



JEI

Japan Excellent, Inc.

Thirty-third Period (Ended December 2022)

Presentation Materials

February 17, 2023

Please visit JEI's website below.



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

QR code



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Introduction of JEI: Continuous Quality Growth of Office REIT in Tokyo Metropolitan Area

1. Sponsors

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









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

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

• Stable and flexible fund procurement

Core Sponsors

 <p>Nippon Steel Kowa Real Estate Co., Ltd. (Investment ratio: 54%)</p>		<p>Total of group: 64%</p>	 <p>The Dai-ichi Life Insurance Company, Limited. (Investment ratio: 26%)</p>		<p>Total of group: 36%</p>
 <p>Mizuho Bank, Ltd.</p>	 <p>Mizuho Trust & Banking Co., Ltd.</p>		 <p>The Dai-ichi Building Co., Ltd.</p>	 <p>Sohgo Housing Co., Ltd.</p>	

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

- ◆ Cooperative system with finance, insurance and developers as the core sponsors
- Continuously acquired large-scale properties in central Tokyo with high specifications mainly by utilizing the sponsor pipeline
 - Percentage of properties in the portfolio that were acquired from the sponsor: **79.7%**
(Acquisition price basis)
- Maintained a high occupancy rate by also gaining significant sponsor support on property operation and management
Continuous stable growth of rental revenue
 - Period-end occupancy rate for the 33rd Period: **93.0%**
(Average occupancy rate over the past 5 years: 97.1%)
 - Rental revenue for the 33rd Period: **9,271 million yen**
- Established a solid financial base supported by a megabank sponsor
- Ratings: **AA-** (JCR)
- Average remaining period of interest-bearing debt: **4.0 years**
- LTV: **43.7%**

2. Portfolio*

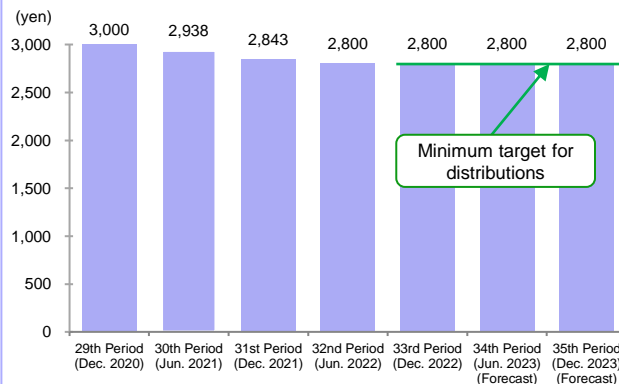
- High growth potential and stability mainly in the Tokyo metropolitan area

Number of properties:	36
Asset size:	287.8 billion yen
Ratio of investment in office buildings:	100.0%
Large-scale properties:	66.3%
Tokyo metropolitan area:	84.7%
6 central wards of Tokyo:	52.8%

* Please refer to notes on p. 44 for definitions of the figures above.

3. Historical Distributions

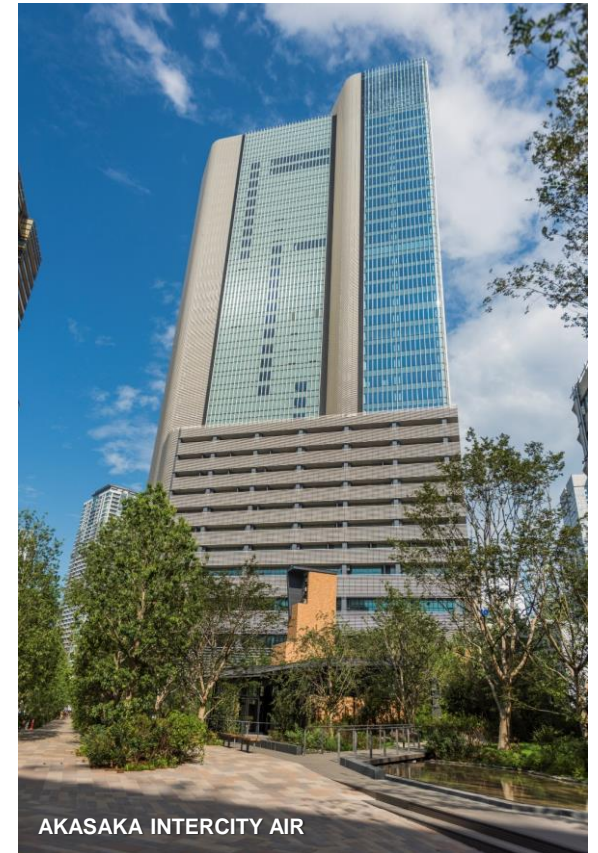
- Operational stance aiming for stable distribution



4. ESG Initiatives

- Strongly promoting initiatives by positioning them as the most important issue
 - (1) Reduction of environmental burden
 - (2) Cooperation/ collaboration with stakeholders
- | |
|--|
| CO ₂ emissions reduction targets FY2030: -46% (vs FY2013)
FY2050: Net zero |
| GRESB: Acquired the highest ratings of "Green Star" and "5 Star" |
| Included in MSCI Japan ESG Select Leaders Index |
| Percentage of properties with Green Building certification: 89.2% (area basis) |
| CO ₂ -free electricity rate: 72.1% (area basis) |
| Declared Support for the TCFD, disclosure of financial impact |

I. Key Points in Current Operations



Key Points in Current Operations

	28th Period	27th Period	28th Period	29th Period	30th Period	31st Period	32nd Period	33rd Period	34th Period Forecast	35th Period Forecast
Period-end contracted occupancy rate (%)	99.4	99.6	99.6	98.0	96.4	93.1	90.8	93.0	94.4	95.5
Tenant departure rate (%)	1.6	1.7	0.8	2.5	3.2	6.6	7.6	4.1	3.3	1.6

Major tenant departure(s)



(unit: million yen)

	31st Period (Ended December 2021)		32nd Period (Ended June 2022)			33rd Period (Ended December 2022)			34th Period (Ending June 2023)		35th Period (Ending December 2023)
	21/8 F	Actual	21/8 F	22/2 F	Actual	22/2 F	22/8 F	Actual	22/8 F	23/2 F	23/2 F
Operating revenue	10,689	10,666	11,046	11,117	11,065	10,486	10,545	10,699	10,819	10,859	10,980
(of which, gain on sale)	-	-	805	805	797	523	523	530	792	792	696
Net income	3,788	3,846	4,108	4,087	4,101	3,585	3,353	3,502	3,668	3,558	3,463
Reserve for reduction entry (Provision (-) and reversal (+) of reserve)	-	-	-320	-298	-356	+202	+392	+243	+76	+186	+281
(Distribution equivalent)	-	-	(-237 yen)	(-220 yen)	(-266 yen)	(+149 yen)	(+293 yen)	(+182 yen)	(+57 yen)	(+139 yen)	(+210 yen)
Distributions per unit (yen)	2,800 yen	2,843 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen	2,800 yen
Net utilities expenses	-167	-215	-192	-204	-360	-221	-372	-463	-422	-510	-610

Distribution policy

Continued stable operation maintaining minimum target for distributions (announced August 2021)

Utilization of gain on sales associated with property replacement and internal reserve

Measures being implemented

- Promotion of refilling (Kowa Kawasaki Nishiguchi Building, etc.) and prevention of departures
- Qualitative improvement of portfolio through property replacement, creation of financial strength
- Response to rising utilities expenses

Actions executed

Period		Property Acquisitions	Property Sales	Other
31	Dec. 2021	Sapporo Otemachi Building (4.1 billion yen)		
32	Feb. 2022			Decided on buyback of investment units
	May. 2022	ARK Hills FRONT TOWER (49% equity interest in anonymous association: 5.2 billion yen) and acquisition of its first right of refusal		
33	Jun. 2022		Kowa Shirokanedai Building (gain on sale: approx. 800 million yen)	
	Jul. 2022		Shintomicho Building (40%) (gain on sale: approx. 500 million yen)	
34	Aug. 2022	BIZCORE SHIBUYA (6.6 billion yen)		Decision to acquire additional JEI investment units by core sponsor
	Jan. 2023		Shintomicho Building (60%) (gain on sale: approx. 800 million yen)	
	Feb. 2023	Shin-Yokohama Arena-dori Building (2.1 billion yen) (announced)	Pacific Square Sengoku (announced) (Expected gain on sale: approx. 700 million)	

II. Financial Results of the 33rd Period (Ended December 2022)



1. Overview of Financial Results of the 33rd Period (Ended December 2022)

(unit: million yen)

	32nd Period Result A	33rd Period Initial Forecast B	33rd Period Result C	33rd Period Result Comparison with previous period C-A	33rd Period Result Comparison with initial forecast C-B
Operating revenue	11,065	10,545	10,699	-365	+154
Rental revenue	9,566	9,225	9,271	-295	+45
Gain on sales of real estate	797	523	530	-267	+7
Operating expenses	6,353	6,553	6,567	+213	+13
Expenses for rental operations	5,699	5,934	5,944	+244	+9
Sales and administrative expenses	653	618	622	-31	+4
Operating income	4,711	3,991	4,132	-578	+140
Ordinary income	4,102	3,354	3,503	-599	+148
Net income	4,101	3,353	3,502	-599	+148
Reserve for Reduction Entry (Provision (-) and reversal (+) of reserve)	-356	+392	+243	+599	-148
Total distributions	3,745	3,745	3,745	0	0
Distributions per unit (yen)	2,800	2,800	2,800	0	0
Period-end occupancy rate	90.8%	93.9%	93.0%	+2.2pt	-0.9pt

● Comparison with the Results for the 32nd Period (Ended Jun. 2022) (Impact on Distribution Resources)

(1) Decrease in operating revenue	-365 million yen
- Decrease in rental revenue (Property acquired in 33rd FP (+), property sold in 32nd and 33rd FPs (-), existing properties (-))	-295 million yen
- Decrease in gain on sales of real estate	-267 million yen
- Increase in revenue for utilities expenses	+117 million yen
- Increase in other revenue (cancellation penalty, etc.)	+51 million yen
(2) Increase in operating expenses	-213 million yen
- Increase in expenses for rental operations (Increase in utilities expenses -221 million yen, increase in repairs and maintenance -11 million yen, etc.)	-244 million yen
- Decrease in sales and administrative expenses (Asset management fees, etc.)	+31 million yen
(3) Increase in non-operating expenses	-20 million yen
- Arrangement fee, etc.	
(4) Decrease in ordinary income and net income	-599 million yen
(5) Absence/reversal of reserve for reduction entry	+599 million yen
(6) Total distributions	±0 million yen

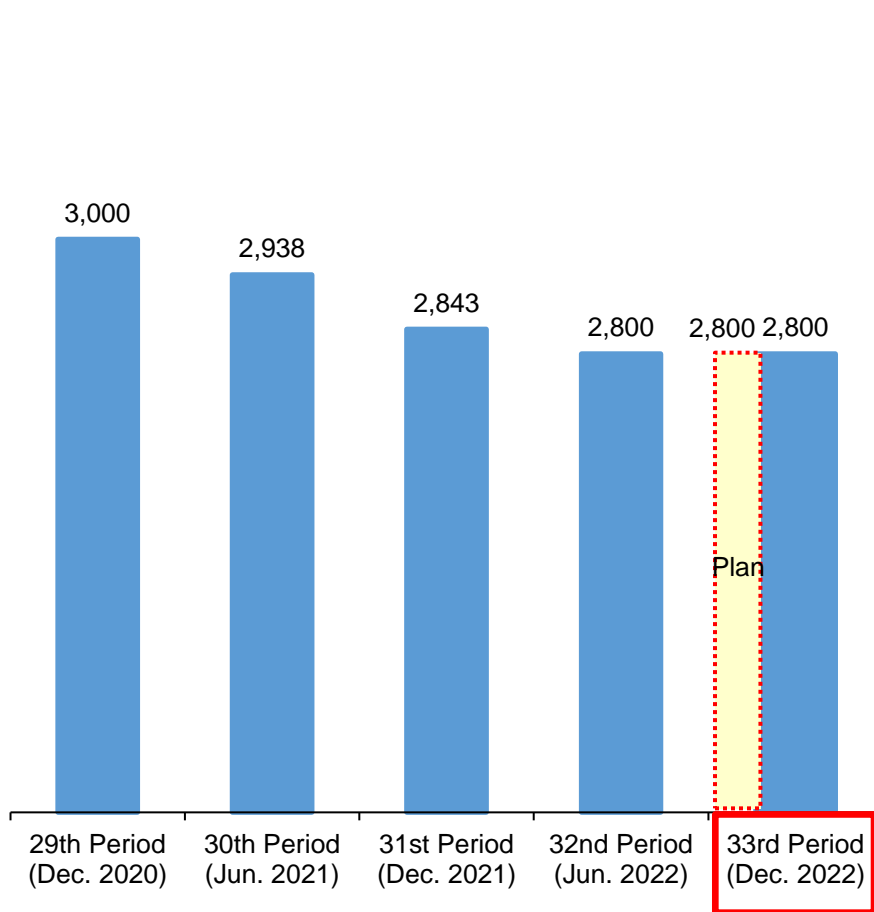
● Comparison with Previous Forecast (Impact on Distribution Resources)

(1) Increase in operating revenue	+154 million yen
- Increase in rental revenue	+45 million yen
- Increase in other revenue (cancellation penalty, etc.)	+109 million yen
(2) Increase in operating expenses	-13 million yen
- Increase in expenses for rental operations (Increase in utilities expenses -82 million yen, decrease in repairs and maintenance +71 million yen, etc.)	-9 million yen
(3) Decrease in non-operating expenses	+8 million yen
(4) Increase in ordinary income and net income	+148 million yen
(5) Decrease in reversal of reserve for reduction entry	-148 million yen
(6) Total distributions	±0 million yen

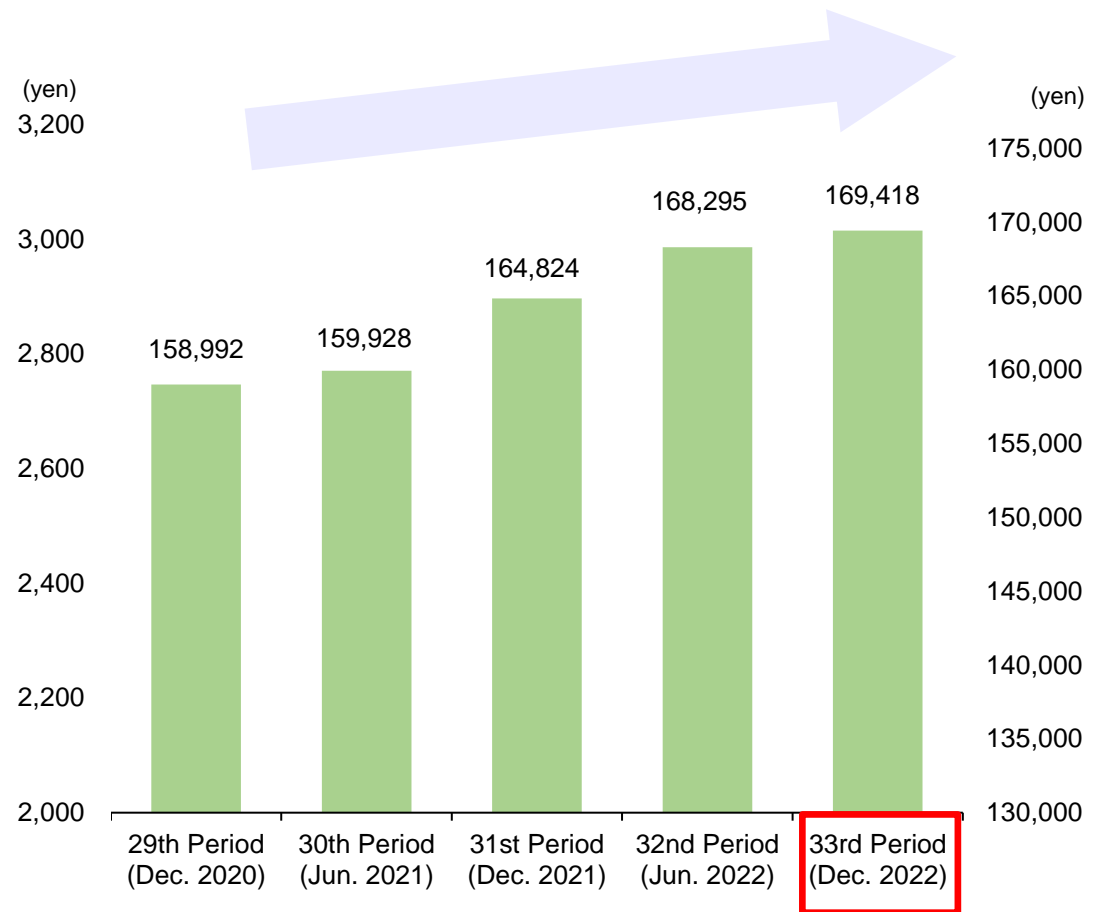
> 2. Actual Results of Distributions per Unit and NAV for the 33rd Period (Ended December 2022)

- ◆ Distributions per unit were as planned due to use of gains on sales and internal reserves
- ◆ NAV per unit continued to grow due to appraisal value increase

■ Distributions per Unit



■ NAV per Unit



3. Highlights of the 33rd Period (Ended December 2022)

External Growth

- ◆ Acceleration of asset replacement, continuation of discussions with sponsor on property acquisition
- ◆ **Acquisition of BIZCORE SHIBUYA from sponsor for 6.64 billion yen (August 2022)**
The third acquisition from a sponsor's medium-sized high-grade office series
- ◆ Execution of sale of Shintomicho Building in parts as planned (July 2022, January 2023)
Secured 1.3 billion yen gain on sale utilized for stabilization of distributions
- ◆ **Announced property replacement with third party (February 2023)**
Secured estimated gain on sale of 700 million yen allocated as funds for distributions and also to secure NOI

- Asset size
293 billion yen (Change from FP32: +5.9 billion yen)
Includes 5.23 billion yen from anonymous association equity interest (investment securities) in ARK Hills FRONT TOWER
- Unrealized gain
76.3 billion yen (Change from FP32: +1.7 billion yen)
- Percentage of unrealized gain
28.5 %
(Change from FP32: +0.1pt)
Record high unrealized gain and percentage

Internal Growth

- ◆ The period-end occupancy rate was below the planned level mainly due to refilling of the Kowa Kawasaki Nishiguchi Building where a major tenant departed
- ◆ Priority on prevention of departures through flexible negotiation of terms during contract renewal

- Period-end occupancy rate
93.0 % (Vs. plan: -0.9pt)
- Tenant departure rate
4.1 % (Change from FP32: -3.5pt)
- Ratio of rent revised upward (area basis)
1.6 % (Vs. plan: +0.8pt)
- Ratio of rent revised downward (area basis)
51.0 % (Vs. plan: +18.1pt)
- Upward revision rate
10.1 % (Vs. plan: -2.5pt)
- Downward revision rate
7.1 % (Vs. plan: +2.3pt)

Financial Strategy

- ◆ Reduction of financial costs through utilization of long-term variable interest loans and bilateralization of borrowing
- ◆ The percentage of sustainable finance* rose to 21.2%, reaching a level that is top class for office J-REITs
- ◆ Considering more flexible LTV operation for expansion of property acquisition capacity

- Average remaining period of interest-bearing debt
4.0 years (Change from FP32: -0.1 years)
- Average interest rate of interest-bearing debt
0.69 % (Change from FP32: -0.03pt)
- LTV **43.7 %** (Change from FP32: +0.6pt)
- Property acquisition capacity (LTV up to 47%) **19 billion yen**
- Internal reserve balance **565 million yen** (distribution equivalent 422 yen)

ESG

- ◆ **Establishment of CO₂ emission reduction target (net zero by FY2050)** (January 2023)
- ◆ **Implementation and disclosure of quantitative financial analysis based on TCFD recommendations** (February 2023)
- ◆ Start of periodic review of climate change risks and opportunities, addition to risk management framework (October 2022)
- ◆ Announcement of acquisition of additional investment units by core sponsor (August 2022)

- GRESB Real Estate Assessment (2022)
Highest rating Green Star (8 consecutive years)
5 star (3 consecutive years)
- MSCI ESG Rating
A rating (component of MSCI Select Leaders Index)
- Percentage of properties with Green Building certification (area basis)
89.2 % (Change from FP32: +1.5pt)
- CO₂-free electricity rate (area basis) **72.1 %** (Change from FP32: +1.2pt)

Distributions per unit (yen)

FP32: 2,800 yen

FP33: **2,800 yen**

Change from FP32: ±0 yen
(±**0.0 %**)

Change from forecast at beginning of period **±0 yen**

NAV per unit

FP32: 168,295 yen

FP33: **169,418 yen**

Change from FP32:
+1,123 yen
(+**0.7 %**)

(*) A collective term for sustainability finance and green finance.

III. Performance Forecasts for the 34th Period (Ending June 2023) and 35th Period (Ending December 2023)



> 1. Performance Forecasts for the 34th Period (Ending June 2023) and 35th Period (Ending December 2023)

<Outlook of office market>

- In the leasing market, large floor spaces are gradually beginning to move due to classification of Omicron as “Class 5” and reviews of office functions. However, considering the establishment of remote work and the possibility of further consolidation centered on large companies, there are concerns that the uncertainty surrounding the office sector will not be dispelled for some time.
- Due to the fact that a full recovery in office demand is expected to take a little more time, and the increased supply of new floor space in 2023, the view is that “the vacancy rate may increase from mid 6% to 7%, and newly concluded rents will be soft.”
- In response to discussion of “new work styles,” it is believed that polarization due to relative merits of conditions such as location, environmental performance and comfort will progress further. Large buildings with superior conditions match new office strategies, and will attract demand as core offices.

< Assumptions for performance forecasts >

Continuing to maintain the minimum distribution target based on conservative forecasts, impacts of new property acquisitions and use of gains on sales and internal reserves

[External growth]

- The gain on sale associated with the second settlement for Shintomicho Building (for 60%), and the effect of new property replacement (acquisition of Shin-Yokohama Arena-dori Building, gain on sale of Pacific Square Sengoku) are taken into account.

[Internal growth]

- As before, concerns have built up regarding departures, but the departure rate is expected to decline after peaking in the 32nd Period (7.6%). For refilling, downtime and free rent are set conservatively in consideration of the current leasing situation and the difficulty level and floor area of each property. With the decline in the departure rate and the steady progress of refilling, the occupancy rate is expected to bottom out at the end of the 32nd Period (90.8%) and recover.
- Regarding contract renewal, like last period, we have factored in rent reduction adjustments in order to respond to rent reduction requests from tenants with rent gaps to prevent tenants from departing and to encourage existing tenants to increase the floor space in the building and are also promoting efforts to revise contracts with raised rents mainly at regional properties.
- In addition to taking into account the impact of rising electricity prices from April 2023, we will promote the implementation of variable billing prices for tenants who are billed with fixed unit prices for electricity charges.

