

# JEI

**Japan Excellent, Inc.**

**Twenty-Seventh Period (ended December 2019)**

**Presentation Materials**

February 18, 2020

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Please visit JEI's website below.



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

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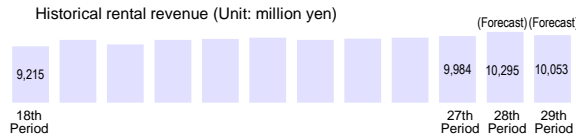


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# Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area

## Internal Growth

- Maintained high occupancy rates with sponsors' support
  - Average occupancy rate over the past 5 years: **99.1%**
- Continuous stable growth of rental revenue



## External Growth

- 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: **79.8%\*1**
  - Percentage of sponsor-related property acquisitions: **95.1%\*1**

## Financial Strategy

- Established a solid financial base supported by a megabank sponsor
  - Ratings: **AA-** (JCR), **A3** (Moody's)
  - Average remaining period of interest-bearing debt: **4.2 years**
  - LTV: **41.9%\*1**

### Sponsors

**The Dai-ichi Building Co., Ltd.**  
**SOHGO HOUSING CO., Ltd.**

Leading companies in the PM industry

### Core sponsor

**Nippon Steel Kowa Real Estate Co., Ltd.**

Major real estate developer closely-related with Mizuho Financial Group

### Core sponsor

**The Dai-ichi Life Insurance Company, Limited**

One of the largest owners of office buildings in Japan

### Sponsors

**Mizuho Bank, Ltd.**  
**Mizuho Trust & Banking Co., Ltd.**

A Japanese megabank

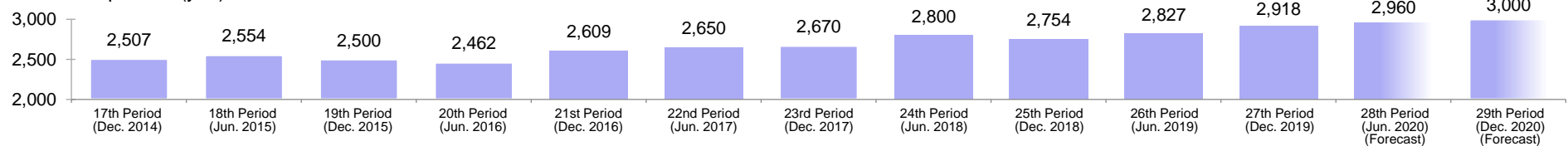
## Established a quality portfolio with high growth potential and stability

### Centering on office buildings and properties in central Tokyo\*1 \*2

Number of properties	Asset size	Ratio of investment in office buildings	Ratio of large-scale properties	Ratio of investment in the Tokyo metropolitan area	Ratio of investment in six central wards of Tokyo
<b>34 properties</b>	<b>272.3 billion yen</b>	<b>93.0%</b>	<b>70.1%</b>	<b>85.3%</b>	<b>51.7%</b>

## Stable distribution records

### Distribution per unit (yen)



\*1 The figures after the initiatives are indicated. The "initiatives" refer to the asset acquisition/transfer, public offering, repayment of loans of 9.0 billion yen conducted in and after the 27th Period.

\*2 Please refer to notes on p. 34 for definitions of the figures above.

# I. Financial Results and Performance Forecasts

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# 1. Highlights of the 27th Period (Ended December 2019)

## External Growth

- ◆ Completed a round of elimination of unrealized loss through asset replacement and entered a phase of asset size expansion
  - Acquired BIZCORE AKASAKA-MITSUKE and Senshin Building
  - Acquired GRAND FRONT OSAKA (February 3, 2020)
  - Plan to transfer JEI Nishi-Honmachi Building and Kowa Kawasaki Nishiguchi Building (35% equivalent) in parts

## Internal Growth

- ◆ Realized continuous internal growth through rent increase during tenant replacement and 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.

## Financial Strategy

- ◆ Procured approximately 8 billion yen in total through the public offering in January 2020.
- ◆ Strengthened financial standing through asset replacement (transfer in parts)
  - Asset acquisition capacity expanded due to the decrease in LTV.
  - Internally reserved most of the gain on sale (Reserve for reduction entry).
- ◆ Issued JEI's first 20-year investment corporation bonds. (Amount: 1.0 billion yen, Interest rate: 1.07%)

## ESG

- ◆ Received "Green Star" in the GRESB Real Estate Assessment for the fifth consecutive year (GRESB Rating 4-Star)\*2.
- ◆ MSCI ESG Rating\*2 was upgraded from BB to BBB

- Unrealized gain
  - Percentage of unrealized gain
    - Highest ever: **21.8%**, Change from FP26: **+1.5pt**
  - Unrealized gain
    - Highest ever: **57.2 billion yen**, Change from FP26: **+4.7 billion yen**
- Effect of the initiatives
  - Ratio of top 5 properties: **42.3%**, Change from end of 26th Period: **-3.9pt**
  - Average property age: **1.6 years**\*1

- Status of rent
  - Rental revenue: Highest ever, **9,984 million yen**
  - Average rate of rent increase upon tenant replacement: **+11.7%**
  - Ratio of rent revised upward (area basis): **46.4%** Rate of upward rent revision: **+7.0%**
- Period-end occupancy rate: **99.6%** (Period average 99.5%)

- LTV
  - 44.2%** → **44.9%** → **41.9%**  
(End of 26th Period) (End of 27th period) (After the initiatives)
  - Property acquisition capacity (Up to LTV of 45%)
    - End of 26th Period: **3.9 billion yen** → After the initiatives: **15.9 billion yen**
- Internal reserve
  - End of 26th Period: **158 million yen** → After the initiatives: **489 million yen**

- Percentage of properties with Green Building certification: **60.0%**  
(New acquisition of the certification is planned to occur for 7 properties by March 2020. The percentage is to surpass 75%.)

## NAV per Unit

FP26: 150,327 yen

**FP27: 152,865 yen**

**+2,538 yen**  
(**+1.7%**)  
from FP26

## Distribution per Unit

FP26: 2,827 yen

**FP27: 2,918 yen**

**+91 yen**  
(**+3.2%**)  
from FP26

Change from forecast at beginning of period  
**+58 yen**

\*1 Calculated by comparing the property age after the initiatives and the property age with no initiatives.

\*2 Please see page 40 for details on GRESB Rating and MSCI ESG Rating.

## 2. Highlights of Public Offering and Property Acquisition/Transfer

- ◆ Conducted public offering in order to carry out transition from asset replacement phase to the asset size expansion phase. Increased unitholder value by realizing growth of distribution per unit and NAV. Lowered LTV to 41.9%.

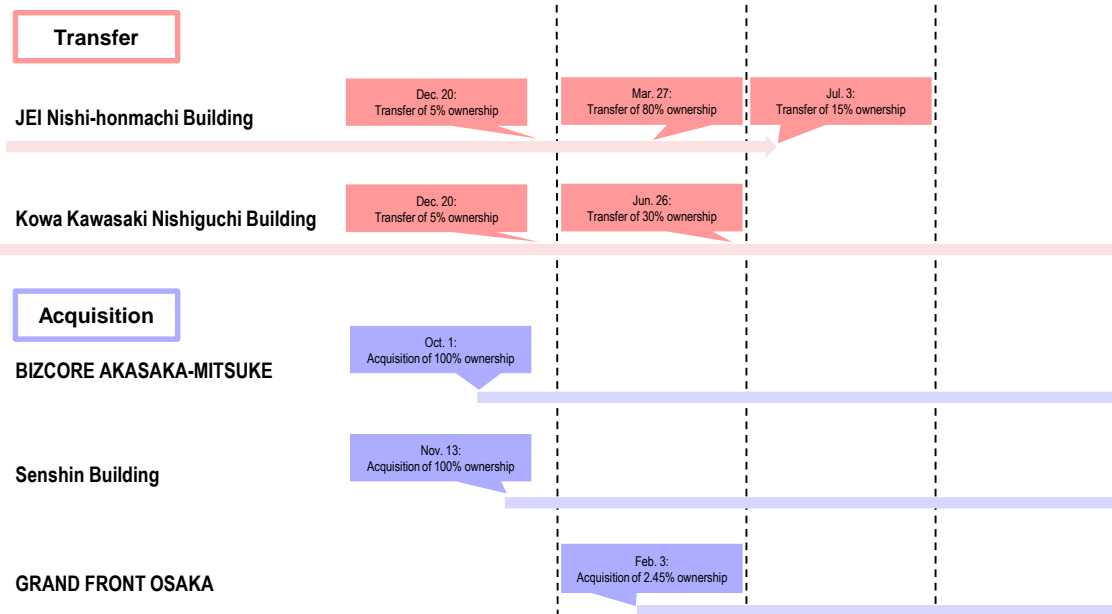
### ■ Overview of Public Offering

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

### ■ Overview of Property Acquisition/Transfer

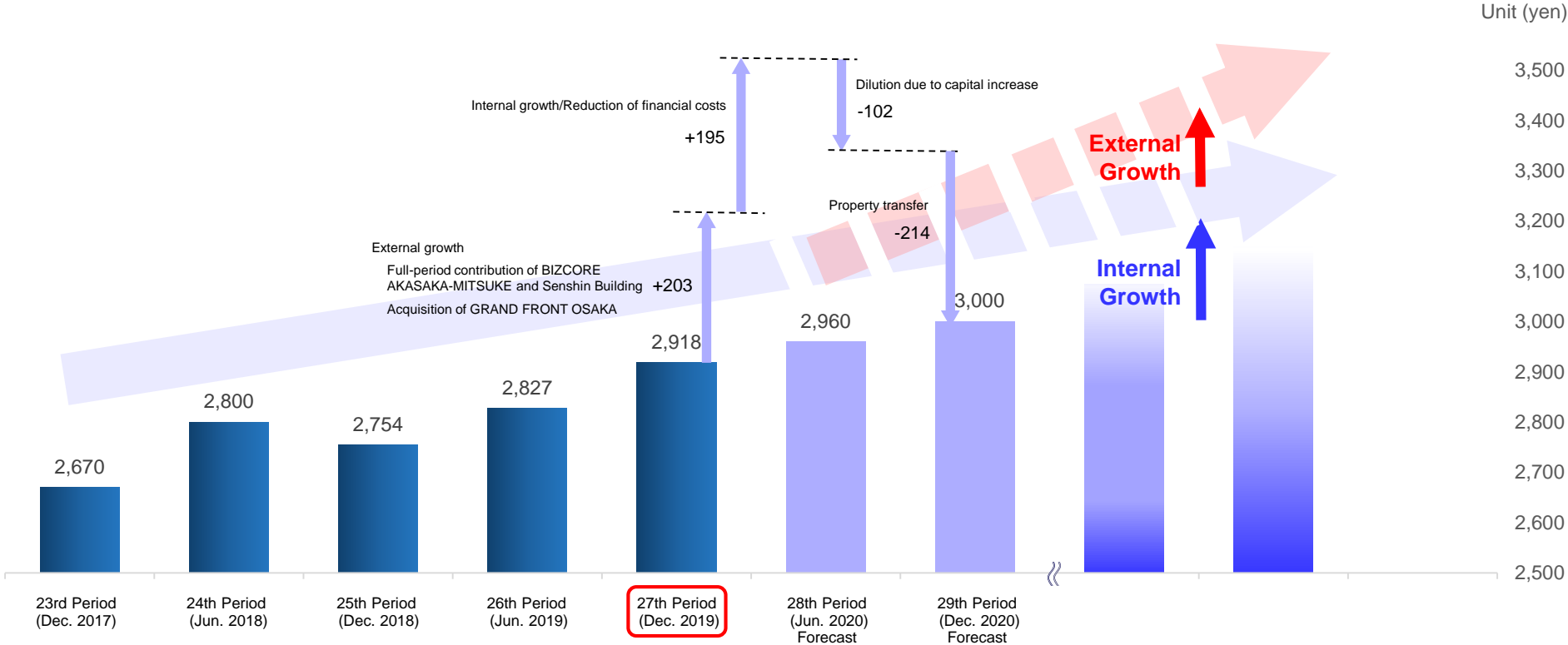
(100 million yen)

	27th Period Ended December 2019	28th Period Ending 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	—	-90.0	—	-90.0
Gain on transfer	1.0	17.2	3.1	21.4
Loss on transfer/impairment loss	-16.2	—	—	-16.2
Internal reserve	—	1.68	4.89	
LTV	44.9%	41.9%	41.9%	



# 3. Actual Results and Forecast of Distributions per Unit

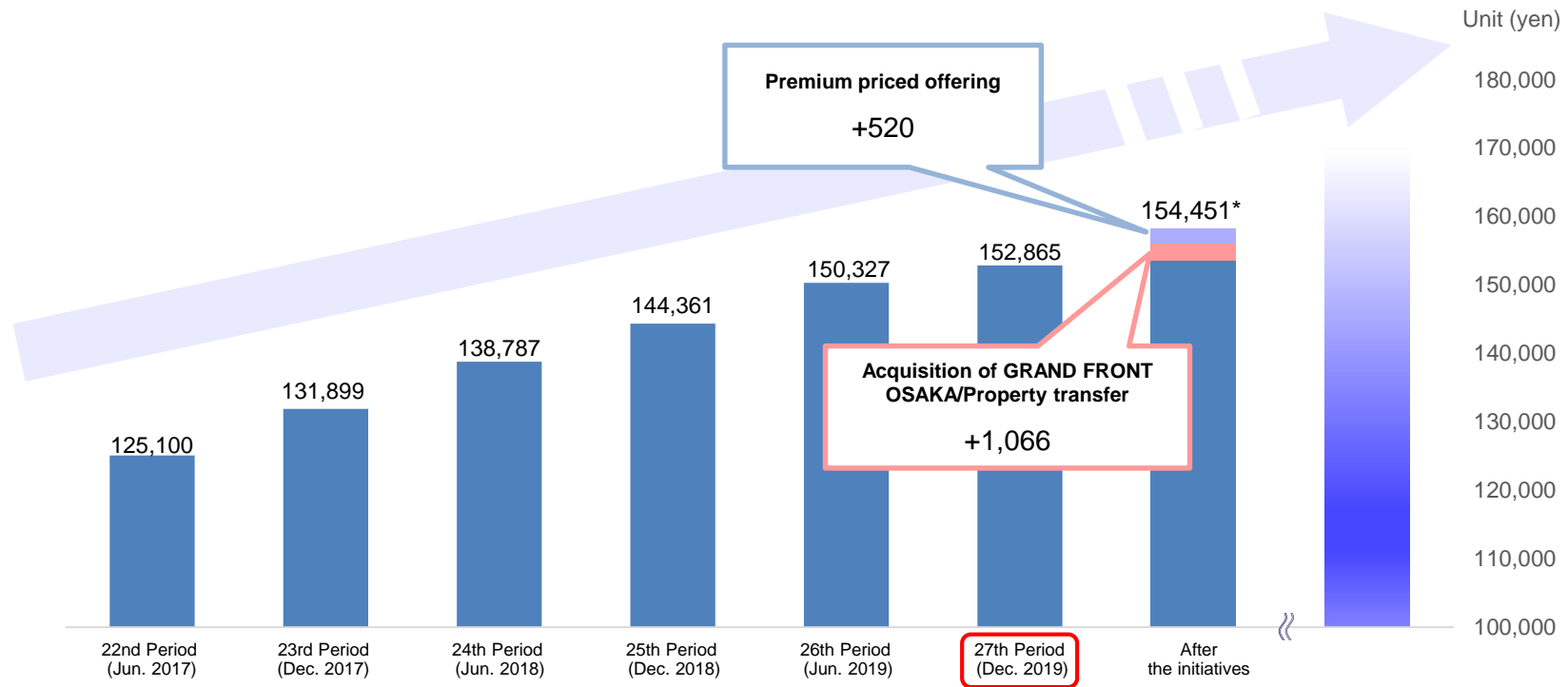
◆ Will aim for drastic and speedy growth by capitalizing on external growth and internal reserve based on strong internal growth, while securing stable distributions.





# 4. Actual Results and Forecast of NAV per Unit

- ◆ NAV per unit also grew significantly due to the quality asset replacement and the effect of premium priced offering in addition to the internal growth and an increase in appraisal value resulting from lowering of cap rate.



\* NAV per unit at the end of 27th Period + (Appraisal value of GRAND FRONT OSAKA - Acquisition price of GRAND FRONT OSAKA - Unrealized gain/loss of transferred properties at the end of 27th Period + (Purchase price of public offering - NAV per unit at the end of 27th Period) x Number of newly issued investment units) / (Number of investment units issued and outstanding at the end of 27th Period + Number of investment units increased through public offering)

# 5. Financial Results of the 27th Period (Ended December 2019)

## (1) Comparison with the Previous Period

- ◆ DPU was 2,918 yen, up 91 yen from the previous period (up 3.2% from the previous period) due to new property acquisition and an increase in rental revenue from existing properties.
- ◆ Recorded allowance for temporary difference adjustment to deal with a book-tax difference resulted from the recording of impairment loss.

