



# Japan Excellent, Inc.

**Eighth Period (ended June 2010)**

**Presentation Material**

# Table of Contents

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## I. Highlights From the Period

- 1. Topics p. 3
- 2. Financial Results p. 4

## II. Results and Approach Moving Forward

- 1. Management Strategy Since Our Listing p. 6
- 2. Management Discussion of the Environment p. 7
- 3. Operation of Real Estate Holdings (Internal Growth)
  - (1) Maintain and raise occupancy rates p. 8
  - (2) Ebina Prime Tower p. 9
  - (3) No. 36 Kowa Building p. 10
  - (4) Kawasaki area portfolio p. 11
  - (5) Rent levels and rental revenue p. 12
  - (6) Efforts to enhance competitiveness p. 13
- 4. Property Acquisitions (External Growth)
  - (1) Acquiring additional stake in the No. 32 Kowa Building (9<sup>th</sup> Period) p. 14
  - (2) Future direction p. 15
- 5. Financial Strategy
  - (1) Achievements in the 8<sup>th</sup> period p. 16
  - (2) Financial policy p. 17
- 6. Performance Forecasts p. 18

## Reference Materials

- Revenue, Expenses and NOI Yield by Property p. 20
- Portfolio Appraisal Value p. 21
- Statement of Income and Retained Earnings p. 22
- Balance Sheet p. 23
- Balance of Interest Bearing Debt by Source of Financing p. 24
- Statements of Cash Flow and Profit Distributions p. 25
- Financial Indicators p. 26
- Portfolio Overview p. 27
- Unitholders p. 30
- Overview of Japan Excellent, Inc. p. 31
- Unit Price Performance and Overview of Japan Excellent Asset Management Co., Ltd. p. 32

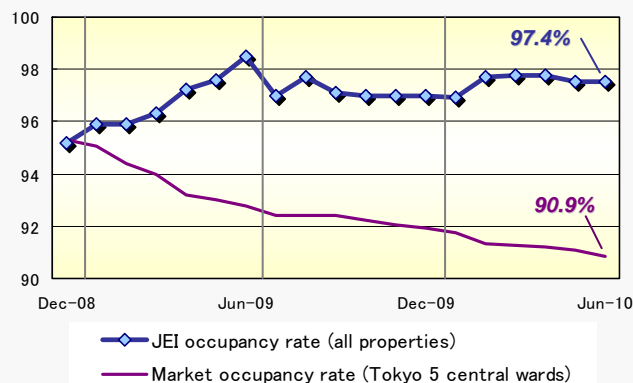
## I. Highlights From the Period



# 1. Topics

## Internal Growth Kept high occupancy rates

Kept average occupancy rate of 97.5% during 8<sup>th</sup> period. Achieved stable operation despite deterioration in market occupancy rates.



Source: Miki Shoji Office Report

## External Growth Decided on property acquisitions

Decided additional acquisition of No. 32 Kowa Bldg (Announced Aug 6). Contribute to future earnings growth via external growth.

Item	Impact
Acquisition price (of portion to be acquired)	2,390 million yen
Appraisal value (of portion to be acquired)	2,544 million yen
Annual NOI	399 million yen
NOI yield	5.4%

Annual NOI and NOI yield represent assumptions for the entire No. 32 Kowa Building during the fiscal periods when the additional portion will be acquired (10<sup>th</sup> and 11<sup>th</sup> periods).

## Financial Strategy Issued bonds

Issued bonds twice (March and June) for a combined ¥17 billion, taking advantage of a recovery in the investment corporation bond issuance market.

Contributes to stronger financial standing.

	End Dec 2009	End Jun 2010
Long-term borrowings	87.4%	100.0%
Fixed interest (as % of total)	37.4%	44.2%
Average residual maturity	1.97 years	2.46 years

Reflects changes resulting from refinancing activities implemented during the 8<sup>th</sup> period, including the issuance of investment corporation bonds (total ¥17 billion).

**8<sup>th</sup> period distributions per unit were ¥15,315, ¥315 above forecast at beginning of period.**

## 2. Financial Results

Unit: ¥ million

	7 <sup>th</sup> Period	8 <sup>th</sup> Period	Difference
<b>1. Revenue</b>	7,494	7,302	-192
Rental revenue	6,755	6,616	-138
Revenue for utilities expenses	575	510	-65
Other rental revenue	164	175	11
<b>2. Operating expenses</b>	4,145	4,050	-95
Property management fees	1,066	1,082	16
Utilities expenses	648	582	-66
Taxes	542	540	-1
Repairs and maintenance	142	130	-11
Other expenses for rental ops	186	186	0
(NOI)	4,907	4,778	-129
Depreciation	990	992	1
(Profits from rental operations)	3,917	3,786	-131
Sales, administrative expenses	568	533	-34
<b>Operating income</b>	3,349	3,252	-97
<b>3. Other income</b>	3	24	21
<b>4. Other expenses</b>	865	909	43
<b>Income before income taxes</b>	2,486	2,367	-119
<b>Net income</b>	2,485	2,366	-119
<b>Distributions per unit</b>	¥16,085	¥15,315	¥ -770

①

②

③

### Major comparisons to the previous period

- ① Rental revenue down about 2%, mostly in line with forecast.
- ② Limited impact of revenue decline with operating expense cuts.
- ③ Other expenses rose this period on one-time accounting treatments related to bond issuance, among other reasons.



As a result, distributions per unit were ¥15,315.

### Major comparisons to guidance

- ① Rental revenue essentially in line with forecast.
- ② DPU were ¥15,315, ¥315 above guidance due to reductions in expenses for rental operations versus forecast.

Unit: ¥ million

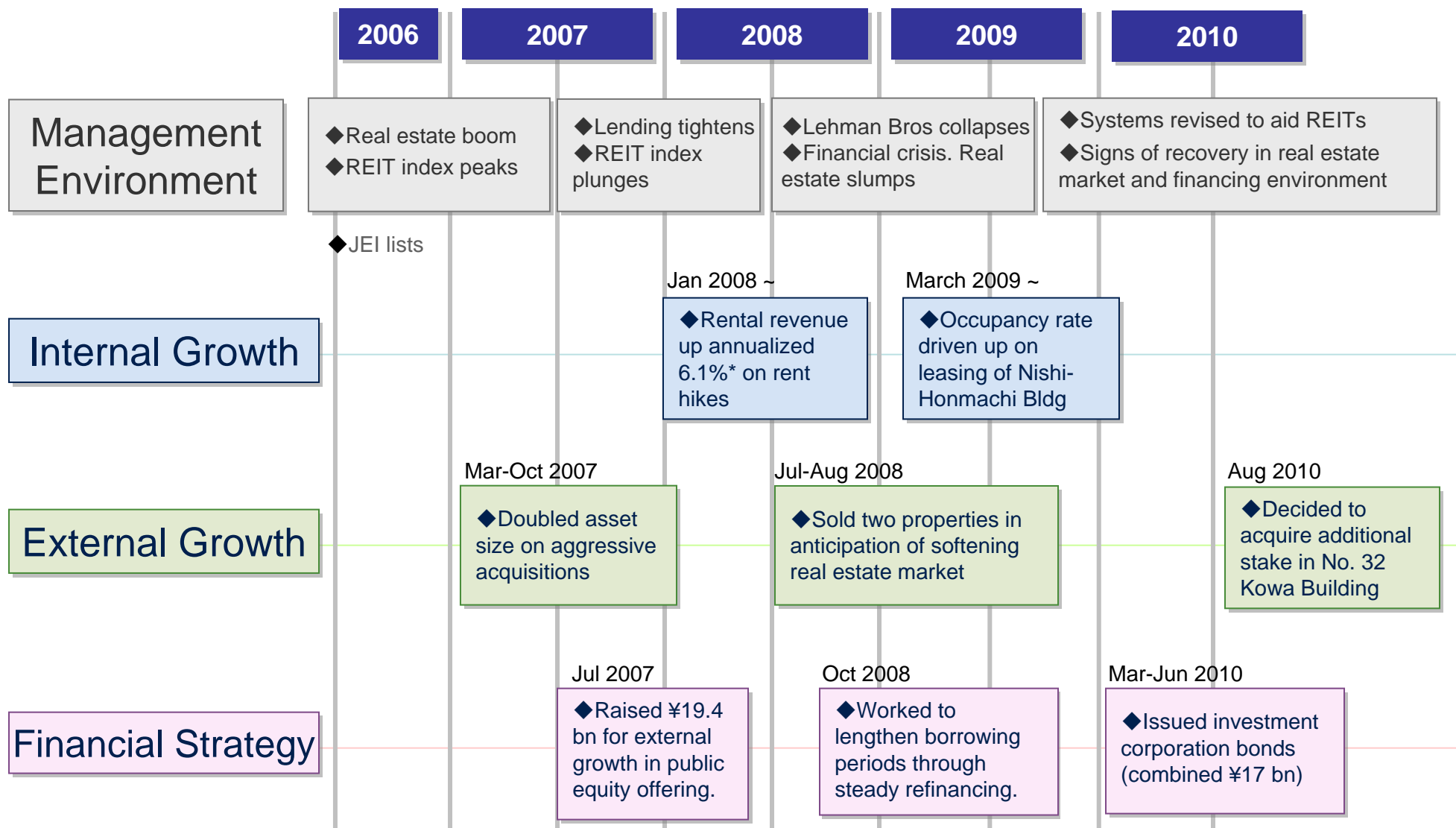
	Forecast at period start	Actual	Difference
Revenue	7,305	7,302	-3
Rental revenue, broken out	6,639	6,616	-22
Expenses for rental ops	3,597	3,516	-80
NOI	4,704	4,778	74
Net income	2,318	2,366	48
Distributions per unit	¥15,000	¥15,315	¥315

Units smaller than those displayed have been rounded down.