<Period-End Occupancy Rate / Departure Rate>

[Management of Distributions]

- **We will maintain the minimum DPU target of 2,800 yen level through new property acquisitions and flexible use of gains on sales and internal reserves.**

	32nd Period	33rd Period	34th Period	35th Period
Period-end Occupancy rate	90.8%	93.0%	94.4%	95.5%
(excluding Kawasaki Nishiguchi)	93.9%	95.9%	96.8%	97.2%
Tenant departure rate	7.6%	4.1%	3.3%	1.6%

2. Overview of Performance Forecasts for the 34th Period (Ending June 2023) and 35th Period (Ending December 2023)

(unit: million yen)

	33rd Period Result A	(Reference) 34th Period Initial Forecast	34th Period Forecast B	Comparison of Forecast for 34th Period with Previous Period B-A	35th Period Forecast C	Comparison of Forecast for 35th Period with Previous Period C-B
Operating revenue	10,699	10,819	10,859	+159	10,980	+121
Rental revenue	9,271	9,255	9,247	-23	9,358	+111
Gain on sales of real estate	530	792	792	+261	696	-95
Operating expenses	6,567	6,546	6,699	+132	6,845	+145
Expenses for rental operations	5,944	5,858	6,060	+115	6,233	+172
Sales and administrative expenses	622	687	639	+16	611	-27
Operating income	4,132	4,273	4,159	+26	4,135	-23
Ordinary income	3,503	3,669	3,559	+56	3,464	-95
Net income	3,502	3,668	3,558	+56	3,463	-95
Reserve for Reduction Entry (Provision (-) and reversal (+) of reserve)	+243	+76	+186	-56	+281	+95
Total distributions	3,745	3,745	3,745	0	3,745	0
Distributions per unit (yen)	2,800	2,800	2,800	0	2,800	0
Period-end occupancy rate	93.0%	96.2%	94.4%	+1.4pt	95.5%	+1.1pt

● Comparison of the Results for the 33rd Period and Forecasts for the 34th Period (Impact on Distribution Resources)

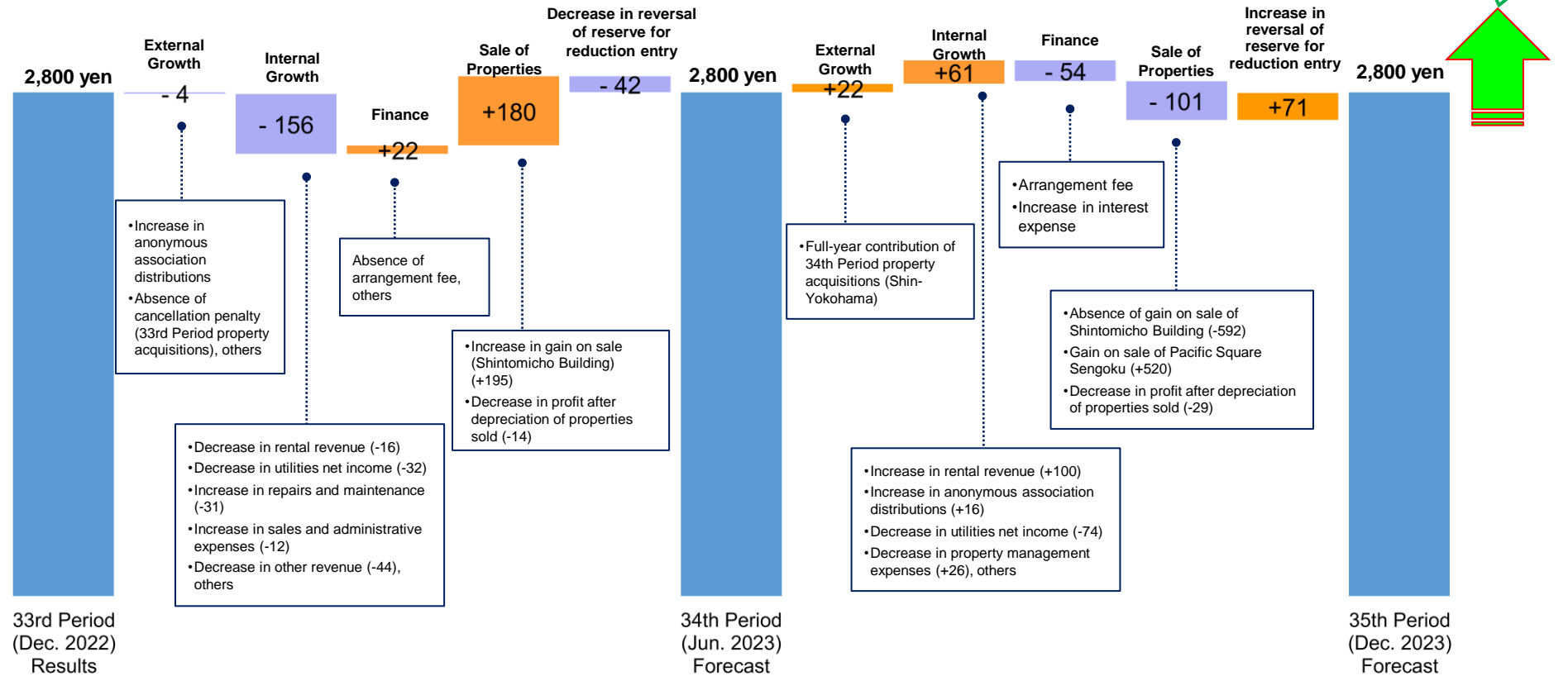
(1) Increase in operating revenue	+159 million yen
- 34th Period property acquisitions (Shin-Yokohama)	+28 million yen
- Decrease in existing property revenue	-22 million yen
- Decrease in other revenue (absence of cancellation penalty, etc.)	-100 million yen
- Increase in gain on sales of real estate	+261 million yen
- Decrease in revenue for utilities expenses	-3 million yen
(2) Increase in operating expenses	-132 million yen
- Increase in utilities expenses	-43 million yen
- Increase in taxes	-20 million yen
- Increase in repairs and maintenance	-42 million yen
(3) Decrease in non-operating expenses	+29 million yen
- Absence of arrangement fee, etc.	
(4) Increase in ordinary income and net income	+56 million yen
(5) Decrease in reversal of reserve for reduction entry	-56 million yen
(6) Total distributions	±0 million yen

● Comparison of Forecasts for the 34th Period and Forecasts for the 35th Period (Impact on Distribution Resources)

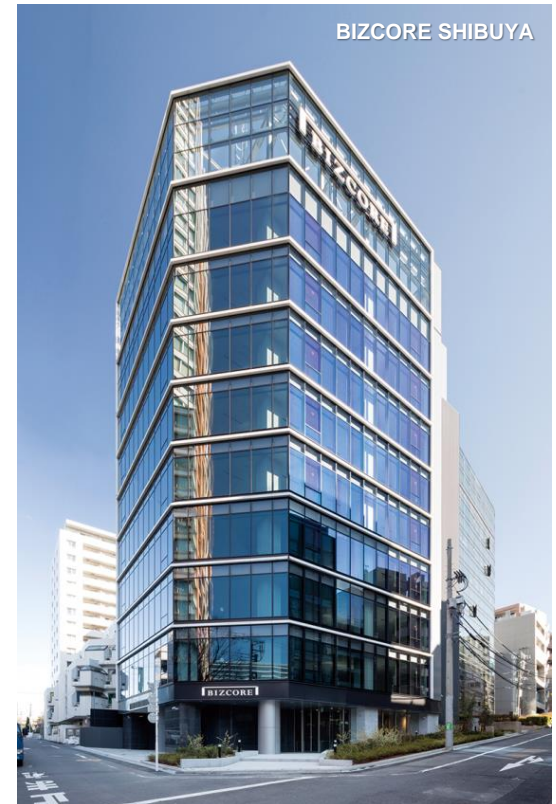
(1) Increase in operating revenue	+121 million yen
- Increase in rental revenue (CF occupancy rate recovery, etc.)	+111 million yen
- Decrease in gain on sales of real estate	-95 million yen
- Increase in revenue for utilities expenses	+88 million yen
(2) Increase in operating expenses	-145 million yen
- Decrease in property management expenses (absence of leasing fees, etc.)	+36 million yen
- Increase in utilities expenses	-189 million yen
(3) Increase in non-operating expenses	-71 million yen
- Increase in arrangement fee, interest expense, etc.	
(4) Decrease in ordinary income and net income	-95 million yen
(5) Increase in reversal of reserve for reduction entry	+95 million yen
(6) Total distributions	±0 million yen

3. Forecast of Distributions per Unit

- ◆ In the 34th Period, the minimum target of 2,800 yen will be maintained by utilizing the gain on sale of property and internal reserves as the recovery in the CF occupancy rate is delayed
- ◆ In the 35th period, 2,800 yen, the same amount as the 34th period will be maintained by utilizing the positive internal growth and internal reserve to cover the decrease in the gain on sales and the increase in financing costs



IV. Management Status and Policy














> 1. Review of Corporate Action

◆ While steadily implementing various measures as an asset manager, we will also promote **measures to further maximize unitholder value.**

Measures		Items implemented or decided	Ongoing considerations
Properties	Acquisition of new properties by mainly utilizing sponsor pipeline (increase in NOI)	<ul style="list-style-type: none"> • Acquisition of BIZCORE SHIBUYA (August 2022) • Decision to acquire Shin-Yokohama Arena-dori Building (February 2023) 	<ul style="list-style-type: none"> • Consultation with sponsors for further acquisitions • Consideration of acquiring third party properties
	Asset replacement (improvement of NOI, securement of gain on sale)	<ul style="list-style-type: none"> • Sale of Shintomicho Building (July 2022, January 2023), securement of approximately 1.3 billion yen gain on sale • Decision to sell Pacific Square Sengoku (February 2023) Securement of approximately 700 million yen gain on sale 	<ul style="list-style-type: none"> • Ongoing consideration of asset replacement
Leasing and Management	Refilling of large-scale vacancies that are difficult to be filled with the entire group	<ul style="list-style-type: none"> • Refilling of Omori Bellport D and Mansard Daikanyama exceeding plans 	<ul style="list-style-type: none"> • Refilling at an early stage through direct sales to tenants linked to sponsors and flexible setting of rent terms
	Prevention of the departure of existing tenants, flexible rent negotiations	<ul style="list-style-type: none"> • Flexibly respond to negotiation of terms with highest priority on prevention of departures, resulting in significant decline in the departure rate 	<ul style="list-style-type: none"> • Flexibly respond to negotiation of terms with highest priority on prevention of departures • Engaging in renewing contracts to raise rents of mainly at regional properties
	Maintenance and improvement of property value from a medium- to long-term perspective in cooperation with the PM and BM	<ul style="list-style-type: none"> • Progress of LED construction that contributes to environmental consideration • Implementation of work based on medium- to long-term repair plan • Refining of medium- to long-term repair plan utilizing external consultants (implemented in a total of 19 properties) 	<ul style="list-style-type: none"> • Initiatives ongoing
	Response to rising electricity prices	<ul style="list-style-type: none"> • Incorporation of impact of rising electricity prices into the current plan 	<ul style="list-style-type: none"> • Requesting implementation of variable unit prices billed to tenants whose electricity charges are billed at fixed unit prices
Finance	Enhancement of asset efficiency (release of security deposits), LTV control	<ul style="list-style-type: none"> • Consideration of additional room for release of security deposits (cumulatively approximately 4.6 billion yen) • Appropriate LTV control (43.7% at the end of December 2022) 	<ul style="list-style-type: none"> • Ongoing consideration of release of security deposits • LTV control flexibility to produce property acquisition capacity • Consideration of expanded use of commitment line funds
	Maintenance and stabilization of distributions (flexible use of internal reserves, treasury investment unit buybacks)	<ul style="list-style-type: none"> • Stabilization of distributions utilizing gain on sale and internal reserves 	<ul style="list-style-type: none"> • Enhancement of capital efficiency (effective use of property sale proceeds (property acquisition, treasury investment unit buyback, etc.)) • Utilization of gain on sale and internal reserves for stabilizing distributions
	Reduction of financial costs	<ul style="list-style-type: none"> • Reduction of agents and arrangement fees (November 2022 refinancing) • Cost reduction due to cancellation of ratings 	<ul style="list-style-type: none"> • Continuation of efforts to reduce financial costs
	Control of costs and risks through flexible fund procurement and diversification of procurement method	<ul style="list-style-type: none"> • Execution of sustainability loans and green loans (21.2% ratio of sustainable finance (as of end of December 2022)) 	<ul style="list-style-type: none"> • Active use of sustainable finance
ESG	Further promotion of ESG initiatives	<ul style="list-style-type: none"> • Establishment of CO₂ emission reduction target (net zero by FY2050) (January 2023) • Implementation and disclosure of quantitative financial analysis in line with TCFD recommendations (February 2023) • Expansion of renewable energy and CO₂-free power (3 additional property for 24 in total) • Additional acquisition of Green Building Certification (2 additional properties for 26 in total) 	<ul style="list-style-type: none"> • Continuation of efforts to achieve medium- to long-term CO₂ emissions reduction (intensity) targets • Additional acquisition of Green Building Certification • Additional acquisition of BELS Certification

2. External Growth (1) Look Back and Near Term Plans

	30th Period (FP6/2021)	31st Period (FP12/2021)	32nd Period (FP6/2022)	33rd Period (FP12/2022)	34th Period (FP6/2023)	35th Period ~ (FP12/2023 ~)
Acquisitions	<p>BIZCORE JIMBOCHO Acquisition price 10.2 billion yen</p> 	<p>Sapporo Otemachi Building Acquisition price 4.07 billion yen</p> 	<p>ARK Hills FRONT TOWER Equity interest in anonymous association (49%) Acquisition price 5.23 billion yen</p> 	<p>BIZCORE SHIBUYA Acquisition price 6.64 billion yen</p> 	<p>Announced Feb. 2023 Shin-Yokohama Arena-dori Building Acquisition price 2.07 billion yen</p> 	<p>Properties under consideration</p> 
						<p>Outlook for additional acquisitions (Acquired first right of refusal)</p> 
Transfer			<p>Kowa Shirokanedai Building Transfer price 5.4 billion yen</p> 	<p>Shintomicho Building (33rd - 34th Period) Transfer price 3.1 billion yen</p> 	<p>Announced Feb. 2023 Pacific Square Sengoku Transfer price 2.3 billion yen</p> 	
				<p>Total gain on sale for three properties : approx. 2.8 billion yen</p>		<p>Properties under consideration</p> 

2. External Growth (2) Property Acquired in the 33rd Period (Ended December 2022) «BIZCORE SHIBUYA»

- ◆ Third acquisition in the BIZCORE series, medium-sized high-grade office buildings developed by a core sponsor (Nippon Steel Kowa Real Estate)
- ◆ Accumulation of high-quality assets will boost distributions by about 70 yen on a BAU basis.

■ Acquired Properties / Overview of Acquisitions

Location	Shibuya, Shibuya Ward, Tokyo		
Structure	S, SRC, flat roof, 9 stories with 1 basement floor		
Total floor area	3,835.11 m ²		
Standard floor area	348.58 m ² (approx. 105 tsubo)		
Completed	Jan. 2020 (3 years old)		
Acquisition price	6,640 million yen		
Appraisal value	6,950 million yen		
Acquisition date	August 1, 2022		
NOI yield*	3.4%	NOI yield after depreciation*	2.9%
Occupancy rate	87.5% (as of December 31, 2022)		

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

Easy access from Shibuya in all directions

- A 4-minute walk from Shibuya Station, offering access via many lines
- Highly convenient: 5 minutes to Shinjuku Station, 12 minutes to Shinagawa Station, 15 minutes to Tokyo Station, etc.

Specs on par with the latest large office buildings

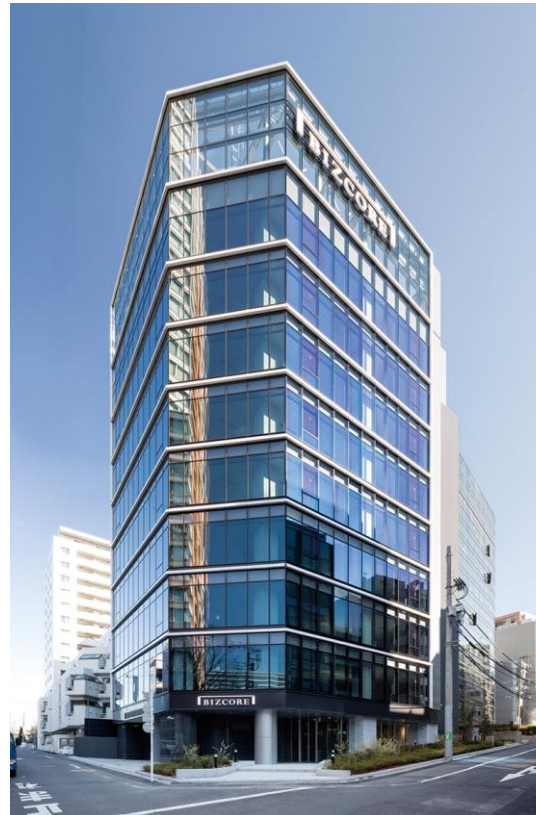
- Ceiling height of 2,800 mm, approx. 105 tsubo per floor and a bright, open, pillar-free space
- Floor load of 500 kg/m² and outlet capacity of 60 VA/m² (can be increased to 75 VA/m²)
- Individual air conditioners, automatic blinds and average desk lighting illuminance of 750 lx
- An exterior with a strong presence, an elegant entrance and a rooftop garden full of greenery

Excellent seismic performance and reliable business continuity in the event of a disaster

- Emergency stockpile warehouse exclusively for tenants, holding three days of supplies
- In the event of a disaster, 15 VA/m² is supplied to the exclusive areas for up to 48 hours by the emergency power supply
- Earthquake-resistant ceilings prevent the ceiling from falling during an earthquake

BIZCORE SHIBUYA

BIZCORE



■ REIT's Role in the Core Sponsor's New Medium-Term Management Plan (5 years)

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

- Priority measures to further strengthen and expand the office development and leasing business
- Promotion of numerous development projects such as offices mainly in central Tokyo

Plan to complete and operate 10 or more BIZCORE series buildings within the plan's period

- From the viewpoint of maintaining and promoting brand development, we expect the REIT, which is responsible for the exit strategy, to continue to acquire when the core sponsor sells

Properties currently owned by the core sponsor are also in the pipeline

2. External Growth

(3) BIZCORE Series Being Developed by the Core Sponsor (Nippon Steel Kowa Real Estate)

- ◆ Completed construction for 6 properties starting with JIMBOCHO. Plan to complete and begin operations at 10 or more properties in 5 years from April 2021

Concept

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



Background and Superiority

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

Fundamental Specifications

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





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

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

Future Development


- In addition to JIMBOCHO, AKASAKA-MITSUKE, TSUKIJI, SHIBUYA, KANDA-SUDACHO and HIGASHI-KANDA, **planning the complete and begin operations at 10 or more buildings over 5 years from April 2021**

Acquired

BIZCORE JIMBOCHO			BIZCORE AKASAKA-MITSUKE			BIZCORE SHIBUYA		
	Construction completion	Nov. 2017		Construction completion	Mar. 2019		Construction completion	Jan. 2020
	Access	4-minute walk from Tokyo Metro Jimbocho Station, others		Access	Directly connected to Tokyo Metro Akasaka-Mitsuke Station, others		Access	4-minute walk from JR and others Shibuya Station, others
	Total floor area	8,217.64 m ²		Total floor area	3,515.63 m ²		Total floor area	3,835.11 m ²
	Standard floor size	Approx. 890 m ² (Approx. 270 tsubo)		Standard floor size	Approx. 265 m ² (Approx. 80 tsubo)		Standard floor size	Approx. 349 m ² (Approx. 105 tsubo)
BIZCORE TSUKIJI			BIZCORE KANDA-SUDACHO			BIZCORE HIGASHI-KANDA		
	Construction completion	Jul. 2019		Construction completion	Sep. 2021		Construction completion	Nov. 2022
	Access	3-minute walk from Tokyo Metro Tsukiji Station		Access	1-minute walk from Toei Subway Iwamotocho Station, others		Access	5-minute walk from Toei Subway Iwamotocho Station, others
	Total floor area	6,757.73 m ²		Total floor area	1,988.55 m ²		Total floor area	2,777.49 m ²
	Standard floor size	Approx. 661 m ² (Approx. 200 tsubo)		Standard floor size	Approx. 159 m ² (Approx. 48 tsubo)		Standard floor size	Approx. 251 m ² (Approx. 76 tsubo)

Plan to complete and begin operations in sequence

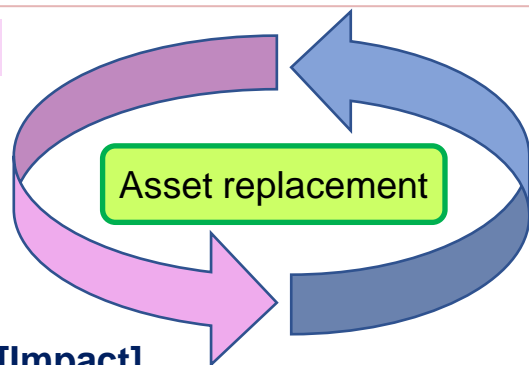


(Tentative name) BIZCORE SOTOKANDA Project		
	Construction completion	Jan. 2024 (scheduled)
	Access	7-minute walk from Tokyo Metro Ochanomizu Station, others
	Total floor area	3,543.18 m ²
	Standard floor size	Approx. 388 m ² (Approx. 117 tsubo)

> 2. External Growth (4) Property Replacement in the 34th Period (Ending June 2023)

- Decided to sell Pacific Square Sengoku, which is located in a residential area and many years have passed since it was built to secure an expected gain on sale of 700 million yen, and acquire a property in a good location near the station in the Shin-Yokohama area expected to develop further as an office area as a replacement property

Transfer: Pacific Square Sengoku



[Impact]

(1) Securing gain on sale (approx. 700 million yen)
Creation of financial strength supporting stable distribution policy

(2) Qualitative improvement of portfolio
Area competitiveness, strength of closest station, improvement of years since built

Transferred Properties / Overview of Transfers

Location	Honkomagome, Bunkyo Ward
Nearest station	1-minute walk from Sengoku Station on Toei Mita Line
Total floor area	4,017.44 m ²
Completed	November 1992
Acquisition date	December 2011
Acquisition price	1,620 million yen
Transfer price	2,300 million yen
Appraisal value (As of December 31, 2022)	1,550 million yen
Book value (End of FP12/2022)	1,596 million yen
Gain/loss on transfer ^{*1}	696 million yen
Scheduled transfer date	July 3, 2023

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

	Sengoku	Shin-Yokohama
Area competitiveness	Mainly residences (Concerns about future potential as an office location)	Around a major station (Concentration of offices/commercial and cultural facilities)
Nearest station	Sengoku Station Subway 1-minute walk	Shin-Yokohama Station Subway/New Line ^{*2} 1-minute walk Shinkansen, JR Line 3-minute walk
Years since built	30	21

*2 The New Line is scheduled to open in March 2023.

Acquisition: Shin-Yokohama Arena-dori Building



Acquired Properties / Overview of Acquisitions

Location	Shin-Yokohama, Kohoku Ward, Yokohama City		
Nearest station	1-minute walk from Yokohama Municipal Subway/Sotetsu and Tokyu Shin-Yokohama Line (to open in March 2023), 3-minute walk from Shinkansen/JR Yokohama Line Shin-Yokohama Station		
Structure	S, flat roof, 6 stories		
Total floor area	2,448.57 m ²		
Standard floor area	398.32 m ² (approx. 120 tsubo)		
Completed	October 2001		
Acquisition price	2,077 million yen		
Appraisal value	2,140 million yen		
Acquisition date	March 31, 2023		
NOI yield ^{*3}	4.2%	NOI yield after depreciation ^{*3}	3.5%
Occupancy rate	66.7% (as of December 31, 2022) ^{*4}		

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

*4 As of February 9, 2023, there have been lease applications from multiple end tenant candidates for the property to be acquired, and if lease agreements are concluded according to the applications with all end tenant candidates, the occupancy rate will be 75.4% as of March 31, 2023 and 95.6% as of June 30, 2023. However, these applications by end tenant candidates are not legally binding, and the actual occupancy rate may differ.

2. External Growth (5) Change in External Growth and Policies/Strategies

Policy and Strategies of External Growth

[Policy] Plan to expand asset size over the medium to long term, while improving the portfolio through replacement with an aim to realize stable growth of DPU and NAV

[Result] (Past ten years (14th Period to 33rd Period))

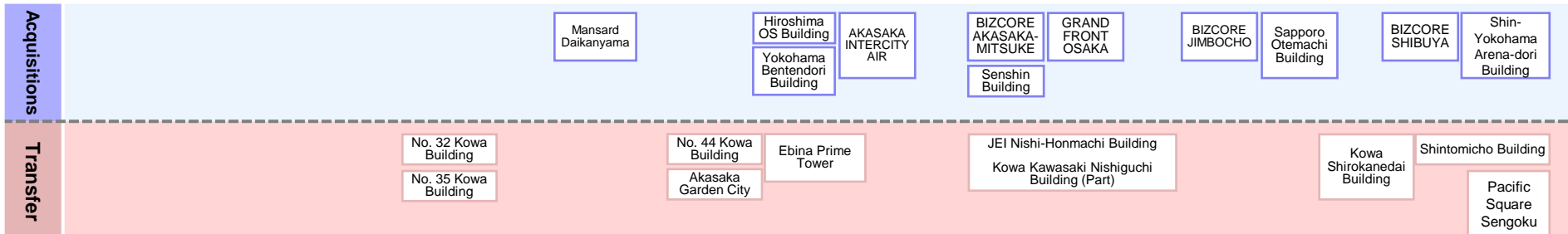
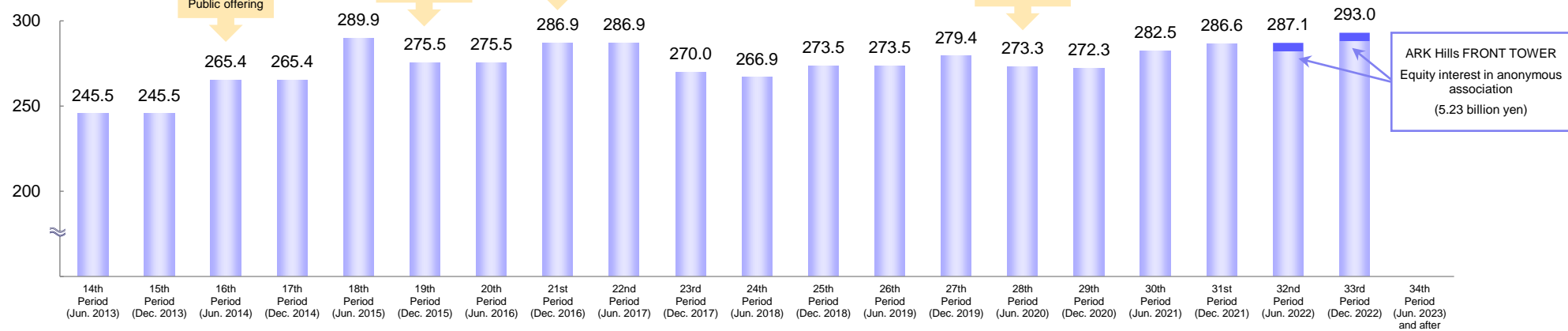
- ◆ Acquisition: 24 properties, 141.5 billion yen
Acquisition from sponsor: 62.7%
- ◆ Sale: 9 properties, 70.7 billion yen

[Future strategies]

- ◆ Also promote the acquisition of third-party properties in regional core cities while focusing mainly on continuous supply of pipelines in conjunction with the mid-term plan of core sponsors
- ◆ Efforts for continuous portfolio improvement through replacement

Change in External Growth

Asset size (billion yen)
(acquisition price basis)

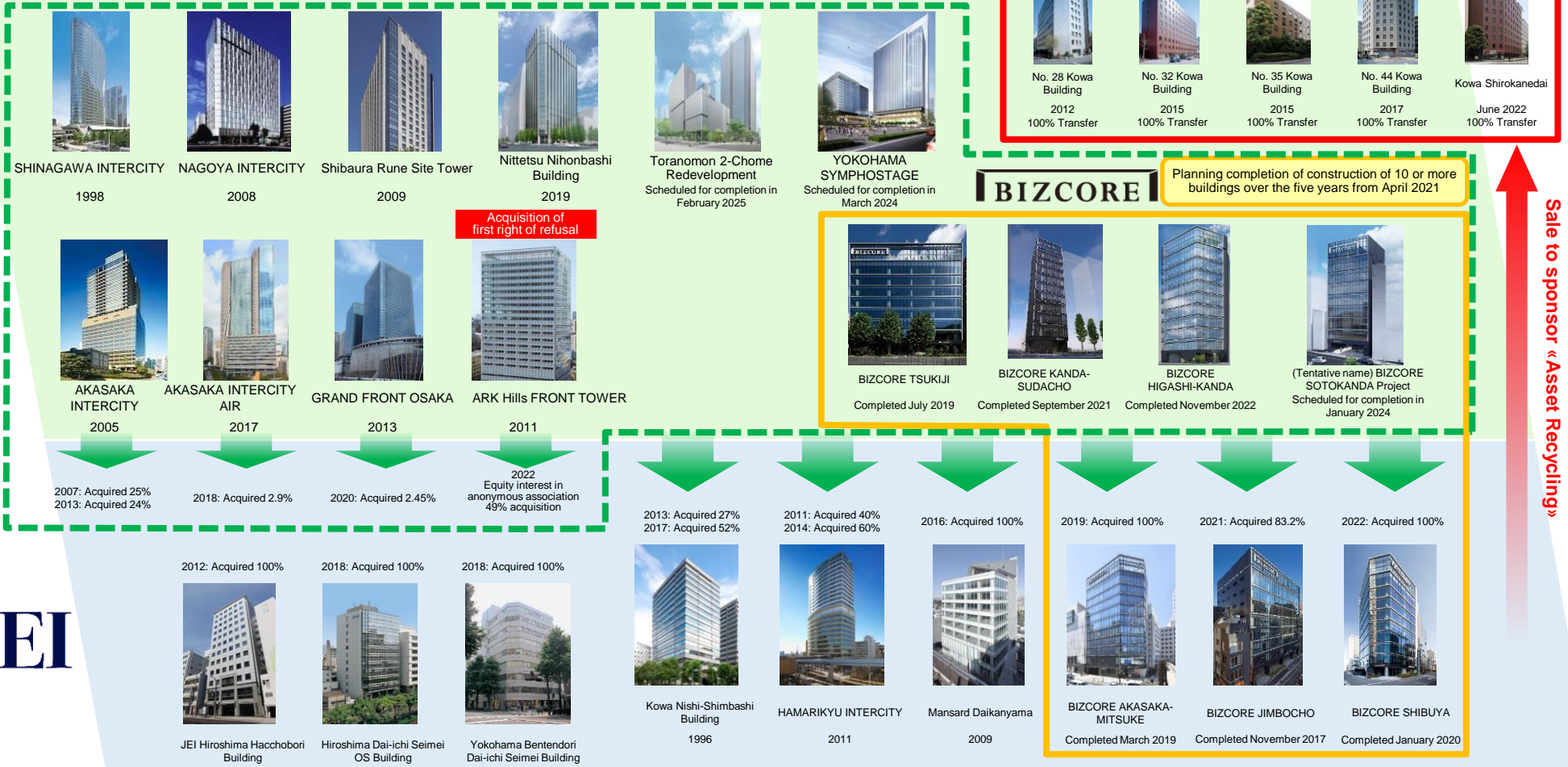


2. External Growth

(6) Major Development Cases and Portfolio of Sponsor and Overview of Transactions with JEI



