



**Japan Excellent, Inc.**

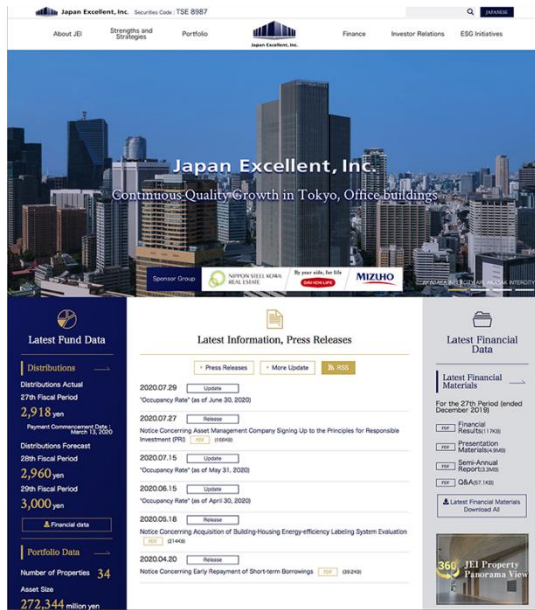
**JEI**

**Twenty-Eighth Period (Ended June 2020) Presentation Materials**

August 21, 2020

# Information on Website

Please visit JEI's website below.



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

QR code



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Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area	3	4. Financial Strategy	
		(1) Performance of Financing Activities	27
		(2) Status of Financial Management	28
<b>I. Impact of COVID-19 Crisis</b>		5. Stance on Future Initiatives	29
1. Response and Impact in the 28th Period	5	6. ESG Related	
2. Idea on Performance Forecasts for the 29th Period and 30th Period	6	(1) Current New Movements	30
		(2) Initiatives on Sustainability Finance	31
<b>II. Financial Results of the 28th Period (Ended June 2020)</b>		<b>Reference Materials – Features of Japan Excellent Inc.</b>	
1. Highlights of the 28th Period (Ended June 2020)	9	1. Sponsors	33
2. Actual Results of Distributions per Unit and NAV	10	2. Track Record	34
3. Financial Results of the 28th Period (Ended June 2020)		3. Portfolio (1) (2)	35
(1) Comparison with the Previous Period	11	4. ESG Initiatives (1) – (5)	37
(2) Comparison with the Forecast	12	5. Structure of JEI/Overview of Japan Excellent Asset Management Co., Ltd.	42
<b>III. Performance Forecasts for the 29th Period (Ending December 2020) and 30th Period (Ending June 2021)</b>		<b>Reference Materials – Appendix</b>	
1. Performance Forecasts		Entering Asset Size Expansion Phase from Asset Replacement Phase	45
(1) The 29th Period (Ending December 2020)	15	Management Discussion of Market Environment	46
(2) The 30th Period (Ending June 2021)	16	Overview of Period-End Appraisals	47
2. Forecast of Distributions per Unit	17	Period-End Appraisal Value	48
		Revenue and Expenses by Property	49
<b>IV. Management Status and Policy</b>		Historical Record in Works	50
1. Qualitative Improvement of Portfolio Through Asset Replacement and Public Offering	19	Statement of Income and Retained Earnings	51
2. External Growth		Balance Sheet	52
(1) Property Acquired in the 28th Period (GRAND FRONT OSAKA)	20	Statements of Cash Flow and Profit Distributions	53
(2) Change in External Growth and Future Strategies	21	Financial Indicators	54
(3) Major Development Cases and Portfolio of Sponsor	22	Status of Interest-Bearing Debt	55
3. Internal Growth		Unitholders	56
(1) Status of Rent ① (Departure and Lease-Up)	23	Portfolio Map	58
Status of Rent ② (Rent Revision)	24	Portfolio Overview (1) – (4)	59
(2) Status of Rent Gap	25		
(3) Construction Results	26		

# Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area

## 1. Sponsors



\* 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.

- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline
  - Percentage of properties acquired from the sponsor in the portfolio\*1: **79.8%**
- Maintained a high occupancy rate by also gaining ample sponsor support on property operation and management
  - Period-end occupancy rate for the 28th Period: **99.6%**  
(Average occupancy rate over the past 5 years: 99.2%)
- Continuous stable growth of rental revenue
  - Rental revenue for the 28th Period was at a historical high level of **10,250 million yen** (increased by 5.0% over the past 3 years)
- Established a solid financial base supported by a megabank sponsor
  - Ratings: **AA-** (JCR), **A3** (Moody's)
  - Average remaining period of interest-bearing debt: **4.5 years**
  - LTV: **42.8%\***1

\*1 Figure as of July 3, 2020.

## 2. Portfolio\*2

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

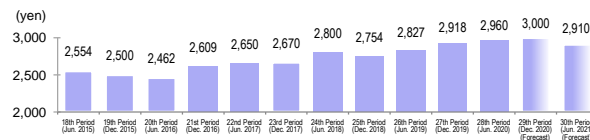
Number of properties:	34
Asset size:	272.3 billion yen
Ratio of investment in office buildings:	93.0%
Large-scale properties:	70.1%
Tokyo metropolitan area:	85.3%
6 central wards of Tokyo:	51.7%

\*2 The figures above are figures as of July 3, 2020.  
Please refer to notes on p. 35 for definitions of the figures above.

## 3. Historical Distributions

- Operational stance aiming for stable distribution

Actual results for the 27th Period:	2,918 yen
Actual results for the 28th Period:	2,960 yen
29th Period forecast:	3,000 yen
30th Period forecast:	2,910 yen



## 4. ESG Initiatives

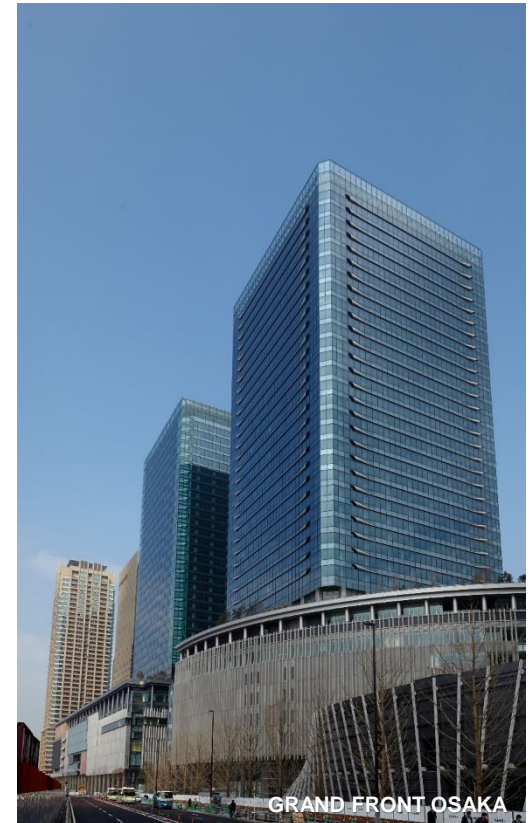
- Promoting initiatives by positioning them as important management issues with an aim to realize a sustainable society as our corporate social responsibility.

- Reduction of Environmental Burden
- Cooperation/Collaboration with Stakeholders

GRESB
MSCI ESG Rating
Green Building Certification
Signing the Principles for Responsible Investment (PRI)
Development of Framework of Sustainability Finance

# I. Impact of COVID-19 Crisis

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# 1. Response and Impact in the 28th Period

## ◆ Status of commercial tenants, etc.

- Commercial facilities, etc. are retail stores attached to buildings, etc. we own. GRAND FRONT OSAKA (InterContinental: 2.45% ownership interest) acquired in February 2020 is the only hotel, and the ratio to the entire rent revenue it represents is small.
- Responded by postponing payment and conducting rent reduction/exemption for some tenants after confirming the current status and balance forecast and comprehensively judging the impact of withdrawal as the decrease in the number of customers directly affected cash management of tenants.

## ◆ Status of office tenants

- Started consultation about future rent payment, etc. as the impact is still unforeseeable, and responded by postponing payment and conducting rent reduction/exemption for some tenants who were impacted at an early stage.

⇒ Rent collection rate in the 28th Period was 99.7%, and the impact on performance is around -22 yen in DPU conversion

	Status of Requests	Status of Response	Amount of Impact on Financial Results
Commercial tenants, etc.	<ul style="list-style-type: none"> <li>• Received 19 requests for rent reduction/exemption</li> </ul>	<ul style="list-style-type: none"> <li>• 12 cases of rent reduction/exemption</li> <li>• 1 case of postponement of rent payment</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue: -29.1 million yen</li> </ul>
Office tenants	<ul style="list-style-type: none"> <li>• Received 23 requests for rent reduction/exemption</li> </ul>	<ul style="list-style-type: none"> <li>• 2 cases of rent reduction/exemption</li> <li>• 3 cases of postponement of rent payment</li> </ul>	<ul style="list-style-type: none"> <li>• Revenue: -0.8 million yen</li> </ul>

Amount of impact on the financial results for the 28th Period  
-30 million yen  
(DPU conversion around -22 yen)

\* The portion for which a comprehensive agreement has been reached in GRAND FRONT OSAKA (Commercial and Hotel) is excluded from the number of cases.

# 2. Idea on Performance Forecasts for the 29th Period and 30th Period

## 1. Current Status and Response

- As for commercial facilities, etc., we have accepted or are currently considering the postponement of rent payment or rent reduction/exemption for some tenants in accordance with the status of operation after the lifting of the state of emergency
- As for offices, we have received requests for postponement of rent payment or rent reduction/exemption from some tenants and are currently holding consultations due to (concerns over) deterioration of business performance impacted by significant recession of business sentiment

## 2. Idea on Performance Forecast

- As tenants' capacity to bear rent is expected to drop due to deterioration in overall performance, there is a concern that this may lead to moves such as postponement of rent payment/requests for reduction or exemption of rent payment, refusing rent increase upon contract renewals, and requests for reducing rent level

⇒ Judged that internal growth will enter a severe environment and **issued a conservative performance forecast** based on the assumption that the COVID-19 crisis is unlikely to end anytime soon

- \* Moreover, although movements to progress remote work are seen, they do not currently lead to specific requests for reduction of rent and departure from office floors that are mainly attributable to such movements. Therefore, we will pay close attention to future trends without incorporating such factors into the performance forecasts for the 29th and 30th periods.
- \* In addition, it is believed that there is adequate resistance against the circulative downward factors arising from the current economic recession from the viewpoint of tenant composition.
  - The ratio of commercial tenants, etc. who have been significantly impacted to the entire rent revenue is very small
  - From the viewpoint of the credit risk of tenants, which is a concern, the rent of business types that are believed to be impacted significantly by the COVID-19 crisis (restaurant, travel, air transport, bridal, retail, wholesale, etc.) accounts for a little more than 10% of the entire rent revenue, and a little more than 80% of the tenants are large companies (or subsidiaries, affiliated companies), public institutions, etc.

	Rent Reduction/Exemption & Postponement of Rent Payment	Assumption of Performance Forecast	Incorporation into Business Performance	
			29th Period	30th Period
Commercial tenants, etc.	<ul style="list-style-type: none"> <li>• 4 cases of rent reduction/exemption</li> <li>• 1 case of postponement of rent payment</li> <li>• 4 cases currently under discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Incorporated the amount of rent reduction/exemption for commercial facilities and hotels expected in the future in addition to the amount of rent reduction/exemption shown on the left</li> </ul>	Revenue: -39 million yen	Revenue: -12 million yen
Office tenants	<ul style="list-style-type: none"> <li>• 3 cases of postponement of rent payment</li> <li>• 11 cases currently under discussion</li> </ul>	<ul style="list-style-type: none"> <li>• Accumulation of FR period upon new lease-up</li> <li>• Extension of downtime after departure</li> <li>• Conservative estimate on setting of rent upon contract renewal</li> <li>• Assuming certain rent reduction and departure</li> </ul> <p>★Occupancy rate after incorporating the above revenue factors 28th Period: 99.6%, 29th Period: 98.2%, 30th Period: 98.5%</p>	Revenue: -94 million yen	Revenue: -87 million yen
			Revenue: -133 million yen Distributions: -98 yen	Revenue: -99 million yen Distributions: -73 yen

\* The portion for which a comprehensive agreement has been reached in GRAND FRONT OSAKA (Commercial and Hotel) is excluded from the number of cases.

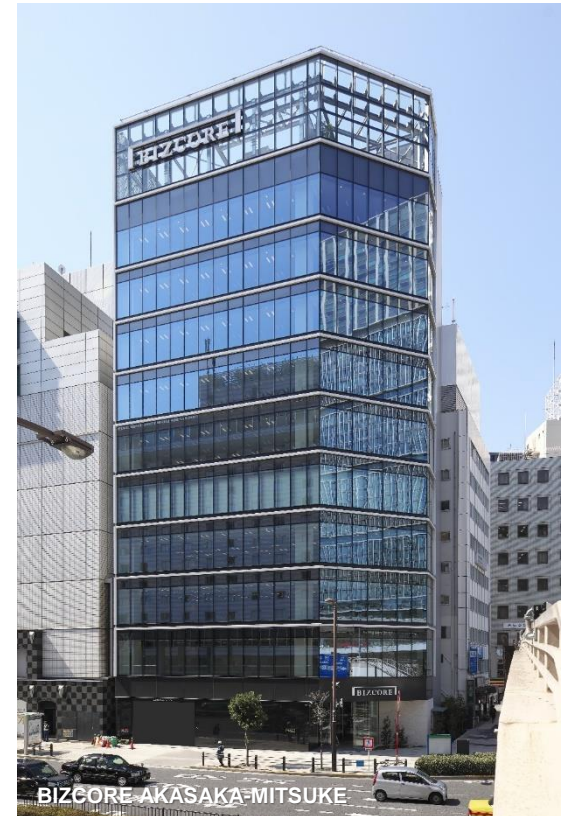
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## II. Financial Results of the 28th Period (Ended June 2020)

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# 1. Highlights of the 28th Period (Ended June 2020)

## External Growth

- ◆ Qualitative improvement of portfolio through acquisition and sale has come into sight
  - Transferred JEI Nishi-Honmachi Building and Kowa Kawasaki Nishiguchi Building (35% equivalent) in parts (completed on July 3, 2020)
  - Acquired GRAND FRONT OSAKA (February 2020)
- ◆ Shift to asset expansion phase
  - Continued to negotiate property acquisition with sponsors and third parties (substitute property)

### ■ Unrealized gain

Highest ever: **61.1** billion yen, Change from FP27: **+3.9** billion yen

Percentage of unrealized gain

Highest ever: **23.8%**, Change from FP27: **+2.0**pt

### ■ Effect of the initiatives

Ratio of top five properties: **42.1%**, Change from FP27: **-2.5**pt

Average property age: **-1.6** years\*1

## Internal Growth

- ◆ Realized continuous internal growth through rent increase during upward rent revision, marking the highest rental revenue ever
- ◆ With the ongoing strong leasing, period-end occupancy rate continued to remain at its highest level ever

### ■ Status of rent

Rental revenue: Highest ever, **10,250** million yen

Ratio of rent revised upward (area basis): **63.5%** Rate of upward rent revision: **+5.3%**

### ■ Period-end occupancy rate: **99.6%** (Period average 99.5%)

## Financial Strategy

- ◆ Procured 7.9 billion yen in total through the public offering in January 2020. Strengthened financial standing together with asset transactions
  - Asset acquisition capacity expanded due to the decrease in LTV.
  - To internally reserve part of the gain on sale (Reserve for reduction entry)
- ◆ Accumulation of liquidity on hand (continued to borrow 5 billion yen scheduled for repayment)

### ■ LTV

**44.9%** (End of 27th Period) → **42.8%** (End of 28th period)

Property acquisition capacity (Up to LTV of 45%)

End of 27th Period: **0.6** billion yen → End of 28th period: **16.7** billion yen\*2

### ■ Internal reserve

End of 29th Period (Forecast): **370** million yen

## ESG

- ◆ Signed PRI (June 2020. Certified by signing authority in July 2020)
- ◆ Continued to acquire Green Building Certification (added 7 properties)
- ◆ Decided to take out loans through sustainability loan, a first attempt for J-REIT.

### ■ Percentage of properties with Green Building certification (area basis):

**77.6%**, Change from FP27: **+17.6** pt

### ■ MSCI ESG Rating (Upgraded for two consecutive years)\*3:

**BBB** → **A** (End of July 2020)

## Distribution per Unit

FP27: 2,918 yen

**FP28: 2,960** yen

**+42** yen  
(+1.4%)  
from FP27

Change from forecast at  
beginning of period  
±0 yen

## NAV per Unit

FP27: 152,865 yen

**FP28: 157,658** yen

**+4,793** yen  
(+3.1%)  
from FP27

\*1 Calculated by comparing the building age after conducting "asset replacement" on page 19 and the building age when "asset replacement" is not conducted .

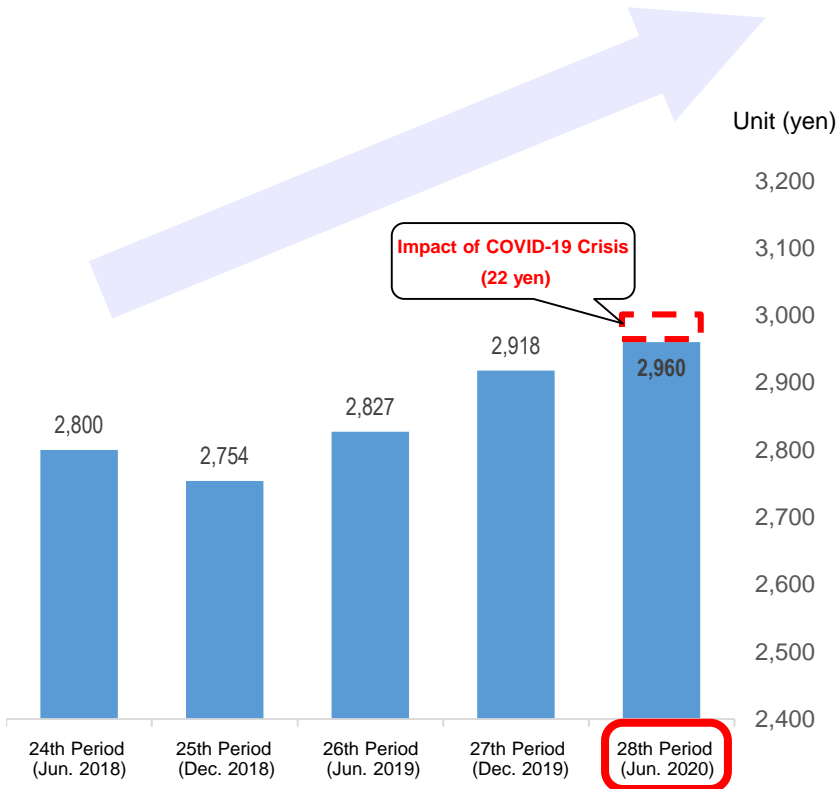
\*2 The figure includes the accumulated portion of liquidity on hand.

\*3 Please see page 41 for details on MSCI ESG Rating.