(unit: million yen)

	26th Period (Jun. 2019) Result	27th Period (Dec. 2019) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,668	10,890	222	■ External Growth (Newly acquired properties)	44	34	
Rental revenue	9,850	9,984	133	Increase in profit after depreciation	44		BIZCORE AKASAKA-MITSUKE: 32 Senshin Building: 12
Revenue for utilities expenses	713	793	80	■ Internal Growth (existing properties)	78	57	
Other revenue	105	113	8	Increase in rental revenue	77	59	Departure and lease-up: -11 Rent revisions: 83
Operating expenses	6,349	7,978	1,628	Increase in utilities revenue/expenses	25	19	
Expenses for rental operations	5,747	5,906	158	Increase in other revenue	5	3	
Property management expenses	1,399	1,458	59	Increase in expenses for rental operators	-88	-68	Increase in leasing management fee Mansard Daikanyama: -13 JEI Hamamatsucho Building: -11 AKASAKA INTERCITY: -10
Utilities expenses	959	1,013	54	Increase in property management expenses	-51		
Taxes	917	944	27	Increase in taxes	-28		
Repairs and maintenance	285	311	26	Increase in repairs and maintenance	-26		
Other expenses for rental operations	250	248	-2	Decrease in depreciation	15		
(NOI)	6,856	6,913	57	Decrease in other expenses for rental operations	3		Expensing of fixed property and city planning tax for a property acquired in the 24th Period and 25th Period
Depreciation	1,935	1,929	-6	Decrease in sales and administrative expenses	57	44	AKASAKA INTERCITY AIR: -15 Hiroshima Dai-ichi Seimei OS Building: -6
Loss on transfer	—	120	120	■ Finance	-37	-28	
Impairment loss	—	1,407	1,407	Increase in interest expense	-9		
Sales and administrative expenses	601	543	-57	Increase in loan relating fees	-6		Decrease in asset management fees: 57
Operating income	4,318	2,912	-1,406	Increase in other non-operating expenses	-21		Public offering related cost: -21
Non-operating expenses	628	665	37	■ Sale of Properties	-1,528	-1,170	
Ordinary income	3,691	2,247	-1,444	Decrease in profit after depreciation of transferred properties	-1		
Net income	3,690	2,246	-1,444	Occurrence of loss on sale/impairment loss	-1,527		Loss on sale from transfer of Kawasaki Nishiguchi (5%): -222 Gain on sale from transfer of Nishi-Honmachi (5%): 101 Impairment loss from transfer of Kawasaki Nishiguchi (5%): -1,407
Provision (-) and reversal (+) of reserve for reduction entry	—	+158	158	■ Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment	1,564	1,198	
Provision (+) and reversal (-) of allowance for temporary difference adjustment	—	+1,406	1,406	Reversal of reserve for reduction entry	158		
Total distributions	3,691	3,810	118	Provision of allowance for temporary difference adjustment	1,406		Response to a book-tax difference resulted from the recording of impairment loss
Distributions per unit (yen)	2,827 yen	2,918 yen	91 yen	<b>Total</b>	<b>119</b>	<b>91</b>	
FFO	5,626	5,703	76				

# 5. Financial Results of the 27th Period (Ended December 2019)

## (2) Comparison with the Forecast

- Rental revenue was higher than the forecast against the backdrop of strong needs for floor expansion within the same buildings, expansionary relocation, etc. DPU was 2,918 yen, up 58 yen from the initial forecast.

				(unit: million yen)			
	27th Period (Dec. 2019) Forecast	27th Period (Dec. 2019) Result	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,834	10,890	56	■ External Growth (Newly acquired properties)	15	11	
Rental revenue	9,932	9,984	51	Increase in profit after depreciation	15		Senshin Building: 12
Revenue for utilities expenses	805	793	-12	■ Internal Growth (existing properties)	35	26	
Other revenue	96	113	17	Increase in rental revenue	42	32	Kowa Kawasaki Nishiguchi Building: 28 JEI Nishi-honmachi Building: 22
Operating expenses	6,443	7,978	1,534	Increase in utilities revenue/expenses	20	15	
Expenses for rental operations	5,833	5,906	73	Increase in other revenue	13	10	
Property management expenses	1,422	1,458	36	Increase in expenses for rental operators	-107	-82	Increase in leasing management fee Kowa Kawasaki Nishiguchi Building: -30
Utilities expenses	1,046	1,013	-32	Increase in property management expenses	-33		
Taxes	952	944	-7	Decrease in taxes	6		
Repairs and maintenance	241	311	70	Increase in repairs and maintenance	-70		Kowa Kawasaki Higashiguchi Building: -80
Other expenses for rental operations	249	248	-1	Increase in depreciation	-6		
(NOI)	6,921	6,913	-8	Decrease in other expenses for rental operations	-3		
Depreciation	1,920	1,929	8	Decrease in sales and administrative expenses	66	51	Decrease in asset management fees: 61
Loss on transfer	—	120	120	■ Finance	-9	-7	
Impairment loss	—	1,407	1,407	Decrease in interest expense	4		
Sales and administrative expenses	610	543	-66	Increase in other non-operating expenses	-15		
Operating income	4,390	2,912	-1,478	■ Sale of Properties	-1,527	-1,170	
Non-operating expenses	655	665	9	Occurrence of loss on sale/impairment loss	-1,527		
Ordinary income	3,735	2,247	-1,488	■ Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment	1,564	1,198	
Net income	3,734	2,246	-1,488	Reversal of reserve for reduction entry	158		
Provision (-) and reversal (+) of reserve for reduction entry	—	+158	158	Provision of allowance for temporary difference adjustment	1,406		Response to a book-tax difference resulted from the recording of impairment loss
Provision (+) and reversal (-) of allowance for temporary difference adjustment	—	+1,406	1,406	<b>Total</b>	<b>77</b>	<b>58</b>	
Total distributions	3,734	3,810	75				
Distributions per unit (yen)	2,860 yen	2,918 yen	58 yen				
FFO	5,655	5,703	47				

# 4. Performance Forecasts

## (1) 28th Period (Ending June 2020)

◆ DPU is expected to be 2,960 yen, up 42 yen from the previous period, due to an increase in rent revenue (both departure/lease-up and rent revisions) from existing properties in addition to the new property acquisition.

				(unit: million yen)			
	27th Period (Dec. 2019) Result	28th Period (Jun. 2020) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	10,890	12,818	1,927	■ Dilution due to capital increase	0	-102	
Rental revenue	9,984	10,295	311	■ External Growth (Newly acquired properties)	228	169	BIZCORE AKASAKA-MITSUKE and Senshin Building
Revenue for utilities expenses	793	701	-91	Increase in profit after depreciation of properties acquired in the 26th Period	90		Full-period contribution
Other revenue	113	92	-21	Increase in profit after depreciation of properties acquired in the 27th Period	138		
Gain on sale	—	1,729	1,729	■ Internal Growth (existing properties)	-65	-47	
Operating expenses	7,978	6,576	-1,402	Increase in rental revenue	104	77	GRAND FRONT OSAKA
Expenses for rental operations	5,906	5,860	-46	Decrease in utilities revenue/expenses	-7	-5	
Property management expenses	1,458	1,450	-8	Decrease in other revenue	-19	-14	Departure and lease-up: 81
Utilities expenses	1,013	933	-80	Decrease in expenses for rental operators	29	22	Rent revisions: 61
Taxes	944	974	29	Decrease in property management expenses	34		Rent holiday (rent exemption period): -32
Repairs and maintenance	311	269	-42	Increase in taxes	-16		
Other expenses for rental operations	248	263	15	Decrease in repairs and maintenance	45		
(NOI)	6,913	7,196	283	Increase in depreciation	-40		Increase in asset management fees: -138
Depreciation	1,929	1,967	38	Decrease in other expenses for rental operations	5		
Loss on transfer	120	—	-120	Increase in sales and administrative expenses	-172	-127	Transfer of Nishi-Honmachi (5%): -3
Impairment loss	1,407	—	-1,407	■ Finance	2	1	Transfer of Kawasaki Nishiguchi (5%): -16
Sales and administrative expenses	543	715	172	Decrease in interest expense	16		
Operating income	2,912	6,242	3,330	Increase in loan relating fees	-14		Transfer of Nishi-Honmachi (80%): -53
Non-operating expenses	665	663	-2	■ Sale of Properties	3,166	2,340	Transfer of Kawasaki Nishiguchi (30%): -16
Ordinary income	2,247	5,580	3,332	Decrease in profit after depreciation of properties transferred in the 26th Period	-20		
Net income	2,246	5,579	3,333	Decrease in profit after depreciation of properties transferred in the 27th Period	-69		Gain on sale from transfer of Nishi-Honmachi (80%): 1,652
Provision (-) and reversal (+) of reserve for reduction entry	+158	-168	-326	Occurrence of gain on sale/absence of impairment loss	3,257		Gain on sale from transfer of Kawasaki Nishiguchi (30%): 76
Provision (+) and reversal (-) of allowance for temporary difference adjustment	+1,406	-1,406	-2,812	■ Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment	-3,138	-2,319	Absence of loss on sale/impairment loss for Kawasaki Nishiguchi in the 26th Period: 1,527
Total distributions	3,810	4,004	194	Absence of reversal of reserve for reduction entry in the 26th Period	-158		
Distributions per unit (yen)	2,918 yen	2,960 yen	42 yen	Provision of reserve for reduction entry	-168		
				Absence of allowance for temporary difference adjustment in the 26th Period	-1,406		Response to a book-tax difference resulted from the recording of impairment loss
				Reversal of allowance for temporary difference adjustment	-1,406		
FFO	5,703	5,817	114	<b>Total</b>	<b>193</b>	<b>42</b>	

# 4. Performance Forecasts

## (2) 29th Period (Ending December 2020)

◆ DPU is expected to be 3,000 yen, up 40 yen from the previous period, due to ongoing strong internal growth in addition to full-period contribution of the properties acquired in the 28th Period.

				(unit: million yen)			
	28th Period (Jun. 2020) Forecast	29th Period (Dec. 2020) Forecast	Difference	Factors	Balance	DPU conversion (yen)	Main causes for change
Operating revenue	12,818	11,212	-1,606	■ <b>External Growth (Newly acquired properties)</b>	<b>45</b>	<b>34</b>	
Rental revenue	10,295	10,053	-241	Increase in profit after depreciation of properties acquired in the 26th Period	45		GRAND FRONT OSAKA Full-period contribution
Revenue for utilities expenses	701	757	55	■ <b>Internal Growth (existing properties)</b>	<b>292</b>	<b>216</b>	
Other revenue	92	86	-5	Increase in rental revenue	86	64	Departure and lease-up: 9
Gain on sale	1,729	314	-1,415	Decrease in utilities revenue/expenses	1	1	Rent revisions: 32
Operating expenses	6,576	6,202	-373	Decrease in other revenue	-4	-3	Absence of rent holiday (rent exemption period): 38
Expenses for rental operations	5,860	5,576	-284	Decrease in expenses for rental operators	119	88	
Property management expenses	1,450	1,340	-110	Decrease in property management expenses	58		Decrease in leasing management fee
Utilities expenses	933	988	55	Increase in taxes	-14		Kowa Kawasaki Higashiguchi Building: 35
Taxes	974	929	-45	Decrease in repairs and maintenance	46		AKASAKA INTERCITY: 13
Repairs and maintenance	269	221	-48	Decrease in depreciation	27		
Other expenses for rental operations	263	255	-8	Decrease in other expenses for rental operations	2		
(NOI)	7,196	7,163	-33	Decrease in sales and administrative expenses	89	66	Decrease in asset management fees: 53
Depreciation	1,967	1,840	-126	■ <b>Finance</b>	<b>33</b>	<b>25</b>	
Sales and administrative expenses	715	626	-89	Decrease in interest expense	4		
Operating income	6,242	5,009	-1,232	Decrease in loan relating fees	8		Absence of public offering related cost: 21
Non-operating expenses	663	629	-33	Decrease in other non-operating expenses	20		
Ordinary income	5,580	4,381	-1,198	■ <b>Sale of Properties</b>	<b>-1,571</b>	<b>-1,161</b>	
Net income	5,579	4,380	-1,198	Decrease in profit after depreciation of properties transferred in the 26th Period	-139		Transfer of Nishi-Honmachi (80%): -29
Provision (-) and reversal (+) of reserve for reduction entry	-168	-321	-153	Decrease in profit after depreciation of properties transferred in the 27th Period	-16		Transfer of Kawasaki Nishiguchi (30%): -109
Provision (+) and reversal (-) of allowance for temporary difference adjustment	-1,406	—	1,406	Decrease in gain on sale	-1,415		Transfer of Nishi-Honmachi (15%)
Total distributions	4,004	4,059	54	■ <b>Provision/reversal of reserve for reduction entry / Provision/reversal of allowance for temporary difference adjustment</b>	<b>1,253</b>	<b>926</b>	Decrease in gain on sale of Nishi-Honmachi
Distributions per unit (yen)	2,960 yen	3,000 yen	40 yen	Provision of reserve for reduction entry	-153		Response to a book-tax difference resulted from the recording of impairment loss
				Absence of reversal of allowance for temporary difference adjustment in the 26th Period	1,406		
				<b>Total</b>	<b>54</b>	<b>40</b>	
FFO	5,817	5,907	89				

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## II. Management Status and Policy

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BIZCORE AKASAKA-MITSUKE

# 1. External Growth

## (1) Property Acquired in the 27th Period (BIZCORE AKASAKA-MITSUKE and Senshin Building)

- ◆ Acquired BIZCORE AKASAKA-MITSUKE of the BIZCORE series, which comprises medium-scale, high-grade office buildings. This was the first acquisition of the series which Nippon Steel Kowa Real Estate, the core sponsor, has been developing. In November, we also acquired Senshin Building, an office building with an excellent location very close to Sendai Station.

### BIZCORE AKASAKA-MITSUKE



#### Medium-scale, high-grade office building with specifications comparable to the latest large-scale office buildings

- Highly convenient as it is directly connected to Akasaka-mitsuke Station on the Tokyo Metro Ginza Line and Marunouchi Line
- Has a rooftop garden exclusively for tenants to raise workers' satisfaction and work efficiency

#### Advanced specifications and a comfortable working environment

- Bright, regular-shaped and pillarless rental room with a ceiling height of 2,800 mm offering an open feeling
- The first basement is directly connected to Akasaka-mitsuke Station on the Tokyo Metro Ginza Line and Marunouchi Line, and there is an exclusive entrance for tenants

#### Excellent aseismic performance and high business continuity in the case of a disaster

- Three days' worth of disaster supplies are stockpiled in a disaster supply storage space exclusively for tenants
- Capable of providing 15VA/m<sup>2</sup> for up to 36 hours to exclusive areas with emergency power generators in times of disaster

Location	Akasaka, Minato-ku, Tokyo		
Floors	B1/10F		
Total floor area	3,515.63 m <sup>2</sup>		
Completion date	March 2019		
Acquisition price	6,200 million yen		
Appraisal value	6,570 million yen		
Acquisition date	October 1, 2019		
NOI yield	3.6%	Yield after depreciation*	3.2%
Occupancy rate	88.9% (as of December 31, 2019)		



### Senshin Building



#### An office building facing Hirose-dori Avenue and in close proximity to Sendai Station and Aoba-dori Station

##### <High transport convenience>

- A 5-minute walk from Sendai Station on the JR/Sendai Subway
- A 3-minute walk from Aoba-dori Station on the JR Senseki Line

##### <Visibility as it faces Hirose-dori Avenue>



Location	Chuo, Aoba-ku, Sendai-shi, Miyagi		
Floors	B1/9F		
Total floor area	2,766.22 m <sup>2</sup>		
Completion date	October 1984		
Acquisition price	1,580 million yen		
Appraisal value	1,670 million yen		
Acquisition date	November 13, 2019		
NOI yield	5.2%	Yield after depreciation*	4.3%
Occupancy rate	98.4% (as of December 31, 2019)		

\* NOI yield and Yield after depreciation are calculated based on assumed income and expenditure for the first five years excluding special factors from the year of acquisition.



# 1. External Growth

## (2) BIZCORE Series

◆ Starting with BIZCORE JIMBOCHO, a total of 4 properties have been completed. Another 6 properties are scheduled to be completed going forward.

### Concept

**Medium-scale, high-grade office building with specifications comparable to the latest large-scale office buildings**

# BIZCORE

### Background and advantages

- Of medium- to small-scale office buildings in Tokyo, 90% are 20 years old or older and many satisfy only the former quake-resistance standards.
- "Quake-resistance," "disaster prevention" and "BCP" have become a focal point by business operators after the Great East Japan Earthquake.
- Began development of medium-scale office buildings with comfort and high quality by capitalizing on the know-how Nippon Steel Kowa Real Estate gained through development, management and operation of around 80 office buildings mainly in central Tokyo.
- Areas of special focus are Kanda, Shimbashi, Toranomom, Akasaka, etc., which are located in central Tokyo and have many old buildings.
- Provision of remote monitoring and circular management services in cooperation with large-scale flagship buildings owned/managed by Nippon Steel Kowa Real Estate.

### Basic specifications

#### Disaster prevention/BCP measures

- Three days' worth of disaster supplies are stockpiled in a disaster supply storage space exclusively for tenants.
- Ceiling that can withstand 1.25-fold force and is earthquake-resistant under the new quake-resistance standards.
- Capable of providing electricity to exclusive areas with emergency power generators in times of disaster.

#### Comfort

- Bright, pillar-less space with a ceiling height of 2,800 mm offering an open feeling.
- Comfortable environment incorporating individual air-conditioning system, automatic light-dimming system, Low-E glass, etc.

#### Security

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

### Future development

- **Development of 6 properties is planned for 2021 and after** in addition to BIZCORE JIMBOCHO, BIZCORE AKASAKA-MITSUKE, BIZCORE TSUKIJI and BIZCORE SHIBUYA.

