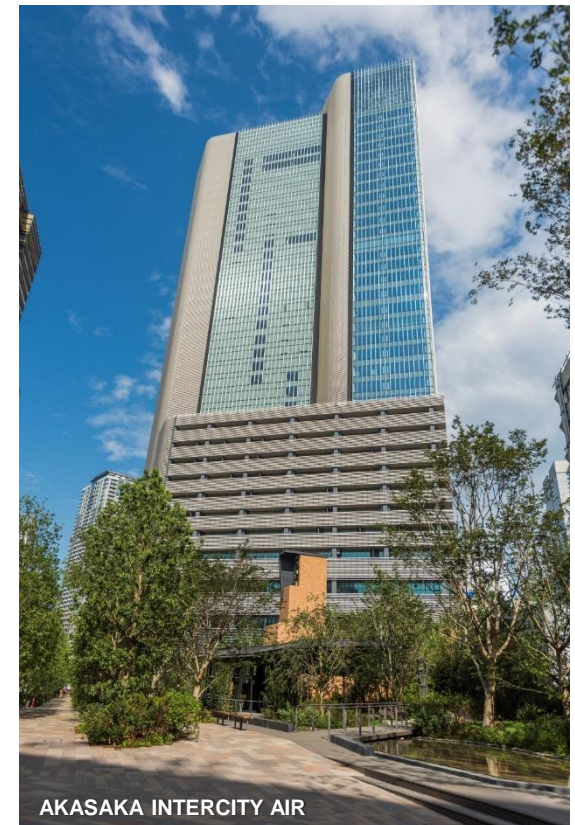
Green Building Certification: 82.7% (area basis)

Signing the Principles for Responsible Investment (PRI)

Declared Support for TCFD, Signed the Principles for Financial Action for the 21st Century

Reduction of CO2 emissions through shift in electricity source at 3 owned properties

I. Financial Results of the 30th Period (Ended June 2021)



1. Review of Operations in the 30th Period (Ended June 2021)

(Unit: million yen)

	30th Period(June 2021)	
	Feb. 2021 Forecast	Result
Operating revenue	10,574	10,567
(Gain on sale, included)	-	-
Net income	3,896	3,975
Reversal of reserve for reduction entry	40	-
(Distribution equivalent)	(30 yen)	
Distributions per unit	2,910 yen	2,938 yen

	31st Period (December 2021)		
	Feb. 2021 Forecast	May 2021 Revision	Aug. 2021 Forecast
Operating revenue	10,321	10,686	10,689
(Gain on sale, included)	-	-	-
Net income	3,517	3,789	3,788
Reversal of reserve for reduction entry	135	-	-
(Distribution equivalent)	(100 yen)		
Distributions per unit	2,700 yen	2,800 yen	2,800 yen

	32nd Period (June 2022)
	Aug. 2021 Forecast
Operating revenue	11,046
(Gain on sale, included)	805
Net income	4,108
Reversal of reserve for reduction entry	-320
(Distribution equivalent)	(-237 yen)
Distributions per unit	2,800 yen

Reserve for reduction entry balance as of the end of 32nd Period is 771 million yen (Equivalent to 570 yen distribution)



[February 2021]

Conservative performance outlook results in reduction of 31st Period distribution to 2,700 yen

- Conservative expectations given difficult leasing environment
 - Broadly incorporating departures (incl. large-scale), occupancy rate for the end of the 31st Period falls to 95%

⇒ Distribution decreases in 30th and 31st Periods, with 31st Period especially experiencing reversal of reserve for reduction of 135 million yen (equivalent to 100 yen of distribution), down to 2,700 yen

[May 2021]

Review of **new property acquisition** and departure forecasts results in **upward revision** of 31st Period distribution to 2,800 yen

- Acquisition of **BIZCORE JIMBOCHO** with funds on hand
 - **Potential** shown for **stable external growth centered on sponsor pipeline linked with core sponsor medium-term management plans**
- **Upward revision of revenue forecast** reflecting review of departure forecasts (e.g., postponement of large-scale departure dates)

⇒ Distribution forecast for 31st Period raised to 2,800 yen without reversal of reserve for reduction of 135 million yen (equivalent to 100 yen of distribution)

[August 2021]

Toward management with **minimum target of 2,800 yen** with goal of stability in future distribution

- **Sale of the Kowa Shirokanedai Building via forward commitment (for replacement)**

⇒ Partial utilization of gain on sale in 32nd Period distribution and remainder used in internal reserves **secures financial leeway for future stability in distribution**

2. Overview of Financial Results of the 30th Period (Ended June 2021)

(unit: million yen)

	29th Period (Dec. 2020) Result A	30th Period (Jun. 2021) Initial Forecast B	30th Period (Jun. 2021) Result C	30th Period Result Comparison with previous period C-A	30th Period Result Comparison with initial forecast C-B
Operating revenue	11,043	10,574	10,567	-476	-6
Rental revenue	9,998	9,847	9,845	-153	-2
Gain on sales of real estate	314	-	-	-314	-
Operating expenses	6,119	6,070	5,977	-141	-92
Expenses for rental operations	5,487	5,440	5,355	-131	-84
Sales and administrative expenses	631	629	621	-10	-8
Operating income	4,924	4,504	4,590	-334	+86
Ordinary income	4,291	3,897	3,976	-314	+79
Net income	4,290	3,896	3,975	-314	+78
Provision (-) and reversal (+) of reserve for reduction entry	-232	+40	-	+232	-40
Total distributions	4,059	3,937	3,975	-83	+37
Distributions per unit (yen)	3,000	2,910	2,938	-62	+28
Period-end occupancy rate	98.0%	97.1%	96.4%	-1.6pt	-0.7pt

● Comparison with the Results for the 29th Period (Ended Dec. 2020) (Impact on Distribution Resources)

① Decrease in operating revenue	-476 million yen
· Decrease in rental revenue (decline in occupancy rate, etc.)	-153 million yen
· Decrease in gain on sales of real estate	-314 million yen
② Decrease in operating expenses	+141 million yen
· Decrease in expenses for rental operations	+131 million yen
(Decrease in repairs and maintenance: +124 million yen)	
· Decrease in sales and administrative expenses	+10 million yen
(Decrease in management fees: +15 million yen)	
③ Decrease in non-operating expenses	+19 million yen
· Absence of arrangement fee, etc.	
④ Decrease in ordinary income and net income	-314 million yen
⑤ Absence of provision of reserve for reduction entry	+232 million yen
⑥ Decrease in total distributions	-83 million yen

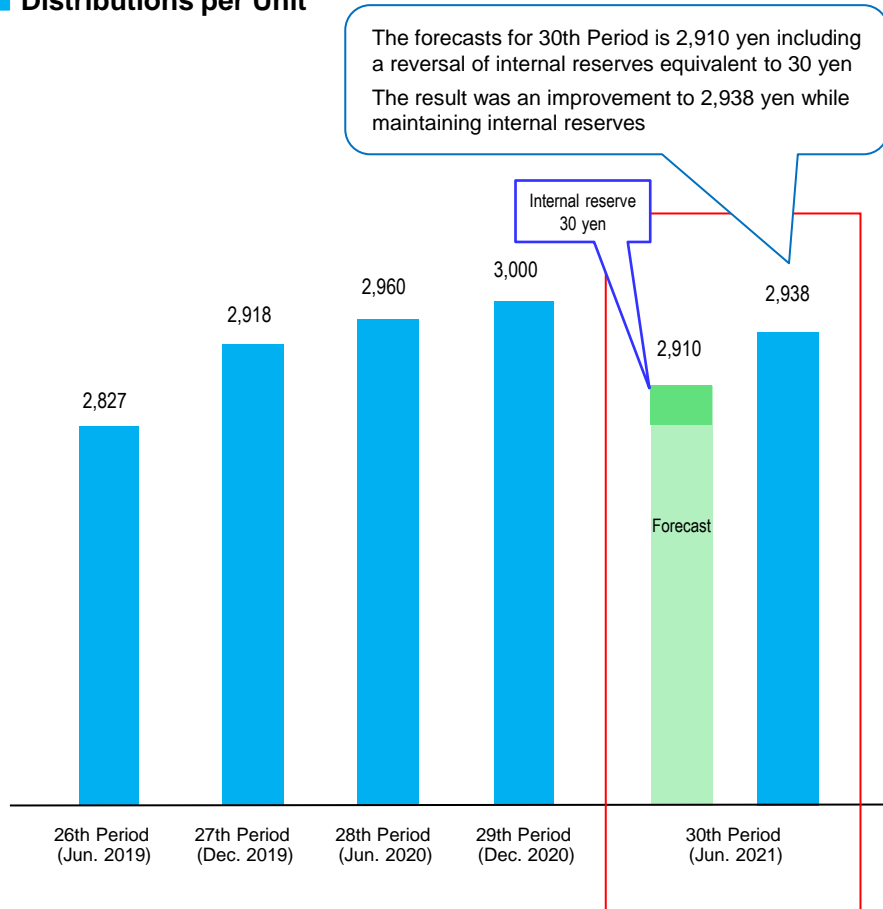
● Comparison with Initial Forecast (Impact on Distribution Resources)

① Decrease in operating revenue	-6 million yen
· Decrease in rental revenue	-2 million yen
· Decrease in revenue for utilities expenses	-3 million yen
② Increase in operating expenses	+92 million yen
· Decrease in expenses for rental operations	+84 million yen
(Decrease in repairs and maintenance: +53 million yen)	
③ Increase in non-operating expenses	-7 million yen
④ Increase in net income	+78 million yen
⑤ Decrease in reversal of reserve for reduction entry	-40 million yen
⑥ Increase in total distributions	+37 million yen

3. Actual Results of Distributions per Unit and NAV for the 30th Period (Ended June 2021)

- ◆ Revenue impact from the COVID-19 crisis are within initial plans. Preserved internal reserves due to a decrease in operating expenses, etc., and distribution exceeded plans
- ◆ Continued growth of NAV per unit

■ Distributions per Unit



■ NAV per Unit



4. Highlights of the 30th Period (Ended June 2021)

External Growth

- ◆ **Acquired BIZCORE JIMBOCHO for 10.2 billion yen via sponsor**
This had the effect of raising distribution by 116 yen on an ongoing basis
- ◆ **Determination to sell Kowa Shirokanedai Building, an old property (age: 43 years)**
Utilized gain on sale to be recorded for the period ending June 2022 to maintain and stabilize distribution levels
- ◆ Continued to negotiate property acquisition with sponsors and third parties

Internal Growth

- ◆ Departures delayed vs. expectations as tenants continued wait-and-see attitude, lease-up plan unachieved
- ◆ Rent revisions flexibly adapted comprehensively taking tenant conditions into account
- ◆ Impact of COVID-19 crisis results in limited amount of approximately 12 million yen of rent reduction/exemption and payment postponement

Financial Strategy

- ◆ **Enhancement of asset efficiency through cash management**
Acquisition of BIZCORE JIMBOCHO entirely with funds on hand, release of security deposit
- ◆ Revision of asset management guidelines for dynamic adaptation to buybacks
- ◆ Refinancing of 4.0 billion yen in long term loans, achieving longer borrowing period at lower interest rates

ESG

- ◆ **Included in MSCI Japan ESG Select Leaders Index**
- ◆ Signed the Principles for Financial Action for the 21st Century
- ◆ **Declared Support for TCFD**
- ◆ Continued to acquire Green Building Certification (added 2 properties)
- ◆ Reduction of CO2 emissions through shift in electricity source at 3 owned properties

- Asset size: **282.5** billion yen (Change from FP29: +10.2 billion yen)
- Impact of Jimbocho acquisition: +157 million yen/period after cruising depreciation, ratio of top five properties: 40.7% (Change from FP29: -1.6pt)
- Unrealized gain: **64.0** billion yen
- Percentage of unrealized gain: **24.2 %**

- Period-end occupancy rate: **96.4%** (Vs. plan: -0.7pt)
- Status of rent: Ratio of rent revised upward (area basis) Rate of upward rent revision
10.5% (Vs. plan: +3.1pt) **+6.0%** (Vs. plan: -0.2pt)
- Impact of COVID-19 Crisis (e.g., commercial):
9 rent reductions/exemptions, approximately -12 million yen, 0 payment postponements

- LTV: **42.7 %** (Change from FP29: ±0.0pt)
- Internal reserve : **451** million yen (distribution equivalent 330 yen)
- Average remaining period of interest-bearing debt:
4.4 years (Change from FP29: -0.2 years)
- Average interest rate of interest-bearing debt:
0.74% (Change from FP29: -0.03pt)

- GRESB Real Estate Assessment:
Highest rating **Green Star** (six consecutive years) **5 Star** (fiscal 2020)
- MSCI ESG Rating): **A**
- Percentage of properties with Green Building certification (area basis):
82.7 % (Change from FP29: +4.6pt)

Distribution per Unit

FP29: 3,000 yen

FP30: 2,938 yen

-62 yen
(-2.1%)
from FP29

Change from forecast at
beginning of period
+28 yen

NAV per Unit

FP29: 158,992 yen

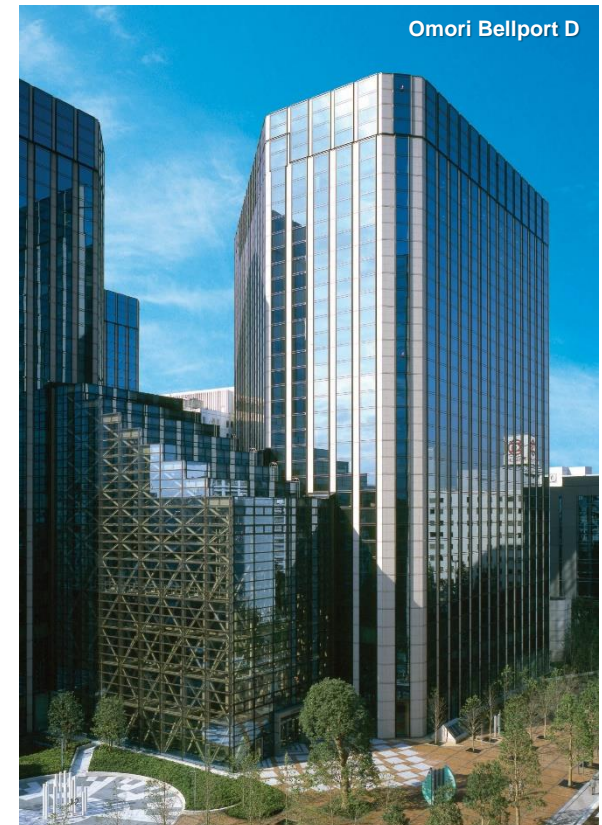
FP30: 159,928 yen

+936 yen
(+0.6%)
from FP29

Memo



II. Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)



1. Idea on Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)

<Outlook of office market>

- Due to tenant cost reductions, efficiency, consolidation, and otherwise, it is expected that the current demand for offices will decrease to some extent. However, there is no change in the conventional view that vacancy rates will gently increase and new contract rents will be weaker
- However, due to the revitalization of economic activities in general thanks to vaccination progress and emergence of concrete trends related to review of office functions, the excessive wait-and-see attitude of tenants is to gradually subside after the beginning of the year and standby demand for offices is to emerge

Under these circumstances, it is expected that office selection will strengthen, and large buildings with superior locations and specifications will attract demand serving as core offices, with perspectives on usability and desire of going to work

<Policy on leasing activities>

- **Continued focus on “early refilling of vacated floors” and “flexible rent negotiations” based on the current leasing environment**
 - Focus on early refilling of vacated floors by cooperating with sponsors and setting flexible conditions taking into account the level of difficulty by property
 - Taking a flexible approach on rent renewal by comprehensively considering tenant conditions after isolating targets for rent increases (continuing to prevent departures of existing tenants). Attempting higher-price renewals dynamically on upturn in environment

<Idea on performance forecast>

◎ Although it is anticipated that there will be a recovery in office demand to a certain degree in the new year, the plan has been formulated based on conservative assumptions about departures and refilling

- As previously, a wide range of concerns have built up regarding departures. For refilling, downtime and free rent are set in consideration of the current leasing situation and the difficulty level and floor area of each property. Occupancy rates expected to gradually recover after bottom-out in 31st Period
- For contract renewals, tenants subject to rent increases are significantly limited and requests for lowering rent levels made by tenants whose rent gaps are positive have also been incorporated to a certain degree, securing financial resources for reduction in balance of revenue and expenses
- Assuming a recovery in business activities due to the progress of vaccination, rent reduction and exemption requests from commercial tenants, etc. are factored in at a level lower than the previous period (approx. -4 million yen vs. 31st Period)

[Period-end occupancy rate]

30th Period (Jun. 2021)	31st Period (Dec. 2021)	32nd Period (Jun. 2022)
96.4%	94.0%	95.4%

⇒ **Greater external growth and flexible utilization of internal reserves and gain on sale results in management with DPU of 2,800 yen as a minimum target**

2. Overview of Performance Forecasts for the 31st Period (Ending December 2021) and 32nd Period (Ending June 2022)

(unit: million yen)

	30th Period (Jun. 2021) Result A	(Reference) 31st Period (Dec. 2021) Initial Forecast	31st Period (Dec. 2021) Forecast B	Comparison of Forecast for 31st Period with Previous Period B-A	32nd Period (Jun. 2022) Forecast C	Comparison of Forecast for 32nd Period with Previous Period C-B
Operating revenue	10,567	10,321	10,689	+121	11,046	+356
Rental revenue	9,845	9,560	9,858	+13	9,555	-303
Gain on sales of real estate	-	-	-	-	805	+805
Operating expenses	5,977	6,152	6,260	+282	6,330	+70
Expenses for rental operations	5,355	5,540	5,620	+265	5,671	+50
Sales and administrative expenses	621	612	639	+17	659	+20
Operating income	4,590	4,168	4,429	-161	4,715	+286
Ordinary income	3,976	3,518	3,789	-187	4,109	+319
Net income	3,975	3,517	3,788	-187	4,108	+319
Provision (-) and reversal (+) of reserve for reduction entry	-	+135	-	-	-320	-320
Total distributions	3,975	3,653	3,788	-186	3,788	-
Distributions per unit (yen)	2,938	2,700	2,800	-138	2,800	-
Period-end occupancy rate	96.4%	95.0%	94.0%	-2.4pt	95.4%	+1.4pt

● Comparison of the Results for the 30th Period and Forecasts for the 31st Period (Impact on Distribution Resources)

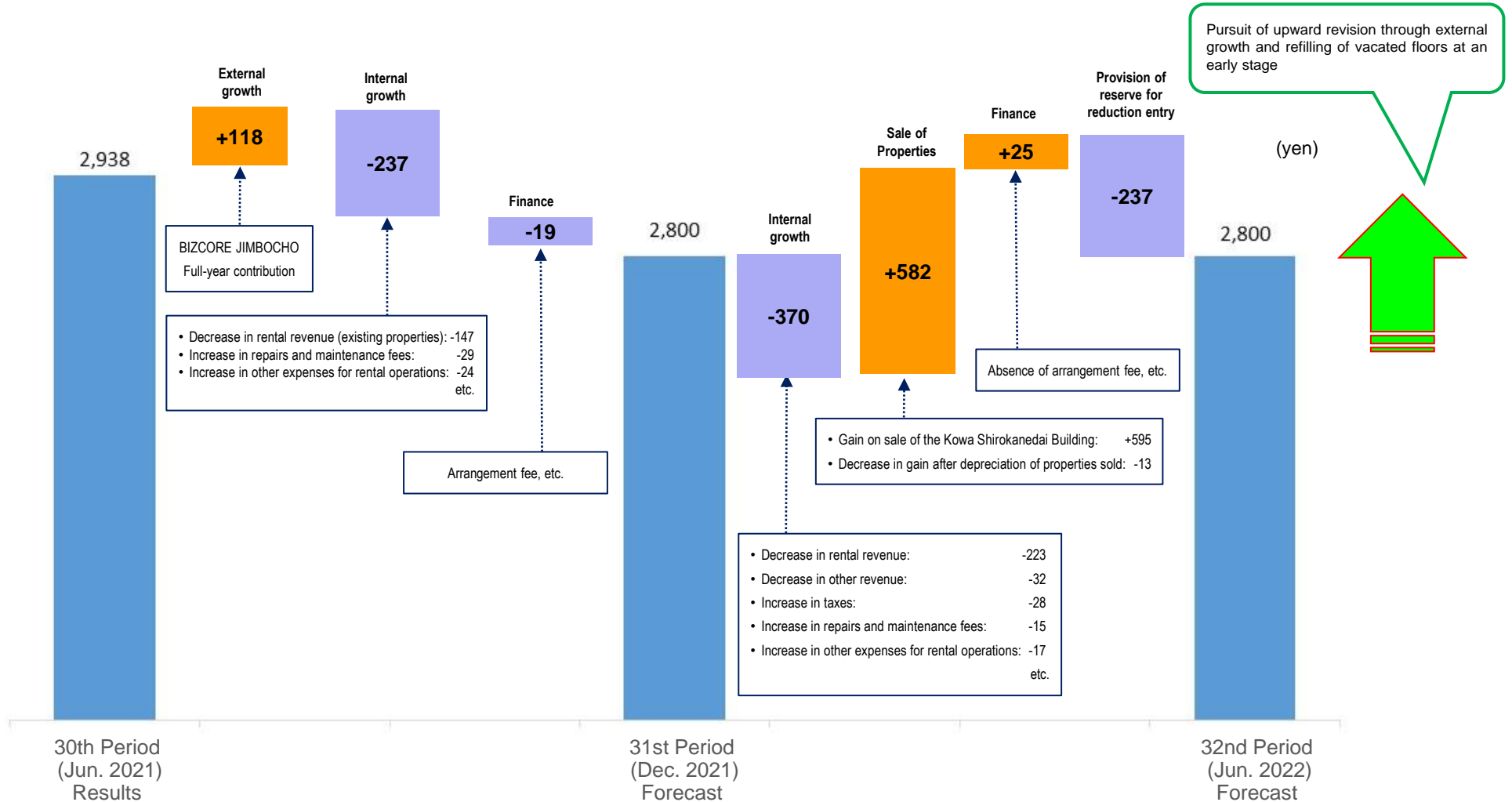
① Increase in operating revenue	+121 million yen
• Full-year contribution of property acquired in the 30th Period (BIZCORE JIMBOCHO)	+221 million yen
• Decrease in existing property revenue	-100 million yen
② Increase in operating expenses	-282 million yen
• Increase in utilities expenses	-109 million yen
• Increase in repairs and maintenance	-39 million yen
• Increase in depreciation	-37 million yen
③ Increase in non-operating expenses	-26 million yen
• Increase in arrangement fee, etc.	-
④ Decrease in ordinary income and net income	-187 million yen
⑤ Decrease in total distributions	-186 million yen

● Comparison of Forecasts for the 31st Period and Forecasts for the 32nd Period

① Increase in operating revenue	+356 million yen
• Decrease in rental revenue (impact of free rent)	-303 million yen
• Decrease in revenue for utilities expenses	-101 million yen
• Increase in gain on sales of real estate (Kowa Shiroganedai)	+805 million yen
② Increase in operating expenses	-70 million yen
• Decrease in utilities expenses	+77 million yen
• Increase in taxes (impact of re-appraisal)	-47 million yen
• Increase in repairs and maintenance	-22 million yen
• Increase in sales and administrative expenses (asset management fees, etc.)	-20 million yen
③ Decrease in non-operating expenses	+33 million yen
• Absence of arrangement fee, etc.	-
④ Increase in ordinary income and net income	+319 million yen
⑤ Increase in provision of reserve for reduction entry	-320 million yen

3. Forecast of Distributions per Unit

- ◆ In the 31st Period, though rental revenue decreased due to lease-up and departure factors, the full-year contribution of BIZCORE JIMBOCHO results in distribution per unit of 2,800 yen, up +100 yen vs. the previous period's distribution and without reversal of reserve for reduction
- ◆ In the 32nd Period, the decrease in rental revenue due to lease-up and departure factors was countered by the gain on sale of the Kowa Shirokanedai Building. After provision of reserve for reduction of 320 million yen, distribution per unit is expected to be 2,800 yen, ±0 yen vs. the previous period



III. Management Status and Policy



1. External Growth

(1) Property Acquired in the 30th Period (Ended June 2021) (BIZCORE JIMBOCHO)

- ◆ Acquired BIZCORE JIMBOCHO (83.2% equivalent) as the second in the BIZCORE series of medium-sized high-end office buildings, developed by core sponsor Nippon Steel Kowa Real Estate
- ◆ Improved asset efficiency by allocating all cash on hand. Raised cruising distribution by 116 yen

■ Acquired Properties/Overview of Acquisitions

Location	Kanda Ogawamachi, Chiyoda-ku, Tokyo		
Structure	Steel-frame, flat roof, 8 stories		
Total floor area	8,217.64 m ²		
Completed	November 2017		
Acquisition price	10,200 million yen		
Appraisal value	10,300 million yen		
Acquisition date	June 25, 2021		
NOI yield*	3.6%	NOI yield after depreciation*	3.0%
Occupancy rate	100.0% (as of June 25, 2021)		

* NOI yield and NOI yield after depreciation are calculated based on the assumed balance for the first 5 years excluding special factors in the acquisition year.