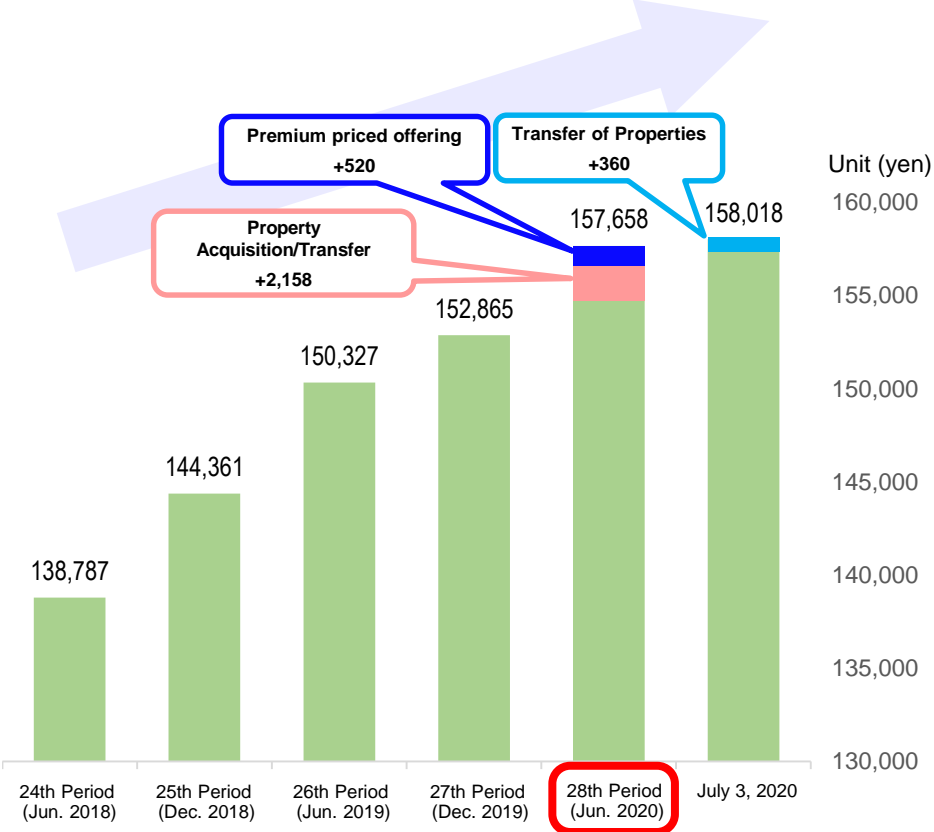
# 2. Actual Results of Distributions per Unit and NAV

- ◆ Realized an increase in dividends for the third consecutive period due to the effects of acquisition of new properties despite the impact of the COVID-19 crisis
- ◆ NAV per unit also grew favorably due to the quality asset replacement and the effect of premium priced offering in addition to an increase in appraisal value resulting from internal growth

■ Distributions per Unit



■ NAV per Unit



# 3. Financial Results of the 28th Period (Ended June 2020)

## (1) Comparison with the Previous Period

◆ DPU was 2,960 yen, up 42 yen from the previous period (up 1.4% from the previous period) mainly due to new property acquisition and full-period contribution of properties acquired in the previous period

				(unit: million yen)			
	27th Period (Dec. 2019) Result	28th Period (Jun. 2020) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,890	12,717	1,826	■ Dilution due to capital increase	0	-102 yen	
Rental revenue	9,984	10,250	265	■ External Growth (Newly acquired properties)	195	144 yen	BIZCORE AKASAKA-MITSUKE and Senshin Building Full-period contribution
Revenue for utilities expenses	793	642	-151	Increase in profit after depreciation of properties acquired in the 27th Period	85		
Other revenue	113	121	8	Increase in profit after depreciation of properties acquired in the 28th Period	110		Acquisition of GRAND FRONT OSAKA
Gain on sale	0	1,704	1,704	■ Internal Growth (existing properties)	16	12 yen	
Operating expenses	7,978	6,426	-1,551	Increase in rental revenue	106		Factors for departure and lease-up: 77
Expenses for rental operations	5,906	5,697	-209	Increase in utilities revenue/expenses	2		Rent revisions: 70
Property management expenses	1,458	1,455	-3	Increase in other revenue	9		Rent exemption period, etc.: -35
Utilities expenses	1,013	864	-149	Decrease in expenses for rental operations	85		Parking/advertisement: -6
Taxes	944	963	19	Decrease in property management expenses	31		
Repairs and maintenance	311	214	-96	Increase in taxes	-26		Kowa Kawasaki Higashiguchi
Other expenses for rental operations	248	251	3	Decrease in repairs and maintenance	108		Absence of repair costs of emergency power generator: 74
(NOI)	6,913	7,263	350	Increase in depreciation	-30		Increase in asset management fees: -140
Depreciation	1,929	1,946	17	Decrease in other expenses for rental operations	2		Increase in non-deductible consumption tax: -28
Loss on transfer	120	0	-120	Increase in sales and administrative expenses	-186		
Impairment loss	1,407	0	-1,407	■ Finance	6	4 yen	
Sales and administrative expenses	543	729	186	Decrease in interest expense	24		Transfer of Nishi-Honmachi (5%): -4
Operating income	2,912	6,290	3,378	Increase in loan relating fees	-13		Transfer of Kawasaki Nishiguchi (5%): -17
Non-operating expenses	665	659	-5	Increase in investment unit issuance expenses	-25		Transfer of Nishi-Honmachi (80%): -40
Ordinary income	2,247	5,631	3,384	Decrease in other non-operating expenses	20		Transfer of Kawasaki Nishiguchi (30%): -3
Net income	2,246	5,631	3,384	■ Sale of Properties	3,168	2,341 yen	
Provision (-) and reversal (+) of reserve for reduction entry	158	-219	-377	Decrease in profit after depreciation of properties transferred in the 27th Period	-21		Gain on sale from transfer of Nishi-Honmachi (80%): 1,645
Provision (+) and reversal (-) of allowance for temporary difference adjustment	1,406	-1,406	-2,812	Decrease in profit after depreciation of properties transferred in the 28th Period	-42		Gain on sale from transfer of Kawasaki Nishiguchi (30%): 58
Total distributions	3,810	4,004	194	Occurrence of gain on sale/absence of impairment loss and loss on sale	3,231		Absence of gain on sale from transfer of Nishi-Honmachi (5%): -101
Distributions per unit (yen)	2,918 yen	2,960 yen	42 yen	■ Reserve for reduction entry/allowance for temporary difference adjustment	-3,190	-2,358 yen	Absence of loss on sale from transfer of Kawasaki Nishiguchi (5%): 222
				Absence of reserve for reduction entry in the previous period	-158		Absence of impairment loss: 1,407
				Provision of reserve for reduction entry	-219		
				Absence of allowance for temporary difference adjustment in the 27th Period	-1,406		
				Reversal of allowance for temporary difference adjustment	-1,406		Response to a book-tax difference resulted from the recording of impairment loss
FFO	5,703	5,873	170	<b>Total</b>	194	42 yen	

### 3. Financial Results of the 28th Period (Ended June 2020)

#### (2) Comparison with the Forecast

◆ DPU was 2,960 yen, in line with the initial forecast, as a result of compensating for the decrease in profits and gain on sale due to the impact of the COVID-19 crisis with internal growth and accumulating internal reserves

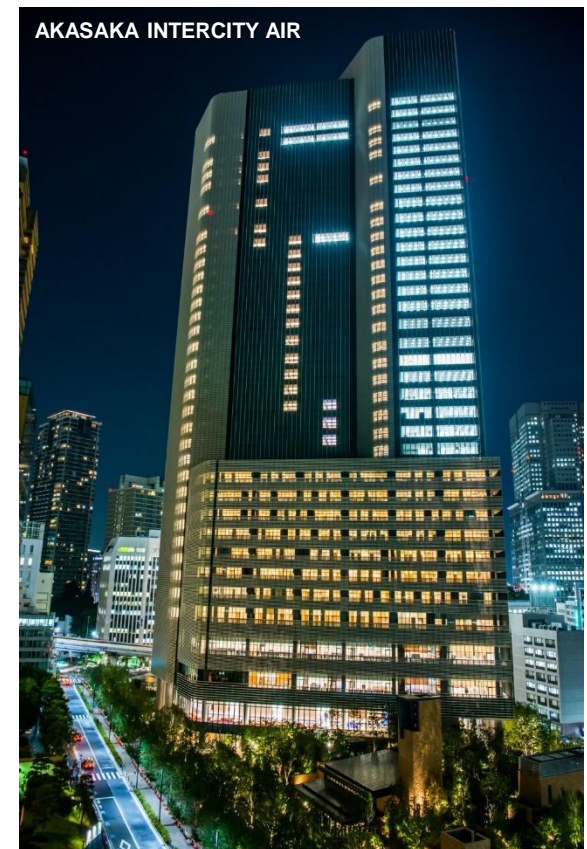
				(unit: million yen)			
	28th Period Forecast	28th Period (Jun. 2020) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	12,818	12,717	-101	<b>■ External Growth (Newly acquired properties)</b>	-33	-24 yen	
Rental revenue	10,295	10,250	-45	Decrease in profit after depreciation of properties acquired in the 27th Period	-4		Senshin Building: Extension of downtime -4
Revenue for utilities expenses	701	642	-59	Decrease in profit after depreciation of properties acquired in the 28th Period	-29		Rent reduction or exemption for retail and other tenants
Other revenue	92	121	29	<b>■ Internal Growth (existing properties)</b>	103	76 yen	
Gain on sale	1,729	1,704	-25	Increase in rental revenue	1		Departure and lease-up: -10
Operating expenses	6,576	6,426	-150	Increase in utilities revenue/expenses	10		Rent revisions: 18
Expenses for rental operations	5,860	5,697	-163	Increase in other revenue	30		Parking/advertisement: -7
Property management expenses	1,450	1,455	5	Decrease in expenses for rental operations	76		
Utilities expenses	933	864	-69	Decrease in property management expenses	0		Mansard Daikanyama: Cancellation penalty/revenue from restoration work 34
Taxes	974	963	-11	Decrease in taxes	11		
Repairs and maintenance	269	214	-55	Decrease in repairs and maintenance	58		Postponement of construction work to the 29th period due to the COVID-19 crisis: 40
Other expenses for rental operations	263	251	-12	Decrease in depreciation	9		
(NOI)	7,196	7,263	67	Increase in other expenses for rental operations	-2		
Depreciation	1,967	1,946	-21	Increase in sales and administrative expenses	-14		
Sales and administrative expenses	715	729	14	<b>■ Finance</b>	4	3 yen	
Operating income	6,242	6,290	48	Decrease in interest expense	7		
Non-operating expenses	663	659	-4	Increase in loan-related fees	1		
Ordinary income	5,580	5,631	51	Increase in investment unit issuance expenses	-4		
Net income	5,579	5,631	52	<b>■ Sale of Properties</b>	-23	-17 yen	
Provision (-) and reversal (+) of reserve for reduction entry	-168	-219	-51	Increase in profit after depreciation of properties transferred in the 28th Period	2		
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	-1,406	0	Occurrence of gain on sale	-25		Increase in book value of gain on sale
Total distributions	4,004	4,004	0	<b>■ Reserve for reduction entry/ Allowance for temporary difference adjustment</b>	-51	-38 yen	
Distributions per unit (yen)	2,960 yen	2,960 yen	0 yen	Provision of reserve for reduction entry	-51		
				<b>Total</b>	0	0 yen	
FFO	5,817	5,873	56				

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### III. Performance Forecasts for the 29th Period (Ending December 2020) and 30th Period (Ending June 2021)

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# 1. Performance Forecasts

## (1) 29th Period (Ending December 2020)

◆ DPU is expected to be 3,000 yen (up 40 yen from the previous period), as announced upon the PO, mainly due to the full-period contribution of properties acquired in the previous period and the reduction of financial costs

				(unit: million yen)			
	28th Period (Jun. 2020) Result	29th Period (Dec. 2020) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	12,717	11,131	-1,586	■ <b>External Growth (Newly acquired properties)</b>	51	38 yen	
Rental revenue	10,250	9,970	-280	Increase in profit after depreciation of properties acquired in the 27th Period	51		GRAND FRONT OSAKA Full-period contribution
Revenue for utilities expenses	642	760	118	■ <b>Internal Growth (existing properties)</b>	36	27 yen	
Other revenue	121	86	-35	Increase in rental revenue	35		Departure and lease-up: -34 Rent revisions: 35 Absence of rent exemption period: 28
Gain on sale	1,704	314	-1,390	Decrease in utilities revenue/expenses	-2		
Operating expenses	6,426	6,296	-130	Decrease in other revenue	-39		
Expenses for rental operations	5,697	5,683	-14	Increase in expenses for rental operations	-74		Mansard Daikanyama: Absence of cancellation penalty/revenue from restoration work -34
Property management expenses	1,455	1,370	-85	Decrease in property management expenses	23		
Utilities expenses	864	985	121	Increase in taxes	-9		
Taxes	963	921	-42	Increase in repairs and maintenance	-109		Impact of the postponement of construction work from the 28th period due to the COVID-19 crisis: -80
Repairs and maintenance	214	316	102	Decrease in depreciation	23		
Other expenses for rental operations	251	262	11	Increase in other expenses for rental operations	-2		
(NOI)	7,263	6,960	-303	Decrease in sales and administrative expenses	116		Decrease in asset management fees: 65 Decrease in non-deductible consumption tax: 29
Depreciation	1,946	1,826	-120	■ <b>Finance</b>	36	27 yen	
Sales and administrative expenses	729	612	-117	Decrease in interest expense	3		
Operating income	6,290	4,834	-1,456	Decrease in loan relating fees	8		Transfer of Nishi-Honmachi (80%): -22 Transfer of Kawasaki Nishiguchi (30%): -123
Non-operating expenses	659	623	-36	Absence of public offering related cost	25		Transfer of Nishi-Honmachi (15%): -8
Ordinary income	5,631	4,211	-1,420	■ <b>Sale of Properties</b>	-1,543	-1,140 yen	
Net income	5,631	4,210	-1,421	Decrease in profit after depreciation of properties transferred in the 27th Period	-145		Decrease in gain on sale of Nishi-Honmachi: -1,331
Provision (-) and reversal (+) of reserve for reduction entry	-219	-151	68	Decrease in profit after depreciation of properties transferred in the 28th Period	-8		Decrease in gain on sale of Kawasaki Nishi-Guchi: -58
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	0	1,406	Decrease in gain on sale	-1,390		
Total distributions	4,004	4,059	54	■ <b>Reserve for reduction entry/ Allowance for temporary difference adjustment</b>	1,474	1,090 yen	
Distributions per unit (yen)	2,960 yen	3,000 yen	40 yen	Decrease in provision of reserve for reduction entry	68		
				Absence of reversal of allowance for temporary difference adjustment	1,406		Response to a book-tax difference resulted from the recording of impairment loss
				<b>Total</b>	54	40 yen	
FFO	5,873	5,722	-151				



# 1. Performance Forecasts

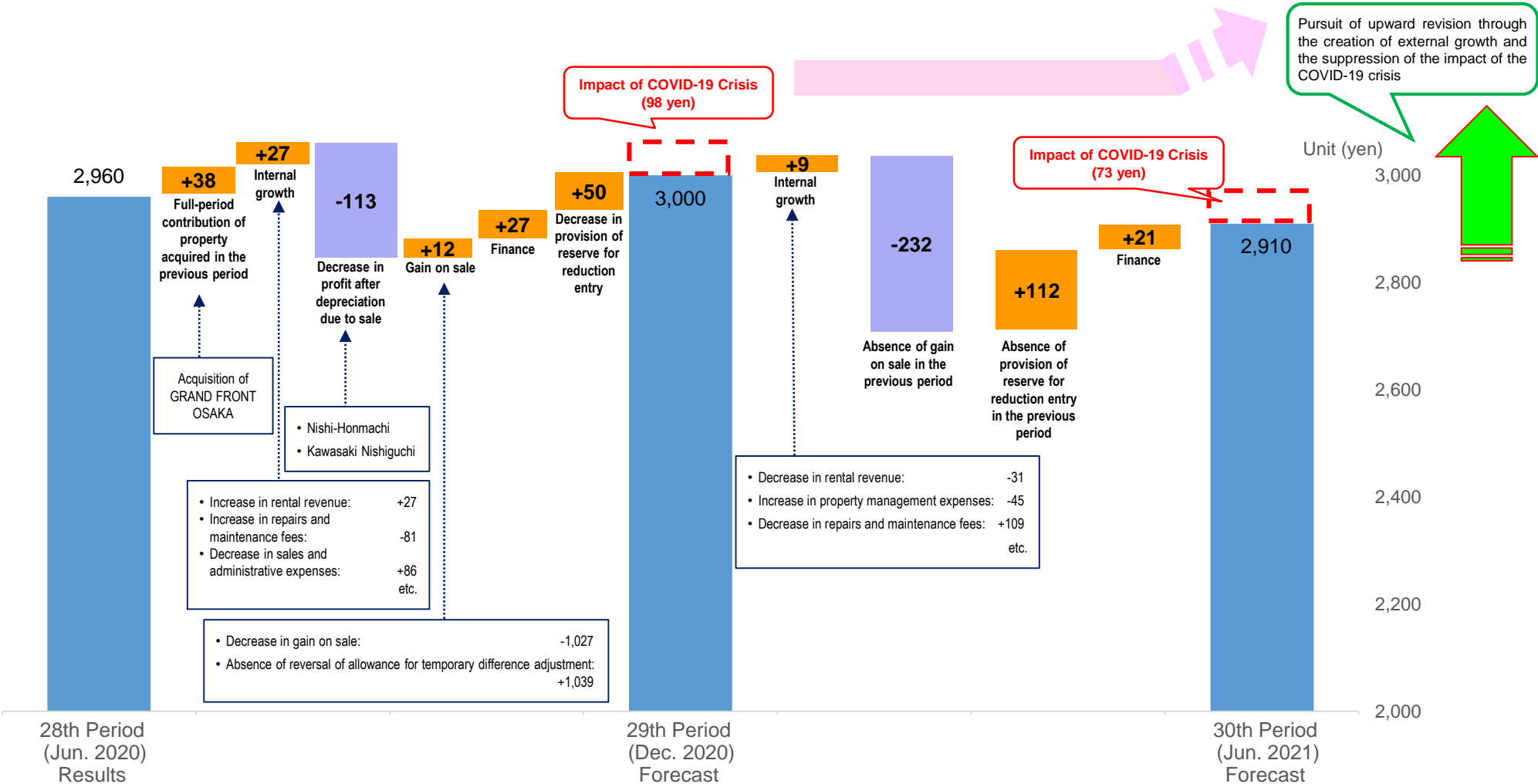
## (2) 30th Period (Ending June 2021)

◆ DPU is expected to be 2,910 yen, down 90 yen from the previous period, as a result of conservatively estimating the rental revenue in addition to the absence of gain on sale

				(unit: million yen)			
	29th Period (Dec. 2020) Forecast	30th Period (Jun. 2020) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	11,131	10,696	-435	<b>Internal Growth (existing properties)</b>	12	9 yen	
Rental revenue	9,970	9,928	-42	Decrease in rental revenue	-42		Departure and lease-up: -99
Revenue for utilities expenses	760	675	-85	Increase in utilities revenue/expenses	15		Rent revisions: 13
Other revenue	86	93	7	Increase in other revenue	7		Absence of rent reduction/exemption: 9
Gain on sale	314	0	-314	Decrease in expenses for rental operations	32		Conclusion of pass-through type master lease agreement for Daiba Garden City Building: 20
Operating expenses	6,296	6,163	-133	Increase in property management expenses	-61		Residence, etc. : 7
Expenses for rental operations	5,683	5,550	-133	Increase in taxes	-34		
Property management expenses	1,370	1,431	61	Decrease in repairs and maintenance	148		Increase in outsourcing costs: Daiba Garden City Building -33
Utilities expenses	985	885	-100	Increase in depreciation	-16		Increase in PM fee: HAMARIKYU INTERCITY : -13
Taxes	921	955	34	Increase in other expenses for rental operations	-5		Kawasaki Nisshincho: -14
Repairs and maintenance	316	168	-148	Increase/decrease in sales and administrative expenses	0		
Other expenses for rental operations	262	267	5	<b>Finance</b>	28	21 yen	Absence of repairs and maintenance fees carried over from the 28th period to the 29th period : 40
(NOI)	6,960	6,989	29	Decrease in interest expense	7		Postponement of the completion of construction work to the 31st period: 63
Depreciation	1,826	1,842	16	Decrease in loan relating fees	21		Absence of arrangement fee: 20
Sales and administrative expenses	612	612	0	<b>Sale of Properties</b>	-314	-232 yen	Absence of gain on sale of Nishi-Honmachi
Operating income	4,834	4,533	-301	Absence of gain on sale	-314		
Non-operating expenses	623	595	-28	<b>Reserve for reduction entry/ Allowance for temporary difference adjustment</b>	151	112 yen	
Ordinary income	4,211	3,938	-273	Absence of provision of reserve for reduction entry	151		
Net income	4,210	3,937	-273	<b>Total</b>	-122	-90 yen	
Provision (-) and reversal (+) of reserve for reduction entry	-151	0	151				
Provision (+) and reversal (-) of allowance for temporary difference adjustment	0	0	0				
Total distributions	4,059	3,937	-122				
Distributions per unit (yen)	3,000 yen	2,910 yen	-90 yen				
FFO	5,722	5,779	57				