## II. Results and Approach Moving Forward



# 1. Management Strategy Since Our Listing



\*An annualized conversion of the increase in total rental revenues during the 4<sup>th</sup> period (excluding property acquisitions)

## 2. Management Discussion of the Environment

### Economic Environment, Office Leasing Market, Real Estate Investment Market, Financial Markets

#### Economic Environment

8 <sup>th</sup> Period	<ul style="list-style-type: none"><li>Despite concerns about a global economic slowdown originating from Europe and the effects of deflation, the Japanese economy experienced a recovery as government economic measures and economic strength in China and other Asian emerging markets supported corporate earnings improvements, which in turn led to signs of recovery in personal consumption.</li></ul>
Future	<ul style="list-style-type: none"><li>While concerns remain primarily in Europe and the US about the employment situation and the potential for a slowdown in the global economy, we expect the recovery process to carry forward as corporate performance and personal consumption continue to improve.</li><li>That said, there is risk of a slowdown in growth rates depending on future effects on export industries from yen appreciation and economic trends in the US and European advanced countries as well as emerging countries.</li></ul>

#### Office Leasing Market

8 <sup>th</sup> Period	<ul style="list-style-type: none"><li>Vacancy rates rose in various areas due to corporate efforts to cut costs and consolidate office space.</li><li>The overall vacancy rate for the Tokyo Metropolitan Area rose. However, the leasing market did show signs of improvement as vacancy rates declined in large high-grade buildings located central Tokyo.</li><li>Vacancy rates continued to rise in Osaka, Nagoya and smaller regional cities as market rents continued downward.</li></ul>
Future	<ul style="list-style-type: none"><li>In the Tokyo Metropolitan Area, we expect occupancy rates to test a bottom starting with high-grade buildings, as tenant demand emerges for improving office locations to large, high-grade buildings located in central Tokyo.</li><li>In Osaka and Nagoya, demand for office space is weak while supply remains large. We expect prolonged deterioration in occupancy rates and market rents.</li></ul>

#### Real Estate Investment Market

8 <sup>th</sup> Period	<ul style="list-style-type: none"><li>The environment for real estate companies to raise debt and equity improved. Investors showed a greater appetite to invest in real estate, pushing real estate acquisitions into an upward trend.</li><li>Investors' target yields remain unchanged in most areas.</li></ul>
Future	<ul style="list-style-type: none"><li>We anticipate entering the final phase of real estate price corrections as market rents bottom out primarily in central Tokyo.</li></ul>

#### Financial Markets

8 <sup>th</sup> Period	<ul style="list-style-type: none"><li>The increased supply of money from the Bank of Japan contributed to low and stable interest rates on short-term debt. Long-term rates also declined as rates in the US and Europe fell rapidly.</li></ul>
Future	<ul style="list-style-type: none"><li>We expect the BoJ to continue its easy-money policies, given the uncertainties surrounding the economic situations in Europe and the US and the deflationary situation in Japan. The yield curve could flatten further, given that we expect domestic mid- and long-term interest rates to decline, depending on the economic outlook in Europe and the US.</li></ul>



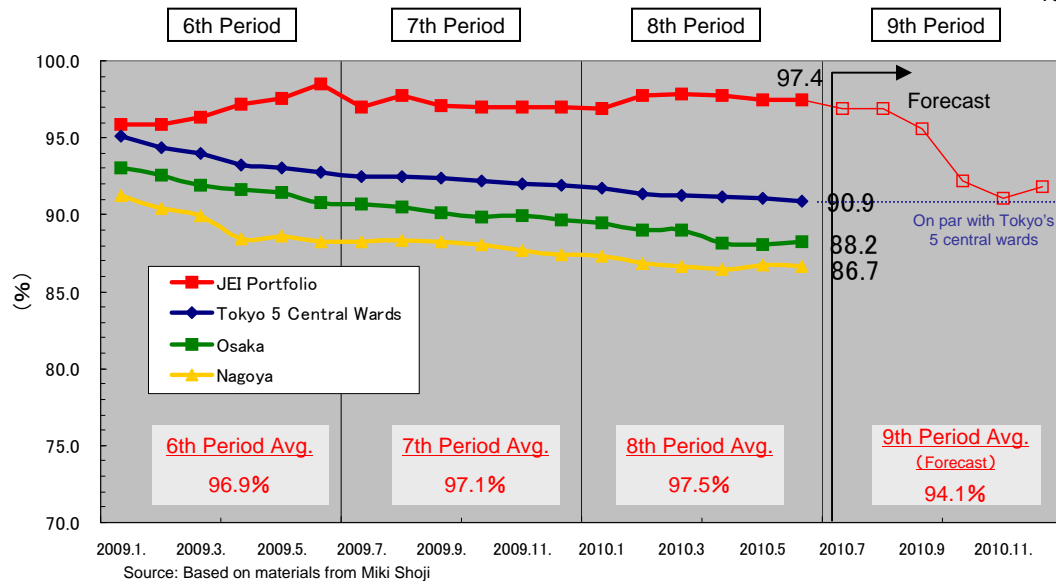
# 3. Operation of Real Estate Holdings (Internal Growth)

## (1) Maintain and raise occupancy rates

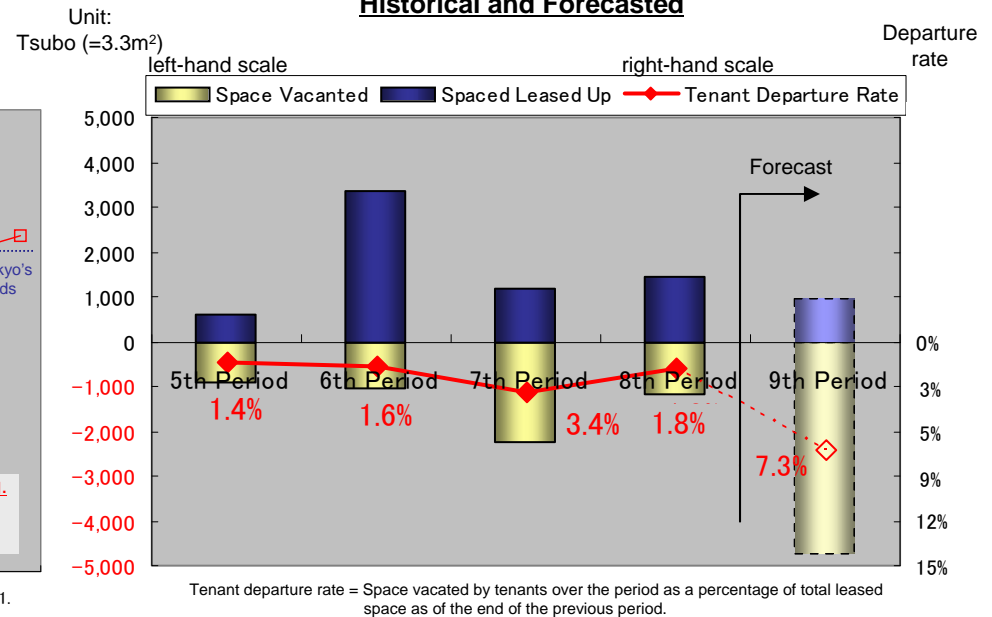
### Historical and forecasted occupancy rates

- Kept the occupancy rate high in the 8th Period.
  - The tenant departure rate remained low (8th Period: **1.8%**), allowing us to keep occupancy high despite a declining market occupancy rate.
    - Average occupancy rate during the period: 7th Period **97.1%** → 8th Period **97.5%**(up 0.4ppt)
- In the 9th and 10th periods, focus on leasing up properties with vacant space to raise our occupancy rate.
  - Our average occupancy rate during the 9th Period will decline to 94.1% due to the departure of the Fuji Xerox Group (3.4% of total leasable space in portfolio) from the Ebina Prime Tower. In the 10th period, we forecast an improvement in our portfolio occupancy rate as we fill vacated space.

**Occupancy Rates—Market and JEI Portfolio  
Historical and Forecasted**



**Tenant Departure Rates and Space Leased Up and Vacated  
Historical and Forecasted**



# 3. Operation of Real Estate Holdings (Internal Growth)

## (2) Ebina Prime Tower

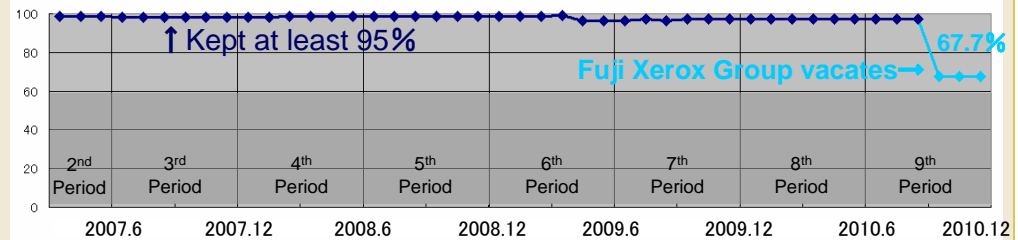


### Property overview

- Acquisition date: March 2007
  - Acquisition price: ¥6,470 million
  - Tenant portfolio (as of end of 8th period)
    - Ebina Daiichi Building: about 39%
    - Fuji Xerox Group: about 30%\* (scheduled to vacate at end of Sept.)
    - Jaccs: about 22%
    - Others: about 6%
    - Vacant: about 3%
- \*3.4% of portfolio total leasable space

### Current and historical status

- Kept at least 95% occupancy since acquisition (97.2% as of end of 8th period)



- Received cancellation notice from Fuji Xerox Group, which will vacate at the end of September. (JEI ownership stake: 2,262 tsubo. 3.4% of total portfolio leasable space)
- As a result, the occupancy rate of this property will fall to about 68%.

### Strengthen leasing activities to quickly fill up vacated space

- Strengthening leasing activities by fully leveraging sponsor network (Dai-ichi Life, Daiichi Building, Kowa Real Estate and the Mizuho Group) in addition to the current PM.
- Assessing tenant demand working together with project partner Ebina City.

#### Property location

- Transportation hub in central Kanagawa Prefecture: Access to three train lines and the Ebina IC on-/off-ramp (opened Feb 2010) of Metropolitan Intercity Expressway
- Home to many plants and research facilities of major corporations belonging primarily to the manufacturing sector.

#### Target tenant profile (industry/use)

- Industry: automotive and automotive parts, electrical machinery, food, medical, logistics and transportation, academia, etc.
- Use: R&D center, back office, call center, data center, research facility, etc.

#### Property outline

- Joint project with Dai-ichi Life and Ebina City
- Development complex features office tower adjacent to hotel, fitness club, and city arts gallery facilities.

B: Ebina Prime Tower

A: Okura Frontier Hotel Ebina

C: Hotel annex

D: Fitness club and Renaissance Ebina



### Efforts to shrink costs

- Redoubling efforts to cut maintenance and management costs to improve bottom line. (Revisit outsourcing fees for facilities, security, cleaning, etc. as well as facilities maintenance costs.)