Candidate properties for acquisition to be considered in the future
(Linkage with medium-term plan of sponsors)



JEI

Sale to sponsor «Asset Recycling»

By your side, for life

DAI-ICHI LIFE



Art Village Osaki

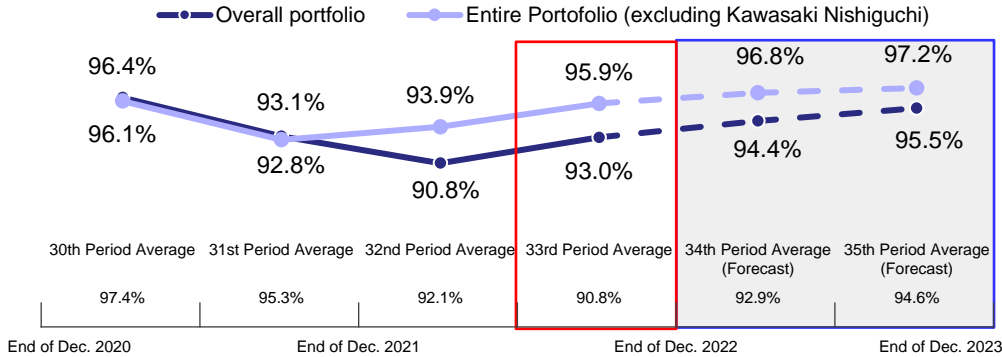


MEGURO CENTRAL SQUARE & Brillia Towers Meguro

3. Internal Growth (1) Status of Rent 1) (Departure and Lease Up)

- ◆ The occupancy rate recovered after bottoming out in the 32nd period. However, the occupancy rate was below the planned level mainly due to refilling of the Kowa Kawasaki Nishiguchi Building after a major tenant departed.
- ◆ As the departure rate decreases and refilling progresses, the occupancy rate is expected to steadily recover (to over 97% excluding Kowa Kawasaki Nishiguchi Building)

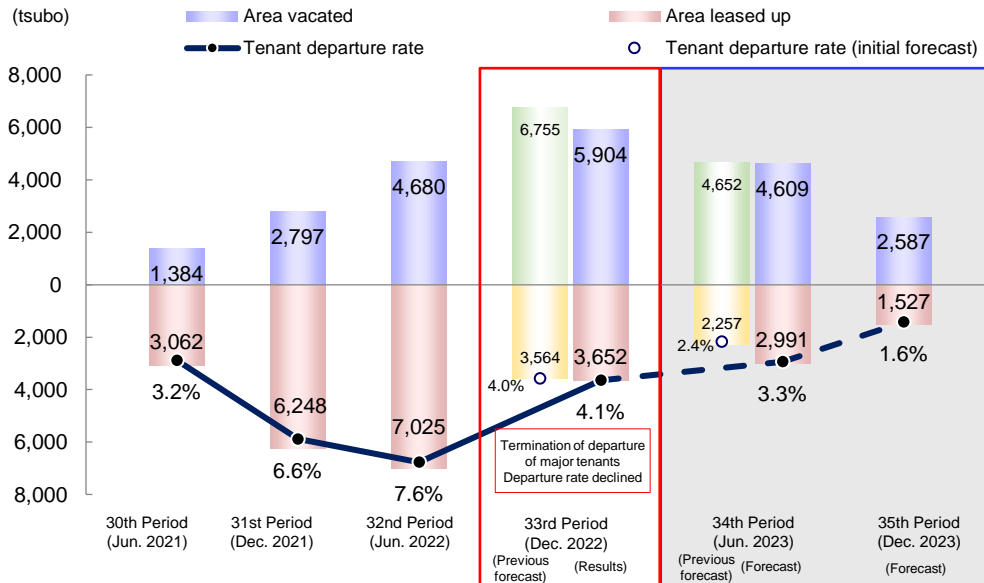
Historical Period-End Occupancy Rate



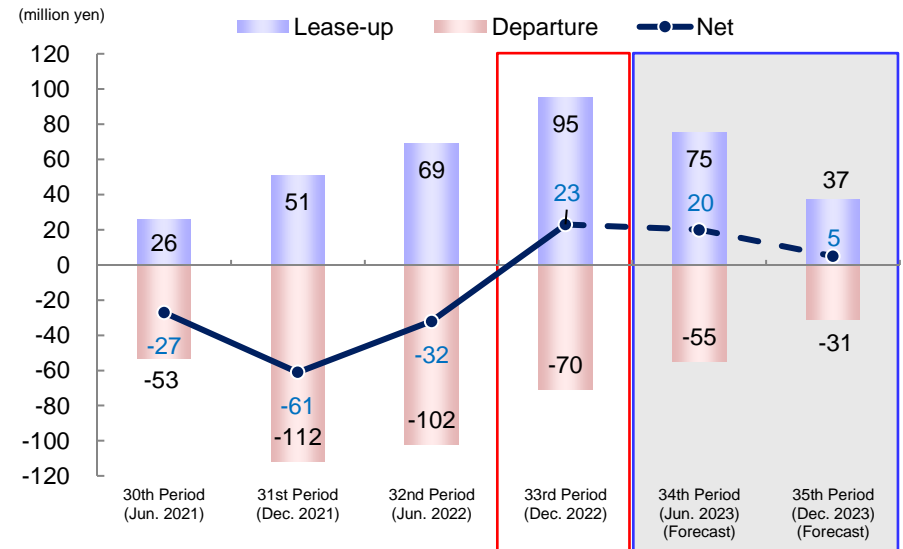
<Policy on leasing activities>

- Continued focus on “early refilling of vacated floors” and “flexible rent negotiations” based on the leasing environment awareness.
- Focus on early refilling of vacated floors by cooperating with sponsors and setting flexible conditions taking into account the level of difficulty by property
- With regard to rent renewal, the top priority should be placed on preventing departures and flexibly respond to request for rent reduction. Initiatives for upward rent revision mainly at regional properties

Tenant Departure Rate and Area Leased Up and Vacated*



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



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

3. Internal Growth (1) Status of Rent 2) (Rent Revision)

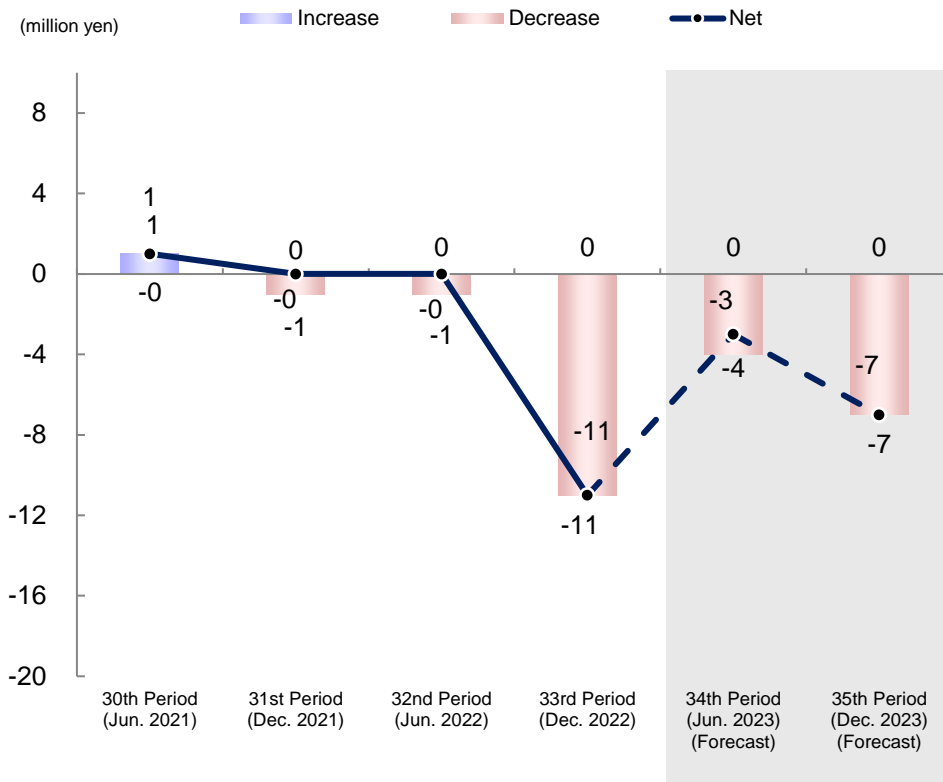
◆ Flexible response to negotiation of terms with priority on prevention of departures and encouraging floor space expansion

Change in Area Subject to Revision



Percentage of increased rent	10.5%	4.2%	3.7%	1.6%	5.8%	0.7%
Percentage of decreased rent	1.3%	6.4%	2.6%	51.0%	2.1%	-
Percentage of unchanged rent	88.1%	89.4%	93.7%	47.4%	92.1%	99.3%

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



Upward revision rate	6.0%	4.6%	2.8%	10.1%	3.6%	7.1%
Downward revision rate	6.2%	5.7%	7.7%	7.1%	6.7%	19.6%
Rent revision rate	0.4%	-0.3%	-0.2%	-3.7%	-1.2%	-3.4%

*1 Figures do not include data for residences and GRAND FRONT OSAKA.

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

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

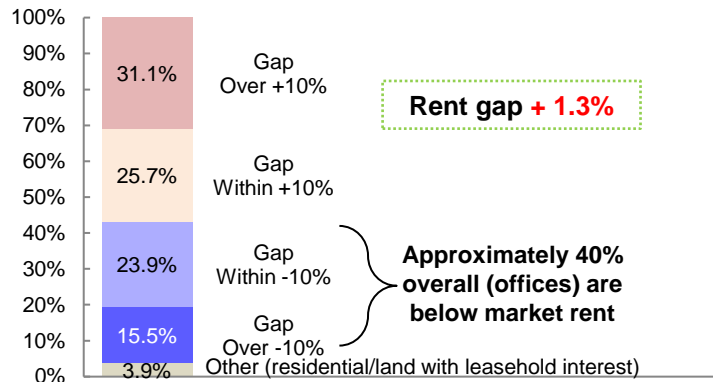
*4 The area with upward/downward rent revisions for the 34th and 35th Periods is the figure only for the sections for which an agreement was reached as of December 31, 2022.

3. Internal Growth (2) Status of Rent Gap

◆ Due to decrease in market rents, rent gap was +1.3%*1

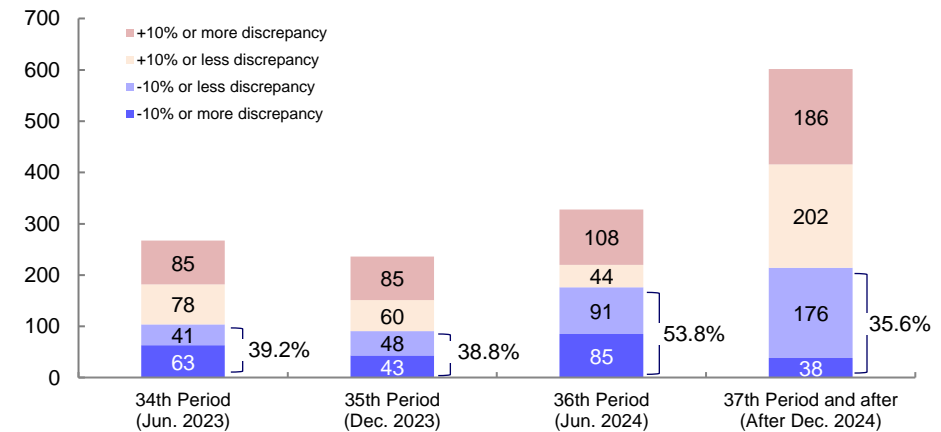
■ Status of Rent Gap (as of the End of the 33rd Period)*2

Monthly rent: 1,498 million yen

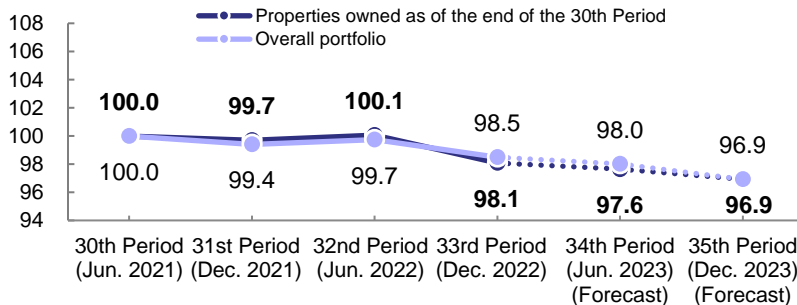


■ Monthly Rent by Renewal Period*2 *3

(million yen)



■ Historical Rent Levels*2 *3 *4



- ◆ Unit rents will remain generally flat until the 32nd Period after the COVID-19 pandemic
- ◆ Unit rents decreased in the 33rd Period due to a flexible leasing strategy aiming to prevent departures, etc. Assume that unit rents will continue to soften from the 34th Period onward
- ◆ Strive for upward rent revision mainly at regional properties for those with significant negative rent gaps

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

*2 Calculated by excluding GRAND FRONT OSAKA.

*3 Calculated by excluding residences.

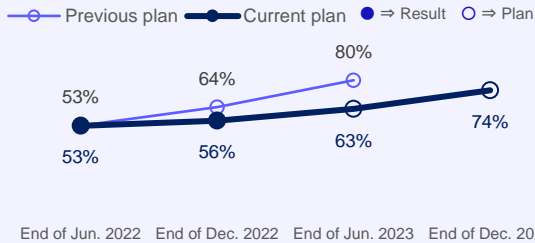
*4 Indexed with the average unit rent at the end of the 30th period set as 100. The average unit rent is the weighted average by leased office area. Properties owned at the end of the 30th Period are properties continuously owned since the end of the 30th Period among those owned at the end of the 33rd Period.

3. Internal Growth (3) Properties Focused on Leasing

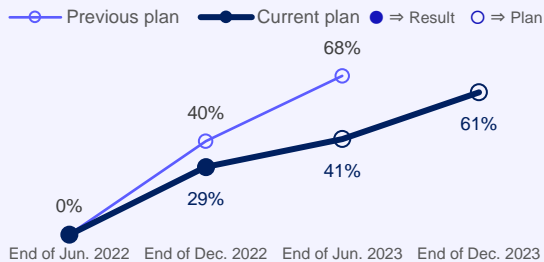
- ◆ Although Musashi Kosugi is progressing slower than planned, over 80% has been refilled. Omori and Hamamatsucho have progressed more than anticipated, and the plan has been revised upward (lease up brought forward by one period in Omori)
- ◆ There are many vacancies in the Kawasaki-Shinagawa area competing with Kawasaki Nishiguchi, and refilling is facing difficulties stopping at around 30%, resulting in the plan being revised downward. A variety of options will be considered while continuing to focus on flexibly setting rents, etc.

■ Kowa Kawasaki Nishiguchi Building

[Occupancy rate (entire building)]



[Refill rate of areas vacated by major tenants]... Area leased up 4,149 tsubo (based on share)

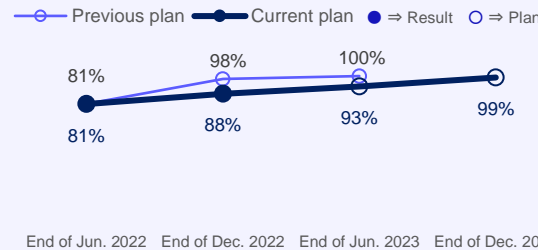


In the fiscal period ended December 2022, there was floor space expansion due to consolidation of offices by major tenants, but customer movements were slower than expected and below plan. Based on recent conditions, the refilling plan has been revised downward

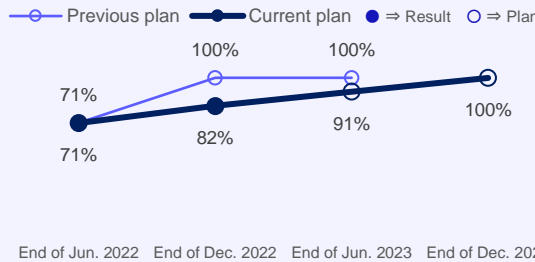
Aiming to attract tenants through property strengths (size, form, large-scale renovations), flexible rent setting and measures to improve property value by using LED lights in exclusive areas

■ Musashikosugi Tower Place

[Occupancy rate (entire building)]



[Refill rate of areas vacated by major tenants]... Area leased up 4,319 tsubo (based on share)

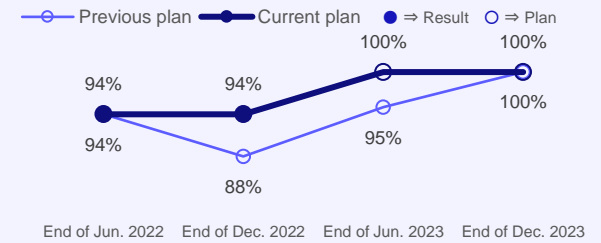


Although there were plans to reach full occupancy with the momentum of refilling approximately 70% of the large vacancies of the previous period, this has stalled somewhat. The occupancy rate has ended up at 88% by taking in the needs of community-based tenants such as shared offices, cram schools and model rooms in addition to major tenants

We will also promote leasing of subdivisions (around 100 tsubo) by continuing to focus on attracting major tenants

■ Omori Bellport D

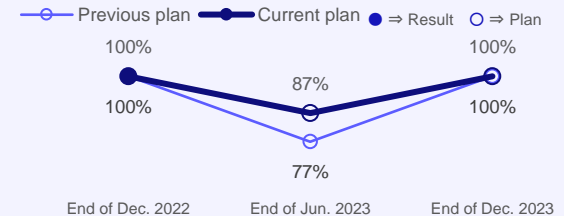
[Occupancy rate (entire building)] ... Area vacated 1,063 tsubo



Refilling progressed ahead of plan due to strategic leasing, achieving lease up one period early

■ JEI Hamamatsucho Building

[Occupancy rate (entire building)] ... Area vacated 1,202 tsubo

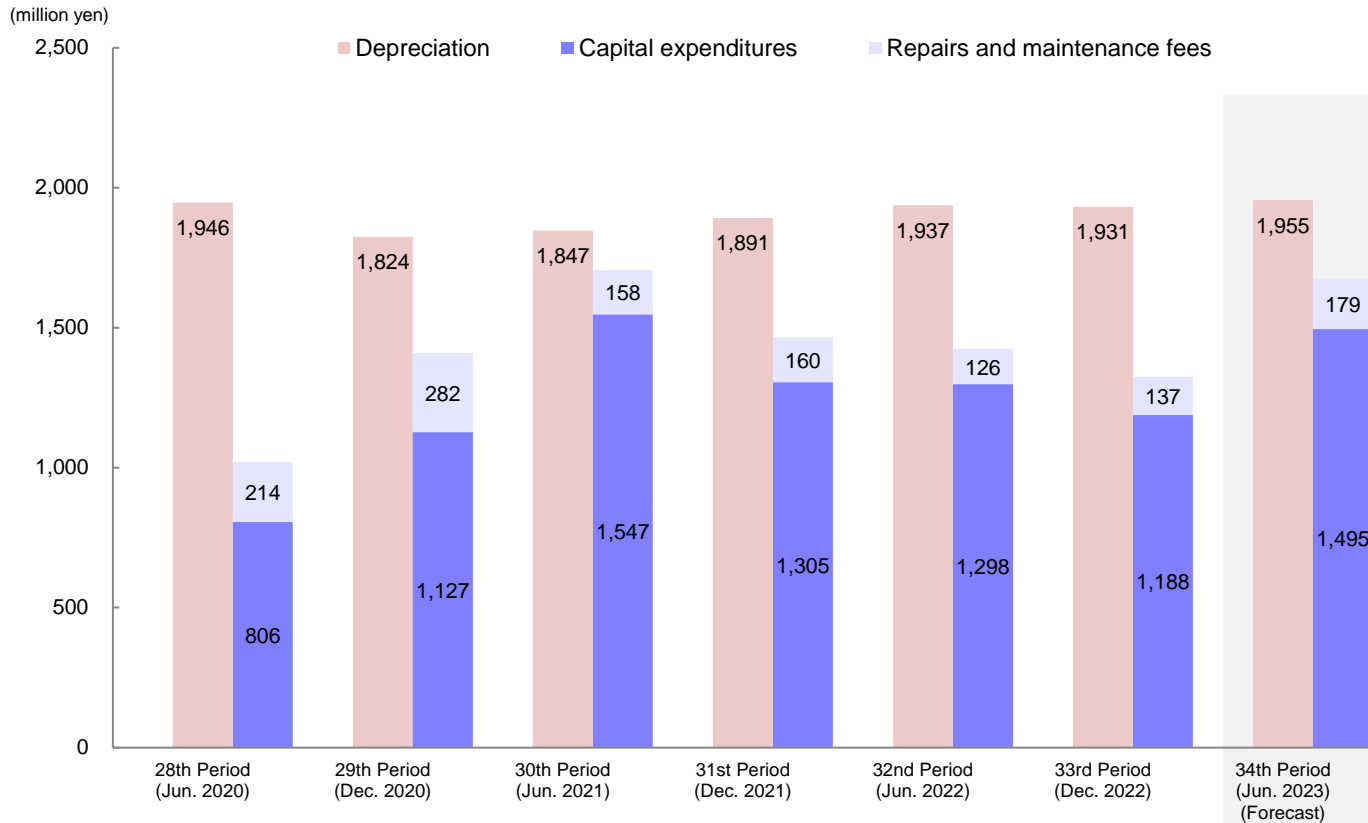


Departure will occur in the fiscal period ending June 2023. The plan has been revised upward due to strong performance of leasing

> 3. Internal Growth (4) Construction Results

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

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



Large-scale renovations due to aging (planned) (34th Period, 35th Period)

[Kowa Kawasaki Higashiguchi Building]
Renovation of elevator 291 million yen

[Musashikosugi Tower Place]
Renovation of elevator 155 million yen
Renewal of garbage disposal facilities 66 million yen

[JEI Hiroshima Hacchobori Building]
Renewal of air conditioning 119 million yen

[NHK Nagoya Housou-Center Building]
Renewal of elevator 111 million yen
Renewal of emergency power generation facilities 94 million yen

[Nisseki Yokohama Building]
Repair of exterior walls 103 million yen

[Core City Tachikawa]
Implementation of LED lighting in the exclusive areas 78 million yen

> 3. Internal Growth (5) Facility Renewal for CO₂ Emissions Reduction

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

■ Contributing to Goal 7: Affordable and clean energy, and Goal 13: Climate action, by reducing CO₂ emissions and suppressing ozone depletion



■ Kowa Kawasaki Higashiguchi Building

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

Planned budget: 147 million yen
Construction period: July 2021 to June 2023



■ Kowa Kawasaki Nishiguchi Building

Implementation of LED lighting on 25 exclusive-use floors, reducing CO₂ emissions by 69%

Planned budget: 360 million yen
Construction period: January 2021 to December 2026



■ JEI Hiroshima Hacchobori Building

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

Planned budget: 460 million yen
Construction period: April 2021 to June 2024



4. Financial Strategy (1) Performance of Financing Activities

◆ We will promote sustainable finance*1 while reducing interest costs through utilization of variable interest loans and bilateralization of syndicated loans.
Sustainable finance ratio is top class among office J-REITs

Repayments and Financing in the 33rd Period (Ended December 2022)

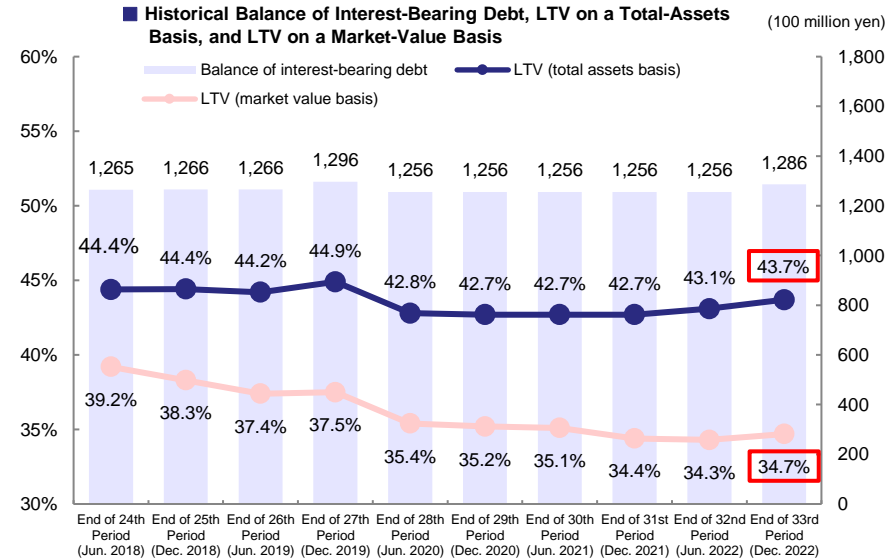
◆ New short-term loans

Funds for acquisition of BIZCORE SHIBUYA

(executed on August 1, 2022, 3 billion yen, 0.9 years, 1-month TIBOR+0.2%)