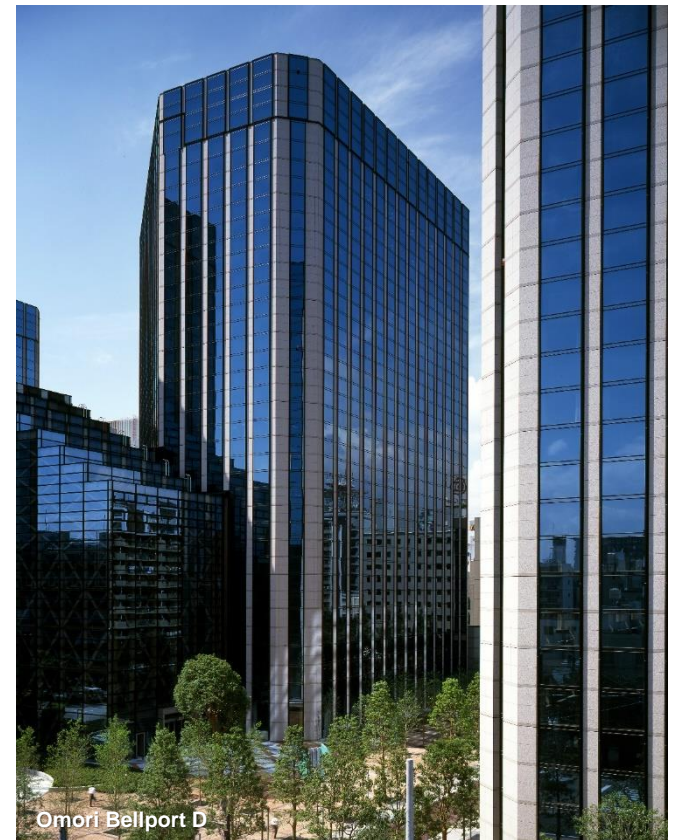
## 2. Forecast of Distributions per Unit

- ◆ Realized DPU of 3,000 yen in the 29th period, as announced upon the PO, as a result of compensating for the decrease in profit after depreciation due to sales with the full-period contribution of properties acquired in the previous period, internal growth, and the reduction of financial costs
- ◆ DPU is expected to be 2,910 yen in the 30th period due to the absence of gain on sale in the previous period and a conservative estimation of the impact of the COVID-19 crisis



## IV. Management Status and Policy

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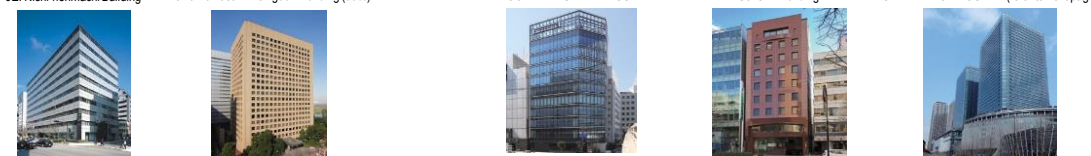
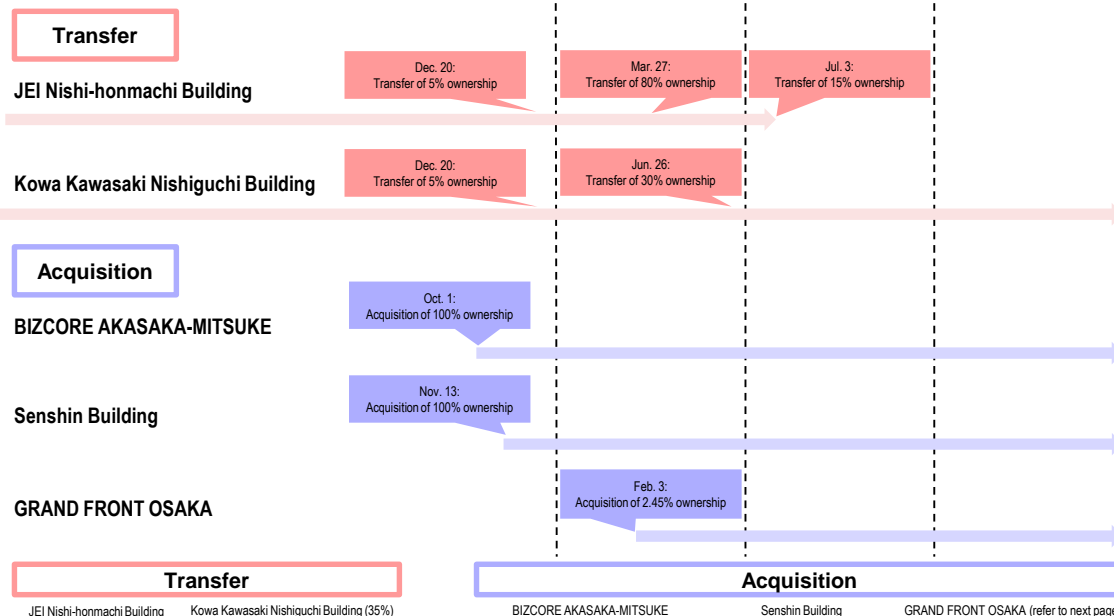


# 1. Qualitative Improvement of Portfolio Through Asset Replacement and Public Offering

◆ Achieved qualitative improvement of portfolio and enhancement of financial strengths with the completion of transaction operation over three periods and implementation of capital increase at the beginning of the year. Lowered the LTV and obtained external growth capacity as well as flexibly secured liquidity on hand under an environment with increased sense of uncertainty

## ■ Overview of Asset Replacement

(100 million yen)	27th Period Ended December 2019	28th Period Ended June 2020	29th Period Ending December 2020	Total
Cash inflow/outflow				
Proceeds from property transfer	17.1	147.6	13.5	178.2
Public offering	—	79.3	—	79.3
Payment for property acquisition	-77.8	-88.5	—	-166.3
Repayment of loans	—	-40	—	-40
Gain on transfer	1.0	17.0	3.1	21.2
Loss on transfer/impairment loss	-16.2	—	—	-16.2



## ■ Overview of Public Offering

Type of issuance	Public offering (former Rimpō-style)	Total purchase price	7,934 million yen (including 721 million yen for overallotment)
Outstanding investment units (prior to offering)	1,305,700 units	Issuance approval date	January 6, 2020
Newly issued investment units	47,300 units Primary offering: 43,000 units	Terms determination date	January 15, 2020
	Third-party allotment: 4,300 units		
Issue price	173,355 yen per unit	Payment date	Primary offering: January 21, 2020
Purchase price	167,754 yen per unit		Third-party allotment: February 13, 2020

## ◆ Qualitative Improvement of Portfolio

	22nd Period Ended June 2017	28th Period Ended June 2020	July 3, 2020
Unrealized gain	19.6 billion yen	61.1 billion yen	61.3 billion yen
Portfolio NOI yield	4.7%	5.1%	5.1%
Ratio of top 5 properties	45.5%	42.1%	42.3%

\* Portfolio NOI yield as of July 3, 2020, is the forecast figure as of the 29th Period.

## ◆ Enhancement of Financial Strengths

	27th Period Ended Dec. 2019	28th Period Ended Jun. 2020
LTV	44.9%	42.8%
Internal reserve	—	0.219 billion yen
Accumulation of liquidity on hand	—	+5 billion yen

## 2. External Growth

### (1) Property Acquired in the 28th Period (GRAND FRONT OSAKA)

- ◆ Acquired an equivalent of 2.45% co-ownership in an urban complex with the latest specifications directly connected to Osaka/Umeda Station from the core sponsor Nippon Steel Kowa Real Estate Co., Ltd.

#### GRAND FRONT OSAKA



#### Located in the Umeda area, which has the largest train terminal in western Japan

- Located in the Umeda area, which is centered around the largest train terminal in western Japan and where people and information are concentrated.
- Enjoys excellent accessibility with many key transport points nearby.

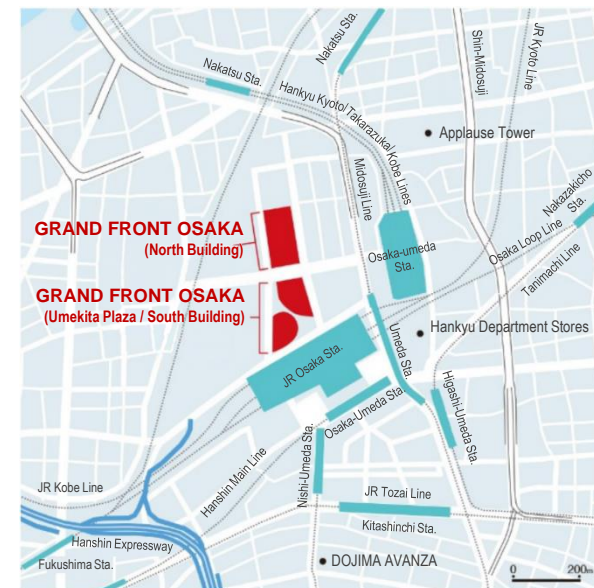
#### Office built for comfort and convenience

- Flexible layout is possible with a maximum floor area of 850.18 tsubos and ceiling height of 2,800 mm without pillars.
- Many common-use spaces such as a sky lobby exclusively for office users and a lounge exclusively for tenants are provided.

#### Structure ensuring safety

- Incorporates an advanced vibration-damping structure capable of securing safety even in emergencies

Location	Ofuka-cho, Kita-ku, Osaka-shi, Osaka		
Floors	South Building/ North Building:	B3/38F	
	Umekita Plaza:	B2/2F	
Total floor area	Umekita Plaza:	10,226.10 m <sup>2</sup>	
	South Building:	181,371.39 m <sup>2</sup>	
	North Building:	290,030.59 m <sup>2</sup>	
Completion date	Umekita Plaza/North Building:	February 2013	
	South Building:	March 2013	
Acquisition price	8,851 million yen		
Appraisal value	9,190 million yen		
Acquisition date	February 3, 2020		
Seller	Nippon Steel Kowa Real Estate Co., Ltd.		
NOI yield* <sup>2</sup>	4.0%	Yield after depreciation*	3.3%
Occupancy rate (as of end of September 2019)	(Umekita Plaza/South Building): 99.4%		
	(North Building): 98.8%		



\* Appraisal NOI yield and Yield after depreciation are calculated based on the NOI determined by the direct capitalization approach in the appraisal report.

# 2. External Growth

## (2) Change in External Growth and Future Strategies

### Principles and Strategies of External Growth

**[Principle]** Aim for **“quality growth”** that contributes to the growth of distributions per unit and NAV per unit

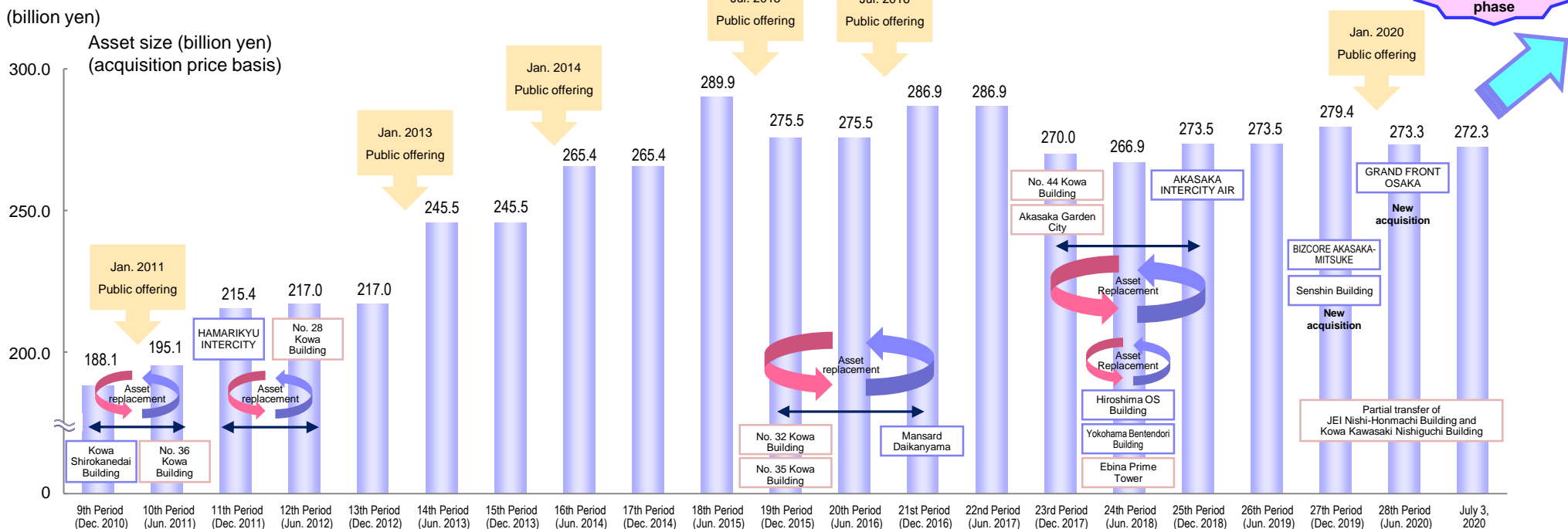
#### [Result] (End of December 2010 to July 3, 2020)

- ◆ Acquisition: 27 properties-156.4 billion yen  
Acquisition from sponsor: 64.6%
- ◆ Sale: 9 properties-72.2 billion yen

#### [Future strategies]

- ◆ Shift the axis of external growth from asset replacement to mid-term asset size expansion
- ◆ Continue to conduct selective investment as a harsh acquisition environment is expected to continue
- ◆ Utilize various sources such as sponsor pipelines and third-party properties

### Change in External Growth



# 2. External Growth

## (3) Major Development Cases and Portfolio of Sponsor

Kowa Nishi-shimbashi Building



2013: Acquired 27%  
2017: Acquired 52%

AKASAKA INTERCITY



2007: Acquired 25%  
2013: Acquired 24%

Mansard Daikanyama



2016: Acquired 100%

HAMARIKYU INTERCITY



2011: Acquired 40%  
2014: Acquired 60%

GRAND FRONT OSAKA



2020: Acquired 2.45%

AKASAKA INTERCITY AIR



2018: Acquired 2.9%

BIZCORE AKASAKA-MITSUKE



Oct. 2019: Acquired 100%



To develop one after another for the launch of series

BIZCORE JIMBOCHO Completed Nov. 2017



BIZCORE AKASAKA-MITSUKE Completed Mar. 2019



BIZCORE TSUKIJI Completed Jul. 2019



BIZCORE SHIBUYA Completed Jan. 2020



Resold by eyeing redevelopment



No. 44 Kowa Building



No. 35 Kowa Building



No. 32 Kowa Building



No. 28 Kowa Building



Kowa Nishi-Shimbashi Building 1996



SHINAGAWA INTERCITY 1998



AKASAKA INTERCITY 2005



NAGOYA INTERCITY 2008



Mansard Daikanyama 2009



HAMARIKYU INTERCITY 2011



ARK Hills FRONT TOWER 2011



GRAND FRONT OSAKA 2013



AKASAKA INTERCITY AIR 2017



Nittetsu Nihonbashi Building 2019



Toranomon 2-Chome Redevelopment  
Scheduled for completion in November 2023



MM Block 53 Project (Yokohama Minato Mirai)  
Scheduled for completion in November 2023



Art Village Osaka



MEGURO CENTRAL SQUARE and Brillia Towers Meguro

By your side, for life



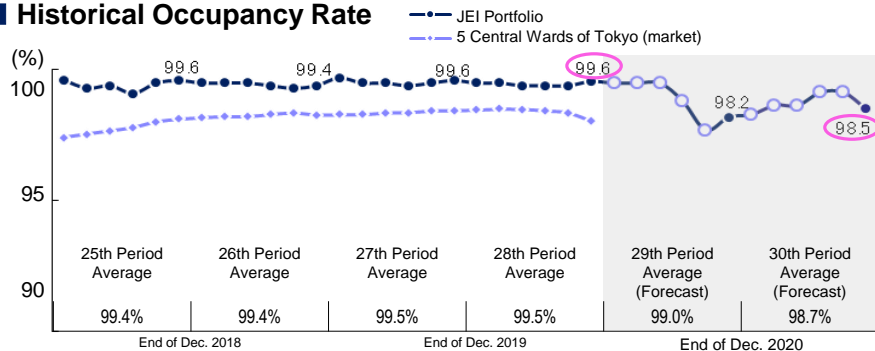
Operating 284 investment real estate, primarily office buildings, across Japan

# 3. Internal Growth

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

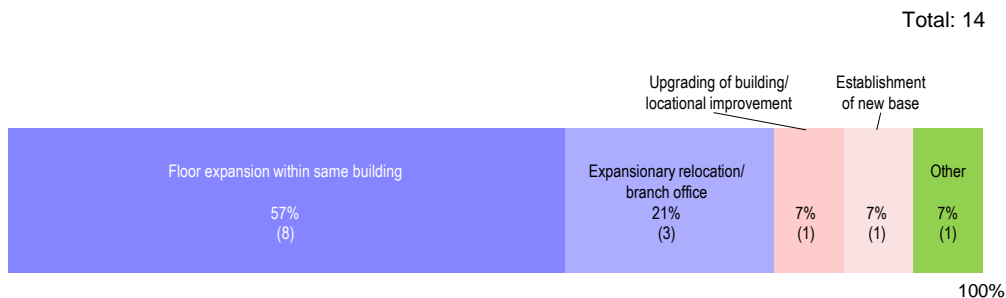
- ◆ Maintained a high occupancy rate of 99.6%. Tenant departure rate also remained at a low level of less than 1%
- ◆ Occupancy rate is assumed to decline in the 29th and 30th periods as a result of conservatively incorporating the extension of downtime and a certain decrease in floor area due to the impact of the COVID-19 crisis

### Historical Occupancy Rate

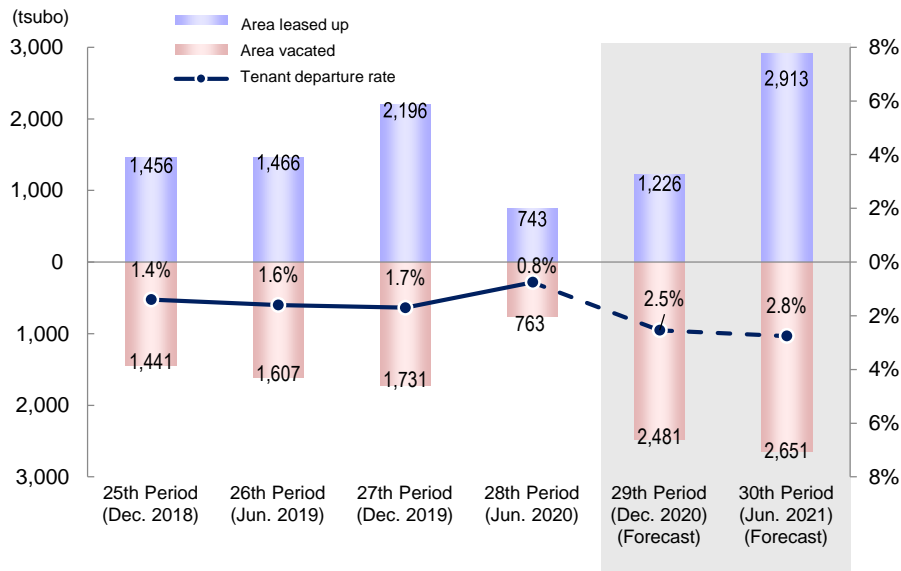


Source: Prepared based on materials provided by Miki Shoji

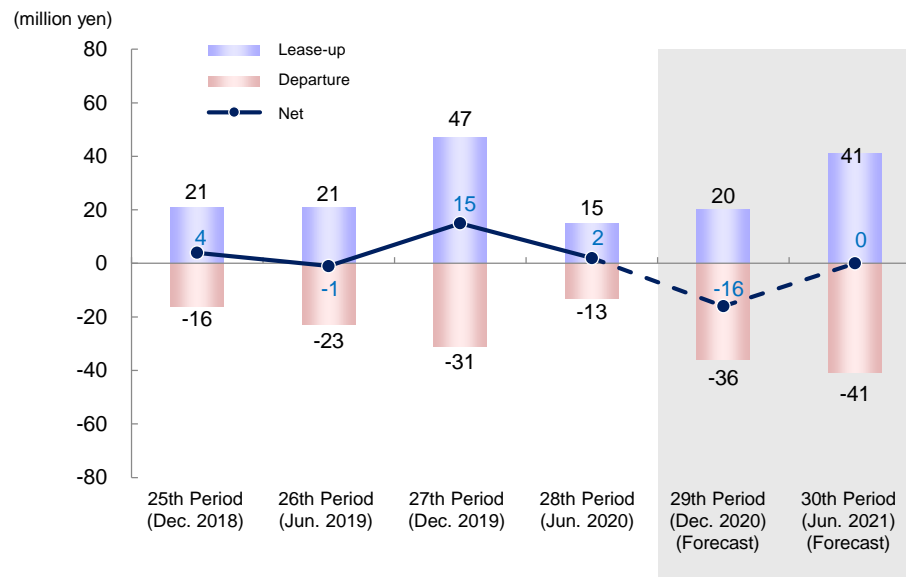
### Reasons for Lease-Up (Actual Reasons for the 28th Period)



### Tenant Departure Rate and Area Leased Up and Vacated\*1



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



\*1 "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.