# 3. Operation of Real Estate Holdings (Internal Growth)

## (3) No. 36 Kowa Building



### Property overview

- Acquisition date: June 2006
- Acquisition price: ¥4,000 million
- Tenant profile (as of end of 8th period)  
Leased in entirety to single tenant

### Current and historical status since acquisition

- Leased in entirety to single tenant since acquisition (100% occupancy)
- Located in Chiyoda Ward, a central Tokyo area. Average NOI yield of 6.2% since acquisition.
- On July 15, received cancellation notice from tenant, which will vacate in the middle of January.  
(1,730 tsubo, 2.6% of total portfolio leasable space)

### Property outline

- Location: Sanban-cho, Chiyoda-ku, Tokyo
- Gross floor area: 8,266.55m<sup>2</sup>
- Size: One story below ground, seven stories above ground
- Closest station: Six minutes from Hanzomon station of Tokyo Metro subway



### Great location potential

#### Characteristics of Ban-cho area (including Sanban-cho)

- Developed historically as most upscale neighborhood in Yamanote (uptown). In recent years, the area has seen development of high-end condos, office and commercial space.
  - As an office location, it's close to Nagata-cho, Kasumigaseki and Hirakawa-cho and home to tenants with ties to government as well as foreign companies and law firms.
  - Neighbors the Imperial Palace, home to embassies and famous private schools as well as many upscale residences.
- ↓
- Since the tenant publicly announced its planned departure, there have been multiple inquiries, including leasing the entire building, from potential tenants.

# 3. Operation of Real Estate Holdings (Internal Growth)

## (4) Kawasaki area portfolio

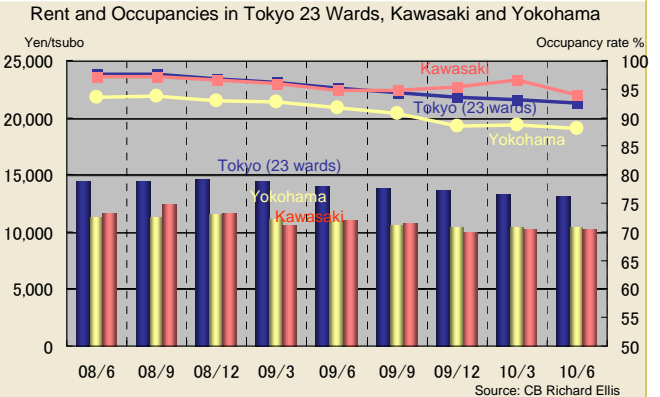
### Trends in the Kawasaki area

#### Characteristics of the Kawasaki area

- Home to many R&D labs and technology leaders in electrical machinery and IT industries
- Close to central Tokyo: 18 minutes to Tokyo and 10 minutes to Shinagawa on JR Tokaido line
- Redevelopment of commercial/residential complexes underway at major stations

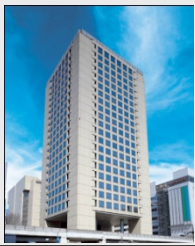

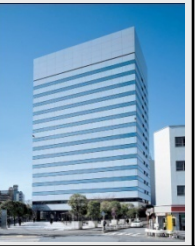
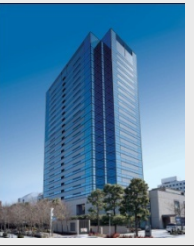
(Kawasaki, Musashi Kosugi, Shin-Yurigaoka)

- Expected to serve greater urban role and benefit economically from Haneda expansion and addition of international routes (Runway D to be completed Oct 2010; slated to support international routes) (12 minutes from Kawasaki Station to new international terminal on Keikyu line)
- Office rents more affordable than Tokyo (23 wards) and Yokohama, contributing to comparatively higher occupancy rates.



### Overview of four JEI properties located in Kawasaki

- The following four JEI properties located in Kawasaki have an occupancy of 97.9% and NOI yield of 5.7% (end of 8th period)
- Key tenants include electrical machinery and IT makers such as Toshiba, Fujitsu and their affiliates.
- Appraisal values of the four properties at the end of the 8<sup>th</sup> period were mostly flat versus the previous period. The Musashi Kosugi Tower Place rose 1.9%.

Area	In front of Kawasaki Station (Kawasaki Ekimae)			Musashi Kosugi	Area Total
Property name	1.Kowa Kawasaki Higashiguchi Bldg	2.Kowa Kawasaki Nishiguchi Bldg	3.Kawasaki Nisshincho Bldg	4.Musashi Kosugi Tower Place	4 properties total
Appearance				 <p>Good access to central Tokyo</p> <ul style="list-style-type: none"> <li>• 32 minutes to Nagata-cho on Tokyu Meguro line (direct line)</li> <li>• 18 minutes to Tokyo and 80 minutes to Narita Airport thanks to opening of new station on JR Yokosuka line in March 2010.</li> </ul>	
Occupancy at end of 8 <sup>th</sup> period	100%	95%	100%	100%	97.9%
8 <sup>th</sup> period NOI yield	5.8%	4.4%	8.3%	7.7%	5.7%
Major tenants (% of bldg occupied by that tenant)	Toshiba Group (100%)	JA Group (55%)	Fujitsu Group (81%)	Fujitsu Group (59%)	The 3 corporate groups described here (Total 68%)

# 3. Operation of Real Estate Holdings (Internal Growth)

## (5) Rent levels and rental revenue

### Average rent and market (target) rent—historical and forecasted

➤ Average rent as of the end of the 8th period was down 2.1% versus the previous period.

The amount of space due for lease renewal increased in the 8th period. Meanwhile, rent cuts accounted for 64% of all space subject to rent revision. As a result, average rent fell 2.1% vs. 7th period.

➤ In the 9th period, we forecast only a slight decline in average rent, as less space will be up for lease renewal.

We forecast a decline in average rent of only 0.7% versus the 8th period. Although market rents will continue a downward trend, we expect improvements in the 9th period, in terms of rent cuts as a percentage of the whole (average rent revision rate) and a substantial decline in the space up for rent revisions.

### Total rental revenue—historical and forecasted

➤ Total rental revenue as of the end of the 8th period was down 2.1% versus the previous period.

Although we kept a high occupancy rate in the 8th period, rental revenue fell (down 2.1% vs. the previous period) due to the effects of declining rent levels on rent cuts.

➤ Rental revenue forecasts for the 9th and 10th periods

In the 9th period, we forecast a 4% decline in rental revenue due to the departure of a major tenant. In the 10th period, we are assuming a 1.3% decline in rental revenue as we forecast a recovery in occupancy rate will partially compensate for an assumed decline in rental levels (rent cuts and tenant replacement).

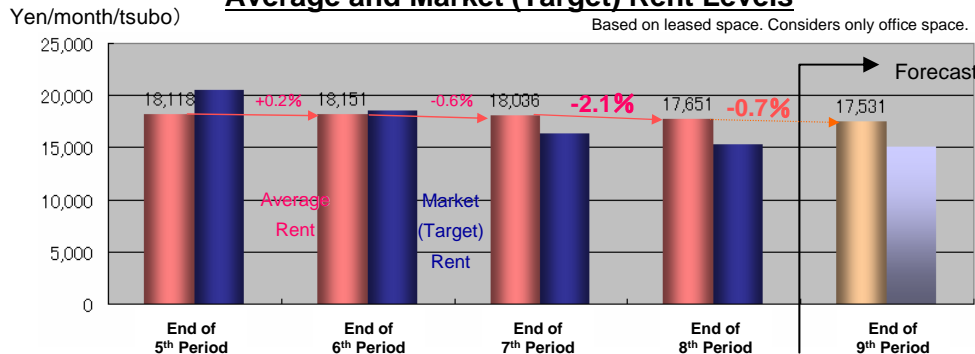
### Rent Revisions—Historical and Forecasted

Average rent revision: Average percentage change including rents kept at previous levels

	Space up for revision (as a percentage of leasable space)	Rent hikes 【Rent revision rate】	Rent unchanged	Rent cuts 【Rent revision rate】	Average rent revision
7th Period	13,324 tsubo (20%)	8% 【+4.3%】	76%	16% 【-6.7%】	【-0.8%】
8th Period	21,609 tsubo (32%)	2% 【+6.2%】	34%	64% 【-8.0%】	【-5.1%】
9th Period (Forecast)	8,352 tsubo (13%)	4% 【+1.8%】	43%	53% 【-7.8%】	【-4.4%】

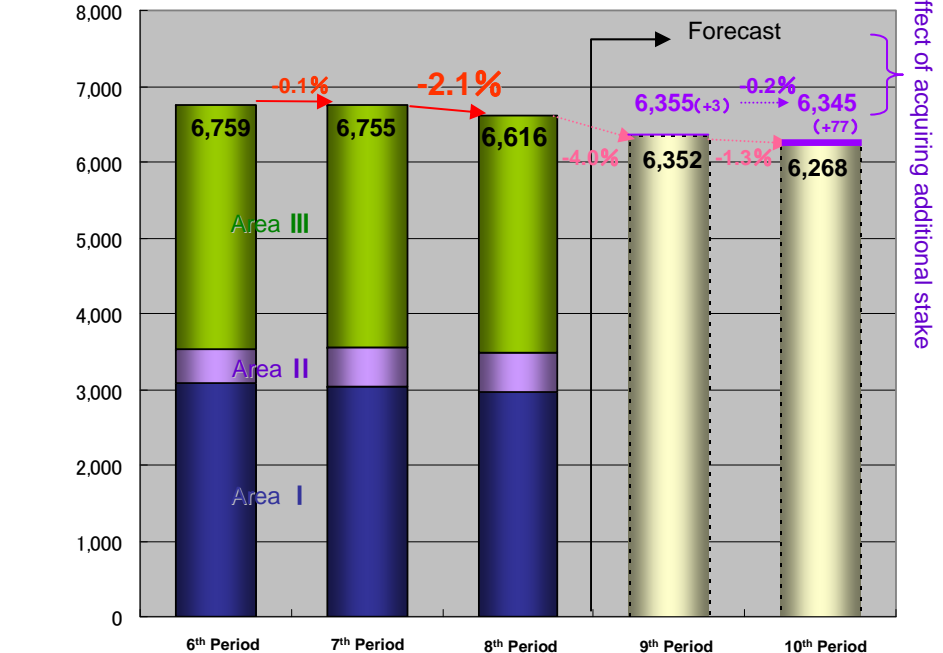
### Average and Market (Target) Rent Levels

Based on leased space. Considers only office space.



### Total Rental Revenue and Percentage Change Vs. Previous Historical and Forecasted

Total rental revenue: ¥million



# 3. Operation of Real Estate Holdings (Internal Growth)

## (6) Efforts to enhance competitiveness

### Future investment plans

We are planning and implementing additional investments to enhance property competitiveness and tenant satisfaction.

Although the following 7 properties are 20 years or older, we have planned or completed repairs and renovations for major items in each property and are working to enhance competitiveness. Moving forward, we plan to work on energy conservation and environmental efforts (such as updating HVAC equipment, etc.)

