



Japan Excellent, Inc.

Seventeenth Period (ended December 2014)

Presentation Materials

February 17, 2015



(TSE:8987)

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I. Financial Highlights and Performance Forecasts

1. Financial Highlights of the 17th Period (Ended December 2014)

	16th Period (Jun. 2014)	17th Period (Dec. 2014)	Difference	(%)
Revenue	9,558 million yen	9,695 million yen	137 million yen	1.4%
Net Income	3,010 million yen	3,040 million yen	29 million yen	1.0%
Distributions per Unit	2,482 yen	2,507 yen	25 yen	1.0%
Outstanding Investment Units	1,212,750 units	1,212,750 units	-	-
Asset Size	265.4 billion yen	265.4 billion yen	-	-
Number of Properties	30 properties	30 properties	-	-
Occupancy Rate	98.3%	99.1%	0.8pt	-
Rental revenue*	8,599 million yen	8,754 million yen	155 million yen	1.8%
NOI	6,160 million yen	6,172 million yen	11 million yen	0.2%
LTV (Total Assets)	48.2%	48.2%	-	-
Average interest rate	1.17%	1.13%	-0.04pt	-
Average Remaining Period of Interest-Bearing Debt	3.24 years	3.60 years	0.36 years	-
Ratio of fixed interest rate	91.4%	100%	8.6pt	-
NAV per unit	100,835 yen	104,469 yen	3,634 yen	3.6%

- ◆ **Increase of revenue and income** due to full-period contribution of properties acquired in the 16th period
- ◆ Distributions per unit **increased surpassing the distribution in the previous period** and **initial forecast**

External Growth

- ◆ Considered properties mainly in central Tokyo and the Tokyo metropolitan area
- ◆ Adhered to an attitude of making selective investment in order to achieve quality growth

Internal Growth

- ◆ Maintained high occupancy rate at the end of the period (99.1%) and average occupancy rate during the period (98.8%)
- ◆ Revenue from operations reached a level higher than the initial forecast by focusing on upward revision and curbing downward revision

Financial Strategy

- ◆ Achieved 100% conversion to fixed-interest rates and further extended remaining period of interest-bearing debts while holding down financing costs
- ◆ Realized lowering of risks and reduction of costs at the same time

*Starting with the current presentation materials, "rental revenue" includes revenue from parking and advertisement and the figures are aligned with that of financial results reports, etc. Therefore, the figures differ from those of rental revenue stated in the presentation materials from the previous period or earlier. The same shall apply hereinafter.

2. Financial Results of the 17th Period (Ended December 2014)

(unit: million yen)

	16th Period (Jun. 2014)	17th Period (Dec. 2014)	Difference	Initial forecast	Difference
Revenue	9,558	9,695	137	9,667	28
Rental revenue	8,599	8,754	(1) 155	8,735	(7) 18
Revenue for utilities expenses	760	866	106	885	-18
Other revenue	198	74	(2) -124	46	(8) 28
Operating expenses	5,592	5,731	139	5,745	-13
Expenses for rental operations	5,022	5,180	158	5,187	-7
Property management expenses	1,272	1,246	(3) -26	1,265	(9) -19
Utilities expenses	1,013	1,118	104	1,112	6
Taxes	699	753	(4) 53	760	-7
Repairs and maintenance	189	176	-12	142	(10) 34
Other expenses for rental operations	223	228	5	253	(11) -24
(NOI)	6,160	6,172	11	6,132	40
Depreciation	1,624	1,657	(5) 32	1,653	4
Sales and administrative expenses	569	551	-18	557	-6
Operating income	3,966	3,963	-2	3,921	42
Other expenses	958	926	(6) -31	933	-6
Ordinary income	3,011	3,041	29	2,990	50
Net income	3,010	3,040	29	2,989	50
Total distributions	3,010	3,040	30	2,989	50
Distributions per unit	2,482 yen	2,507 yen	25 yen	2,465 yen	42 yen

Major factors for difference in comparison with the previous period		
(Revenue factors)		
(1)	Full-period contribution of properties acquired in the 16th period	177
	Existing properties	-22
(2)	Absence of the cancellation penalty, etc. of the 16th period	-80
(Expense factors)		
(3)	Absence of leasing management fees, etc.	-32
(4)	Expensing of fixed property and city planning tax for properties acquired in the 14th period	53
(5)	Full-period posting of properties acquired in the 16th period	32
(6)	Absence of public offering-related expenses in the 16th period	-35
	Loan-related fees	28
	Interest expense, interest expense on Investment Corporation bonds	-15

Major factors for difference in comparison with the initial forecast		
(Revenue factors)		
(7)	Realizing upward rent revision, curbing downward rent revision, etc.	18
(8)	Cancellation penalty, etc.	22
(Expense factors)		
(9)	Decrease of outsourcing costs	-13
(10)	Additional repair and maintenance	34
(11)	Reduction of supplies expense, etc.	-24

3. Performance Forecasts

(unit: million yen)

	17th Period (Dec. 2014)	18th Period (Jun. 2015)		19th Period (Dec. 2015)	
	Result	Forecast	Vs. Previous	Forecast	Vs. Previous
Revenue	9,695	9,575	-120	9,648	73
Rental revenue	8,754	8,729	-24	8,729	0
Revenue for utilities expenses	866	787	-79	873	86
Other revenue	74	57	(1) -16	44	-13
Operating expenses	5,731	5,722	-9	5,794	71
Expenses for rental operations	5,180	5,168	-11	5,238	69
Property management expenses	1,246	1,326	(2) 80	1,247	-78
Utilities expenses	1,118	1,047	-70	1,113	65
Taxes	753	799	(3) 46	828	(6) 28
Repairs and maintenance	176	124	(4) -51	191	66
Other expenses for rental operations	228	228	0	244	15
(NOI)	6,172	6,048	-124	6,023	-25
Depreciation	1,657	1,642	-15	1,613	-28
Sales and administrative expenses	551	553	2	555	2
Operating income	3,963	3,852	-111	3,853	1
Other expenses	926	881	(5) -45	883	1
Ordinary income	3,041	2,973	-68	2,972	0
Net income	3,040	2,972	-68	2,971	0
Total distributions	3,040	2,971	-69	2,971	0
Distributions per unit	2,507 yen	2,450 yen	-57 yen	2,450 yen	0 yen