Easy access to Tokyo Station and Otemachi Station

- 4-minute walk from Jimbocho Station, Shin-ochanomizu Station, Ogawamachi Station
High convenience with a total of 7 stations and 11 lines available
- Located in an area of recent advances in large-scale development and maturity as an office district

Specifications on par with the latest large office buildings

- Ceiling height of 2,800 mm, 270 tsubos (892 m²) per floor, with bright, open, pillar-free rental spaces
- Adoption of individual air conditioning, automatic dimming, and automatic descending blinds
- Floor load 500 kg/m², outlet capacity 60VA/m², (can be increased up to 75VA/m²)
- Entrance hall with a ceiling height of 3,500 mm, with frequent use of glass walls

Excellent seismic performance, high business continuity in the event of a disaster, and environmental friendliness

- An emergency stockpile warehouse exclusively for residents to stock three days of supplies
- In the event of a disaster, emergency generators supply 15VA/m² for up to 72 hours to private spaces
- Environmental performance earning an "A rank" evaluation in the CASBEE building evaluation and certification system



■ Japan Excellent's role in the core sponsor's new medium-term management plan

Core sponsor Nippon Steel Kowa Real Estate started a new medium-term management plan in April 2021

- Further strengthening and enhancing office development and rental businesses are key measures
- Promoting development projects for a number of offices and other projects, primarily in the Tokyo metropolitan area

Construction is to be launched for at least 10 buildings in the BIZCORE series during the plan period

- From the perspective of maintaining and promoting brand development, it is expected that Japan Excellent, which is responsible for its exit strategy on sale by the core sponsor, will continue acquisitions

Discussions on Japan Excellent's acquisition of existing properties owned by the core sponsor for pipeline purposes

1. External Growth

(2) BIZCORE Series

- ◆ Launched construction for 4 properties starting with the Jimbocho BIZCORE. In addition to BIZCORE KANDA SUDACHO (tentative name) scheduled to be completed in October this year, the company plans to complete and begin operations at more than 10 buildings in the next 5 years

Concept

Medium-sized high-end office buildings with specifications on par with the latest large-scale office buildings



Background and Superiority

- Approximately 90% of small and medium-sized offices in Tokyo are over 20 years old, and many buildings are only compliant to old earthquake resistance standards
- After the Great East Japan Earthquake, there is a growing tendency for businesses to emphasize seismic resistance, disaster prevention, and BCP
- Nippon Steel Kowa Real Estate will utilize the expertise cultivated in the development, management, and operation of office buildings in the heart of Tokyo, with around 80 buildings, to launch development of comfortable, high-quality medium-sized high-end office buildings
- Priority strategic areas include Kanda, Shinbashi, Toranomon, Akasaka, and other areas in the city center with a number of old buildings
- Providing remote monitoring and patrol management services in collaboration with large-scale flagship buildings owned and managed by Nippon Steel Kowa Real Estate

Fundamental Specifications

Disaster Prevention and BCP

- Emergency stockpile warehouse exclusively for residents, holding three days of supplies
- 1.25x resistance versus new earthquake resistance standards and ceilings with enhanced earthquake resistance
- In the event of a disaster, emergency generators supply power to private spaces

Comfort

- Ceiling height of 2,800 mm and a bright, open, pillar-free space
- A comfortable environment adopting individual air conditioners, automatic dimming, Low-E double pane glass, etc.


Security

- Multi-layered security system from the main entrance to each floor

Future Development

- In addition to JIMBOCHO, AKASAKA MITSUKE, TSUKIJI, and SHIBUYA, the company plans to complete and begin operations at more than 10 buildings on or after 2021

Acquired

BIZCORE JIMBOCHO		BIZCORE AKASAKA-MITSUKE		BIZCORE TSUKIJI		BIZCORE SHIBUYA		(Tentative name) BIZCORE KANDA-SUDACHO		(Tentative name) BIZCORE HIGASHI-KANDA	
	Construction started Nov. 2017		Construction started Mar. 2019		Construction started Jul. 2019		Construction started Jan. 2020		Construction started Oct. 2021 (scheduled)		Construction started Nov. 2022 (scheduled)
Access	4-minute walk from Tokyo Metro Jimbocho Station	Access	Directly connected to Tokyo Metro Akasaka Mitsuke Station	Access	3-minute walk from Tokyo Metro Tsukiji Station	Access	4-minute walk to JR Shibuya Station, others	Access	1-minute walk from Toei Subway Iwamotocho Station, others	Access	5-minute walk from Toei Subway Iwamotocho Station, others
Total floor area	8,217.64 m ²	Total floor area	3,515.63 m ²	Total floor area	6,757.73 m ²	Total floor area	3,905.17 m ²	Total floor area	1,988.55 m ²	Total floor area	2,777.49 m ²
Standard floor size	Approx. 890m ² (Approx. 270 tsubos)	Standard floor size	Approx. 265m ² (Approx. 80 tsubos)	Standard floor size	Approx. 661 m ² (Approx. 200 tsubos)	Standard floor size	Approx. 349 m ² (Approx. 105 tsubos)	Standard floor size	Approx. 180 m ² (Approx. 54 tsubos)	Standard floor size	Approx. 249 m ² (Approx. 76 tsubos)

1. External Growth

(3) Overview of Asset Replacement

- ◆ The oldest property, the Kowa Shirokanedai Building, was confirmed for sale to a sponsor for asset recycling with a view to future rebuilding and redevelopment
- ◆ In addition to portfolio replacement with consideration for future profitability, determination was made for sale price at current market levels with an outlook to utilizing expected gain on sale
- ◆ A portion of the approximately 800 million yen in gain on sale to be utilized for distribution in the 32nd Period, with remainder used in internal reserves for financial leeway for future stability in distribution
- ◆ The project is expected to be replaced, and a replacement property is to be discussed with the sponsor

■ Overview of Transfer

Property name	Kowa Shiroganedai building
Transfer price	5,400 million yen
Appraisal value (End of 30th Period)	5,010 million yen
Book value (End of 30th Period)	4,638 million yen
Gain/loss on transfer*	805 million yen
Date of conclusion of contract	August 18, 2021
Scheduled transfer date	June 29, 2022
Party receiving transfer	Nippon Steel Kowa Real Estate Co., Ltd.

* As book value is not confirmed, expected value is listed.

■ Overview of Property for Transfer

Location	Shiroganedai Minato-ku, Tokyo
Total floor area	7,374.74m ²
Completion date	March 1978
Acquisition date	December 2010
Acquisition price	4,705 million yen
Period-end occupancy rate	92.0%
PML*	6.95%

* The degree of damage from an expected earthquake with a chance of occurrence over 10% over the planned usage period (50 years) as a share of expected loss amount versus building re-procurement price



■ Construction Work Cost Over Time: Kowa Shirokanedai Building (per medium- to long-term repair plan)

2020	2021	2022	2023	2024	2025
18 million yen	141 million yen	324 million yen	76 million yen	68 million yen	66 million yen

→ Construction expenses to rise during and after 2021 due to renewal of air conditioner and lighting fixtures

■ Internal Reserves Over Time

Ended Jun. 2021	Ending Dec. 2021 Forecast	Ending Jun. 2022 Forecast
451 million yen	451 million yen	771 million yen

→ Flexibly utilized for stable distribution payment

1. External Growth

(4) Change in External Growth and Policies/Strategies

Principles and Strategies of External Growth

[Policy] Plan to constantly accumulate high-quality properties with an aim to realize stable growth of DPU and NAV

[Result] (End of December 2010 to end of June 2021)

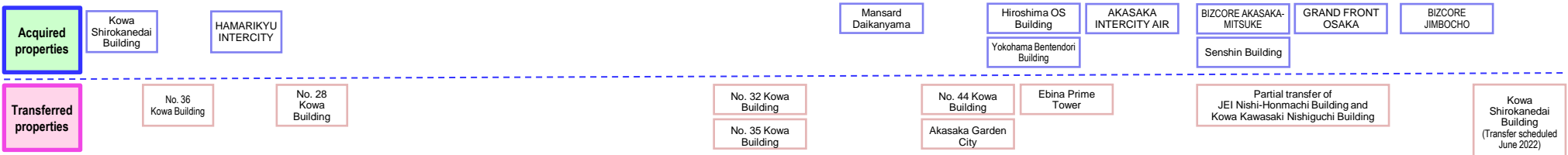
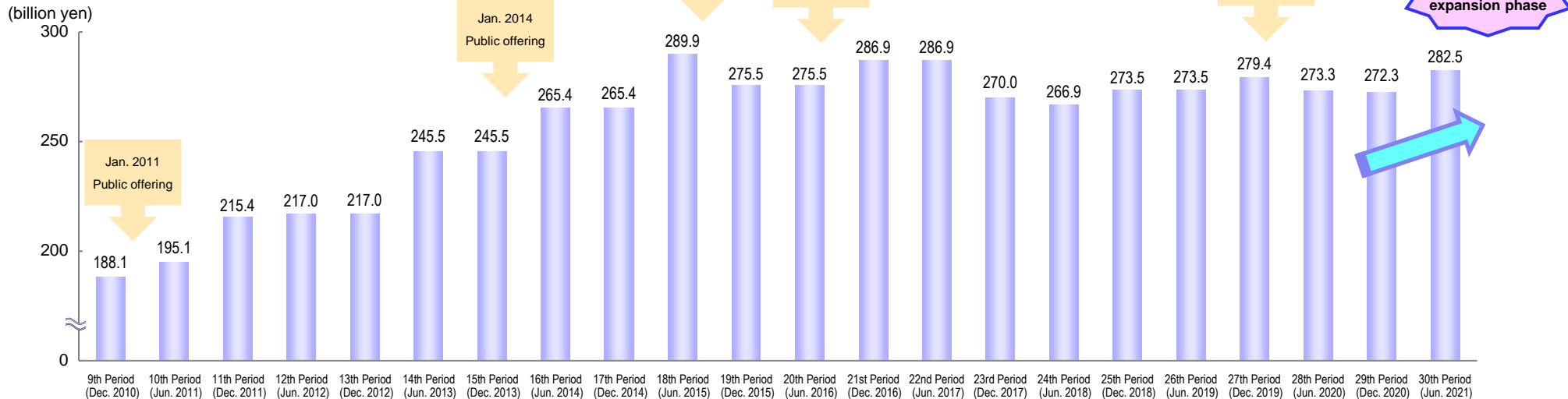
- ◆ Acquisition: 28 properties-166.6 billion yen
Acquisition from sponsor: 66.8%
- ◆ Sale: 9 properties-72.2 billion yen

[Future strategies]

- ◆ To expand asset size over the medium term
- ◆ Continuous supply of pipelines in conjunction with the mid-term plan of core sponsors is the main focus
- ◆ Efforts for continuous portfolio improvement through replacement

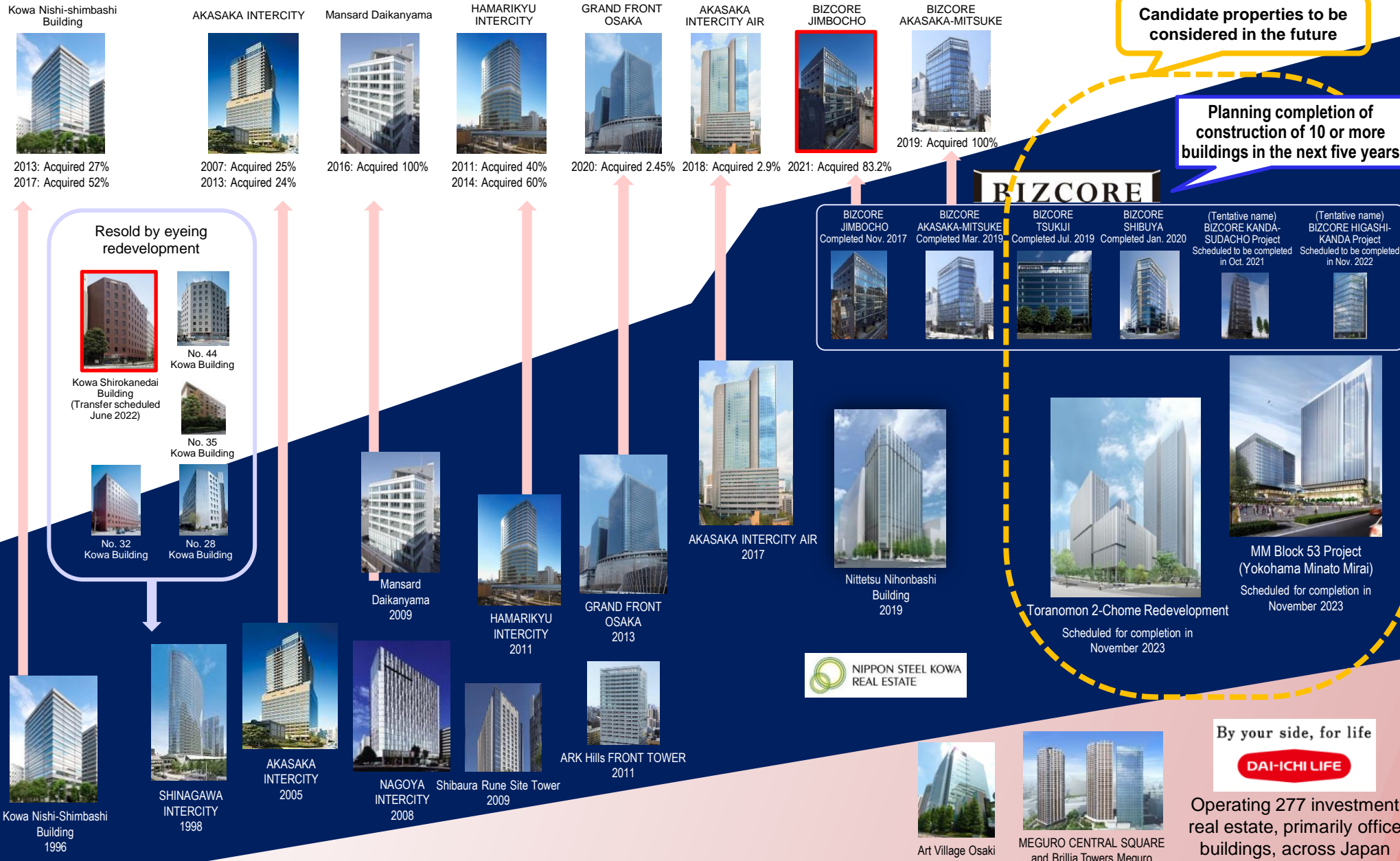
Change in External Growth

Asset size (billion yen)
(acquisition price basis)



1. External Growth

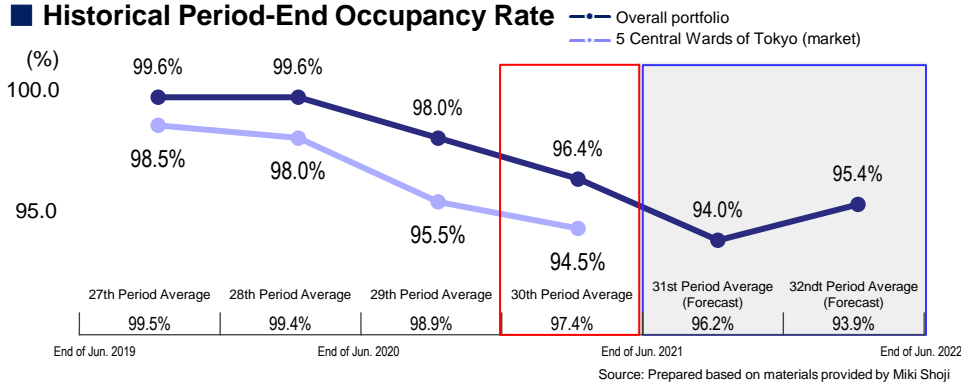
(5) Major Development Cases and Portfolio of Sponsor



2. Internal Growth

(1) Status of Rent ① (Departure and Lease-Up)

- ◆ Tenant wait-and-see attitudes continued, primarily among large spaces, with the occupancy rate at the end of the 30th Period settling at 96.4% (-0.7pt vs. plan)
- ◆ Occupancy rate is expected to moderately recover after a bottom-out in the 31st Period, assuming a pick-up in office demand



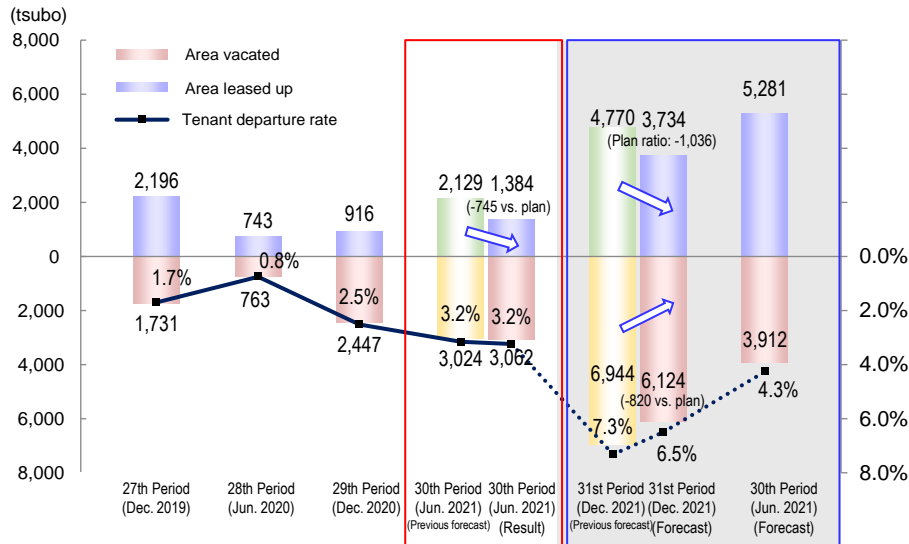
Reasons for Lease-Up

30th Period		Floor expansion within same building	Expansionary relocation/branch office	Relocation for the reduction of expenses	Establishment of new base	Other
		Share	11%	32%	21%	26%
	Occurrences	2	6	4	5	2

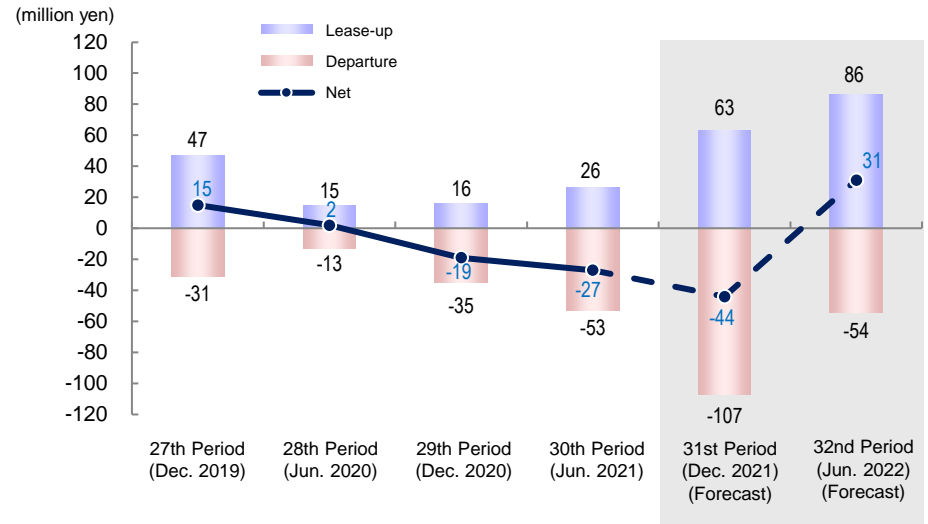
Reasons for Departure/Floor Reduction

30th Period		Impact of remote work	Performance deterioration	Location consolidation/cost-cutting/etc.
		Share	28%	28%
	Occurrences	7	7	11

Tenant Departure Rate and Area Leased Up and Vacated*



Increase/Decrease in Rent Due to Departure and Lease-Up (Based on Monthly Rent)



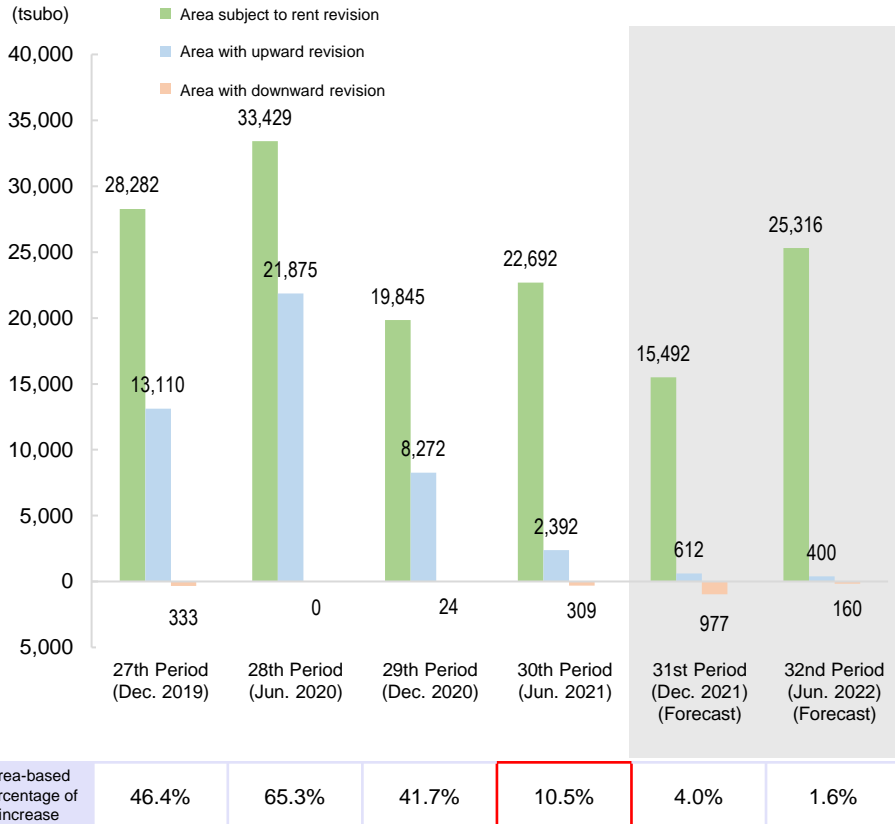
* "Tenant Departure Rate" is calculated for the entire JEI portfolio as area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period. In the case of additional acquisition during the period, tenant departure rate is calculated as area vacated by tenants over the period as a percentage of the sum of total leased area as of the end of the previous period and leased area of the additionally acquired property. In the case of a sale of a property during the period, leased area of the sold property is not subtracted from the total leased area as of the end of the previous period and thus the original formula (area vacated by tenants over the period as a percentage of total leased area as of the end of the previous period) applies.