Legend: ◎: Completed ○: Partially complete or planned to do work within one year. □: Plan to do work within 5 years

Property Name	Age	Exterior Wall Repairs	HVAC Repairs	Common Area Repairs	Remarks
Kowa Kawasaki Higashiguchi Building	22.2	◎	□	○	Single tenant
Kowa Kawasaki Nishiguchi Building	22.3	□	□	○	
JEI Nishi-Honmachi Building	22.4	○	○	◎	
No. 44 Kowa Building	25.9	○	◎	◎	
No. 36 Kowa Building	27.8	○	○	◎	Single tenant
No. 32 Kowa Building	31.3	◎	◎	◎	Completed comprehensive renovations in 2003.
No. 28 Kowa Building	35.4	◎	◎	◎	Completed comprehensive renovations in 2001.
(Ref.) Less Than 20 Years Since Built (11 properties)	12.0	-	-	-	
(Ref.) Total Portfolio (18 properties)	16.2	-	-	-	

※For total portfolio, age of multiple properties calculated as a weighted average based on acquisition price

### Global warming initiatives (reducing greenhouse gases)

#### Tokyo Metropolitan Ordinance on Environmental Preservation

##### Obligations to cut CO2 emissions and emissions trading system

- Obligated to reduce energy usage 6-8% every year (Phase 1: 2010-2014)
- Applies to buildings using the equivalent of 1,500 KL/year of crude oil (large buildings)

- Obligations apply to the following three buildings:  
AKASAKA INTERCITY, Akasaka Garden City, Omori Bellport
- Aiming to get certification as “top-level” or semi-top-level” ※ business. The three properties have cleared the semi-top-level based on self evaluation designed to emulate Tokyo’s evaluation standard.
- Moving forward, we will decide through discussions with business partners whether to seek “top-level” certification, based on third-party verifications and cost-effect analyses.

※ A business the Governor of Tokyo recognizes as exhibiting superb promotion of global warming countermeasures. Obligations for top-level businesses are reduced to ½, semi-top-level to ¾, of the ordinarily required emission reduction rates.

#### METI Revised Energy Conservation Law

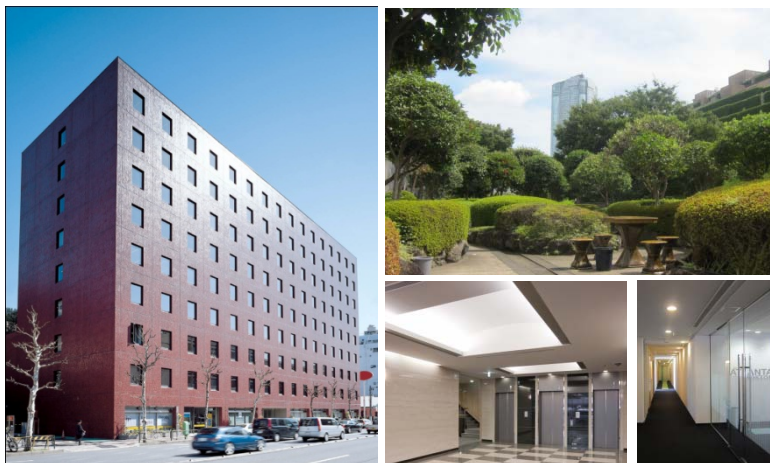
##### Introduction of energy management for each business operator

- Must try to reduce energy usage 1% each year
- Applies to businesses using the equivalent of 1,500 KL/year

- July 2010: submitted to authorities an energy usage status report based on individual business operators.
- Responding to tenant requests for energy data.
- Adopting highly efficient energy conservation models when facilities come up for renewal.  
(Primary examples)
  - NHK Nagoya (Starting 9<sup>th</sup> period) Efficiency up 24% with HVAC upgrade
  - JEI Hongo Bldg. (Starting 9<sup>th</sup> period) Efficiency up 22% with HVAC upgrade
  - Kawasaki Nisshincho Bldg (9<sup>th</sup> period) Promoting use of thermoelectric power stored overnight with upgrade to heat reservoir equipment.

## 4. Property Acquisitions (External Growth)

### (1) Acquiring additional stake in the No. 32 Kowa Building (9th Period)



#### No. 32 Kowa Building (additional stake of 30%)

- We leveraged our sponsor pipeline to conclude a contract on August 6, 2010, to acquire a stake in the building.
- The additional stake will bring the building under JEI's complete ownership and contribute to higher NOI beginning with the 9th period. (Contribution to DPU in 10th Period: ¥ 268)

#### Property overview

- Location: Minami Azabu, Minato Ward, Tokyo • Gross floor area: 10,110.96㎡
- Size: One story underground, 9 stories above ground
- Closest station: 3-minute walk from Hiro-o Station on Hibiya line of Tokyo Metro subway

#### Transaction overview

- Seller: Kowa Real Estate Co., Ltd. • Assumed NOI: 399 million yen<sup>(1)</sup>
- Acquisition price: 2,390 million yen • Assumed NOI yield: 5.4%<sup>(2)</sup>
- Appraisal value: 2,544 million yen • Transaction date: Dec 24, 2010 (TBD)

(1) Annualized income excluding extraordinary factors for the fiscal period in which JEI takes ownership of the additional stake.  
(2) Calculated by dividing the above assumed NOI by the combined acquisition price of the property in question.

#### Location and characteristics of the property

- Located near Shibuya, Ebisu and Roppongi. Vicinity is home to upscale residences, embassies, well-known private schools and the Arisugawa-nomiya Memorial Park. A quiet environment despite its location in central Tokyo.
- There is demand among foreign companies, companies with ties to the IT and software or apparel and interior furnishing industries and tenants that desire to be in the Azabu/Hiro-o area.
- A 3-minute walk from Hiro-o Station, the property lies on the thoroughfare Gaien Nishi-dori and is very visible. A competitive building, having completed comprehensive renovations in 2003.

# 4. Property Acquisitions (External Growth)

## (2) Future direction

Pursue earnings stability and growth with a focus on office buildings in major metropolitan areas

➤ After acquiring the additional stake in No. 32 Kowa Building, leverage sponsor pipeline to pursue investment opportunities with a focus on office buildings in the Tokyo Metropolitan Area.

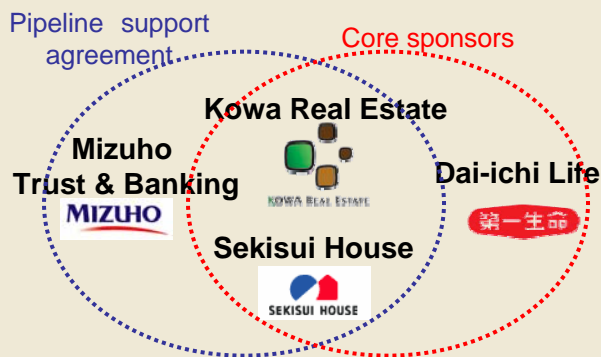
➤ Aggressively pursue acquisitions from third parties, in some cases leveraging our sponsor network.



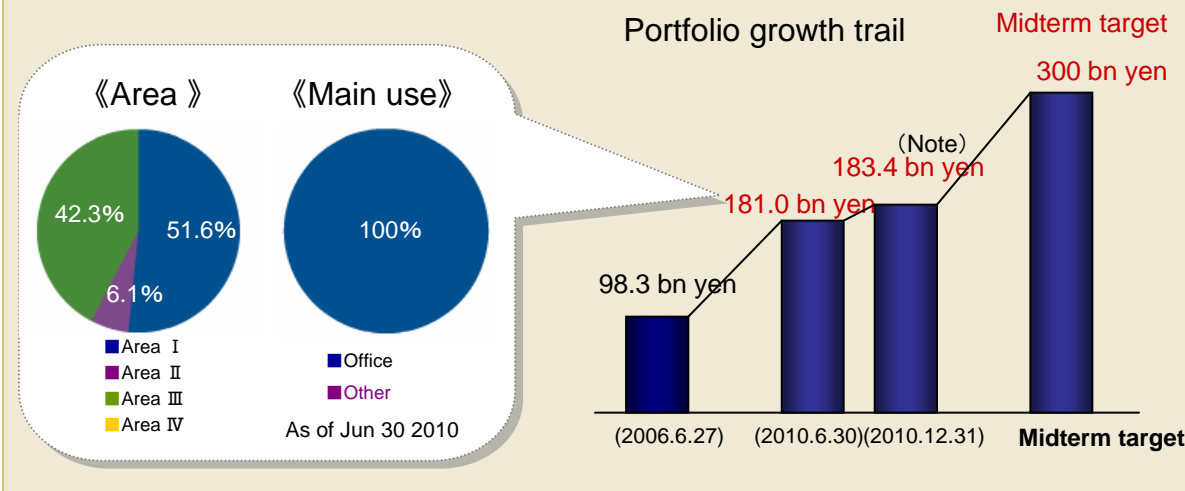
Seek growth in asset size

### JEI's strengths

Support from sponsors with property development and brokerage functions



### Quality portfolio focused on office buildings in the Tokyo Metropolitan Area



(Note) This is the sum of JEI total property acquisition value as of the end of June 2010 and the acquisition price of the additional stake to be acquired in the No. 32 Kowa Building (2,390 million yen), a deal that had been decided as of the date of preparation of this presentation. Not included are other potential property acquisitions or sales.



# 5. Financial Strategy

## (1) Achievements in the 8<sup>th</sup> period

### Financing activities aimed at longer debt maturities and more borrowings at fixed interest rates

- First unsecured investment corporation bond issuance (Issuance date: March 11, 2010. Redemption date: March 11, 2014.)  
Issuance amount: 12 bn yen. Duration: 4 years. Interest rate: 1.52%  
⇒ Used March 31, 2010, to prepay in full 12 bn yen in short-term borrowings originally due Sep 30, 2010.
- Second unsecured investment corporation bond issuance (Issuance date: June 28, 2010. Redemption date: June 26, 2015.)  
Issuance amount: 5 bn yen. Duration: 5 years. Interest rate 1.29%  
⇒ Used to pay down 5 bn yen of 4-year long-term borrowings of 13 bn yen due June 29, 2010.
- Refinanced 8 bn yen of 4-year long-term borrowings of 13 bn yen due June 29, 2010, into a 3.5 year loan.