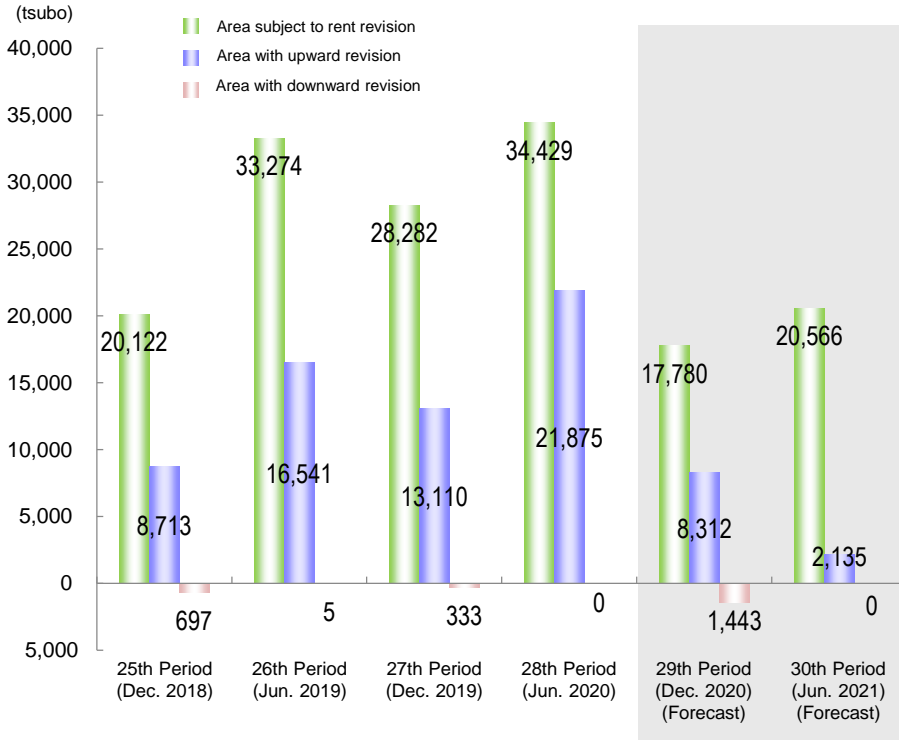


# 3. Internal Growth

## (1) Status of Rent ② (Rent Revision)

- ◆ Realized rent increase in the 28th Period with an upward revision rate of 5.3% for 63.5% of the area subject to revision.
- ◆ Made a conservative plan assuming partial cancellation of negotiations for rent increase and certain downward revision in the 29th and 30th periods

### Change in Area Subject to Revision\*1\*2



Area-based percentage of increase	43.3%	49.7%	46.4%	63.5%	46.8%	10.4%
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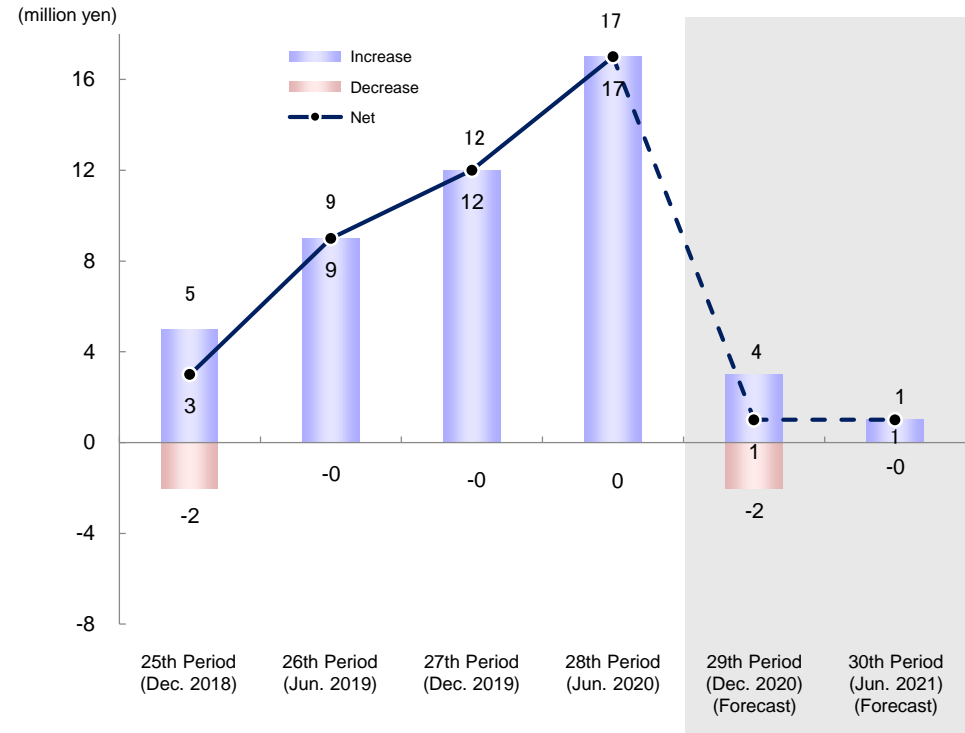
\*1 The figures do not include the data of those under fixed rent master lease agreements or of residences.

\*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



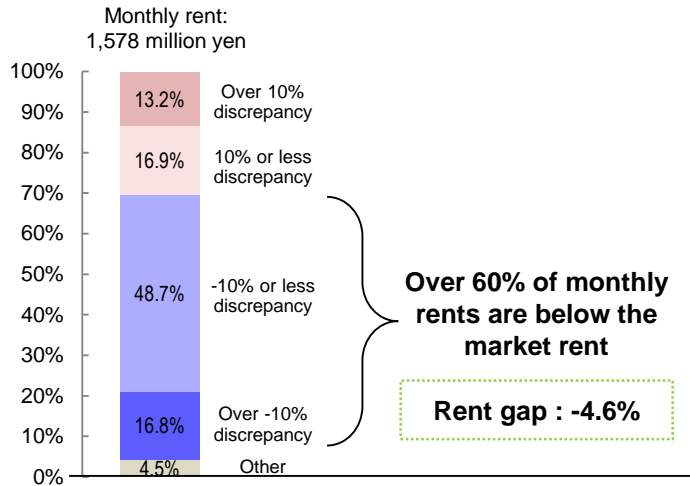
Upward revision rate	4.5%	4.0%	7.0%	5.3%	3.1%	5.1%
Downward revision rate	15.6%	2.8%	1.6%	—	10.0%	—
Rent revision rate *2 *3	1.0%	2.0%	3.0%	3.7%	0.2%	0.4%

# 3. Internal Growth

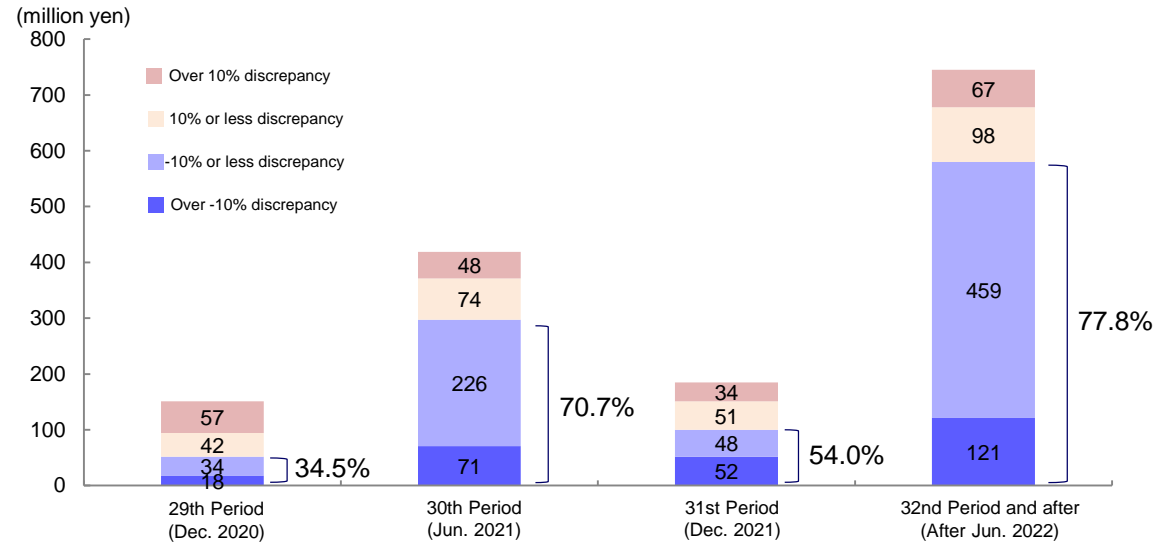
## (2) Status of Rent Gap

- ◆ Over 60% of existing contracts are below the market rent.
- ◆ Due to initiatives to increase rent and the sales of properties with a large rent gap, the rent gap\*<sup>1</sup> has shrunk to -4.6%. We have continued initiatives to increase rent while carefully observing the circumstances.

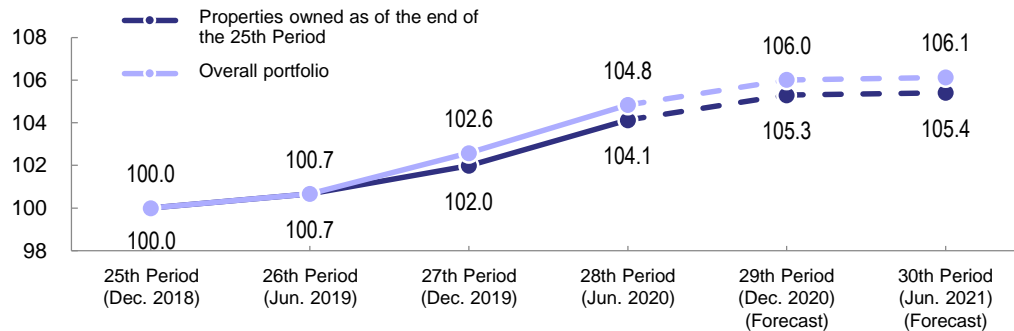
### ■ Status of Rent Gap (As of the End of 28th Period)\*<sup>2</sup>



### ■ Monthly Rent by Renewal Period\*<sup>2</sup>



### ■ Historical Rent Levels\*<sup>2\*3</sup>



- ◆ Unit rents have steadily increased until the 28th period due to upward rent revision and rent increase upon tenant replacement
- The growth rate is expected to slow down from the 29th period

\*<sup>1</sup> Rent gap is calculated by using average contracted rents and expected contracted rents assessed by the asset management company (market rent). The rent gap calculated based on new rent level assessed by CBRE is -13.4%.

\*<sup>2</sup> Calculated by excluding GRAND FRONT OSAKA, residences and JEI Nishi-Honmachi Building sold on July 3, 2020.

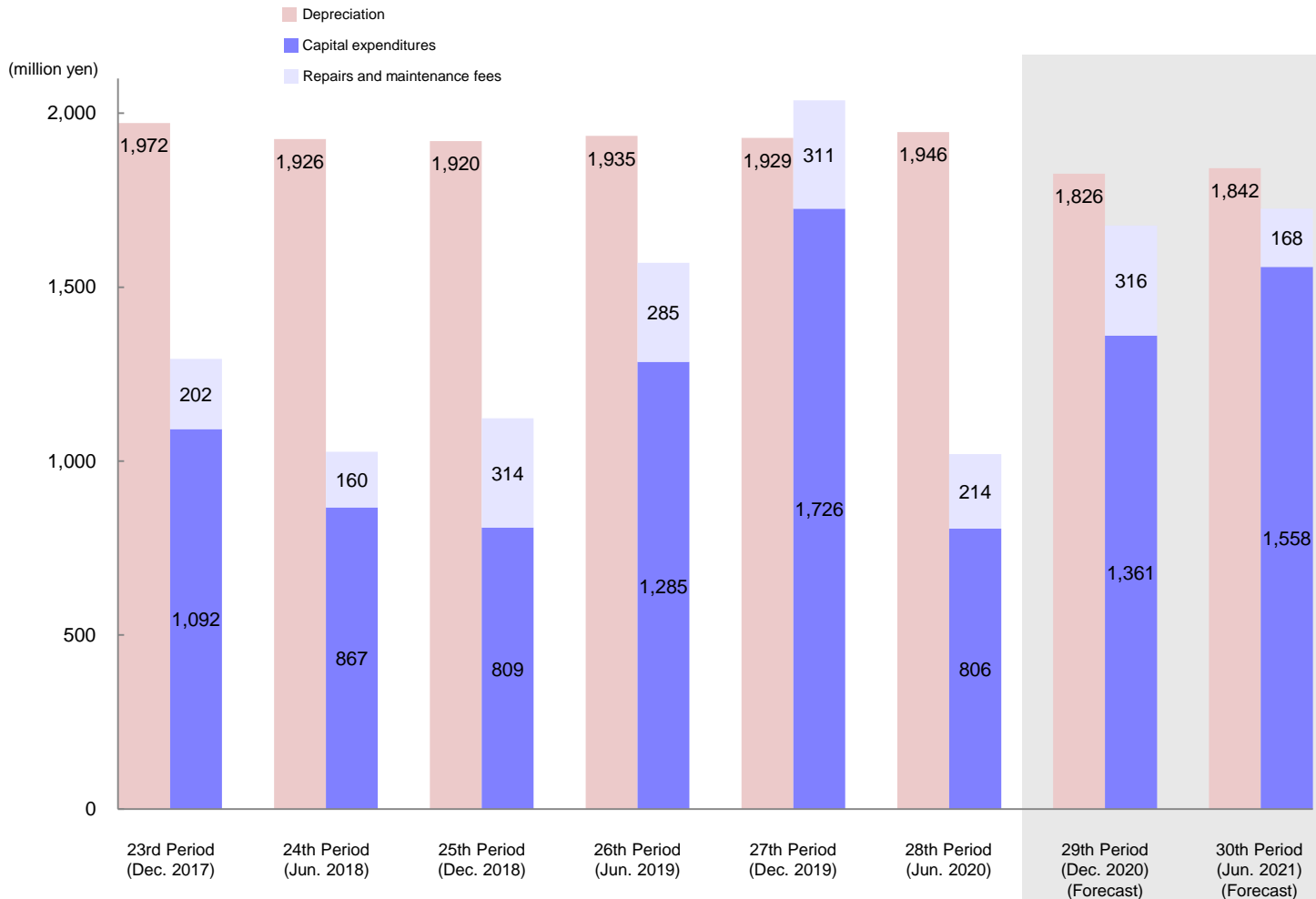
\*<sup>3</sup> Indexed with the average unit rent at the end of the 25th period set as 100. The average unit rent is the weighted average by leased office area. Properties owned at the end of the 25th Period are properties continuously owned since the end of the 25th Period among those owned at the end of the 28th Period.

# 3. Internal Growth

## (3) Construction Results

◆ Maintained and improved the value of assets by systematically conducting repairs and renewal upon discerning operation status and competitiveness from a medium- to long-term perspective.

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



#### Main scheduled construction (29th Period, 30th Period)

- [Renewal or air-conditioning]
  - Kowa Kawasaki Higashiguchi Building: 608 million yen
  - Kowa Kawasaki Nishiguchi Building: 355 million yen
  - Hiroshima Hacchobori Building: 72 million yen
- [Renovation work for toilets]
  - Kowa Kawasaki Higashiguchi Building: 293 million yen
- [Upgrading of gondola equipment]
  - Kowa Kawasaki Higashiguchi Building: 79 million yen
- [Conversion to LED lighting]
  - Kowa Kawasaki Higashiguchi Building: 61 million yen

# 4. Financial Strategy

## (1) Performance of Financing Activities

- ◆ Conducted public offering for the first time in three and a half years. Significantly lowered LTV by combining property acquisition and transfer. Accumulated liquidity on hand due to a sense of uncertainty over the future outlook
- ◆ Refinanced 8.6 billion yen of borrowings and realized the extension of borrowing periods, reduction of financial costs and diversification of repayment dates

### Public Offering

- Procured a total of 7.9 billion yen (including overallotment) in January and February 2020
- Improved NAV per unit through premium-priced offerings and property acquisition/transfer

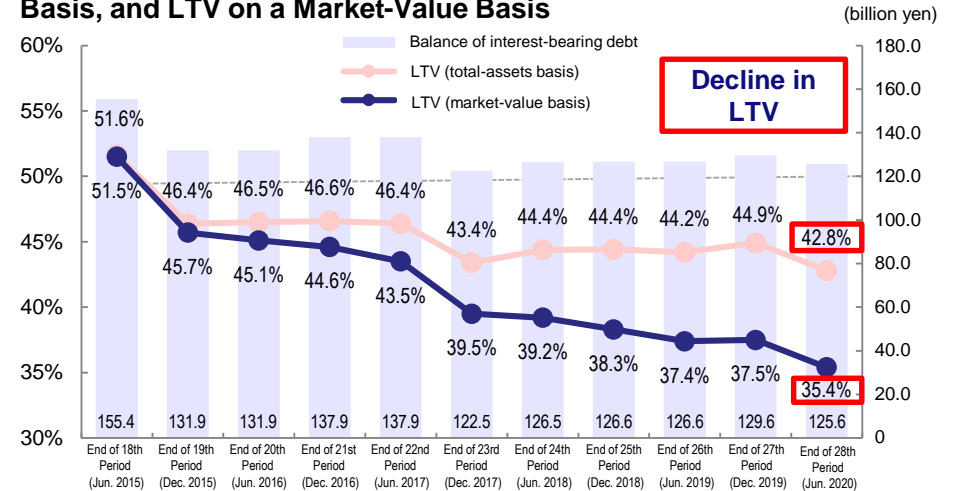
### Repayment and Procurement in the 28th Period (refinanced 8.6 billion yen of borrowings) (January 2020)

- Extension: Term 6.8 years → 8.9 years (+2.1 years)
- Reduction of financial costs: Interest rate 1.29% → 0.71% (-58 bp)
- Diversification of repayment dates: Diversified into the fiscal period ending December 2028 and the fiscal period ending June 2029