2. Internal Growth

(1) Status of Rent ② (Rent Revision)

- ◆ Realized rent increase in the 30th Period with an upward revision rate of 6.0% for 10.5% of the area subject to revision
- ◆ Conservative plan narrowing down the target of rent increase as well as assuming a certain degree of downward rent revision in consideration of the leasing market environment for the 31st Period and 32nd Period

■ Change in Area Subject to Revision*1*2



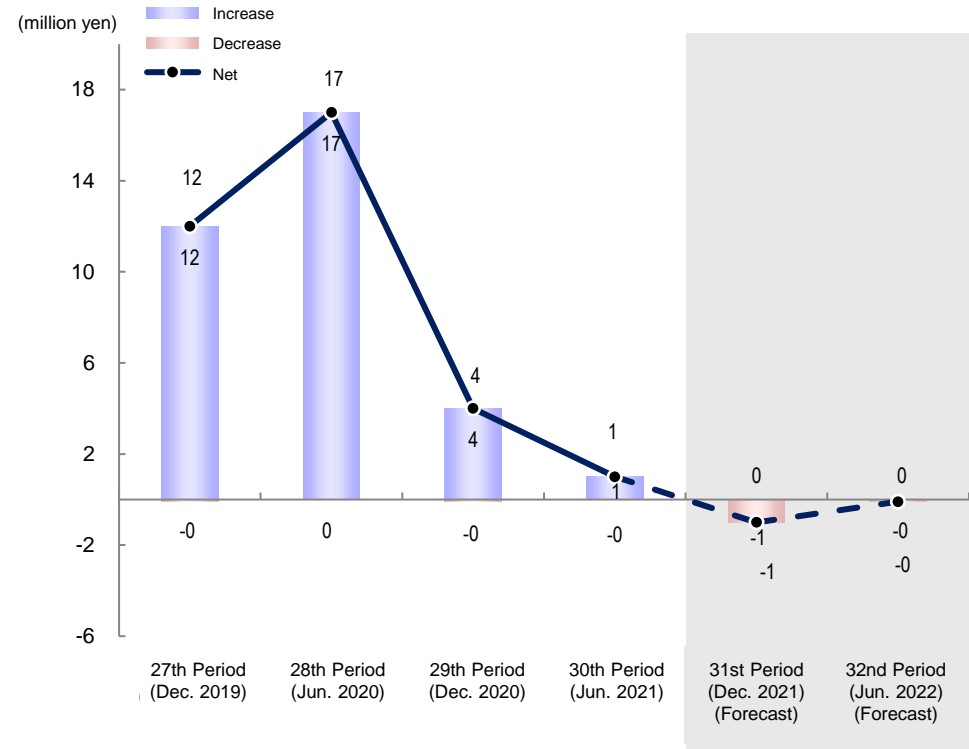
*1 Figures do not include data for residences.

*2 The figures exclude GRAND FRONT OSAKA.

*3 Figures are average rent revision rate including contract renewal at the same rent and downward revision.

*4 Rent reductions for a limited period due to the impact of the COVID-19 crisis are excluded.

■ Increase/Decrease in Rent Due to Rent Revision (Based on Monthly Rent)*1



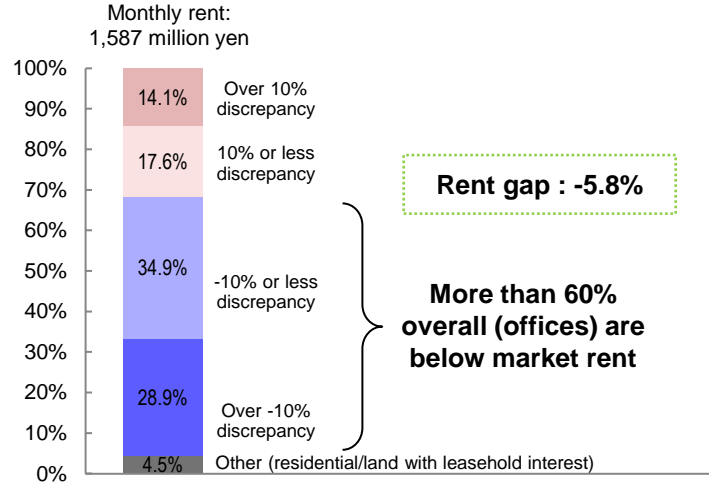
Upward revision rate	7.0%	5.3%	3.5%	6.0%	5.2%	1.9%
Downward revision rate	1.6%	—	50.0%	6.2%	5.2%	11.8%
Rent revision rate *2 *3	3.0%	3.7%	1.3%	0.4%	-0.4%	-0.1%

2. Internal Growth

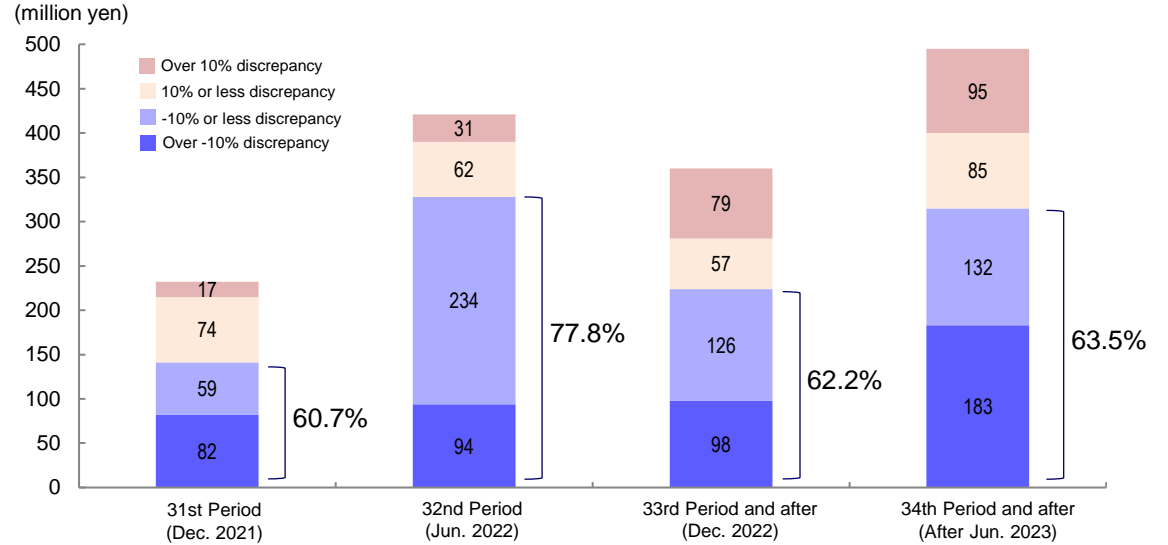
(2) Status of Rent Gap

◆ The rent gap was -5.8%^{*1}. More than 60% of existing contracts (offices) are still below market rent

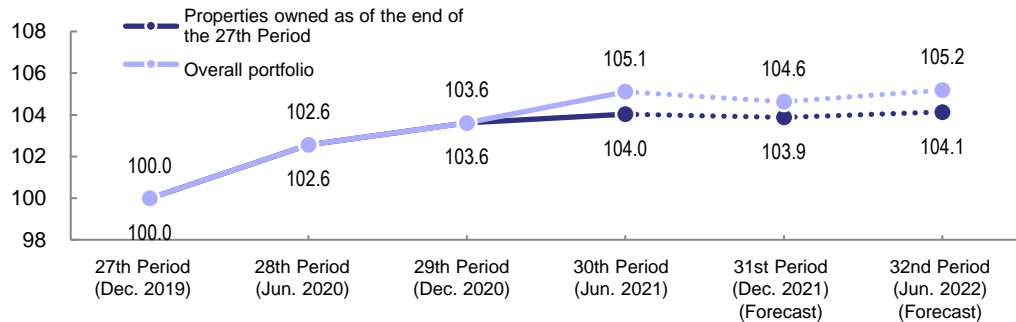
■ Status of Rent Gap (As of the End of the 30th Period)^{*2}



■ Monthly Rent by Renewal Period^{*2*3}



■ Historical Rent Levels^{*2*3*4}



◆ Unit rents steadily increased until the 30th Period due to upward rent revision and rent increase upon tenant replacement

◆ Conservatively assume that unit rents will be flat from the 31st Period onward

*1 Calculated based on new rent level assessed by CBRE.

*2 Calculated by excluding GRAND FRONT OSAKA.

*3 Calculated by excluding residences.

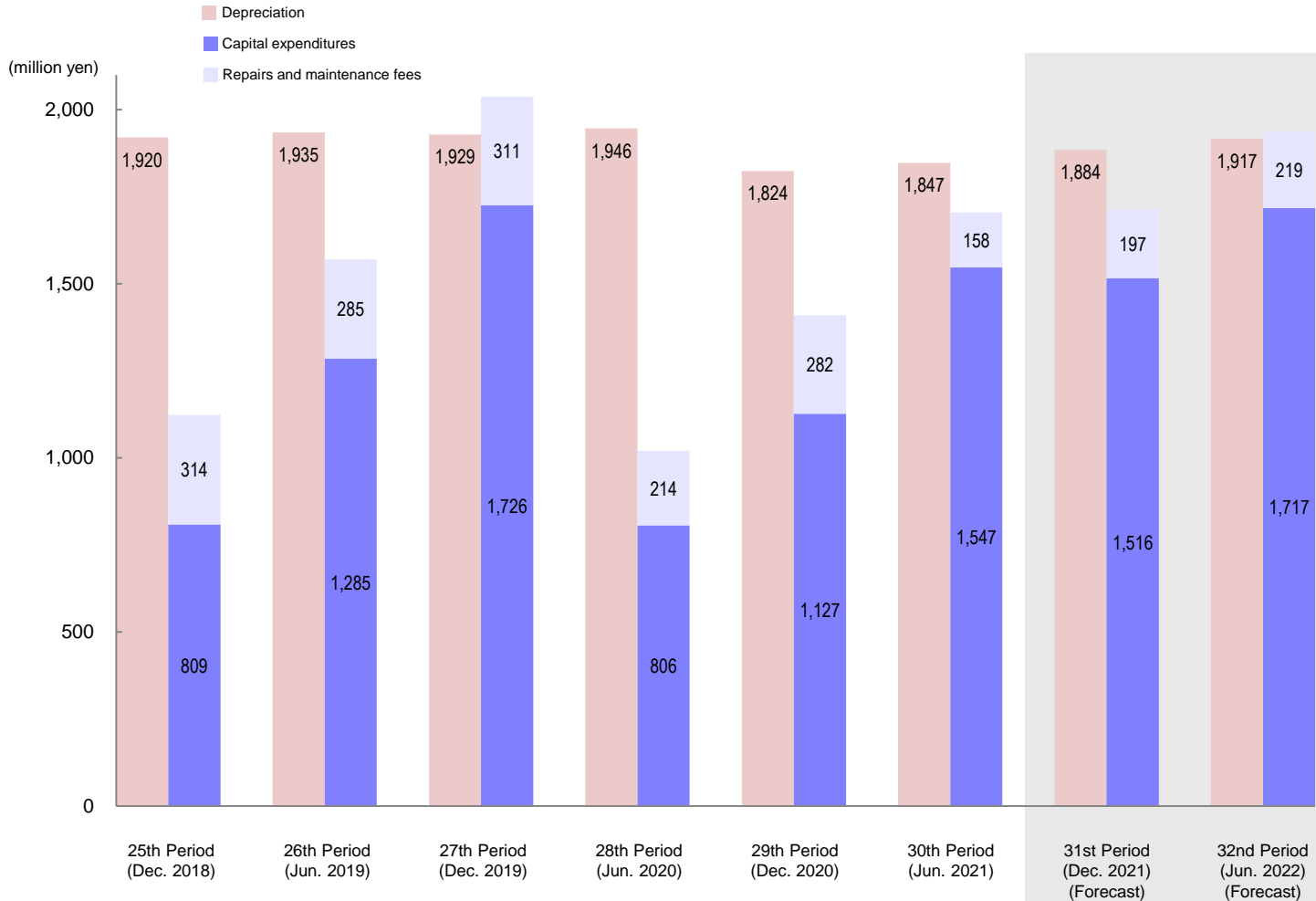
*4 Indexed with the average unit rent at the end of the 27th period set as 100. The average unit rent is the weighted average by leased office area. Properties owned at the end of the 27th Period are properties continuously owned since the end of the 27th Period among those owned at the end of the 30th Period.

2. Internal Growth

(3) Construction Results

- ◆ Maintained and improved the value of assets by systematically conducting repairs and renewal upon discerning operation status and competitiveness for each property from a medium- to long-term perspective
- ◆ Also systematically conducting large-scale renovations due to aging

■ History of Capital Expenditures, Repairs and Maintenance Fees, and Depreciation



Large-scale renovations due to aging (planned) (31st Period, 32nd Period)

[Kowa Kawasaki Higashiguchi Building]

- Replacement of exterior wall: 134 million yen
- Elevator renewal: 261 million yen
- Upgrading of gondola equipment: 81 million yen

[JEI Ryogoku Building]

- Upgrading of air conditioning: 198 million yen
- Upgrading of emergency power generation facilities: 64 million yen

[JEI Hiroshima Hacchobori Building]

- Renewal of air-conditioning: 127 million yen

[SE Sapporo Building]

- Renovation of multistory parking space: 71 million yen

2. Internal Growth

(4) Facility Renewal for CO₂ Emissions Reduction

◆ Systematic facility renewal for assets under management with the goals of CO₂ emissions reduction and achievement of the Sustainable Development goals (SDGs)

- Contributing to Goal 7: Affordable and clean energy, and Goal 13: Take urgent action to combat climate change, by reducing CO₂ emissions and suppressing ozone depletion



■ Kowa Kawasaki Higashiguchi Building

Upgrading evacuation guide lights to LEDs, cutting CO₂ emissions by 65% on 19 exclusive-use floors and emergency staircases on each floor

Planned budget: 147 million yen
Construction period: Jul. 2021 to Jun. 2023



■ JEI Hiroshima Hacchobori Building

Upgrading air conditioning equipment using the R22 refrigerant, which is regulated as an ozone-depleting substance, to environmentally friendly units

Planned budget: 460 million yen
Construction period: Apr. 2021 to Jun. 2024



■ JEI Ryogoku Building

Upgrading air conditioning equipment using the R22 refrigerant, which is regulated as an ozone-depleting substance, to environmentally friendly units

Planned budget: 350 million yen
Construction period: Jan. 2021 to Mar. 2022



3. Financial Strategy

(1) Performance of Financing Activities

- ◆ Refinanced 4 billion yen of long-term loans to fixed interest rates. This achieved longer borrowing periods at lower interest rates
- ◆ Expanded property acquisition capacity without impact to LTV through release of security deposits

■ Repayment and Procurement in the 30th Period

◇ Refinancing of Long-Term Loans (4 billion yen, June 30 2021)

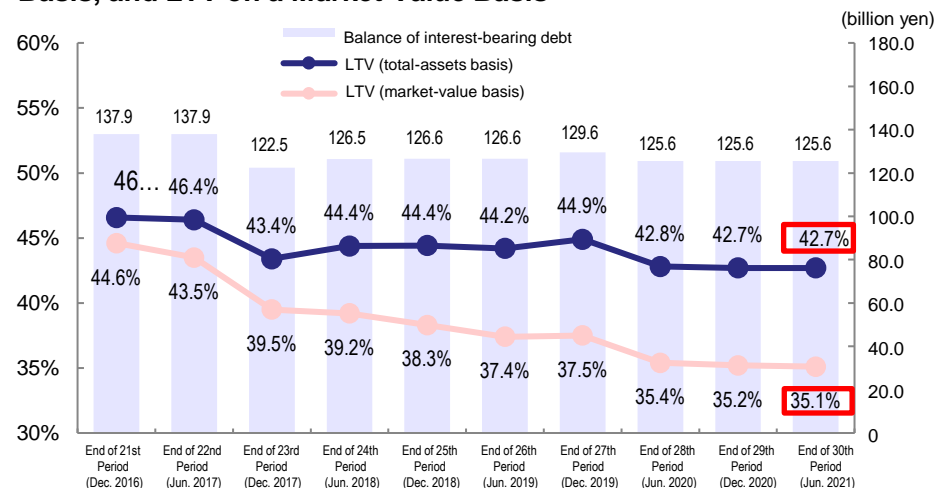
Achieving interest rate reduction and longer borrowing periods while controlling interest expense with fixed interest rates

	Amount	Term	Interest rate		Amount	Term	Interest rate	
	2 billion yen	6.9 years	0.99%	➡	2 billion yen	9.0 years	0.65%	
	2 billion yen	8.0 years	1.61%		2 billion yen	8.5 years	0.56%	
Total	4 billion yen	7.5 years	1.30%		Total	4 billion yen	8.8 years	0.60%

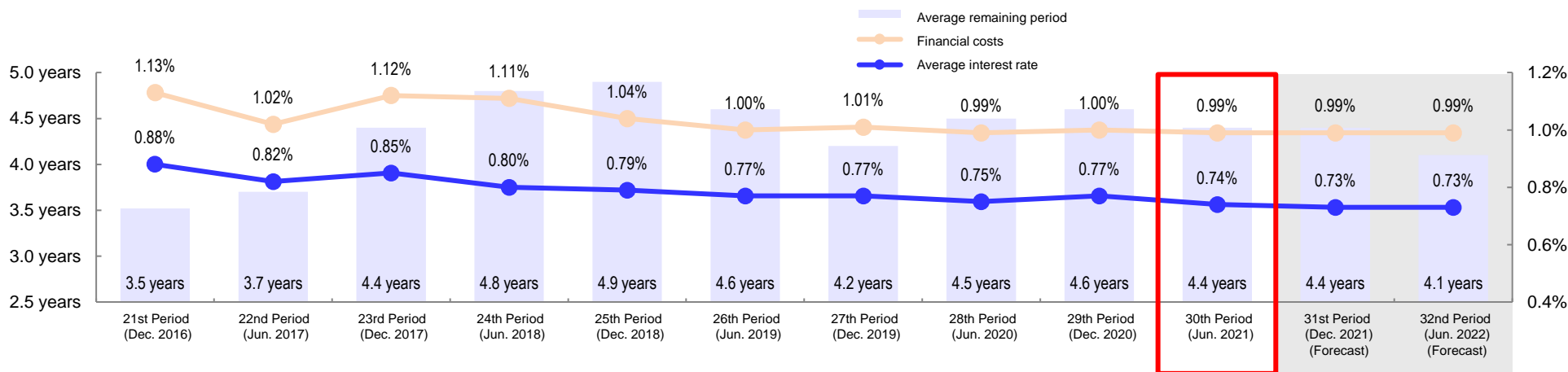
◇ Release of Security Deposit (February 2021)

Liquidating a portion of security deposits from tenants, expanding property acquisition capacity (up to 6.6 billion yen) without affecting LTV

■ Historical Balance of Interest-Bearing Debt, LTV on a Total-Assets Basis, and LTV on a Market-Value Basis



■ Historical Average Remaining Period of Interest-Bearing Debt, Financial Costs*, and Average Interest Rate of Interest-Bearing Debt



* "Financial costs"

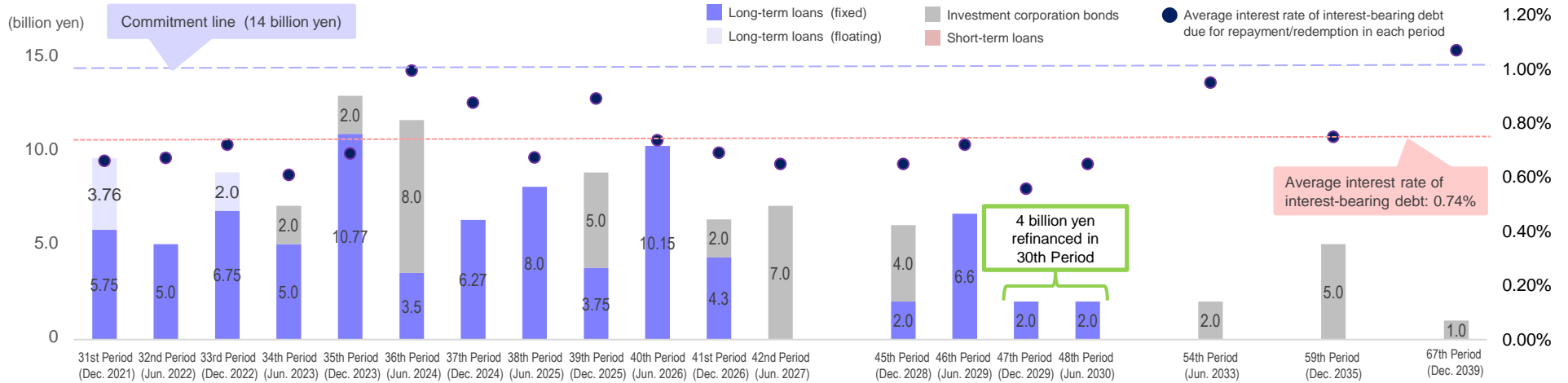
= (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt during the period.