Factors in increase/decrease in the 18th period in comparison

(Revenue factors)

(1)	Absence of revenue from restoration work	-13
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(Expense factors)

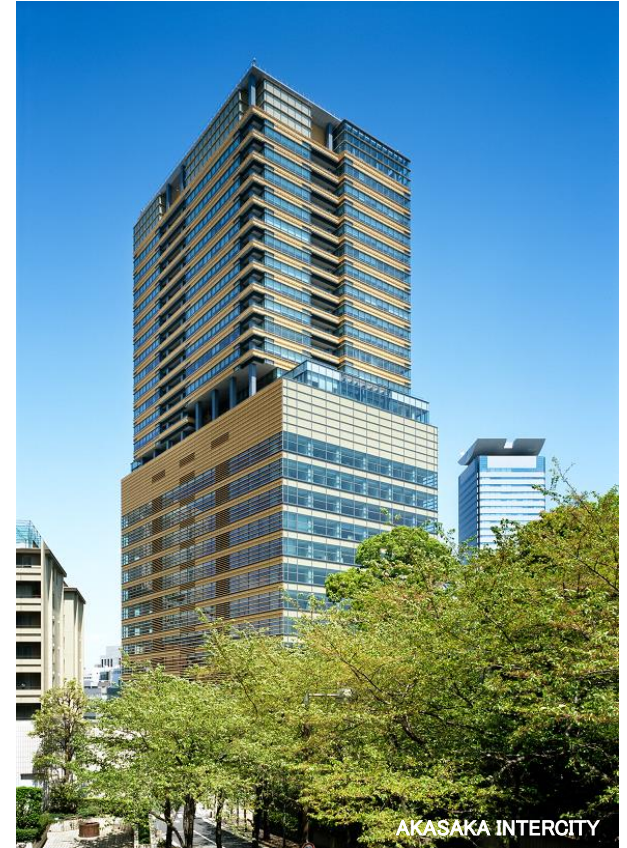
(2)	Increase of Leasing Management fees, etc.	68
(3)	Expensing of fixed property and city planning tax for properties acquired in the 16th period	34
(4)	Absence of the repair and maintenance costs of the previous period	-51
(5)	Loan-related fees	-29
	Interest expense, interest expense on Investment Corporation bonds, etc.	-15

Factors in increase/decrease in the 19th period in comparison with the previous period

(Expense factors)

(6)	Expensing of fixed property and city planning tax for properties acquired in the 16th period	33
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II. Management Status and Policy



1. External Growth

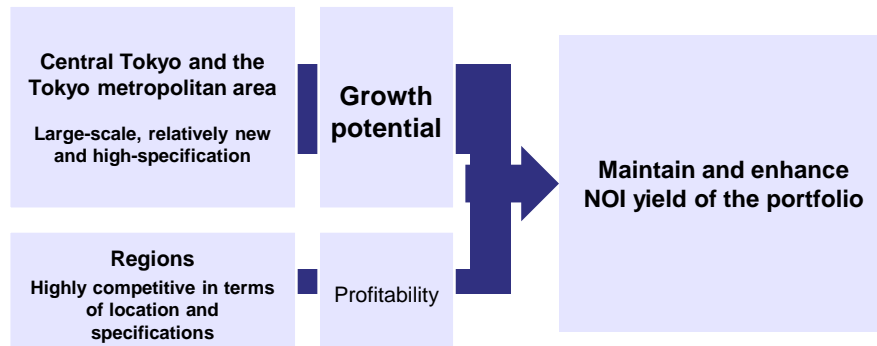
(1) Market Environment and Investment Policy

Basic policy for external growth

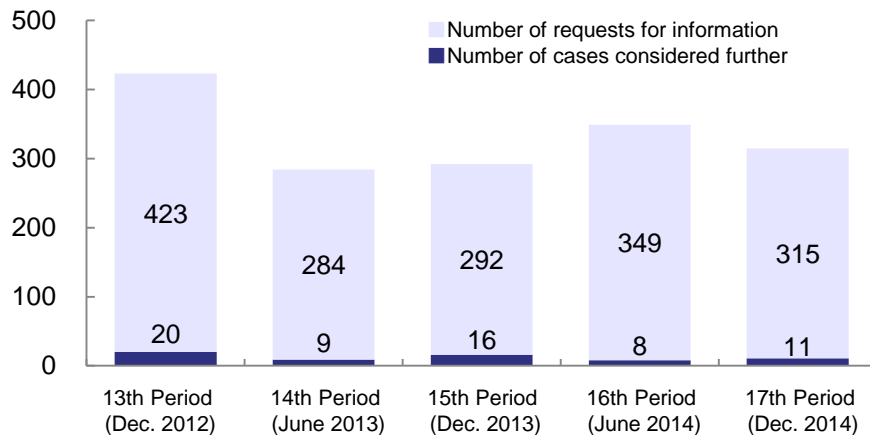
- ◆ Acquire properties taking full advantage of having a sponsor capable of property development
- ◆ Plan to diversify risks by considering building size, area, tenants and age
- ◆ Work not only to increase quantity but also to enhance quality through property replacement, etc.

Aim for “quality growth” taking into consideration the growth potential and profitability of the portfolio