◆ Refinancing of long-term loans... Reduction of interest costs, increasing percentage of sustainable finance

Before refinancing			After refinancing				Comment	
Amount (100 million yen)	Period	Interest rate	Type *2	Amount (100 million yen)	Period	Interest rate		Execution date
20	2 years	1-month TIBOR +0.2%	S	20	2.5 years	3-month TIBOR +0.2%	9/30	Longer loan duration
10	5 years	0.35%	G	10	5 years	0.34% (-1bp)	11/30	Reduction of financial costs through bilateralization
57.5	8 years	0.94%	G	57.5	7.1 years	3-month TIBOR +0.37% (-52bp) ³	12/30	Significant reduction of interest through variable interest loans

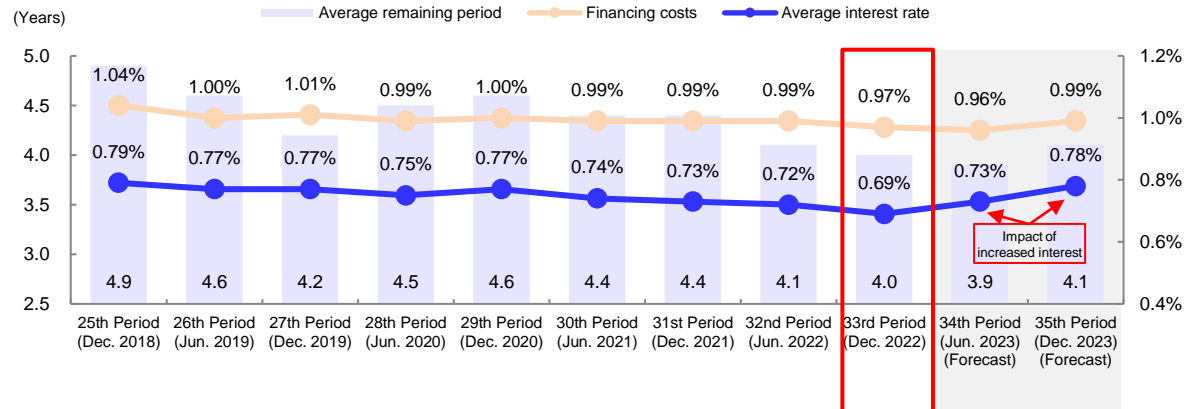


< Reference > Pioneering Sustainable Finance Initiatives

◆ The ratio of sustainable finance to interest-bearing debt (21.2% as of December 31, 2022) ranks among the top office J-REITs

Green Bonds	Aug. 2018	First for an office J-REIT
Green Loans	Sep. 2018	First for a J-REIT
Sustainability Loans	Sep. 2020	First for a J-REIT
Green Syndicated Loans	Nov, Dec 2021	First for an office J-REIT

Historical Average Remaining Period of Interest-Bearing Debt, Financing Costs⁴, and Average Interest Rate of Interest-Bearing Debt



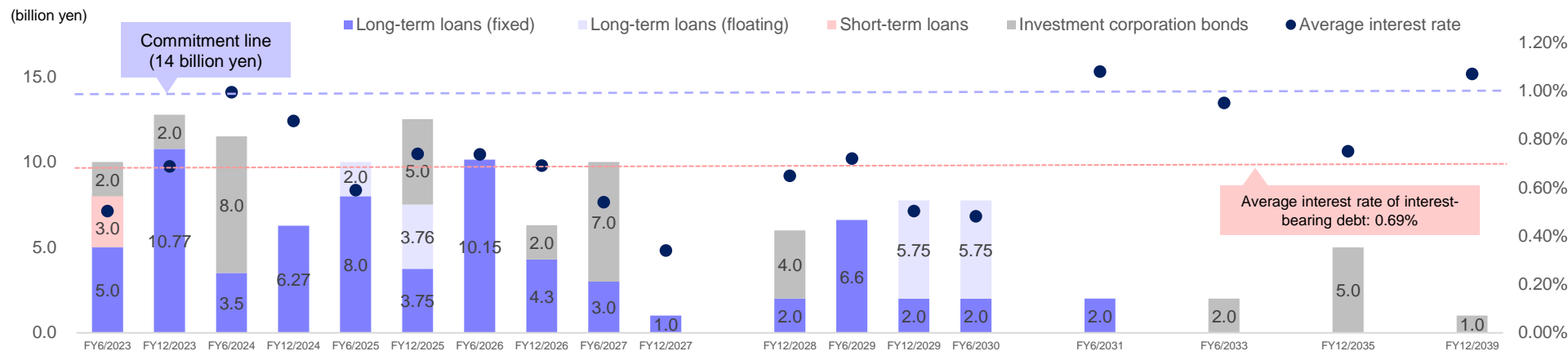
*1 General term for sustainability finance and green finance. *2 S indicates a sustainability loan and G indicates a green loan. *3 Decrease in interest as of the loan execution date.

*4 Financing costs: (Interest expense + loan-related fees + interest expense on investment corporation bonds + amortization of investment corporation bond issuance costs) / average remaining interest-bearing debt in the current and previous periods from the 30th Period

4. Financial Strategy (2) Status of Financial Management

◆ Reduction of financial costs while paying attention to use of fixed interest rates, maintaining remaining period and diversified repayment dates

■ Repayment Amount in Each Period and Average Interest Rate of Interest-Bearing Debt (As of the End of the 33rd Period)



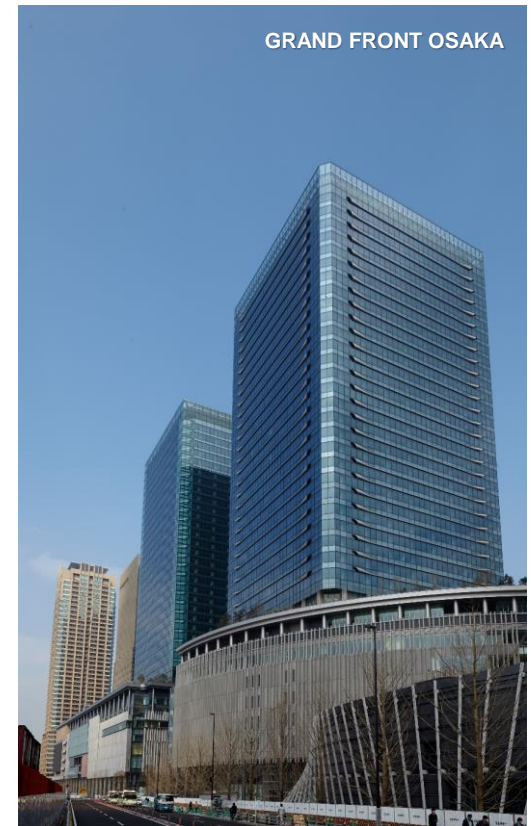
■ Historical Major Financial Data

	29th Period End (Dec. 2020)	30th Period End (Jun. 2021)	31st Period End (Dec. 2021)	32nd Period End (Jun. 2022)	33rd Period End (Dec. 2022)	Compared with previous period
Balance of interest-bearing debt	125.6 billion yen	125.6 billion yen	125.6 billion yen	125.6 billion yen	128.6 billion yen	+3.0 billion yen
LTV (total assets basis)	42.7%	42.7%	42.7%	43.1%	43.7%	+0.6pt
LTV (market value basis)	35.2%	35.1%	34.4%	34.3%	34.7%	+0.4pt
Average remaining period of interest-bearing debt	4.6 years	4.4 years	4.4 years	4.1 years	4.0 years	-0.1 years
Financial costs	1.00%	0.99%	0.99%	0.99%	0.97%	-0.02pt
Average interest rate of interest-bearing debt	0.77%	0.74%	0.73%	0.72%	0.69%	-0.03pt
Ratio of fixed interest rate	95.4%	95.4%	90.8%	90.8%	84.2%	-6.6pt

■ Status of Ratings

Rating agency	Rating (outlook)
Japan Credit Rating Agency (JCR)	Long-term issuer rating AA- (stable)

V. ESG Initiatives



ESG Related (1) Initiatives in the 33rd Period (Ended December 2022)

Property

(1) Reduce CO₂ emissions through shift in electricity source
(July 2022 – December 2022)

Reduction of CO₂ emissions from electricity use to zero at 3 properties
(cumulatively 24 properties)

[Switching ratio to CO₂-free electricity]
Based on area: 72.1%, Based on the number of properties: 68.6%

(2) Additional acquisition of Green Building Certification

Cumulatively 26 properties certified (89.2% on area basis)

(3) New acquisition of BELS Evaluation

BIZCORE JIMBOCHO earns four stars (December 2022)

Policy

(4) Establishment of FY2050 CO₂ emission reduction targets
(January 2023)

Net zero CO₂ emissions by FY2050

(5) Formulation of human rights policy (January 2023)

Basic policy on respect for human rights

Finance

(6) Promotion of sustainable finance

Borrowing of sustainability loans (September 2022)
Borrowing of green loans (November and December 2022)

Governance

(7) Announcement of acquisition of additional investment units by core sponsor
(August 2022)

(8) Individual disclosure of director compensation
(September 2022)

From the conventional disclosure of total amount to individual disclosure

External Assessment

(9) 2022 GRESB Real Estate Assessment
(October 2022)

Received **“Green Star”** for eighth consecutive year and the top rating of **“5 Star”** for third consecutive year

TCFD

(10) Start of periodic review of climate change risks and opportunities
(October 2022)

Periodic review of current manifestation and changes in external environment

(11) Inclusion of climate change risks in risk management framework (October 2022)

Addition of climate change risk items and indicators to risk management framework

(12) Quantitative analysis and disclosure of financial impact (February 2023)

Following qualitative analysis, implementation of quantitative analysis and disclosure of financial impact of climate change

> [Reference] Status of JEI's ESG initiatives

Policy/Implementation

PRI Signing the Principles for Responsible Investment



TCFD Declared support for the Task Force on Climate-related Financial Disclosures recommendations



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



◆ **CO₂ emissions reduction target**

Medium-term target (FY2030) **-46%**
(Intensity basis; vs FY2013)

Long-term target (FY2050) **Net zero**



External Assessment

◆ GRESB Real Estate Assessment (2022)

「Green Star」 Eighth consecutive years
“GRESB Rating”
Highest “5 star” third consecutive year



MSCI ESG Rating: **Class A**

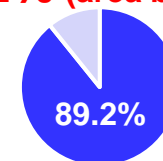
Composite of **MSCI Japan ESG Select Leaders Index**



Property

◆ Green Building Certification

26 properties
89.2% (area basis)



◆ Promoting switch to CO₂-free electricity

24 out of 35 properties
72.1% (area basis)



Finance

◆ Sustainability Finance Framework

Acquired **“SU1 (F)”**, the **highest overall evaluation** from Japan Credit Rating Agency, Ltd. (JCR)



◆ Green Finance Framework

Expanded use of funds to cover repair costs
Obtained a second-party opinion from Sustainalytics, an ESG rating agency.



◆ Intensive initiatives in sustainable finance*

Green Bonds	Aug. 2018	First for an office J-REIT
Green Loans	Sep. 2018	First for a J-REIT
Sustainability Loans	Sep. 2020	First for a J-REIT
Green Syndicated Loans	Nov, Dec 2021	First for an office J-REIT

⇒ **21.2% ratio of sustainable finance** (as of end of December 2022)

ESG Related (2) Environmental Performance Data

◆ Promote initiatives to achieve reduction targets for CO₂ emissions, energy consumption and water consumption

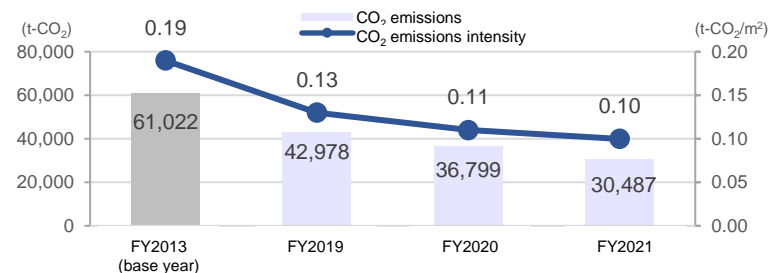
CO₂ Emissions

Reduction target

Reduce CO₂ emissions intensity **by 46%** in FY2030 compared with FY2013
FY2050 **Net zero**

Results

	FY2013 (Base year)	FY2019	FY2020	FY2021
Total amount (t-CO ₂)	61,022	42,978	36,799	30,487
Intensity (t-CO ₂ /m ²)	0.19	0.13	0.11	0.1
Intensity reduction rate (%)	-	-30.7%	-38.2%	-49.3%



Energy Consumption

Annual reduction target

Reduce energy consumption intensity **by 1%** in each fiscal year compared with the previous fiscal year

Results

	FY2019	FY2020	FY2021
Total amount (MWh)	122,695	109,293	110,536
Intensity (kWh/m ²)	357.7	332.7	344.6
Intensity reduction rate (comparison with previous fiscal year) (%)	-	-7.0%	3.60%

5-year average reduction target

Reduce the average intensity from FY2020 to FY2024 **by at least 5%** compared with that from FY2015 to FY2019

Results

	5-year average (FY2015 - FY2019)	2-year average (FY2020 - FY2021)
Average intensity (kWh/m ²)	356.2	338.7
Intensity reduction rate (%)	-	-4.9%

Water Consumption

Annual reduction target

Reduce water consumption intensity **by 1%** in each fiscal year compared with the previous fiscal year

Results

	FY2019	FY2020	FY2021
Total amount (1,000 m ³)	395	289	267
Intensity (m ³ /m ²)	1.15	0.88	0.84
Intensity reduction rate (comparison with previous fiscal year) (%)	-	-23.5%	-5.1%

5-year average reduction target

Reduce the average intensity from FY2020 to FY2024 **by at least 5%** compared with that from FY2015 to FY2019

Results

	5-year average (FY2015 - FY2019)	2-year average (FY2020 - FY2021)
Average intensity (m ³ /m ²)	1.23	0.86
Intensity reduction rate (%)	-	-30.2%

(Note) Received third-party guarantee from Ernst & Young ShinNihon LLC for CO₂ emissions, energy consumption and water consumption.

> ESG Related (3) Future Initiatives

◆ In addition to steadily implementing the previous initiatives, we will focus on the following priority themes

Current Priority Themes

Carbon Neutral

TCFD

- **Steady initiatives to achieve medium- to long-term CO₂ emissions reduction target (-46% by FY2030 vs FY2013 and net zero by FY2050)**
 - Switched to CO₂-free electricity at owned properties
 - 72.1 % of total by floor area or 68.6% of total by number of properties (as of end of December 2022)
 - Renewal work converting to LED lights and improving environmental performance
 - 88.9% of common area lighting converted to LED of total by number of properties(same as above)
 - Promoting initiatives from the sponsor group beginning in development phases
- **Promoting disclosure content in response to recommended disclosure items based on TCFD recommendations**
 - We have already identified risks and opportunities, conducted qualitative scenario analysis, and formulated the strategy
 - Implementing quantitative analysis and disclosure of financial impact in February 2023

ESG Related (4) Initiatives in the 33rd Period (Individual Measures (1))

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

(1) Reduce CO₂ emissions through shift in electricity source (July 2022 - December 2022)

- ◆ Reduced CO₂ emissions from electricity use to zero at 3 properties
- ◆ Properties switched to CO₂-free electricity totaled 24 properties
72.1% of total by floor area or 68.6% of total by number of properties (as of end of December 2022)

Type of electricity	Property name
Electricity generated by renewable energy (1 property)	Nisseki Yokohama Building
RE 100 compatible electric power (16 properties)	SE Sapporo Building, Omori Bellport D, JEI Naha Building, NHK Nagoya Housou-Center Building, AKASAKA INTERCITY AIR, AKASAKA INTERCITY, Mansard Daikanyama, Kowa Nishi-Shimbashi Building, Kowa Kawasaki Higashiguchi Building, JEI Hongo Building, HAMARIKYU INTERCITY, Core City Tachikawa, Kawasaki Nisshincho Building, GRAND FRONT OSAKA (Umekita Plaza / South Building) and GRAND FRONT OSAKA (North Building), BIZCORE JIMBOCHO
CO ₂ -free electric power (7 properties)	Shiba 2-Chome Building, Daiwa Minami-morimachi Building, JEI Hiroshima Hacchobori Building, JEI Kyobashi Building, Aoba-dori Plaza, Pacific Square Sengoku, Yokohama Bentendori Dai-ichi Seimei Building

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

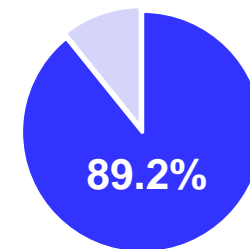


(2) Additional acquisition of Green Building Certification (July 2022 - December 2022)

- ◆ Two Properties newly acquired Green Building Certification

The percentage of certified properties (area basis) increased from 87.7% at the end of June 2022 to **89.2%** at the end of December 2022, and the percentage also increased from 68.6% (24 properties) to **72.2% (26 properties)** based on the number of properties.

Percentage of certification



- (Property that acquired certification in the current period)
- GRAND FRONT OSAKA (North Building) CASBEE (S Rank)
 - GRAND FRONT OSAKA (Umekita Plaza / South Building) (Umekita Plaza) CASBEE (A Rank)
 - (South Building) CASBEE (S Rank)

(3) New acquisition of BELS Evaluation (December 2022)

- ◆ BIZCORE JIMBOCHO newly acquired 4 stars

Properties that have acquired BELS Evaluation reached 3 including Nisseki Yokohama Building and BIZCORE AKASAKA-MITSUKE

ESG Related (4) Initiatives in the 33rd Period (Individual Measures (2))

(4) Establishment of CO₂ emissions reduction target (January 2023)

- ◆ Net zero CO₂ emissions by FY2050

(5) Formulation of Human Rights Policy (January 2023)

- ◆ JEAM formulated Human Rights Policy for advocating and respecting international norms on the elimination of discrimination and the prevention of harassment to fulfill the responsibility to respect the human rights of all people related to its business activities.

(6) Promotion of sustainable finance (September, November, December 2022)

- ◆ Executed borrowing with Sustainability Loans based on the Sustainability Finance Framework and Green Loans based on the Green Finance Framework

(7) Announcement of acquisition of additional investment units by core sponsor (August 2022)

- ◆ Intended to align the interests of investors and the core sponsors, and achieve medium- to long-term growth of JEI
- ◆ The two core sponsors hold 6.9% of investment units (as of the end of December 2022) Furthermore, Nippon Steel Kowa Real Estate acquired an additional 4.7% of investment units

(8) Individual disclosure of director compensation (September 2022)

- ◆ Change from the conventional disclosure of total amount to individual disclosure

(9) 2022 GRESB Real Estate Assessment (October 2022)

- ◆ Received “Green Star” for eighth consecutive year and the top rating of “5 Star” for third consecutive year

(10) Start of periodic review of climate change risks and opportunities (October 2022)

- ◆ Started periodic review of recent materialization and changes in external environment in risks and opportunities identified in qualitative scenario analysis
Intended to appropriately consider and prioritize new measures by quickly ascertaining changes in the external environment

(11) Inclusion of climate change risks in risk management framework (October 2022)

- ◆ In order to enhance climate change responses based on TCFD recommendations, added climate change risk items and indicators to risk management framework, and reported to JEAM Board of Directors

> ESG Related (4) Initiatives in the 33rd Period (Individual Measures (3))

(12) Support for TCFD (February 2023): Quantitative analysis of financial impact (1)

- ◆ Seek to further enhance climate change responses and expand disclosure by implementing quantitative analysis and disclosure of transition risks and opportunities and physical risks brought about by climate change

<Items subject to quantitative analysis>

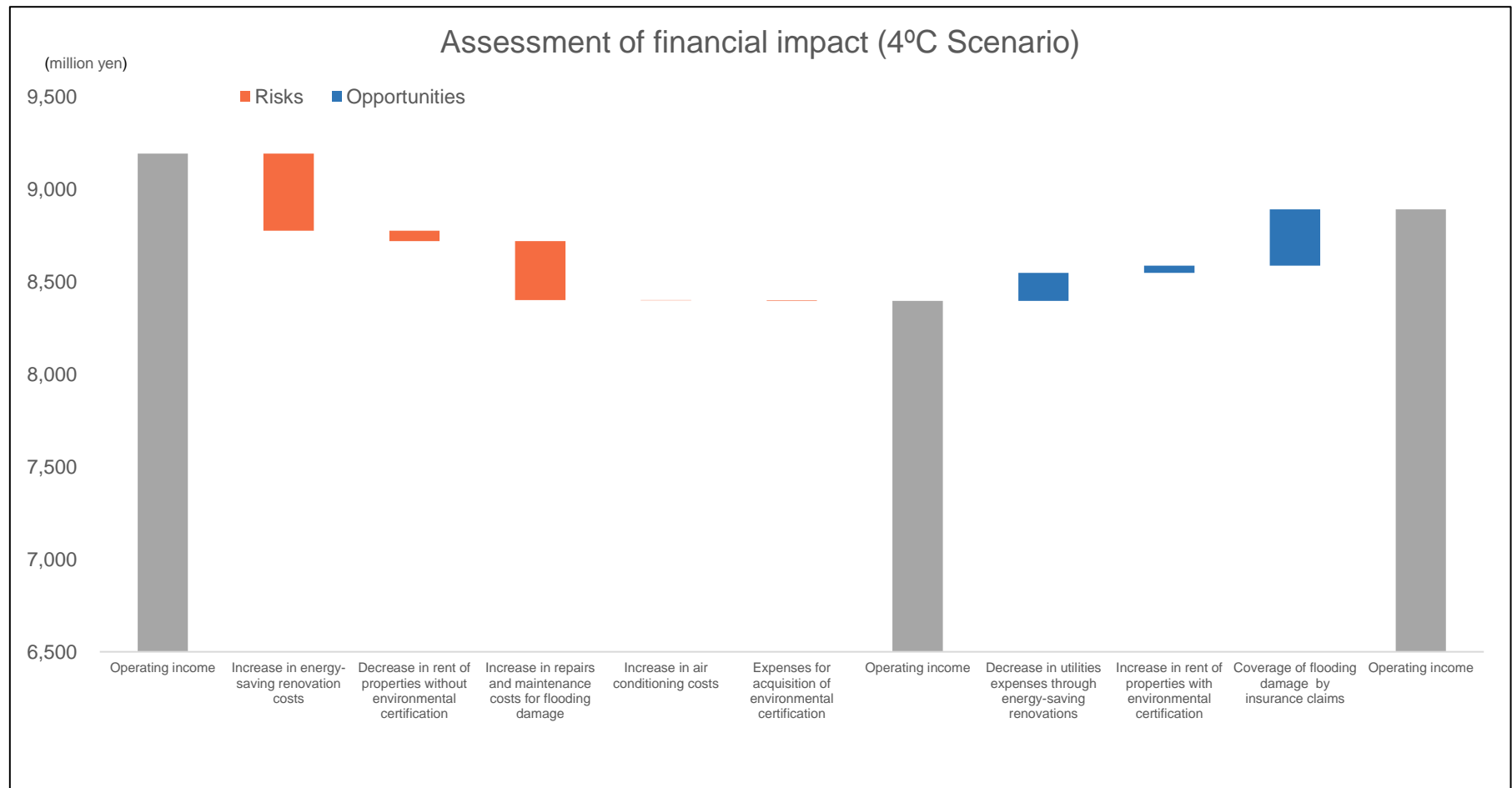
Section		Item (risks and opportunities)	Impact in each scenario	
			4°C scenario	1.5 - 2°C scenario
Transition risk	Policy and Law	Increase in taxes on GHG emissions due to the introduction of carbon tax	No increase in taxes on GHG emissions from properties (status quo)	Significantly increased tax burden on properties associated with GHG emissions (-)
		Strengthening of energy conservation standards for existing and new buildings	• Increase in renovation costs to support energy saving (-) • Decrease in utilities expenses and CO ₂ emissions through energy-saving renovations (+)	• Increase in renovation costs to support energy saving (-) • Decrease in utilities expenses, CO ₂ emissions and carbon tax through energy-saving renovations (+)
	Technology	(excluded from calculation) Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (-)	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete (-)
	Market	(excluded from calculation) Introduction of environmental performance and disaster resilience standards for real estate appraisals	Environmental certification has impact on real estate appraisals (+) (-)	Environmental certification has impact on real estate appraisals (+) (-)
		(excluded from calculation) ESG evaluation of rating agencies and changes in investors'/lenders' stance on ESG investment and lending	Increase in debt equity funding costs due to delays in addressing ESG and climate change (-)	Increase in debt equity funding costs due to delays in addressing ESG and climate change (-)
	Reputation	(excluded from calculation) Decline in brand value due to delayed response to climate change	Decreased rent income in properties without environmental certification (-) Lower revenue and lower unit prices due to lower occupancy rates (-)	Decreased rent income in properties without environmental certification (-) Lower revenue and lower unit prices due to lower occupancy rates (-)
Physical risk	Acute	Increase in damage to properties due to storms and floods	Occurrence of repair costs and decrease in rent income (-) Large portion covered by insurance (+)	Occurrence of repair costs and decrease in rent income (-) Large portion covered by insurance (+)
		(excluded from calculation) Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	Higher costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (-)	Higher costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities (-)
	Chronic	Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	Increase in utilities expenses due to increased operation of air conditioning (-)	Increase in utilities expenses due to increased operation of air conditioning (-)
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods		
		Attracting tenants and users by providing highly efficient and low-emission facilities and services	Increased rent income in properties with environmental certification (+)	Increased rent income in properties with environmental certification(+)
Market	Market	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments		
		(excluded from calculation) Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments	Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (+)	Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change (+)

(Note) Assumed time horizons — Medium term: to 2030

ESG Related (4) Initiatives in the 33rd Period (Individual Measures (3))

(12) Response to TCFD (February 2023): Quantitative analysis of financial impact (2) (4°C scenario)