3. Financial Strategy

(2) Status of Financial Management

◆ Accumulated internal reserve by utilizing gain on sale while promoting fixed interest rates, extended remaining period of interest-bearing debt, diversified repayment dates

■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 30th Period)



■ Historical Major Financial Data

	26th Period End (Jun. 2019)	27th Period End (Dec. 2019)	28th Period End (Jun. 2020)	29th Period End (Dec. 2020)	30th Period End (Jun. 2021)	Difference
Balance of interest-bearing debt	126.6 billion yen	129.6 billion yen	125.6 billion yen	125.6 billion yen	125.6 billion yen	-
LTV (total assets basis)	44.2%	44.9%	42.8%	42.7%	42.7%	-
LTV (market value basis)	37.4%	37.5%	35.4%	35.2%	35.1%	-0.1pt
Average remaining period of interest-bearing debt	4.6 years	4.2 years	4.5 years	4.6 years	4.4 years	-0.2 years
Financial costs	1.00%	1.01%	0.99%	1.00%	0.99%	-0.01pt
Average interest rate of interest-bearing debt	0.77%	0.77%	0.75%	0.77%	0.74%	-0.03pt
Ratio of fixed interest rate	89.9%	88.6%	91.4%	95.4%	95.4%	-

■ Balance of Reserve for Reduction Entry

30th Period End	451 million yen
32nd Period End (Forecast)	771 million yen

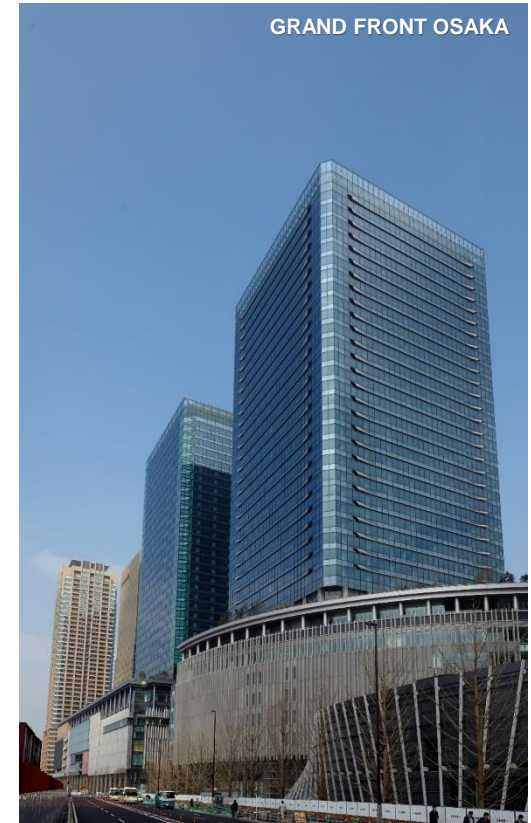
■ Rating

Rating agency	Rating (outlook)
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA-(stable)
Moody's Japan	Issuer rating: A3 (stable)

Memo



IV. Future Initiatives

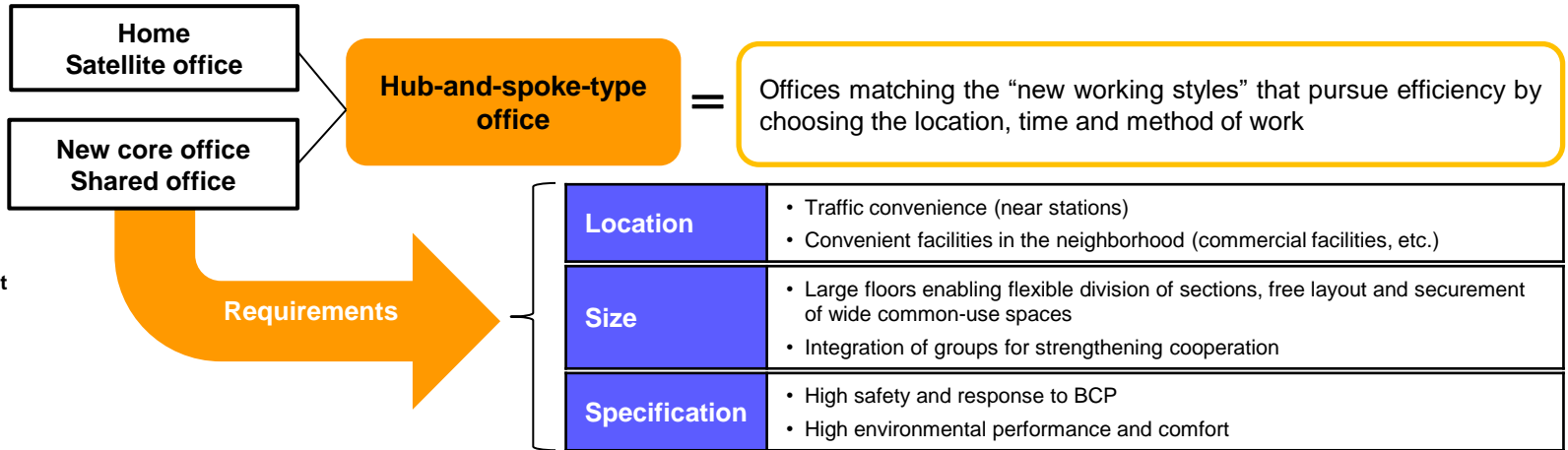


«Requirements for Offices in the Post-COVID Era»

Utilization of remote work

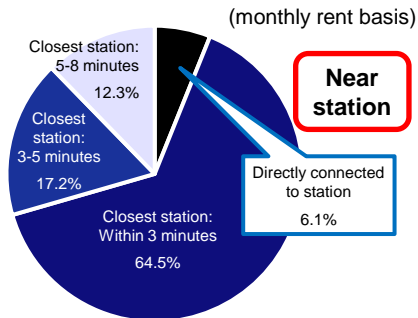
Review of functions and significance

- Communication
- Collaboration
- Human resources development and recruitment
- Corporate culture

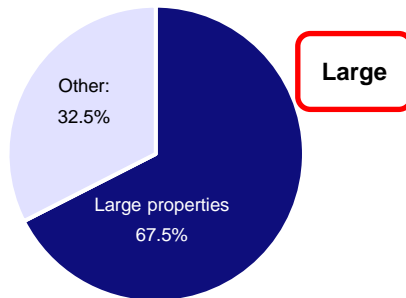


<Characteristics of Portfolio and Customers of JEI>

■ Walking Distance from Closest Station (monthly rent basis) ■ Property Size (Area basis)*1

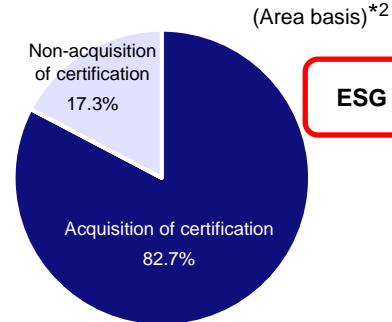


Approximately 70% are directly connected to or located within a 3-minute walk of the closest station
Approximately 88% are located within a 5-minute walk of the closest station



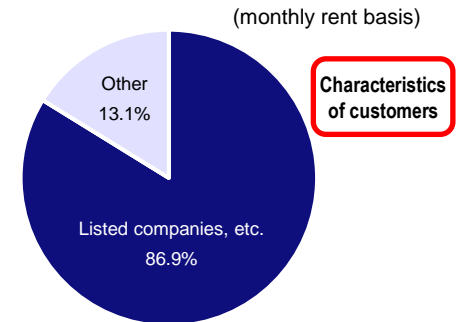
Consisting mainly of large properties

■ Green Building Certification (Area basis)*2



Also steadily conducted initiatives for BCP and environmental certification

■ Characteristics of Customers (monthly rent basis)



Mainly end tenants with firm management and financial bases

⇒ Aim to become “selected offices” as new core offices based on the characteristics of the portfolio and customers

*1 Please refer to notes on p. 40 for definitions of the figures above.

*2 Please refer to notes on p. 46 for definitions of the figures above.

2. Review of Corporate Action

■ Steadily proceeded with measures from previous commitments, focusing on maximizing unitholder value amid a harsh environment

	Measures	Items implemented or decided	Ongoing considerations
Properties	Acquisition of new properties by mainly utilizing sponsor pipeline(increase in NOI)	<ul style="list-style-type: none"> Acquisition of BIZCORE JIMBOCHO (June 25, 2021) 	<ul style="list-style-type: none"> Plan to consult with sponsors for further acquisitions Consider acquiring third party properties
	Asset replacement(improvement of NOI, securement of gain on sale)	<ul style="list-style-type: none"> Decision to sell Kowa Shirokanedai (securing a gain on sale of approx. 800 million yen) 	<ul style="list-style-type: none"> Consider candidate properties for additional sale
Leasing and Management	Refilling of large-scale vacancies that are difficult to be filled with the entire group	<ul style="list-style-type: none"> Lease-up (30th Period): 2,129 tsubo planned, 1,384 tsubo actual → Continue monitoring tenants, progressing at 65% of plan 	<ul style="list-style-type: none"> Plan refilling at an early stage through direct sales to tenants linked to sponsors and flexible setting of rent terms
	Prevention of the departure of existing tenants, flexible rent negotiations	<ul style="list-style-type: none"> Departure (30th Period) 3,024 planned, 3,062 tsubo actual (as planned) Rent reductions (30th Period): 1,443 tsubo planned, 309 tsubo actual (excluding temporary exemptions) 	<ul style="list-style-type: none"> Make conservative plans for targets to increase rents, while facing the challenge of renewals with increased rent when the environment improves
	Maintenance and improvement of property value from a medium- to long-term perspective in cooperation with the PM and BM	<ul style="list-style-type: none"> Implemented work based on medium- to long-term repair plan Made medium- to long-term repair plan more granular utilizing external consultants (implemented trials in three properties in period ended June 2021) 	<ul style="list-style-type: none"> Initiatives underway
Finance	Enhancement of asset efficiency (Release of Security Deposit)	<ul style="list-style-type: none"> Release of Security Deposit(up to 6.6 billion yen) Acquisition of BIZCORE JIMBOCHO entirely with funds on hand 	—
	Maintenance and stabilization of distributions (Flexible use of internal reserve, buybacks)	<ul style="list-style-type: none"> Raised distribution forecast for period ending December 2021 (2,700 yen → 2,800 yen) Utilize gain on Shiroganedai sale for distribution in period ending June 2022 Revision of asset management guidelines for dynamic adaptation to buybacks 	<ul style="list-style-type: none"> Utilization of gain on sale and internal reserve for stabilizing distributions
	Control of costs and risks through flexible fund procurement and diversification of procurement method	—	<ul style="list-style-type: none"> Consideration of long-term variable loans
ESG	Further promotion of ESG initiatives	<ul style="list-style-type: none"> Included in MSCI Japan ESG Select Leaders Index Signed the Principles for Financial Action for the 21st Century Declared support for the TCFD Improved percentage of properties with Green Building certification (82.7% on an area basis) Switched to power derived from renewable energy (Nisseki Yokohama) Switched to CO₂-free power (Shiba 2-Chome, Daiwa Minamimorimachi) Introduced employee-held investment unit system 	<ul style="list-style-type: none"> Improvement of disclosure of climate-related financial information Expansion of use of CO₂-free power Additional acquisition of Green Building Certification (3 properties) New acquisition of BELS certification Establishment of a green finance framework Introduction of a tiered employee training system

3. Strategic Leasing Activities in Cooperation with Sponsor Group

■ Promotion of **proposal-based leasing activities** in collaboration with sponsor groups and in **line with the “new way of offices”**

Proposal sales for “offices envisioning the new normal”

・ Supporting construction of hub-and-spoke-type office

— Proposal of combination of core offices, sponsor-developed WAW shared offices, and TIME WORK space sharing services

<WAW><https://work-and-wonder.com>

<TIME WORK><https://portal.timework.co.jp>

・ Supporting new office concepts and layouts

Conceptual shift from a place “for work” to a place “adaptive to diversification of work styles”

Increasing and strengthening of customer contacts using layout tools as a hook

- Securing personal space during the COVID-19 crisis
- Layouts withstanding changes in attendance rates
- Creation of web conferencing space

- Layout proposals
- Drafting simple layouts
- Consulting

Approach to new offices

Concept 〴 Roles required of offices



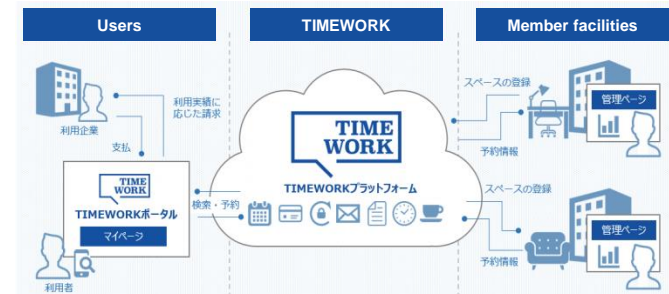
<WAW Locations>

- Nihonbashi
- Akasaka
- Kanda

<TIME WORK member facility information (as of August 2021)>

178 facilities are members mainly in four prefectures (Tokyo, Kanagawa, Chiba and Saitama).

They will also be established in regional cities such as Osaka, Nagoya and other government ordinance-designated cities.



Source: “New Office Formats and Layouts Conceived by Nippon Steel Kowa Real Estate”

4. ESG Related

(1) Initiatives in the Most Recent Year

29th Period
(Dec. 2020)

Policy

Establishment and Disclosure of Materiality

Aim to contribute to SDGs and realize medium- to long-term growth of JEI

Finance

Issued the First Ultra Long-term Green Bond (15 years)

Issued the second green bond through target deal

External Assessment

MSCI ESG Rating: Raised to "A"

Raised two consecutive years from "BB"

Disclosure

Issuance of ESG Report

Compiled the initiatives and policies on ESG consideration of JEI and the Asset Management Company

Finance

**Sustainability Finance
First Introduction for a J-REIT**

Evolved system adding sociality to green loans

External Assessment

GRESB Real Estate Assessment

Received "Green Star" and the top rating of "5 Star"

30th Period
(Jun. 2021)

Policy

① Declared Support for TCFD

Support for disclosing information related to climate change

Policy

② Signed the Principles for Financial Action for the 21st Century

Principles for financial action toward building a sustainable society

Properties

③ Reduction of CO₂ Emissions Through Shift in Electricity Source at Three Owned Properties

Started use of renewable energy in the Nisseki Yokohama Building and switched to CO₂-free electricity in the Shiba 2-Chome Building and the Daiwa Minamimorimachi Building to make CO₂ emissions from electricity consumption zero in those buildings

Properties

④ Determined to Upgrade to LED Lighting at Kowa Kawasaki Higashiguchi Building

Reducing annual CO₂ emissions by 65%

Properties

⑤ Green Building Certification

21 properties (82.7%) certified (area basis)

Society

⑥ Introduced Employee-held Investment Unit System

Promotion of welfare benefits of JEAM employees

Society

⑦ Food Donations

Donating no-longer-needed emergency food stockpile to certified NPOs as a measure against hunger and poverty

External Assessment

⑧ Included in MSCI Japan ESG Select Leaders Index

Included in MSCI Japan ESG Select Leaders Index, comprised of specially-selected firms rated highly in ESG

4. ESG Related

(2) Future Initiatives

- ◆ With the range of ESG initiatives expanding over the past year, recognizing that a certain degree of foundation has been established
- ◆ Going forward, taking on **challenges in new areas** in addition to steady execution of existing efforts
Striving to further evolve and deepen these by entering the second stage of ESG

New Areas

Carbon neutral

TCFD

- Promoting switch to CO₂-free electricity in owned properties
- Renewal work converting to LED lights and improving environmental performance
- Promoting initiatives from the sponsor group beginning in development phases
- Exploring disclosure content in response to recommended disclosure items based on TCFD support
 - Organizing risks and opportunities, scenario analyses, formulating strategies
- Outlook toward setting indicators/targets in the future

Ongoing Initiatives

- Additional acquisitions of Green Building Certifications
(3 additional properties to be certified in 31st Period)
- Expanding the green bond framework
(Toward a green finance framework)
- Expansion of employee training system
(introduction of employee training programs by class, etc.)

4. ESG Related

(3) Initiatives in the 30th Period (Individual Measures (1))

- ◆ Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. aim to realize a sustainable society under corporate social responsibility, and focus on the reduction of environmental burden and cooperation/collaboration with stakeholders
- ◆ In addition, we recognize ESG initiatives as the most important issue in management and plan to implement them in a forward-looking manner

① Declared support for the Task Force on Climate-Related Financial Disclosures (TCFD) (June 2021)

- ◆ Declaration of support for the Task Force on Climate-Related Financial Information Disclosures (TCFD), established to consider how to disclose climate-related information and how financial institutions should address the issue

Also joined the "TCFD Consortium," an organization of domestic companies in support of the TCFD

Promoting analysis/disclosure of climate change risk going forward



② Signed the Principles for Financial Action for the 21st Century (June 2021)

- ◆ Signed the Principles for Financial Action for the 21st Century, principles for financial action toward building a sustainable society: a set of behavioral guidelines for financial institutions seeking to take necessary responsibility and play necessary roles in forming a sustainable society



③ Reduction of CO₂ emissions through shift in electricity source at three owned properties

- ◆ Toward zero CO₂ emissions from electricity consumption at Nisseki Yokohama Building by starting to use only electricity produced from renewable energy (January 2021)
- ◆ 100% use of clean, "CO₂-free electricity" that does not utilize fossil fuels nor emit CO₂, and with reducing emissions from electricity consumption to zero in the Shiba 2 Chome Building and the Daiwa Minamimorimachi Building (June 2021)

Through this initiative, we contribute to Goals 7 and 13 of the SDGs:
"Affordable and clean energy" and "Take urgent action to combat climate change"



④ Determined to upgrade to LED lighting at Kowa Kawasaki Higashiguchi Building (June 2021)

- ◆ Determined to upgrade lighting fixtures in exclusive-use areas of the Kowa Kawasaki Higashiguchi Building to LEDs from July 2021 to June 2023. Expected to reduce annual CO₂ emissions by 65%

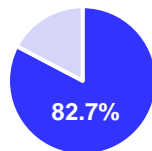
⑤ Acquisition of Green Building Certification (March 2021)

◆ Acquired DBJ Green Building Certification for Two Properties

Two properties newly **acquired DBJ Green Building Certification**. As a result, the percentage of certified properties (area basis) increased from **78.1%** at the end of December 2020 to present **82.7%** at the end of June 2021, and the percentage also increased from 55.9% to **60.0%** when based on the number of properties.

(Properties that acquired certification this time)
 NHK Nagoya Housou-Center Building: ★★★
 Hiroshima Dai-ichi Seimei OS Building: ★

Percentage of certification



⑥ Introduced employee-held investment unit system (June 2021)

- ◆ Introduced and established system in June 2021, with purchases to begin later in September. System is designed to use promotion of unity of interests between unitholders and employees to improve unitholder value over the medium- to long-term and promote employee welfare at JEAM

⑦ Donating no-longer-needed emergency food stockpile to foodbanks (March 2021)

- ◆ Donating emergency-use food supplies that are no longer needed due to replacement to certified NPO Second Harvest Japan, which provides food to welfare facilities and people in need such as those in foster care, mother and child support, support for persons with disabilities



⑧ Included in MSCI Japan ESG Select Leaders Index (May 2021)

- ◆ Included in MSCI Japan ESG Select Leaders Index comprised of selected companies with excellent ESG evaluation from of the MSCI Japan IMI Top 700 Index

2021 CONSTITUENT MSCI JAPAN
 ESG SELECT LEADERS INDEX

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Reference Materials – Features of Japan Excellent Inc.



Reference Materials — Features of Japan Excellent Inc.

1. Sponsors	38
2. Track Record	39
3. Portfolio	
(1) Usage/ Area/ Large-Scale Properties/ Ratio of top 5 properties	40
(2) Type of Industry of Tenants/ Top 10 Tenants	41
4. ESG Initiatives (1) – (5)	
(1) Policy/Promotion System	42
(2) Environment	43
(3) Society	44
(4) Governance	45
(5) External Assessment	46
5. Structure of JEI/ Overview of Japan Excellent Asset Management Co., Ltd.	47

Sponsor companies with strong capabilities in property supply, management, and leasing

Robust property pipeline supported by excellent sponsors



Japan Excellent, Inc.
Japan Excellent Asset Management Co., Ltd.



Continuous expansion of the asset size through the provision of property acquisition opportunities

Strengthening and stabilization of profitability and enhancement of property competitiveness with strong property management and leasing capabilities

Stable and flexible fund procurement

Core Sponsors



Nippon Steel
Kowa Real
Estate

Nippon Steel Kowa Real Estate Co., Ltd.

Established through the integration of Nippon Steel City Produce and Kowa Real Estate, a real estate company with balanced operation of its office building business centering on central Tokyo and its residential business.

Property

Brokerage

Personnel

Management

By your side, for life

DAI-ICHI LIFE

The Dai-ichi Life Insurance Company, Limited

One of Japan's top-class life insurance companies. As of March 31, 2021, manages 277 office buildings and other investment properties nationwide.

Property

Loans

Personnel



Mizuho Bank, Ltd.

Loans

Personnel



Mizuho Trust & Banking Co., Ltd.

Loans

Brokerage

Personnel



The Dai-ichi Building Co., Ltd.