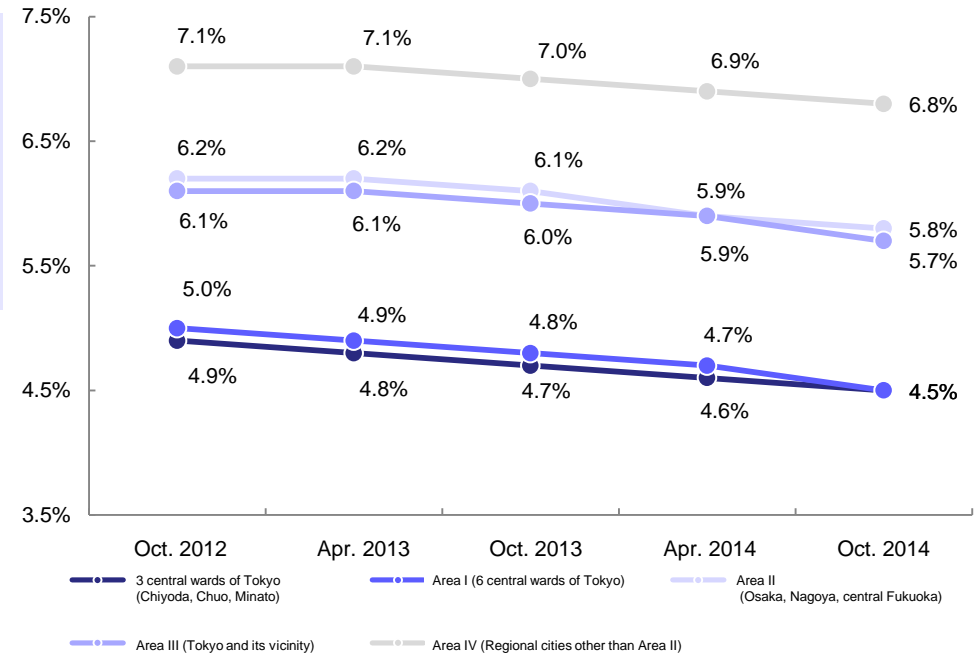
Investment target



Status of properties under consideration



Historical investors' expected cap rates (offices)



Source: Prepared by the Asset Management Company based on "The Japanese Real Estate Investor Survey" by Japan Real Estate Institute.

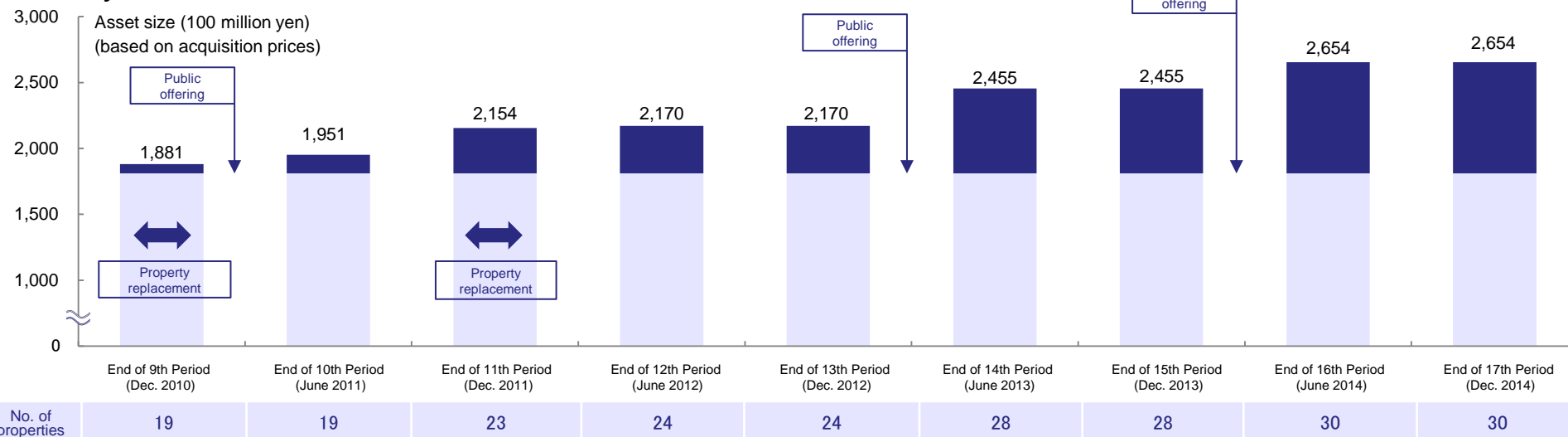
*For details of definition of areas, etc., please refer to p. 22.

1. External Growth

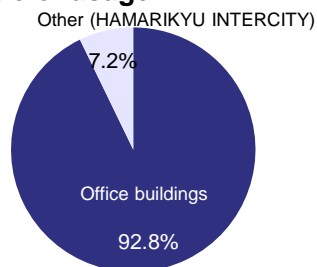
(2) History of External Growth and Quality Portfolio

- ◆ Resumed property acquisitions in the 9th period against a backdrop of improvement in the real estate acquisition environment and expanded asset size while conducting capital increase through public offering three times
- ◆ Established a quality portfolio with high growth potential and stability by promoting focused investment in central Tokyo as well as diversification of properties

History of External Growth

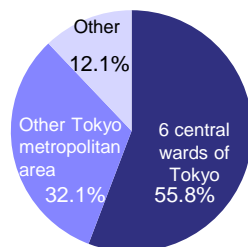


Ratio of usage



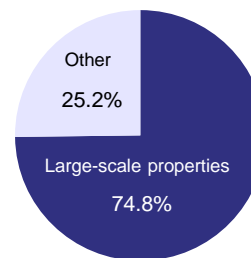
Ratio of investment in office buildings
92.8%

Ratio of area



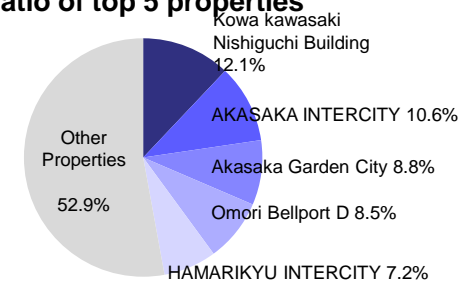
Ratio of investment in the Tokyo* metropolitan area
87.9%

Ratio of large-scale properties



Ratio of large-scale** properties
74.8%

Ratio of top 5 properties



Ratio of top 5 properties
47.1%

Notes * "Tokyo metropolitan area" indicates Tokyo and its surrounding areas (Kanagawa, Saitama and Chiba prefectures).

** "Large-scale properties" refers to 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.

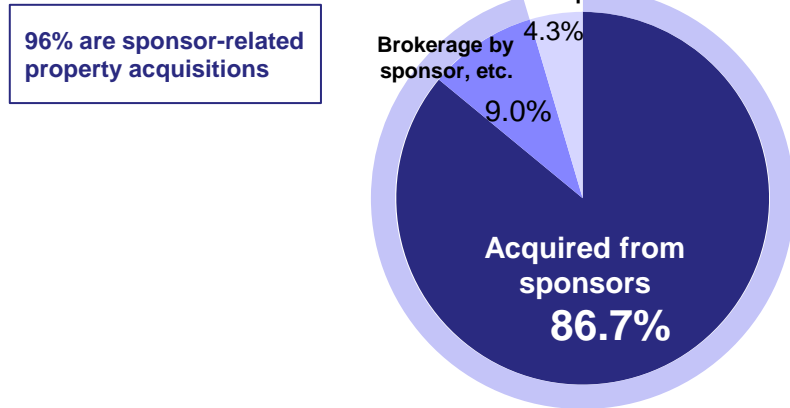
*** The ratios in the pie charts above are ratios based on acquisition prices.