#### BIZCORE JIMBOCHO

#### BIZCORE AKASAKA-MITSUKE

#### BIZCORE TSUKIJI

#### BIZCORE SHIBUYA



Completion	November 2017
Transportation	4-minute walk from Jimbocho Station on the Tokyo Metro, etc.
Total floor area	8,932.52 m <sup>2</sup>
Standard floor area	Approx. 890 m <sup>2</sup> (Approx. 269 tsubos)



Completion	March 2019
Transportation	Directly connected to Akasaka-mitsuke Station on the Tokyo Metro, etc.
Total floor area	3,515.63 m <sup>2</sup>
Standard floor area	Approx. 265 m <sup>2</sup> (Approx. 80 tsubos)



Completion	July 2019
Transportation	3-minute walk from Tsukiji Station on the Tokyo Metro, etc.
Total floor area	6,757.73 m <sup>2</sup>
Standard floor area	Approx. 661 m <sup>2</sup> (Approx. 200 tsubos)



Completion	January 2020
Transportation	Approx. 4-minute walk from Shibuya Station on the JR Line and other lines, etc.
Total floor area	3,905.17 m <sup>2</sup>
Standard floor area	Approx. 349 m <sup>2</sup> (Approx. 105 tsubos)

# 1. External Growth

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

- ◆ Acquired an equivalent of 2.45% co-ownership of an urban complex with the latest specifications which is 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 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 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): 99.7% (North Building): 99.5%		



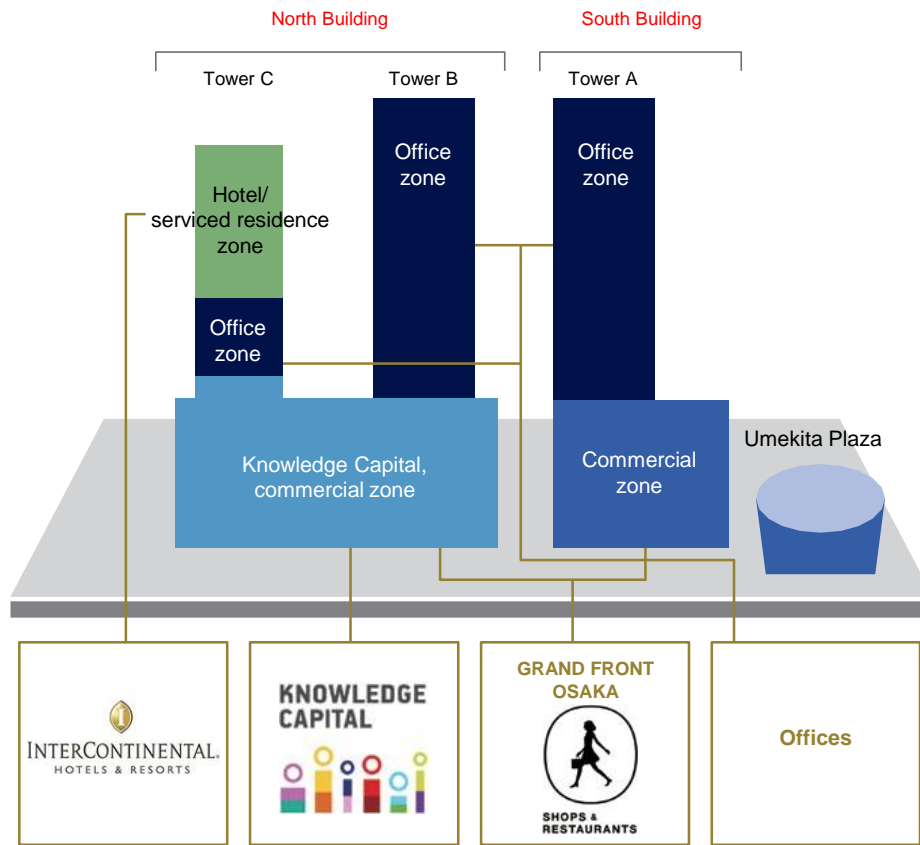
\* Appraisal NOI yield and Yield after depreciation are calculated based on the NOI determined by the direct capitalization approach in the appraisal report.

# 1. External Growth

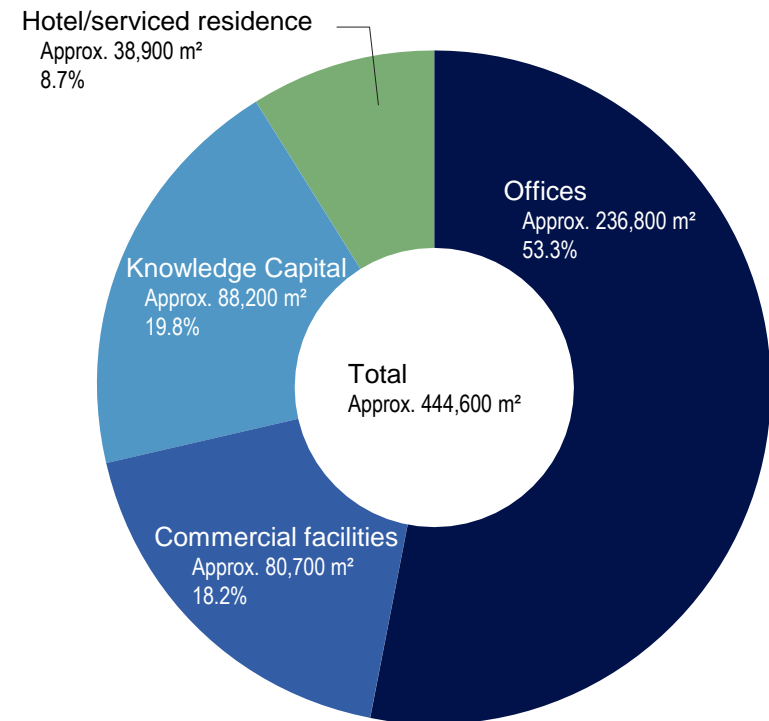
## (3) Property Acquired in the 28th Period (GRAND FRONT OSAKA)

◆ GRAND FRONT OSAKA (Umekita Plaza South Building) is comprised of Tower A (South Building), which is occupied by offices and commercial facilities, and Umekita Plaza housing mostly commercial facilities. GRAND FRONT OSAKA (North Building) is comprised of Tower B and Tower C, and these are occupied by a hotel and Knowledge Capital, a center for industry-academia collaboration, in addition to offices and commercial facilities as its principle use.

Use of the Property by Block



Use Composition of GRAND FRONT OSAKA (based on total floor area)



Source: Prepared by the asset management company based on the official website of GRAND FRONT OSAKA

Source: Prepared by the asset management company based on the official website of GRAND FRONT OSAKA

# 1. External Growth

## (4) 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**

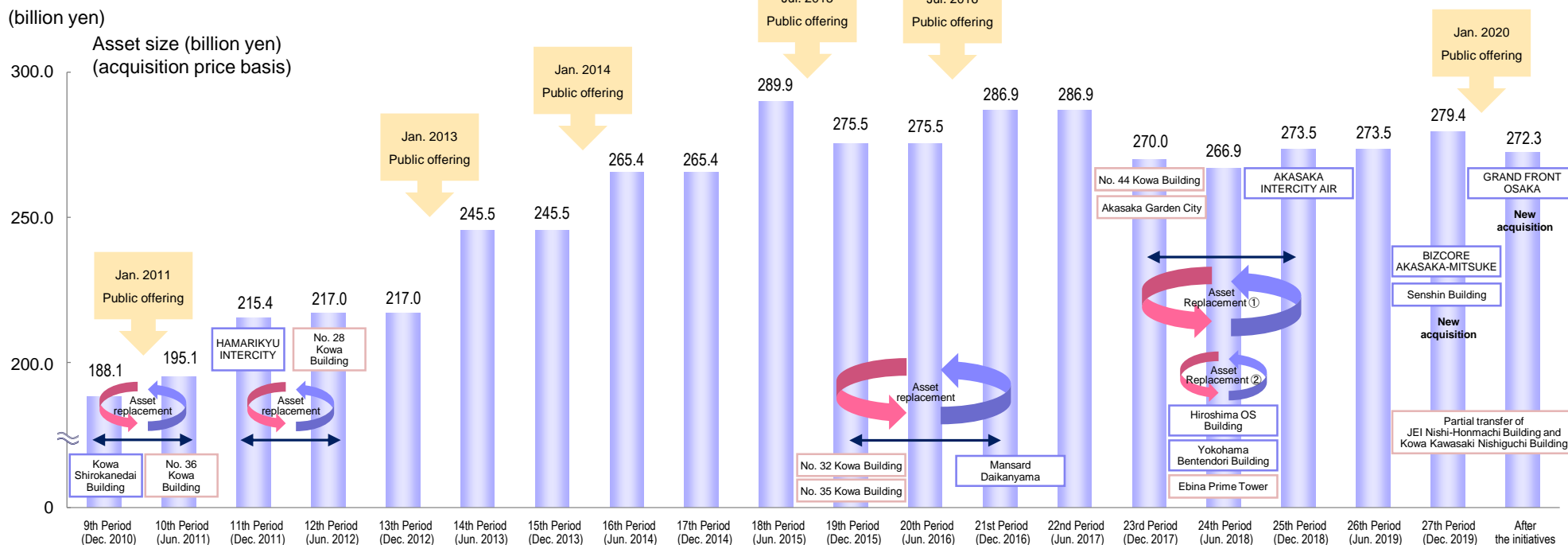
#### [Result (End of December 2010 and after, until the end of the initiatives)]

- ◆ Acquired 27 properties·156.4 billion yen
- ◆ Acquisition from sponsor: 64.6%
- ◆ Sold 9 properties·72.2 billion yen as asset replacements

#### [Future strategies]

- ◆ Shift the axis of external growth from asset replacement to asset size expansion
- ◆ Continue selective investments in view of the current real estate transaction market
- ◆ Expand asset size in the medium to long term utilizing sponsor pipeline such as the “BIZCORE” series

### Change in External Growth



# 1. External Growth

## (5) 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



	22nd Period (Jun. 2017)	27th Period (Dec. 2019)	After the initiatives
Unrealized gain	19.6 billion yen	57.2 billion yen	58.6 billion yen
Portfolio NOI yield	4.7%	5.0%	5.2%*
Ratio of top 5 properties	45.5%	44.6%	42.3%

\* Portfolio NOI yield after the initiatives is the forecast figure as of the 29th Period.

# 1. External Growth

## (6) 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%



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



Shibaura Rune Site Tower 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 approx. 290 investment real estate, primarily office buildings, across Japan

Memo

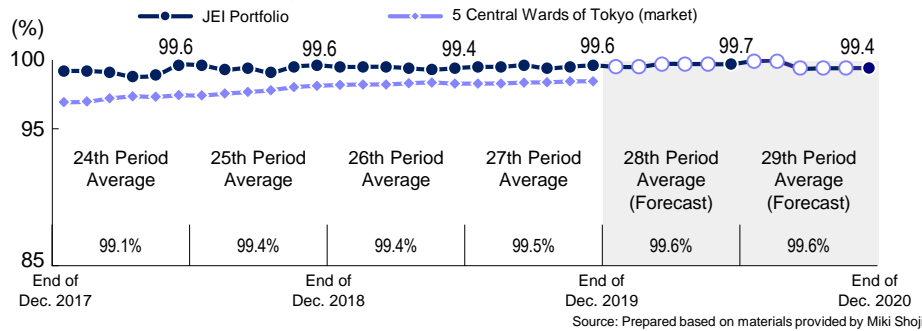


# 2. Internal Growth

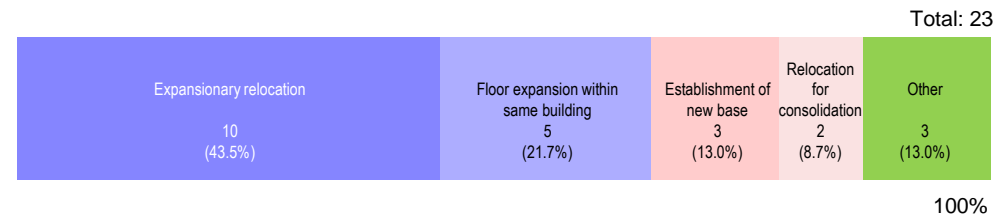
## (1) Status of Rent ① (Departure and Lease-up)

- ◆ Occupancy rate remained high at the upper 99% range. Tenant departure rate remained at a low level of around 1%.
- ◆ With strong needs for expansionary relocation, floor expansion within the same buildings, etc., successfully increased rent for around 90% of new tenants with the rate of increase averaging 11.7%.

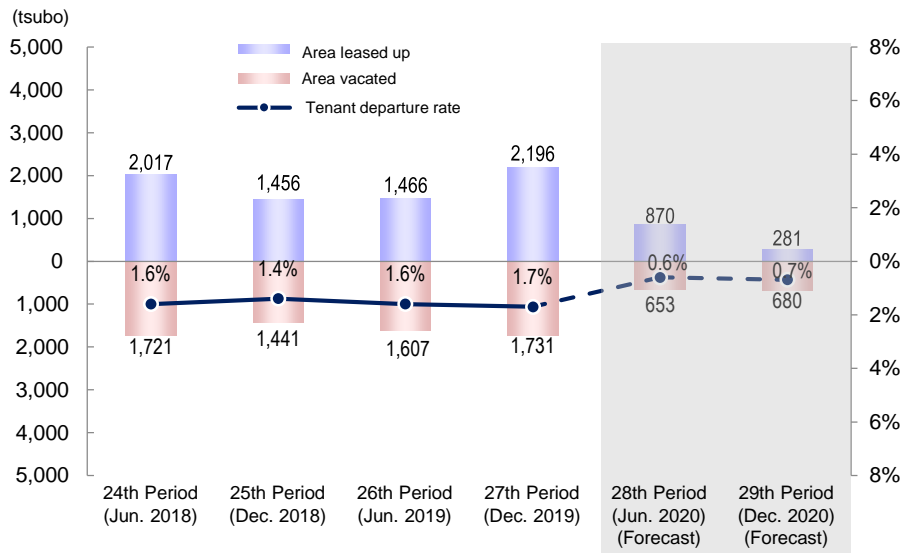
### Historical Occupancy Rate



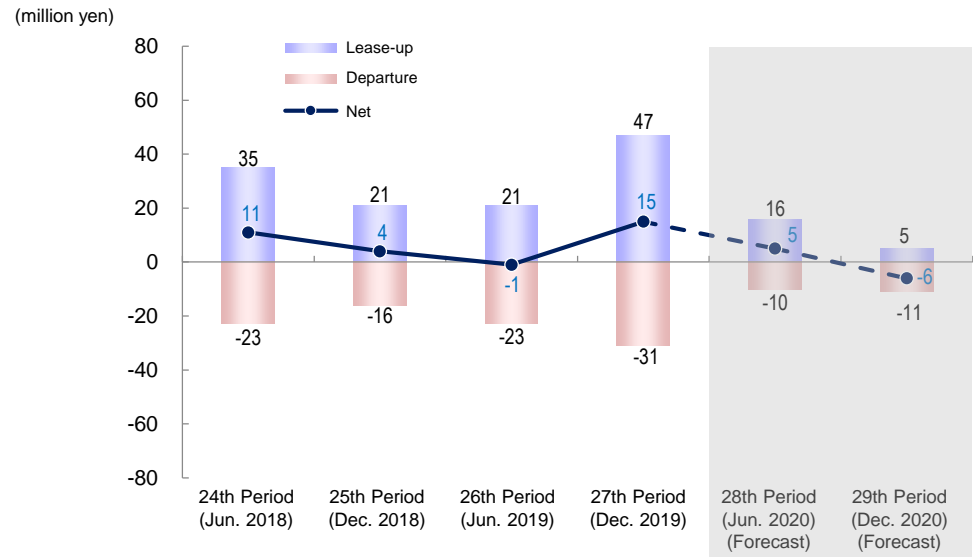
### Reasons for Lease-Up (Actual Reasons for the 27th Period)



### 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.

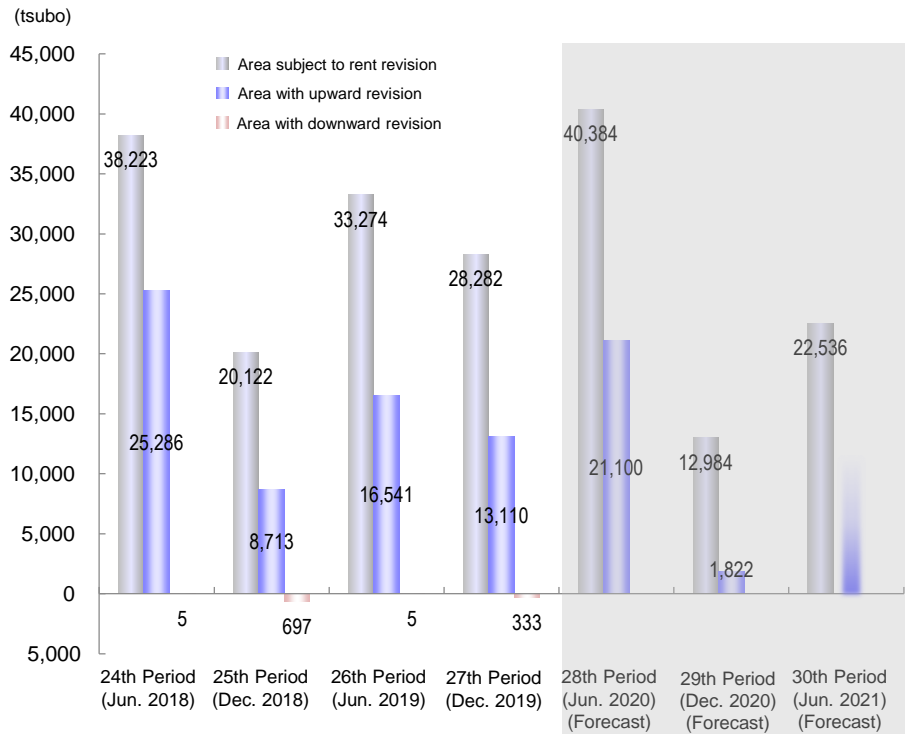


## 2. Internal Growth

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

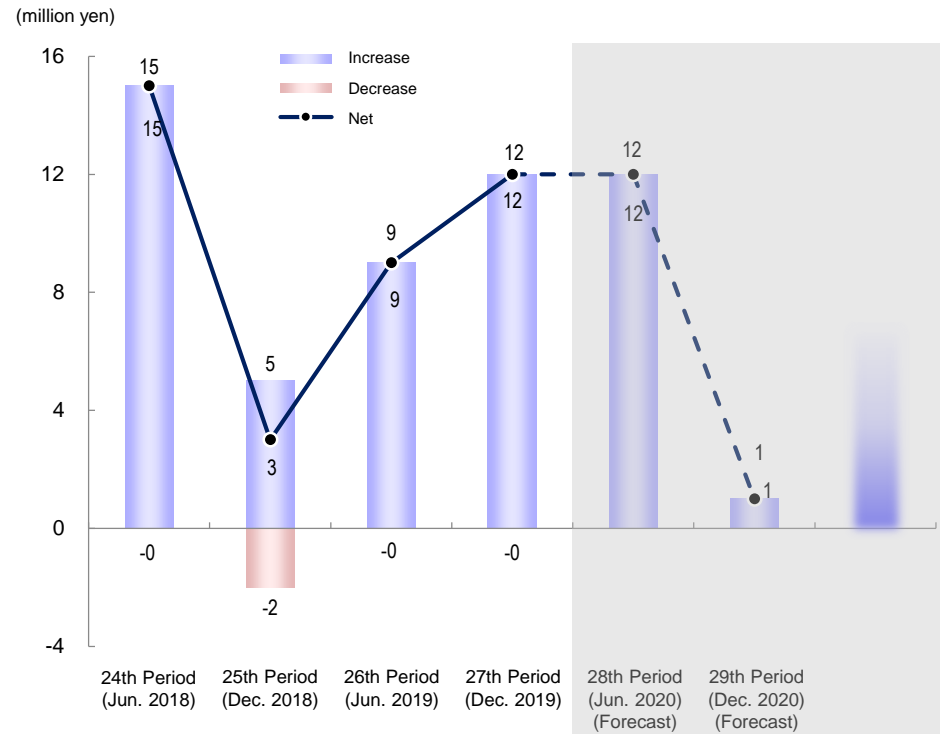
- ◆ Increased rent revision trend continued in the 27th Period with an upward revision rate of 7.0% for 46.4% of the area subject to revision.
- ◆ With the increase in the area subject to revision in the 28th Period, aim to surpass the amount of increase in monthly rent through rent revisions in the previous period.