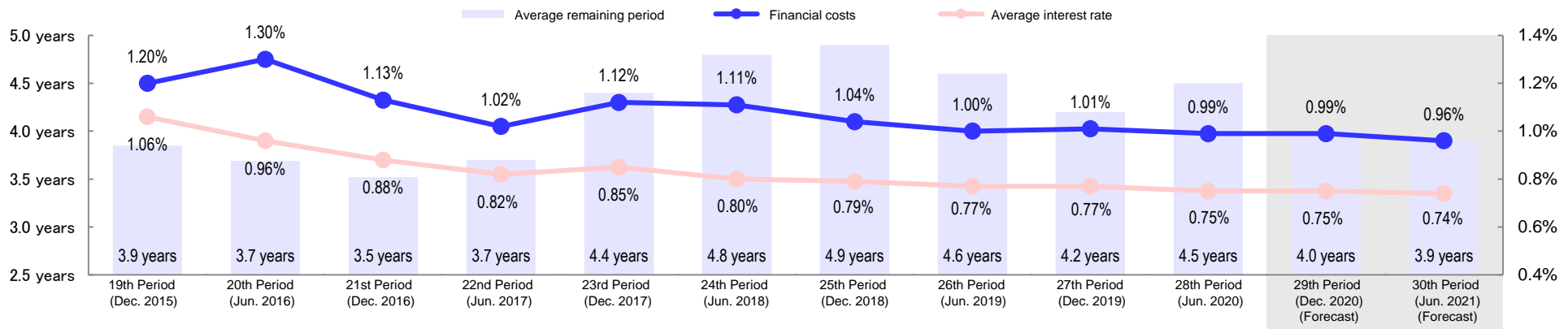
### Accumulation of Liquidity on Hand

- Continue to borrow 5 billion yen out of 9 billion yen of short-term borrowings scheduled to be repaid in the current period

### 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"

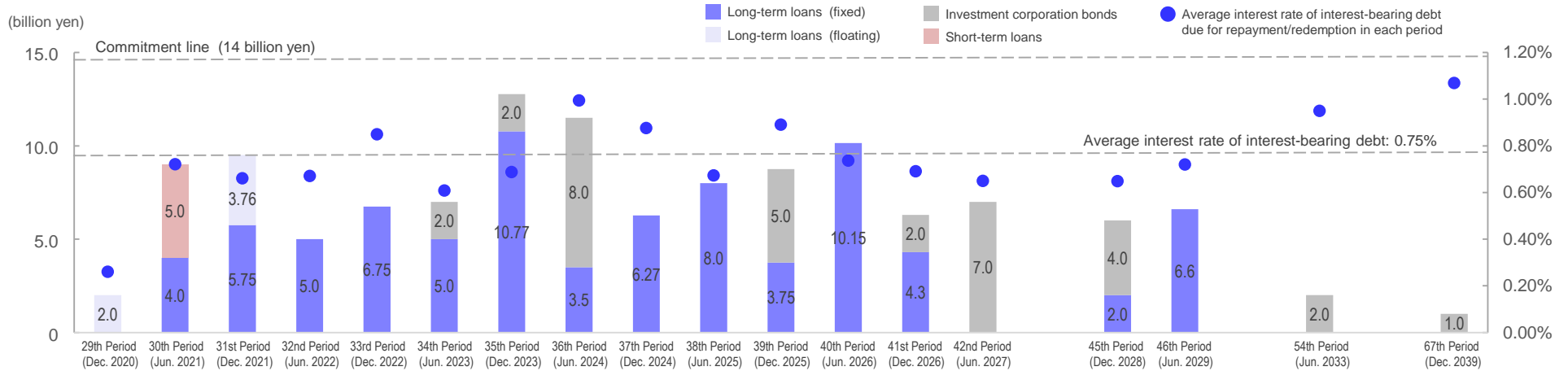
= (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt during the period.

# 4. Financial Strategy

## (2) Status of Financial Management

◆ Promoted fixed interest rates, extended remaining period of interest-bearing debt, and diversified repayment dates while working to lower interest rates

### ■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 28th Period)



### ■ Historical Major Financial Data

	24th end (Jun. 2018)	25th end (Dec. 2018)	26th end (Jun. 2019)	27th end (Dec. 2019)	28th end (Jun. 2020)	Difference
Balance of interest-bearing debt	126.5 billion yen	126.6 billion yen	126.6 billion yen	129.6 billion yen	125.6 billion yen	-4.0 billion yen
LTV (total assets basis)	44.4%	44.4%	44.2%	44.9%	42.8%	-2.1pt
LTV (market value basis)	39.2%	38.3%	37.4%	37.5%	35.4%	-2.1pt
Average remaining period of interest-bearing debt	4.8 years	4.9 years	4.6 years	4.2 years	4.5 years	+0.3 years
Financial costs	1.11%	1.04%	1.00%	1.01%	0.99%	-0.02pt
Average interest rate of interest-bearing debt	0.80%	0.79%	0.77%	0.77%	0.75%	-0.02pt
Ratio of fixed interest rate	96.3%	93.9%	89.9%	88.6%	91.4%	+2.8pt

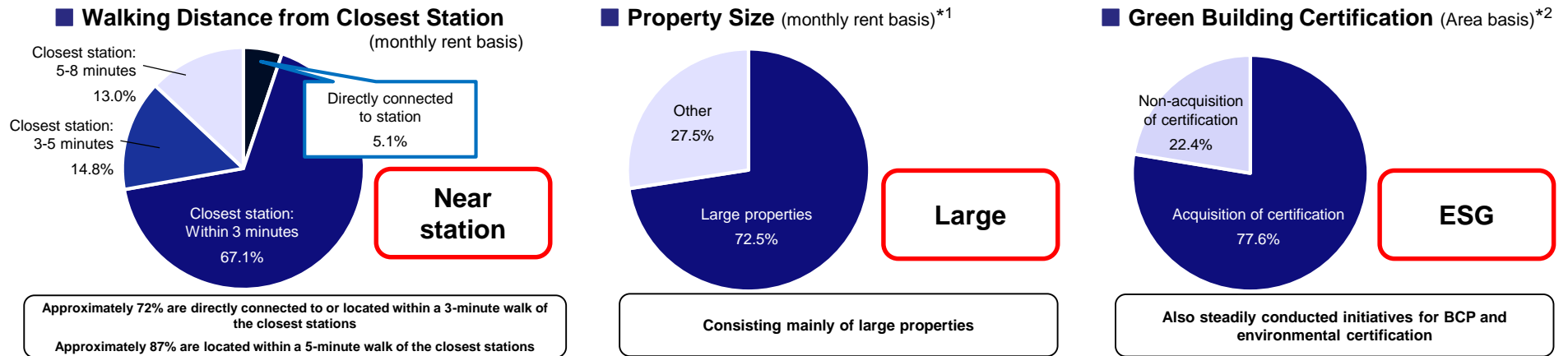
### ■ Rating

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

# 5. Stance on Future Initiatives

◆ Anticipating change in the movements and needs for a “new way of offices” and pursuing “selected offices” while utilizing the features of JEI

## «Feature 1» Characteristics of Portfolio



⇒ Having elements that will become the “keyword of selection” of offices in the future

## «Feature 2» Widely Developing Real Estate-Related Businesses in Sponsor Group

- AM, PM, BM ••• Owning many office buildings and operating and managing them by ourselves ••• Understanding and responding to the change in tenants needs and requests
- Developers ••• Promoting office building development business ••• Pursuing new office specifications that are required
- Finance and insurance ••• Wide customer base of banks and life insurance ••• High antenna function for the idea and sense of direction of movements of business partners

⇒ Developing movements for pursuing new tenant needs and future office types by cooperating with sponsor group



★ Aim for positive and proactive operation by regarding the response to the COVID-19 crisis not as defensive but as “an opportunity for aggressive action” through the development of asset management utilizing the features of both tangible and intangible elements

\*1 Please refer to notes on p. 35 for definitions of the figures above.

\*2 Please refer to notes on p. 41 for definitions of the figures above.

\*3 The figures above are figures as of July 3, 2020.

# 6. ESG Related

## (1) Current New Movements

- ◆ 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

### ■ Signing the Principles for Responsible Investment (PRI) \*1

#### Asset Management Company of JEI Signed PRI (June 2020)

Japan Excellent Asset Management aims to integrate ESG factors into investment decision-making processes in pursuit of enhancement of the long-term investment performance of beneficiaries and better fulfill fiduciary responsibilities.



### ■ MSCI ESG Rating Upgraded from "BBB" to "A"

MSCI ESG Rating, the selection criteria for MSCI Japan ESG Select Leaders Index, was upgraded for second consecutive year



### ■ Acquisition of Green Building Certification

#### ◆ Acquired DBJ Green Building Certification for 7 Properties 7 properties newly acquired DBJ Green Building Certification (March 2020)

As a result, the percentage of certified properties (area basis) increased from 60.0% at the end of December 2019 to present **77.6%** at the end of June 2020, and the percentage also increased from 36.4% to **54.3%** when based on the number of properties.

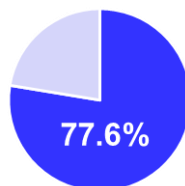
(Properties that acquired certification this time)

- 3-Star: "BIZCOREAKASAKA-MITSUKE" and "SE Sapporo Building"
- 2-Star: "Daiba Garden City Building", "Kawasaki Nisshincho Building" and "JEI Kyobashi Building"
- 1-Star: "JEI Hamamatsucho Building" and "Core City Tachikawa"

#### ◆ Newly Acquired Building-Housing Energy-Efficiency Labeling System (BELS) Evaluation\*2

**Nisseki Yokohama Building acquired "2-Star" (April 2020)**

Percentage of certification



### ■ Execution of Sustainability Finance

#### Sustainability Finance Framework

Conducted sustainability finance evolved from green finance



Name	Sustainability Loan (complying with the Sustainability Bond Principles, etc.)	Total amount of borrowings	2 billion yen
Feature	First for a J-REIT	Term	2 years
Date of conclusion of contract	August 20, 2020	Interest rate	Tibor+0.2%
Appraisal organization	Japan Credit Rating Agency (JCR)		

\*1 The Principles for Responsible Investment (PRI) are principles formulated in 2005 at the request of Kofi Annan, the UN Secretary-General at the time, and advocate the integration of ESG issues into investment decisions to realize a sustainable society.

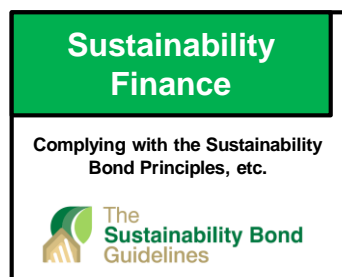
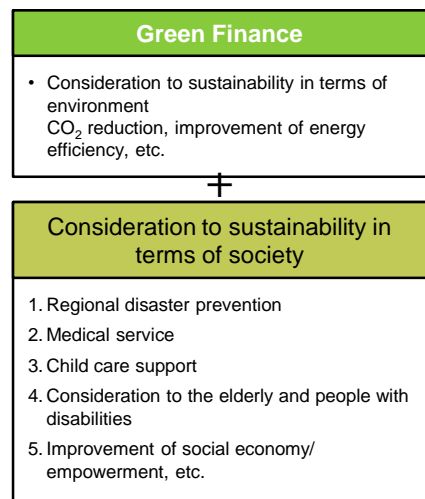
\*2 "Building-Housing Energy-efficiency Labeling System (BELS)" is a system started for the purpose of accurately evaluating and labelling energy conservation functions of non-residential buildings. The evaluations are conducted by a third-party organization, and certifications are based on a five-scale system of one to five stars (★ to ★★★★★).

# 6. ESG Related

## (2) Initiatives on Sustainability Finance

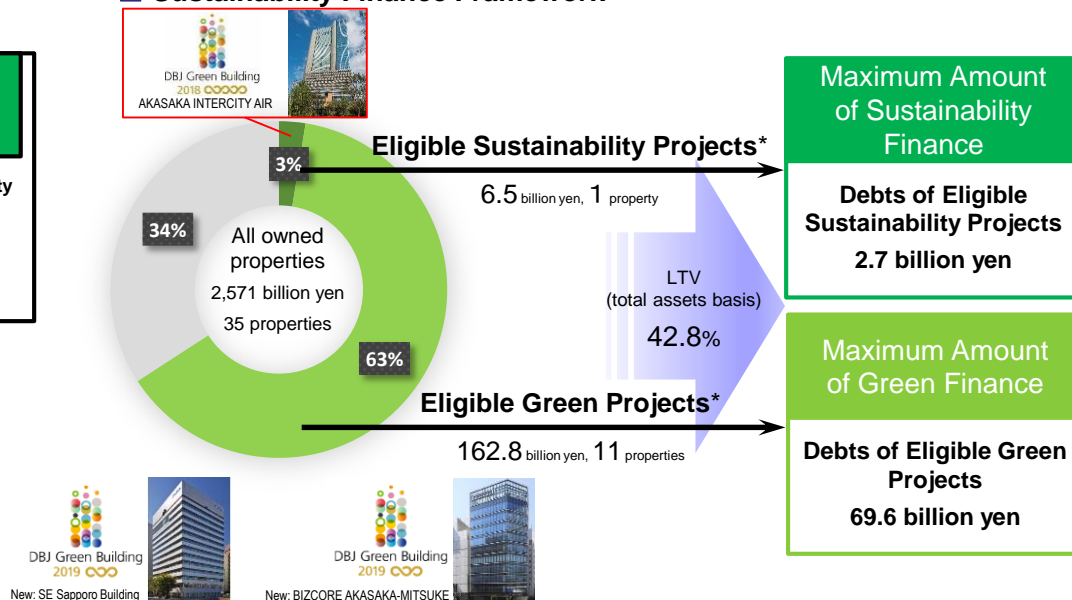
◆ Conducted sustainability finance evolved from green finance  
 – Allocated the procured funds to projects taking into consideration sustainability in terms of environment and society

### Sustainability Finance



Acquired the highest rate "SU1(F)"

### Sustainability Finance Framework



### Consistency with SDGs

JEI will contribute to the following goals and targets of the SDGs in light of ICMA's SDGs mapping through projects for which the funds are used



#### Goal 7: Affordable and Clean Energy

##### Target 7.3

By 2030, double the global rate of improvement in energy efficiency.



#### Goal 9: Industry, Innovation, and Infrastructure

##### Target 9.4

By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.



#### Goal 11: Sustainable Cities and Communities

##### Target 11.3

By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated, and sustainable human settlement planning and management in all countries.

##### Target 11.7

By 2030, provide universal access to safe, inclusive, and accessible, green and public spaces, in particular for women and children, older persons and persons with disabilities.

\* Calculated based on book value as of the end of the most recent fiscal period (end of June 2020) which had been finalized at the time of signing sustainability loan agreement (August 20, 2020) and LTV (total assets basis), and the figures are rounded down to the nearest whole number.



## Reference Materials – Features of Japan Excellent Inc.

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## 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

Stabilization of revenue and enhancement of property competitiveness with strong property management and leasing capabilities

### 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, 2020, manages 284 office buildings and other investment properties nationwide.

Property

Loans

Personnel

**MIZUHO**

Mizuho Bank, Ltd.

Loans

Personnel

**MIZUHO**

Mizuho Trust & Banking Co., Ltd.

Loans

Brokerage

Personnel

**DAI-ICHI BUILDING**

The Dai-ichi Building Co., Ltd.

Brokerage

Personnel

Management

**SOHGO HOUSING**

Sohgo Housing Co., Ltd.

Management

Achievements :

Property

Supply of properties

Loans

Loans

Brokerage

Brokerage for third-party properties

Personnel

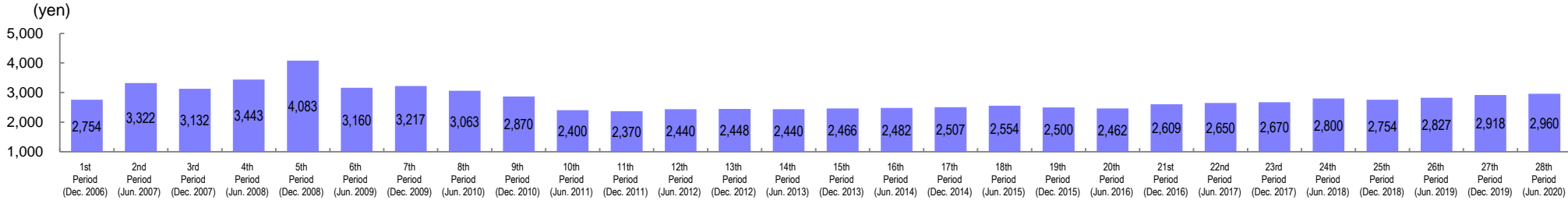
Supply of personnel

Management

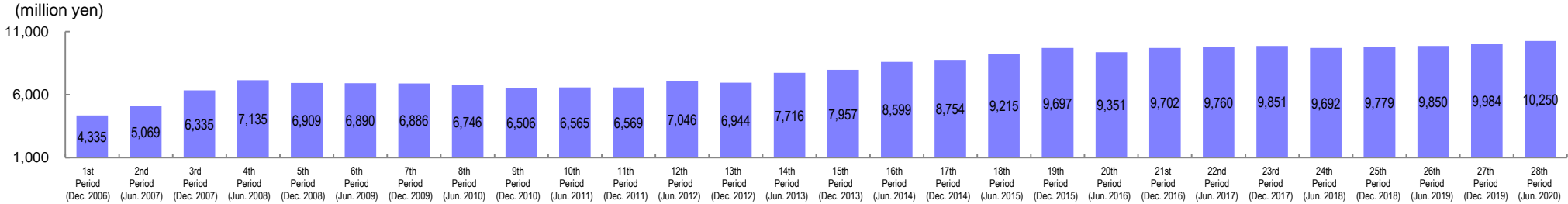
Management of JEI's properties

# 2. Track Record

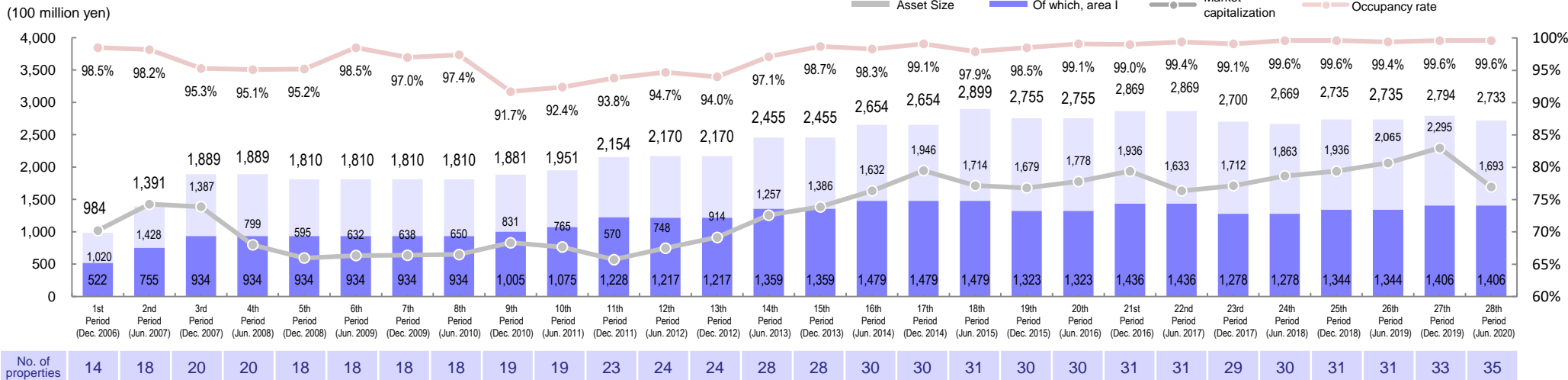
## Historical Distributions per Unit\*1



## 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.

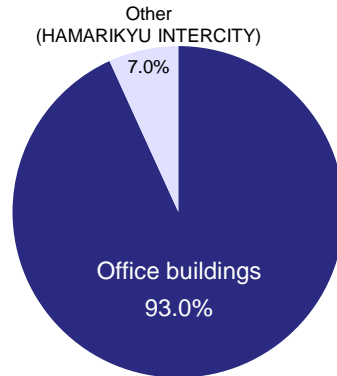
\*2 Market capitalization indicates the market capitalization as of the end of each fiscal period.