1. External Growth

(3) Utilization of Sponsor Support

- ◆ Continuously acquired properties proactively utilizing the sponsor pipeline
- ◆ Pursued quality growth by conducting strategic property replacements with the sponsor

Breakdown of sellers



Strengthening of growth capability and profitability through property replacements

Growth

- ◆ Replace properties with limited growth potential with newly-constructed properties with high growth potential



HAMARIKYU INTERCITY

No. 28 Kowa Building

Profit

- ◆ Replace buildings with a single tenant who is to relocate with multi-tenant buildings



Kowa Shirokanedai Building

No. 36 Kowa Building

Note: "Sponsor" includes the seller who was a sponsor at the time of property acquisition.

[Reference] Major Developments and Owned Properties of Core Sponsors

NIPPON STEEL KOWA REAL ESTATE

Akasaka 1-chome District Category 1 Urban Redevelopment Project
 (Building completion (planned) April 2017)

Existing ownership: SHINAGAWA INTERCITY, AKASAKA INTERCITY, HAMARIKYU INTERCITY, NAGOYA INTERCITY

Mansard Daikanyama, Shibaura RENA Site Tower, Kita-Shinagawa 5-chome, 1st Area, District Category 1 Urban Redevelopment Project Building completion (planned) April 2015

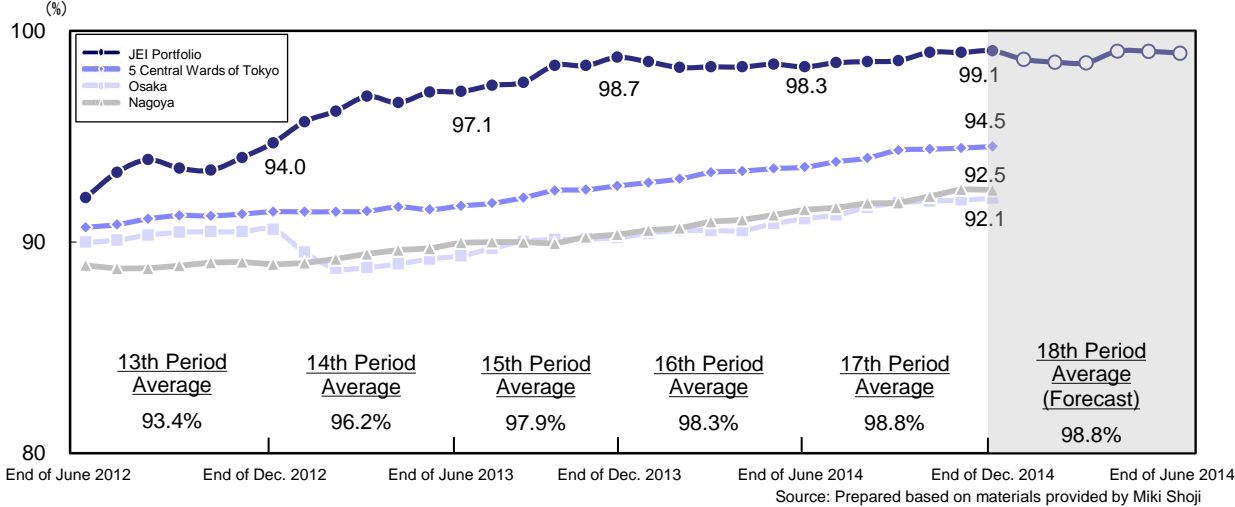
The Dai-ichi Life Insurance: By your side, for life. DAI-ICHI LIFE

Tokyo Square Garden, Aoyama Tower Place, Meguro Station Front District Category 1 Urban Redevelopment Project Building completion (planned) November 2017

2. Internal Growth

(1) Occupancy Rates

Occupancy Rates* — Market and JEI Historical and Forecast



*When JEI concludes a free-rent agreement with a tenant, the rent which is to be paid during the contract period is standardized and posted with a penalty clause, etc. Thus occupancy rate based on cash flow is not prepared.

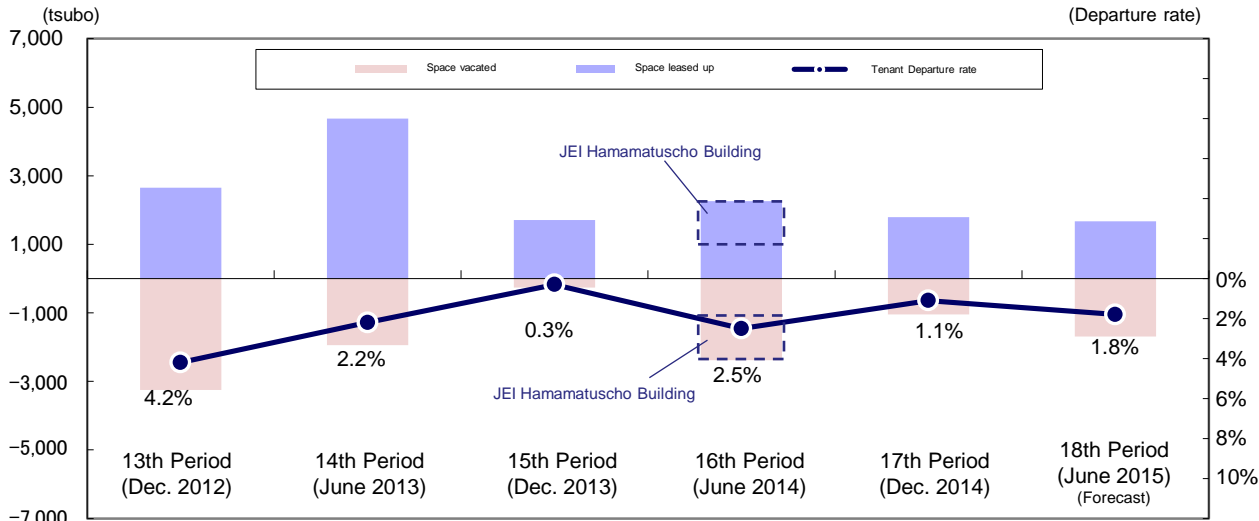
◆ Occupancy rate at the end of the 17th period remained at a high level exceeding 99%