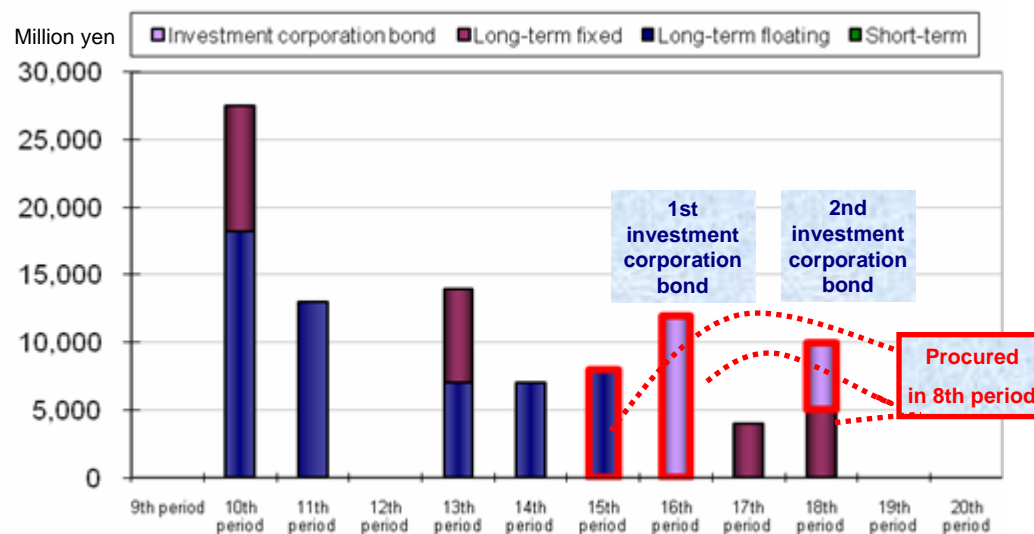
#### Interest-bearing debt

(Unit: Million yen)

	7th Period	8th Period
Interest-bearing debt	95,500	95,500
Short-term borrowings	12,000 (12.6%)	0 (0.0%)
Long-term borrowings	83,500 (87.4%)	78,500 (100.0%)
Investment corporation bonds	0	17,000
Period-end LTV (total assets at book value)	49.0%	49.0%
Fixed rates (as percentage of total debt)	37.4%	44.2%
Avg. financing rate at period-end	1.45%	1.40%
Short-term borrowings	1.07%	
Long-term borrowings	1.50%	1.39%
Investment corporation bonds		1.45%
Average duration to maturity	1.97 years	2.46 years

(Percentage of total borrowings)

#### Maturity schedule



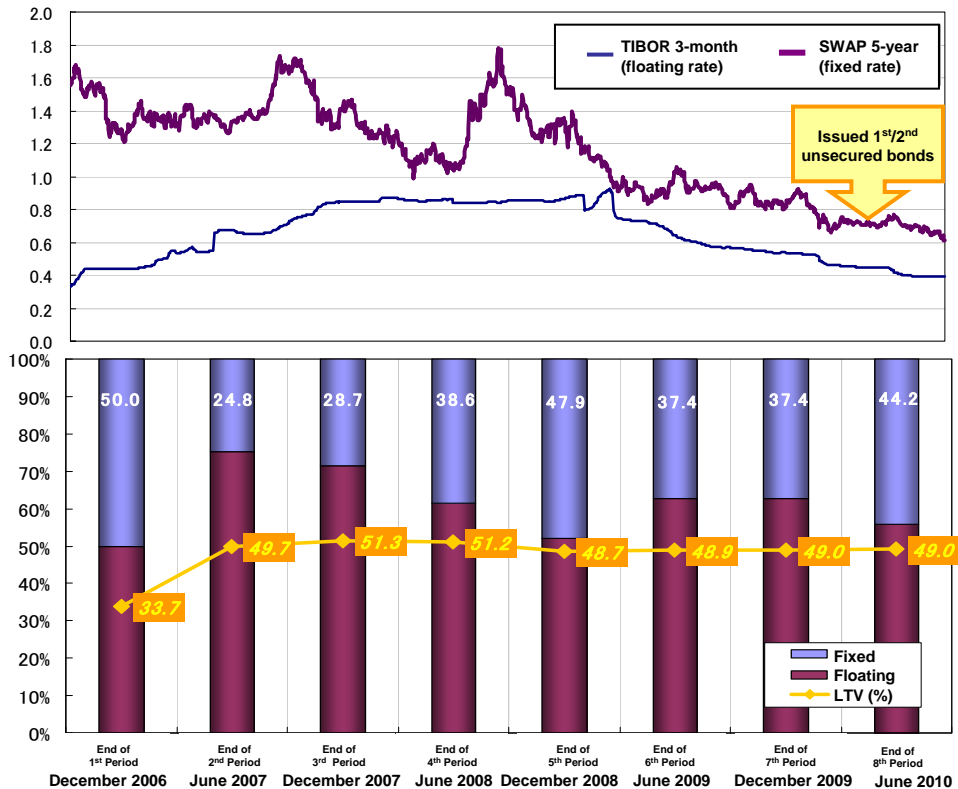
# 5. Financial Strategy

## (2) Financial policy

### Maintain and improve stable financial operations and wherewithall

- Take advantage of opportunities to lock in fixed borrowing rates (including the issuance of bonds)
- Shift debt to longer-term maturities and level out maturity schedule
- Operate at a stable LTV level (basically 35-50%)
- Diversify lender base

Top: Interest rates. Bottom: Fixed rates as percentage of total and LTV



- ◆ Financial operations to present
  - Until now we have maintained a certain degree of borrowings at floating interest rates based on the view that interest rates would continue to decline under a normal yield curve as a result of sustained low-interest-rate policy by the BoJ.
- ◆ Financial operations moving forward
  - Moving forward we plan to look for opportunities to shift to fixed interest rates due to the flattening of the yield curve caused by a rapid decline in mid- to long-term interest rates.

We have the following ratings with two domestic and foreign ratings agencies so that we may access the investment corporation bond issuance market and enhance our trustworthiness in financial and capital markets.

#### ■ Ratings as of June 30, 2010

Rating agency	Rating (outlook)
Moody's Investors Service	Issuer rating: A3 (negative)
Rating & Investment Information Inc. (R&I)	Issuer rating: AA- (stable) Individual liabilities rating: AA- (Note)

(Note) A rating applied to JEI's first and second investment corporation bonds

## 6. Performance Forecasts

### Highlights of forecasts for the 9th period (ending Dec 2010) and 10th period (ending June 2011)

- 【9th Period】 We forecast rental revenue will decline 260 million yen (3.9%) due to a departure from the Ebina Prime Tower property (October 2010). We plan to reduce the above impact on the bottom line to 203 million through reductions in non-operating expenses as a result of bond issuances.
- 【10th Period】 We forecast rental revenue to be flat as full-period contribution from newly acquired assets offsets a narrower decline in revenue from existing properties. We forecast profit in the 10th period will decline versus the 9th period due to costs from aggressive leasing activities, but expect to be able to contain the extent of the decline.

(Unit: Million yen)

	8th Period	9th Period		10th Period	
	Actual	Forecast	Vs. Previous	Forecast	Vs. Previous
<b>Revenue</b>	7,302	7,063	-238	6,992	-70
Rental revenue	6,616	6,355	-260	6,345	-10
Revenue for utilities expenses	510	553	42	492	-60
Other revenue	175	154	-21	155	0
<b>Expenses from rental operations</b>	3,516	3,546	29	3,625	79
Property management fees, broken out	1,082	1,038	-43	1,124	85
Utilities expenses, broken out	582	636	53	574	-61
Repair and maintenace, broken out	130	125	-5	121	-4
<b>(NOI)</b>	4,778	4,507	-271	4,370	-136
Depreciation, broken out	992	989	-3	1,002	13
<b>Profit from rental operations</b>	3,786	3,517	-268	3,367	-150
<b>Operating income</b>	3,252	2,963	-288	2,833	-129
Other expenses	909	800	-108	825	24
<b>Income before income taxes</b>	2,367	2,164	-203	2,010	-154
<b>Net income</b>	2,366	2,163	-203	2,009	-154
<b>Distributions per unit (yen)</b>	¥15,315	¥14,000	¥-1,315	¥13,000	¥-1,000

10th Period: Stake to be acquired in No. 32 Kowa Bldg

Revenue	84
Rental revenue, broken out	77
Expenses from rental ops (excluding depreciation)	22
NOI	61

**Reference Materials**



# Revenue, Expenses and NOI Yield by Property

(Unit: Million yen)

8 <sup>th</sup> period	Area I								Area II		Area III								Total
	I-1	I-2	I-3	I-4	I-5	I-6	I-7	I-8	II-1	II-2	III-1	III-2	III-3	III-5	III-6	III-7	III-8	III-9	
	Omori	Shiba 2-chome	Hama-matsu-cho	32 Kowa	36 Kowa	28 Kowa	Akasaka Garden City	AKASAKA INTERCITY	NHK Nagoya	Nishi-Honmachi	Musashi-kosugi	Kawasaki Higashi-guchi	Hongo	Kawasaki Nisshin-cho	44 Kowa	Ryogoku	Ebina	Kawasaki Nishi-guchi	
Revenue	1,081	371	295	207	-	147	555	333	319	247	802	-	173	229	93	109	513	1,083	7,302
Rental revenue	1,019	370	282	198	-	135	528	300	-	225	699	-	161	227	83	101	461	974	6,746
Other revenue	61	0	13	9	-	12	26	32	-	22	103	-	11	1	9	8	52	108	556
Operating expenses	489	125	105	71	-	59	162	140	180	169	367	-	66	90	65	54	359	619	3,516
Property management	145	49	27	26	-	23	43	17	57	41	121	-	16	36	15	17	151	155	1,082
Utilities	126	0	14	11	-	11	23	26	23	23	72	-	7	-	7	9	61	97	582
Property taxes	77	31	18	15	-	8	34	19	21	28	61	-	10	16	4	7	46	80	540
Insurance	2	1	0	0	-	0	0	0	0	0	3	-	0	0	0	0	2	3	21
Repair and maintenance	10	3	0	0	-	3	0	0	4	24	8	-	3	1	27	0	6	22	130
Other expenses	5	3	14	2	-	1	4	34	33	3	6	-	2	2	1	1	12	21	165
Depreciation and amortization	122	36	27	15	11	11	55	41	38	47	93	87	26	33	8	16	78	239	992
Total rental income	592	245	190	136	118	88	393	192	139	78	435	228	106	139	27	55	153	463	3,786
NOI	714	282	218	151	130	99	449	234	178	126	528	316	132	172	35	72	231	703	4,778
Number of operating days	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181
Acquisition price	22,552	9,450	8,350	5,040	4,000	2,859	23,300	17,857	4,300	6,673	13,890	10,976	5,400	4,205	1,150	2,550	6,470	32,000	181,023

Compared with previous period	8th period NOI yield (annualized)	6.4%	6.0%	5.3%	6.1%	6.6%	7.0%	3.9%	2.6%	8.4%	3.8%	7.7%	5.8%	5.0%	8.3%	6.3%	5.7%	7.2%	4.4%	5.3%
	7th period NOI yield (annualized)	6.0%	5.9%	5.8%	6.6%	6.0%	7.4%	3.9%	3.0%	8.8%	4.4%	7.5%	6.2%	4.8%	8.3%	9.8%	5.2%	7.4%	4.3%	5.4%
	Difference	0.4%	0.1%	-0.5%	-0.5%	0.6%	-0.4%	0.0%	-0.4%	-0.4%	-0.6%	0.2%	-0.4%	0.2%	0.0%	-3.5%	0.5%	-0.2%	0.1%	-0.1%

Note: 1. Figures are rounded down to the nearest million. Ratios are rounded to the nearest decimal point.