Brokerage

Personnel

Management



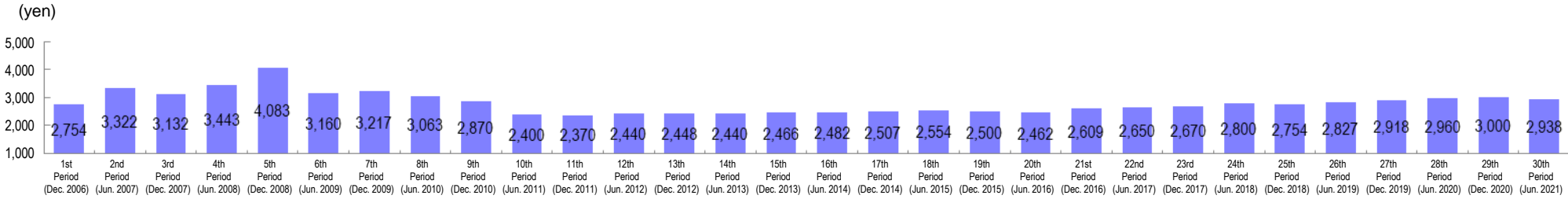
Sohgo Housing Co., Ltd.

Management

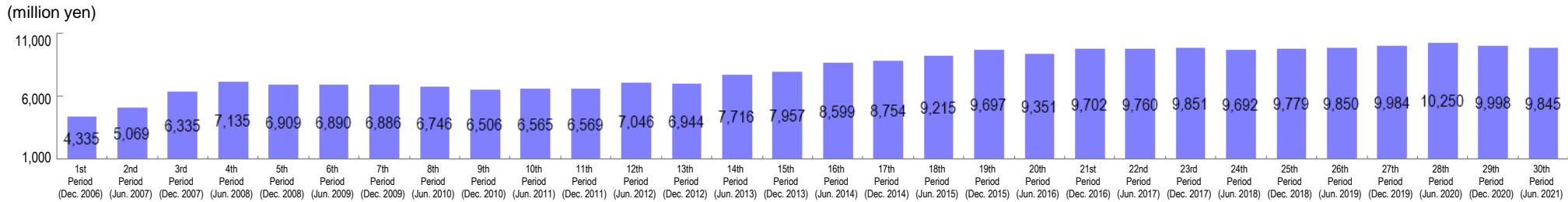
Achievements : **Property** Supply of properties **Loans** Loans **Brokerage** Brokerage for third-party properties **Personnel** Supply of personnel **Management** Management of JEI's properties

2. Track Record

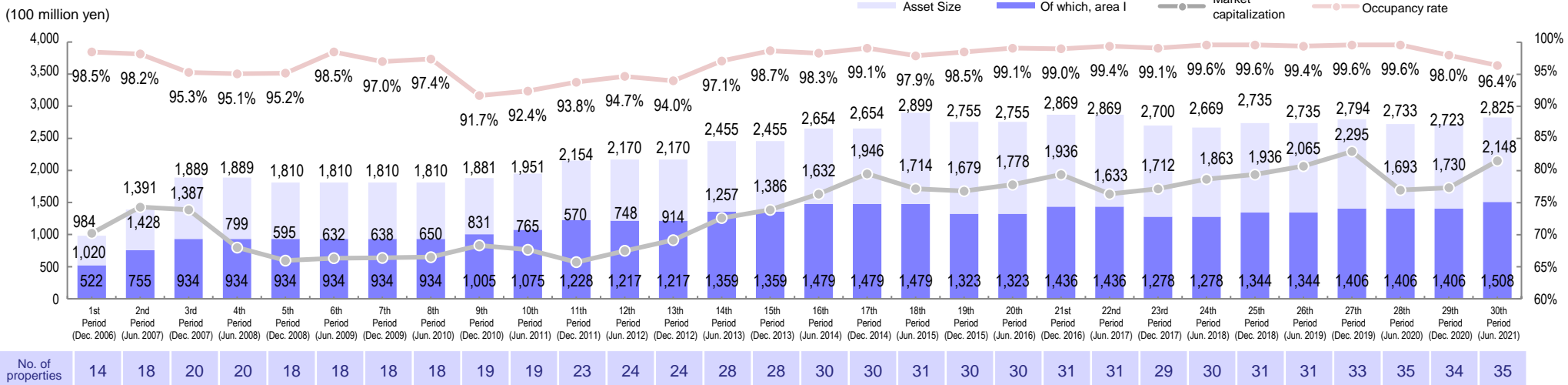
Historical Distributions per Unit*1



Historical Rental Revenue



Historical Asset Size, Market Capitalization*2 and Occupancy Rate



*1 JEI Implemented a 5-for-1 split of its investment units on January 1, 2014. Considering said split, Distributions per Unit from even before the 15th period are divided by 5. Figures are rounded down to the nearest whole number.

*2 Market capitalization indicates the market capitalization as of the end of each fiscal period.

3. Portfolio

(1) Usage/ Area/ Large-Scale Properties/ Ratio of Top 5 properties

Usage

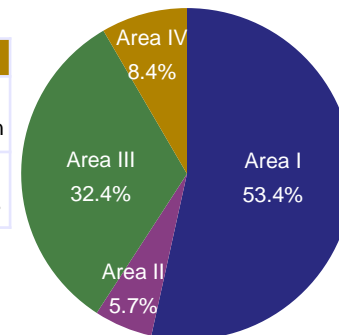
(Investment Policy)

Usage ^{*1}	Investment ratio in portfolio ^{*2}
Office buildings	90% or more
Other	10% or less



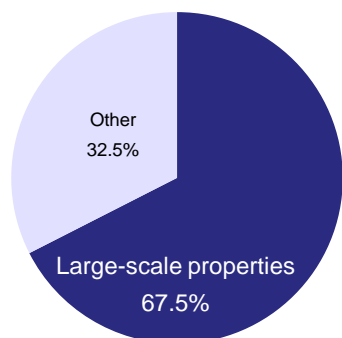
Area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	150.8 billion yen	16.2 billion yen	91.6 billion yen	23.8 billion yen
Number of properties	13 properties	4 properties	10 properties	8 properties

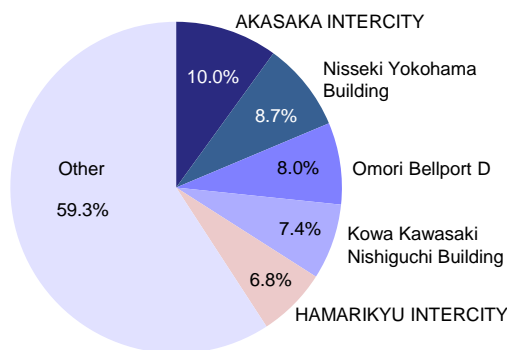


Ratio of investment in the Tokyo^{*4} metropolitan area
85.8%

Large-Scale Properties^{*3}



Top 5 Properties



Ratio of top 5 properties
40.7%

(Investment Policy)

Target investment areas		Investment ratio in portfolio ^{*2}
Core areas		80% or more
■ Area I	6 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya)	50% or more of the core areas
■ Area II	Central Osaka (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya (Meieki, Fushimi, Sakae, etc.) Central Fukuoka (Tenjin, Hakata-ekimae, etc.)	50% or less of the core areas
■ Area III	Tokyo other than Area I, and its vicinity (Kanagawa, Saitama, and Chiba prefectures)	50% or less of the core areas
■ Area IV	Areas in Osaka, Nagoya and Fukuoka other than Area II and other government designated cities	20% or less

^{*1} Usage is determined based on the majority share of leasable area for each asset related to real estate. The total acquisition cost of the concerned asset related to real estate is incorporated into the acquisition price by said usage.

^{*2} This refers to the ratio of total acquisition cost of the asset related to real estate for each usage or area against the total acquisition cost of the overall portfolio.

^{*3} "Large-scale properties" refers to properties with total floor area of 10,000 tsubos or more for the 23 wards of Tokyo, and of 4,000 tsubos or more for areas other than the 23 wards of Tokyo.

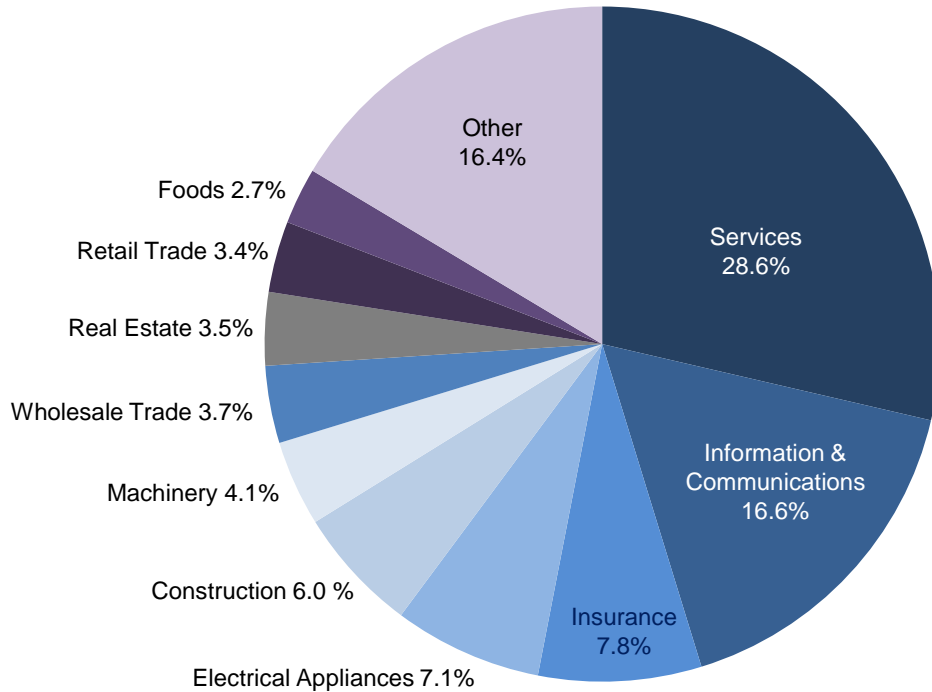
^{*4} "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).

^{*5} The figures above are figures as of June 30, 2021. The ratio is rounded to the first decimal place based on the acquisition price.

3. Portfolio

(2) Type of Industry of Tenants/ Top 10 Tenants

■ Type of Industry of Tenants*1



■ Top 10 Tenants

End tenant name	Property Name	Total area leased (m ²)	Floor area ratio (%)
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.7%
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	14,009.96	4.3%
*3	*3	12,799.74	3.9%
Hitachi Real Estate Partners, Ltd.	Omori Bellport D JEI Hiroshima Hacchobori Building SE Sapporo Building Yokohama Bentendori Dai-ichi Seimei Building	10,449.47	3.2%
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.9%
*3	*3	8,372.71	2.6%
*3	*3	6,572.84	2.0%
*3	Nisseki Yokohama Building	5,663.41	1.7%
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.7%
*3	*3	4,768.18	1.5%
Total of top 10 end tenants		95,917.18	29.6%
Total of portfolio overall		324,231.23	100.0%

*1 Asset management company categorized and created the above industry category along with "TOPIX 33 Sector Indices."

*2 Ratio stated above is rounded to the first decimal place based on leasable area as of the end of the 30th Period.

*3 End tenant names and property names are not disclosed as we have not obtained consent, etc. from tenants.

*4 The figures above are as of the end of the 30th Period.

4. ESG Initiatives

(1) Policy/Promotion System

● Sustainability Policy

Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. will work to reduce the environmental burden and cooperate/collaborate with stakeholders to achieve a sustainable society under their corporate social responsibility, while recognizing the importance of consideration for environmental, social, and governance (ESG) issues in the real estate investment management business.

■ Reduction of Environmental Burden

◆ Energy-Saving and Reduction of CO₂ Emissions

JEI will contribute to energy-saving and reduction of CO₂ emissions by improving operations to increase energy efficiency, promoting introduction of energy-saving equipment, etc. at properties it operates.

◆ Effective Utilization of Resources

JEI will work to contribute to the realization of a recycling-oriented society through initiatives for saving water and promotion of the 3Rs (reduce, reuse, recycle) for reducing waste.

■ Cooperation/Collaboration with Stakeholders

◆ Education/Enlightenment of Employees

JEI will work to cultivate environmentally conscious employees through education/enlightenment activities such as ESG training in order to promote initiatives for sustainability.

◆ Collaboration with Outside Parties

JEI will work to facilitate exchange with local communities while working on reduction of environmental burden by collaborating with tenants and property management companies.

◆ Information Disclosure

JEI will proactively disclose information on its sustainability policy and the status of such initiatives to unitholders, tenants, business partners and other related parties.

● Signing of PRI

Japan Excellent Asset Management signed the PRI in June 2020, signaling its agreement with the concept of integrating ESG factors into investment decision-making processes in pursuit of enhancement of the long-term investment performance of beneficiaries and better fulfillment of fiduciary responsibilities.

● Declared Support for the TCFD

Japan Excellent Asset Management declared support for the Task Force on Climate-Related Financial Information Disclosures (TCFD) in June 2021, established to consider how to disclose climate-related information and how financial institutions should address the issue.

Going forward, JEAM will promote analysis/disclosure of climate change risk.

● Signed the Principles for Financial Action for the 21st Century

Japan Excellent Asset Management signed the Principles for Financial Action for the 21st Century in June 2021, a set of principles for financial action toward building a sustainable society and behavioral guidelines for financial institutions seeking to take necessary responsibility and play necessary roles in forming a sustainable society.

● Promotion System

JEI has set up a sustainability council consisting of key members including the president and division managers, establishing an in-house system for setting goals and monitoring the progress for each quarter.

4. ESG Initiatives

(2) Environment

Basic View

- ◆ JEI is convinced that capturing opportunities and possibilities in green buildings with high environmental performance such as energy/water efficiency and promotion of waste reduction will be of medium- to long-term benefit for JEI.

Target

- ◆ JEI has set a target to reduce energy and CO₂ intensity by an average of 1% per year, 5% from the average of 2015 to 2019 over 5 years from 2020 to 2024 as a medium- to long-term perspective.

Concrete Initiatives

- ◆ JEI regularly collects data on energy consumption, CO₂ emissions, water consumption and amount of waste and continuously monitors them.

- ◆ Grey water and rainwater are used for non-potable purposes at 7 properties.

- ◆ At 3 properties, "CO₂-free electricity" derived from renewable energy comprises 100% of electricity in use

- ◆ JEI has issued green bonds and taken out green loans/sustainability loans with an aim to promote ESG activities as well as expand fund procurement methods through proactive expansion of the investor base that is proactive in ESG investment.

<Green Bonds >

JEI has obtained a second-party opinion from Sustainalytics, an ESG rating agency.



First for a J-REIT specializing in offices

<Green Loans >

Acquired the comprehensive evaluation "Green 1," the highest in regard to compatibility with "Green Loan Principles" from Japan Credit Rating Agency, Ltd. (JCR)



First for a J-REIT

<Sustainability Loans >

JEI acquired SU1, the highest overall evaluation, concerning eligibility to sustainability loan principles



First for a J-REIT

- ◆ At the timing of replacing lighting in common areas where energy and cost savings effects are confirmed, normal lighting is upgraded to LED to reduce energy consumption.

- ◆ When selecting property management companies, JEI monitors company's initiatives concerning sustainability and JEI Sustainability Policies are explained to ask for adherence in property management. Compliance with the policies is monitored through an annual survey.

4. ESG Initiatives

(3) Society

Basic View

- ◆ JEI views as its important stakeholders its tenants, property managers, communities where its properties stand, society as whole, and employees at JEAM.

Concrete Initiatives

Safety and Security Initiatives

Introduction of an earthquake damage assessment system (AKASAKA INTERCITY, Kowa Nishi-Shimbashi Building)
Establishment of emergency cabinets inside elevators
Storage of portable toilets, lanterns, etc. to provide to tenants in case of emergencies

Eco-cap Campaign

Japan Excellent Asset Management carries out an activity to collect plastic bottle caps and give them to the NPO "Cap Bank Promotion Network." While promoting recycling of caps and reduction of CO₂ emissions, they also send vaccines to children in developing countries using the proceeds from the recycling of caps.

Contribution to Local Communities

JEI supports the activities of communities by periodically holding concerts in the common spaces of office buildings and providing space for various events.

(Activities were postponed in 2021 in order to help prevent the spread of COVID-19)

"Be My Flower Valentine
-Shared Garden of Wind and Green-"



AKASAKA INTERCITY AIR

Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

Employee Grievance Reporting/Escalation Procedures

Japan Excellent Asset Management has grievance adjustment process where anonymity is thoroughly secured.

For example, reporting on sexual harassing is handled by the compliance officer, the head of operation and planning division, and an external law office. All employees including even those who are not actually involved are allowed to report incidents, and in cases where reports are substantiated, such is reported to the CEO.

Annual Survey on Employee Satisfaction

Once a year, Japan Excellent Asset Management conducts satisfaction surveys for all employees to monitor their satisfaction. The results of the surveys are utilized as feedback for senior management and the heads of each department, and action plans for those requiring improvement are designed and implemented.

Supporting the Advancement of Female Employees

Japan Excellent Asset Management aims to create a working environment where each employee can utilize their personality and skills to the maximum extent and strives to develop a satisfying working environment for female employees by introducing a maternity leave system as well as enabling employees to work flexibly for a short time and to proactively take paid holidays.

4. ESG Initiatives

(4) Governance

■ Same-Boat Investment by the Sponsors

The two core sponsors own 6.8% of JEI's investment units (as of the end of June 2021) **and their interests are aligned with that of unitholders.**

■ Preventing Conflict of Interest from Sponsor Formation

A management structure unaffected by a specified sponsor due to mutual supervision of the two core sponsors has been established.



■ Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset Management Fee I	<p>The amount of JEI's assets under management (every 3 months) multiplied by the following fee rates x (the actual number of days within the relevant calculation period / 365)</p> <p>Fee rates:</p> <ul style="list-style-type: none"> • 0.25% (Assets under management: Portion up to ¥100 billion) • 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion) • 0.05% (Assets under management: Portion over ¥200 billion)
Asset Management Fee II	<p>(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%</p>

■ JEI's Board of Directors

1 Executive Director
(Also serving as president of the asset management company)



3 Supervisory Directors
(Outside directors)

■ Decision-Making System Requiring Attendance of Compliance Officer (CO) and Outside Experts

Attendance and consensus of compliance officer and outside experts is required for resolution of proposals

Compliance Committee

Involved in decision-making for transactions with related parties of JEI

Attendance of compliance officer is required for resolution of proposals

Investment Committee

Involved in decision-making for asset management, investment and financial matters of JEI

4. ESG Initiatives

(5) External Assessment

■ GRESB Real Estate Assessment*1



Received **“Green Star”** for the sixth consecutive year in GRESB Real Estate Assessment conducted in 2020.

Received **“5 Star”** in “GRESB Rating,” a five-grade evaluation system based on comprehensive scores.

■ MSCI ESG Rating

Acquired rating of A Class in MSCI ESG Rating.

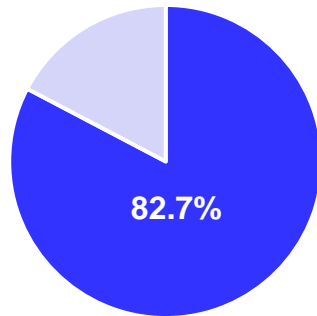
Included in MSCI Japan ESG Select Leaders Index



■ Green Building Certification

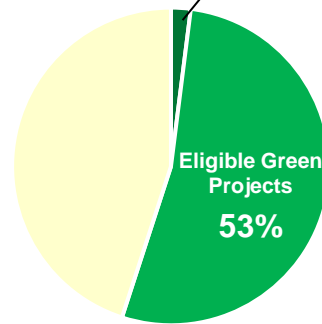
◆ DBJ Green Building Certification*2

21 properties certified
(82.7% on area basis)



◆ Eligible Green Projects and Eligible Sustainability Projects*3

Eligible Sustainability Projects: 2%



◆ BELS Evaluation*4



この建物用途のエネルギー消費量 **2%**削減
2020年4月20日交付 国土交通省告示に基づく第三者認証

Niseki Yokohama Building
earns two stars

◆ CASBEE for Real Estate/Building*5



Kowa Nishi-shimbashi Building and BIZCORE AKASAKA-MITSUKE have received Rank A

◆ CASBEE for Smart Wellness Office*6



AKASAKA INTERCITY AIR has received Rank S to be the first certified property

◆ Office Implementing Excellent Specific Global Warming Countermeasures*7

AKASAKA INTERCITY
(certified as a Semi-Top-Level Office)

*1 “Global Real Estate Sustainability Benchmark (GRESB)” is a benchmark established by European pension fund groups to measure real estate companies and management institutions’ consideration to sustainability and is used in cases such as when major European and Asian institutional investors select investment targets.

*2 The DBJ Green Building Certification System is a system established by Development Bank of Japan Inc. and is designed to promote real estate properties that demonstrate environmentally friendly building features, security measures, disaster prevention measures, and take into account societal demands from various stakeholders surrounding the properties. The figure in the pie chart indicates the percentage of certified properties based on leasable area. (as of end of June 2021).

*3 “Eligible Green Projects” are assets that have received one of the following certifications within the previous 2 years as of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected by sustainability council of Japan Excellent Asset Management Co., Ltd. (1) DBJ Green Building Certification: 5, 4, or 3 stars; (2) CASBEE Certification: S, A, or B+ rank.

*4 “Building-Housing Energy-efficiency Labeling System (BELS)” is a system started for the purpose of accurately evaluating and labelling energy conservation functions of non-residential buildings in response to the establishment of the Assessment Guideline of Indication of Energy Saving Capabilities of Non-residential Buildings (2013) in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism. The evaluations are conducted by a third-party organization based on the guidelines, and certifications are based on a five-scale system of one to five stars (★ to ★★★★★).

*5 “CASBEE for real estate/building” is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

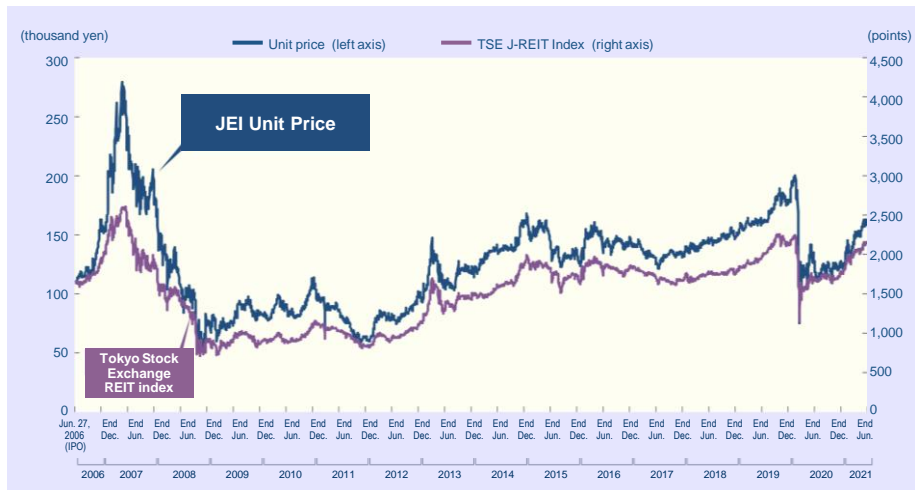
*6 “CASBEE for Smart Wellness Office” is a tool launched in spring 2019 by Institute for Building Environment and Energy Conservation to evaluate building specifications, performance, and initiatives that support the maintenance and enhancement of building users’ health and comfort.