The high occupancy rate is expected to continue during the 18th period on average between 98.5% and 99%

◆ Leasing up at several properties progressed

	End of 16th Period	End of 17th Period
JEI Hamamatuscho Building	87.1%	100%
Pacific Square Sengoku	69.1%	94.7%
Core City Tachikawa	87.7%	97.9%
Aoba-dori Plaza	84.7%	88.1%

Tenant Departure Rates** and Spaces Leased Up and Vacated (Excluding Residences and Same-Building Relocations)



◆ The tenant departure rate in the 17th period was 1.1% and is expected to remain at 1.8%, a low level in the 1% range in the 18th period

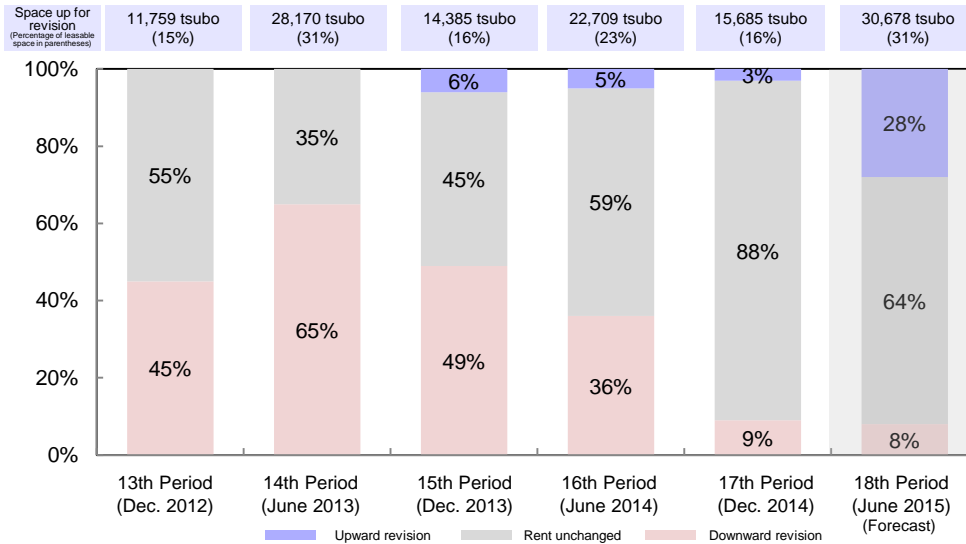
◆ Occupancy rate is expected to stably remain at a high level going forward with balanced lease-ups and departures

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

2. Internal Growth

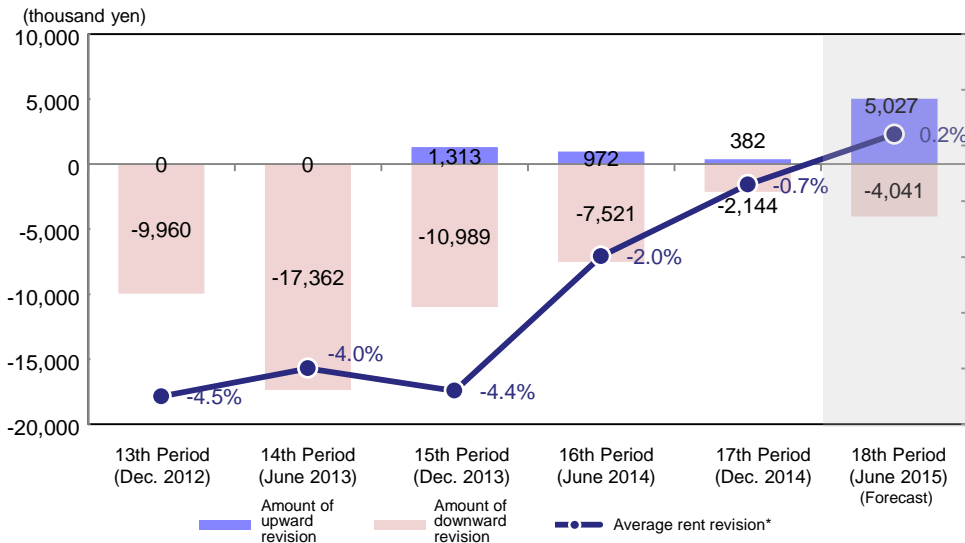
(2) Status of Rent Revisions

Historical Rent Revisions (based on leased floor space)

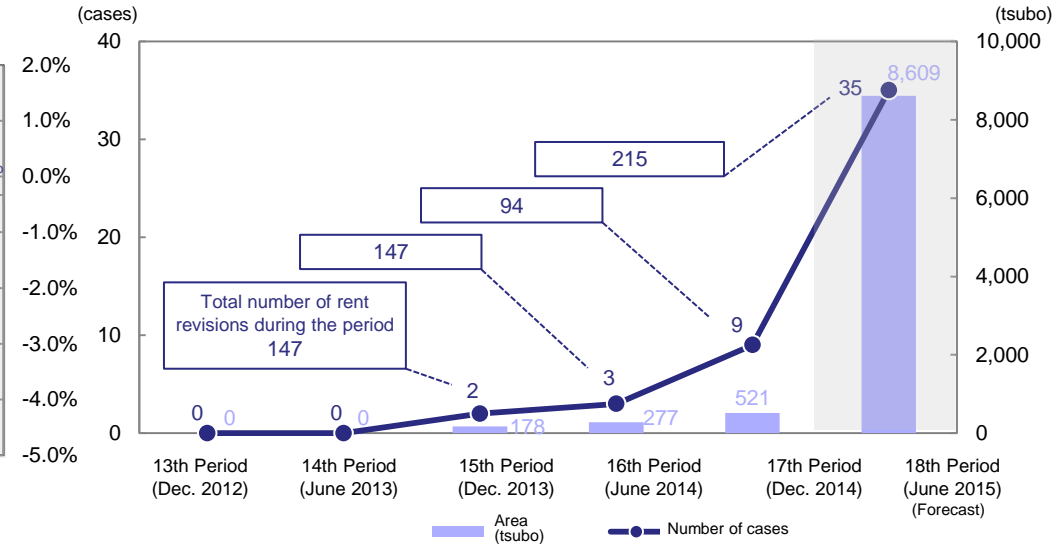


- ◆ The ratio of downward revisions decreased in the 17th period as a result of efforts to curb downward revisions
- ◆ The average rent revision rate was -0.7% in the 17th period and is expected to turn positive in the 18th period at 0.2%
- ◆ A increase trend in the number of upward revisions and floor area with upward revisions became apparent

Increased/Decreased Amount by Rent Revisions and Historical Revision Rates (based on monthly rent)



Historical upward rent revisions (based on the number of cases and floor area)**



*Percentage change including rent kept at previous levels.