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



Area-based percentage of increase	24th Period	25th Period	26th Period	27th Period	28th Period	29th Period
	66.2%	43.3%	49.7%	46.4%	52.3%	14.0%

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



Upward revision rate	24th Period	25th Period	26th Period	27th Period	28th Period	29th Period
	4.6%	4.5%	4.0%	7.0%	3.8%	3.9%
Downward revision rate	13.6%	15.6%	2.8%	1.6%	-	-
Rent revision rate*2	2.9%	1.0%	2.0%	3.0%	2.1%	0.4%

\*1 The figures do not include the data of those under fixed rent master lease agreements or of residences.

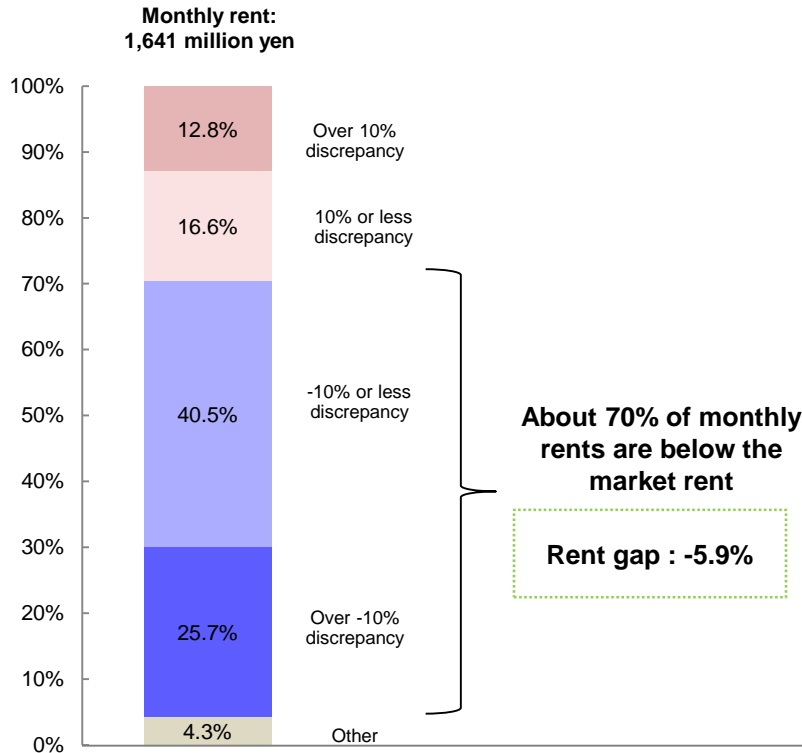
\*2 Figures are average rent revision rate including contract renewal at the same rent

# 2. Internal Growth

## (2) Status of Rent Gap

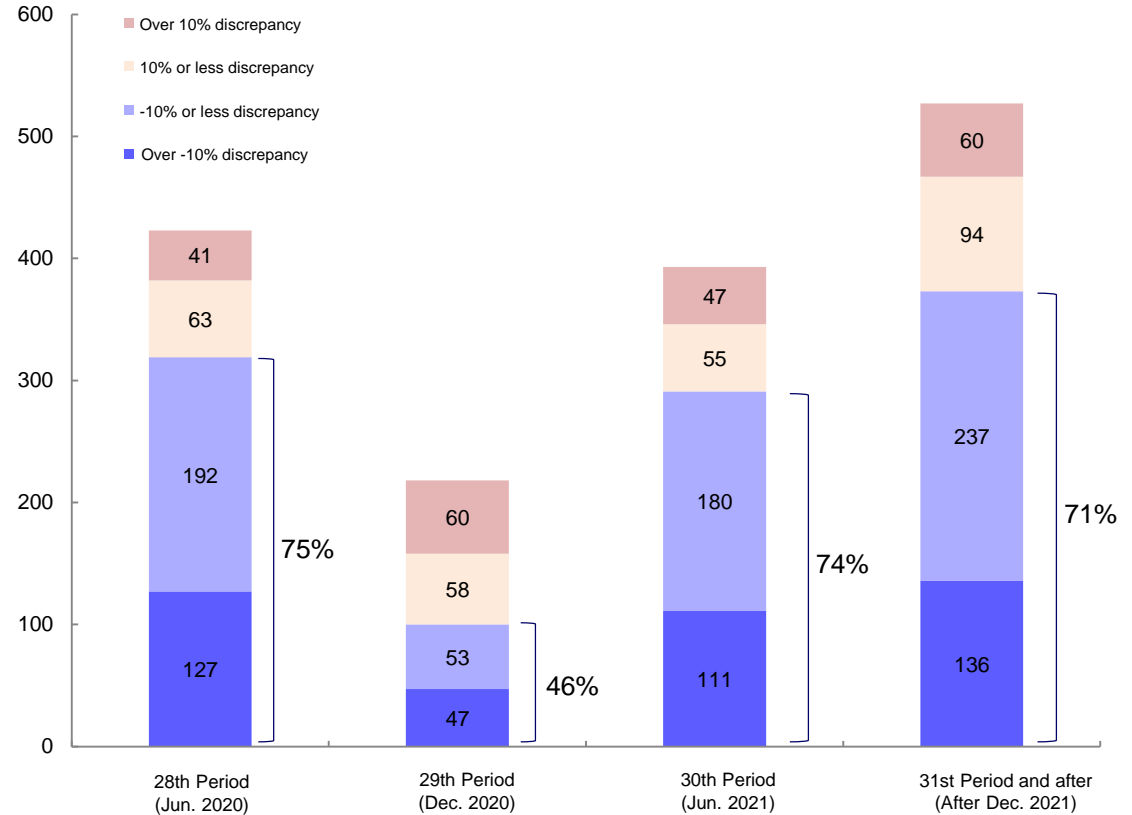
- ◆ Approximately 70% of existing contracts are below the market rent.
- ◆ The increase in market rent outpaced rent increase, and the rent gap\*<sup>1</sup> has widened from -5.1% to -5.9%.

### ■ Status of Rent Gap (As of the End of 27th Period)



### ■ Monthly Rent by Renewal Period

(million yen)



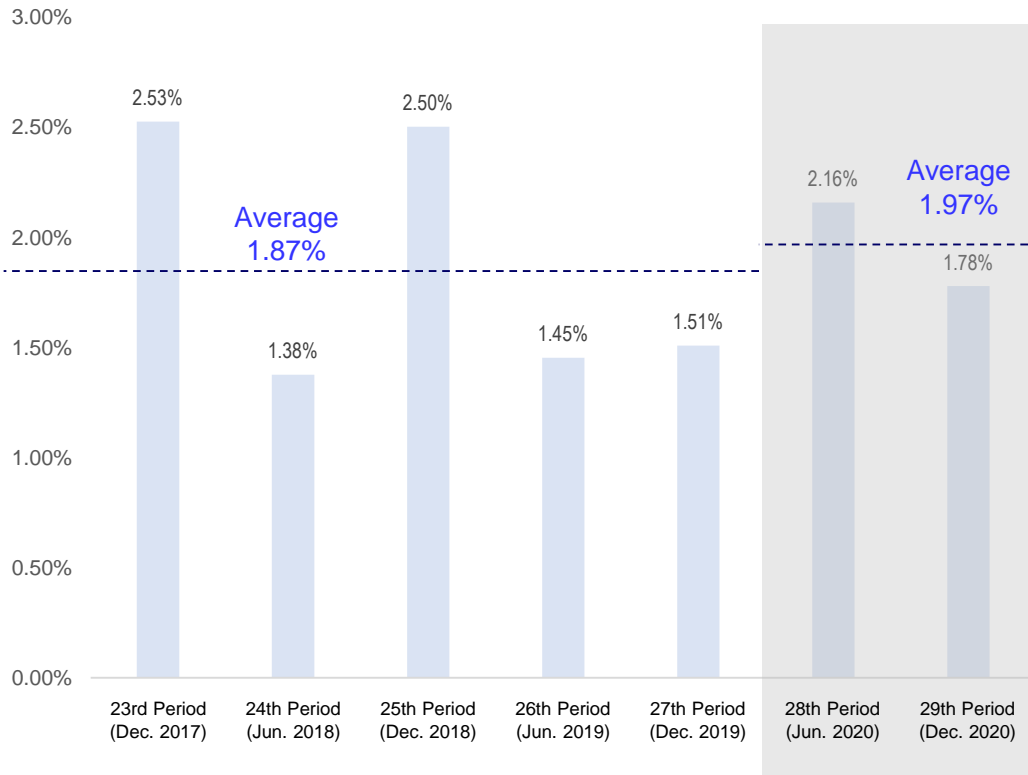
\* Rent gap is calculated by using average contracted rents and expected contracted rents assessed by the asset management company (market rents). The rent gap calculated based on expected contracted rents assessed by CBRE is -12.9%.

## 2. Internal Growth

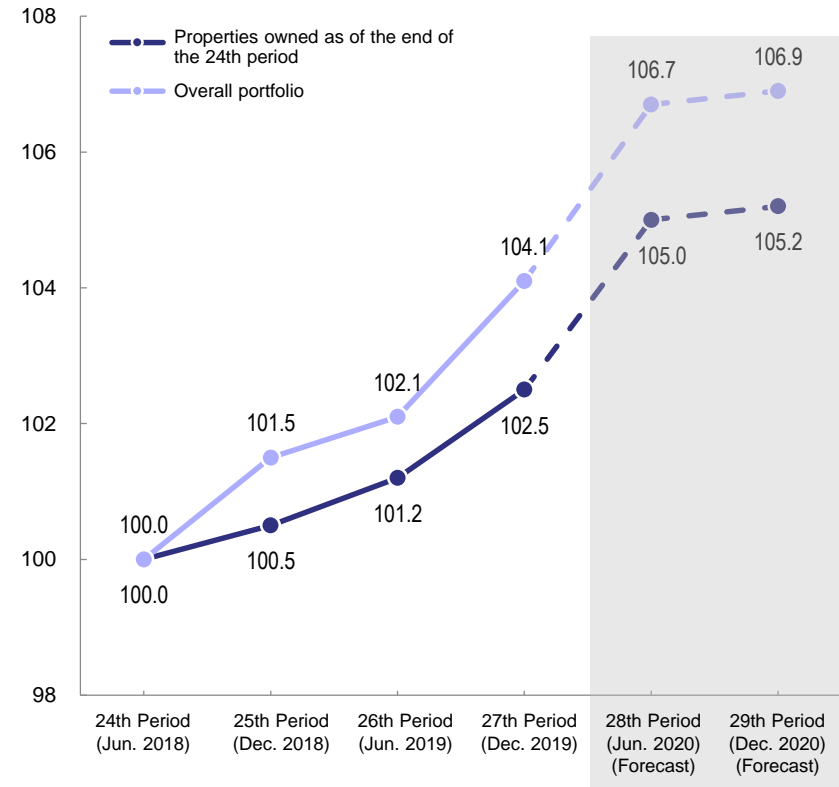
### (3) Rent Increase Rate and Unit Rent Levels

- ◆ Rent revenue from existing properties continued to increase and is expected to increase by 2% a year going forward.
- ◆ Unit rents have steadily increased due to upward rent revision and rent increase upon tenant replacement.

#### ■ Rate of Increase in Rent Revenue for Existing Properties (annualized)



#### ■ Historical Rent Levels\*



\* The annualized increase/decrease rate of total rent revenue of properties owned for full period during both the relevant period and the previous period is shown. For and after the 28th Period, JEI Nishi-Honmachi Building is excluded; and as to Kowa Kawasaki Nishiguchi Building, only the 65% ownership interest which is not subject to transfer is used in the calculation. The rates of increase in rent revenue for the 23rd Period and the 24th Period are -2.15% and 6.17%, respectively, when the effect of departure/lease-up of large tenants at Shiba 2-Chome Building is considered.

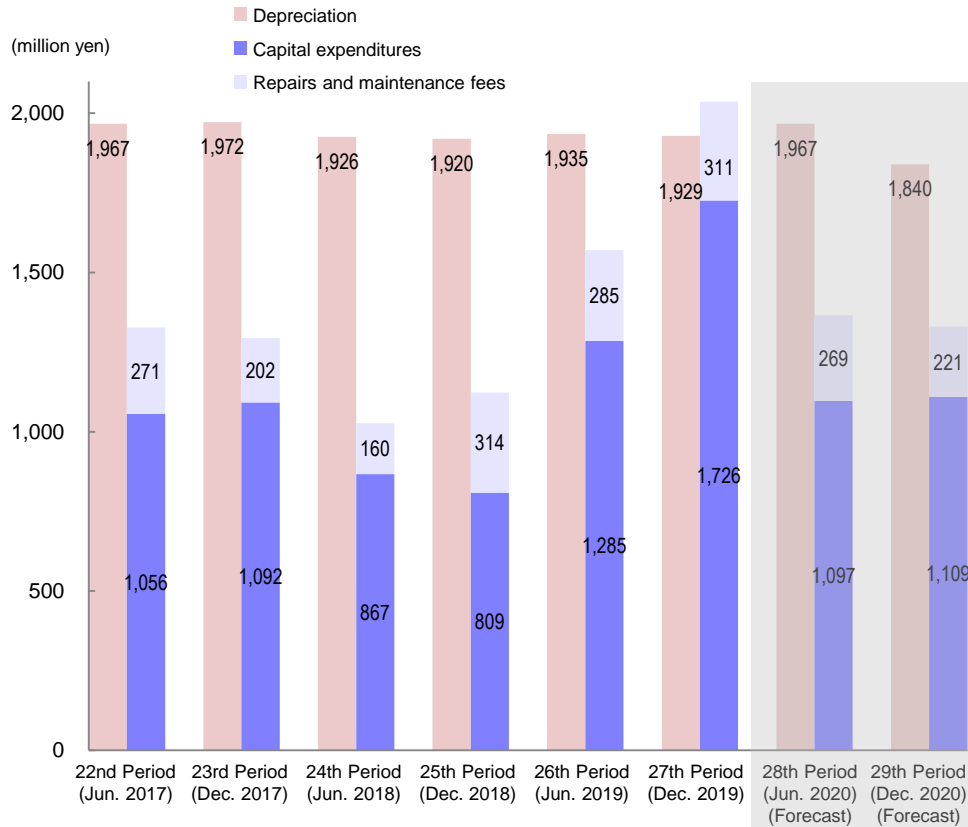
\* Indexed with the average unit rent at the end of the 24th period set as 100. The average unit rent is weighted average by leased office area. Properties owned at the end of the 24th Period are properties continuously owned since the end of the 24th Period among those owned at the end of the 27th Period.