*7 The Tokyo Metropolitan Government certifies offices with particularly advanced global warming countermeasures as “Office Taking Excellent Specific Global Warming Countermeasures.”

5. Structure of JEI / Overview of Japan Excellent Asset Management Co., Ltd.



Unit Price and Tokyo Stock Exchange REIT Index



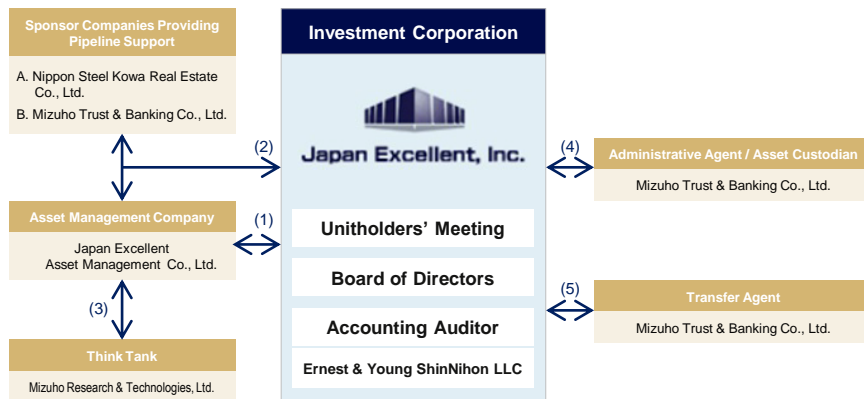
*1 Unit prices for December 25, 2013, and earlier are divided by 5.

Overview of Japan Excellent Asset Management

Headquarters	1-15-9 Minamiaoyama, Minato Ward, Tokyo	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders*2	Nippon Steel Kowa Real Estate Co., Ltd.	54.0%
	The Dai-ichi Life Insurance Company, Limited	26.0%
	The Dai-ichi Building Co., Ltd.	5.0%
	Sohgo Housing Co., Ltd.	5.0%
	Mizuho Bank, Ltd.	5.0%
Business Operations	Mizuho Trust & Banking Co., Ltd.	5.0%
	Financial Instrument Dealer	

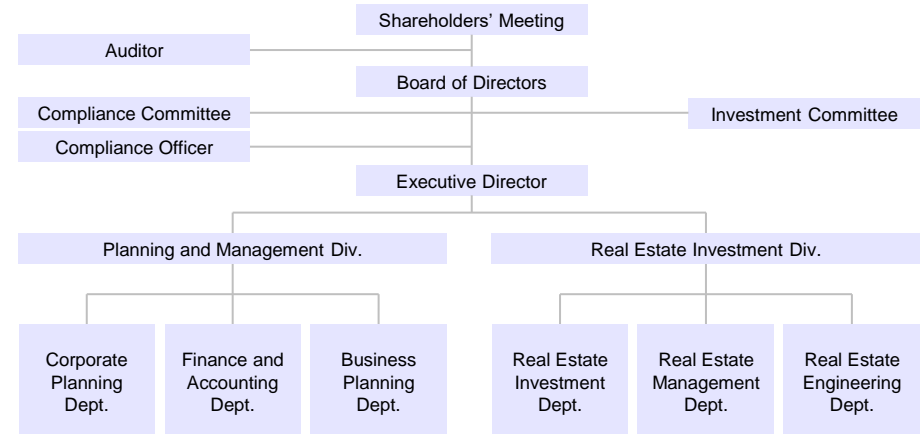
*2 Percentages in the above table are percentages of total outstanding shares.

Organization of JEI

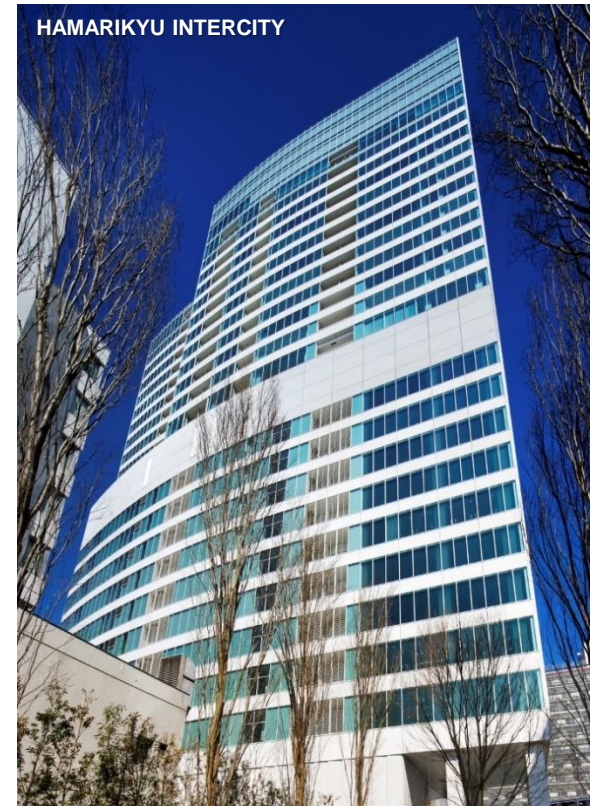


- (1) Asset Management agreement
- (2) A. Pipeline support agreement with NIPPON STEEL KOWA REAL ESTATE
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement to provide market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administration of unitholders' register

Outline and Organization of JEAM



Reference Materials — Appendix



Reference Materials – Appendix

Financial Results of the 30th Period (Ended June 2021)	
(1) Comparison with the Previous Period	50
(2) Comparison with the Forecast	51
Performance Forecasts	
(1) The 31st Period (Ending December 2021)	52
(2) The 32nd Period (Ending June 2022)	53
Management Discussion of Market Environment	54
Overview of Period-End Appraisals	55
Period-End Appraisal Value	56
Revenue and Expenses by Property	57
Historical Record in Works	58
Statement of Income and Retained Earnings	59
Balance Sheet	60
Statements of Cash Flow and Profit Distributions	61
Financial Indicators	62
Status of Interest-Bearing Debt	63
Unitholders	64
Portfolio Map	65
Portfolio Overview (1) – (4)	66

Financial Results of the 30th Period (Ended June 2021)

(1) Comparison with the Previous Period

- ◆ Reduction in rental revenue from departures and lease-ups, as well as absence of gain on sale from the previous period led to distribution per unit of 2,938 yen, -62 yen vs. the previous period

	29th Period (Dec. 2020) Result	30th Period (Jun. 2021) Result	Difference
Operating revenue	11,043	10,567	-476
Rental revenue	9,998	9,845	-153
Revenue for utilities expenses	654	582	-72
Other revenue	76	140	64
Gain on sales of real estate, etc.	314	0	-314
Operating expenses	6,119	5,977	-141
Expenses for rental operations	5,487	5,355	-131
Property management expenses	1,371	1,393	21
Utilities expenses	831	759	-71
Taxes	919	934	15
Repairs and maintenance	282	158	-124
Other expenses for rental operations	258	262	4
(NOI)	7,066	7,059	-7
Depreciation	1,824	1,847	22
Sales and administrative expenses	631	621	-10
Operating income	4,924	4,590	-334
Non-operating expenses	634	614	-19
Ordinary income	4,291	3,976	-314
Net income	4,290	3,975	-314
Provision (-) and reversal (+) of reserve for reduction entry	-232	0	232
Total distributions	4,059	3,975	-83
Distributions per unit (yen)	3,000 yen	2,938 yen	-62 yen
FFO	5,800	5,823	22

(unit: million yen)

Factors	Balance	DPU conversion (yen)	Main causes for change
■ External Growth (Newly Acquired Properties)	0	0 yen	
Increase in profit after depreciation of properties acquired in the 30th Period	0		BIZCORE JIMBOCHO
■ Internal Growth (Existing Properties)	-23	-18 yen	
Decrease in rental revenue	-161		Departure and lease-up: -196 (Lease-up: 97, Departure: -293)
Increase in other revenue	64		Rent revisions: 15 (Increase: 17, Decrease: -1)
Decrease in expenses for rental operations	62		Other: 20
Increase in property management expenses	-23		Akasaka IC cancellation penalty: 50
Increase in taxes	-17		Increased expenses associated with the Daiba pass-through: -20
Decrease in repairs and maintenance	124		HAMARIKYU INTERCITY LM fee (renewal): -11
Increase in depreciation	-19		Absence of repairs and maintenance fees carried over from the 28th period to the 29th period : 40
Increase in other expenses for rental operations	-1		HAMARIKYU INTERCITY, Daikanyama, Kawasaki Higashi-Guchi
Decrease in sales and administrative expenses	10		Absence of large-scale construction of the previous period: 47
■ Finance	19	15 yen	
Decrease in loan-related fees	22		Decrease in arrangement fee: 20
Increase in other financial expenses	-2		
■ Sale of Properties	-310	-230 yen	
Absence of revenue and expenditure from properties sold in the previous period	3		
Absence of gain on sale	-314		Sale of Nishi-Honmachi
■ Reserve for Reduction Entry	232	172 yen	
Absence of provision of reserve for reduction entry	232		
Total	-83	-62 yen	

Financial Results of the 30th Period (Ended June 2021)

(2) Comparison with the Forecast

◆ Decrease in repairs and maintenance expenses and other factors led to distribution per unit of 2,938 yen, +28 yen vs. forecast

	30th Period (Jun. 2021) Forecast	30th Period (Jun. 2021) Result	Difference
Operating revenue	10,574	10,567	-6
Rental revenue	9,847	9,845	-2
Revenue for utilities expenses	585	582	-3
Other revenue	140	140	0
Operating expenses	6,070	5,977	-92
Expenses for rental operations	5,440	5,355	-84
Property management expenses	1,420	1,393	-26
Utilities expenses	770	759	-10
Taxes	937	934	-2
Repairs and maintenance	211	158	-53
Other expenses for rental operations	260	262	1
(NOI)	6,973	7,059	86
Depreciation	1,839	1,847	7
Sales and administrative expenses	629	621	-8
Operating income	4,504	4,590	86
Non-operating expenses	607	614	7
Ordinary income	3,897	3,976	79
Net income	3,896	3,975	78
Provision (-) and reversal (+) of reserve for reduction entry	40	0	-40
Total distributions	3,937	3,975	37
Distributions per unit (yen)	2,910 yen	2,938 yen	28 yen
FFO	5,736	5,823	86

(unit: million yen)

Factors	Balance	DPU conversion (yen)	Main causes for change
■ External Growth (Newly Acquired Properties)	0	0 yen	
Increase in profit after depreciation of properties acquired in the 30th Period	0		BIZCORE JIMBOCHO
■ Internal Growth (Existing Properties)	85	63 yen	
Decrease in rental revenue	-10		Departure and lease-up: -11 (Lease-up: 12, Departure: -23)
Increase in utilities revenue/expenses	6		Rent revisions: 4 (Increase: 1, Decrease: 3)
Decrease in expenses for rental operations	82		Other: -3
Decrease in property management expenses	27		Decreased expenses associated with the Daiba pass-through: 21
Decrease in taxes	2		
Decrease in repairs and maintenance	53		Decrease based on assessment: 27
Increase in depreciation	-3		Transfer to Capex: 13
Decrease in other expenses for rental operations	1		
Decrease in sales and administrative expenses	8		
■ Finance	-7	-5 yen	
Increase in other financial expenses	-7		
■ Reserve for Reduction Entry	-40	-30 yen	
Decrease in reversal of reserve for reduction entry	-40		
Total	38	28 yen	

Performance Forecasts

(1) 31st Period (Ending December 2021)

◆ Though rental revenue decreased due to lease-up and departure factors, the full-year contribution of BIZCORE JIMBOCHO results in distribution per unit of 2,800 yen, up +100 yen vs. the previous period's distribution and without reversal of reserve for reduction

	30th Period (Jun. 2021) Result	31st Period (Dec. 2021) Forecast	Difference	(unit: million yen)			
				Balance	DPU conversion (yen)	Main causes for change	
Operating revenue	10,567	10,689	121	■ External Growth (Newly Acquired Properties)			
Rental revenue	9,845	9,858	13	Increase in profit after depreciation of properties acquired in the 30th Period	159	118 yen	BIZCORE JIMBOCHO Full-period contribution
Revenue for utilities expenses	582	702	120	■ Internal Growth (Existing Properties)			
Other revenue	140	128	-11	Decrease in rental revenue	-199	-237 yen	Departure and lease-up: -200 (Lease-up: 164, Departure: -363)
Operating expenses	5,977	6,260	282	Increase in utilities revenue/expenses	10		Rent revisions: -10 (Increase: 6, Decrease: -17)
Expenses for rental operations	5,355	5,620	265	Decrease in other revenue	-13		Other: 9
Property management expenses	1,393	1,406	13	Increase in expenses for rental operations	-100		
Utilities expenses	759	869	109	Increase in property management expenses	-2		
Taxes	934	946	11	Increase in taxes	-11		
Repairs and maintenance	158	197	39	Increase in repairs and maintenance	-39		Repair of exterior walls of Shiba 2 Heights, etc.
Other expenses for rental operations	262	315	53	Increase in depreciation	-13		
(NOI)	7,059	6,953	-106	Increase in other expenses for rental operations	-33		
Depreciation	1,847	1,884	37	Increase in sales and administrative expenses	-17		
Sales and administrative expenses	621	639	17	■ Finance			
Operating income	4,590	4,429	-161	Decrease in interest expense	4		
Non-operating expenses	614	640	26	Increase in loan-related fees	-37		Arrangement fee: -29
Ordinary income	3,976	3,789	-187	Decrease in other financial expenses	6		
Net income	3,975	3,788	-187	Total	-187	-138 yen	
Provision (-) and reversal (+) of reserve for reduction entry	0	0	0				
Total distributions	3,975	3,788	-186				
Distributions per unit (yen)	2,938 yen	2,800 yen	-138 yen				
FFO	5,823	5,673	-149				

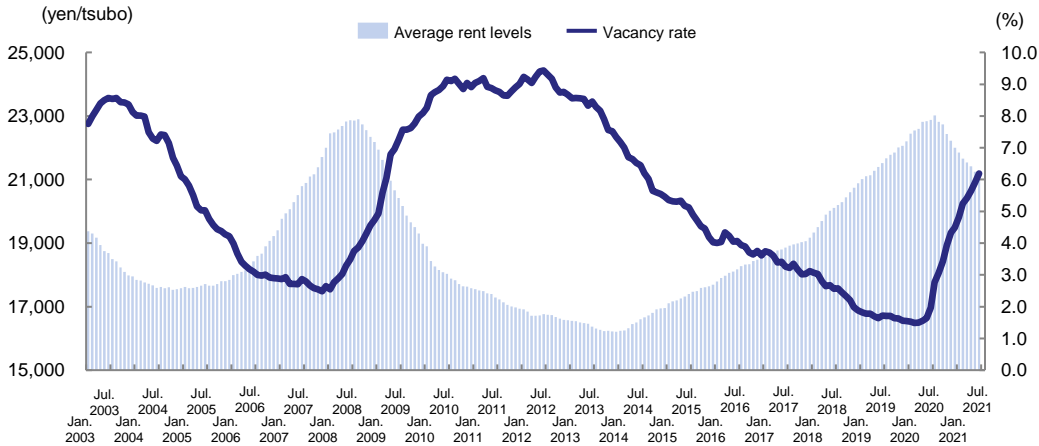
Performance Forecasts

(2) 32nd Period (Ending June 2022)

- ◆ The decrease in rental revenue due to lease-up and departure factors was countered by the gain on sale of the Kowa Shirokanedai Building. After provision of reserve for reduction of 320 million yen, distribution per unit is expected to be 2,800 yen, \pm 0 yen vs. the previous period

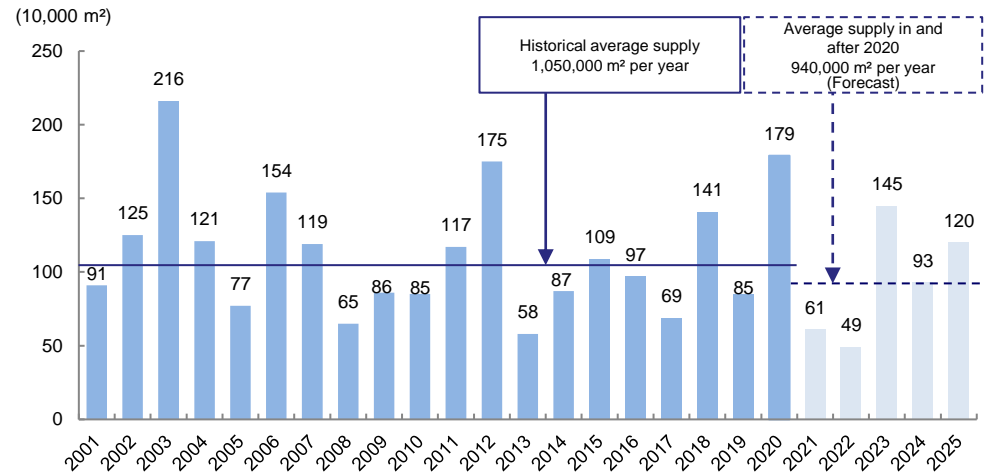
	31st Period (Dec. 2021) Forecast	32nd Period (Jun. 2022) Forecast	Difference	(unit: million yen)			
				Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,689	11,046	356	Internal Growth (Existing Properties)	-500	-370 yen	
Rental revenue	9,858	9,555	-303	Decrease in rental revenue	-301		Departure and lease-up: -312 (Lease-up: 286, departure: -599)
Revenue for utilities expenses	702	600	-101	Increase in utilities revenue/expenses	-19		Rent revisions: -2 (Increase: 1, Decrease: -3)
Other revenue	128	84	-43	Decrease in other revenue	-43		Other: 13
Gain on sales of real estate, etc.	0	805	805	Increase in expenses for rental operations	-115		
Operating expenses	6,260	6,330	70	Decrease in property management expenses	-2		AKASAKA INTERCITY: Absence of cancellation penalty/revenue from restoration work: -44
Expenses for rental operations	5,620	5,671	50	Increase in taxes	-38		Review of fixed/city tax associated with re-appraisal: -30
Property management expenses	1,406	1,408	1	Decrease in repairs and maintenance	-20		Jimbocho: -8
Utilities expenses	869	792	-77	Increase in depreciation	-29		Upgrading of hot and cold water generator in Nishi-Shimbashi
Taxes	946	993	47	Increase in other expenses for rental operations	-23		Repair of exterior walls of Sengoku
Repairs and maintenance	197	219	22	Increase in sales and administrative expenses	-20		
Other expenses for rental operations	315	338	23	Finance	33	25 yen	
(NOI)	6,953	6,487	-465	Decrease in interest expense	11		
Depreciation	1,884	1,917	33	Decrease in loan relating fees	21		
Sales and administrative expenses	639	659	20	Sale of Properties	786	582 yen	
Operating income	4,429	4,715	286	Increase in gain on sale	805		
Non-operating expenses	640	606	-33	Decrease in profit after depreciation of properties transferred in the 32nd Period	-18		Kawasaki Nishiguchi: -6 Shiroganedai: -3
Ordinary income	3,789	4,109	319	Reserve for Reduction Entry	-320	-237 yen	Absence of arrangement fee
Net income	3,788	4,108	319	Increase in provision of reserve for reduction entry	-320		Kowa Shiroganedai Building
Provision (-) and reversal (+) of reserve for reduction entry	0	-320	-320	Total	0	-0 yen	
Total distributions	3,788	3,788	0				
Distributions per unit (yen)	2,800 yen	2,800 yen	0 yen				
FFO	5,673	5,221	-451				

Historical Rent Levels and Vacancy Rate in 5 Central Wards of Tokyo



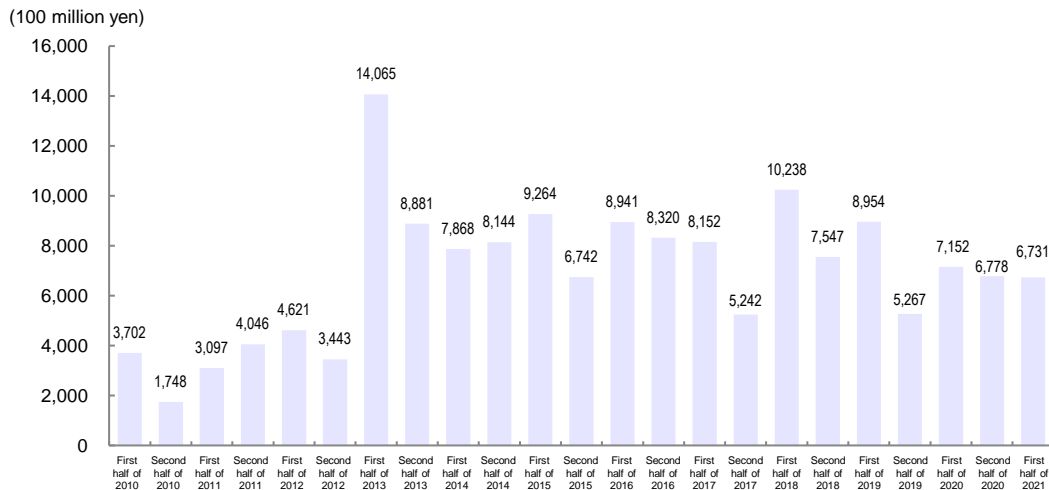
Source: Miki Shoji Co., Ltd.