<Waterfall chart (4°C scenario)>

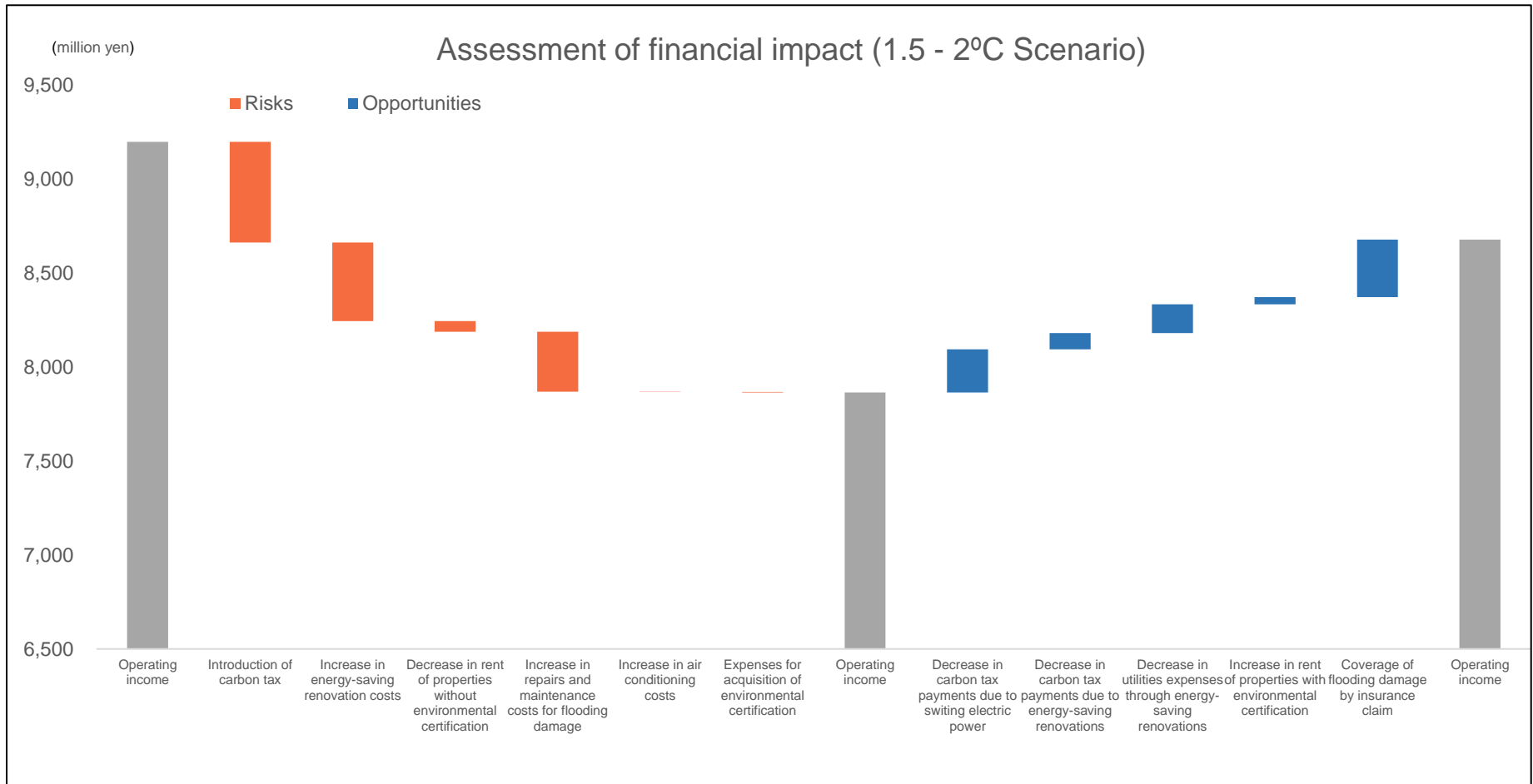


(Note) This estimate is made by referring to various parameters such as scenarios and reference materials presented by major organizations based on the operating performance, etc. of JEI and the amount of financial impact is an annual basis, and no assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

ESG Related (4) Initiatives in the 33rd Period (Individual Measures (3))

(12) Response to TCFD (February 2023): Quantitative analysis of financial impact (2) (1.5 - 2°C scenario)

<Waterfall chart (1.5 - 2°C scenario)>



(Note) This estimate is made by referring to various parameters such as scenarios and reference materials presented by major organizations based on the operating performance, etc. of JEI and the amount of financial impact is an annual basis, and no assurances are provided on the accuracy thereof. Furthermore, the assumed measures are estimated assumptions, and no plans or decisions have been made to execute them.

Reference Materials – Features of Japan Excellent Inc.



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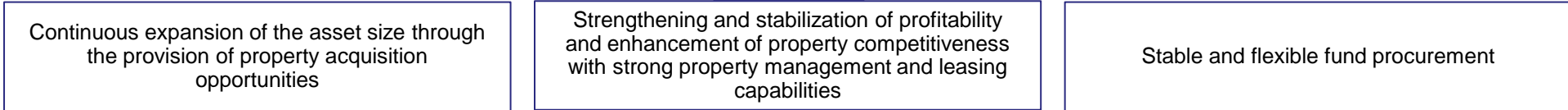
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> 1. Sponsors

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.

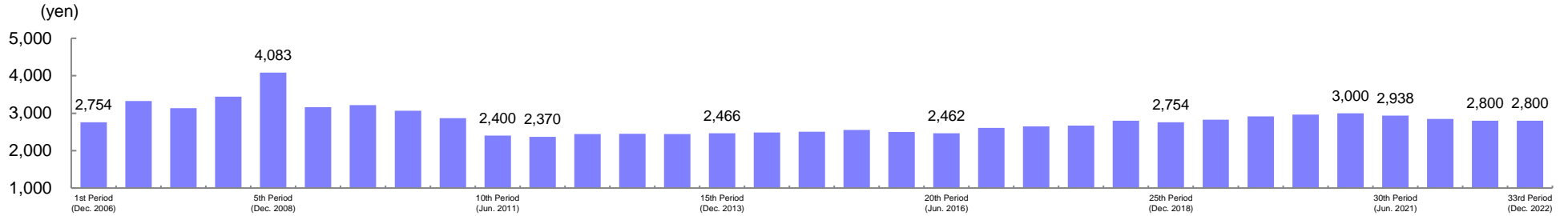


Core Sponsors

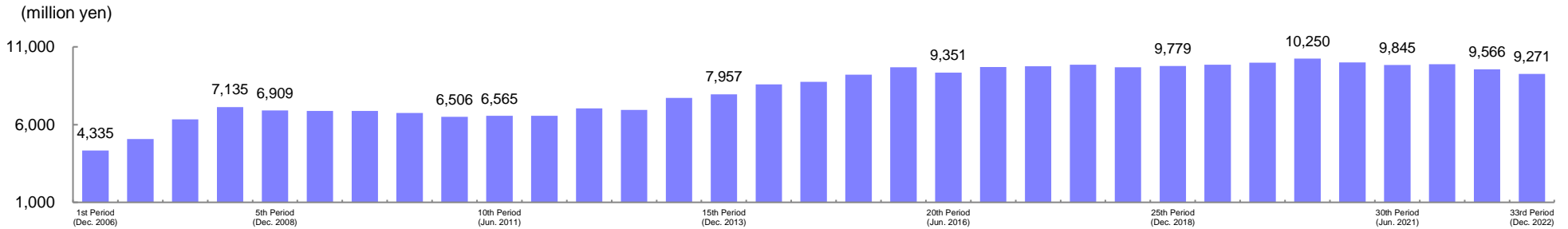


> 2. Track Record

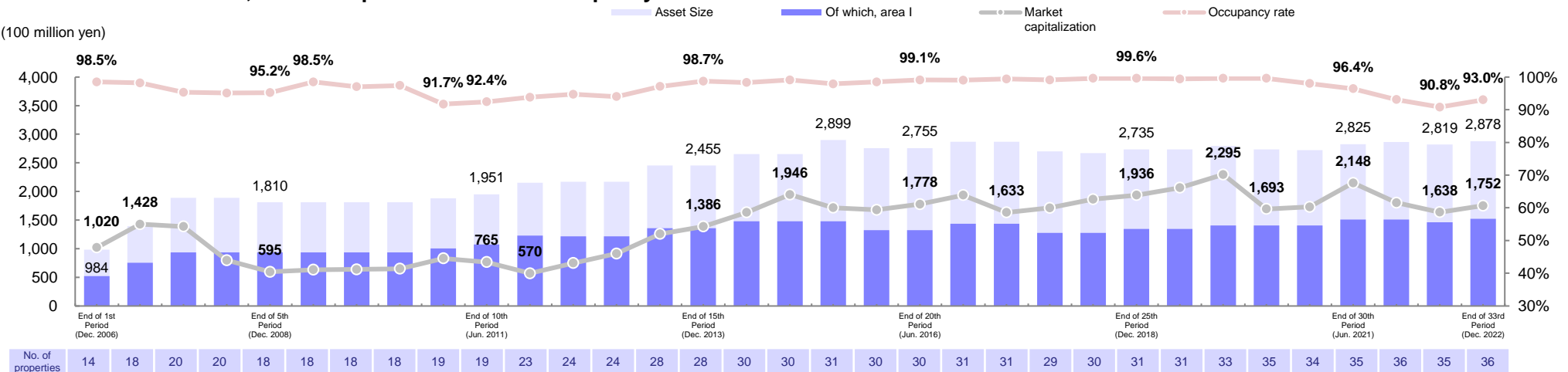
■ Distributions per unit*1



■ Rental revenue



■ Historical Asset Size, Market Capitalization*2 and Occupancy Rate



No. of properties	14	18	20	20	18	18	18	18	19	19	23	24	24	28	28	30	30	31	30	30	31	31	29	30	31	31	33	35	34	35	36	35	36
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*1 JEI Implemented a 5-for-1 split of its investment units on January 1, 2014. Considering said split, distributions per unit from even before the 15th period are divided by 5. Figures are rounded down to the nearest whole number.

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

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

Usage

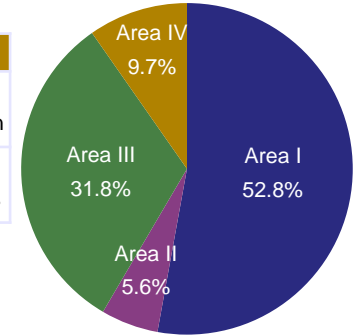
(Investment Policy)

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



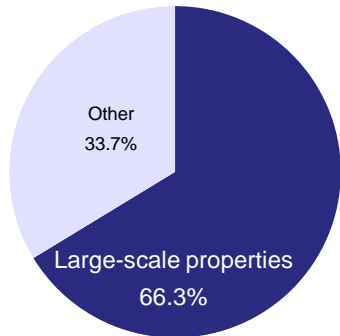
Investment area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	152.1 billion yen	16.2 billion yen	91.6 billion yen	27.9 billion yen
Number of properties	13 properties	4 properties	10 properties	9 properties

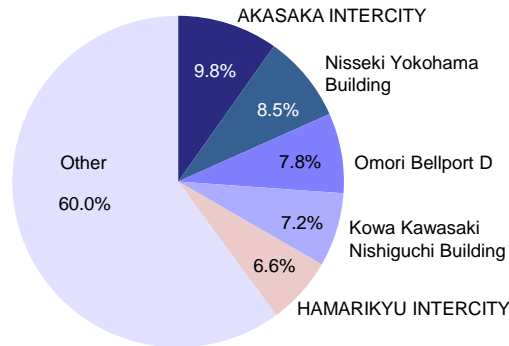


Ratio of investment in the Tokyo metropolitan area^{*4}
84.7%

Large-Scale Properties^{*3}



Top 5 Properties



Ratio of top 5 properties
40.0%

(Investment Policy)

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

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

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

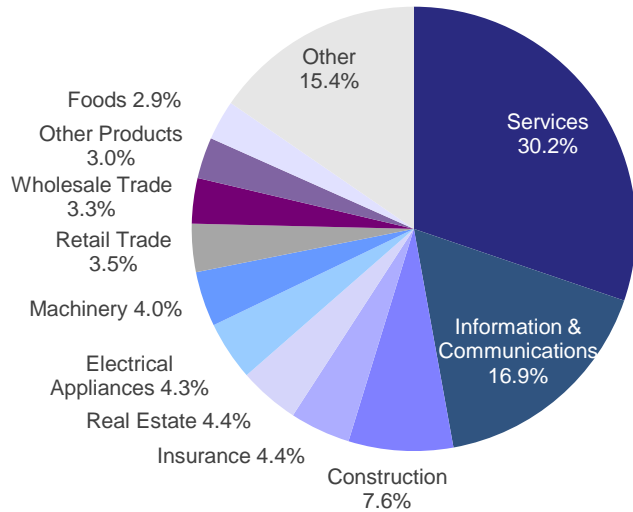
*3 Properties with total floor area of 10,000 tsubo or more for the 23 wards of Tokyo, and of 4,000 tsubo or more for areas other than the 23 wards of Tokyo.

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

*5 The figures above are figures as of December 31, 2022. The ratio is rounded to the first decimal place based on the acquisition price.

3. Portfolio (2) Type of Industry of Tenants / Top 10 End Tenants and Number of End Tenants

■ Type of Industry of Tenants



*1 JEAM categorized and created the above industry category according to "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 33rd Period.

■ Top 10 End Tenants

End tenant name	Property name	Total area leased (m ²)	Floor area ratio
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.9%
Hitachi Real Estate Partners, Ltd.	Omori Bellport D	11,382.19	3.6%
	JEI Hiroshima Hacchobori Building		
	SE Sapporo Building		
	Yokohama Bentendori Dai-ichi Seimei Building		
Aoba-dori Plaza		9,284.18	3.0%
	Shiba 2-Chome Building		
Haseko Corporation		8,372.71	2.7%
*3	*3	6,888.32	2.2%
*3	Nisseki Yokohama Building	6,572.84	2.1%
*3	*3	5,825.09	1.9%
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.7%
*3	*3	5,231.35	1.7%
*3	*3	3,974.73	1.3%
Total of top 10 end tenants		81,528.10	26.0%
Total of portfolio overall		313,760.49	100.0%

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

*4 The figures above are as of the end of the 33rd Period.

■ Number of End Tenants

Building name	Number of end tenants	Building name	Number of end tenants	Building name	Number of end tenants	Building name	Number of end tenants
Omori Bellport D	24	AKASAKA INTERCITY AIR	1	Kowa Kawasaki Higashiguchi Building	1	JEI Kyobashi Building	22
Shiba 2-Chome Building	2	BIZCORE AKASAKA-MITSUKE	7	JEI Hongo Building	5	JEI Hiroshima Hacchobori Building	44
JEI Hamamatsucho Building	4	BIZCORE JIMBOCHO	7	Kawasaki Nisshincho Building	24	SE Sapporo Building	43
AKASAKA INTERCITY	14	BIZCORE SHIBUYA	6	JEI Ryogoku Building	18	Aoba-dori Plaza	47
Daiba Garden City Building	3	NHK Nagoya Housou-Center Building	41	Kowa Kawasaki Nishiguchi Building	21	Daiwa Minami-morimachi Building	10
HAMARIKYU INTERCITY	10	Osaka Kogin Building (land with leasehold interest)	1	Pacific Square Sengoku	10	JEI Naha Building	18
Shintomicho Building	10	GRAND FRONT OSAKA (Umekita Plaza / South Building)	2	Core City Tachikawa	25	Hiroshima Dai-ichi Seimei OS Building	29
Kowa Nishi-Shimbashi Building	5	GRAND FRONT OSAKA (North Building)	5	Nisseki Yokohama Building	45	Senshin Building	16
Mansard Daikanyama	10	Musashikosugi Tower Place	47	Yokohama Bentendori Dai-ichi Seimei Building	13	Sapporo Otemachi Building	27
						Total	617

*5 In principle, the "Number of end tenants" column indicates the number of end tenants. In cases where a single tenant leases multiple rooms, it is calculated as one tenant for the same property, or as one tenant for each property in the case of multiple properties. However, for (1) the residential portion of Shiba 2-Chome Building and HAMARIKYU INTERCITY, the number of tenants is counted as "1," considering the master lease company as the tenant, since the importance of each end tenant is low, and (2) the properties in which real estate is co-owned or trust beneficiary rights are quasi-co-owned, and in which the percentage of JEI's ownership or quasi-co-ownership is low (AKASAKA INTERCITY AIR, GRAND FRONT OSAKA (Umekita Plaza, South Building) and GRAND FRONT OSAKA (North Building)) are considering the master lease company as a tenant count and the number of master lease companies of the property is counted, since the importance of each tenant is low.

In addition, the number of tenants for (3) Osaka Kogin Building (land with leasehold interest) is counted as "1" based on the lease agreement for the leased land.

*6 The figures on the above are as of the end of the 33rd Period.

3. Portfolio (3) Future Goals

《Requirements for Offices in the Post-COVID Era》

Utilization of remote work

Review of functions and significance

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

Home
Satellite office

New core office
Shared office

Hub-and-spoke-type office

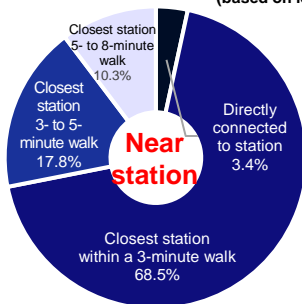
Offices matching the “new working styles” that pursue efficiency by choosing the location, time and method of work

Requirements

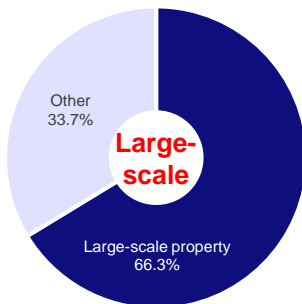
Location	<ul style="list-style-type: none"> • Traffic convenience (near stations) • Convenient facilities in the neighborhood (commercial facilities, etc.)
Size	<ul style="list-style-type: none"> • Large floors enabling flexible division of sections, free layout, securement of wide common-use spaces, etc. • Integration of groups for strengthening cooperation
Specification	<ul style="list-style-type: none"> • High safety and response to BCP • High environmental performance and comfort

<Characteristics of Portfolio and Customers of JEI>

■ Walking Distance from Closest Station (based on leasable area) ■ Property Size (acquisition price basis)^{*1}

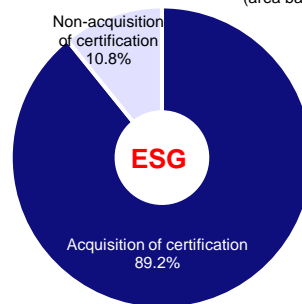


Approximately 72% are directly connected to or located within a 3-minute walk of the closest station
Approximately 90% are located within a 5-minute walk of the closest station



Consisting mainly of large properties

■ Green Building Certification (area basis)^{*2}



Steadily conducted initiatives for BCP and environmental certification

■ Customer characteristics (monthly rent basis)



Mainly end tenants with strong management and financial bases

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

^{*1} Please refer to notes on p. 44 for definitions of the figures above. ^{*2} Please refer to notes on p. 55 for definitions of the figures above.

> 4. ESG Initiatives (1) Policy/Promotion System

● Sustainability Policy

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

■ Reduction of Environmental Burden

◆ Energy-Saving and Reduction of CO₂ Emissions

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

◆ Effective Utilization of Resources

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

■ Cooperation/ Collaboration with Stakeholders

◆ Education/ Enlightenment of Employees

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

◆ Collaboration with Outside Parties

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

◆ Information Disclosure

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

● Signing of PRI

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

● Declared Support for the TCFD

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

We conducted and disclosed qualitative scenario analysis in January 2022, and quantitative analysis of the financial impact in February 2023

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

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

● Promotion System

■ Sustainability Committee

JEI has set up a sustainability committee 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.

■ Establishment of Sustainability Promotion Office (April 2022)

The Sustainability Promotion Office will lead the company-wide cross-sectional management of sustainability activities to further promote initiatives.

> 4. ESG Initiatives (2) Environment 1)

■ Basic View

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

■ Target

- ◆ Our targets are to reduce CO₂ emissions intensity by 46% in FY2030 compared to FY2013, to achieve net zero by FY2050 and to reduce energy consumption intensity and water consumption intensity by 1% in each fiscal year compared to the previous fiscal year, and over the medium to long term, to reduce the average intensity from FY2020 to FY2024 by at least 5% compared to the average intensity from FY2015 to FY2019.

■ Concrete Initiatives

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

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

- ◆ At 24 properties, it has been decided that renewable energy-derived electricity and CO₂-free electricity will comprise 100% of electricity in use.

- ◆ In order to expand the investor base that is actively involved in ESG investment, we are taking a leading role in the procurement of sustainability finance and green finance for the acquisition of sustainability- and green-eligible assets and for the financing of renovation work that contributes to environmental improvement.

<Sustainability Finance>

JEI acquired SU1 (F), the highest overall evaluation, for its Sustainability Finance Framework from Japan Credit Rating Agency, Ltd. (JCR)



First for a J-REIT

<Green Finance>

JEI has obtained a second-party opinion on its Green Finance Framework from Sustainalytics, an ESG rating agency.



Issuance of the first green bond by an office J-REIT

- ◆ At the timing of replacing lighting in common areas, normal lighting is upgraded to LED to reduce energy consumption after confirming the energy reduction effect.

- ◆ When selecting property management companies, JEI monitors company's initiatives concerning sustainability and asks for adherence in property management after explaining its Sustainability Policy, etc. Furthermore, their compliance with the policy is monitored through an annual survey.

> 4. ESG Initiatives (2) Environment 2) (TCFD-related)

We promote analysis, disclosure and response to climate change risks based on TCFD recommendations

■ Governance

- ◆ JEAM has established the sustainability committee, chaired by the President and CEO and composed of key members including division managers, in order to systematically promote sustainability initiatives.

The sustainability committee regularly reports to the chairperson, who is the chief executive officer, on matters related to the identification, assessment, and management of climate-related risks and opportunities, the progress of efforts related to adaptation and mitigation, and the setting of indicators and targets.

■ Strategy

- ◆ Qualitative analysis of climate change risks to identify risks and opportunities and assess their financial impact on the business. Consider future countermeasures for each risk and opportunity. (Details next page)

In the future, we will focus on improving the resilience of our business by taking environmental and energy-saving measures and improving the efficiency of energy use in the buildings we own, reducing CO₂ emissions by further expanding the use of renewable energy and CO₂-free electricity, and conducting risk assessments through the use of hazard maps, etc. In addition, the results of these scenario analyses will be reviewed to reflect them in the management and financial plans of JEI in the future.

■ Risk

- ◆ Annual review of the identification and assessment of climate-related risks is conducted at the sustainability committee. In identifying risks, the time horizon, confidence and impact of risks are assessed for each risk and scenario to the extent possible.

Prioritize risk management actions for identified climate-related risks based on the results of the review of the level of confidence and impact and develop and implement countermeasure plans for high-priority risks and opportunities that are important to business and financial planning.

- ◆ In order to enhance climate change responses based on TCFD recommendations, add climate change-related items and indicators to risk management framework, and report to JEAM Board of Directors

■ Indicators and Targets

- ◆ JEI has set a target to reduce CO₂ emissions intensity by 46% in FY2030 compared with FY2013, to achieve net zero by FY2050 and to reduce energy consumption intensity and water consumption intensity by 1% in each fiscal year compared with the previous fiscal year, and in the medium to long term to reduce the average intensity from FY2020 to FY2024 by at least 5% compared with the average intensity from FY2015 to FY2019.

4. ESG Initiatives (2) Environment 2) (TCFD-related)

Scenario Analysis (1) (Risks and opportunities and financial impact)

					4°C scenario			1.5 - 2°C scenario		
					Financial impact			Financial impact		
		Real estate management related	Financial impact on JEI	Countermeasures and risk management to be considered	Short term	Medium term	Long term	Short term	Medium term	Long term
Transition risk	Policy and Law	Increase in taxes on GHG emissions due to the introduction of carbon tax	Increased tax burden on properties associated with GHG emissions	<ul style="list-style-type: none"> Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity 	Low	Low	Medium	Low	Medium	High
		Strengthening of energy conservation standards for existing and new buildings	Increase in renovation costs and property acquisition costs related to addressing climate change	<ul style="list-style-type: none"> Improving energy efficiency of existing properties through facility upgrades and renovations Replacement with and new acquisition of properties that have high environmental performance 	Low	Low	Medium	Low	Medium	High
	Technology	Evolution and diffusion of renewable energy and energy-saving technologies	Increase in the cost of introducing new technologies to prevent equipment in the existing properties from becoming technologically obsolete	<ul style="list-style-type: none"> Replacement with and new acquisition of properties that have the latest energy-saving facilities 	Low	Low	Medium	Low	Medium	High
	Market	Introduction of environmental performance and disaster resilience standards for real estate appraisals	Decline in the fund's Net Asset Value (NAV)	<ul style="list-style-type: none"> Increasing the ratio of DBJ Green Building Certification Improving energy efficiency and reducing CO₂ emissions through facility upgrades and renovations Implementation of risk assessment using hazard maps, etc. Reducing the risk of property damage by making reinforcements as needed 	Low	Medium	High	Low	Medium	High
		Changes in tenant demand (choosing properties that are more climate resilient or avoiding properties that are not)	Decrease in revenue due to difficulty in acquiring new tenants	<ul style="list-style-type: none"> Increasing the ratio of DBJ Green Building Certification Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity Improving energy efficiency of existing properties through facility upgrades and renovations 	Low	Medium	High	Medium	Medium	High
	Reputation	Decline in brand value due to delayed response to climate change	Lower revenue and lower unit prices due to lower occupancy rates	<ul style="list-style-type: none"> Reducing the risk of property damage by making reinforcements as needed 	Low	Medium	High	Medium	Medium	High

(Note) Assumed time horizons — Short term: to 2025; Medium term: to 2030; Long term: to 2050

4. ESG Initiatives (2) Environment 2) (TCFD-related)

Scenario Analysis (2) (Risks and opportunities and financial impact)

				4°C scenario			1.5 - 2°C scenario			
				Financial impact			Financial impact			
		Real estate management related	Financial impact on JEI	Countermeasures and risk management to be considered	Short term	Medium term	Long term	Short term	Medium term	Long term
Physical risk	Acute	Increase in damage to properties due to storms and floods	Increase in repair and insurance costs and decrease in occupancy rates	<ul style="list-style-type: none"> Implementation of risk assessment using hazard maps, etc. Holding properties in areas less affected by flood damage Reducing the risk of property damage by making reinforcements as needed 	Medium	Medium	High	Medium	Medium	High
		Inundation due to inland flooding caused by concentrated heavy rain, flooding of nearby rivers, etc.			Medium	Medium	High	Medium	Medium	High
	Chronic	Inundation of property due to a rise in sea level, rainfall or changes in weather patterns	Incurring of costs for large-scale renovation (raising) and reinforcement of inundation-resistant facilities		Low	Medium	High	Low	Medium	Medium
		Higher demand for air conditioning due to an increase in extreme climates such as extremely hot and extremely cold days	Increase in air conditioning operation, maintenance and repair costs		Low	Medium	High	Low	Medium	Medium
Opportunities	Products and Services	Provision of facilities and services that reduce the risk of disasters such as floods	Increase in rent, and increase in revenue by attracting new tenants and continuing tenants	<ul style="list-style-type: none"> Implementation of risk assessment using hazard maps, etc. Reducing the risk of incurring damage by making reinforcements as needed Increasing the ratio of DBJ Green Building Certification Reduction of CO₂ emissions by switching to renewable energy-derived electricity and CO₂-free electricity Improving energy efficiency and reducing CO₂ emissions through facility upgrades and renovations 	Medium	Medium	High	Medium	Medium	High
		Attracting tenants and users by providing highly efficient and low-emission facilities and services			Low	Medium	Medium	Medium	Medium	High
	Market	Continued provision of rental properties in line with changes in tenant preferences and development of new customer segments			Low	Medium	Medium	Medium	Medium	High
		Responding to changes in the stance of lender debt equity investors on investing and lending due to the further progress in ESG investments			Diversification of procurement methods and reduction of procurement costs by responding to and appealing to investors who place importance on addressing ESG and climate change	Low	Medium	Medium	Medium	Medium

(Note) Assumed time horizons — Short term: to 2025; Medium term: to 2030; Long term: to 2050

> 4. ESG Initiatives (3) Social 1)

■ Basic View

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

■ Concrete Initiatives

Safety and Security of Tenants

Introduction of an earthquake damage assessment system (AKASAKA INTERCITY, Kowa Nishi-Shimbashi Building)
 Installation of emergency cabinets inside elevators
 Storage of portable toilets, lanterns, etc. for tenants in case of emergencies
 Installation of emergency power generation facilities

Survey on Tenant Satisfaction

We conduct satisfaction surveys of tenants and office workers on a regular basis and utilize the survey results to improve property operation and management in order to increase tenant satisfaction.