# 3. Portfolio (1)

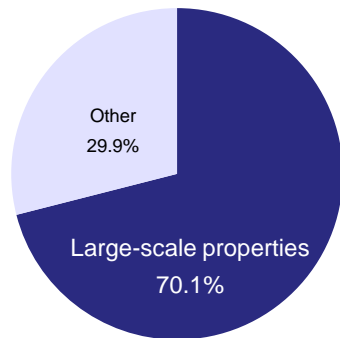
## Usage

(Investment Policy)

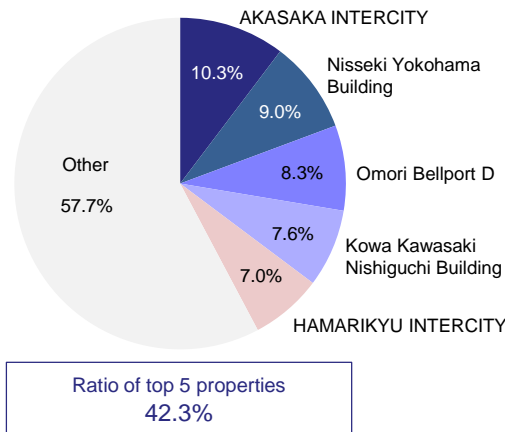
Usage <sup>*1</sup>	Investment ratio in portfolio <sup>*2</sup>
Office buildings	90% or more
Other	10% or less



## Large-Scale Properties<sup>\*3</sup>



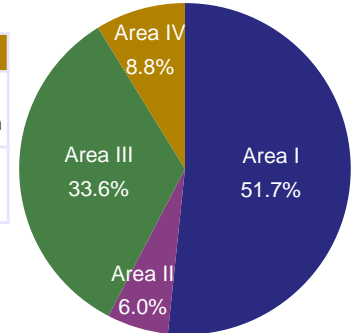
## Top 5 Properties



Ratio of top 5 properties 42.3%

## Area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	140.6 billion yen	16.2 billion yen	91.6 billion yen	23.8 billion yen
Number of properties	12 properties	4 properties	10 properties	8 properties



Ratio of investment in the Tokyo<sup>\*4</sup> metropolitan area 85.3%

(Investment Policy)

Target investment areas		Investment ratio in portfolio <sup>*2</sup>
<b>Core areas</b>		<b>80% or more</b>
■ 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

<sup>\*1</sup> 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.

<sup>\*2</sup> 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.

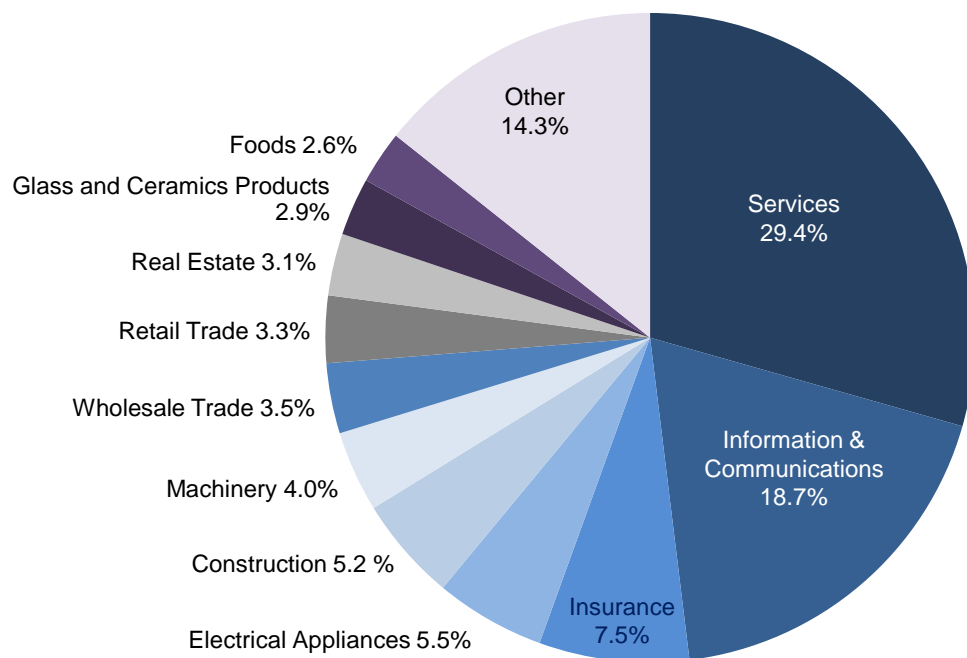
<sup>\*3</sup> "Large-scale properties" refers to properties with total floor area of 10,000 tsubos or more for the 23 wards of Tokyo, and of 4,000 tsubos or more for areas other than the 23 wards of Tokyo.

<sup>\*4</sup> "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures) (Area I and Area III).

<sup>\*5</sup> The figures above are figures as of July 3, 2020. The ratio is rounded to the first decimal place based on the acquisition price.

### 3. Portfolio (2)

#### ■ Type of Industry of Tenants\*1



#### ■ Top 10 Tenants

End tenant name	Property Name	Total area leased (m <sup>2</sup> )	Floor area ratio (%)
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.6
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	14,009.96	4.2
Hitachi Real Estate Partners, Ltd.	Omori Bellport D	10,449.47	3.2
	Yokohama Bentendori Dai-ichi Seimei Building		
	JEI Hiroshima Hacchoberi Building		
	SE Sapporo Building		
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.8
*3	*3	8,968.71	2.7
*3	Daiba Garden City Building	7,286.83	2.2
*3	*3	6,572.84	2.0
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.6
*3	Nisseki Yokohama Building	4,551.90	1.4
*3	HAMARIKYU INTERCITY	4,243.04	1.3
Total of top 10 end tenants		89,363.62	27.0
Total of portfolio overall		331,234.56	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 28th 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 28th period.

### ● 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 CO<sub>2</sub> Emissions

JEI will contribute to energy-saving and reduction of CO<sub>2</sub> 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.

### ● 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.

## ■ 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 the target to reduce energy and CO<sub>2</sub> 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, CO<sub>2</sub> emissions, water consumption and amount of waste and continuously monitors them.

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

- ◆ 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 regards 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.

## ■ 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 CO<sub>2</sub> 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.

"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.



## Same-Boat Investment by the Sponsors

The two core sponsors own 6.8% of JEI's investment units (as of the end of June 2020) 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.



NIPPON STEEL KOWA  
REAL ESTATE

By your side, for life

## 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"> <li>• 0.25% (Assets under management: Portion up to ¥100 billion)</li> <li>• 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion)</li> <li>• 0.05% (Assets under management: Portion over ¥200 billion)</li> </ul>
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 fifth consecutive year in GRESB Real Estate Assessment conducted in 2019.

Received “4-Star” in “GRESB Rating,” a five-grade evaluation system based on comprehensive scores.

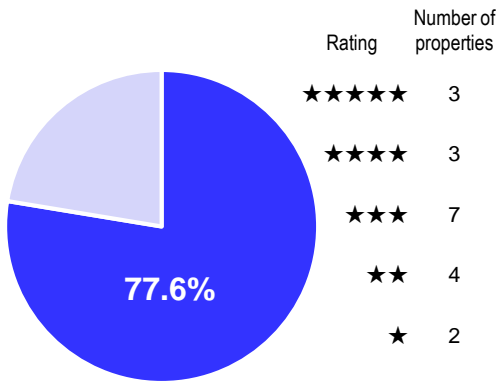
## ■ MSCI ESG Rating

Acquired rating of A Class in MSCI ESG Rating, the selection criteria for MSCI Japan ESG Select Leaders Index

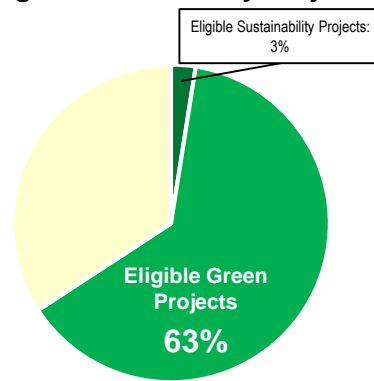


## ■ Green Building Certification

### ◆ DBJ Green Building Certification\*2



### ◆ Eligible Green Projects and Eligible Sustainability Projects\*3



### ◆ BELS Evaluation\*4



Niseki Yokohama Building received a 2-star rating on April 20, 2020.

### ◆ 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.

“Green Star” is given when a high evaluation with a score exceeding 50% is made in the two-evaluation axis (“Management & Policy” and “Implementation & Measurement”). “GRESB Rating” is a rating of the overall score according to the global ranking and “4 Star” is given to the top 20%-40% of participants.

\*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 June 30, 2020).

\*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.

Eligible Sustainability Projects are assets that have received one of the above (1) or (2) within the previous 3 years 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.

The figure in the pie chart indicates the percentage of eligible projects based on book value for the end of the 28th Period (as of August 20, 2020).

\*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 ★★★★★).

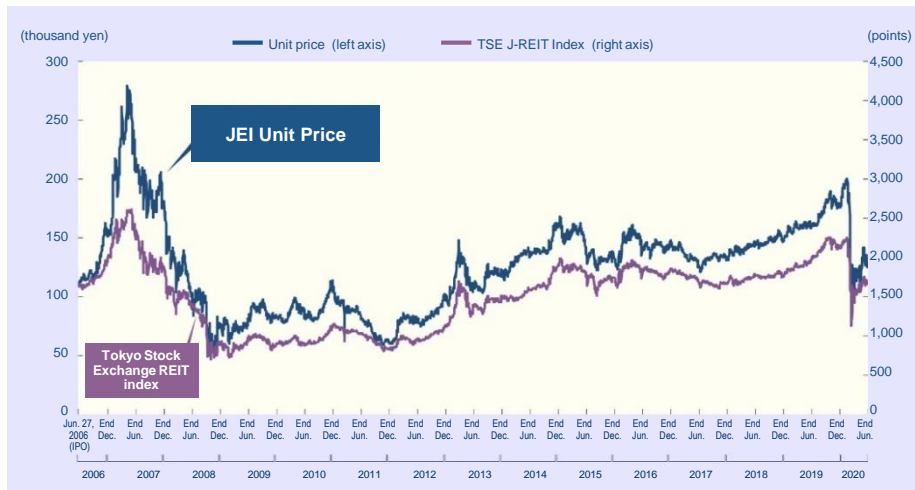
\*5 “CASBEE for real estate/building” is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

\*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



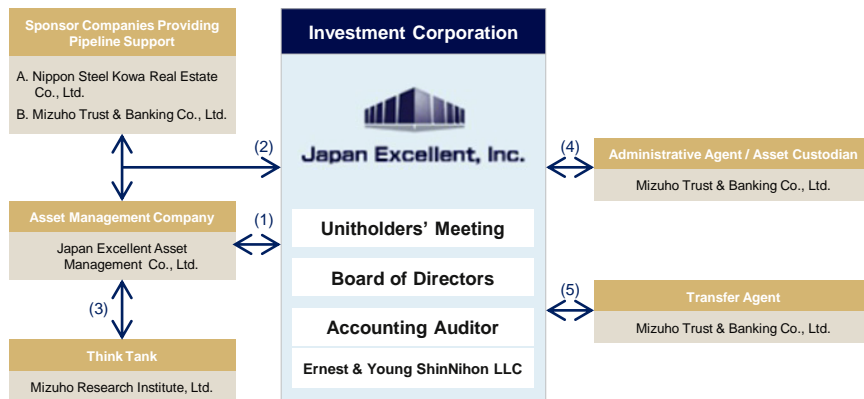
\*1 Unit prices for December 25, 2013 and earlier are divided by 5.

## 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	

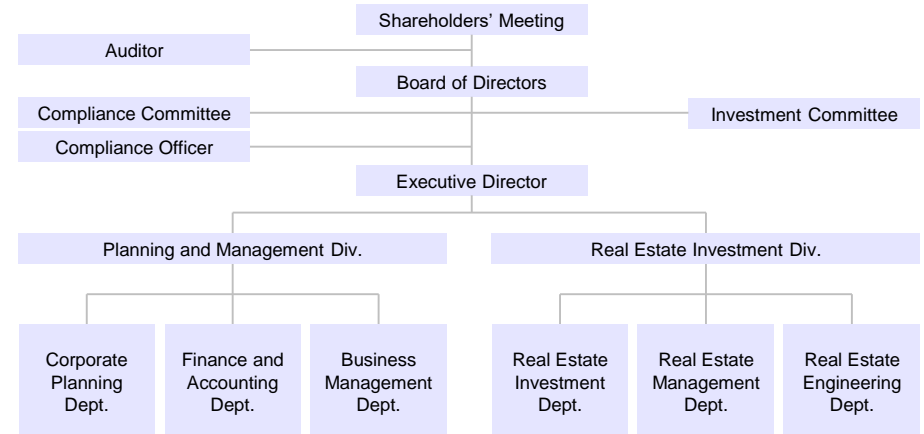
\*2 Percentages in the above table are percentages of total outstanding shares.

## 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 with Mizuho Research Institute 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

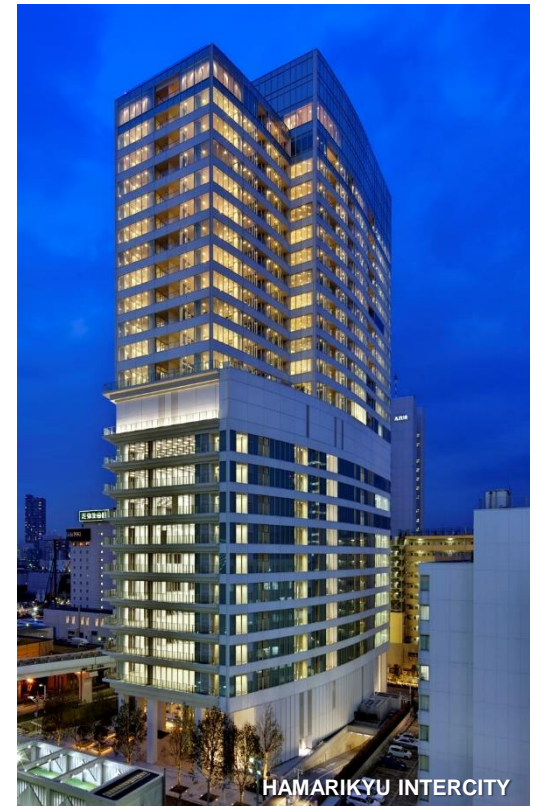


Memo



## Reference Materials — Appendix

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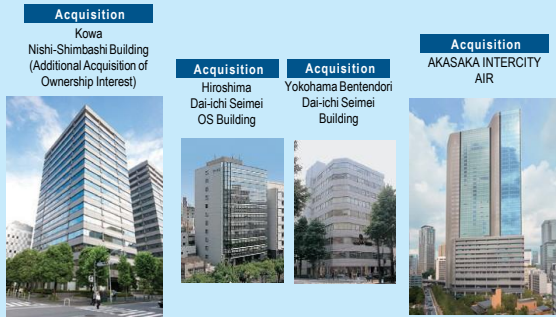
# Entering Asset Size Expansion Phase from Asset Replacement Phase

◆ Completed a round of elimination of unrealized loss on portfolio assets through asset replacement and entered an asset size expansion phase

## Improvement of portfolio quality through asset replacement

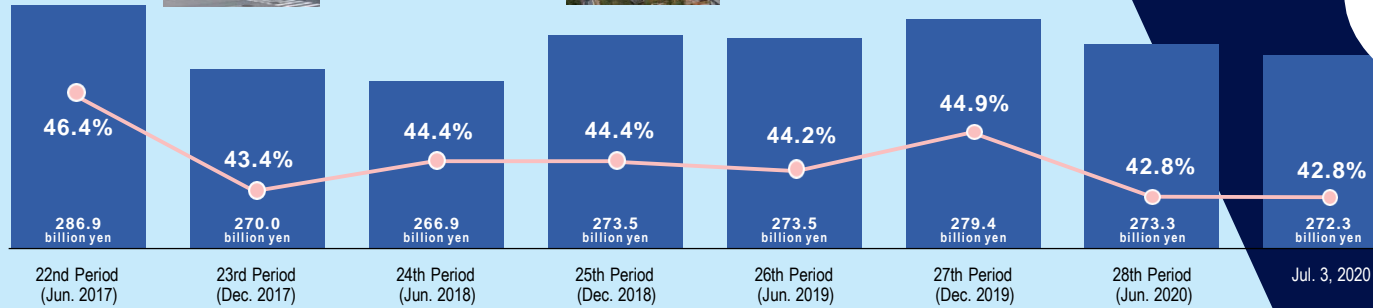
## Into an asset expansion phase

■ Asset size  
○ LTV (total assets basis)

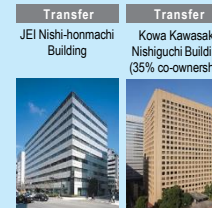
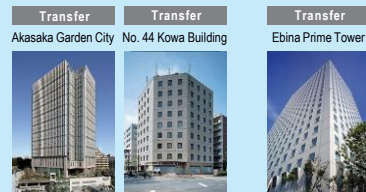


Asset size

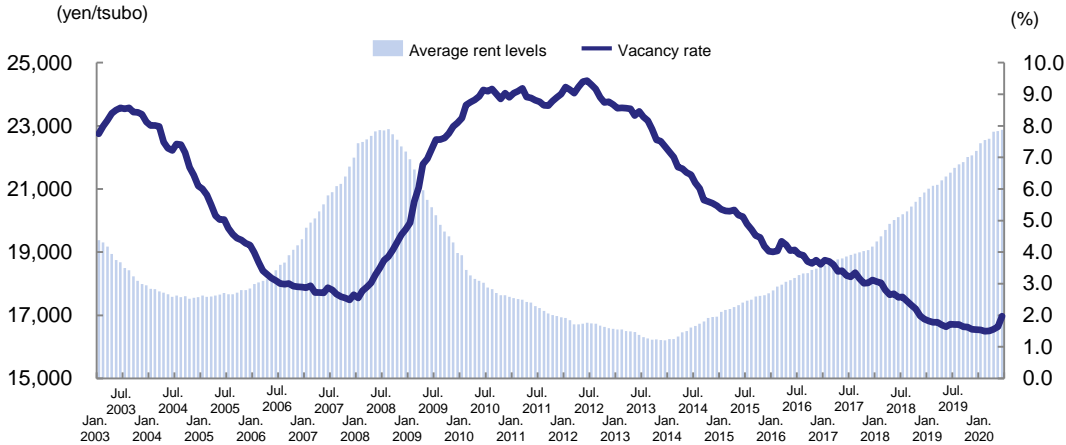
LTV (total assets basis)



Realization of quality growth through selective property acquisition from the sponsor pipeline and third parties

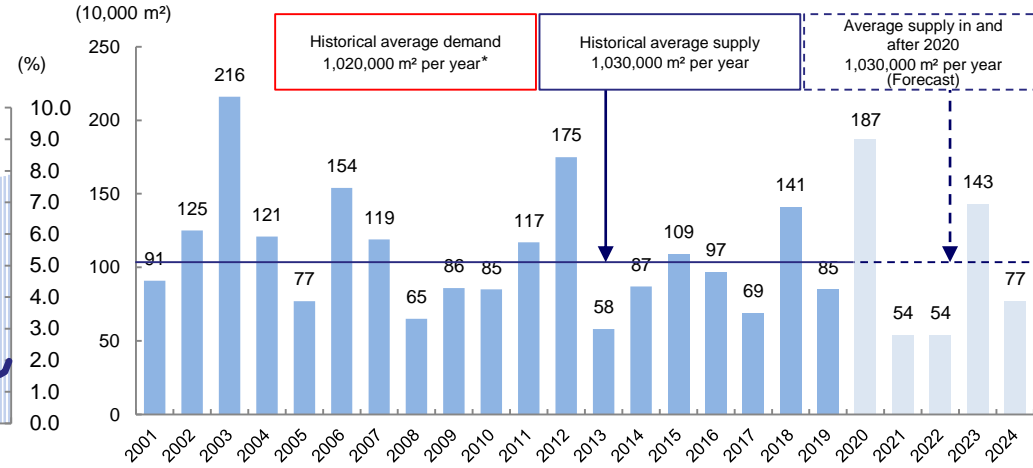


## ■ Historical Rent Levels and Vacancy Rate in 5 Central Wards of Tokyo



Source: Miki Shoji Co., Ltd.