Historical New Large-Scale Office Supply Volume in 23 Wards of Tokyo



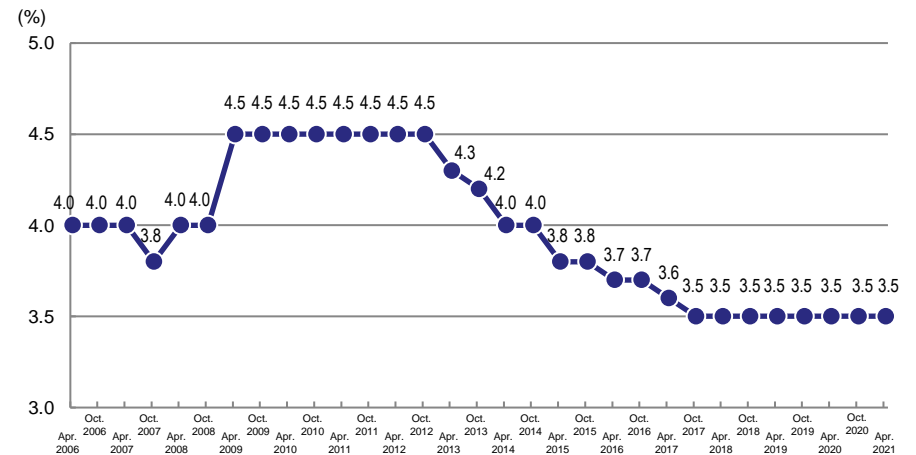
Source: Mori Building Co., Ltd.

Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

Historical Expected Cap Rate for Class A Buildings (Marunouchi and Otemachi Areas in Tokyo)



Source: Japan Real Estate Institute

Overview of Period-End Appraisals

Summary of Period-End Appraisal Value

	29th Period (Dec. 2020)	30th Period (Jun. 2021)	Difference
Number of properties	34 properties	35 properties	1 property
Period-end appraisal value	318,162 million yen	329,162 million yen	11,000 million yen
Book value	255,463 million yen	265,113 million yen	9,650 million yen
Unrealized gain/loss	62,698 million yen	64,048 million yen	1,350 million yen
Ratio of unrealized gain/loss ^{*1}	24.5%	24.2%	-0.3pt

*1 "Ratio of unrealized gain/loss" is calculated by dividing unrealized gain/loss at the end of each fiscal period by book value.

Number of Properties with Increase/Decrease in Appraisal Value^{*2}

	29th Period (Dec. 2020)	30th Period (Jun. 2021)
Increase	15 properties	17 properties
Unchanged	11 properties	14 properties
Decrease	8 properties	3 properties

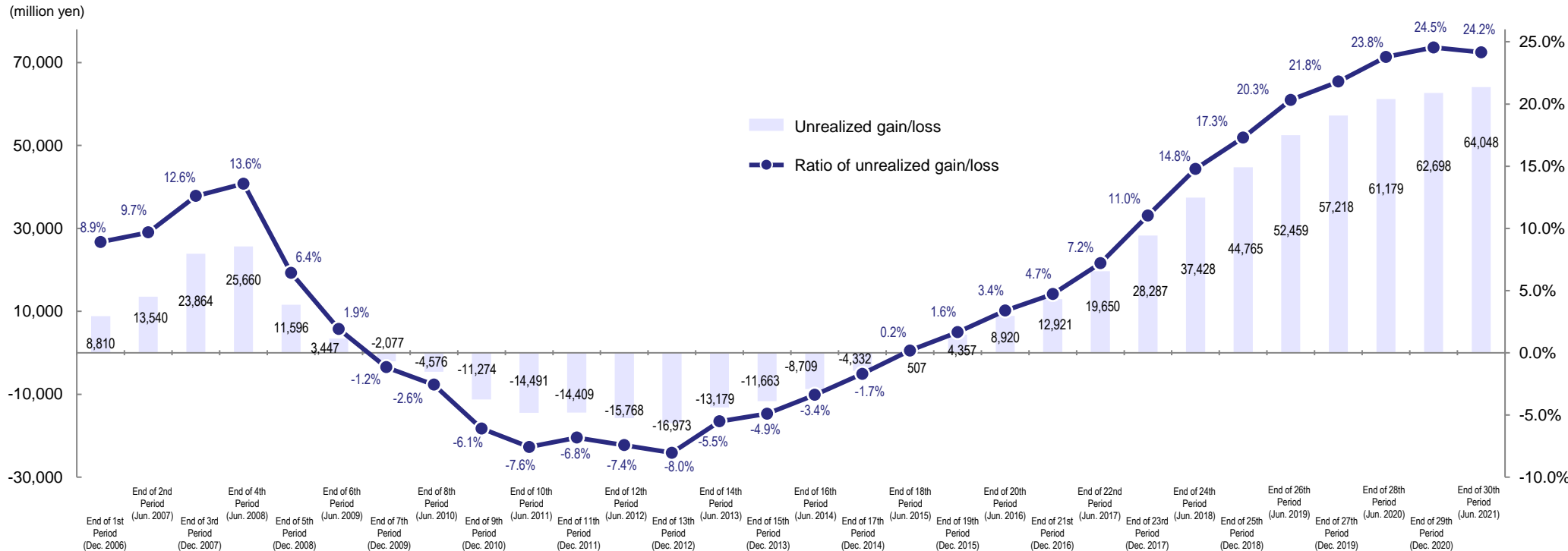
*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

*3 As to the cap rate for Shiba 2-Chome Building, comparison is made only for the office portion.

Status of Cap Rate^{*2*3}

	29th Period (Dec. 2020)	30th Period (Jun. 2021)
Decline	0 properties	0 properties
Unchanged	34 properties	33 properties
Rise	0 properties	1 property

Historical Unrealized Gain/Loss and Ratio of Unrealized Gain/Loss



Period-End Appraisal Value

Property Number	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		Book Value at end of FP30 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP29 ①	End of FP30 ②		%			%	End of FP29 ④	End of FP30 ⑤			
I-1	I	Omori Bellport D	22,552	25,900	25,900	0	0.0%	20,653	5,246	25.4%		4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-2		Shiba 2-Chome Building	9,450	13,600	13,600	0	0.0%	8,962	4,637	51.7%	Office 3.6%	Office 3.6%	Office 0.0	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	9,040	9,060	20	0.2%	8,062	997	12.4%	Residence 4.2%	Residence 4.1%	Residence -0.1	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	30,200	30,200	0	0.0%	26,603	3,596	13.5%	3.4%	3.4%	0.0	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,010	5,010	0	0.0%	4,638	371	8.0%	2.9%	2.9%	0.0	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,100	10,100	0	0.0%	9,416	683	7.3%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-12		HAMARIKYU INTERCITY	19,080	25,900	25,900	0	0.0%	17,030	8,869	52.1%	3.3%	3.3%	0.0	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	2,200	2,210	10	0.5%	1,749	460	26.3%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishi-shimbashi Building	11,431	13,600	13,700	100	0.7%	10,936	2,763	25.3%	3.1%	3.1%	0.0	Japan Real Estate Institute	
I-15		Mansard Daikanyama	11,420	13,900	13,700	-200	-1.4%	11,170	2,529	22.6%	3.0%	3.0%	0.0	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	7,780	7,780	0	0.0%	6,503	1,276	19.6%	2.8%	2.8%	0.0	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,630	6,630	0	0.0%	6,176	453	7.3%	3.2%	3.2%	0.0	Japan Real Estate Institute	
I-18		BIZCORE JIMBOCHO	10,200	10,300	10,300	0	0.0%	10,046	253	2.5%	3.4%	3.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,170	6,170	0	0.0%	5,428	741	13.7%	4.3%	4.3%	0.0	Japan Real Estate Institute
II-3			Osaka Kogin Building (land with leasehold interest)	1,770	2,470	2,470	0	0.0%	1,865	604	32.4%	3.2%	3.2%	0.0	Japan Real Estate Institute
II-4			GRAND FRONT OSAKA (Umekita Plaza - South Building)	4,868	5,000	5,050	50	1.0%	4,882	167	3.4%	3.6%	3.6%	0.0	Japan Valuers Co., Ltd.
II-5			GRAND FRONT OSAKA (North Building)	3,982	3,870	3,850	-20	-0.5%	4,009	-159	-4.0%	3.7%	3.7%	0.0	Japan Valuers Co., Ltd.
III-1			III	Musashikosugi Tower Place	13,890	21,500	21,500	0	0.0%	12,339	9,160	74.2%	4.0%	4.1%	0.1
III-2	Kowa Kawasaki Higashiguchi Building	10,976		10,400	10,600	200	1.9%	10,612	-12	-0.1%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-3	JEI Hongo Building	5,400		4,650	4,650	0	0.0%	4,941	-291	-5.9%	4.1%	4.1%	0.0	Japan Valuers Co., Ltd.	
III-5	Kawasaki Nishincho Building	4,725		4,660	4,680	20	0.4%	4,127	552	13.4%	4.8%	4.8%	0.0	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building	2,550		2,650	2,660	10	0.4%	2,319	340	14.7%	4.4%	4.4%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-9	Kowa Kawasaki Nishiguchi Building	20,800		16,300	16,400	100	0.6%	19,206	-2,806	-14.6%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.	
III-10	Pacific Square Sengoku	1,620		1,580	1,490	-90	-5.7%	1,616	-126	-7.9%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa	6,500		9,400	9,460	60	0.6%	6,026	3,433	57.0%	4.1%	4.1%	0.0	Japan Real Estate Institute	
III-12	Nisseki Yokohama Building	24,500		31,000	31,200	200	0.6%	22,426	8,773	39.1%	3.7%	3.7%	0.0	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building	640		672	682	10	1.5%	675	6	1.0%	4.5%	4.5%	0.0	Japan Real Estate Institute	
IV-2	IV	JEI Kyobashi Building		3,308	4,410	4,420	10	0.2%	2,767	1,652	59.7%	5.1%	5.1%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-3		JEI Hiroshima Hacchobori Building		2,760	3,930	3,940	10	0.3%	2,582	1,357	52.6%	4.6%	4.6%	0.0	Japan Real Estate Institute
IV-4		SE Sapporo Building		5,500	9,060	9,160	100	1.1%	5,066	4,093	80.8%	4.8%	4.8%	0.0	Chuo Real Estate Appraisal Co., Ltd.
IV-5		Aoba-dori Plaza	2,120	4,460	4,460	0	0.0%	2,194	2,265	103.2%	4.5%	4.5%	0.0	Japan Real Estate Institute	
IV-6		Daiwa Minamimoricho Building	4,410	5,180	5,190	10	0.2%	4,167	1,022	24.5%	4.6%	4.6%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation	
IV-7		JEI Naha Building	1,380	1,950	2,020	70	3.6%	1,462	557	38.1%	5.1%	5.1%	0.0	Japan Real Estate Institute	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,300	3,330	30	0.9%	2,820	509	18.1%	4.6%	4.6%	0.0	Japan Real Estate Institute	
IV-9	Senshin Building	1,580	1,690	1,690	0	0.0%	1,625	64	4.0%	4.4%	4.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.		
Total			282,544	328,462	329,162	700	0.2%	265,113	64,048	24.2%	3.8%	3.8%	0.0	-	
Area I total			150,874	174,160	174,090	-70	-0.0%	141,948	32,141	22.6%	3.4%	3.4%	-0.0	-	
Area II total			16,231	17,510	17,540	30	0.2%	16,185	1,354	8.4%	3.8%	3.8%	0.0	-	
Area III total			91,601	102,812	103,322	510	0.5%	84,292	19,029	22.6%	4.2%	4.2%	0.0	-	
Area IV total			23,838	33,980	34,210	230	0.7%	22,687	11,522	50.8%	4.7%	4.7%	0.0	-	
Total			282,544	328,462	329,162	700	0.2%	265,113	64,048	24.2%	3.8%	3.8%	0.0	-	

*1 "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal Co., Ltd., Japan Valuers Co., Ltd., The Tanizawa Sogo Appraisal Co., Ltd., and Daiwa Real Estate Appraisal Corporation as of the end of the 29th Period and 30th Period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

*2 For properties acquired in the 30th Period, appraisal values at the time of the acquisition are indicated in Period-End Appraisal Value for the 29th Period.

Revenue and Expenses by Property

	Area I													Area II				Area III										Area IV									Total
	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13	I-14	I-15	I-16	I-17	I-18	II-1	II-3	II-4	II-5	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9		
	Omori	Shiba 2-Chome	Hamamatsu-cho	AKASAKA INTERCITY	Kowa Shinjokan-dai	Daba Garden City Bldg.	HAMAMATSU INTERCITY	Shinjokan-cho	Kowa Nishi-Shimbashi	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	BIZCORE JIMBOCHO	NHK Nagoya	Kowa Kojin Bldg. (leased from parent)	GRAND FRONT OSAKA Umekita Plaza / South Building	North Building	Musashi-Kosugi	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nissai-cho	Ryugoku	Kawasaki Nishi-Guchi	Seigoku	Core City Tachikawa	Niseki Yokohama	Yokohama Benten-dori Daichii	Kyobashi	Hiroshima Hachioh-cho	SE Sapporo	Adachi-dori Plaza	Dawa Minamimach	Naha	Hiroshima Daichi Seimei OS	Senashi Building		
Revenue from operations	914	373	244	633	169	341	773	74	-	253	-	153	-	373	89	-	-	797	-	-	137	112	642	61	320	1,202	41	185	153	419	187	194	77	141	51	10,567	
Rental revenue	868	372	233	566	158	322	725	67	-	241	-	150	-	-	89	-	-	733	-	-	134	103	587	55	309	1,121	38	168	142	342	170	178	67	134	47	9,845	
Other revenue	45	0	10	67	11	18	48	6	-	11	-	2	-	-	-	-	-	63	-	-	3	8	55	5	10	80	2	17	10	76	17	16	9	6	4	722	
Expenses from operations	465	133	105	262	75	184	413	32	-	118	-	48	-	240	49	-	-	372	-	-	112	62	368	32	128	727	24	88	78	204	95	70	47	68	23	5,355	
Property management	143	49	24	37	24	27	132	6	-	26	-	13	-	65	-	-	-	107	-	-	46	20	99	5	30	157	7	15	19	31	33	22	9	18	4	1,393	
Utilities	65	0	8	33	8	23	55	3	-	13	-	3	-	25	-	-	-	56	-	-	-	8	37	4	34	152	4	11	12	68	16	11	6	9	4	759	
Taxes	78	30	18	38	16	36	52	4	-	31	-	16	-	25	48	-	-	69	-	-	17	7	49	6	21	120	3	12	18	24	18	13	5	13	3	934	
Insurance	1	0	0	0	0	0	1	0	-	0	-	0	-	0	-	-	-	1	-	-	0	0	1	0	0	3	0	0	0	0	0	0	0	0	0	20	
Repair and maintenance	12	2	0	3	2	0	9	1	-	2	-	0	-	5	-	-	-	7	-	-	6	1	8	4	0	9	1	2	3	4	2	2	2	1	2	158	
Non-operating expenses	14	0	14	62	1	9	7	4	-	1	-	1	-	35	0	-	-	5	-	-	0	1	4	0	1	13	0	3	1	1	1	2	5	1	0	241	
Depreciation	148	49	38	86	21	86	153	11	32	41	18	13	4	81	-	-	-	123	104	30	40	21	165	10	38	269	5	41	22	72	22	18	18	24	7	1,847	
Profits (loss) from operations	448	239	139	370	94	156	360	41	200	134	105	104	0	132	39	87	57	424	194	78	25	50	274	28	191	474	16	97	75	215	92	123	30	73	28	5,212	
NOI	597	289	177	457	115	242	514	53	232	176	124	117	5	214	39	96	69	548	298	109	65	72	440	39	230	744	22	139	98	287	114	141	48	97	35	7,059	
NOI (Annualized with following formula)	1,204	583	357	923	233	489	1,037	106	468	355	250	237	323	433	80	195	139	1,106	601	221	131	145	889	79	465	1,501	44	281	197	579	230	286	97	197	71	14,549	
Number of days	181	181	181	181	181	181	181	181	181	181	181	181	6	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	
Acquisition price	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750	11,431	11,420	6,590	6,200	10,200	5,610	1,770	4,868	3,982	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	282,544	

■ NOI Yield																																				
30th period	5.3%	6.2%	4.3%	3.3%	5.0%	4.4%	5.4%	6.1%	4.1%	3.1%	3.8%	3.8%	3.2%	7.7%	4.5%	4.0%	3.5%	8.0%	5.5%	4.1%	2.8%	5.7%	4.3%	4.9%	7.2%	6.1%	7.0%	8.5%	7.2%	10.5%	10.9%	6.5%	7.1%	7.1%	4.5%	5.22%
29th period	5.2%	6.0%	4.2%	3.0%	5.2%	5.1%	5.1%	6.3%	4.2%	3.7%	3.8%	3.8%	-	7.7%	4.5%	4.6%	3.9%	7.8%	5.2%	4.0%	5.6%	5.4%	4.2%	4.3%	6.8%	5.7%	5.9%	8.4%	7.2%	9.9%	10.2%	6.5%	5.4%	6.3%	4.2%	5.15%
Difference (Pt)	0.1	0.2	0.1	0.3	-0.2	-0.7	0.3	-0.2	-0.1	-0.6	0.0	0.0	-	0.0	0.0	-0.6	-0.4	0.2	0.3	0.1	-2.8	0.3	0.1	0.6	0.4	0.4	1.1	0.1	0.0	0.6	0.7	0.0	1.7	0.8	0.3	0.07

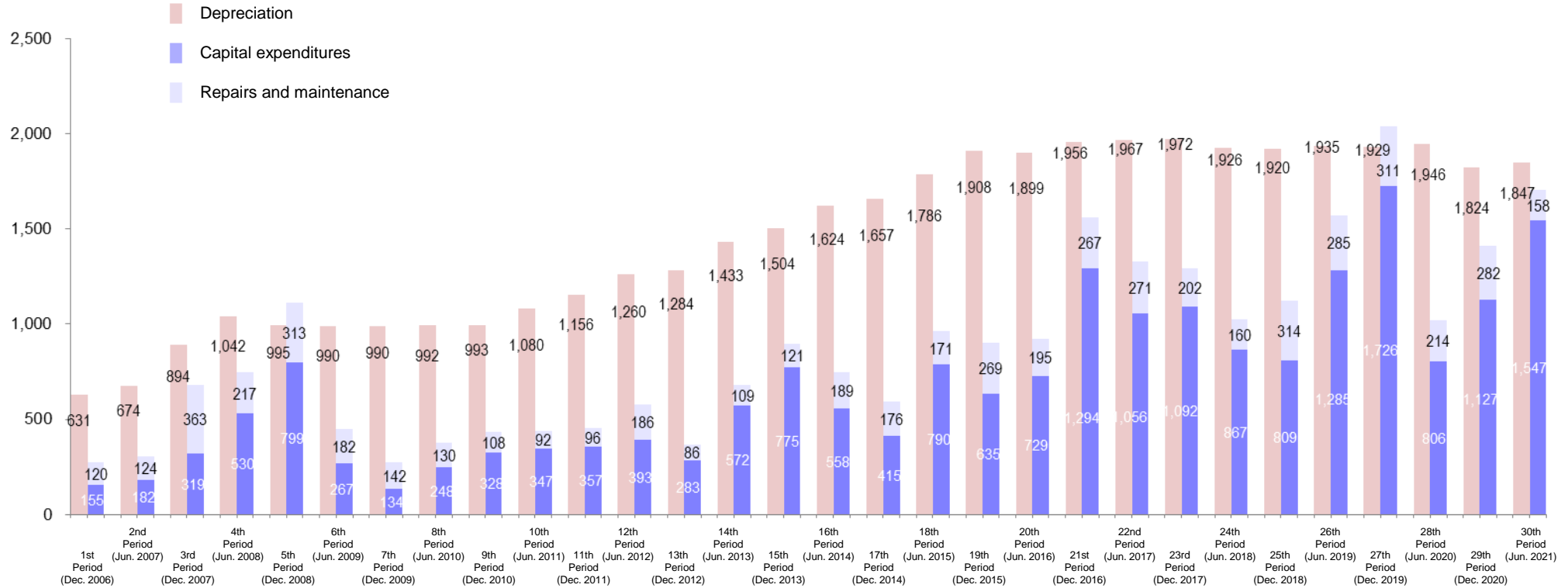
■ NOI Yield after Depreciation																																				
30th period	4.0%	5.1%	3.4%	2.7%	4.0%	2.9%	3.8%	4.8%	3.5%	2.4%	3.2%	3.4%	0.3%	4.8%	4.5%	3.6%	2.9%	6.2%	3.6%	2.9%	1.1%	4.0%	2.7%	3.6%	6.0%	3.9%	5.1%	6.0%	5.5%	7.9%	8.8%	5.7%	4.4%	5.3%	3.6%	3.85%
29th period	3.9%	4.9%	3.3%	2.4%	4.3%	3.5%	3.5%	5.0%	3.7%	3.0%	3.2%	3.3%	-	4.8%	4.5%	4.3%	3.3%	6.1%	3.5%	2.9%	4.0%	3.9%	2.6%	3.1%	5.7%	3.5%	4.2%	5.9%	5.6%	7.2%	8.2%	5.7%	2.2%	4.6%	3.3%	3.82%
Difference (Pt)	0.1	0.2	0.1	0.3	-0.3	-0.6	0.3	-0.2	-0.2	-0.6	0.0	0.1	-	0.0	0.0	-0.7	-0.4	0.1	0.1	0.0	-2.9	0.1	0.1	0.5	0.3	0.4	0.9	0.1	-0.1	0.7	0.6	0.0	2.2	0.7	0.3	0.03

*1 Figures are rounded down to the nearest million yen.
 *2 Ratios are rounded to the first decimal place.
 *3 NOI yield for each property shown is annualized. (NOI yield = Annualized NOI / acquisition price)
 *4 Details concerning revenue and expenses for Kowa Nishi-Shimbashi Building, Kawasaki Higashi-guchi and JEI Hongo Building are not disclosed because we have not received consent from end tenants.
 *5 Details concerning revenue and expenses for AKASAKA INTERCITY AIR, BIZCORE JIMBOCHO, GRAND FRONT OSAKA (Umekita Plaza/ South Building) and (North Building) are not disclosed because we have not received consent from the co-owner
 *6 Details concerning rental revenue for NHK Nagoya are not disclosed because we have not received consent from the business partner.