## 2. Internal Growth

### (4) Construction Results/Value-Added Renovations

◆ 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 (28th Period, 29th Period)

[Air conditioning renewal]	Kowa Kawasaki Nishiguchi Building, Kowa Kawasaki Higashiguchi Building
[Elevator renewal]	Kowa Kawasaki Nishiguchi Building
[Additional installation of a toilet on each floor]	Kowa Kawasaki Higashiguchi Building
[Upgrading heat source equipment]	Omori Bellport D

#### ■ Actual Examples of Profitability Improvement through Value-Added Renovations

Property name	Investment amount	Completion of renovation*1	Main areas renovated	Rate of increase in rent revenue (per period)*2	Rate of upward rent revision (27th Period)	Rate of rent increase upon tenant replacement (27th Period)
JEI Naha Building	53 million yen	21st Period	Restrooms, hallways and elevator hall	3.5%	20.0%	—
JEI Kyobashi Building	35 million yen	21st Period	Restrooms and hallways	1.5%	9.6%	-9.1%
SE Sapporo Building	177 million yen	22nd Period	Restrooms, hallways and elevator hall	4.1%	6.4%	41.7%
NHK Nagoya Housou-Center Building	253 million yen	26th Period	Restrooms and office pantries	0.0%	4.7%	26.3%
Total of 4 properties	518 million yen	—	—	1.9%	7.7%	26.9%
Portfolio average	—	—	—	1.2%	6.9%	11.7%

27th Period (Ended December 2019):  
Common-use area renovation at Hiroshima Dai-ichi Seimei OS Building



\*1 The period in which the main section has been completed is indicated.

\*2 The per-period rate of increase from completion of renovation to the 27th Period for each property is indicated.

Memo



# 3. Financial Strategy

## (1) Performance of Financing Activities

- ◆ Issued JEI's first 20-year investment corporation bonds. Extended the debt period and lowered interest rates through refinancing of investment corporation bonds due for redemption in November 2018.
- ◆ Conducted the first public offering in three and a half years. Lowered LTV significantly by combining it with property acquisition/transfer.

### Repayments and Procurements in the 27th Period

◇ Refinanced investment corporation bonds due for redemption in November 2018

Investment corporation bonds due for redemption in November 2018			Date of issue	Amount	Term	Interest rate	
	Amount	Term	Interest rate	April 2018	4.0 billion yen	10.0 years	0.595%
				September 2019	1.0 billion yen	20.0 years	1.07%
Total	7.0 billion yen	5.5 years	0.73%	Total	5.0 billion yen	12.0 years	0.69%

**Term +6.5 years, Interest rate -4bp**

◇ Took out short-term loans of 4.0 billion yen upon acquisition of BIZCORE AKASAKA-MITSUKE (October 2019)

Term	Interest rate
1.0 year	0.28%

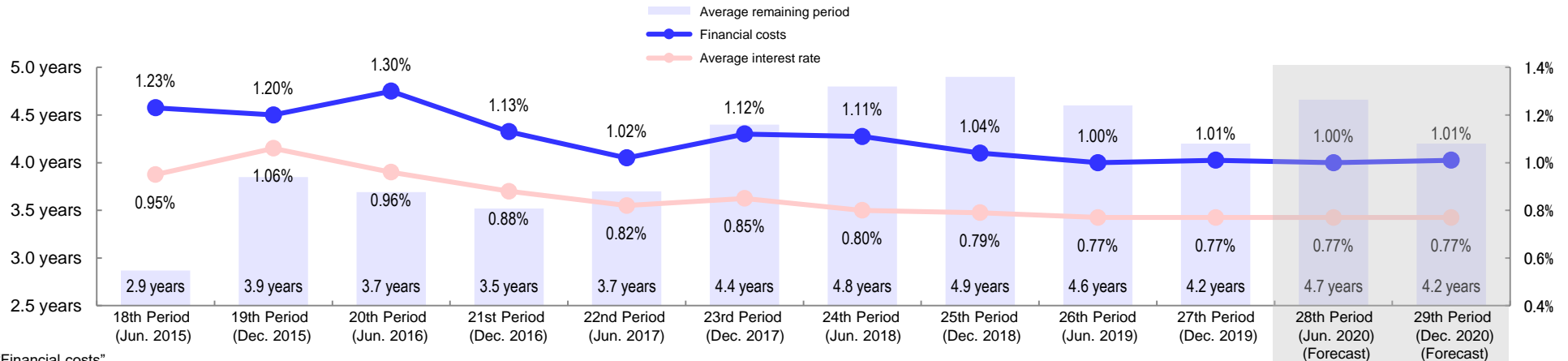
◇ Refinanced loans of 1.0 billion yen (December 2019)

Before refinancing		After refinancing	
Term	Interest rate	Term	Interest rate
3.0 years	0.25%	5.0 years	0.42%

### Public Offering

- Procured around 8 billion yen (including over-allotment) in January and February 2020
- Improved NAV per unit through premium priced offering and property acquisition/transfer

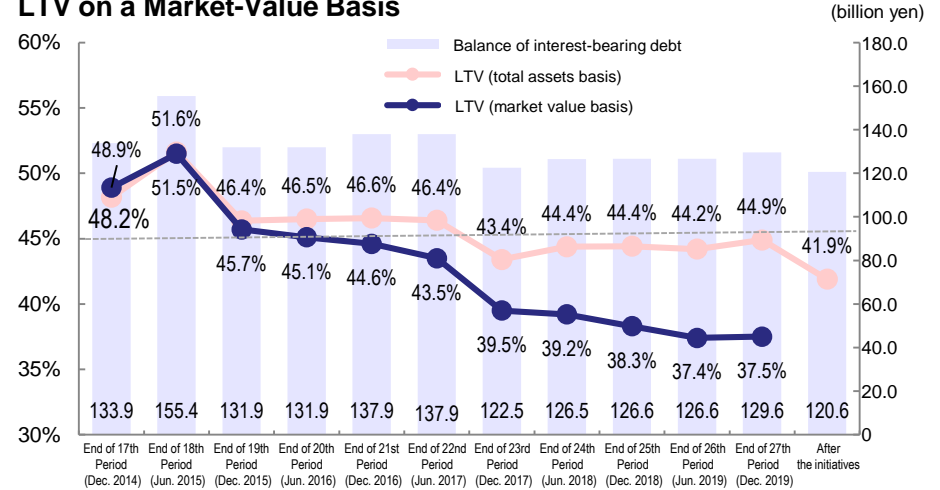
### Historical Average Remaining Period of Interest-Bearing Debt, Financial Costs\*1, and Average Interest Rate of Interest-Bearing Debt



\*1 "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.

### Historical Interest-Bearing Debt, LTV on a Total-Assets Basis and LTV on a Market-Value Basis

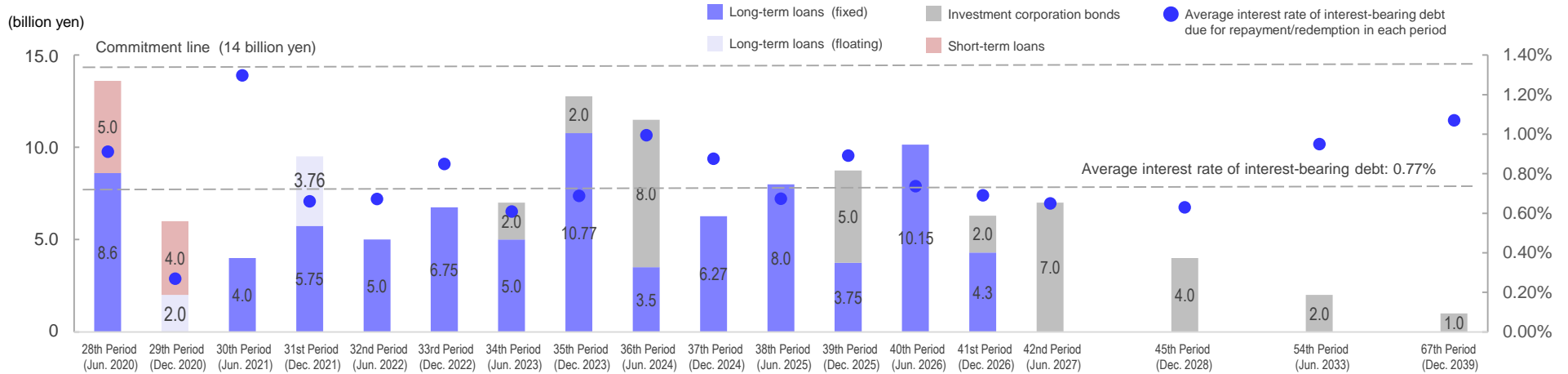


# 3. Financial Strategy

## (2) Status of Financial Management

◆ Fixed interest rates, extended remaining period of interest-bearing debt, 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 27th Period)



### ■ Historical Major Financial Data

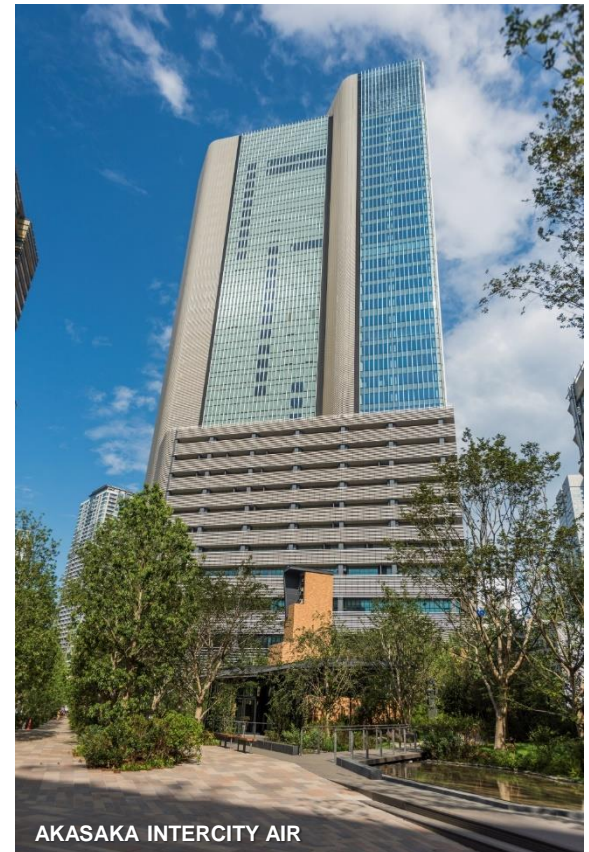
	23rd end (Dec. 2017)	24th end (Jun. 2018)	25th end (Dec. 2018)	26th end (Jun. 2019)	27th end (Dec. 2019)	Difference
Balance of interest-bearing debt	122.5 billion yen	126.5 billion yen	126.6 billion yen	126.6 billion yen	129.6 billion yen	3.0 billion yen
LTV (total assets basis)	43.4%	44.4%	44.4%	44.2%	44.9%	0.7pt
LTV (market value basis)	39.5%	39.2%	38.3%	37.4%	37.5%	0.1pt
Average remaining period of interest-bearing debt	4.4 years	4.8 years	4.9 years	4.6 years	4.2 years	-0.4 years
Financial costs	1.12%	1.11%	1.04%	1.00%	1.01%	0.01 pt
Average interest rate of interest-bearing debt	0.85%	0.80%	0.79%	0.77%	0.77%	—
Ratio of fixed interest rate	96.2%	96.3%	93.9%	89.9%	88.6%	-1.3 pt

### ■ 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)

### III. Features of Japan Excellent Inc.

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AKASAKA INTERCITY AIR



# 1. Sponsors

## 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.

Provision of property acquisition opportunities that will enable continuous expansion of the asset size

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, 2019, manages 293 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

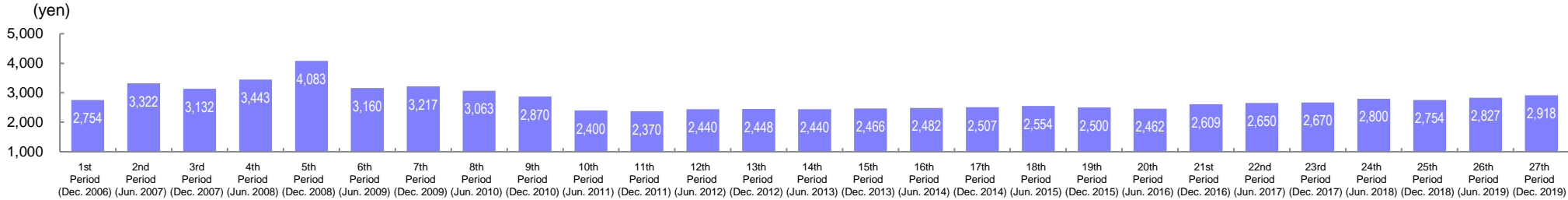
Supply of personnel

Management

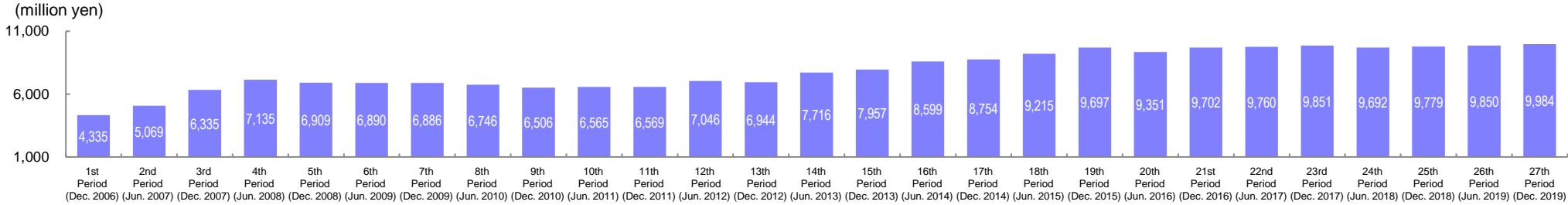
Management of JEI's properties

# 2. Track Record

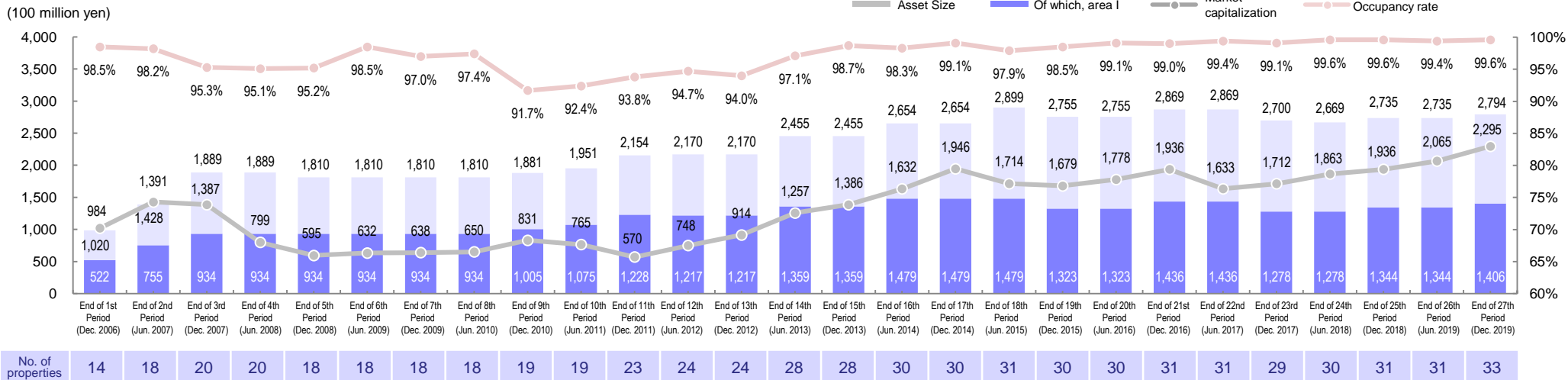
## Historical Distributions per Unit\*1



## Historical Rental Revenue



## Historical Asset Size, Market Capitalization and Occupancy Rate\*2



\*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.

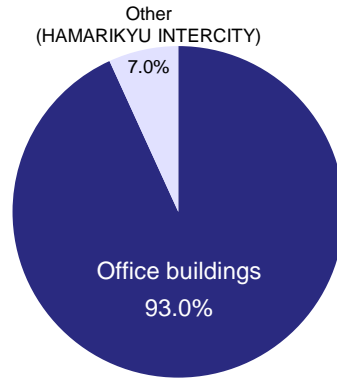
\*2 Market capitalization indicates the market capitalization as of the end of each fiscal period.

# 3. Portfolio (1)

## Usage

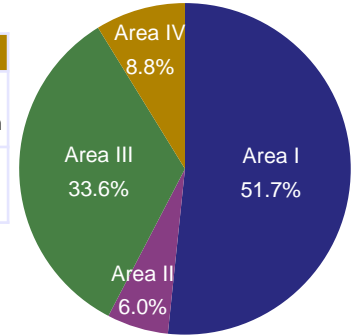
(Investment Policy)

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



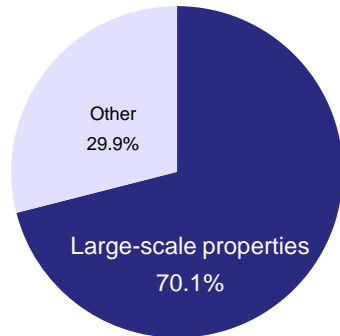
## Area

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

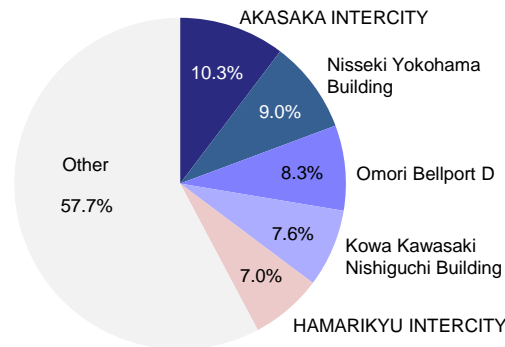


Ratio of investment in the Tokyo<sup>\*4</sup> metropolitan area  
85.3%

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



## Top 5 Properties



Ratio of top 5 properties  
42.3%

(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.