2. The NOI yield for each property shown is annualized. (NOI yield = Annualized NOI ÷ acquisition price)

3. Details concerning revenue and expenses for 36 Kowa and Kawasaki Higashiguchi are not released because we are not able to receive authorization from tenants.

4. Details concerning rental revenue for NHK Nagoya are not released because we are not able to receive authorization from the business partner.

	Area I total	Area II total	Area III total
NOI	2,280	304	2,194
Acquisition price	93,408	10,973	76,641
8th period NOI yield(annualized)	4.9%	5.6%	5.8%
7th period NOI yield(annualized)	5.0%	6.1%	5.8%
Difference	-0.1%	-0.5%	0.0%

# Portfolio Appraisal Value

(Unit: Million yen)

Property number	Area	Evaluation Name	Acquisition price	Appraisal value		Difference (②-①)		Book Value at end of FP8 ③	Difference (②-③)		Direct reduction Reduced yield		Difference (⑤-④)	Appraisal organization
				End of FP7 ①	End of FP8 ②		%			%	End of FP7 ④	End of FP8 ⑤		
I-1	I	Omori Bellport D	22,553	24,830	24,780	-50	-0.2%	22,266	2,514	11.3%	5.0%	5.0%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
I-2		Shiba 2-Chome Building	9,450	11,600	11,500	-100	-0.9%	9,279	2,221	23.9%	Office 5.1%	Office 5.1%	Office 0.0%	Japan Real Estate Institute
I-3		JEI Hamamatsucho Building	8,350	8,940	8,900	-40	-0.4%	8,260	640	7.7%	Residence 5.8%	Residence 5.8%	Residence 0.0%	Japan Real Estate Institute
I-4		No. 32 Kowa Building	5,040	5,478	5,356	-122	-2.2%	4,987	369	7.4%	5.9%	5.9%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
I-5		No. 36 Kowa Building	4,000	4,242	4,030	-212	-5.0%	4,011	19	0.5%	5.3%	5.2%	-0.1%	Chuo Real Estate Appraisal Co., Ltd.
I-6		No. 28 Kowa Building	2,859	3,560	3,390	-170	-4.8%	2,829	561	19.8%	5.8%	5.8%	0.0%	Japan Real Estate Institute
I-7		Akasaka Garden City	23,300	21,900	21,300	-600	-2.7%	23,044	-1,744	-7.6%	4.2%	4.2%	0.0%	Japan Real Estate Institute
I-8		Akasaka INTERCITY	17,857	13,800	13,300	-500	-3.6%	17,656	-4,356	-24.7%	4.0%	4.0%	0.0%	Japan Real Estate Institute
II-1		II	NHK Nagoya Housou Center Building	4,300	4,960	4,800	-160	-3.2%	4,222	578	13.7%	5.7%	5.7%	0.0%
II-2	JEI Nishi-Honmachi Building		6,674	4,780	4,650	-130	-2.7%	7,592	-2,942	-38.8%	5.4%	5.4%	0.0%	Japan Real Estate Institute
III-1	III	Musashikosugi Tower Place	13,890	15,900	16,200	300	1.9%	13,370	2,830	21.2%	5.4%	5.4%	0.0%	Japan Real Estate Institute
III-2		Kowa Kawasaki Higashiguchi Building	10,976	10,300	9,940	-360	-3.5%	10,500	-560	-5.3%	5.1%	5.1%	0.0%	HIRO & REAS network Inc.
III-3		JEI Hongo Building	5,400	5,160	5,160	0	0.0%	5,266	-106	-2.0%	4.7%	4.7%	0.0%	HIRO & REAS network Inc.
III-5		Kawasaki Nisshincho Building	4,205	5,320	5,230	-90	-1.7%	4,108	1,122	27.3%	5.7%	5.7%	0.0%	Japan Real Estate Institute
III-6		No. 44 Kowa Building	1,150	1,480	1,480	0	0.0%	1,021	459	45.0%	6.3%	6.3%	0.0%	Japan Real Estate Institute
III-7		JEI Ryogoku Building	2,550	2,198	2,182	-16	-0.7%	2,444	-262	-10.7%	5.6%	5.6%	0.0%	Chuo Real Estate Appraisal Co., Ltd.
III-8		Ebina Prime Tower	6,470	5,140	4,360	-780	-15.2%	6,380	-2,020	-31.7%	6.4%	6.4%	0.0%	Japan Real Estate Institute
III-9	Kowa Kawasaki Nishiguchi Building	32,000	27,500	27,300	-200	-0.7%	31,191	-3,891	-12.5%	5.1%	5.1%	0.0%	HIRO & REAS network Inc.	
Area I Total			93,409	94,350	92,556	-1,794	-1.9%	92,355	201	0.2%	4.7%	4.7%	0.0%	-
Area II Total			10,974	9,740	9,450	-290	-3.0%	11,814	-2,364	-20.0%	5.6%	5.6%	0.0%	-
Area III Total			76,641	72,998	71,852	-1,146	-1.6%	74,283	-2,431	-3.3%	5.3%	5.3%	0.0%	-
Grand Total			181,023	177,088	173,858	-3,230	-1.8%	178,434	-4,576	-2.6%	5.0%	5.0%	0.0%	

Note: 1. Total yield by area was calculated using weighted averages and rounding to the nearest decimal point.

2. "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal, and HIRO & REAS network as of end of period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association of Japan. When there is a joint ownership property in the current portfolio, its value is obtained after multiplying the total value of the shared real estate by the percentage of the interest owned by Japan Excellent or the trustee.

# Statement of Income and Retained Earnings

(Unit: Million yen)

	7th period	%	8th period	%	Difference	Difference by %
1.Revenue	7,494	100.0	7,302	100.0	-192	-2.6
Rental revenue	6,886		6,746		-140	
Other rental revenue	608		556		-51	
2.Operating expenses	4,145	55.3	4,050	55.5	-95	-2.3
Property management cost and fees	1,066		1,082		16	
Utilities	648		582		-66	
Property taxes	542		540		-1	
Insurance	21		21		0	
Repairs and maintenance	142		130		-11	
Other	165		165		0	
Depreciation	990		992		1	
Total operating expenses	3,577		3,516		-61	-1.7
Total rental income	3,917		3,786		-131	-3.4
Asset management fees	423		414		-9	
Other	144		119		-25	
Operating income	3,349	44.7	3,252	44.5	-97	-2.9
3.Other expenses	3	0.0	24	0.3	21	646.1
Interest income	2		3		0	
Other	0		21		20	
4.Other expenses	865	11.5	909	12.4	43	5.0
Interest expense	701		635		-66	
Loan relating fees	163		196		32	
Interest expense on Investment Corporation Bonds	-		55		55	
Amortization of Investment Corporation Bond Issuance Costs	-		5		5	
Other	0		16		16	
Income before income taxes	2,486	33.2	2,367	32.4	-119	-4.8
Net income before taxes	2,486	33.2	2,367	32.4	-119	-4.8
Income taxes- current	1		0		0	
Income taxes- deferred	0		0		0	
Net income	2,485	33.2	2,366	32.4	-119	-4.8
Retained earnings at beginning of period	0		0		0	
Retained earnings at end of period	2,486		2,366		-119	

Note: Figures under 1 million yen are rounded down. Ratios are rounded to the nearest decimal point.

# Balance Sheet

(Unit: Million yen)

Assets					Liabilities and unitholders' equity						
	7th period		8th period		Difference		7th period		8th period		Difference
Assets		%		%		Liabilities		%		%	
I. Current assets	15,326	7.9	15,717	8.1	391	I. Current liabilities	26,179	13.4	28,666	14.7	2,486
Cash and cash equivalents	3,027		3,742		715	Accounts payable-trade	472		467		-5
Cash and cash equivalents (as trust accounts)	11,663		11,407		-256	Short-term debt	25,000		27,500		2,500
Rental receivables	467		464		-2	Accounts payable-other	351		333		-18
Other	168		103		-64	Unpaid consumption taxes	94		61		-32
						Other	260		304		43
II. Fixed assets	179,713	92.1	178,912	91.9	-801	II. Long-term liabilities	79,410	40.7	76,654	39.4	-2,755
1. Property and equipment	170,600	87.4	169,869	87.3	-731	Investment corporation bond	-		17,000		17,000
Real estate	3,000		3,023		22	Long-term debt	70,500		51,000		-19,500
Real estate (as trust accounts)	167,590		166,832		-758	Security deposits from tenants	448		442		-6
Construction in progress	8		13		4	Security deposits from tenants (as trust accounts)	8,382		8,212		-170
2. Intangible assets	8,565	4.4	8,565	4.4	0	Other	78		-		-78
Leasehold rights	1,185		1,185		-	Total liabilities	105,589	54.1	105,321	54.1	-268
Leasehold rights (as trust accounts)	7,380		7,380		-						
Other	0		0		0	Unitholders' equity					
3. Investments and other assets	547	0.3	477	0.2	-69	I. Unitholders' capital	89,569	45.9	89,449	45.9	-119
Investment in securities	10		-		-10	1. Unitholders' capital	87,083	44.7	87,083	44.7	-
Security deposits	15		15		-	2. Retained earnings	2,486		2,366		-119
Long-term prepaid expenses	468		404		-64	Unappropriated retained earnings	2,486	1.3	2,366	1.2	-119
Other	52		57		5	II. Valuation and translation adjustments	-118	-0.1	-60	-0.0	58
III. Deferred assets	-	0.0	80	0.0	80	Loss on differed hedge	-118		-60		58
Deferred Investment Corporation Bond Issuance Costs	-		80		80	Total unitholders' equity	89,450	45.9	89,389	45.9	-60
Total assets	195,040	100.0	194,710	100.0	-329	Total liabilities and unitholders' equity	195,040	100.0	194,710	100.0	-329

Note: Figures under 1 million yen are rounded down. Ratios are rounded to the nearest decimal point.