■ Breakdown by Area (Unit: million yen)				
	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	3,103	420	2,572	962
Acquisition price	150,874	16,231	91,601	23,838
30th period NOI yield (annualized)	4.4%	5.2%	5.7%	8.1%
29th period NOI yield (annualized)	4.4%	5.5%	5.6%	7.7%
Difference (pt)	0.0	-0.3	0.1	0.4

■ History of Expenses for Repairs and Maintenance and Depreciation

(million yen)



Capital Expenditures/Depreciation

24.6%	27.0%	35.7%	50.9%	80.3%	27.0%	13.5%	25.0%	33.0%	32.1%	30.9%	31.2%	22.0%	39.9%	51.5%	34.4%	25.0%	44.2%	33.3%	38.4%	66.2%	53.7%	55.4%	45.0%	42.1%	66.4%	89.5%	41.4%	61.8%	83.8%
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Statement of Income and Retained Earnings

(Unit: million yen)

	29th Period (Dec. 2020)	(%)	30th Period (Jun. 2021)	(%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	11,043	100.0	10,567	100.0	-476	-4.3
Rental revenue	9,998		9,845		-153	
Other rental revenue	730		722		-8	
Total rental revenue (a)	10,729	97.2	10,567	100.0	-161	-1.5
Gain on sales of real estate, etc.	314		—		-314	
2. Operating expenses (B)	6,119	55.4	5,977	56.6	-141	-2.3
Property management expenses	1,371		1,393		21	
Utilities expenses	831		759		-71	
Taxes	919		934		15	
Insurance	20		20		0	
Repairs and maintenance	282		158		-124	
Other expenses for rental operation	237		241		3	
Depreciation	1,824		1,847		22	
Total operating expenses (b)	5,487	49.7	5,355	50.7	-131	-2.4
Profits from operation (a)-(b)	5,242	47.5	5,212	49.3	-30	-0.6
Asset management fees	470		454		-15	
Other	160		166		5	
3. Operating income (A)-(B)	4,924	44.6	4,590	43.4	-334	-6.8
4. Non-operating income	0	0.0	0	0.0	0	8.0
5. Non-operating expenses	634	5.7	614	5.8	-19	-3.1
Interest expense	336		327		-9	
Loan relating fees	141		118		-22	
Interest expense on investment corporation bonds	139		149		9	
Amortization of investment corporation bond issuance costs	12		12		0	
Other	4		6		2	
6. Ordinary income	4,291	38.9	3,976	37.6	-314	-7.3
7. Net income before taxes	4,291	38.9	3,976	37.6	-314	-7.3
8. Income taxes – current	0		1		0	
9. Net income	4,290	38.9	3,975	37.6	-314	-7.3
10. Retained earnings brought forward	0		0		0	
11. Unappropriated retained earnings at the end of period	4,291		3,975		-315	
Reference: excluding impairment losses and gain or loss on sales						
Unappropriated retained earnings at the end of period	3,977		3,975		-1	0.0

* Figures under one million yen are rounded down. Ratios are rounded to the first decimal place.

Balance Sheet

(Unit: million yen)

Assets						Liabilities and Unitholders' Equity					
	29th Period (Dec. 2020)		30th Period (Jun. 2021)		Difference		29th Period (Dec. 2020)		30th Period (Jun. 2021)		Difference
(Assets)		%		%		(Liabilities)		%		%	
I. Current assets	36,558	12.4	26,737	9.1	-9,820	I. Current liabilities	16,098	5.5	16,838	5.7	739
Cash and deposits	19,651		9,677		-9,973	Operating accounts payable	1,674		1,618		-55
Cash and deposits in trust	16,371		16,340		-30	Long-term loans due within a year	13,510		14,510		1,000
Operating accounts receivable	325		294		-31	Other accounts payable	466		474		7
Other	210		425		214	Accrued consumption taxes	119		-		-119
						Other	328		235		-93
II. Fixed assets	257,279	87.5	267,079	90.9	9,799	II. Long-term liabilities	125,487	42.7	124,796	42.5	-690
1. Property and equipment	246,357	83.8	256,007	87.1	9,650	Investment corporation bonds	38,000		38,000		-
Real Estate	16,337		16,266		-70	Long-term loans	74,090		73,090		-1,000
Real Estate in trust	229,903		239,726		9,822	Security deposits from tenants	1,200		1,199		-1
Construction in progress	116		14		-101	Security deposits from tenants in trust	12,196		12,507		311
2. Intangible assets	9,113	3.1	9,112	3.1	-1	Total liabilities	141,585	48.2	141,635	48.2	49
Leasehold rights	1,721		1,721		-	(Net assets)					
Leasehold rights in trust	7,382		7,382		-	I. Unitholders' equity	152,418	51.8	152,335	51.8	-83
Other	9		8		-1	1. Unitholders' capital	147,907	50.3	147,907	50.3	-
3. Investments and other assets	1,808	0.6	1,958	0.7	150	2. Retained earnings	4,511		4,427		-83
Leasehold and security deposits	19		19		-	Voluntary retained earnings (Reserve for reduction entry)	219	0.1	451	0.2	232
Long-term prepaid expenses	823		824		1	Unappropriated retained earnings	4,291	1.5	3,975	1.4	-315
Other	965		1,115		149	Total net assets	152,418	51.8	152,335	51.8	-83
III. Deferred assets	166	0.1	154	0.1	-12	Total liabilities and net assets	294,004	100.0	293,970	100.0	-34
Investment corporation bond issuance costs	166		154		-12						
Total assets	294,004	100.0	293,970	100.0	-34						

* Figures under one million yen are rounded down. Ratios are rounded to the first decimal place.

■ Cash Flow Statement

(Unit: million yen)

30th Period (Jun. 2021)	
Classification	Amount
I. Cash flow from operating activities	5,095
Net income before taxes	3,976
Depreciation	1,848
Other	-729
II. Cash flow from investing activities	-11,040
Purchase of property and equipment	-11,349
Net payments for security deposits	309
III. Cash flow from financing activities	-4,059
Proceeds from long-term loans	4,000
Repayment of long-term loans	-4,000
Distributions to unitholders	-4,059
IV. Net increase / decrease in cash and cash equivalents	-10,004
V. Cash and cash equivalents at beginning of period	36,022
VI. Cash and cash equivalents at end of period	26,017

* Figures under one million yen are rounded down.

■ Profit Distribution

(Unit: yen)

30th Period (Jun. 2021)	
Classification	Amount
Unappropriated retained earnings at the end of period	3,975,882,133
Distributions	3,975,114,000
(Distributions per investment unit)	(2,938)
Earnings carried over to next period	768,133
Total number of outstanding investment units at the end of period	1,353,000

Financial Indicators

Financial indicators	Unit	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	28th Period (Jun. 2020)	29th Period (Dec. 2020)	30th Period (Jun. 2021)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	6,035	6,116	4,675	8,053	6,592	6,301	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization (including depreciation other than the expenses for rental operations)
NOI (Net operating income)	MN yen	6,797	6,856	6,913	7,263	7,066	7,059	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,516	5,626	5,703	5,873	5,800	5,823	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,225	4,309	4,367	4,341	4,287	4,303	FFO / Total number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MNyen	4,707	4,341	3,976	5,067	4,672	4,275	FFO - Capital expenditures
AFFO Distribution payout ratio	%	76.4	85.0	95.8	79.0	86.9	93.0	(Total cash distribution amount / AFFO) × 100
NAV (Net asset value)	MN yen	188,492	196,282	199,595	213,312	215,116	216,383	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	144,361	150,327	152,865	157,658	158,992	159,928	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	11.7	12.5	9.4	17.0	13.9	13.2	Cash flow before interest / (Interest expense + Interest expense on investment corporation bonds) (Note) Cash flow before interest = Net income before interest and taxes + Depreciation and amortization (including depreciation other than the expenses for rental operations)
ROA	%	1.3	1.3	0.8	1.9	1.5	1.4	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.5)	(2.6)	(1.6)	(3.9)	(2.9)	(2.7)	Above x 365 days / Number of operating days
ROE	%	2.5	2.6	1.6	3.8	2.8	2.6	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(5.0)	(5.2)	(3.1)	(7.7)	(5.6)	(5.3)	Above x 365 days / Number of operating days
Equity to Total Assets	%	50.4	50.3	49.3	51.8	51.8	51.8	(Period end net assets / Period end total assets) × 100
LTV (period-end total asset basis)	%	44.4	44.2	44.9	42.8	42.7	42.7	(Period end interest-bearing debt / Period end total assets) × 100
LTV (period-end valuation gain/loss basis)	%	38.3	37.4	37.5	35.4	35.2	35.1	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100
BPS (Book value per unit)	yen	110,076	110,149	109,042	112,441	112,652	112,590	Period end net assets / Total number of outstanding investment units at the end of period

* Figures are rounded down to the nearest whole number. Ratios are rounded to the first decimal place.

Balance of Interest-Bearing Debt (As of the End of 30th Period)

Lender	Balance (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	17,785	20.3%
MUFG Bank, Ltd.	13,005	14.8%
Development Bank of Japan Inc.	12,800	14.6%
Sumitomo Mitsui Banking Corporation	8,270	9.4%
Mizuho Trust & Banking Co., Ltd.	7,807	8.9%
The Norinchukin Bank	7,412	8.5%
The Dai-ichi Life Insurance Company, Limited	6,000	6.8%
Resona Bank, Ltd.	3,400	3.9%
Sompo Japan Insurance Inc.	2,500	2.9%
Aozora Bank, Ltd.	2,500	2.9%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.7%
The Bank of Fukuoka, Ltd.	1,000	1.1%
Shinkin Central Bank	1,000	1.1%
Nippon Life Insurance Company	1,000	1.1%
Loan Total	87,600	100.0%

* Shaded areas refer to sponsor companies.

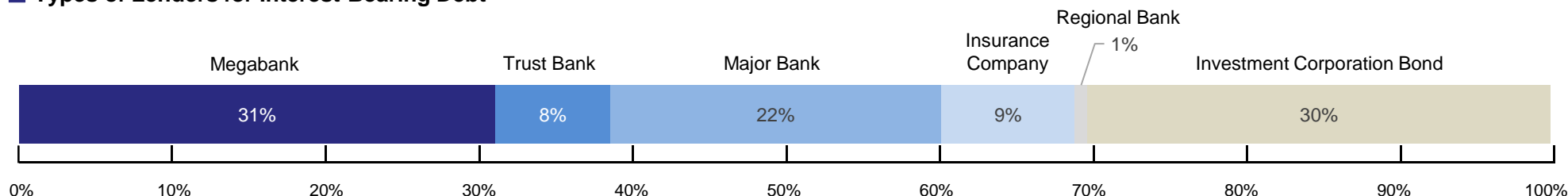
Status of Investment Corporation Bonds (As of the End of 30th Period)

Investment Corporation Bond	Maturity date	Balance (million yen)	Interest rate	Period
7th Series Unsecured Investment Corporation Bond	Mar. 11, 2024	8,000	1.13%	10 years
8th Series Unsecured Investment Corporation Bond	Sep. 9, 2025	5,000	1.03%	10 years
9th Series Unsecured Investment Corporation Bond	Oct. 27, 2026	2,000	0.45%	10 years
10th Series Unsecured Investment Corporation Bond	Dec. 20, 2023	2,000	0.39%	7 years
11th Series Unsecured Investment Corporation Bond	Apr. 23, 2027	7,000	0.65%	10 years
12th Series Unsecured Investment Corporation Bond	Apr. 20, 2023	2,000	0.24%	5 years
13th Series Unsecured Investment Corporation Bond	Apr. 20, 2033	2,000	0.95%	15 years
(JEI Green Bond) 14th Series Unsecured Investment Corporation Bond	Aug. 10, 2028	4,000	0.63%	10 years
15th Series Unsecured Investment Corporation Bond	Sep. 9, 2039	1,000	1.07%	20 years
(2nd JEI Green Bond) 16th Series Unsecured Investment Corporation Bond	Oct. 29, 2035	5,000	0.75%	15 years
Investment Corporation Bond Total		38,000		

Status of Commitment Line (As of the End of 30th Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From February 1, 2021 to January 31, 2022
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Total Commitment Line	14,000	

Types of Lenders for Interest-Bearing Debt



Owner Classification	Investment Units				
	29th Period (Dec. 2020)		30th Period (Jun. 2021)		Composition change
	Number of units	Composition	Number of units	Composition	
Financial Institutions and Securities Companies	970,618	71.7%	963,949	71.2%	-0.5pt
Other Domestic Companies	112,270	8.3%	112,435	8.3%	-
Foreign Companies, etc.	205,678	15.2%	215,792	15.9%	0.7pt
Individuals	64,434	4.8%	60,824	4.5%	-0.3pt
Total	1,353,000	100.0%	1,353,000	100.0%	-

Unitholders				
29th Period (Dec. 2020)		30th Period (Jun. 2021)		Composition change
Number of unitholders	Composition	Number of unitholders	Composition	
167	2.4%	175	2.6%	0.2pt
165	2.4%	159	2.3%	-0.1pt
220	3.2%	222	3.3%	0.1pt
6,362	92.0%	6,241	91.8%	-0.2pt
6,914	100.0%	6,797	100.0%	-

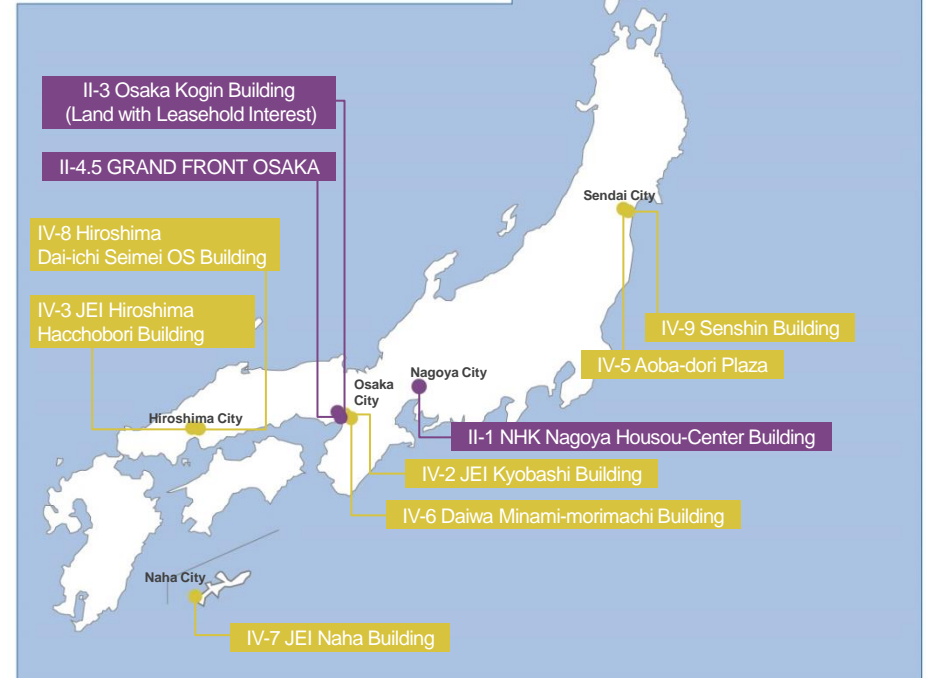
Ratio of investment units held by the 2 core sponsor companies: 6.8%

Rank	Name	Units	Composition ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	325,781	24.1%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	219,062	16.2%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.3%
4	Custody Bank of Japan, Ltd.(Securities Investment Trust Account)	63,088	4.7%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	52,053	3.8%
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.5%
7	State Street Bank - West Client – Treaty 505234	19,774	1.5%
8	SSBTC CLIENT OMNIBUS ACCOUNT	19,354	1.4%
9	Custody Bank of Japan, Ltd. (Trust Account 7)	18,936	1.4%
10	Nomura Securities Co., Ltd.	17,987	1.3%
Total		828,255	61.2%

*1 Ratios are rounded to the first decimal place.

*2 Shaded area in the above top 10 unitholders' list indicates sponsors.

Portfolio Map



Portfolio Overview (1)

Property Number	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	Omori Bellport D	Shiba 2-Chome Building	JEI Hamamatsucho Building	AKASAKA INTERCITY	Kowa Shirokanedai Building	Daiba Garden City Building	HAMARIKYU INTERCITY	Shintomicho Building
								
Location	Minami-Oi, Shinagawa Ward, Tokyo	Shiba, Minato Ward, Tokyo	Hamamatsucho, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Shirokanedai, Minato Ward, Tokyo	Daiba, Minato Ward, Tokyo	Kaigan, Minato Ward, Tokyo	Irifune, Chuo Ward, Tokyo
Total floor area (m ²)	155,778.75	19,518.15	8,327.53	73,061.33	7,374.74	33,283.49	35,555.87	3,169.78
Completion date	September 1996	March 1994	December 1991	January 2005	March 1978	December 2007	March 2011	November 1990
Acquisition date	June 2006	June 2006	June 2006	1. Oct. 2007 2. Feb. 2013	December 2010	February 2011	1. Dec. 2011 2. Feb. 2014	March 2012
Acquisition price (MN yen)	22,552	9,450	8,350	28,146	4,705	11,000	19,080	1,750
Investment ratio (%)	8.0	3.3	3.0	10.0	1.7	3.9	6.8	0.6
Period-end Occupancy rate (%)	100.0	99.2	100.0	100.0	92.0	82.6	98.6	100.0
PML (%)	3.61	6.61	4.18	2.97	6.95	6.56	2.60	4.13
DBJ Green Building Certification	★★★	★★	★	★★★★★	—	★★	Residential portion: ★★★★★★ Office portion: ★★★★★	—

*1 "Completion Date" is as of the time of initial construction described in the register.

*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

Portfolio Overview (2)

Property Number	I-14	I-15	I-16	I-17	I-18	II-1	II-3	II-4	II-5
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Kowa Nishi-Shimbashi Building	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	BIZCORE JONBOCHO	NHK Nagoya Housou-Center Building	Osaka Kogin Building (land with leasehold interest)	GRAND FRONT OSAKA (Umekita Plaza / South Building)	GRAND FRONT OSAKA (North Building)
									
Location	Nishishinbashi, Minato Ward, Tokyo	Sarugakucho, Shibuya Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Kanda-ogawacho, Chiyoda Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	Chuo Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka
Total floor area (m ²)	19,418.17	8,402.51	176,536.75	3,515.63	8,217.64	80,809.95	3,158.45 (site area for land)	181,371.39 (South Building) 10,226.10 (Umekita Plaza)	290,030.59
Completion date	July 1996	December 2009	August 2017	March 2019	November 2017	July 1991	—	Mar. 2013 (South Building) Feb. 2013 (Umekita Plaza)	February 2013
Acquisition date	1. Mar. 2013 2. Aug. 2017	July 2016	July 2018	October 2019	June 2021	1. Jun. 2006 2. Mar. 2014	February 2013	February 2020	February 2020
Acquisition price (MN yen)	11,431	11,420	6,590	6,200	10,200	5,610	1,770	4,868	3,982
Investment ratio (%)	4.0	4.0	2.3	2.2	3.6	2.0	0.6	1.7	1.4
Period-end Occupancy rate (%)	100.0	72.7	100.0	100.0	100.0	94.8	100.0	98.4	97.2
PML (%)	3.30	5.74	0.66	8.41	3.56	1.44	-	0.63	0.58
DBJ Green Building Certification	★	★★★★	★★★★★	★★★	—	★★★	—	—	—

*1 "Completion Date" is as of the time of initial construction described in the register.

*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

However, for Osaka Kogin Building (land with leasehold interest), the acquisition price is calculated as the land purchase price specified in the relevant trust beneficiary interest transfer agreement subject to conditions precedent minus the amount equivalent to the key money pertaining to the leasehold interest in land, which will be received from the lessee of the land.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

Portfolio Overview (3)

Property Number	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Musashikosugi Tower Place	Kowa Kawasaki Higashiguchi Building	JEI Hongo Building	Kawasaki Nisshincho Building	JEI Ryogoku Building	Kowa Kawasaki Nishiguchi Building	Pacific Square Sengoku	Core City Tachikawa	Nisseki Yokohama Building	Yokohama Bentendori Dai-ichi Seimei Building
										
Location	Nakahara Ward, Kawasaki City, Kanagawa	Kawasaki Ward, Kawasaki City, Kanagawa	Hongo, Bunkyo Ward, Tokyo	Kawasaki Ward, Kawasaki City, Kanagawa	Ryogoku, Sumida Ward, Tokyo	Saiwai Ward, Kawasaki City, Kanagawa	Honkomagome, Bunkyo Ward, Tokyo	Akebonocho, Tachikawa City, Tokyo	Naka Ward, Yokohama City, Kanagawa	Naka Ward, Yokohama City, Kanagawa
Total floor area (m ²)	53,711.13	31,009.62	5,877.11	22,141.60	5,820.56	61,856.92	4,017.44	19,099.27	72,116.65	2,934.55
Completion date	July 1995	April 1988	February 1991	April 1992	August 1996	February 1988	November 1992	December 1994	May 1997	December 1986
Acquisition date	June 2006	June 2006	June 2006	1. Jun. 2006 2. Nov. 2006 3. Oct. 2008 4. Apr. 2013	June 2006	October 2007	December 2011	February 2013	April 2015	June 2018
Acquisition price (MN yen)	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640
Investment ratio (%)	4.9	3.9	1.9	1.7	0.9	7.4	0.6	2.3	8.7	0.2
Period-end Occupancy rate (%)	100.0	100.0	73.8	58.3	100.0	100.0	100.0	97.8	100.0	100.0
PML (%)	3.19	3.25	6.16	5.86	5.57	3.74	4.65	1.92	3.19	5.92
DBJ Green Building Certification	★★★	★★	—	★★	—	★★★	—	★	★★★	—

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*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

Portfolio Overview (4)

Property Number	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	JEI Kyobashi Building	JEI Hiroshima Hacchobori Building	SE Sapporo Building	Aoba-dori Plaza	Daiwa Minami-morimachi Building	JEI Naha Building	Hiroshima Dai-ichi Seimei OS Building	Senshin Building
								
Location	Miyakojima Ward, Osaka City, Osaka	Naka Ward, Hiroshima City, Hiroshima	Kita Ward, Sapporo City, Hokkaido	Aoba Ward, Sendai City, Miyagi	Kita Ward, Osaka City, Osaka	Kumoji, Naha City, Okinawa	Minami Ward, Hiroshima City, Hiroshima	Aoba Ward, Sendai City, Miyagi
Total floor area (m ²)	10,021.32	9,919.93	23,644.22	22,737.38	12,759.65	4,371.94	10,696.54	2,766.22
Completion date	April 1987	February 1999	March 1989	July 1996	January 1990	June 1990	March 1989	October 1984
Acquisition date	September 2011	May 2012	March 2013	February 2014	February 2014	December 2015	June 2018	November 2019
Acquisition price (MN yen)	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580
Investment ratio (%)	1.2	1.0	1.9	0.8	1.6	0.5	1.0	0.6
Period-end Occupancy rate (%)	100.0	98.4	99.3	96.0	100.0	89.4	95.2	94.3
PML (%)	7.28	6.66	0.41	1.24	7.83	3.47	9.89	2.87
DBJ Green Building Certification	★★	—	★★★	—	—	—	★	—

*1 "Completion Date" is as of the time of initial construction described in the register.

*2 "Acquisition Price" is the price recorded in sales agreements (excluding consumption tax). Figures are rounded down to the nearest million yen.

*3 "Investment Ratio" shows a ratio of the acquisition price for each property to total acquisition price and is rounded to the first decimal place.

Memo