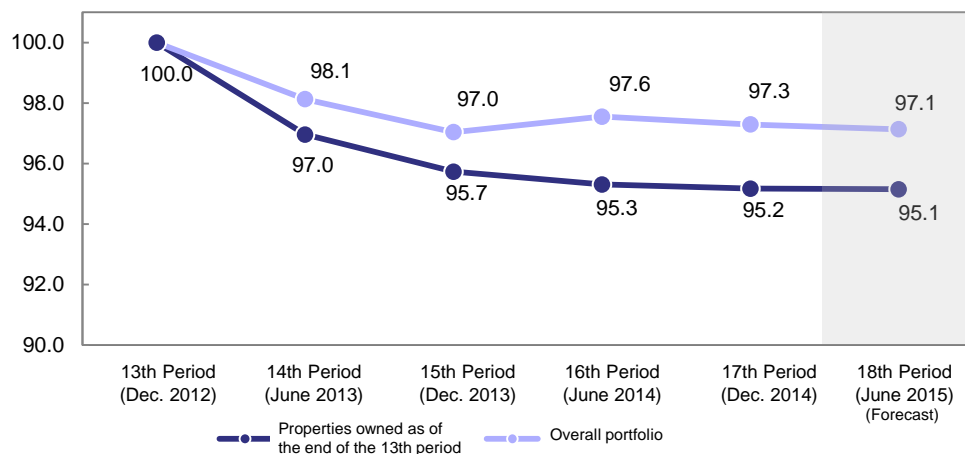
**This includes only upward revisions through negotiation with tenants and does not include scheduled upward revision. It differs from the area serving as a base for calculating the ratio of upward revisions in the "Historical Rent Revisions (based on leased floor space)".

2. Internal Growth

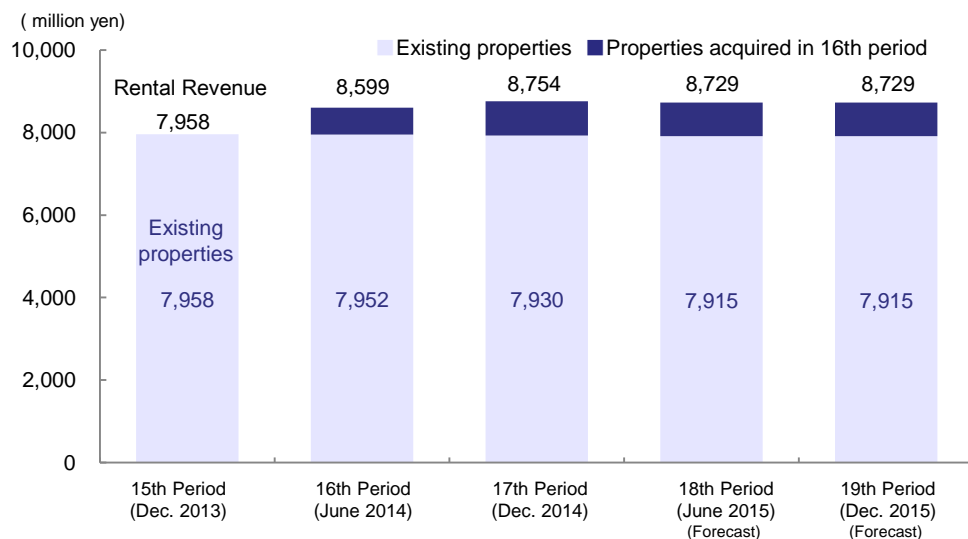
(3) Historical Rent Levels/Rental Revenue and Status of Rent Gap Japan Excellent, Inc.

- ◆ Rent level and rent revenue remained almost unchanged
- ◆ Keep downward revisions to a minimum in the 18th and 19th periods and work towards a full-fledged upward revision phase in the 20th period onward