# Balance of Interest Bearing Debt by Source of Financing

(Unit: Million yen)

Lenders	Interest-Bearing Debts	As a percentage of all borrowings	As a percentage of all interest-bearing debt
Mizuho Corporate Bank, Ltd.	22,300	28.4%	23.4%
Mitsubishi UFJ Trust and Banking Corporaiton	13,600	17.3%	14.2%
The Dai-ichi Life Insurance Company, Limited	8,000	10.2%	8.4%
Mizuho Trust & Banking Co., Ltd.	7,800	9.9%	8.2%
Sumitomo Mitsui Banking Corporation	7,200	9.2%	7.5%
The Norinchukin Bank	5,100	6.5%	5.3%
Development Bank of Japan Inc.	4,000	5.1%	4.2%
Aozora Bank, Ltd.	3,000	3.8%	3.1%
Chuo Mitsui Trust and Banking Co., Ltd.	3,000	3.8%	3.1%
Sompo Japan Insurance Inc.	2,000	2.5%	2.1%
Resona Bank, Ltd.	1,500	1.9%	1.6%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,000	1.3%	1.0%
<b>Loan Total</b>	<b>78,500</b>	<b>100.0%</b>	<b>(82.2%)</b>
1st Series Unsecured Investment Corporation Bond	12,000	/	12.6%
2nd Series Unsecured Investment Corporation Bond	5,000		5.2%
<b>Investment Corporation Bond Total</b>	<b>17,000</b>		<b>(17.8%)</b>
<b>Total</b>	<b>95,500</b>		<b>100.0%</b>

■: Sponsor companies of the asset management company

# Statements of Cash Flow and Profit Distributions

## Cash flow statement

Classification	Amount
I. Cash flow from operating activities	3,458
Income before income taxes	2,367
Depreciation and amortization	992
Decrease in unpaid consumption taxes	-32
Interest expense	-643
Other	774
II. Cash flow from investing activities	-426
Purchases of property and equipment	-269
Net payments for security deposits	-167
Other	10
III. Cash flow from financing activities	-2,573
Repayment of short-term loans	-12,000
Proceeds from long-term debt	8,000
Repayment of long-term debt	-13,000
Proceeds from short-term investment corporation loans	17,000
Payments of investment corporation bond issuance costs	-85
Distributions to unitholders	-2,487
IV. Net Decrease in cash and cash equivalents	458
V. Cash and cash equivalents at beginning of period	14,691
VI. Cash and cash equivalents at end of period	15,149

Note: Figures under 1 million yen are rounded down.

## Profit distribution

Classification	Amount
Retained earnings at end of period	2,366,962,804
Distributions	2,366,933,250
(Distributions per investment unit)	15,315
Earnings carried over to next period	29,554
Outstanding investment units	154,550 units

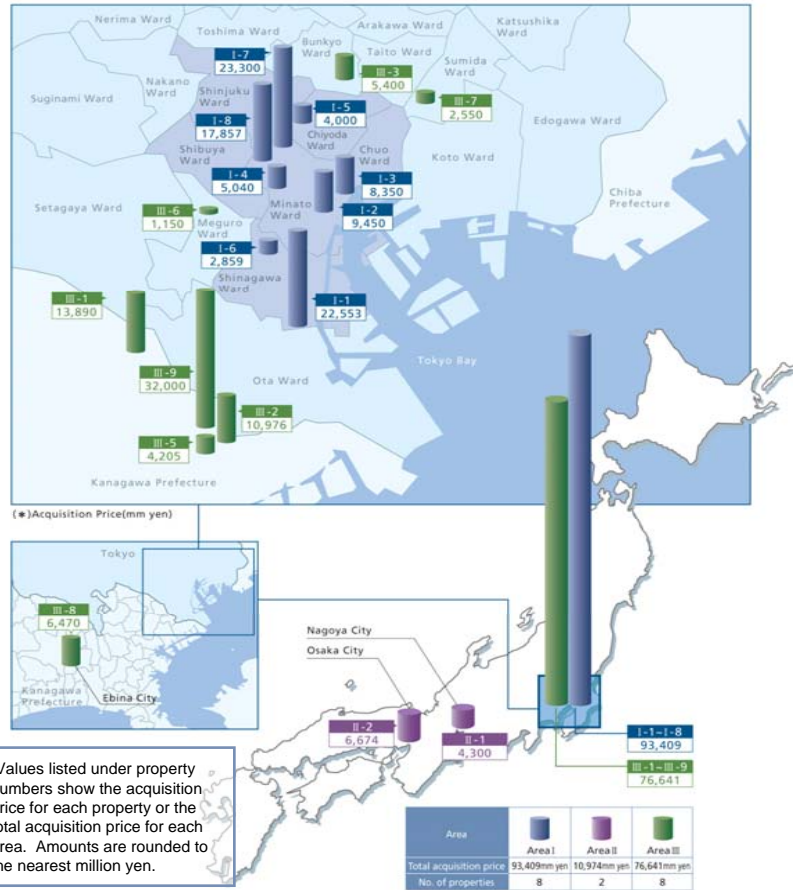
# Financial Indicators

Financial indicators	Calculation method	Unit	7th period	8th period
<b>EPS (Earnings per share)</b>	Net income / total units outstanding	yen	16,084	15,314
<b>EBIT (Earnings before interest and tax)</b>	Earnings before taxes + (Interest expense + Interest expense on Investment Corporation Bonds)	MM yen	3,188	3,058
<b>EBITDA (Earnings before interest, tax and depreciation and amortization)</b>	Earnings before taxes + (Interest expense + Interest expense on Investment Corporation Bonds) + Depreciation and amortization	MM yen	4,179	4,050
<b>NOI (Net operating income)</b>	Rental revenue - rental expenses + Depreciation and amortization	MM yen	4,907	4,778
<b>NCF (Net cash flow)</b>	NOI-Capital expenditures	MM yen	4,773	4,530
<b>FFO per unit</b>	(Net Income+Depreciation and Amortization-net profit of disposal) / Total units outstanding	yen	22,494	21,737
<b>DSCR (Debt service coverage ratio)</b>	Net income before interest and taxes / (Interest expense + Interest expense on Investment Corporation Bonds)	multiple	4.5	4.4
<b>ROA</b>	Income before income taxes / [(Period beginning total assets + period end total assets) / 2] x100	%	1.3	1.2
<b>(Reference) Annualized with following formula</b>	Above x 365 days / number of operating days	%	2.5	2.5
<b>ROE</b>	Net income / [(Period beginning net assets + period end net assets) / 2]x100	%	2.8	2.6
<b>(Reference) Annualized with following formula</b>	Above x 365 days/ number of operating days	%	5.5	5.3
<b>Equity to Total Assets</b>	(Period end net assets / period end total assets) x 100	%	45.9	45.9
<b>LTV (loan-to-value)</b>	(Period end interest-bearing debt / period end total assets) x 100	%	49.0	49.0
<b>BPS (Book value per unit)</b>	Period end net assets / number of outstanding investment units	yen	578,780	578,387
<b>Distribution payout ratio</b>	Total cash distribution amount / net income x 100	%	100.0	100.0

Note: Figures less than the unit are rounded down. Distribution payout ratio is rounded down to the nearest decimal place. Other ratios are rounded to the nearest decimal place.

# Portfolio Overview

## Portfolio map



Note: Values listed under property numbers show the acquisition price for each property or the total acquisition price for each area. Amounts are rounded to the nearest million yen.

## List of portfolio

Asset	Type	Name	Location	Floor Space (m <sup>2</sup> )	Completion Date	Acquisition Price (MM Yen)	Ratio (%)	PML (%)
I-7	Office	Akasaka Garden City	Akasaka, Minato Ward, Tokyo	46,776.76	January 31, 2006	23,300	12.9	8.6
I-1	Office	Omori Bellport D	Minami-Oi, Shinagawa Ward, Tokyo	155,778.75	September 24, 1996	22,553	12.5	8.0
I-8	Office	AKASAKA INTERCITY	Akasaka, Minato Ward, Tokyo	73,061.33	October 26, 2007	17,857	9.9	9.2
I-2	Office	Shiba 2-Chome Building	Shiba, Minato Ward, Tokyo	19,518.15	March 17, 1994	9,450	5.2	8.2
I-3	Office	JEI Hamamatsucho Building	Hamamatsucho, Minato Ward, Tokyo	8,327.53	December 16, 1991	8,350	4.6	8.2
I-4	Office	No. 32 Kowa Building	Minami-Azabu, Minato Ward, Tokyo	10,110.96	March 19, 1979	5,040	2.8	13.2
I-5	Office	No. 36 Kowa Building	Sanbancho, Chiyoda Ward, Tokyo	8,266.55	September 30, 1982	4,000	2.2	13.2
I-6	Office	No. 28 Kowa Building	Nishi-Gotanda, Shinagawa Ward, Tokyo	6,282.23	February 21, 1975	2,859	1.6	13.5
Subtotal				328,122.26	-	93,409	51.6	-
II-2	Office	JEI Nishi-Honmachi Building	Nishi Ward, Osaka City, Osaka	15,800.31	February 19, 1988	6,674	3.7	11.5
II-1	Office	NHK Nagoya Housou-Center Building	Higashi Ward, Nagoya City, Aichi	80,809.95	July 3, 1991	4,300	2.4	11.9
Subtotal				96,610.26	-	10,974	6.1	-
III-9	Office	Kowa Kawasaki Nishiquchi Building	Saiwai Ward, Kawasaki City, Kanagawa	61,856.92	February 29, 1988	32,000	17.7	7.9
III-1	Office	Musashikosugi Tower Place	Nakahara Ward, Kawasaki City, Kanagawa	53,711.13	July 15, 1995	13,890	7.7	11.5
III-2	Office	Kowa Kawasaki Higashiquchi Building	Kawasaki Ward, Kawasaki City, Kanagawa	31,009.62	April 30, 1988	10,976	6.1	6.7
III-8	Office	Ebina Prime Tower	Chuo, Ebina City, Kanagawa	55,806.20	May 31, 1995	6,470	3.6	12.2
III-3	Office	JEI Hongo Building	Hongo, Bunkyo Ward, Tokyo	5,877.11	February 6, 1991	5,400	3.0	14.2
III-5	Office	Kawasaki Nishincho Building	Kawasaki Ward, Kawasaki City, Kanagawa	22,141.60	April 24, 1992	4,205	2.3	14.7
III-7	Office	JEI Ryogoku Building	Ryogoku, Sumida Ward, Tokyo	5,820.56	August 8, 1996	2,550	1.4	14.3
III-6	Office	No. 44 Kowa Building	Higashiyama, Meguro Ward, Tokyo	3,359.55	July 31, 1984	1,150	0.6	13.4
Subtotal				239,582.69	-	76,641	42.3	-
<b>Total</b>				<b>664,315.21</b>		<b>181,023</b>	<b>100.0</b>	<b>6.6</b>

- Note: 1. "Floor space" shows a total of the floor space of the building or the trust building represented in the register (excluding the accessory building, etc.) When the building or the trust building is an exclusive part of the comparted-ownership building, the floor space of the whole building is described.  
 2. "Completion date" includes the time of initial construction described in the register.  
 3. "Acquisition price" is the price recorded in sales agreements (excluding consumption tax). Amounts of less than one million yen are rounded.  
 4. "Investment ratio" shows a ratio of the acquisition price for each property, and is rounded to the nearest decimal place.  
 5. "PML" is based on the PML description in the building examination report including the PML calculation report. The relevant description is no more than the opinion of the reporting party and Japan Excellent does not guarantee the accuracy of the content.  
 6. The table and figures above represent the status as of the end of the 8th period (end of June 2010) and do not reflect the planned acquisition of the additional stake in the No. 32 Kowa Building.