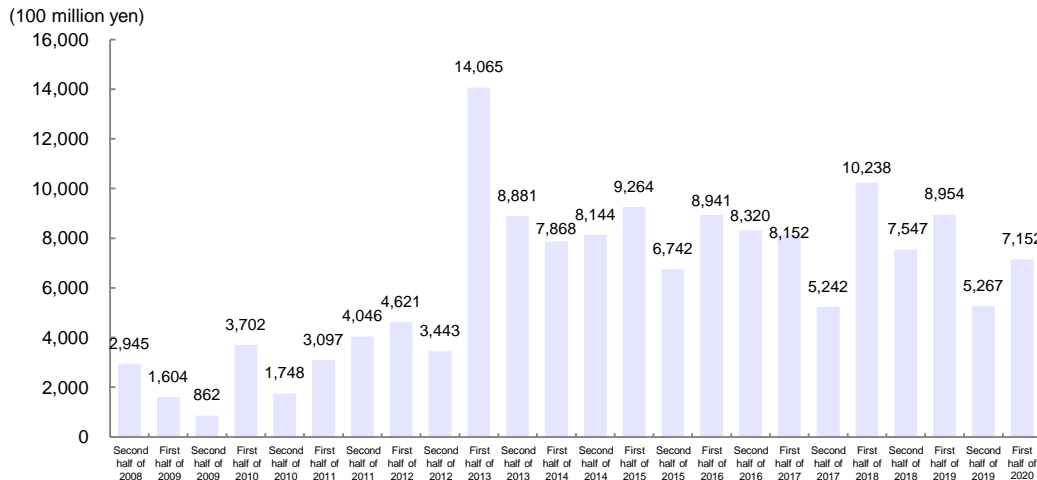
## ■ Historical New Large-Scale Office Supply Volume in 23 Wards of Tokyo



\* Annual average of net absorption (area offered as of the beginning of each fiscal period-area offered as of the end of each fiscal period + area of newly completed buildings in each fiscal period) from 2016 to 2020.

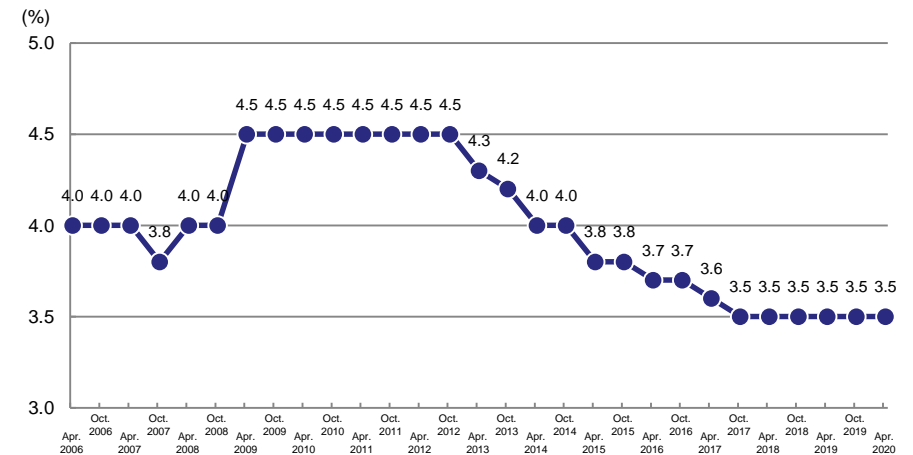
Source: Supply: Mori Building Co., Ltd. Demand: Sanko Estate Co., Ltd.

## ■ 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

## Summary of Period-End Appraisal Value

	27th Period (Dec. 2019)	28th Period (Jun. 2020)	Difference
Number of properties	33 properties	35 properties	2 properties
Period-end appraisal value	319,662 million yen	318,366 million yen	-1,296 million yen
Book value	262,443 million yen	257,186 million yen	-5,256 million yen
Unrealized gain/loss	57,218 million yen	61,179 million yen	3,960 million yen
Ratio of unrealized gain/loss <sup>*1</sup>	21.8%	23.8%	2.0pt

\*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<sup>\*2</sup>

	27th Period (Dec. 2019)	28th Period (Jun. 2020)
Increase	24 properties	18 properties
Unchanged	5 properties	14 properties
Decrease	2 properties	1 property

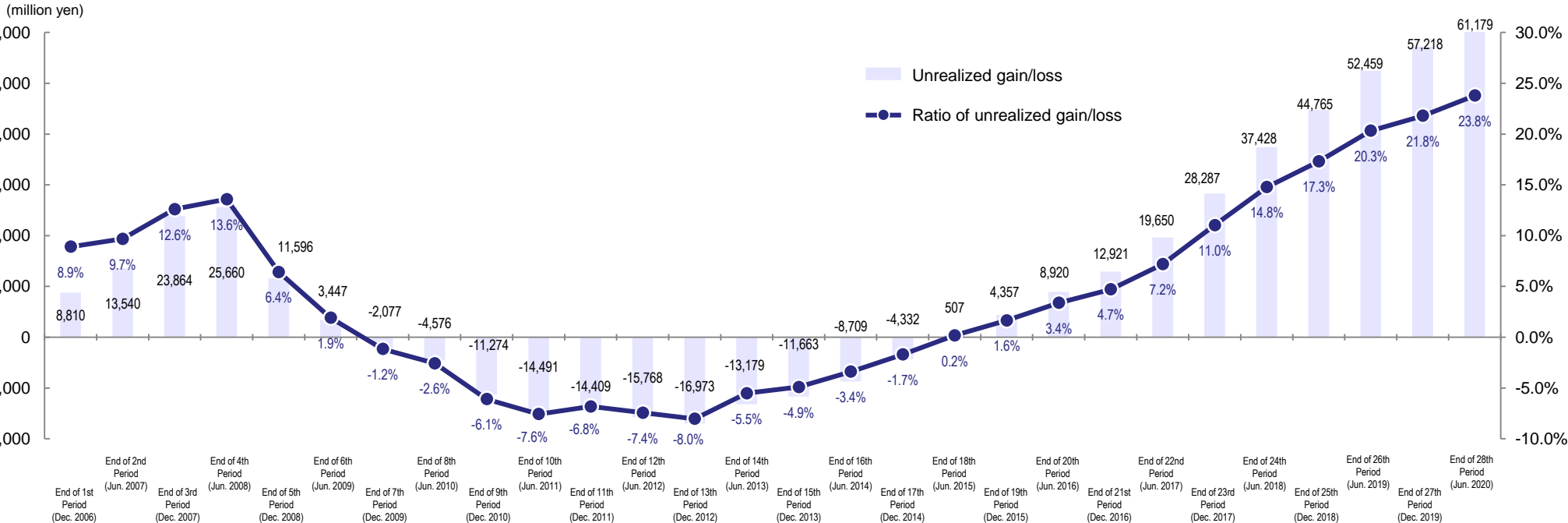
\*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

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

## Status of Cap Rate<sup>\*2\*3</sup>

	27th Period (Dec. 2019)	28th Period (Jun. 2020)
Decline	24 properties	0 properties
Unchanged	7 properties	33 properties
Rise	0 properties	0 properties

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





# Period-End Appraisal Value

(Unit: million yen)

Property Number	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		Book Value at end of FP28 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP27 ①	End of FP28 ②		%			%	End of FP27 ④	End of FP28 ⑤			
I-1	I	Omori Bellport D	22,552	25,900	25,900	0	0.0%	20,779	5,120	24.6%		4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.
I-2		Shiba 2-Chome Building	9,450	13,500	13,500	0	0.0%	9,017	4,482	49.7%	Office 3.6%	Office 3.6%	Office 0.0	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	9,000	9,030	30	0.3%	8,109	920	11.3%	Residence 4.3%	Residence 4.3%	Residence 0.0	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	30,000	30,100	100	0.3%	26,758	3,341	12.5%	3.4%	3.4%	0.0	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,390	5,400	10	0.2%	4,665	734	15.7%	2.9%	2.9%	0.0	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,300	10,200	-100	-1.0%	9,584	615	6.4%	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%	17,305	8,594	49.7%	3.3%	3.3%	0.0	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	2,170	2,200	30	1.4%	1,727	472	27.3%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishi-shimbashi Building	11,431	13,200	13,300	100	0.8%	10,966	2,333	21.3%	3.1%	3.1%	0.0	Japan Real Estate Institute	
I-15		Mansard Daikanyama	11,420	13,500	13,900	400	3.0%	11,245	2,654	23.6%	3.0%	3.0%	0.0	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	7,770	7,770	0	0.0%	6,540	1,229	18.8%	2.8%	2.8%	0.0	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,610	6,610	0	0.0%	6,203	406	6.5%	3.2%	3.2%	0.0	Japan Real Estate Institute	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,160	6,170	10	0.2%	5,532	637	11.5%	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	5,050	5,070	20	0.4%	4,895	174	3.6%	-	3.6%	-	Japan Valuers Co., Ltd.
II-5			GRAND FRONT OSAKA (North Building)	3,982	4,140	4,140	0	0.0%	4,019	120	3.0%	-	3.7%	-	Japan Valuers Co., Ltd.
III-1		III	Musashikosugi Tower Place	13,890	21,300	21,300	0	0.0%	12,434	8,865	71.3%	4.0%	4.0%	0.0	Japan Real Estate Institute
III-2	Kowa Kawasaki Higashiguchi Building		10,976	9,950	10,200	250	2.5%	9,832	367	3.7%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-3	JEI Hongo Building		5,400	4,700	4,750	50	1.1%	4,960	-210	-4.2%	4.1%	4.1%	0.0	Japan Valuers Co., Ltd.	
III-5	Kawasaki Nisshincho Building		4,725	4,710	4,730	20	0.4%	4,168	561	13.5%	4.8%	4.8%	0.0	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building		2,550	2,620	2,650	30	1.1%	2,191	458	20.9%	4.4%	4.4%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-10	Pacific Square Sengoku		1,620	1,580	1,580	0	0.0%	1,612	-32	-2.0%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa		6,500	9,400	9,400	0	0.0%	6,090	3,309	54.3%	4.1%	4.1%	0.0	Japan Real Estate Institute	
III-12	Nisseki Yokohama Building		24,500	29,900	30,400	500	1.7%	22,909	7,490	32.7%	3.7%	3.7%	0.0	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building		640	672	672	0	0.0%	667	4	0.6%	4.5%	4.5%	0.0	Japan Real Estate Institute	
IV-2	IV		JEI Kyobashi Building	3,308	4,380	4,400	20	0.5%	2,819	1,580	56.0%	5.1%	5.1%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-3			JEI Hiroshima Hacchobori Building	2,760	3,780	3,850	70	1.9%	2,543	1,306	51.4%	4.6%	4.6%	0.0	Japan Real Estate Institute
IV-4			SE Sapporo Building	5,500	8,890	8,950	60	0.7%	5,097	3,852	75.6%	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%	2,200	2,259	102.7%	4.5%	4.5%	0.0	Japan Real Estate Institute
IV-6		Daiwa Minamimoricho Building	4,410	5,200	5,200	0	0.0%	4,189	1,010	24.1%	4.6%	4.6%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation	
IV-7		JEI Naha Building	1,380	1,940	1,940	0	0.0%	1,459	480	32.9%	5.1%	5.1%	0.0	Japan Real Estate Institute	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,270	3,290	20	0.6%	2,847	442	15.5%	4.6%	4.6%	0.0	Japan Real Estate Institute	
IV-9		Senshin Building	1,580	1,670	1,670	0	0.0%	1,633	36	2.2%	4.4%	4.4%	0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
			<b>Total</b>	<b>251,543</b>	<b>299,482</b>	<b>301,102</b>	<b>1,620</b>	<b>0.5%</b>	<b>236,875</b>	<b>64,226</b>	<b>27.1%</b>	-	-	-	-
II-2	II	JEI Nishi-honmachi Building	1,001	-	864	-	-	1,038	-174	-16.8%	4.7%	4.7%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation	
III-9	III	Kowa Kawasaki Nishiguchi Building	20,800	-	16,400	-	-	19,272	-2,872	-14.9%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.	
		<b>Total</b>	<b>273,344</b>	<b>299,482</b>	<b>318,366</b>	<b>-</b>	<b>-</b>	<b>257,186</b>	<b>61,179</b>	<b>23.8%</b>	-	-	-	-	

\*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 27th and 28th period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

\*2 For properties acquired in the 28th Period, appraisal values at the time of the acquisition are indicated in Period-end Appraisal Value for the 27th Period.

# Revenue and Expenses by Property

(Unit: million yen)

	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	II-1	II-2	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	Hamae-nishi-cho	AKASAKA INTERCITY	Kowa Shirokanedai	Daiwa Garden City Bldg.	HAMARIKYU INTERCITY	Shintom-cho	Kowa Nishi-Shimbashi	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya	Nishi-honmachi (Daiwa Kogin Nishi-honmachi (Inter))	GRAND FRONT OSAKA (Ito-South Building)	GRAND FRONT (North Building)	Musashi-Kosugi	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nissai-cho	Ryugoku	Kawasaki Nishi-Guchi	Saigoku	Core City Tachikawa	Naseki Yokohama	Yokohama Bentenji Danchi	Kyobashi	Hiroshima Hachio-bon	SE Sapporo	Aqua-don Plaza	Daiwa Minamimachi	Naita	Hiroshima Daiichi Saimai OS	Senshu Building			
Revenue from operations	925	373	244	571	183	333	762	73	-	351	-	145	382	129	89	-	-	803	-	-	226	114	924	60	322	1,173	41	175	148	410	192	196	86	138	48	11,013	
Rental revenue	870	372	233	541	171	333	719	67	-	302	-	142	-	119	89	-	-	731	-	-	223	104	849	54	310	1,093	38	159	137	332	173	179	72	132	44	10,250	
Other revenue	55	0	10	29	12	0	42	5	-	48	-	3	-	9	-	-	-	71	-	-	3	9	75	5	11	79	3	16	10	78	18	16	13	6	4	763	
Expenses from operations	457	138	104	283	74	130	408	29	-	141	-	41	252	98	49	-	-	399	-	-	110	62	527	29	133	729	25	90	74	225	96	82	49	84	21	5,697	
Property management	140	50	19	46	23	1	119	5	-	29	-	14	64	22	-	-	-	108	-	-	46	20	132	5	33	146	8	16	17	32	34	23	8	17	5	1,455	
Utilities	70	0	9	45	9	-	61	3	-	18	-	4	30	11	-	-	-	66	-	-	-	10	67	4	35	166	4	12	12	71	17	12	7	11	4	864	
Taxes	79	30	18	37	16	36	52	4	-	31	-	8	25	26	48	-	-	69	-	-	17	7	82	6	21	121	3	12	18	24	18	13	4	13	1	963	
Insurance	1	0	0	0	0	0	1	0	-	0	-	0	0	0	-	-	-	1	-	-	0	0	1	0	0	3	0	0	0	0	0	0	0	0	0	0	22
Repair and maintenance	6	3	2	2	1	5	13	2	-	18	-	-	13	3	-	-	-	28	-	-	2	1	12	1	0	11	2	4	2	3	2	2	1	2	3	214	
Non-operating expenses	15	1	15	64	1	1	7	1	-	1	-	0	35	2	0	-	-	4	-	-	0	2	7	0	1	13	0	3	1	1	1	0	5	0	0	229	
Depreciation	143	51	38	87	21	85	152	11	31	41	18	13	81	31	-	-	-	121	89	30	41	19	223	9	38	266	5	40	22	92	21	29	21	38	6	1,946	
Profits (loss) from operations	467	234	139	287	109	203	353	44	210	210	104	103	130	31	39	58	51	403	148	68	115	51	397	30	188	444	16	85	73	184	95	114	37	53	26	5,316	
NOI	611	286	177	374	130	288	506	56	241	251	123	117	212	62	39	65	60	524	238	99	157	71	620	40	227	710	21	126	95	277	116	144	58	92	33	7,263	
NOI (Annualized with following formula)	1,227	575	356	751	261	579	1,014	112	483	504	247	234	425	125	80	160	147	1,051	477	198	315	143	1,245	81	456	1,425	44	252	191	556	234	288	117	185	67	14,621	
Number of days	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	149	149	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	
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	5,610	1,001	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	273,345	

## NOI Yield

28th period	5.4%	6.1%	4.3%	2.7%	5.6%	5.3%	5.3%	6.4%	4.2%	4.4%	3.8%	3.8%	7.6%	3.6%	4.5%	3.3%	3.7%	7.6%	4.4%	3.7%	6.7%	5.6%	4.1%	5.0%	7.0%	5.8%	6.9%	7.6%	6.9%	10.1%	11.1%	6.6%	8.5%	6.7%	4.3%	5.14%
27th period	5.4%	6.0%	3.4%	2.9%	5.8%	5.3%	4.8%	6.2%	3.7%	3.2%	3.8%	2.5%	7.9%	4.6%	4.5%	-	-	7.6%	4.0%	3.8%	6.4%	5.4%	3.8%	3.7%	6.7%	5.5%	6.2%	6.8%	7.3%	9.9%	11.0%	6.4%	7.1%	5.9%	7.0%	4.95%
Difference (Pt)	0.0	0.1	0.9	-0.2	-0.2	0.0	0.5	0.2	0.5	1.2	0.0	1.3	-0.3	-1.0	0.0	-	-	0.0	0.4	-0.1	0.3	0.2	0.3	1.3	0.3	0.3	0.7	0.8	-0.4	0.2	0.1	0.2	1.4	0.8	-2.7	0.19

## NOI Yield after Depreciation

28th period	4.2%	5.0%	3.4%	2.0%	4.7%	3.7%	3.7%	5.1%	3.7%	3.7%	3.2%	3.4%	4.7%	1.8%	4.5%	2.9%	3.1%	5.8%	2.7%	2.5%	4.9%	4.1%	2.6%	3.8%	5.8%	3.6%	5.2%	5.2%	5.3%	6.7%	9.1%	5.2%	5.4%	3.9%	3.4%	3.76%
27th period	4.2%	4.9%	2.5%	2.3%	4.9%	3.7%	3.2%	4.9%	3.2%	2.5%	3.2%	2.1%	5.0%	2.8%	4.5%	-	-	5.9%	2.7%	2.6%	4.6%	3.9%	2.3%	2.5%	5.5%	3.3%	4.6%	4.3%	5.7%	6.7%	9.1%	5.0%	4.1%	3.3%	5.9%	3.57%
Difference (Pt)	0.0	0.1	0.9	-0.3	-0.2	0.0	0.5	0.2	0.5	1.2	0.0	1.3	-0.3	-1.0	0.0	-	-	-0.1	0.0	-0.1	0.3	0.2	0.3	1.3	0.3	0.3	0.6	0.9	-0.4	0.0	0.0	0.2	1.3	0.6	-2.5	0.19

\*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 Higashiguchi 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 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.