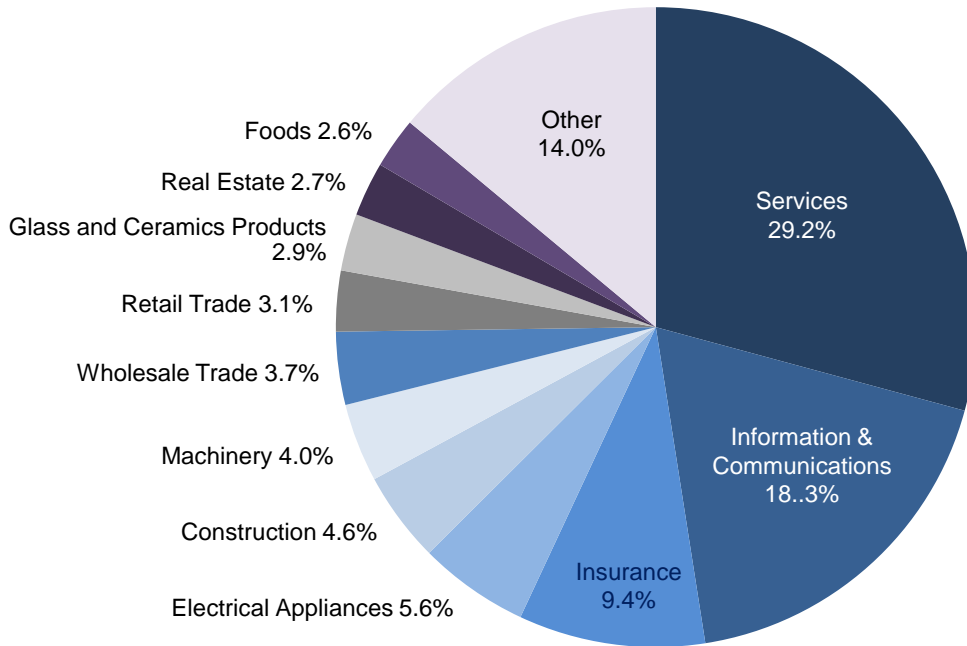
<sup>\*3</sup> "Large-scale properties" refers to properties with total floor area of 10,000 tsubos or more for the 23 wards of Tokyo, and of 4,000 tsubos or more for areas other than the 23 wards of Tokyo.

<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 after the initiatives. 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 (%)
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	20,476.10	5.9
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.4
Hitachi Urban Investment, Ltd.	Omori Bellport D	10,449.47	3.0
	Yokohama Bentendori Dai-ichi Seimei Building		
	JEI Hiroshima Hacchobori Building		
	SE Sapporo Building		
Haseko Corporation	Shiba 2-Chome Building	9,284.18	2.7
*3	*3	8,968.71	2.6
*3	Daiba Garden City Building	7,286.83	2.1
*3	*3	6,572.84	1.9
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.6
*3	HAMARIKYU INTERCITY	4,243.04	1.2
*3	*3	4,057.69	1.2
Total of top 10 end tenants		95,335.55	27.7
Total of portfolio overall		344,612.07	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 27th 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 27th period.

### ● Sustainability Policy

Japan Excellent, Inc. ("JEI") and Japan Excellent Asset Management Co., Ltd. will work to reduce the environmental burden and to cooperate/collaborate with stakeholders to achieve a sustainable society under the social responsibility of a company, while recognizing the importance of consideration for the environment, society and governance (ESG) 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 the environmental burden by collaborating with tenants and property management companies.

##### ◆ Information Disclosure

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

### ● 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.

### ■ 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 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.

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



First for a REIT specializing in offices

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

- ◆ 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.

#### Daiwa Minamimoricho Building

Conversion to LED lighting in common spaces such as elevator halls and hallways



#### Hiroshima Dai-ichi Seimei OS Building

Conversion to LED lighting along with the renovation of common spaces



## Basic View

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

## Concrete Initiatives

### Initiative for “TOKYO ZERO EMISSION”

JEI has donated its carbon credits (6,977t) to cooperate with Tokyo Metropolitan Government’s “Zero Emission Tokyo.”

### Initiatives for Eradication of Poverty and Hunger

JEI offered the atrium of **Omori Bellport** as a space for the United Nations refugee support campaign by United Nations refugee support organization.

### Contribution to Local Communities

JEI periodically holds concerts in the common spaces of office buildings and supports the activities of communities by helping to hold various events.

“Be My Flower Valentine  
-Shared Garden of Wind and Green-”



AKASAKA INTERCITY AIR

### Contribution to Areas Affected by the Great East Japan Earthquake

At **AKASAKA INTERCITY AIR**, JEI held “Tohoku Revival Michinoku★Marche in Akasaka Intercity Air” supporting the idea that “having the people in the Tokyo area know about the products from the areas will create new consumption and ultimately help the affected areas.”



Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

### Support for Activities Conducted by the Disabled

JEI purchased pound cakes made by disabled person at “Studio Yume-fusen” operated by a social welfare corporation “Yume-fusen” and distributed the cakes to the unitholders at **the 8th General Meeting of Unitholders**, drawing a positive response.



## ■ Same-Boat Investment by the Sponsors

The two core sponsors own 7.1% of JEI's investment units (as of the end of December 2019) and the interest of unitholders and that of sponsors match

## ■ Prevent Conflicts of Interest from Sponsor Formation

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



By your side, for life



## ■ Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset management fees 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 fees II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%

## ■ JEI's Board of Directors' Meeting

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 CO and outside experts are required for resolution of proposals

### Compliance Committee

**Involving in decision-making for transactions with related parties of JEI**

Attendance of CO is required for resolution of proposals

### Investment Committee

**Involving 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” in the GRESB Real Estate Assessment conducted in 2019, for the fifth consecutive year.

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

## ■ MSCI ESG Rating

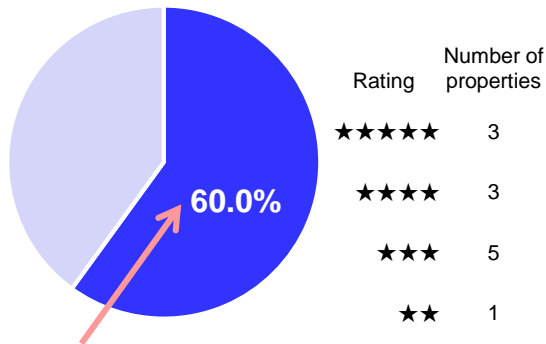
**BB → BBB**

(as of July 4, 2019)

MSCI ESG Rating, which is the selection criteria for MSCI Japan ESG Select Leaders Index, was upgraded

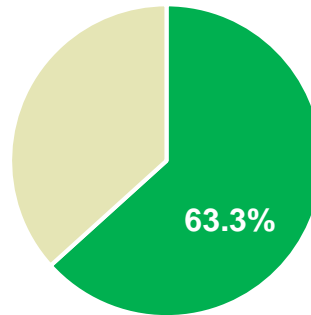
## ■ Green Building Certification

### ◆ DBJ Green Building Certification\*2



Expected to increase to **over 75%** by the end of March 2020

### ◆ Eligible Green Projects\*3



### ◆ CASBEE for real estate/building\*4



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

### ◆ CASBEE for Smart Wellness Office\*5



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

### ◆ Office Implementing Excellent Specific Global Warming Countermeasures\*6

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 the 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. AKASAKA INTERCITY AIR, AKASAKA INTERCITY and HAMARIKYU INTERCITY (residential portion) have received 5-star rating; Nisseki Yokohama Building, Mansard Daikanyama and HAMARIKYU INTERCITY (office portion) have received a 4-star rating; Omori Bellport D, Kowa Nishi-shimbashi Building, Musashikosugi Tower Place, Kowa Kawasaki Higashiguchi Building and Kowa Kawasaki Nishiguchi Building have received a 3-star rating; and Shiba 2-Chome Building has received a 2-star rating (as of December 31, 2019).

\*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, among the specified assets owned by JEI. 1) DBJ Green Building Certification: 5, 4 or 3 stars; 2) CASBEE Certification: S, A or B+ rank. The figure in the pie chart indicates the percentage of Eligible Green Projects based on book value (as of December 31, 2019).

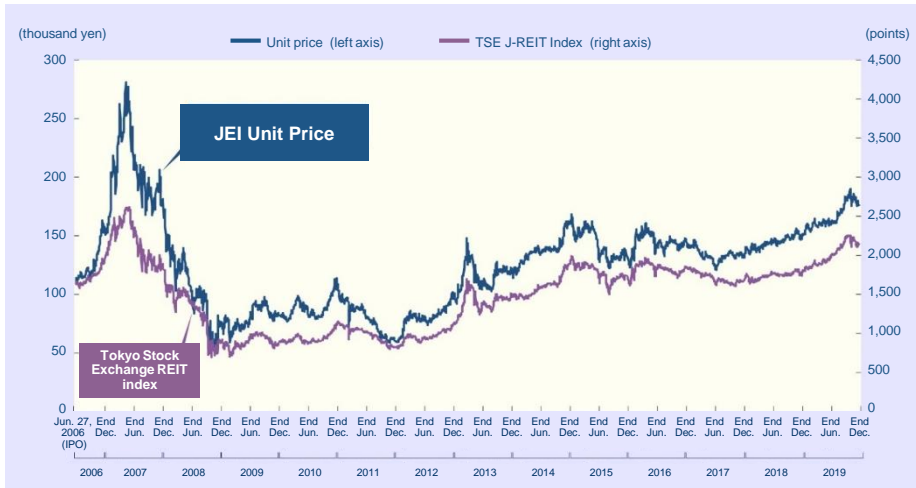
\*4 “CASBEE for real estate/building” is a system to appropriately identify and evaluate properties with high environmental value that have high environmental performance and are well managed, and is certified by Institute for Building Environment and Energy Conservation.

\*5 “CASBEE for Smart Wellness Office” is a tool launched in spring 2019 by Institute for Building Environment and Energy Conservation to evaluate the building’s specifications, performance and initiatives that support the maintenance and enhancement of the building users’ health and comfort.

\*6 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



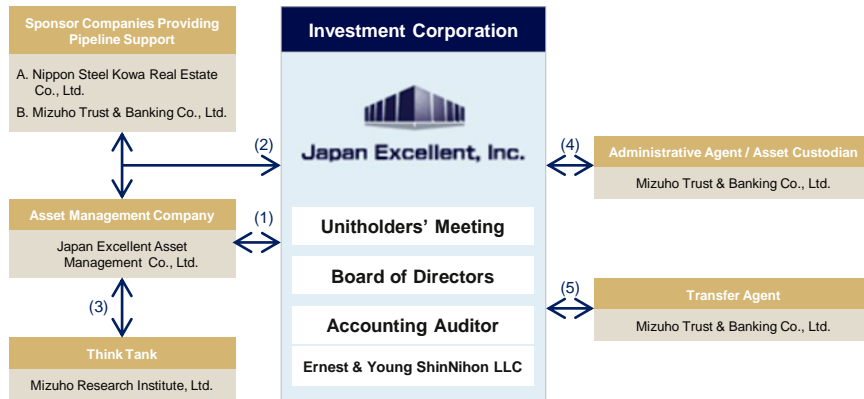
\*1 Unit prices for December 25, 2013 and earlier are divided by 5.

## 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	

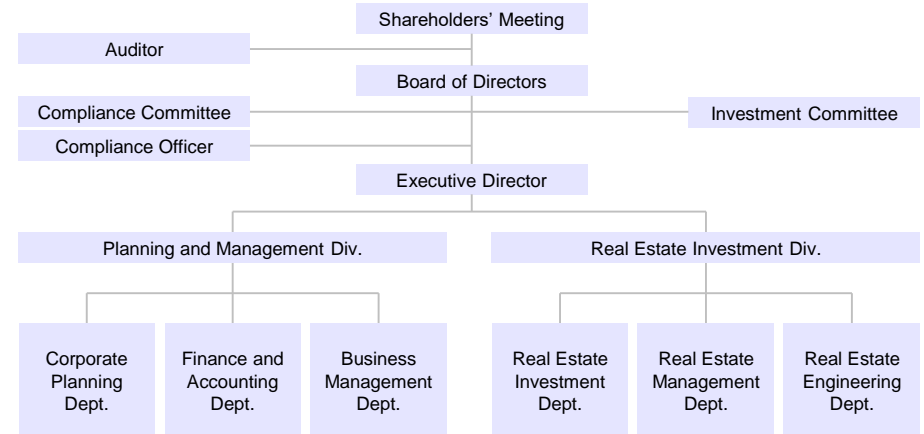
\*2 Percentages in the above table are percentages of total outstanding shares.

## 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

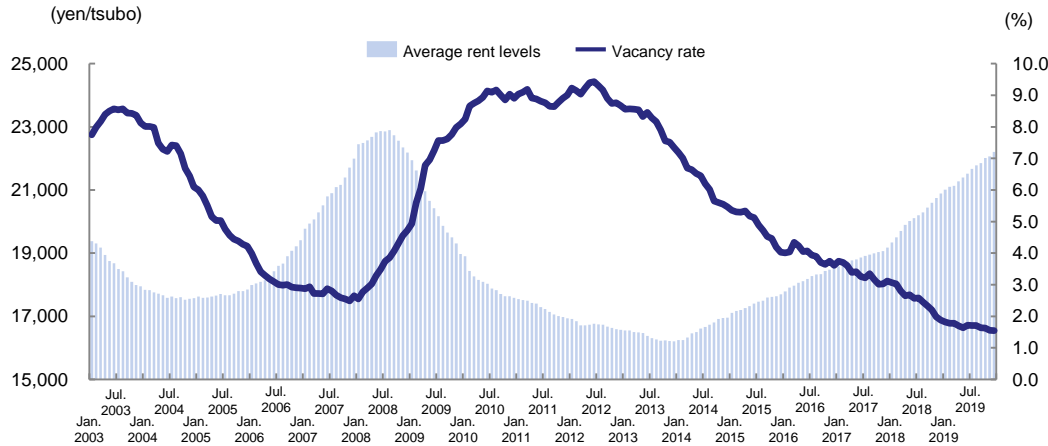


## Reference Materials

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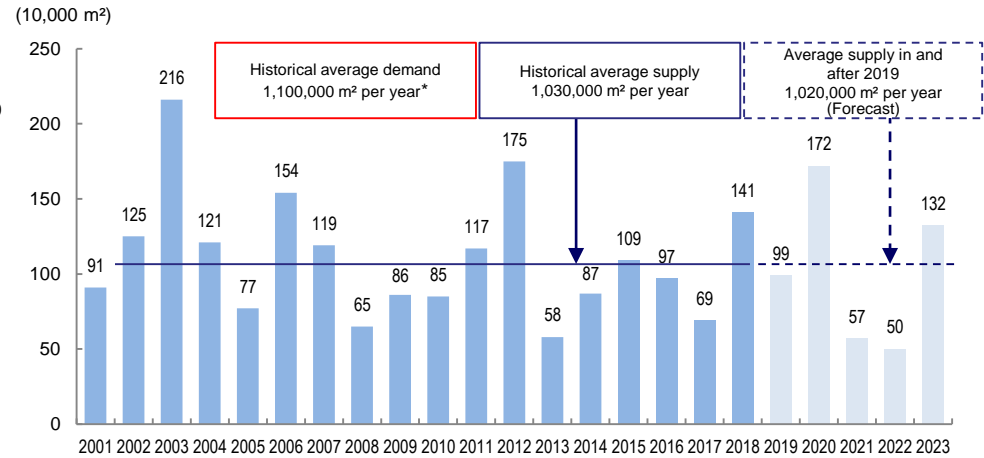


## ■ Historical Rent Levels and Vacancy Rate in 5 Central Wards of Tokyo



Source: Miki Shoji Co., Ltd.

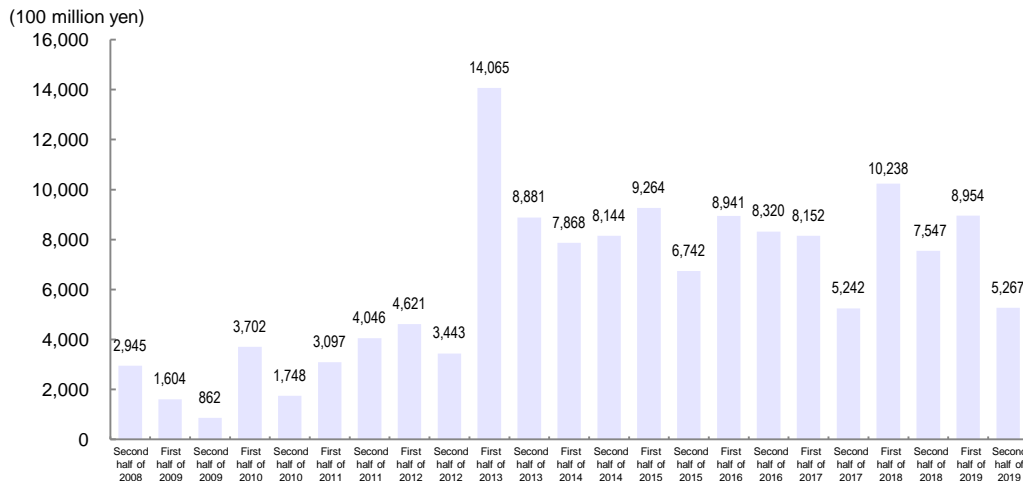
## ■ Historical New Large-Scale Office Supply Volume in 23 Wards of Tokyo



\* 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 2015 to 2019.