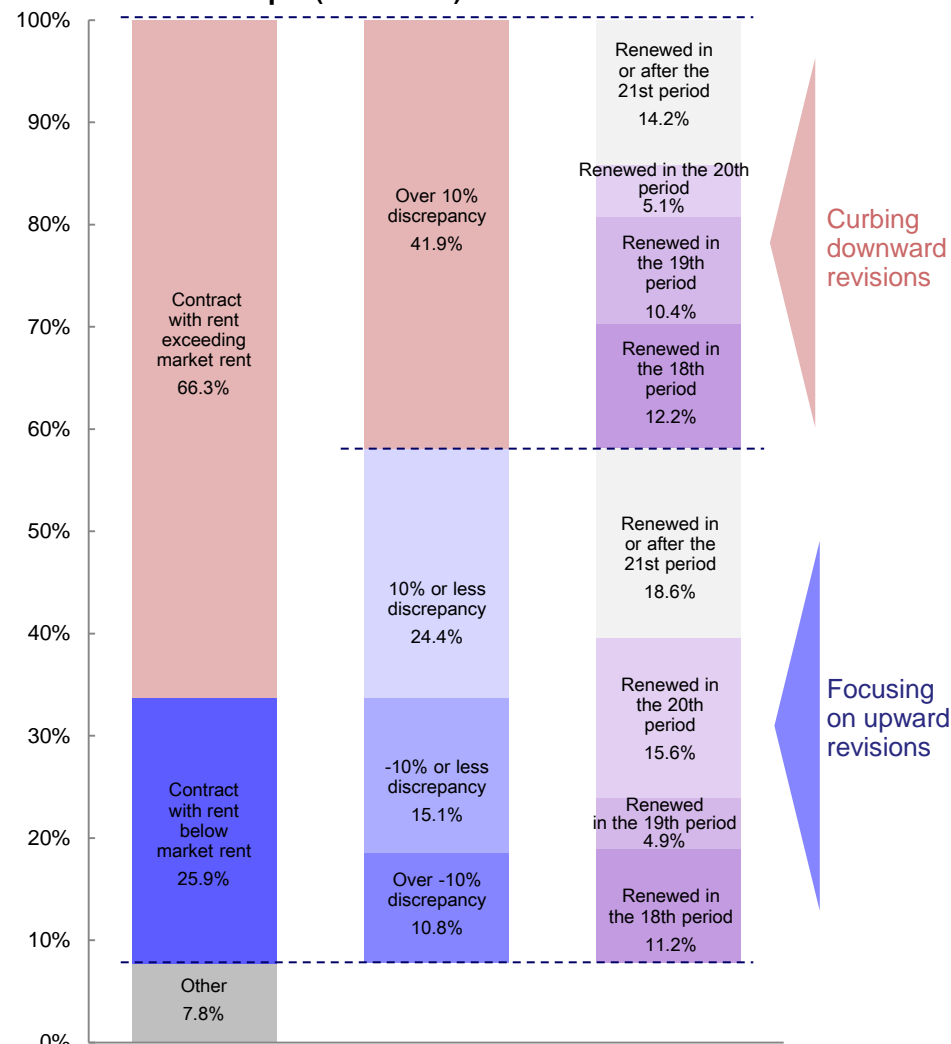
■ Historical Rent Levels*



■ Historical Rental Revenue



■ Status of Rent Gap** (17th Period)



**The ratio is based on total rent revenue. Discrepancy rate is at the end of the 17th period. "Other" refers to contracts related to land with leasehold interest, residential, etc.

2. Internal Growth

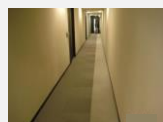
(4) Property Management and Administrative Measures

- ◆ Conducted strategic investment to enhance value of properties owned
- ◆ Upward rent revisions, realizing early lease up, etc. contributed to the improvement in income

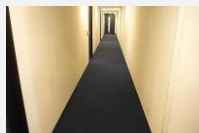
< No. 32 Kowa Building >



- ◆ Partial renewal of common areas



(Before renewal)



(After renewal)

- ◆ Improving radio wave reception environment for mobile devices on the underground level



- ◆ Successful negotiation for upward rent revision

Contract rent level for tenant A	Before renewal	After renewal	
	100	108.6	+8.6%

Contract rent level for tenant B	Before renewal	After renewal	
	100	104.1	+4.1%

< JEI Hamamatsucho Building >

- ◆ Conducted large-scale renewal of common areas in the period between tenants moving out and in

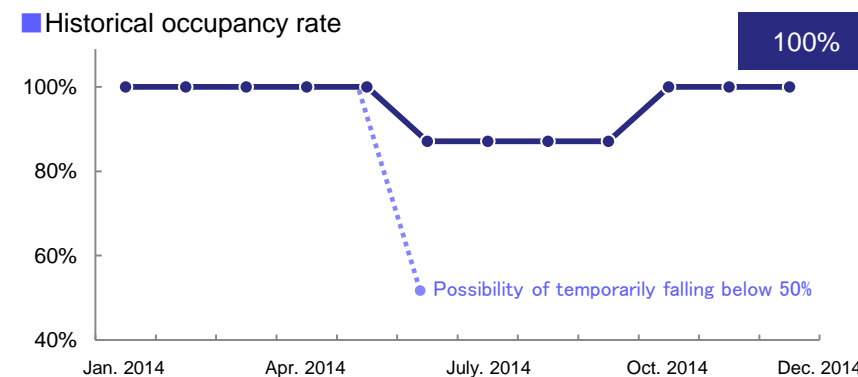


(Before renewal)



(After renewal)

- ◆ Despite the departure of a major tenant occupying five floors, successfully leased up four floors without downtime
- ◆ Leasing continued to progress and occupancy is full as of December 2014



3. Financial Strategy

(1) Status of Financial Management

- ◆ Managed targeting 45% - 50% LTV (total assets) in principle.
- ◆ Maintained to possess high ratings by continuing stable financial management

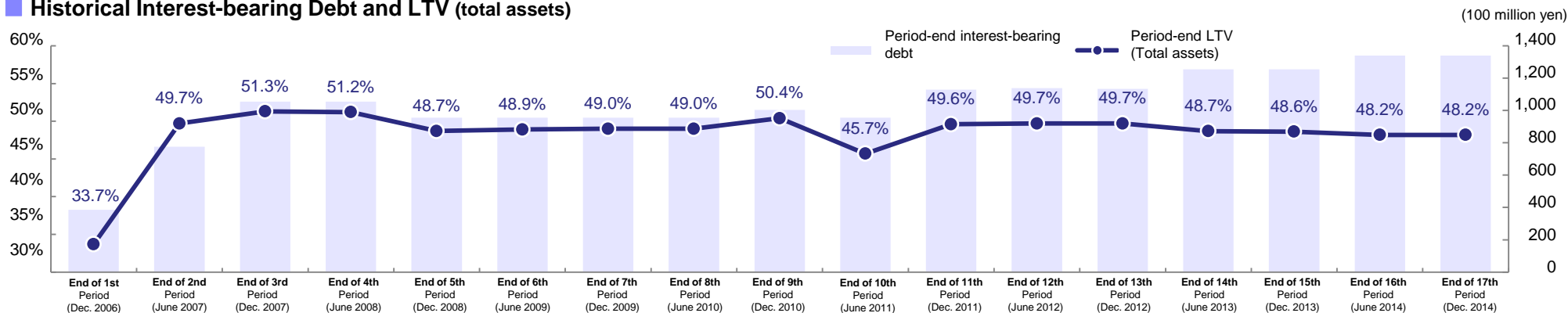
Financial Data Summary

	16th Period (June 2014)	17th Period (Dec. 2014)	Difference
LTV (total assets)	48.2%	48.2%	0pt
Period-end average interest rate	1.17%	1.13%	-0.04pt
Average remaining period of interest-bearing debt	3.24 years	3.60 years	+0.36 years
Ratio of fixed interest rate	91.4%	100.0%	+8.6pt