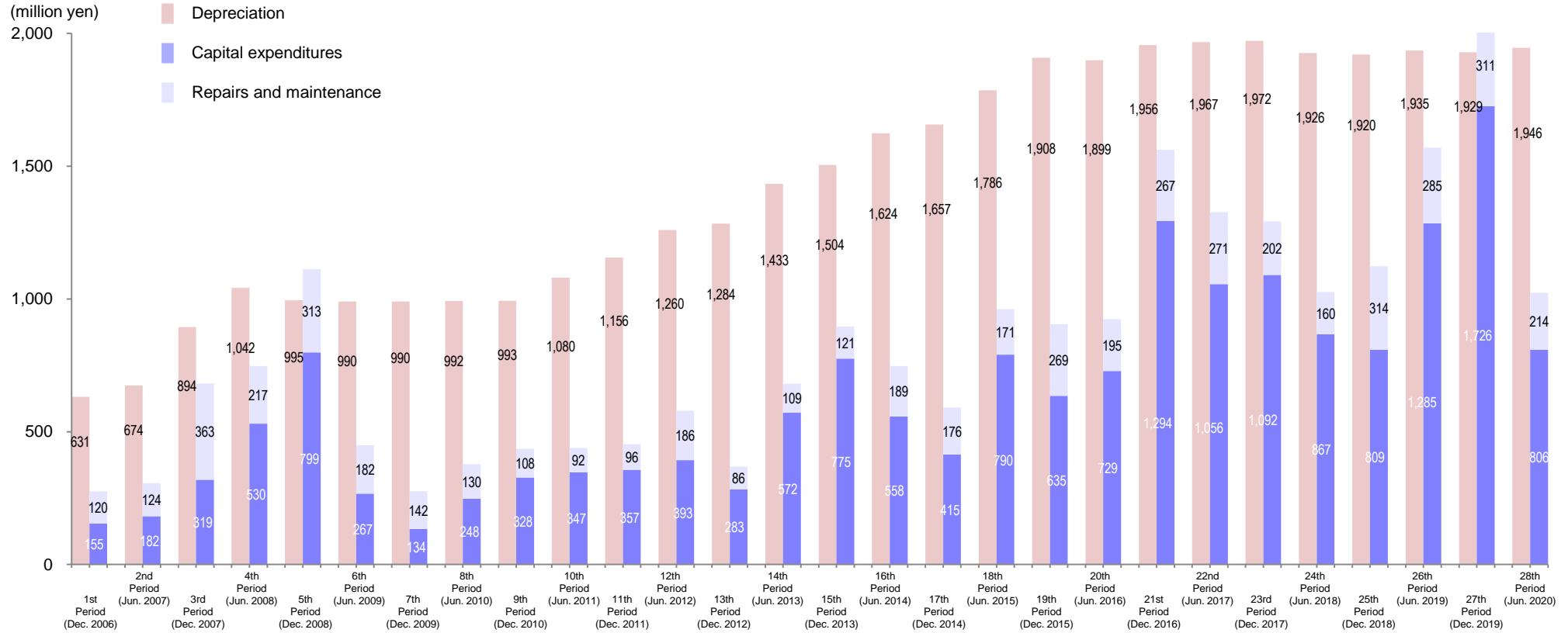
\*7 Details concerning revenue and expenses for GRAND FRONT OSAKA (Umekita Plaza/ South Building) and (North Building) are not disclosed because we have not received consent from the co-owner.

## Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	3,165	440	2,712	944
Acquisition price	140,674	17,232	91,601	23,838
28th period NOI yield (annualized)	4.5%	4.9%	5.4%	7.9%
27th period NOI yield (annualized)	4.3%	5.9%	5.1%	7.8%
Difference (pt)	0.2	-1.0	0.3	0.1

## History of Expenses for Repairs and Maintenance and Depreciation



## 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%
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# Statement of Income and Retained Earnings

(Unit: million yen)

	27th Period (Dec. 2019)	(%)	28th Period (Jun. 2020)	(%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	10,890	100.0	12,717	100.0	1,826	16.8
Rental revenue	9,984		10,250		265	
Other rental revenue	906		763		-143	
Total rental revenue (a)	10,890	100.0	11,013	86.6	122	1.1
Gain on sales of real estate, etc.	—		1,704		1,704	
2. Operating expenses (B)	7,978	73.3	6,426	50.5	-1,551	-19.4
Property management expenses	1,458		1,455		-3	
Utilities expenses	1,013		864		-149	
Taxes	944		963		19	
Insurance	20		22		1	
Repairs and maintenance	311		214		-96	
Other expenses for rental operation	227		229		1	
Depreciation	1,929		1,946		17	
Total operating expenses (b)	5,906	54.2	5,697	44.8	-209	-3.5
Profits from operation (a)-(b)	4,983	45.8	5,316	41.8	332	6.7
Loss on sales of real estate, etc.	120		—		-120	
Impairment loss	1,407		—		-1,407	
Asset management fees	390		530		140	
Other	153		199		45	
3. Operating income (A)-(B)	2,912	26.7	6,290	49.5	3,378	116.0
4. Non-operating income	0	0.0	0	0.0	0	
5. Non-operating expenses	665	6.1	659	5.2	-5	-0.9
Interest expense	367		342		-24	
Loan relating fees	134		148		13	
Interest expense on investment corporation bonds	130		131		0	
Amortization of investment corporation bond issuance costs	11		11		0	
Other	21		25		4	
6. Ordinary income	2,247	20.6	5,631	44.3	3,384	150.6
7. Net income before taxes	2,247	20.6	5,631	44.3	3,384	150.6
8. Income taxes – current	1		0		0	
9. Net income	2,246	20.6	5,631	44.3	3,384	150.7
10. Retained earnings brought forward	0		0		0	
11. Unappropriated retained earnings at the end of period	2,246		5,631		3,385	

Reference: excluding impairment losses and gain or loss on sales

Unappropriated retained earnings at the end of period	3,774		3,927		153	4.1
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\* 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						
	27th Period (Dec. 2019)		28th Period (Jun. 2020)	Difference		27th Period (Dec. 2019)		28th Period (Jun. 2020)	Difference		
(Assets)		%		%	(Liabilities)		%		%		
<b>I. Current assets</b>	24,500	8.5	34,333	11.7	9,833	<b>I. Current liabilities</b>	22,759	7.9	13,640	4.6	-9,118
Cash and deposits	7,165		17,620		10,455	Operating accounts payable	2,321		1,220		-1,100
Cash and deposits in trust	16,718		16,194		-524	Short-term loans	9,000		5,000		-4,000
Operating accounts receivable	380		328		-51	Long-term loans due within a year	10,600		6,000		-4,600
Other	236		189		-46	Other accounts payable	405		554		149
<b>II. Fixed assets</b>	264,134	91.5	259,054	88.3	-5,079	Accrued consumption taxes	77		533		456
1. Property and equipment	253,335	87.7	248,080	84.5	-5,255	Other	355		331		-23
Real Estate	16,508		16,409		-98	<b>II. Long-term liabilities</b>	123,654	42.8	127,759	43.5	4,104
Real Estate in trust	236,712		231,562		-5,149	Investment corporation bonds	33,000		33,000		-
Construction in progress	115		107		-7	Long-term loans	77,000		81,600		4,600
2. Intangible assets	9,117	3.2	9,114	3.1	-2	Security deposits from tenants	1,174		1,197		23
Leasehold rights	1,721		1,721		-	Security deposits from tenants in trust	12,480		11,961		-518
Leasehold rights in trust	7,382		7,382		-	<b>Total liabilities</b>	146,413	50.7	141,399	48.2	-5,013
Other	13		11		-2	<b>(Net assets)</b>					
3. Investments and other assets	1,681	0.6	1,859	0.6	178	<b>I. Unitholders' equity</b>	142,377	49.3	152,133	51.8	9,755
Leasehold and security deposits	15		18		3	1. Unitholders' capital	139,972	48.5	146,501	49.9	6,528
Long-term prepaid expenses	820		919		98	2. Retained earnings	2,404		5,631		3,227
Other	845		922		76	Voluntary retained earnings (Reserve for reduction entry)	158	0.1	-	0.0	-158
<b>III. Deferred assets</b>	155	0.1	144	0.0	-11	Unappropriated retained earnings	2,246	0.8	5,631	1.9	3,385
Investment corporation bond issuance costs	155		144		-11	<b>Total net assets</b>	142,377	49.3	152,133	51.8	9,755
<b>Total assets</b>	288,790	100.0	293,532	100.0	4,741	<b>Total liabilities and net assets</b>	288,790	100.0	293,532	100.0	4,741

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

# Statements of Cash Flow and Profit Distribution

## ■ Cash Flow Statement

(Unit: million yen)

28th Period (Jun. 2020)	
Classification	Amount
<b>I. Cash flow from operating activities</b>	<b>21,102</b>
Net income before taxes	5,631
Depreciation	1,947
New investment unit issuance costs	25
Decrease in property and equipment due to sale	13,059
Other	437
<b>II. Cash flow from investing activities</b>	<b>-11,271</b>
Purchase of property and equipment	-10,728
Net payments for security deposits	-495
Other	-48
<b>III. Cash flow from financing activities</b>	<b>99</b>
Proceeds from short-term loans	5,000
Repayment of short-term loans	-9,000
Proceeds from long-term loans	8,600
Repayment of long-term loans	-8,600
Proceeds from issuance of investment units	7,909
Distributions to unitholders	-3,809
<b>IV. Net increase/ decrease in cash and cash equivalents</b>	<b>9,930</b>
<b>V. Cash and cash equivalents at beginning of period</b>	<b>23,884</b>
<b>VI. Cash and cash equivalents at end of period</b>	<b>33,815</b>

\* Figures under one million yen are rounded down.

## ■ Profit Distribution

(Unit: yen)

28th Period (Jun. 2020)	
Classification	Amount
Unappropriated retained earnings at the end of period	5,631,594,684
Reversal of allowance for temporary difference adjustment	1,406,238,900
Provision of reserve for reduction entry	219,594,343
<b>Distributions</b>	<b>4,004,880,000</b>
(Distributions per investment unit)	(2,960)
(Profit distribution per unit)	(2,960)
Earnings carried over to next period	881,441
<b>Total number of outstanding investment units at the end of period</b>	<b>1,353,000</b>

# Financial Indicators

Financial indicators	Unit	23rd Period (Dec. 2017)	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	28th Period (Jun. 2020)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	6,256	5,785	6,035	6,116	4,675	8,053	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization
NOI (Net operating income)	MN yen	6,847	6,707	6,797	6,856	6,913	7,263	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,394	5,430	5,516	5,626	5,703	5,873	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,131	4,159	4,225	4,309	4,367	4,341	FFO / Total number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MNyen	4,301	4,563	4,707	4,341	3,976	5,067	FFO - Capital expenditures
AFFO Distribution payout ratio	%	81.0	80.1	76.4	85.0	95.8	79.0	(Total cash distribution amount / AFFO) × 100
NAV (Net asset value)	MN yen	172,221	181,215	188,492	196,282	199,595	213,312	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	131,899	138,787	144,361	150,327	152,865	157,658	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	10.7	11.1	11.7	12.5	9.4	17.0	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
ROA	%	1.3	1.2	1.3	1.3	0.8	1.9	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.5)	(2.4)	(2.5)	(2.6)	(1.6)	(3.9)	Above x 365 days / Number of operating days
ROE	%	2.6	2.3	2.5	2.6	1.6	3.8	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(5.1)	(4.7)	(5.0)	(5.2)	(3.1)	(7.7)	Above x 365 days / Number of operating days
Equity to Total Assets	%	51.0	50.5	50.4	50.3	49.3	51.8	(Period end net assets / Period end total assets) × 100
LTV (period-end total asset basis)	%	43.4	44.4	44.4	44.2	44.9	42.8	(Period end interest-bearing debt / Period end total assets) × 100
LTV (period-end valuation gain/loss basis)	%	39.5	39.2	38.3	37.4	37.5	35.4	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100
BPS (Book value per unit)	yen	110,234	110,122	110,076	110,149	109,042	112,441	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.

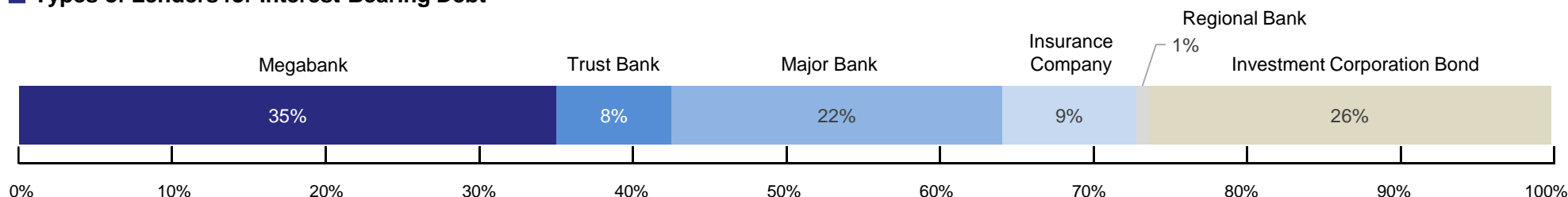
# Status of Interest-Bearing Debt

## Balance of Interest-Bearing Debt (As of the End of 28th Period)

Lender	Interest-bearing debt (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	22,785	24.6%
MUFG Bank, Ltd.	13,005	14.0%
Development Bank of Japan Inc.	12,800	13.8%
Sumitomo Mitsui Banking Corporation	8,270	8.9%
Mizuho Trust & Banking Co., Ltd.	7,807	8.4%
The Norinchukin Bank	7,412	8.0%
The Dai-ichi Life Insurance Company, Limited	6,000	6.5%
Resona Bank, Ltd.	3,400	3.7%
Sompo Japan Nipponkoa Insurance Inc.	2,500	2.7%
Aozora Bank, Ltd.	2,500	2.7%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.7%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.6%
The Bank of Fukuoka, Ltd.	1,000	1.1%
Shinkin Central Bank	1,000	1.1%
Nippon Life Insurance Company	1,000	1.1%
<b>Loan Total</b>	<b>92,600</b>	<b>100.0%</b>

\* Shaded areas refer to sponsor companies.

## Types of Lenders for Interest-Bearing Debt



## Status of Investment Corporation Bonds (As of the End of 28th 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
(Green Bonds) 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
<b>Investment Corporation Bond Total</b>		<b>33,000</b>		

## Status of Commitment Line (As of the End of 28th Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From January 30, 2020 to January 29, 2021
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
<b>Total Commitment Line</b>	<b>14,000</b>	



Owner Classification	Investment Units				
	27th Period (Dec. 2019)		28th Period (Jun. 2020)		Composition change
	Number of units	Composition	Number of units	Composition	
Financial Institutions and Securities Companies	935,450	71.6%	989,035	73.1%	1.5pt
Other Domestic Companies	115,087	8.8%	116,197	8.6%	-0.2pt
Foreign Companies, etc.	197,116	15.1%	184,462	13.6%	-1.5pt
Individuals	58,047	4.4%	63,306	4.7%	0.3pt
<b>Total</b>	<b>1,305,700</b>	<b>100.0%</b>	<b>1,353,000</b>	<b>100.0%</b>	<b>—</b>

Unitholders				
27th Period (Dec. 2019)		28th Period (Jun. 2020)		Composition change
Number of unitholders	Composition	Number of unitholders	Composition	
163	2.7%	173	2.6%	-0.1pt
137	2.3%	165	2.4%	0.1pt
206	3.4%	203	3.0%	-0.4pt
5,540	91.6%	6,205	92.0%	0.4pt
<b>6,046</b>	<b>100.0%</b>	<b>6,746</b>	<b>100.0%</b>	<b>—</b>

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

Rank	Name	Units	Composition ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	368,218	27.2%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	220,509	16.3%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.3%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	62,612	4.6%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	52,254	3.9%
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.5%
7	State Street Bank - West Client – Treaty 505234	18,242	1.3%
8	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	16,430	1.2%
9	Nomura Securities Co., Ltd.	12,874	1.0%
10	JP MORGAN CHASE BANK 385771	12,471	0.9%
<b>Total</b>		<b>855,830</b>	<b>63.3%</b>

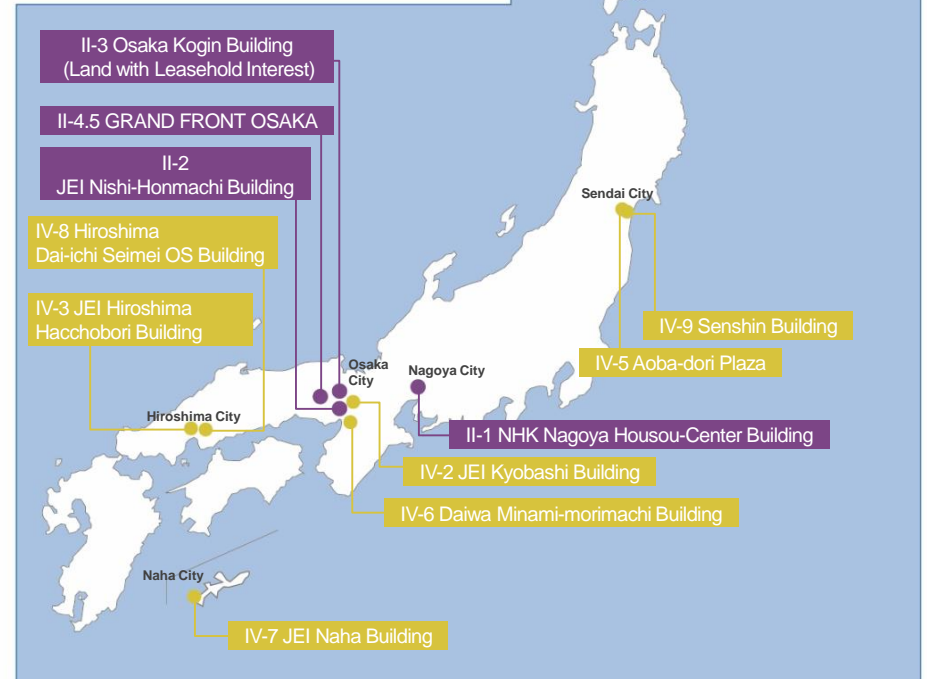
\*1 Ratios are rounded to the first decimal place.

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

Memo



# Portfolio Map



\* JEI Nishi-Honmachi Building was sold on July 3, 2020.

# 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	Other	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 <sup>2</sup> )	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 (%)	8.3	3.5	3.1	10.3	1.7	4.0	7.0	0.6
Period-end Occupancy rate (%)	100.0	99.2	100.0	100.0	100.0	100.0	98.7	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	II-1	II-2	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	NHK Nagoya Housou-Center Building	JEI Nishi-Honmachi Building *4	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	Higashi Ward, Nagoya City, Aichi	Nishi Ward, Osaka City, Osaka	Chuo Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka
Total floor area (m <sup>2</sup> )	19,418.17	8,402.51	176,536.75	3,515.63	80,809.95	15,800.31	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	July 1991	February 1988	-	Mar. 2013 (South Building) Feb. 2013 (Umekita Plaza)	February 2013
Acquisition date	1. Mar. 2013 2. Aug. 2017	July 2016	July 2018	Oct. 2019	1. Jun. 2006 2. Mar. 2014	March 2007	February 2013	February 2020	February 2020
Acquisition price (MN yen)	11,431	11,420	6,590	6,200	5,610	1,001	1,770	4,868	3,982
Investment ratio (%)	4.2	4.2	2.4	2.3	2.1	0.4	0.6	1.8	1.5
Period-end Occupancy rate (%)	100.0	97.1	100.0	100.0	100.0	97.2	100.0	99.4	98.8
PML (%)	3.30	5.74	0.66	8.41	1.44	11.27	-	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.

\*4 JEI Nishi-Honmachi Building was sold on July 3, 2020.

# 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 <sup>2</sup> )	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 (%)	5.1	4.0	2.0	1.7	0.9	7.6	0.6	2.4	9.0	0.2
Period-end Occupancy rate (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	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	★★★	★★★	—	★★	—	★★★	—	★	★★★★★	—

\*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 (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 <sup>2</sup> )	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	2.0	0.8	1.6	0.5	1.0	0.6
Period-end Occupancy rate (%)	100.0	96.0	100.0	98.8	100.0	100.0	95.9	91.0
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.