# Portfolio Overview

## Area I



### I-8 AKASAKA INTERCITY

Address: 1-11-44 Akasaka Minato Ward, Tokyo  
 Site Area: 8,019.87m<sup>2</sup>  
 Total Floor Space: 73,061.33m<sup>2</sup>  
 Structure: S, SRC  
 Floors: 29 (3 basement floors)  
 Constructed: January 28, 2005



### I-1 Omori Bellport D



### I-2 Shiba 2-Chome Building



### I-3 JEI Hamamatsucho Building



### I-7 Akasaka Garden City

Address: 1-15-1 Akasaka Minato Ward, Tokyo  
 Site Area: 6,888.97m<sup>2</sup>  
 Total Floor Space: 46,776.76m<sup>2</sup>  
 Structure: S, RC, SRC  
 Floors: 19 (2 basement floors)  
 Constructed: January 31, 2006



### I-4 NO. 32 Kowa Building



### I-5 NO. 36 Kowa Building



### I-6 No. 28 Kowa Building

# Portfolio Overview

## Area II



II-1 NHK Nagoya Housou-Center Building



II-2 JEI Nishi-Honmachi Building

## Area III



III-1 Musashikosugi Tower Place



III-6 No. 44 Kowa Building



III-2 Kowa Kawasaki Higashiguchi Building



III-7 JEI Ryogoku Building



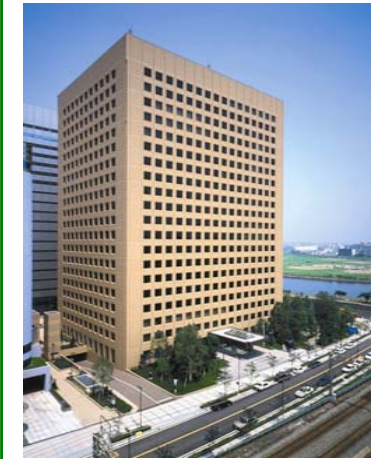
III-3 JEI Hongo Building



III-8 Ebina Prime Tower



III-5 Kawasaki Nisshincho Building



III-9 Kowa Kawasaki Nishiguchi Building


# Unitholders

Owner classification	Investment units					Investors				
	7th period(Dec. 2009)		8th period(Jun. 2010)		Change	7th period(Dec. 2009)		8th period(Jun. 2010)		Change
	Number of units	Composition (%)	Number of units	Composition (%)	(%)	Number of unitholders	Composition (%)	Number of unitholders	Composition (%)	(%)
Financial institutions and securities companies	94,766	61.3	97,593	63.1	1.8	88	1.9	86	1.6	-0.3
Other domestic companies	22,427	14.5	22,902	14.8	0.3	115	2.4	124	2.3	-0.2
Foreign companies, etc.	24,726	16.0	19,296	12.5	-3.5	149	3.1	132	2.4	-0.7
Individuals	12,631	8.2	14,759	9.5	1.4	4,382	92.6	5,127	93.7	1.2
Total	154,550	100.0	154,550	100.0	-	4,734	100.0	5,469	100.0	-

Ratio of investment units held by the 4 sponsor companies: 13.3%

Name	(Units)	Composition ratio (%)
Japan Trustee Services Bank, Ltd. (Trust account)	19,186	12.4
Kowa Real Estate Co., Ltd.	14,312	9.3
NCT Trust and Banking Corporation (Trust account)	11,481	7.4
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	11,263	7.3
The Master Trust Bank of Japan, Ltd. (Trust account)	9,331	6.0
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	7,865	5.1
North Pacific Bank, LTD.	4,590	3.0
The Dai-ichi Life Insurance Company, Limited	4,132	2.7
The Senshu Ikeda Bank, Ltd.	3,711	2.4
Sekisui House, Ltd.	2,091	1.4
AIG Edison Life Insurance Company	2,091	1.4
Total	90,053	58.3

Note: Ratios are rounded to the nearest decimal place.

 Sponsor companies of the asset management company

# Overview of Japan Excellent, Inc.

- Japan Excellent, Inc. aims to maximize shareholders' value by "utilizing and combining the comprehensive capabilities of sponsor companies with strength in real estate and finance" and "seeking stability and expansion of revenues."



- JEI invests mainly in office buildings in metropolitan areas and operates its portfolio balancing revenue stability and expansion.

More than 90% of the portfolio is invested in office buildings.

Have the highly concentrated core area at 80% or higher with office buildings and set a carefully detailed investment ratio for the core area.

Usage (Note 1)	Investment ratio in portfolio (Note 2)
Office buildings	More than 90%
Other (Commercial facilities, residential, etc.)	Less than 10%

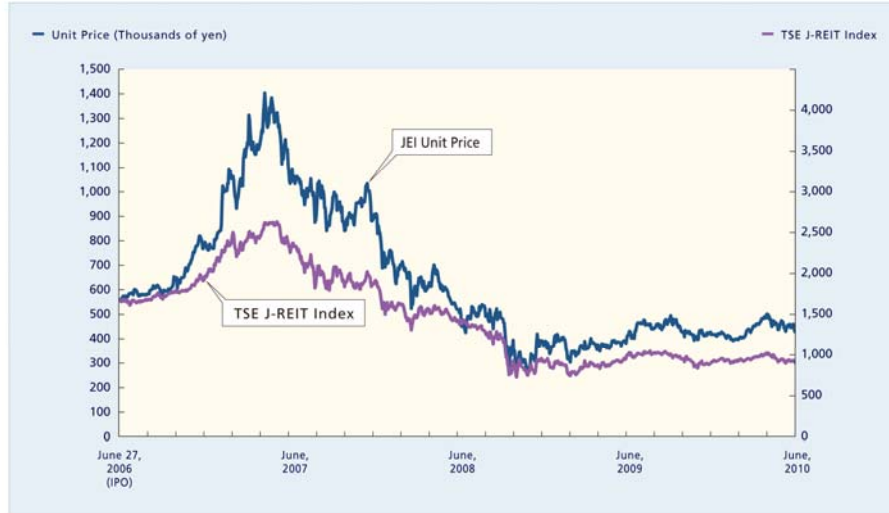
Target investment areas		Investment ratio in portfolio (Note 2)
Core areas		80% or more
■ Area I	6 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya)	50% or more of the core areas
■ Area II	Central Osaka (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya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

- Note: 1. Usage is determined based on the majority share of space for rental for each asset related to real estate. The total acquisition cost of the concerned asset related to real estate is incorporated in the acquisition price by said usage.
2. This refers to the total acquisition cost of the asset related to real estate for each usage against the total acquisition cost for the portfolio overall.



# Unit Price Performance and Overview of Japan Excellent Asset Management Co., Ltd.

## Unit price and Tokyo Stock Exchange REIT index

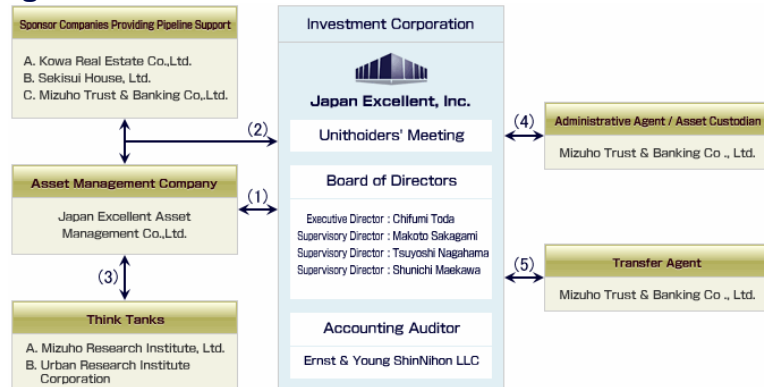


## Overview of Japan Excellent Asset Management

Company Outline	
Corporate Name	Japan Excellent Asset Management Co., Ltd.
Headquarter	1-9-20 Akasaka, Minato-ku, Tokyo
Established	April 14, 2005
Capital	450 Million Yen
Shareholders	Kowa Real Estate Co., Ltd. 40.0%
	The Dai-ichi Life Insurance Company, Limited 20.0%
	Sekisui House Ltd. 15.0%
	The Dai-ichi Building Co., Ltd. 5.0%
	Sohgo Housing Co., Ltd. 5.0%
	Morgan Stanley Capital K.K. 5.0%
	Mizuho Corporate Bank, Ltd. 5.0%
	Mizuho Trust & Banking Co., Ltd. 5.0%
Business Operations	Financial Instrument Dealer

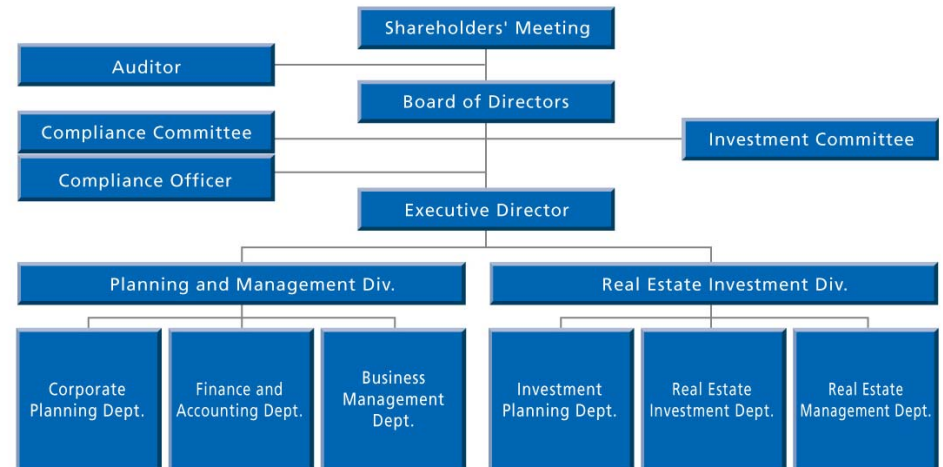
Note: Percentages in the above table are percentages of total outstanding shares.

## Organization



- (1) Asset management agreement
- (2) A. Pipeline support agreement with Kowa Real Estate  
B. Pipeline support agreement with Sekisui House  
C. Pipeline support agreement with Mizuho Trust & Banking
- (3) A. Agreement with Mizuho Research Institute for provision of market and other information  
B. Agreement with Urban Research Institute for provision of market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administrative of unitholders' register

## Outline and Organization of JEAM



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