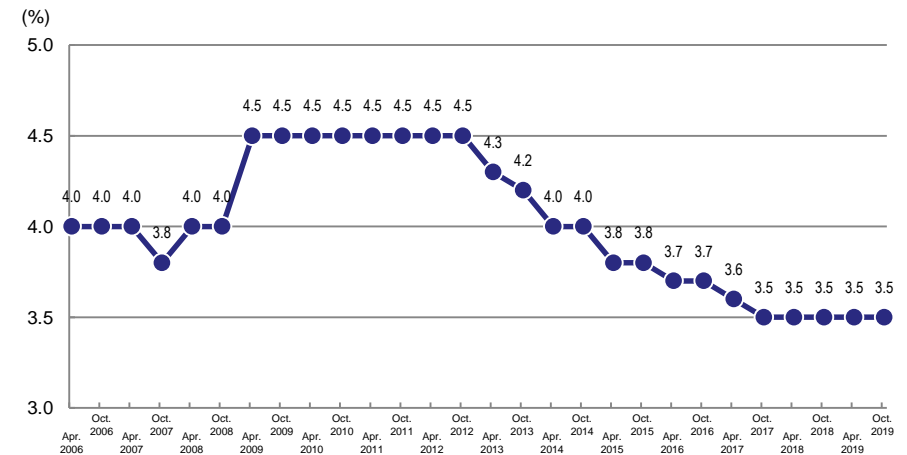
Source: Supply: Mori Building Co., Ltd. Demand: Sanko Estate Co., Ltd.

## ■ Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

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



Source: Japan Real Estate Institute

# 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	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-Chrome	Hamanabashi-cho	AKASAKA INTERCITY	Kowa Shiroanadai	Daba Garden City Bldg.	HAMARIKYU INTERCITY	Shintom-cho	Kowa Nishi-Shimbashi	Mansard Daikanyama	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	NHK Nagoya	Nishi-honmachi	Osaka Kojin Building (land with leased-out interest)	Musashi-Kosaji	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nisaih-cho	Ryogoku	Kawasaki Nishi-Guchi	Sejogoku	Core City Tachikawa	Niseki Yokohama	Yokohama Bentenon Da-ichi	Kyobashi	Hiroshima Hachio-bon	SE Sapporo	Aqua-don Plaza	Daewa Minamimachi	Naha	Hiroshima Da-ichi Seimei OS	Senshin Building			
Revenue from operations	948	373	232	614	191	334	727	73	—	299	—	48	387	243	89	822	—	—	222	114	984	54	316	1,175	41	182	156	417	195	199	84	143	17	10,890		
Rental revenue	873	371	220	563	170	334	668	66	—	274	—	46	—	219	89	734	—	—	219	101	895	48	310	1,077	37	163	140	327	174	179	72	135	12	9,984		
Other revenue	74	1	11	51	20	0	58	6	—	25	—	1	—	23	—	88	—	—	2	12	88	6	6	98	3	18	16	89	20	19	12	8	4	906		
Expenses from operations	474	139	126	292	74	128	418	30	—	155	—	15	245	147	49	406	—	—	112	64	613	33	134	763	26	110	77	230	97	87	56	97	4	5,906		
Property management	147	50	37	43	21	1	125	5	—	42	—	7	64	29	—	103	—	—	47	20	172	7	31	158	8	16	17	32	34	22	8	19	1	1,458		
Utilities	85	0	11	59	11	—	69	5	—	24	—	1	34	25	—	81	—	—	11	88	5	39	192	5	14	14	77	19	15	9	14	1	1,013			
Taxes	79	29	18	36	16	35	52	4	—	30	—	0	25	28	48	69	—	—	18	7	77	6	21	121	3	12	18	24	18	13	4	13	0	944		
Insurance	1	0	0	0	0	0	1	0	—	0	—	0	0	0	—	1	—	—	0	0	1	0	0	2	0	0	0	0	0	0	0	0	0	0	20	
Repair and maintenance	5	5	5	1	1	3	9	1	—	14	—	—	3	3	—	23	—	—	3	3	24	2	1	10	2	24	2	4	2	4	7	11	—	311		
Non-operating expenses	15	1	15	64	1	1	9	0	—	1	—	0	35	2	0	7	—	—	0	1	8	0	1	13	0	1	1	2	1	0	4	1	0	227		
Depreciation	139	51	38	87	21	85	149	11	30	40	18	6	81	57	—	119	74	31	42	19	239	9	38	264	5	40	22	88	20	30	21	36	2	1,929		
Profits (loss) from operations	474	234	106	321	117	206	309	43	182	144	106	32	141	95	39	416	147	70	109	50	370	20	181	412	14	71	79	186	97	111	28	45	12	4,983		
NOI	613	285	144	408	138	292	458	55	213	185	125	38	223	152	39	535	221	102	152	69	610	30	220	677	20	112	102	274	117	142	49	82	14	6,913		
NOI (Annualized with following formula)	1,217	566	287	811	274	579	910	109	423	367	248	153	443	303	79	1,062	440	202	301	138	1,211	59	436	1,343	39	223	202	545	233	281	98	163	110	13,871		
Number of days	184	184	184	184	184	184	184	184	184	184	184	92	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	49			
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	6,339	1,770	13,890	10,976	5,400	4,725	2,550	30,400	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	279,433		

## NOI Yield

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%
26th period	5.3%	6.0%	3.8%	2.9%	5.3%	5.3%	4.8%	5.1%	4.2%	4.0%	4.2%	—	7.9%	3.9%	4.6%	7.8%	5.3%	4.2%	5.8%	4.9%	3.6%	3.7%	7.0%	5.6%	6.5%	7.2%	6.8%	9.5%	11.2%	6.5%	5.1%	7.1%	—	5.05%
Difference (Pt)	0.1	0.0	-0.4	0.0	0.5	0.0	0.0	1.1	-0.5	-0.8	-0.4	—	0.0	0.7	-0.1	-0.2	-1.3	-0.4	0.6	0.5	0.2	0.0	-0.3	-0.1	-0.3	-0.4	0.5	0.4	-0.2	-0.1	2.0	-1.2	—	-0.10

## NOI Yield after Depreciation

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%
26th period	4.0%	5.0%	2.9%	2.2%	4.4%	3.7%	3.2%	3.7%	3.7%	3.3%	3.6%	—	5.0%	2.1%	4.6%	6.1%	4.0%	3.0%	3.9%	3.3%	1.9%	2.3%	5.8%	3.4%	5.0%	4.8%	5.0%	6.4%	9.4%	5.2%	2.0%	4.5%	—	3.63%
Difference (Pt)	0.2	-0.1	-0.4	0.1	0.5	0.0	0.0	1.2	-0.5	-0.8	-0.4	—	0.0	0.7	-0.1	-0.2	-1.3	-0.4	0.7	0.6	0.4	0.2	-0.3	-0.1	-0.4	-0.5	0.7	0.3	-0.3	-0.2	2.1	-1.2	—	-0.06

\*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.

## Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	2,960	416	2,640	896
Acquisition price	140,674	13,719	101,201	23,838
27th period NOI yield (annualized)	4.3%	5.9%	5.1%	7.8%
26th period NOI yield (annualized)	4.4%	5.6%	5.2%	7.8%
Difference (pt)	-0.1	0.3	-0.1	0.0

# Overview of Period-End Appraisals

## Summary of Period-End Appraisal Value

	26th Period (Jun. 2019)	27th Period (Dec. 2019)	Difference
Number of properties	31 properties	33 properties	2 properties
Period-end appraisal value	310,488 million yen	319,662 million yen	9,174 million yen
Book value	258,028 million yen	262,443 million yen	4,415 million yen
Unrealized gain/loss	52,459 million yen	57,218 million yen	4,759 million yen
Ratio of unrealized gain/loss <sup>*1</sup>	20.3%	21.8%	1.5pt

\*1 "Ratio of unrealized gain/loss ratio" 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>

	26th Period (Jun. 2019)	27th Period (Dec. 2019)
Increase	28 properties	24 properties
Unchanged	2 properties	5 properties
Decrease	1 property	2 properties

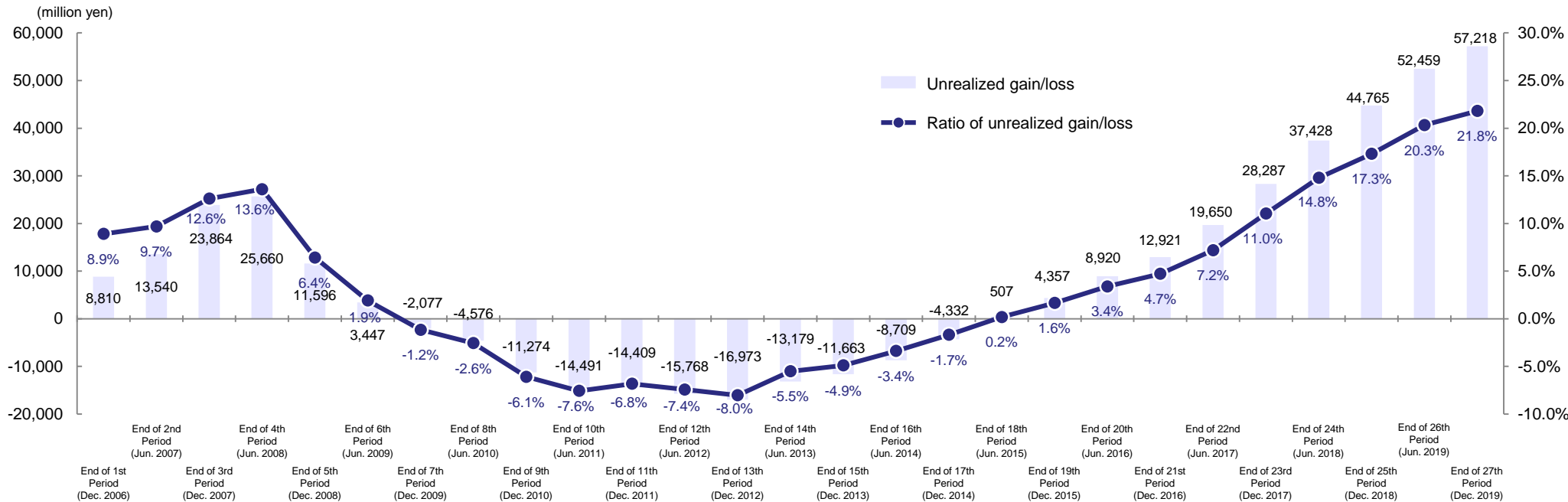
\*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

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

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

	26th Period (Jun. 2019)	27th Period (Dec. 2019)
Decline	26 properties	24 properties
Unchanged	5 properties	7 properties
Rise	0 properties	0 properties

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



# Period-End Appraisal Value

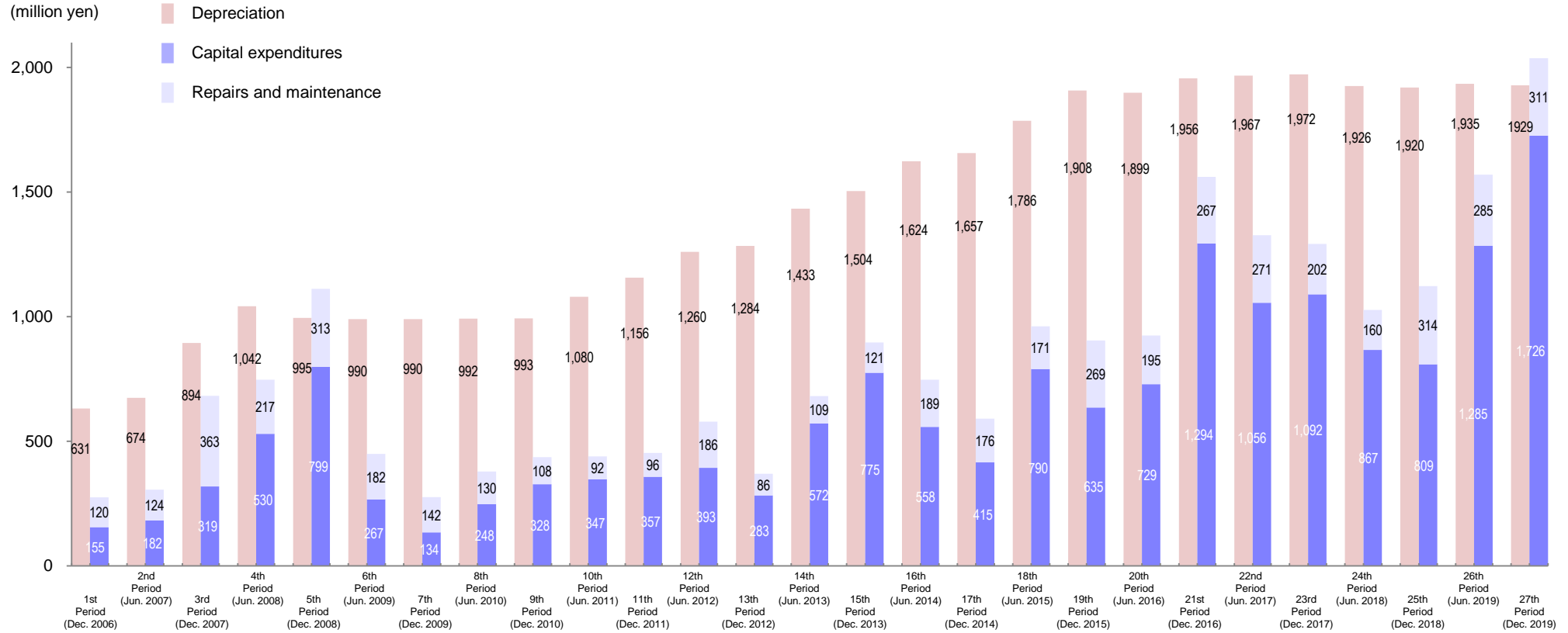
(Unit: million yen)

Property Number	Area	Name	Acquisition Price	Period-end Appraisal Value		Difference (②-①)		Book Value at end of FP27 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP26 ①	End of FP27 ②		%			%	End of FP26 ④	End of FP27 ⑤			
I-1	I	Omori Bellport D	22,552	26,700	25,900	-800	-3.0%	20,763	5,136	24.7%	4.0%	4.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-2		Shiba 2-Chome Building	9,450	13,200	13,500	300	2.3%	9,061	4,438	49.0%	Office 3.7%	Office 3.6%	Office -0.1	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	8,730	9,000	270	3.1%	8,145	854	10.5%	Residence 4.4%	Residence 4.3%	Residence -0.1	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	29,400	30,000	600	2.0%	26,824	3,175	11.8%	3.5%	3.4%	-0.1	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,290	5,390	100	1.9%	4,684	705	15.1%	3.0%	2.9%	-0.1	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,500	10,300	-200	-1.9%	9,654	645	6.7%	4.3%	4.2%	-0.1	Japan Real Estate Institute	
I-12		HAMARIKYU INTERCITY	19,080	25,200	25,900	700	2.8%	17,437	8,462	48.5%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-13		Shintomicho Building	1,750	2,140	2,170	30	1.4%	1,738	431	24.8%	3.4%	3.3%	-0.1	Japan Real Estate Institute	
I-14		Kowa Nishi-shimbashi Building	11,431	13,200	13,200	0	0.0%	10,997	2,202	20.0%	4.1%	4.1%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-15		Mansard Daikanyama	11,420	13,500	13,500	0	0.0%	11,275	2,224	19.7%	3.2%	3.1%	-0.1	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	7,680	7,770	90	1.2%	6,559	1,210	18.4%	3.1%	3.0%	-0.1	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,570	6,610	40	0.6%	6,216	393	6.3%	2.9%	2.8%	-0.1	Japan Real Estate Institute	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,090	6,160	70	1.1%	5,603	556	9.9%	3.3%	3.2%	-0.1	Japan Real Estate Institute
II-3			Osaka Kogin Building (land with leasehold interest)	1,770	2,400	2,470	70	2.9%	1,865	604	32.4%	4.4%	4.3%	-0.1	Japan Real Estate Institute
III-1		III	Musashikosugi Tower Place	13,890	21,300	21,300	0	0.0%	12,494	8,805	70.5%	3.3%	3.2%	-0.1	Japan Real Estate Institute
III-2			Kowa Kawasaki Higashiguchi Building	10,976	9,740	9,950	210	2.2%	9,872	77	0.8%	4.1%	4.0%	-0.1	Japan Real Estate Institute
III-3			JEI Hongo Building	5,400	4,630	4,700	70	1.5%	4,991	-291	-5.8%	4.8%	4.7%	-0.1	Japan Valuers Co., Ltd.
III-5	Kawasaki Nishincho Building		4,725	4,580	4,710	130	2.8%	4,203	506	12.0%	4.2%	4.1%	-0.1	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building		2,550	2,470	2,620	150	6.1%	2,209	410	18.6%	4.9%	4.8%	-0.1	Japan Valuers Co., Ltd.	
III-10	Pacific Square Sengoku		1,620	1,380	1,580	200	14.5%	1,617	-37	-2.3%	4.5%	4.4%	-0.1	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa		6,500	9,040	9,400	360	4.0%	6,129	3,270	53.4%	4.2%	4.2%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-12	Nisseki Yokohama Building		24,500	29,200	29,900	700	2.4%	23,106	6,793	29.4%	4.2%	4.1%	-0.1	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building		640	668	672	4	0.6%	663	8	1.2%	3.8%	3.7%	-0.1	Japan Real Estate Institute	
IV-2	IV		JEI Kyobashi Building	3,308	4,380	4,380	0	0.0%	2,839	1,540	54.2%	4.6%	4.5%	-0.1	Japan Real Estate Institute
IV-3			JEI Hiroshima Hacchobori Building	2,760	3,720	3,780	60	1.6%	2,562	1,217	47.5%	5.1%	5.1%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation
IV-4			SE Sapporo Building	5,500	8,680	8,890	210	2.4%	5,132	3,757	73.2%	4.7%	4.6%	-0.1	Japan Real Estate Institute
IV-5			Aoba-dori Plaza	2,120	4,430	4,460	30	0.7%	2,205	2,254	102.2%	4.9%	4.8%	-0.1	Chuo Real Estate Appraisal Co., Ltd.
IV-6		Daiwa Minamimoricho Building	4,410	5,190	5,200	10	0.2%	4,213	986	23.4%	4.6%	4.5%	-0.1	Japan Real Estate Institute	
IV-7		JEI Naha Building	1,380	1,860	1,940	80	4.3%	1,481	458	30.9%	4.6%	4.6%	0.0	DAIWA REAL ESTATE APPRAISAL Corporation	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,240	3,270	30	0.9%	2,866	403	14.1%	5.2%	5.1%	-0.1	Japan Real Estate Institute	
IV-9		Senshin Building	1,580	1,670	1,670	0	0.0%	1,628	41	2.5%	4.7%	4.6%	-0.1	Japan Real Estate Institute	
			<b>Total</b>	<b>242,693</b>	<b>286,778</b>	<b>290,292</b>	<b>3,514</b>	<b>1.2%</b>	<b>229,043</b>	<b>61,248</b>	<b>26.7%</b>	-	-	-	-
II-2	II	JEI Nishi-honmachi Building	6,339	-	5,470	-	-	6,630	-1,160	-17.5%	4.4%	4.7%	0.1	DAIWA REAL ESTATE APPRAISAL Corporation	
III-9	III	Kowa Kawasaki Nishiguchi Building	30,400	-	23,900	-	-	26,769	-2,869	-10.7%	4.6%	4.6%	0.0	Japan Valuers Co., Ltd.	
		<b>Total</b>	<b>279,433</b>	<b>-</b>	<b>319,662</b>	<b>-</b>	<b>-</b>	<b>262,443</b>	<b>57,218</b>	<b>21.8%</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 26th and 27th period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

\*2 For properties acquired in the 27th Period, appraisal values at the time of the acquisition are indicated in Period-end Appraisal Value for the 26th Period.