Implementation of Disaster Drills

We hold regular disaster drills at buildings to ensure the safety of users, business continuity for tenants, and to educate the public about disaster prevention.

Respect for Human Rights

In our Code of Conduct, we stipulate respect for human rights, prohibition of discrimination, prohibition of harassment and such. Believing that respect for human rights, non-discrimination, and a work environment where diverse human resources can play an active role with an emphasis on diversity will lead to sustainable growth and contribution to society, we are working on initiatives such as addressing human rights issues in our internal training programs.

Supporting the Advancement of Female Employees

JEAM aims to create a working environment where each employee can utilize their personality and skills to the maximum extent and strives to develop a satisfying working environment for female employees by introducing a childcare leave system as well as allowing them to work flexibly for a short time and to proactively take paid holidays.

Rank-Based Employee Training Program

From the perspective of medium- to long-term employee development, JEAM systematically establishes training programs for each job grade and job title, tailored to the level of ability required, and develops their careers in accordance with job ranks and future management executives

Employee-held Investment Unit System

JEAM has introduced an Employee-held Investment Unit System for the purpose of enhancing JEI's unitholder value over the medium to long term through promotion of alignment of interest between unitholders of the JEI and employees of JEAM and promoting the welfare of employees of JEAM.

Employee Grievance Reporting / Escalation Procedures

JEAM has grievance adjustment process where anonymity is thoroughly secured.

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

Annual Survey on Employee Satisfaction

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

> 4. ESG Initiatives (3) Social 2)

■ Concrete Initiatives

Eco-cap Campaign

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

Contribution to Local Communities

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

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



AKASAKA INTERCITY AIR

Concerts



AKASAKA INTERCITY AIR



NHK Nagoya Housou-Center Building

Donating Emergency Food Stockpile to Foodbanks

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



Contribute to Local Communities and the Environment Through the Installation of Electric Micromobility Sharing Services at Owned Properties.

A part of the property site owned by JEI is provided as a shared service base for electric kickboards in consideration of safety, contributing to the efficiency of short-distance travel for tenants and local residents when commuting or moving around on business, as well as to the improvement of the familiarity of local residents with the properties owned by JEI.

Electric kickboards are said to emit only about 1/40 of the CO₂ of automobiles and are eco-friendly. In the event of a disaster, they can be used as an emergency means of transportation when public transportation is suspended.

Electric kickboard



> 4. ESG Initiatives (4) Governance

■ Same-Boat Investment by the Sponsors

The two core sponsors hold 6.9% (as of the end of December 2022)
 Furthermore, NIPPON STEEL KOWA REAL ESTATE acquired an additional 4.7% of investment units
Their interests are aligned with that of unitholders.

■ Preventing Conflict of Interest from Sponsor Formation

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



■ Management Fee Structure

Management fees linked to revenue are introduced.

	Calculation method
Asset Management Fee I	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) Fee rates: <ul style="list-style-type: none"> • 0.25% (Assets under management: Portion up to ¥100 billion) • 0.15% (Assets under management: Portion over ¥100 billion up to ¥200 billion) • 0.05% (Assets under management: Portion over ¥200 billion)
Asset Management Fee II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%

■ JEI's Board of Directors

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



3 Supervisory Directors
 (Outside directors)

Experts in various areas (attorneys, certified public accountants and licensed real estate appraisers) are appointed as Supervisory Directors, and provide supervision of the state of execution of business by the Executive Director from an expert viewpoint.

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

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

Compliance Committee

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

Attendance of compliance officer is required for resolution of proposals

Investment Committee

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

4. ESG Initiatives (5) External Assessment

■ GRESB Real Estate Assessment*1



Received **“Green Star”** for the eighth consecutive year in GRESB Real Estate Assessment conducted in 2022.

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

■ MSCI ESG Rating



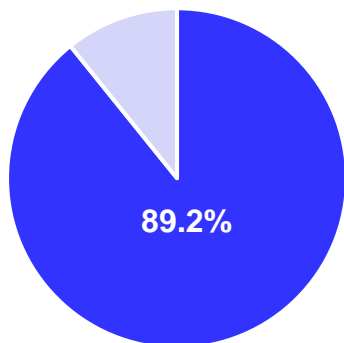
Acquired rating of **A Class** in MSCI ESG Rating

Component of MSCI Japan ESG Select Leaders Index

■ Green Building Certification

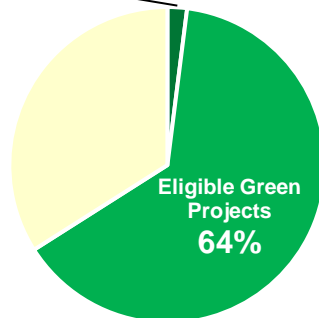
◆ Green Building Certification*2

26 properties certified (89.2% on area basis)



◆ Eligible Green Projects and Eligible Sustainability Projects*3

Eligible Sustainability Projects: 2%



◆ BELS Evaluation*4



BIZCORE JIMBOCHO earns four stars (December 2022)



BIZCORE AKASAKA-MITSUKE earned three stars (May 2022)



Nisseki Yokohama Building earned two stars (April 2020)

◆ CASBEE Wellness Office Certification*5



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

◆ Office Taking Excellent Specific Global Warming Countermeasures*6

AKASAKA INTERCITY AIR certified as 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 "5 Star" is given to the top 20% of the participants.

*2 "Green Building Certification" is a general term for "DBJ Green Building Certification System" and "CASBEE for real estate/building". The figure in the pie chart indicates the percentage of certified properties based on leasable area. (as of end of December 2022)
 "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.
 "CASBEE for real estate/building" is a system for appropriately identifying and evaluating properties with high environmental value that have high environmental performance and are well managed and is certified by Institute for Building Environment and Energy Conservation.

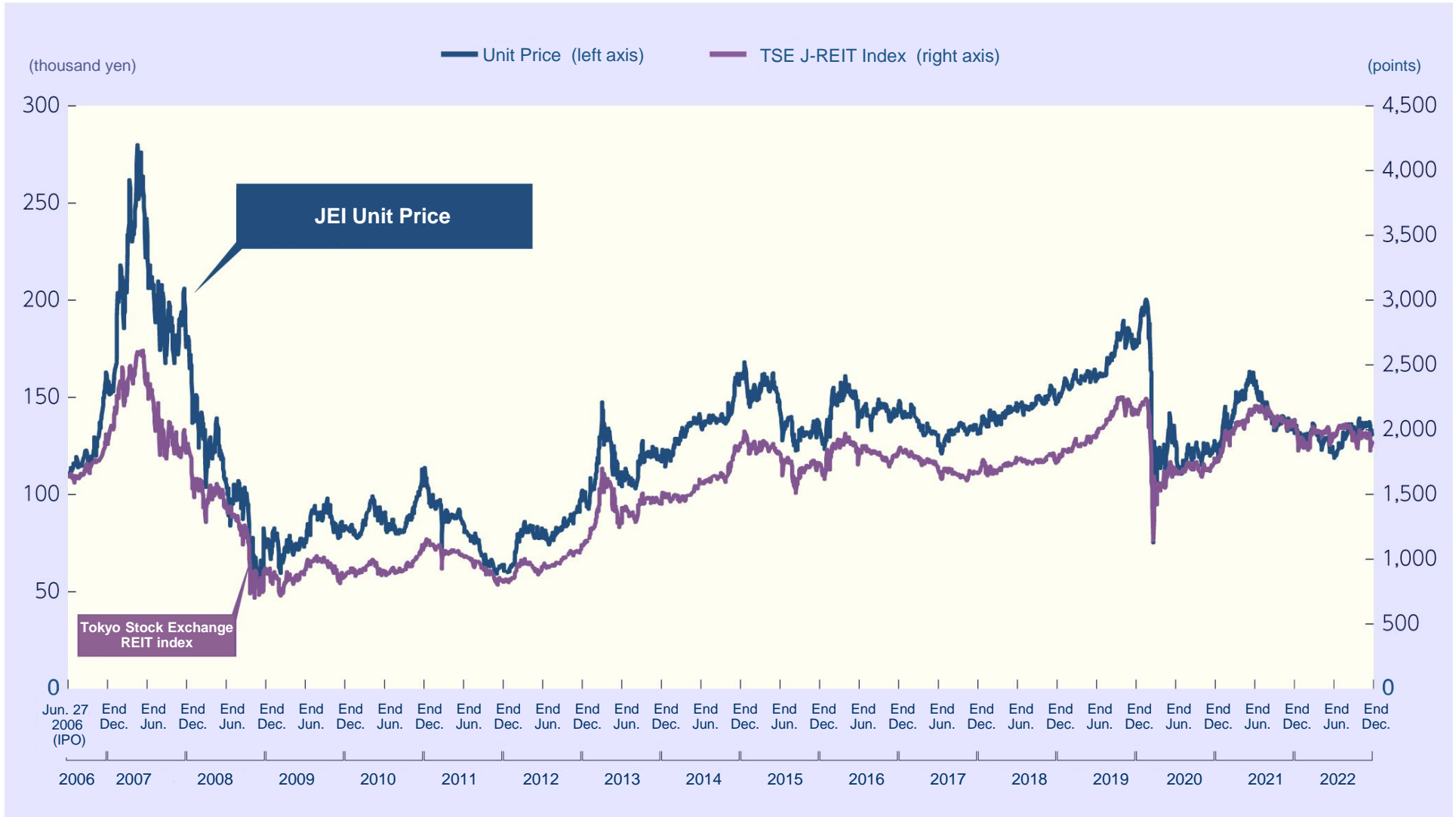
*3 "Eligible Green Projects" are assets that have received one of the following certifications within the previous 3 years as of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected at the sustainability committee of JEAM: (1) DBJ Green Building Certification: 5, 4, or 3 stars; (2) CASBEE for Real Estate: S, A, or B+ rank.
 "Eligible Sustainability Projects" are assets that have received one of the above (1) or (2) within the previous 3 years of the payment date upon issuance of green bonds or are scheduled to receive such, and those selected by the sustainability committee JEAM. The figure in the pie chart indicates the percentage of eligible projects based on book value for the end of the December 2022.

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

*5 "CASBEE Wellness Office" is a tool launched in spring 2019 by Institute for Built Environment and Carbon Neutral for SDGs to evaluate building specifications, performance, and initiatives that support the maintenance and enhancement of 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. Unit Price and Tokyo Stock Exchange REIT Index



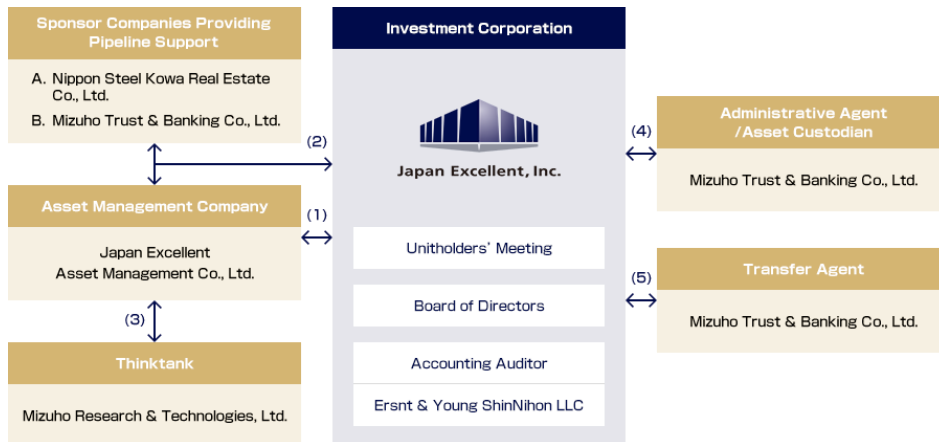
*1 Unit prices for December 25, 2013, and earlier are divided by 5.

> 6. Management Structure

■ Overview of JEI

Name	Japan Excellent, Inc.
Location	1-15-9 Minamiaoyama, Minato Ward, Tokyo
Securities Code	8987
Date Listed	June 27, 2006
Executive Director	Shuichiro Kayama
Supervisory Directors	Shunichi Maekawa Eiji Takagi Osamu Hirakawa

■ Organization of JEI



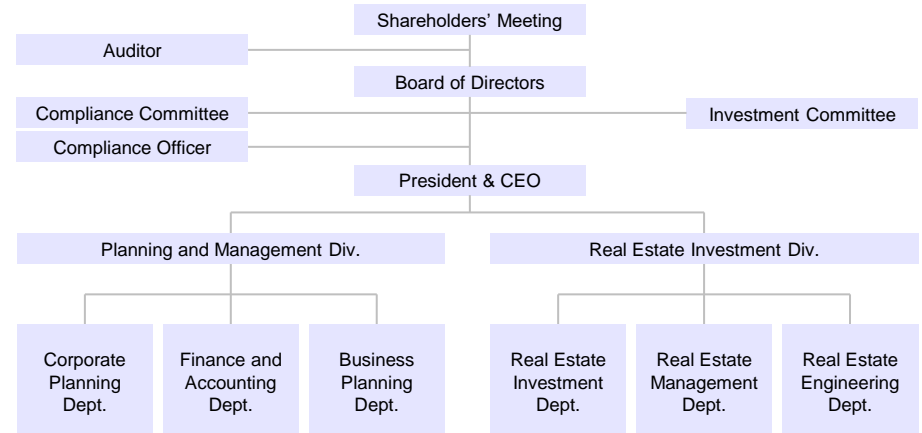
- (1) Asset Management agreement
- (2) A. Pipeline support agreement with NIPPON STEEL KOWA REAL ESTATE
B. Pipeline support agreement with Mizuho Trust & Banking
- (3) Agreement to provide market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement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

■ Overview of JEAM

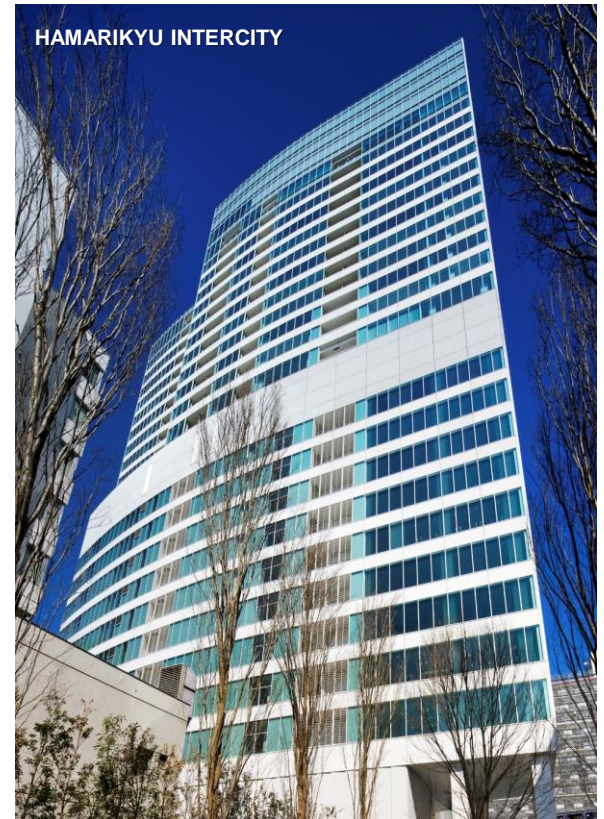
Name	Japan Excellent Asset Management, Co., Ltd.	
Headquarters	1-15-9 Minamiaoyama, Minato Ward, Tokyo	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders ^{*2}	Nippon Steel Kowa Real Estate Co., Ltd.	54.0%
	The Dai-ichi Life Insurance Company, Limited	26.0%
	The Dai-ichi Building Co.,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

*2 The percentage figure indicates the number of shares held as a percentage of the number of total outstanding shares.

■ Outline and Organization of JEAM



Reference Materials – Appendix



Financial Results of the 33rd Period (Ended December 2022) (1) Comparison with the Previous Period

- ◆ Distribution per unit is maintained at 2,800 yen as the decrease in gains on sales and decrease in rental revenue due to departure factors and deterioration of utilities revenue/expenses will be offset by external growth and a reversal of reserve for reduction entry.

	32nd Period	33rd Period	Difference
	Jun. 2022 Result	Dec. 2022 Result	
Operating revenue	11,065	10,699	-365
Rental revenue	9,566	9,271	-295
Revenue for utilities expenses	575	693	117
Other revenue	124	176	51
Distribution to Anonymous Association	0	28	28
Gain on sales of real estate, etc.	797	530	-267
Operating expenses	6,353	6,567	213
Expenses for rental operations	5,699	5,944	244
Property management expenses	1,566	1,580	14
Utilities expenses	935	1,156	221
Taxes	980	976	-3
Repairs and maintenance	126	137	11
Other expenses for rental operations	154	160	6
(NOI)	6,504	6,128	-376
Depreciation	1,937	1,931	-5
Sales and administrative expenses	653	622	-31
Operating income	4,711	4,132	-578
Non-operating expenses	609	629	20
Ordinary income	4,102	3,503	-599
Net income	4,101	3,502	-599
Provision (-) and reversal (+) of reserve for reduction entry	-356	+243	599
Total distributions	3,745	3,745	0
Distributions per unit (yen)	2,800	2,800	0
FFO	5,241	4,903	-337

(Unit: million yen)

Factors	Balance	DPU conversion (yen)	Main causes for change
■External Growth (Newly Acquired Properties)	150	112 yen	
Increase in property acquired (distribution to Anonymous Association) in the previous period	28		ARK Hills FRONT TOWER
Increase in profit after depreciation of properties acquired in the 33rd Period	122		BIZCORE SHIBUYA
■Internal Growth (Existing Properties)	-374	- 280 yen	
Decrease in rental revenue	-237		Departure and lease-up: -205 (Lease-up: 395, Departure: -600)
Decrease in utilities revenue/expenses	-101		Rent revisions: -19 (Increase: 3, Decrease: -22)
Increase in other revenue	16		Other: -13
Increase in expenses for rental operations	-82		
Increase in property management expenses	-28		Tenant brokerage commissions, etc. :-23
Increase in taxes	-22		
Increase in repairs and maintenance	-13		
Increase in depreciation	-8		
Increase in other expenses for rental operations	-8		
Decrease in sales and administrative expenses	31		Asset Management Fee II: 25
■Finance	-20	- 16 yen	
Increase in interest expense	-9		
Increase in loan relating fees	-17		
Decrease in other financial expenses	6		
■Transfer	-354	- 265 yen	
Decrease in gain on sale	-267		Absence of gain on sale of Kowa Shirokanedai Building -797 Gain on sale of Shintomicho Building (40%) 530
Decrease in profit after depreciation of properties transferred in the 32nd Period	-73		Kowa Shiroganedai Building
Decrease in profit after depreciation of properties transferred in the 33rd Period	-14		Shintomicho Building (40%)
■Reserve for Reduction Entry	599	448 yen	
Absence and increase in reversal of provision of reserve for reduction entry	599		
Total	0	0 yen	

Financial Results of the 33rd Period (Ended December 2022) (2) Comparison with the Forecast

- The reversal of reserve for reduction entry decreased by 148 million yen compared to the plan due to an increase in internal growth, and distributions per unit were 2,800 yen as forecast.

	33rd Period	33rd Period	Difference
	Dec. 2022 Forecast	Dec. 2022 Result	
Operating revenue	10,545	10,699	154
Rental revenue	9,225	9,271	45
Revenue for utilities expenses	702	693	-8
Other revenue	66	176	109
Distribution to Anonymous Association	26	28	1
Gain on sales of real estate, etc.	523	530	7
Operating expenses	6,553	6,567	13
Expenses for rental operations	5,934	5,944	9
Property management expenses	1,588	1,580	-7
Utilities expenses	1,074	1,156	82
Taxes	975	976	1
Repairs and maintenance	208	137	-71
Other expenses for rental operations	159	160	1
(NOI)	5,989	6,128	138
Depreciation	1,929	1,931	2
Sales and administrative expenses	618	622	4
Operating income	3,991	4,132	140
Non-operating expenses	638	629	-8
Ordinary income	3,354	3,503	148
Net income	3,353	3,502	148
Provision (-) and reversal (+) of reserve for reduction entry	+392	+243	-148
Total distributions	3,745	3,745	0
Distributions per unit (yen)	2,800	2,800	0

FFO	4,759	4,903	144
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Factors	(Unit: million yen)		Main causes for change
	Balance	DPU conversion (yen)	
■External Growth (Newly Acquired Properties)	26	20 yen	
Increase in property acquired (distribution to Anonymous Association) in the previous period	1		ARK Hills FRONT TOWER
Increase in profit after depreciation of properties acquired in the 33rd Period	24		BIZCORE SHIBUYA cancellation penalty
■Internal Growth (Existing Properties)	107	80 yen	
Increase in rental revenue	56		Departure and lease-up: 30 (Lease-up: 28, departure: -2)
Decrease in utilities revenue/expenses	-91		Rent revisions: 23 (Decrease: 23)
Increase in other revenue	72		Other: 3
Decrease in expenses for rental operations	73		Cancellation penalties: 25 (Omori: 20, Nisseki Yokohama: 5)
Decrease in property management expenses	6		AIR settlements: 9
Increase in taxes	-1		Ryogoku financial assistance: 7
Decrease in repairs and maintenance	70		Postponement of construction work due to delay in procurement of parts Review of repair, etc.
Increase in depreciation	-2		
Increase in sales and administrative expenses	-4		
■Finance	8	6 yen	
Decrease in loan-related fees	7		
■Sale of Properties	7	5 yen	
Increase in gain on sale	7		Shintomicho Building (40%)
■Reserve for Reduction Entry	-148	- 111yen	
Decrease in reversal of reserve for reduction entry	-148		
Total	0	0 yen	

> Performance Forecasts (1) 34th Fiscal Period (Ending June 2023)

- ◆ Distributions per unit will be maintained at 2,800 yen as the negative internal growth will be offset by an increase in gain on sales and a reversal of reserve for reduction entry.

	33rd Period	34th Period	Difference
	Dec. 2022 Result	Jun. 2023 Forecast	
Operating revenue	10,699	10,859	159
Rental revenue	9,271	9,247	-23
Revenue for utilities expenses	693	690	-3
Other revenue	176	75	-100
Distribution to Anonymous Association.	28	52	24
Gain on sales of real estate, etc.	530	792	261
Operating expenses	6,567	6,699	132
Expenses for rental operations	5,944	6,060	115
Property management expenses	1,580	1,548	-32
Utilities expenses	1,156	1,200	43
Taxes	976	997	20
Repairs and maintenance	137	179	42
Other expenses for rental operations	160	180	19
(NOI)	6,128	5,909	-218
Depreciation	1,931	1,955	23
Sales and administrative expenses	622	639	16
Operating income	4,132	4,159	26
Non-operating expenses	629	600	-29
Ordinary income	3,503	3,559	56
Net income	3,502	3,558	56
Provision (-) and reversal (+) of reserve for reduction entry	+243	+186	-56
Total distributions	3,745	3,745	0
Distributions per unit (yen)	2,800	2,800	0
FFO	4,903	4,721	-181

Factors	(Unit: million yen)		Main causes for change
	Balance	DPU conversion (yen)	
■External Growth (NewlyAcquired Properties)	-5	- 4 yen	
Increase in property acquired (distribution to Anonymous Association) in the 32nd period	24		ARK Hills FRONT TOWER
Decrease in profit after depreciation of properties acquired in the 33rd Period	-43		Absence of BIZCORE SHIBUYA cancellation penalty: -36
Increase in profit after depreciation of properties acquired in the 34th Period	12		Shin-Yokohama Arena-dori Building
■Internal Growth (Existing Properties)	-208	- 156 yen	
Decrease in rental revenue	-22		Departure and lease-up: 50 (Lease-up: 371, departure: -321)
Decrease in utilities revenue/expenses	-44		Rent revisions: -62 (Increase: 3, Decrease: -66)
Decrease in other revenue	-59		Other: -10
Increase in expenses for rental operations	-65		
Decrease in property management expenses	38		Omori, AKASAKA AIR Absence of cancellation penalty and settlements: -29
Increase in taxes	-15		
Increase in repairs and maintenance	-42		PM fee (basic): 43
Increase in depreciation	-25		
Increase in other expenses for rental operations	-21		Carry over from previous period, etc.
Increase in sales and administrative expenses	-16		Increase in property inspection costs
■Finance	30	22 yen	
Decrease in interest expense	22		
Decrease in loan-related fees	12		Absence of arrangement fee
Increase in other financial expenses	-4		
■Transfer	241	180 yen	
Increase in gain on sale	261		Absence of gain on sale of Shintomicho Building (40%) -530 Gain on sale of Shintomicho Building (60%) 792
Decrease in profit after depreciation of properties transferred in the 33rd Period	-1		Shintomicho Building (40%)
Decrease in profit after depreciation of properties transferred in the 34th Period	-18		Shintomicho Building (60%)
■Reserve for Reduction Entry	-56	- 42 yen	
Decrease in reversal of reserve for reduction entry	-56		
Total	0	0 yen	

Performance Forecasts (2) 35th Fiscal Period (Ending December 2023)

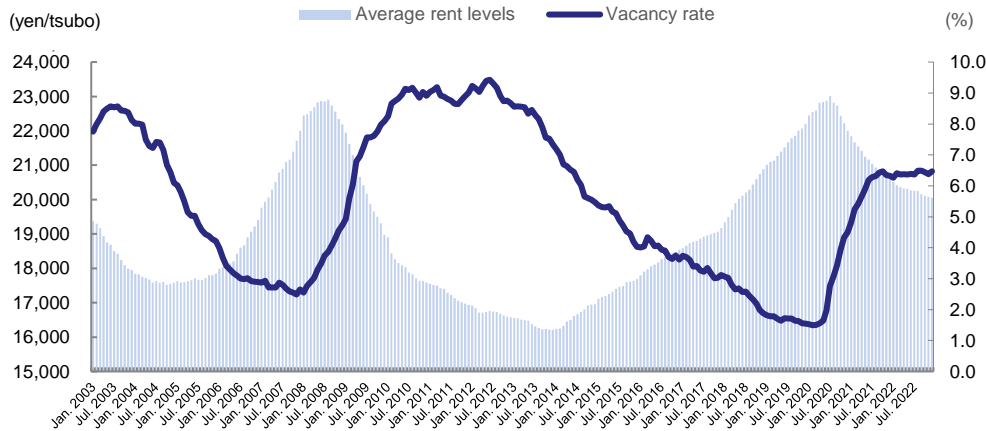
- ◆ As internal growth becomes positive, the decrease in gain on sales and increase in financial costs will be offset by external growth and a reversal of reserve for reduction entry, and distributions per unit will be maintained at 2,800 yen as a result.

	34th Period	35th Period	Difference
	Jun. 2023 Forecast	Dec. 2023 Forecast	
Operating revenue	10,859	10,980	121
Rental revenue	9,247	9,358	111
Revenue for utilities expenses	690	779	88
Other revenue	75	71	-4
Distribution to Anonymous Association.	52	74	21
Gain on sales of real estate, etc.	792	696	-95
Operating expenses	6,699	6,845	145
Expenses for rental operations	6,060	6,233	172
Property management expenses	1,548	1,511	-36
Utilities expenses	1,200	1,389	189
Taxes	997	1,000	3
Repairs and maintenance	179	204	24
Other expenses for rental operations	180	171	-8
(NOI)	5,909	5,933	23
Depreciation	1,955	1,956	0
Sales and administrative expenses	639	611	-27
Operating income	4,159	4,135	-23
Non-operating expenses	600	671	71
Ordinary income	3,559	3,464	-95
Net income	3,558	3,463	-95
Provision (-) and reversal (+) of reserve for reduction entry	+186	+281	95
Total distributions	3,745	3,745	0
Distributions per unit (yen)	2,800	2,800	0
FFO	4,721	4,723	1

Factors	(Unit: million yen)		Main causes for change
	Balance	DPU conversion (yen)	
■ External growth	29	22 yen	
Increase in profit after depreciation of properties acquired in the 34th Period	29		Full-year contribution of Shin-Yokohama Arena-dori Building
■ Internal Growth (Existing Properties)	81	61 yen	
Increase in rental revenue	134		Departure and lease-up: 143 (Lease-up: 406, departure: -263)
Increase in distribution to Anonymous Association	21		Rent revisions: -17 (Increase: 4, Decrease: -21)
Decrease in utilities revenue/expenses	-100		Other: 8
Decrease in other revenue	-4		ARK Hills FRONT TOWER
Decrease in expenses for rental operations	2		
Decrease in property management expenses	34		Absence of leasing fees : 35
Increase in taxes	-7		
Increase in repairs and maintenance	-25		
Increase in depreciation	-7		
Decrease in other expenses for rental operations	7		
Decrease in sales and administrative expenses	27		Decrease in property inspection costs
■ Finance	-71	- 54 yen	
Increase in interest expense	-33		
Increase in loan relating fees	-37		Arrangement fee
■ Sale of Properties	-135	- 101 yen	
Decrease in gain on sale	-95		Absence of gain on sale of Shintomicho Building (60%) -792
Decrease in profit after depreciation of properties transferred in the 34th Period	-4		Gain on sale of Pacific Square Sengoku 696
Decrease in profit after depreciation of properties transferred in the 35th Period	-34		Shintomicho Building (60%)
■ Reserve for Reduction Entry	95	71 yen	Pacific Square Sengoku
Increase in reversal of reserve for reduction entry	95		
Total	0	0 yen	

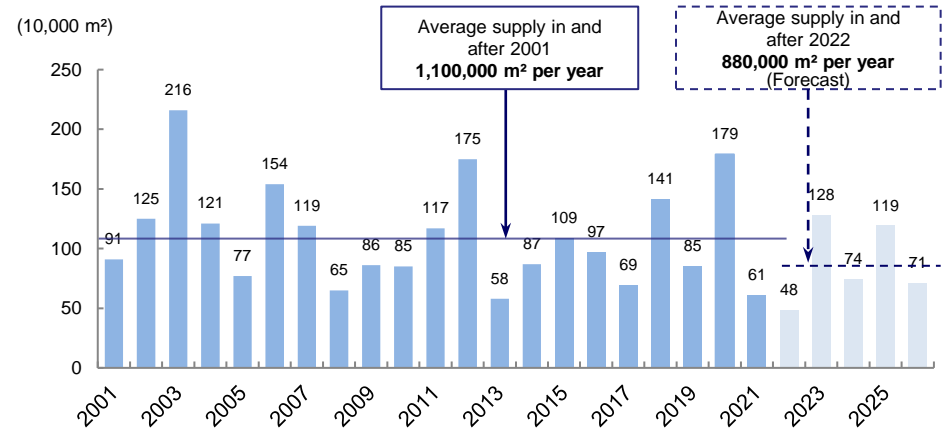
Environmental Awareness

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



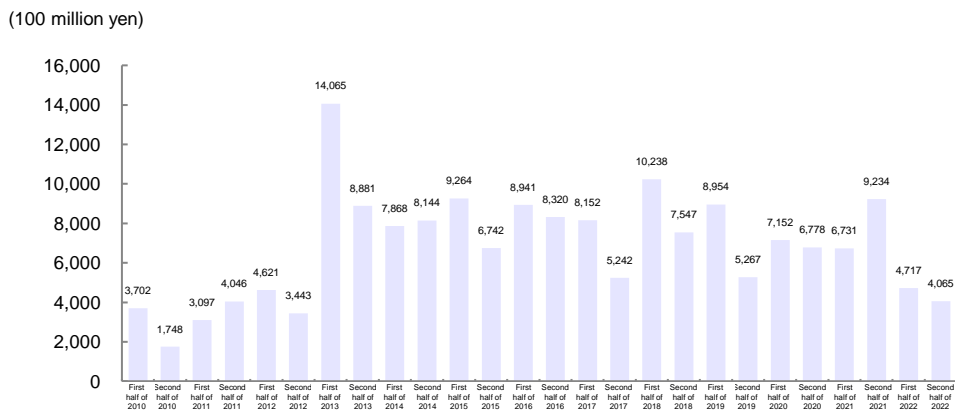
Source: Miki Shoji Co., Ltd.

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



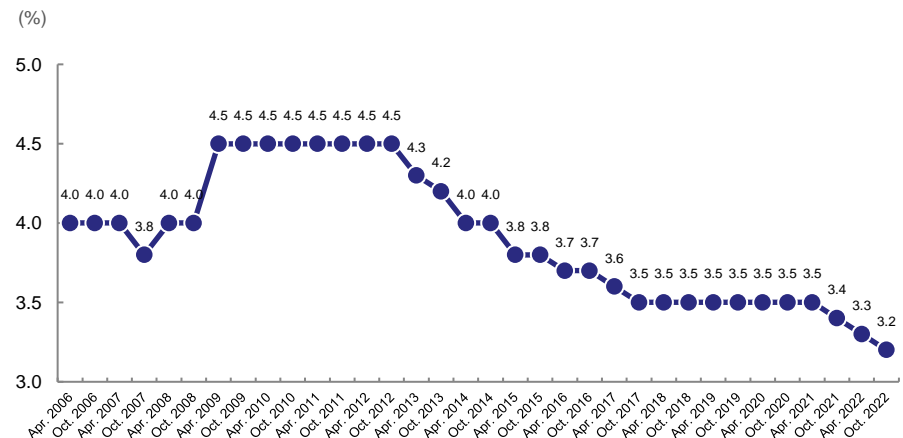
Source: Mori Building Co., Ltd.

Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

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



Source: Japan Real Estate Institute

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-10	I-12	I-13	I-14	I-15	I-16	I-17	I-18	I-19	II-1	II-3	II-4	II-5	III-1	III-2	III-3	III-5	III-7	III-9	III-10	III-11	III-12	III-13	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9	IV-10			
	Omori	Shiba 2-Chrome	Hamamatsudori	AKASAKA INTERCITY	Daike Garden City	HAMARIKYU INTERCITY	Shinonodori	Kowa Nishi-Shimbashi	Daikekyoenma	AKASAKA INTERCITY AIR	AKASAKA MITSUKE	BIZCORE JIMBOCHO	BIZCORE SHIBUYA	NHK Nagoya	Osaka Koen Building (Land with Leasehold)	GRAND FRONT OSAKA (Umekita Plaza Building / North Building)	Keim Building	Musashi Kosugi	Higashi-guchi	Kawasaki Higashi-guchi	Hongo	Kawasaki Nishi-gcho	Ryogoku	Kawasaki Nishi-guchi	Sengoku	Core City Tachikawa	Nissei Yokohama	Yokohama Benten-dori	Kyobashi	Hiroshima Hatchobori	SE Sapporo	Asaba-dori Plaza	Daiwa Mearmi-motomachi	Naha	Hiroshima OS	Sarashi Building	Sapporo Otomachi		
Revenue from operations	809	378	244	499	327	731	49	-	237	-	129	-	157	363	92	-	-	645	-	-	166	126	285	62	315	1,198	42	189	138	441	184	192	87	147	53	134	10,141		
Rental revenue	734	377	233	470	298	681	41	-	216	-	125	-	116	-	92	-	-	591	-	-	163	106	261	55	307	1,110	39	169	125	348	162	171	76	138	47	120	9,271		
Other rental revenue	74	1	11	29	29	49	8	-	21	-	3	-	41	-	-	-	53	-	-	3	20	23	6	8	88	3	20	12	92	21	20	10	8	6	13	869			
Expenses from operations	517	132	103	277	224	433	25	-	161	-	51	-	35	252	52	-	-	391	-	-	111	75	387	32	142	794	24	94	100	219	104	78	50	78	27	65	5,944		
Property management expenses	151	47	19	85	56	126	4	-	51	-	14	-	11	65	-	-	106	-	-	49	21	107	6	31	166	7	20	24	31	35	23	8	20	5	13	1,580			
Utilities expenses	104	0	11	56	40	73	4	-	26	-	4	-	5	41	-	-	80	-	-	-	11	42	6	44	235	6	17	17	77	21	17	9	18	6	20	1,156			
Taxes	79	29	18	38	37	52	3	-	32	-	17	-	-	24	52	-	-	70	-	-	17	7	49	6	21	121	3	12	18	25	19	14	5	13	4	12	976		
Insurance	1	0	0	0	0	1	0	-	0	-	0	-	0	0	-	-	1	-	-	0	0	1	0	1	3	0	0	0	0	0	0	0	0	0	0	0	0	22	
Repairs and maintenance	19	0	0	2	0	17	2	-	6	-	0	-	-	2	-	-	7	-	-	1	0	11	0	2	7	0	2	8	2	2	1	4	2	4	2	4	2	137	
Other expenses for rental operation	15	1	15	2	2	7	1	-	1	-	1	-	1	33	0	-	1	-	-	0	0	0	0	1	2	0	0	0	0	0	1	4	0	0	0	0	0	138	
Depreciation	145	52	38	90	86	154	8	34	42	18	13	28	15	83	-	-	122	121	31	41	33	174	11	39	257	4	41	30	80	25	19	17	22	7	16	1,931			
Profit (loss) from operations	292	246	141	222	103	297	24	203	76	91	77	102	122	111	39	82	64	254	193	71	54	50	-102	29	173	404	18	95	38	222	79	114	37	68	26	68	4,196		
NOI	437	298	179	313	189	451	33	237	118	109	91	131	138	194	39	91	76	377	314	103	96	84	71	40	212	661	22	136	69	302	104	134	54	91	33	84	6,128		
NOI (annualized)	867	591	355	621	375	895	65	471	236	218	181	261	329	385	79	181	150	748	623	204	191	166	141	80	422	1,312	45	270	137	600	208	265	108	181	65	167	12,212		
Days	184	184	184	184	184	184	184	184	184	184	184	184	153	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	
Acquisition price	22,552	9,450	8,350	28,146	11,000	19,080	1,050	11,431	11,420	6,590	6,200	10,200	6,640	5,610	1,770	4,868	3,982	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	4,069	287,848		

NOI yield

33rd Period	3.8%	6.3%	4.3%	2.2%	3.4%	4.7%	5.8%	4.1%	2.1%	3.3%	2.9%	2.6%	5.0%	6.9%	4.5%	3.7%	3.8%	5.4%	5.7%	3.8%	4.1%	6.5%	0.7%	5.0%	6.5%	5.4%	7.1%	8.2%	5.0%	10.9%	9.8%	6.0%	7.9%	6.5%	4.2%	4.1%	4.24%
32nd Period	5.1%	6.2%	4.3%	2.7%	3.7%	4.8%	6.1%	4.5%	2.4%	4.1%	3.5%	2.9%	-	6.9%	4.7%	4.5%	3.4%	3.6%	5.2%	3.2%	3.2%	5.7%	2.8%	5.1%	7.0%	5.9%	7.3%	8.2%	7.4%	10.8%	7.5%	6.5%	7.8%	6.8%	4.4%	4.5%	4.58%
Difference (pt)	-1.3	0.1	0.0	-0.5	-0.3	-0.1	-0.3	-0.4	-0.3	-0.8	-0.6	-0.3	-	0.0	-0.2	-0.8	0.4	1.8	0.5	0.6	0.9	0.8	-2.1	-0.1	-0.5	-0.5	-0.2	0.0	-2.4	0.1	2.3	-0.5	0.1	-0.3	-0.2	-0.4	-0.34

NOI yield after depreciation

33rd Period	2.6%	5.2%	3.4%	1.6%	1.9%	3.1%	4.4%	3.5%	1.3%	2.8%	2.5%	2.0%	4.4%	3.9%	4.5%	3.4%	3.2%	3.6%	3.5%	2.6%	2.3%	4.0%	-1.0%	3.6%	5.3%	3.3%	5.6%	5.7%	2.8%	8.0%	7.4%	5.2%	5.3%	4.9%	3.3%	3.3%	2.90%
32nd Period	3.8%	5.1%	3.4%	2.1%	2.1%	3.2%	4.7%	3.9%	1.7%	3.5%	3.1%	2.4%	-	3.8%	4.7%	4.2%	2.8%	1.8%	3.1%	2.0%	1.4%	3.3%	1.2%	3.8%	5.8%	3.7%	5.8%	5.7%	5.4%	7.9%	5.2%	5.6%	5.3%	5.2%	3.4%	3.7%	3.21%
Difference (pt)	-1.2	0.1	0.0	-0.5	-0.2	-0.1	-0.3	-0.4	-0.4	-0.7	-0.6	-0.4	-	0.1	-0.2	-0.8	0.4	1.8	0.4	0.6	0.9	0.7	-2.2	-0.2	-0.5	-0.4	-0.2	0.0	-2.6	0.1	2.2	-0.4	0.0	-0.3	-0.1	-0.4	-0.31

Breakdown by area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	2,729	401	1,984	1,011
Acquisition price	152,109	16,231	91,601	27,907
33rd Period NOI yield	3.6%	4.9%	4.3%	7.2%
32nd Period NOI yield	4.0%	5.1%	4.5%	7.4%
Difference (pt)	-0.4	-0.2	-0.2	-0.2

*1 Figures under one million yen are rounded down.

*2 Ratios are rounded to the first decimal place.

*3 The NOI yield of each property is expressed as an annualized value (NOI yield = annualized NOI / acquisition price).

*4 Details of revenues and expenses are not disclosed for the Kowa Nishi-Shimbashi, Kawasaki-Higashi-guchi and Hongo buildings because the consent of the end tenants has not been obtained.

*5 Details of revenues and expenses are not disclosed for AKASAKA INTERCITY AIR, BIZCORE JIMBOCHO, and GRAND FRONT OSAKA (Umekita Plaza, South Building / North Building) because the consent of the co-owners has not been obtained.

*6 Details of real estate rental revenues are not disclosed for NHK Nagoya as consent from the co-operators has not been obtained.

Overview of Period-End Appraisals

Summary of Period-End Appraisal Value

	32nd Period (Jun. 2022)	33rd Period (Dec. 2022)	Difference
Number of properties	35 properties	36 properties	1 property
Period-end appraisal value	337,844 million yen	344,863 million yen	7,019 million yen
Book value	263,194 million yen	268,467 million yen	5,273 million yen
Unrealized gain/loss	74,649 million yen	76,395 million yen	1,746 million yen
Ratio of unrealized gain/loss ^{*1}	28.4%	28.5%	0.1pt

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

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

	32nd Period (Jun. 2022)	33rd Period (Dec. 2022)
Increase	23 properties	17 properties
Unchanged	8 properties	11 properties
Decrease	4 properties	7 properties

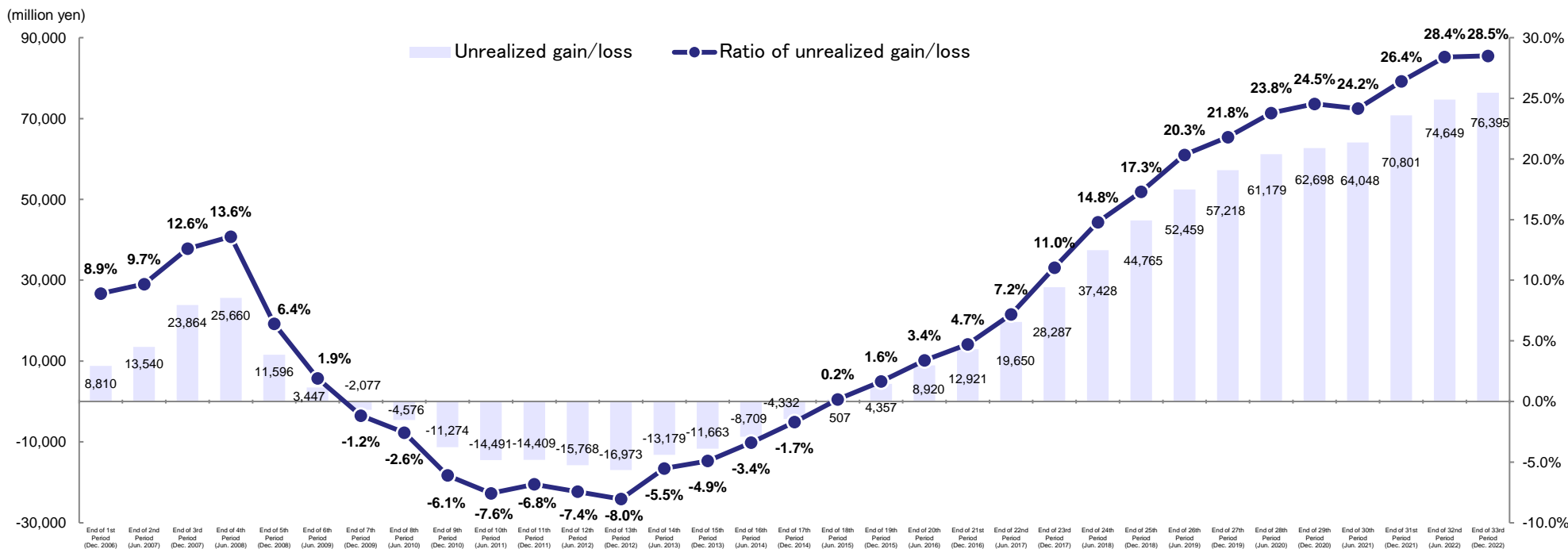
*2 Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period.

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

Status of Cap Rate^{*2*3}

	32nd Period (Jun. 2022)	33rd Period (Dec. 2022)
Decline	27 properties	21 properties
Unchanged	8 properties	14 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 FP33 (3)	Difference ((2)-(3))		Direct reduction reduced yield		Difference ((5)-(4)) pt	Appraisal Organization				
				End of FP32 (1)	End of FP33 (2)		%			%	End of FP32 (4)	End of FP33 (5)						
I-1	I	Omori Bellport D	22,552	26,200	25,700	-500	-1.9%	20,492	5,207	25.4%		3.9%	3.8%	-0.1	Chuo Real Estate Appraisal Co., Ltd.			
I-2		Shiba 2-Chome Building	9,450	14,100	14,100	0	0.0%	9,011	5,088	56.5%	Office	3.4%	Office	3.4%	Office	0.0	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	9,450	9,450	0	0.0%	7,968	1,481	18.6%	Residence	3.9%	Residence	3.7%	Residence	-0.2	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	31,000	30,800	-200	-0.6%	26,462	4,337	16.4%						0.0	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	10,100	10,100	0	0.0%	9,166	933	10.2%						-0.1	Chuo Real Estate Appraisal Co., Ltd.	
I-12		HAMARIKYU INTERCITY	19,080	28,000	28,500	500	1.8%	16,627	11,872	71.4%						-0.1	Japan Real Estate Institute	
I-14		Kowa Nishi-Shimbashi Building	11,431	14,600	13,700	-900	-6.2%	10,919	2,780	25.5%						0.0	Japan Real Estate Institute	
I-15		Mansard Daikanyama	11,420	14,000	13,800	-200	-1.4%	11,091	2,708	24.4%						0.0	Japan Real Estate Institute	
I-16		AKASAKA INTERCITY AIR	6,590	8,160	8,170	10	0.1%	6,448	1,721	26.7%						0.0	Japan Real Estate Institute	
I-17		BIZCORE AKASAKA-MITSUKE	6,200	6,800	6,680	-120	-1.8%	6,138	541	8.8%						0.0	Japan Real Estate Institute	
I-18		BIZCORE JIMBOCHO	10,200	10,300	10,300	0	0.0%	9,965	334	3.4%						-0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
I-19		BIZCORE SHIBUYA	6,640	6,950	6,950	0	0.0%	6,652	297	4.5%						0.0	The Tanizawa Sogo Appraisal Co., Ltd.	
II-1		II	NHK Nagoya Housou-Center Building	5,610	6,230	6,250	20	0.3%	5,346	903	16.9%						-0.1	Japan Real Estate Institute
II-3			Osaka Kogin Building (land with leasehold interest)	1,770	2,650	2,750	100	3.8%	1,865	884	47.4%						-0.1	Japan Real Estate Institute
II-4			GRAND FRONT OSAKA (Umekita Plaza/ South Building)	4,868	5,050	5,050	0	0.0%	4,895	154	3.1%						-0.1	Japan Valuers Co., Ltd.
II-5			GRAND FRONT OSAKA (North Building)	3,982	3,820	3,820	0	0.0%	3,980	-160	-4.0%						-0.1	Japan Valuers Co., Ltd.
III-1			Musashikosugi Tower Place	13,890	21,700	22,700	1,000	4.6%	12,128	10,571	87.2%						-0.2	Japan Real Estate Institute
III-2		III	Kowa Kawasaki Higashiguchi Building	10,976	10,600	10,500	-100	-0.9%	10,733	-233	-2.2%						0.0	Japan Valuers Co., Ltd.
III-3			JEI Hongo Building	5,400	4,620	4,620	0	0.0%	4,897	-277	-5.7%						0.0	Japan Valuers Co., Ltd.
III-5	Kawasaki Nissincho Building		4,725	4,720	4,740	20	0.4%	4,187	552	13.2%						0.0	Japan Valuers Co., Ltd.	
III-7	JEI Ryogoku Building		2,550	2,710	2,720	10	0.4%	2,523	196	7.8%						-0.1	Chuo Real Estate Appraisal Co., Ltd.	
III-9	Kowa Kawasaki Nishiguchi Building		20,800	16,000	16,000	0	0.0%	18,796	-2,796	-14.9%						0.0	Japan Valuers Co., Ltd.	
III-10	Pacific Square Sengoku		1,620	1,510	1,550	40	2.6%	1,596	-46	-2.9%						-0.1	Chuo Real Estate Appraisal Co., Ltd.	
III-11	Core City Tachikawa		6,500	9,920	9,940	20	0.2%	5,937	4,002	67.4%						0.0	Japan Real Estate Institute	
III-12	Nisseki Yokohama Building		24,500	33,100	33,500	400	1.2%	21,859	11,640	53.3%						-0.1	Japan Real Estate Institute	
III-13	Yokohama Bentendori Dai-ichi Seimei Building		640	719	719	0	0.0%	679	39	5.8%						-0.1	Japan Real Estate Institute	
IV-2	IV		JEI Kyobashi Building	3,308	4,010	4,010	0	0.0%	2,688	1,321	49.2%						0.0	DAIWA REAL ESTATE APPRAISAL CORPORATION
IV-3			JEI Hiroshima Hacchobori Building	2,760	4,100	4,230	130	3.2%	2,762	1,467	53.1%						-0.1	Japan Real Estate Institute
IV-4			SE Sapporo Building	5,500	9,770	10,200	430	4.4%	5,072	5,127	101.1%						-0.1	Chuo Real Estate Appraisal Co., Ltd.
IV-5			Aoba-dori Plaza	2,120	4,660	4,770	110	2.4%	2,269	2,500	110.2%						-0.1	Japan Real Estate Institute
IV-6		Daiwa Minami-morimachi Building	4,410	5,330	5,320	-10	-0.2%	4,219	1,100	26.1%						0.0	DAIWA REAL ESTATE APPRAISAL CORPORATION	
IV-7		JEI Naha Building	1,380	2,100	2,110	10	0.5%	1,587	522	32.9%						-0.1	Japan Real Estate Institute	
IV-8		Hiroshima Dai-ichi Seimei OS Building	2,780	3,480	3,580	100	2.9%	2,770	809	29.2%						-0.1	Japan Real Estate Institute	
IV-9		Senshin Building	1,580	1,690	1,690	0	0.0%	1,608	81	5.1%						-0.1	The Tanizawa Sogo Appraisal Co., Ltd.	
IV-10		Sapporo Otemachi Building	4,069	4,515	4,564	49	1.1%	4,088	475	11.6%						-0.2	Japan Real Estate Institute	
			Total	286,798	342,664	343,583	919	0.3%	267,439	76,143	28.5%					-0.1	-	
I-13		Shintomicho Building	1,050	1,278	1,280	2	0.2%	1,028	251	24.5%						-0.1	Chuo Real Estate Appraisal Co., Ltd.	
		Total	287,848	343,942	344,863	921	0.3%	268,467	76,395	28.5%					-0.1	-		
		Area I total	152,109	180,938	179,530	-1,408	-0.8%	141,972	37,557	26.5%						-0.0	-	
		Area II total	16,231	17,750	17,870	120	0.7%	16,087	1,782	11.1%						-0.1	-	
		Area III total	91,601	105,599	106,989	1,390	1.3%	83,340	23,648	28.4%						-0.0	-	
		Area IV total	27,907	39,655	40,474	819	2.1%	27,066	13,407	49.5%						-0.1	-	
		Total	287,848	343,942	344,863	921	0.3%	268,467	76,395	28.5%					-0.1	-		