## ■ 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%
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# Statement of Income and Retained Earnings

(Unit: million yen)

	26th Period (Jun. 2019)	(%)	27th Period (Dec. 2019)	(%)	Compared with previous period	
					Difference	(%)
<b>1. Operating revenue (A)</b>	10,668	100.0	10,890	100.0	222	2.1
Rental revenue	9,850		9,984		133	
Other rental revenue	818		906		88	
Total rental revenue (a)	10,668	100.0	10,890	100.0	222	2.1
<b>2. Operating expenses (B)</b>	6,349	59.5	7,978	73.3	1,628	25.7
Property management expenses	1,399		1,458		59	
Utilities expenses	959		1,013		54	
Taxes	917		944		27	
Insurance	22		20		-1	
Repairs and maintenance	285		311		26	
Other expenses for rental operation	228		227		0	
Depreciation	1,935		1,929		-6	
Total operating expenses (b)	5,747	53.9	5,906	54.2	158	2.8
Profits from operation (a)-(b)	4,920	46.1	4,983	45.8	63	1.3
Loss on sales of real estate, etc.	—		120		120	
Impairment loss	—		1,407		1,407	
Asset management fees	447		390		-57	
Other	154		153		0	
<b>3. Operating income (A)-(B)</b>	4,318	40.5	2,912	26.7	-1,406	-32.6
<b>4. Non-operating income</b>	1	0.0	0	0.0	0	-39.2
<b>5. Non-operating expenses</b>	628	5.9	665	6.1	37	5.9
Interest expense	358		367		8	
Loan relating fees	126		134		7	
Interest expense on investment corporation bonds	129		130		0	
Amortization of investment corporation bond issuance costs	12		11		-1	
Other	0		21		21	
<b>6. Ordinary income</b>	3,691	34.6	2,247	20.6	-1,444	-39.1
<b>7. Net income before taxes</b>	3,691	34.6	2,247	20.6	-1,444	-39.1
<b>8. Income taxes – current</b>	0		1		0	
<b>9. Net income</b>	3,690	34.6	2,246	20.6	-1,444	-39.1
<b>10. Retained earnings brought forward</b>	0		0		0	
<b>11. Unappropriated retained earnings at the end of period</b>	3,691		2,246		-1,445	

\* 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						
	26th Period (Jun. 2019)		27th Period (Dec. 2019)	Difference		26th Period (Jun. 2019)		27th Period (Dec. 2019)	Difference		
<b>(Assets)</b>		%		%	<b>(Liabilities)</b>		%		%		
<b>I. Current assets</b>	26,230	9.2	24,500	8.5	-1,729	<b>I. Current liabilities</b>	19,155	6.7	22,759	7.9	3,603
Cash and deposits	9,553		7,165		-2,387	Operating accounts payable	1,657		2,321		663
Cash and deposits in trust	16,094		16,718		624	Short-term loans	7,000		9,000		2,000
Operating accounts receivable	362		380		17	Long-term loans due within a year	9,600		10,600		1,000
Other	219		236		17	Other accounts payable	439		405		-34
<b>II. Fixed assets</b>	259,792	90.8	264,134	91.5	4,341	Accrued consumption taxes	221		77		-143
<b>1. Property and equipment</b>	248,920	87.0	253,335	87.7	4,415	Other	237		355		118
Real Estate	14,978		16,508		1,529	<b>II. Long-term liabilities</b>	123,194	43.0	123,654	42.8	459
Real Estate in trust	233,825		236,712		2,886	Investment corporation bonds	32,000		33,000		1,000
Construction in progress	116		115		0	Long-term loans	78,000		77,000		-1,000
<b>2. Intangible assets</b>	9,118	3.2	9,117	3.2	-1	Security deposits from tenants	1,129		1,174		44
Leasehold rights	1,721		1,721		—	Security deposits from tenants in trust	12,065		12,480		414
Leasehold rights in trust	7,382		7,382		—	<b>Total liabilities</b>	142,350	49.7	146,413	50.7	4,063
Other	14		13		-1	<b>(Net assets)</b>					
<b>3. Investments and other assets</b>	1,753	0.6	1,681	0.6	-72	<b>I. Unitholders' equity</b>	143,822	50.3	142,377	49.3	-1,445
Leasehold and security deposits	15		15		—	1. Unitholders' capital	139,972	48.9	139,972	48.5	—
Long-term prepaid expenses	902		820		-81	2. Retained earnings	3,849		2,404		-1,445
Other	836		845		8	Voluntary retained earnings (Reserve for reduction entry)	158	0.1	158	0.1	—
<b>III. Deferred assets</b>	149	0.1	155	0.1	6	Unappropriated retained earnings	3,691	1.3	2,246	0.8	-1,445
Investment corporation bond issuance costs	149		155		6	<b>Total net assets</b>	143,822	50.3	142,377	49.3	-1,445
<b>Total assets</b>	286,172	100.0	288,790	100.0	2,618	<b>Total liabilities and net assets</b>	286,172	100.0	288,790	100.0	2,618

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

## ■ Cash Flow Statement

(Unit: million yen)

27th Period (Dec. 2019)	
Classification	Amount
<b>I. Cash flow from operating activities</b>	<b>7,515</b>
Net income before taxes	2,247
Depreciation	1,930
Impairment loss	1,407
Decrease in property and equipment due to sale	1,830
Other	99
<b>II. Cash flow from investing activities</b>	<b>-8,569</b>
Purchase of property and equipment	-9,029
Net payments for security deposits	459
<b>III. Cash flow from financing activities</b>	<b>-709</b>
Proceeds from short-term loans	4,000
Repayment of short-term loans	-2,000
Proceeds from long-term loans	1,000
Repayment of long-term loans	-1,000
Proceeds from issuance of investment corporation bonds	982
Distributions to unitholders	-3,691
<b>IV. Net increase/ decrease in cash and cash equivalents</b>	<b>-1,763</b>
<b>V. Cash and cash equivalents at beginning of period</b>	<b>25,647</b>
<b>VI. Cash and cash equivalents at end of period</b>	<b>23,884</b>

## ■ Profit Distribution

(Unit: yen)

27th Period (Dec. 2019)	
Classification	Amount
Unappropriated retained earnings at the end of period	2,246,223,674
Reversal of reserve for reduction entry	158,039,114
Allowance for temporary difference adjustment	1,406,238,900
<b>Distributions</b>	<b>3,810,032,600</b>
(Distributions per investment unit)	(2,918)
(Profit distribution per unit)	(1,841)
(Distribution in excess of earnings per unit (from allowance for temporary difference adjustment))	(1,077)
Earnings carried over to next period	469,088
<b>Total number of outstanding investment units at the end of period</b>	<b>1,305,700 units</b>

\* Figures under one million yen are rounded down.

# Financial Indicators

Financial indicators	Unit	22nd Period (Jun. 2017)	23rd Period (Dec. 2017)	24th Period (Jun. 2018)	25th Period (Dec. 2018)	26th Period (Jun. 2019)	27th Period (Dec. 2019)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	5,989	6,256	5,785	6,035	6,116	4,675	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization
NOI (Net operating income)	MN yen	6,719	6,847	6,707	6,797	6,856	6,913	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,427	5,394	5,430	5,516	5,626	5,703	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,156	4,131	4,159	4,225	4,309	4,367	(Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss) / Number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MNyen	4,370	4,301	4,563	4,707	4,341	3,976	FFO - Capital expenditures
AFFO Distribution payout ratio	%	79.2	81.0	80.1	76.4	85.0	95.8	(Total cash distribution amount / AFFO) × 100
NAV (Net asset value)	MN yen	163,343	172,221	181,215	188,492	196,282	199,595	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	125,100	131,899	138,787	144,361	150,327	152,865	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	10.7	10.7	11.1	11.7	12.5	9.4	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	%	1.2	1.3	1.2	1.3	1.3	0.8	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.4)	(2.5)	(2.4)	(2.5)	(2.6)	(1.6)	Above x 365 days / Number of operating days
ROE	%	2.4	2.6	2.3	2.5	2.6	1.6	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(4.9)	(5.1)	(4.7)	(5.0)	(5.2)	(3.1)	Above x 365 days / Number of operating days
Equity to Total Assets	%	48.4	51.0	50.5	50.4	50.3	49.3	(Period end net assets / Period end total assets) × 100
LTV (period-end total asset basis)	%	46.4	43.4	44.4	44.4	44.2	44.9	(Period end interest-bearing debt / Period end total assets) × 100
LTV (period-end valuation gain/loss basis)	%	43.5	39.5	39.2	38.3	37.4	37.5	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) × 100
BPS (Book value per unit)	yen	110,050	110,234	110,122	110,076	110,149	109,042	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.

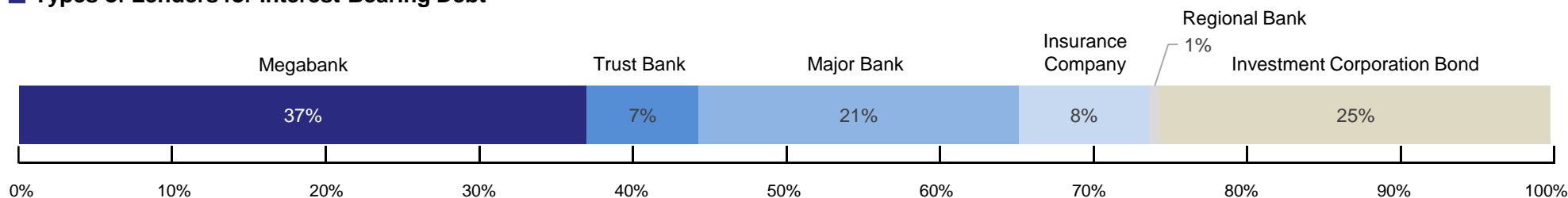
# Status of Interest-Bearing Debt

## Balance of Interest-Bearing Debt (As of the End of 27th Period)

Lender	Interest-bearing debt (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	26,785	27.7%
MUFG Bank, Ltd.	13,005	13.5%
Development Bank of Japan Inc.	12,800	13.3%
Sumitomo Mitsui Banking Corporation	8,270	8.6%
Mizuho Trust & Banking Co., Ltd.	7,807	8.1%
The Norinchukin Bank	7,412	7.7%
The Dai-ichi Life Insurance Company, Limited	6,000	6.2%
Resona Bank, Ltd.	3,400	3.5%
Sompo Japan Nipponkoa Insurance Inc.	2,500	2.6%
Aozora Bank, Ltd.	2,500	2.6%
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	1.0%
Shinkin Central Bank	1,000	1.0%
Nippon Life Insurance Company	1,000	1.0%
<b>Loan Total</b>	<b>96,600</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 27th 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 27th 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				
	26th Period (Jun. 2019)		27th Period (Dec. 2019)		Composition change
	Number of units	Composition	Number of units	Composition	
Financial Institutions and Securities Companies	901,099	69.0%	935,450	71.6%	2.6pt
Other Domestic Companies	115,427	8.8%	115,087	8.8%	0pt
Foreign Companies, etc.	228,191	17.5%	197,116	15.1%	-2.4pt
Individuals	60,983	4.7%	58,047	4.4%	-0.3pt
<b>Total</b>	<b>1,305,700</b>	<b>100.0%</b>	<b>1,305,700</b>	<b>100.0%</b>	<b>—</b>

Unitholders				
26th Period (Jun. 2019)		27th Period (Dec. 2019)		Composition change
Number of unitholders	Composition	Number of unitholders	Composition	
164	2.6%	163	2.7%	0.1pt
144	2.3%	137	2.3%	0pt
199	3.1%	206	3.4%	0.3pt
5,886	92.1%	5,540	91.6%	-0.5pt
<b>6,393</b>	<b>100.0%</b>	<b>6,046</b>	<b>100.0%</b>	<b>—</b>

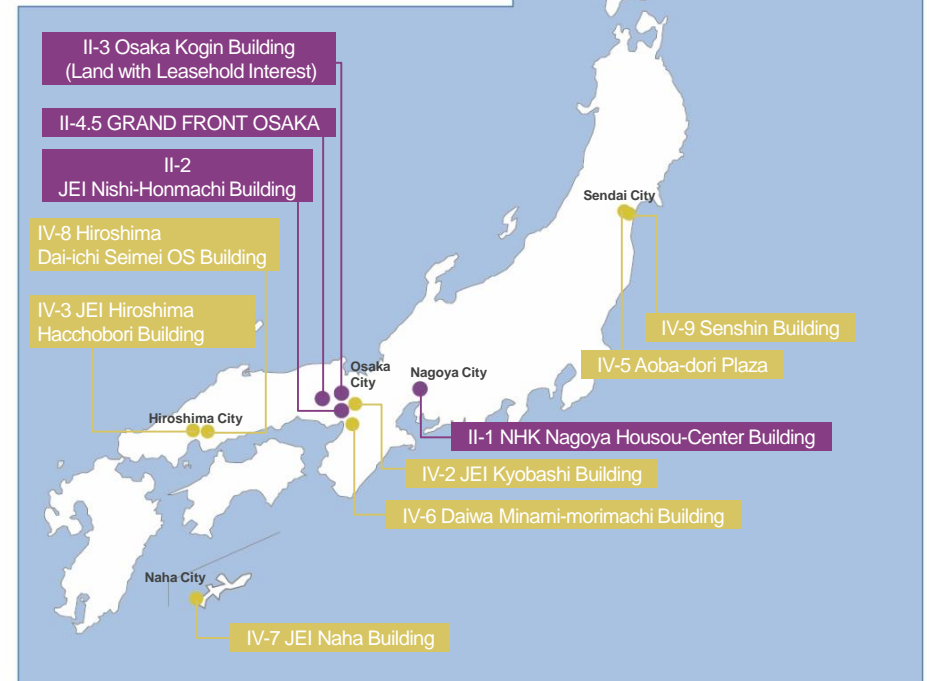
**Ratio of investment units held by the 2 core sponsor companies: 7.1%**

Rank	Name	Units	Composition ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	322,541	24.7%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	205,153	15.7%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.5%
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	63,977	4.9%
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	55,747	4.3%
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.6%
7	State Street Bank - West Client – Treaty 505234	18,166	1.4%
8	DFA International Real Estate Securities Portfolio	15,027	1.2%
9	JPMorgan Securities Japan Co., Ltd.	14,978	1.1%
10	The Chukyo Bank, Ltd.	13,799	1.1%
<b>Total</b>		<b>801,608</b>	<b>61.4%</b>

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

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

# Portfolio Map



# Portfolio Overview (1)

Property Number	I-1	I-2	I-3	I-8	I-9	I-10	I-12	I-13
Type	Office	Office	Office	Office	Office	Office	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 (%)	7.8	3.3	2.9	9.8	1.6	3.8	6.6	0.6
Period-end Occupancy rate (%)	100.0	99.2	100.0	100.0	100.0	100.0	98.8	100.0
PML (%)	3.61	6.61	4.18	2.97	6.95	6.56	2.60	4.13

\*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.

\*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.



# 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	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	6,339	1,770	4,868	3,982
Investment ratio (%)	4.0	4.0	2.3	2.2	1.9	2.2	0.6	1.7	1.4
Period-end Occupancy rate (%)	100.0	97.4	100.0	88.9	100.0	100.0	100.0	99.7	99.5
PML (%)	3.30	5.74	0.66	8.41	1.44	11.27	-	0.63	0.58

\*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 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown. The occupancy rate of the property is as of September 30, 2019.

# 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	30,400	1,620	6,500	24,500	640
Investment ratio (%)	4.8	3.8	1.9	1.6	0.9	10.5	0.6	2.3	8.5	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

\*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.

\*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.

# 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 (%)	1.1	1.0	1.9	0.7	1.5	0.5	1.0	0.5
Period-end Occupancy rate (%)	96.8	96.0	100.0	99.4	100.0	100.0	100.0	98.4
PML (%)	7.28	6.66	0.41	1.24	7.83	3.47	9.89	2.87

\*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.

\*4 The overview of portfolio properties after the acquisition of GRAND FRONT OSAKA (as of February 3, 2020) is shown.