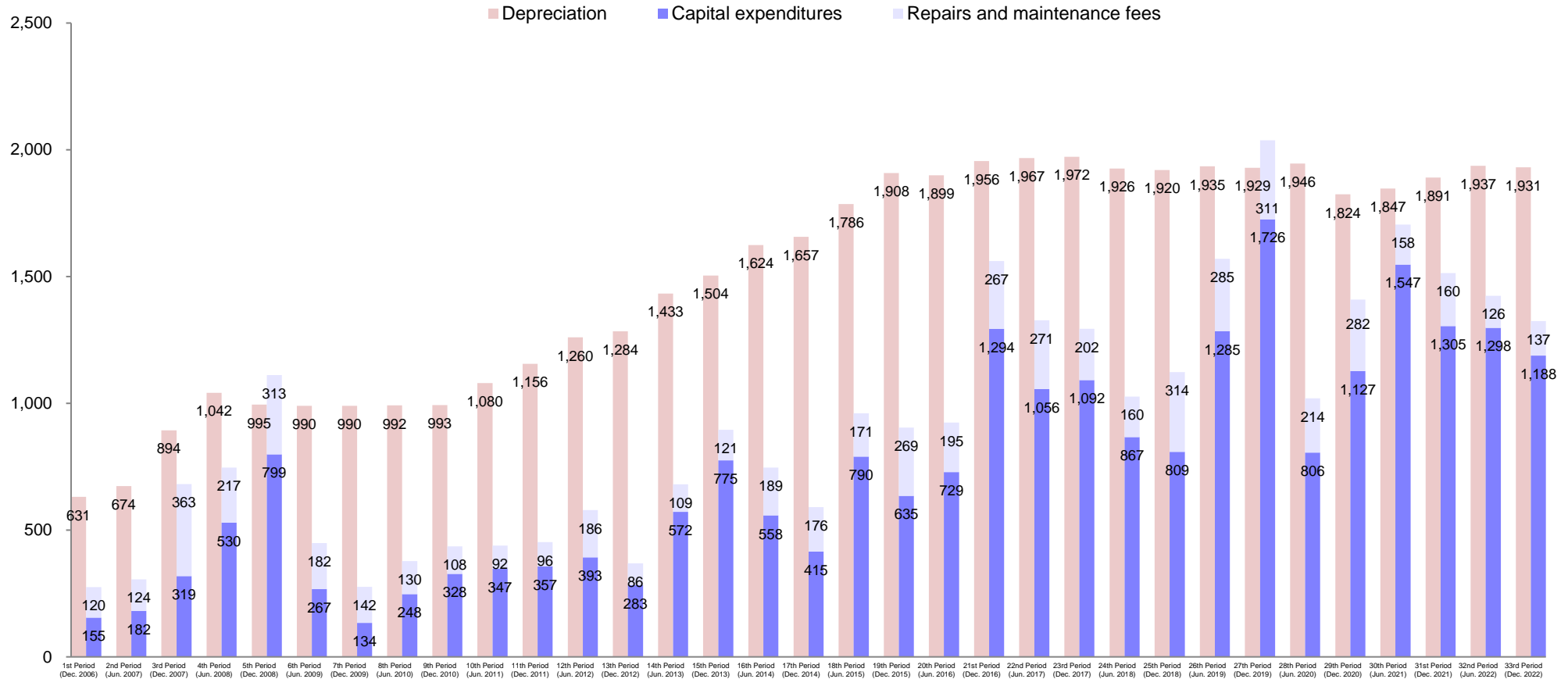
*1 "Appraisal value" includes the appraisal value described in the real estate appraisal reports made by a real estate appraisers as of the end of the 32nd Period and 33rd Period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, Japan.

*2 For properties acquired in the 33rd Period, the appraisal value at the time of acquisition of properties is indicated in the column for the end of the 32nd Period-end appraisal value.

Historical Record in Works

History of Costs for Construction and Depreciation

(million yen)



Capital Expenditures / Depreciation

24.6%	27.0%	35.7%	50.9%	80.3%	27.0%	13.5%	25.0%	33.0%	32.1%	30.9%	31.2%	22.0%	39.9%	51.5%	34.4%	25.0%	44.2%	33.3%	38.4%	66.2%	53.7%	55.4%	45.0%	42.1%	66.4%	89.5%	41.4%	61.8%	83.8%	69.0%	67.0%	61.5%
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Statement of Income and Retained Earnings

(Unit: million yen)

	32nd Period (Jun. 2022)	Percentage (%)	33rd Period (Dec. 2022)	Percentage (%)	Compared with previous period	
					Difference	(%)
1. Operating revenue (A)	11,065	100.0	10,699	100.0	-365	-3.3
Rental revenue	9,566		9,271		-295	
Other rental revenue	700		869		169	
Total rental revenue (a)	10,267	92.8	10,141	94.8	-126	-1.2
Gain on sales of real estate, etc.	797		530		-267	
Anonymous association distributions	-		28		28	
2. Operating expenses (B)	6,353	57.4	6,567	61.4	213	3.4
Property management expenses	1,566		1,580		14	
Utilities expenses	935		1,156		221	
Taxes	980		976		-3	
Insurance	21		22		0	
Repairs and maintenance	126		137		11	
Other expenses for rental operation	132		138		6	
Depreciation	1,937		1,931		-5	
Total operating expenses (b)	5,699	51.5	5,944	55.6	244	4.3
Profits from operation (a)-(b)	4,567	41.3	4,196	39.2	-370	-8.1
Asset management fees	467		444		-22	
Other operating expenses	186		177		-9	
3. Operating income (A)-(B)	4,711	42.6	4,132	38.6	-578	-12.3
4. Non-operating income	0	0.0	0	0.0	-0	-36.5
5. Non-operating expenses	609	5.5	629	5.9	20	3.4
Interest expense	302		309		7	
Loan relating fees	137		155		17	
Interest expense on investment corporation bonds	149		151		2	
Amortization of investment corporation bond issuance costs	12		12		-	
Other	7		0		-6	
6. Ordinary income	4,102	37.1	3,503	32.7	-599	-14.6
7. Net income before taxes	4,102	37.1	3,503	32.7	-599	-14.6
8. Income taxes – current	0		0		0	
9. Net income	4,101	37.1	3,502	32.7	-599	-14.6
10. Retained earnings brought forward	0		-		-0	
11. Unappropriated retained earnings	4,102		3,502		-599	

* 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						
	32nd Period (Jun. 2022)		33rd Period (Dec. 2022)	Difference		32nd Period (Jun. 2022)		33rd Period (Dec. 2022)	Difference		
(Assets)	Composition (%)		Composition (%)		(Liabilities)	Composition (%)		Composition (%)			
I. Current assets	20,848	7.2	18,662	6.3	-2,186	I. Current liabilities	17,882	6.1	24,767	8.4	6,885
Cash and deposits	9,139		6,392		-2,747	Operating accounts payable	1,127		1,356		229
Cash and deposits in trust	11,064		11,447		383	Short-term loans	-		3,000		3,000
Operating accounts receivable	310		423		112	Long-term loans due within a year	13,750		15,770		2,020
Other	333		398		65	Investment corporation bonds due within a year	2,000		4,000		2,000
						Other accounts payable	471		439		-31
II. Fixed assets	270,454	92.8	275,762	93.6	5,308	Accrued consumption taxes	321		-		-321
1. Property and equipment	254,029	87.2	259,278	88.0	5,249	Other	212		201		-11
Real Estate	16,161		16,144		-17	II. Long-term liabilities	123,086	42.2	119,554	40.6	-3,532
Real Estate in trust	237,810		243,041		5,230	Investment corporation bonds	36,000		34,000		-2,000
Construction in progress	57		93		35	Long-term loans	73,850		71,830		-2,020
2. Intangible assets	9,168	3.1	9,192	3.1	23	Security deposits from tenants	1,233		1,239		6
Leasehold rights	1,721		1,721		-	Security deposits from tenants in trust	12,003		12,484		481
Leasehold rights in trust	7,382		7,382		-	Total liabilities	140,969	48.4	144,322	49.0	3,352
Other	65		88		23	(Net assets)					
3. Investments and other assets	7,255	2.5	7,292	2.5	36	I. Unitholders' equity	150,461	51.6	150,218	51.0	-243
Leasehold and security deposits	19		19		-	1. Unitholders' capital	145,907	50.1	145,907	49.5	-
Long-term prepaid expenses	834		847		12	2. Retained earnings	4,553		4,310		-243
Other	6,402		6,426		23	Voluntary retained earnings (Reserve for reduction entry)	451	0.2	808	0.3	356
III. Deferred assets	128	0.0	115	0.0	-12	Unappropriated retained earnings	4,102	1.4	3,502	1.2	-599
Investment corporation bond issuance costs	128		115		-12	Total net assets	150,461	51.6	150,218	51.0	-243
Total assets	291,430	100.0	294,540	100.0	3,109	Total liabilities and net assets	291,430	100.0	294,540	100.0	3,109

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

> Statements of Cash Flow and Profit Distribution

■ Cash Flow Statement

(Unit: million yen)

33rd Period (Dec. 2022)	
Classification	Amount
I. Cash flow from operating activities	5,751
Net income before taxes	3,503
Depreciation	1,932
Decrease due to sale of fixed assets	689
Other	-373
II. Cash flow from investing activities	-7,371
Purchase of investment securities	-1
Purchase of fixed assets	-7,857
Net payments for security deposits	487
III. Cash flow from financing activities	-744
Proceeds from short-term loans	3,000
Proceeds from long-term loans	8,750
Repayment of long-term loans	-8,750
Distributions to unitholders	-3,744
IV. Net increase / decrease in cash and cash equivalents	-2,364
V. Cash and cash equivalents at beginning of period	20,203
VI. Cash and cash equivalents at end of period	17,839

* Figures under one million yen are rounded down.

■ Statement of Profit Distribution

(Unit: yen)

33rd Period (Dec. 2022)	
Classification	Amount
Unappropriated retained earnings	3,502,198,102
Reversal of reserve for reduction entry	243,076,298
Distributions	3,745,274,400
(Distributions per investment unit)	(2,800)
Earnings carried over to next period	-
Total number of outstanding investment units at the end of period	1,337,598

> Financial Indicators

Financial indicators	Unit	28th Period (Jun. 2020)	29th Period (Dec. 2020)	30th Period (Jun. 2021)	31st Period (Dec. 2021)	32nd Period (Jun. 2022)	33rd Period (Dec. 2022)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	8,053	6,592	6,301	6,209	6,492	5,897	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization (including depreciation other than the expenses for rental operations)
NOI (Net operating income)	MN yen	7,263	7,066	7,059	6,994	6,504	6,128	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	5,873	5,800	5,823	5,737	5,241	4,903	Net income + Depreciation and amortization - Net profit from sale of real estate + Impairment loss
FFO per unit	yen	4,341	4,287	4,303	4,240	3,918	3,665	FFO / Total number of outstanding investment units at the end of period
AFFO (Adjusted funds from operation)	MN yen	5,067	4,672	4,275	4,431	3,942	3,714	FFO - Capital expenditures
AFFO Distribution payout ratio	%	79.0	86.9	93.0	86.8	95.0	100.8	(Total cash distribution amount / AFFO) x 100
NAV (Net asset value)	MN yen	213,312	215,116	216,383	223,007	225,111	226,613	Period end total assets - Period end total liabilities + Real estate valuation gain/loss
NAV per unit	yen	157,658	158,992	159,928	164,824	168,295	169,418	NAV / Total number of outstanding investment units at the end of period
DSCR (Debt service coverage ratio)	times	17.0	13.9	13.2	13.2	14.4	12.8	Cash flow before interest / (Interest expense + Interest expense on investment corporation bonds) (Note) Cash flow before interest = Net income before interest and taxes + Depreciation and amortization (including depreciation other than the expenses for rental operations)
ROA	%	1.9	1.5	1.4	1.3	1.4	1.2	Ordinary income / [(Period beginning total assets + period end total assets) / 2] x 100
(Reference) Annualized with following formula	%	(3.9)	(2.9)	(2.7)	(2.6)	(2.8)	(2.4)	Above x (365 days / Number of operating days)
ROE	%	3.8	2.8	2.6	2.5	2.7	2.3	Net income / [(Period beginning net assets + period end net assets) / 2] x 100
(Reference) Annualized with following formula	%	(7.7)	(5.6)	(5.3)	(5.0)	(5.5)	(4.6)	Above x (365 days / Number of operating days)
Equity to Total Assets	%	51.8	51.8	51.8	51.8	51.6	51.0	(Period end net assets / Period end total assets) x 100
LTV (period-end total asset basis)	%	42.8	42.7	42.7	42.7	43.1	43.7	(Period end interest-bearing debt / Period end total assets) x 100
LTV (period-end valuation gain/loss basis)	%	35.4	35.2	35.1	34.4	34.3	34.7	(Period-end interest-bearing debt / (Period-end total assets + Real estate valuation gain/loss)) x 100
BPS (Book value per unit)	yen	112,441	112,652	112,590	112,495	112,486	112,304	Period end net assets / Total number of outstanding investment units at the end of period

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

> Status of Interest-Bearing Debt

■ Balance of Interest-Bearing Debt (As of the End of 33rd Period)

Lender	Balance (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	20,785	22.9%
MUFG Bank, Ltd.	13,005	14.4%
Development Bank of Japan Inc.	12,800	14.1%
Sumitomo Mitsui Banking Corporation	8,270	9.1%
Mizuho Trust & Banking Co., Ltd.	7,807	8.6%
The Norinchukin Bank	7,412	8.2%
The Dai-ichi Life Insurance Company, Limited	6,000	6.6%
Resona Bank, Ltd.	3,400	3.8%
Sompo Japan Insurance Inc.	2,500	2.8%
Aozora Bank, Ltd.	2,500	2.8%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.8%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.7%
The Bank of Fukuoka, Ltd.	1,000	1.1%
Shinkin Central Bank	1,000	1.1%
Nippon Life Insurance Company	1,000	1.1%
Loan Total	90,600	100.0%

* Shaded areas refer to sponsor companies.

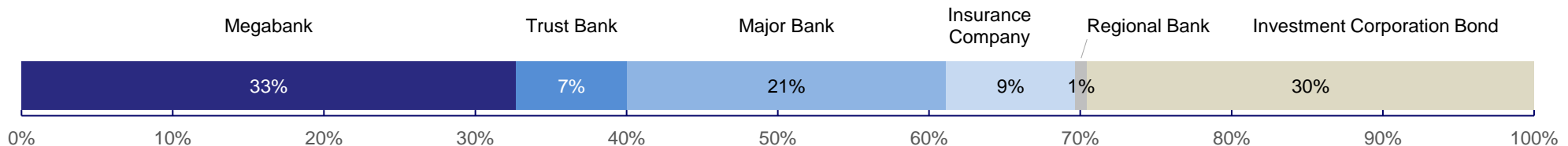
■ Status of Investment Corporation Bonds (As of the End of 33rd Period)

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

■ Status of Commitment Line (As of the End of 33rd Period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From February 1, 2022 to January 31, 2023
MUFG Bank, Ltd.	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Commitment Line Total	14,000	

■ Types of Lenders for Interest-Bearing Debt



> Unitholders

Owner Classification	Investment Units				Composition difference
	End of 32nd Period (Jun. 2022)		End of 33rd Period (Dec. 2022)		
	Number of units	Composition	Number of units	Composition	
Financial Institutions (Including Securities Companies)	920,583	68.8%	952,738	71.2%	2.4pt
Other Domestic Companies	119,113	8.9%	118,565	8.9%	-
Foreign Companies, etc.	227,060	17.0%	204,049	15.3%	-1.7pt
Individuals	70,842	5.3%	62,246	4.7%	-0.6pt
Total	1,337,598	100.0%	1,337,598	100.0%	-

Unitholders				
End of 32nd Period (Jun. 2022)		End of 33rd Period (Dec. 2022)		Composition difference
Number of people	Composition	Number of people	Composition	
159	2.1%	152	2.1%	
173	2.3%	171	2.4%	0.1pt
224	3.0%	210	2.9%	-0.1pt
7,000	92.6%	6,660	92.6%	-
7,556	100.0%	7,193	100.0%	-

Ratio of investment units held by the 2 core sponsor companies: 6.9%

Rank	Name	Units	Composition ratio (%)
1	Custody Bank of Japan, Ltd. (Trust Account)	385,927	28.9%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	219,470	16.4%
3	Nippon Steel Kowa Real Estate Co., Ltd.	71,560	5.3%
4	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	59,469	4.4%
5	Mizuho Securities Co., Ltd.	52,676	3.9%
6	STATE STREET BANK WEST CLIENT - TREATY 505234	20,762	1.6%
7	The Dai-ichi Life Insurance Company, Limited	20,660	1.5%
8	SSBTC CLIENT OMNIBUS ACCOUNT	16,094	1.2%
9	The Shinkumi Federation Bank	14,409	1.1%
10	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	13,652	1.0%
Total		874,679	65.4%

*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-10	I-12	I-13	I-14	I-15
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Omori Bellport D	Shiba 2-Chome Building	JEI Hamamatsucho Building	AKASAKA INTERCITY	Daiba Garden City Building	HAMARIKYU INTERCITY	Shintomicho Building	Kowa Nishi-Shimbashi Building	Mansard Daikanyama
									
Location	Minami-Oi, Shinagawa Ward, Tokyo	Shiba, Minato Ward, Tokyo	Hamamatsucho, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Daiba, Minato Ward, Tokyo	Kaigan, Minato Ward, Tokyo	Irifune, Chuo Ward, Tokyo	Nishishimbashi, Minato Ward, Tokyo	Sarugakucho, Shibuya Ward, Tokyo
Total floor area (m ²)	155,778.75	19,518.15	8,327.53	73,061.33	33,283.49	35,555.87	3,169.78	19,418.17	8,402.51
Completion date	September 1996	March 1994	December 1991	January 2005	December 2007	March 2011	November 1990	July 1996	December 2009
Acquisition date	June 2006	June 2006	June 2006	(1) October 2007 (2) February 2013	February 2011	(1) December 2011 (2) February 2014	March 2012	(1) March 2013 (2) August 2017	July 2016
Acquisition price (MN yen)	22,552	9,450	8,350	28,146	11,000	19,080	1,050	11,431	11,420
Investment ratio (%)	7.8	3.3	2.9	9.8	3.8	6.6	0.4	4.0	4.0
Period-end occupancy rate (%)	93.8	100.0	100.0	83.5	91.0	97.5	93.9	100.0	97.4
PML (%)	4.5	5.8	7.9	1.8	6.3	0.2	7.9	4.7	5.3
Green Building Certification DBJ ★★★★★~★ CASBEE S, A, B+, B	★★★	★★★	★	★★★★★	★★	Residential portion: ★★★★★ Office portion: ★★★	-	★ / A	★★

*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 for each property). 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 as of December 31, 2022 (excluding Ark Hills FRONT TOWER (equity interest in anonymous association)) and is rounded to the first decimal place.

*4 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

Portfolio Overview (2)

Property Number	I-16	I-17	I-18	I-19	II-1	II-3	II-4	II-5
Type	Office	Office	Office	Office	Office	Office	Office	Office
Name	AKASAKA INTERCITY AIR	BIZCORE AKASAKA-MITSUKE	BIZCORE JIMBOCHO	BIZCORE SHIBUYA	NHK Nagoya Housou-Center Building	Osaka Kogin Building (land with leasehold interest)	GRAND FRONT OSAKA (Umekita Plaza / South Building)	GRAND FRONT OSAKA (North Building)
								
Location	Akasaka, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Kanda-ogawamachi, Chiyoda Ward, Tokyo	Shibuya, Shibuya Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	Chuo Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka	Kita Ward, Osaka City, Osaka
Total floor area (m ²)	176,536.75	3,515.63	8,217.64	3,835.11	80,809.95	3,158.45 (site area for land)	181,371.39 (South Building) 10,226.10 (Umekita Plaza)	290,030.59
Completion date	August 2017	March 2019	November 2017	January 2020	July 1991	—	March 2013 (South Building) February 2013 (Umekita Plaza)	February 2013
Acquisition date	July 2018	October 2019	June 2021	August 2022	(1) June 2006 (2) March 2014	February 2013	February 2020	February 2020
Acquisition price (MN yen)	6,590	6,200	10,200	6,640	5,610	1,770	4,868	3,982
Investment ratio (%)	2.3	2.2	3.5	2.3	1.9	0.6	1.7	1.4
Period-end occupancy rate (%)	83.9	88.9	89.4	87.5	100.0	100.0	91.4	97.7
PML (%)	1.9	5.7	7.0	5.4	4.0	-	3.2	3.2
Green Building Certification DBJ ★★★★★~★ CASBEE S, A, B+, B	★★★★★	★★★	★★★	-	★★★	-	South Building S Umekita Plaza A	S

*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 for each property). 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 as of December 31, 2022 (excluding Ark Hills FRONT TOWER (equity interest in anonymous association)) and is rounded to the first decimal place.

*4 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

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	III-14
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Musashikosugi Tower Place	Kowa Kawasaki Higashiguchi Building	JEI Hongo Building	Kawasaki Nissincho Building	JEI Ryogoku Building	Kowa Kawasaki Nishiguchi Building	Pacific Square Sengoku	Core City Tachikawa	Nisseki Yokohama Building	Yokohama Bentendori Dai-ichi Seimei Building	Shin-Yokohama Arena-dori 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	Kohoku Ward, Yokohama City, Kanagawa
Total floor area (m ²)	53,711.13	31,009.62	5,877.11	22,141.60	5,820.56	61,856.92	4,017.44	19,099.27	72,116.65	2,934.55	2,448.57
Completion date	July 1995	April 1988	February 1991	April 1992	August 1996	February 1988	November 1992	December 1994	May 1997	December 1986	October 2001
Acquisition date	June 2006	June 2006	June 2006	(1) June 2006 (2) November 2006 (3) October 2008 (4) April 2013	June 2006	October 2007	December 2011	February 2013	April 2015	June 2018	March 2023
Acquisition price (MN yen)	13,890	10,976	5,400	4,725	2,550	20,800	1,620	6,500	24,500	640	2,077
Investment ratio (%)	4.8	3.8	1.9	1.6	0.9	7.2	0.6	2.3	8.5	0.2	-
Period-end occupancy rate (%)	88.1	100.0	100.0	85.2	100.0	56.0	100.0	100.0	99.5	100.0	(66.7)
PML (%)	4.2	4.0	6.8	5.5	6.8	3.9	5.2	2.6	1.4	8.3	8.2
Green Building Certification DBJ ★★★★★~★ CASBEE S, A, B+, B	★★★	★★	★★	★★	-	★★★★	-	★	★★★★	-	-

*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 for each property). 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 as of December 31, 2022 (excluding Ark Hills FRONT TOWER (equity interest in anonymous association)) and is rounded to the first decimal place.

*4 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.

*5 Shin-Yokohama Arena-dori Building (III-14) is scheduled to be acquired in March 2023.

Portfolio Overview (4)

Property Number	IV-2	IV-3	IV-4	IV-5	IV-6	IV-7	IV-8	IV-9	IV-10	Investment securities
Type	Office	Office	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	Sapporo Otemachi Building	Ark Hills FRONT TOWER (Equity interest in anonymous association)
										
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	Chuo Ward, Sapporo City, Hokkaido	Akasaka, Minato Ward, Tokyo
Total floor area (m ²)	10,021.32	9,919.93	23,644.22	22,737.38	12,759.65	4,371.94	10,696.54	2,766.22	9,792.75	24,207.77
Completion date	April 1987	February 1999	March 1989	July 1996	January 1990	June 1990	March 1989	October 1984	April 1984	January 2011
Acquisition date	September 2011	May 2012	March 2013	February 2014	February 2014	December 2015	June 2018	November 2019	December 2021	May 2022
Acquisition price (MN yen)	3,308	2,760	5,500	2,120	4,410	1,380	2,780	1,580	4,069	5,230
Investment ratio (%)	1.1	1.0	1.9	0.7	1.5	0.5	1.0	0.5	1.4	-
Period-end occupancy rate (%)	100.0	96.0	100.0	94.4	100.0	100.0	100.0	96.2	98.5	88.8
PML (%)	2.7	0.8	0.2	0.1	3.2	5.3	0.9	1.7	1.9	1.8
Green Building Certification DBJ ★★★★★~★ CASBEE S, A, B+, B	★★	★	★★★★	-	-	-	★	-	-	-

*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 for each property). 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 as of December 31, 2022 (excluding Ark Hills FRONT TOWER (equity interest in anonymous association)) and is rounded to the first decimal place.

*4 "PML" is the earthquake PML calculated by Sompo Risk Management, Inc.