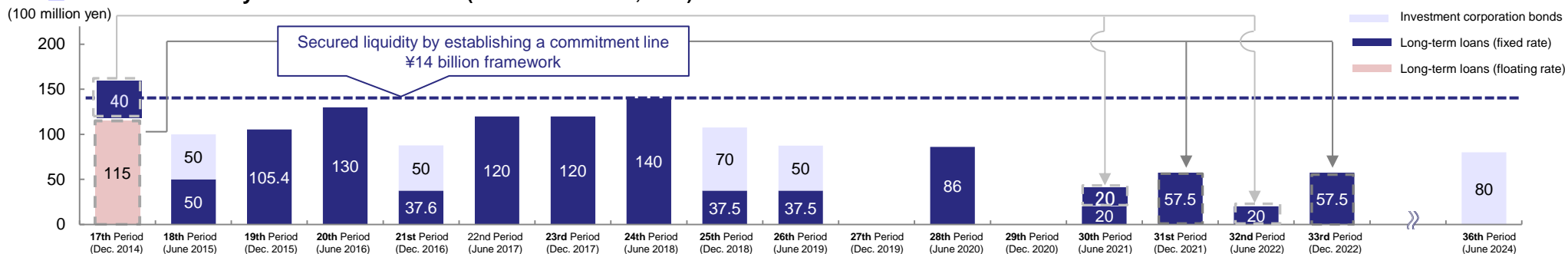
Rating

Rating agency	Rating (outlook)
Japan Credit Rating Agency (JCR)	Long-term issuer rating: AA- (stable)
Rating and Investment Information (R&I)	Issuer rating: A+ (stable)
Moody's Japan	Issuer rating: A3 (stable)

Historical Interest-bearing Debt and LTV (total assets)



Status of Maturity Date Diversification (as of December 31, 2014)

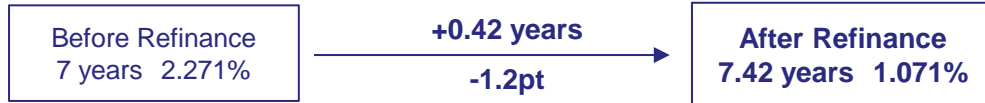


3. Financial Strategy

(2) Results of Financing Activities

- ◆ Lowered financial costs while extending the remaining periods
- ◆ Achieved 100% conversion to fixed-interest rates for interest-bearing debts

Financing Achievement in July 2014

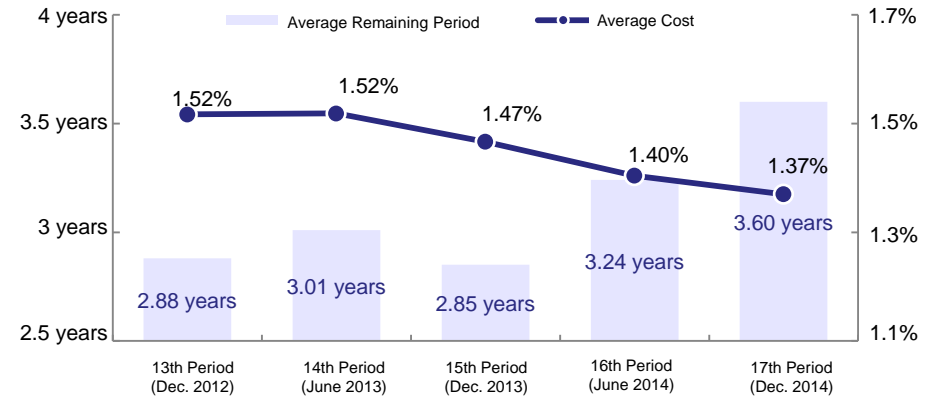


Reduction of interest expense

	Amount borrowed (million yen)	Period	Interest rate*
Existing borrowings	2,000	7.00 years	2.259%
	2,000	7.00 years	2.284%
Before Refinance Total/Average	4,000	7.00 years	2.271%
New borrowings	2,000	6.92 years	0.988%
	2,000	7.92 years	1.154%
Total/Average After Refinance	4,000	7.42 years	1.077%

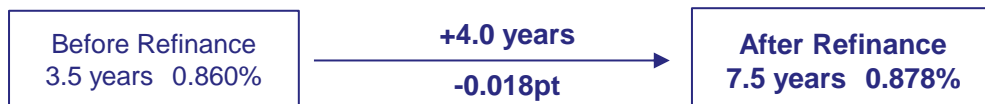
*Interest rates indicated here are the average interest rates during the period.

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



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

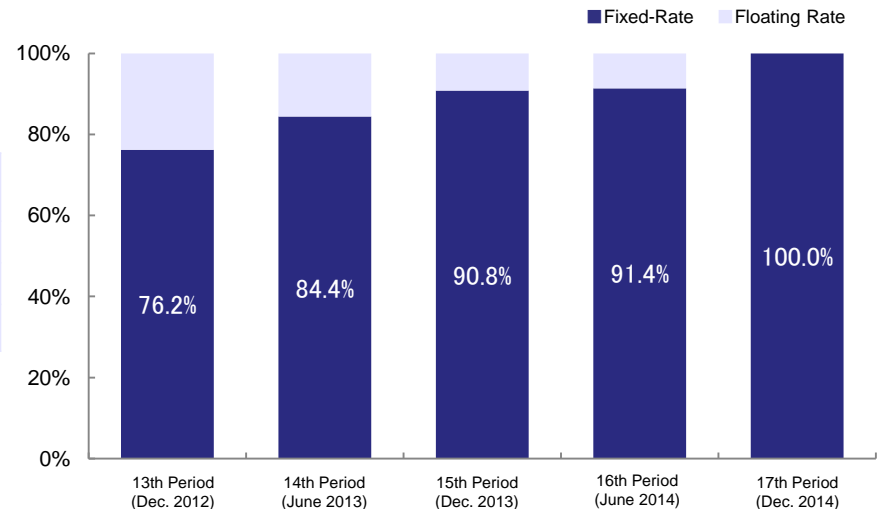
Financing Achievement in December 2014



Conversion to fixed-interest rate

	Amount borrowed (million yen)	Period	Interest rate
Existing borrowings (Floating rate)	11,500	3.50 years	0.860%
New borrowings (Fixed rate)	5,750	7.00 years	0.819%
	5,750	8.00 years	0.936%
Before Refinance Total/Average	11,500	3.50 years	0.860%
Total/Average After Refinance	11,500	7.50 years	0.878%

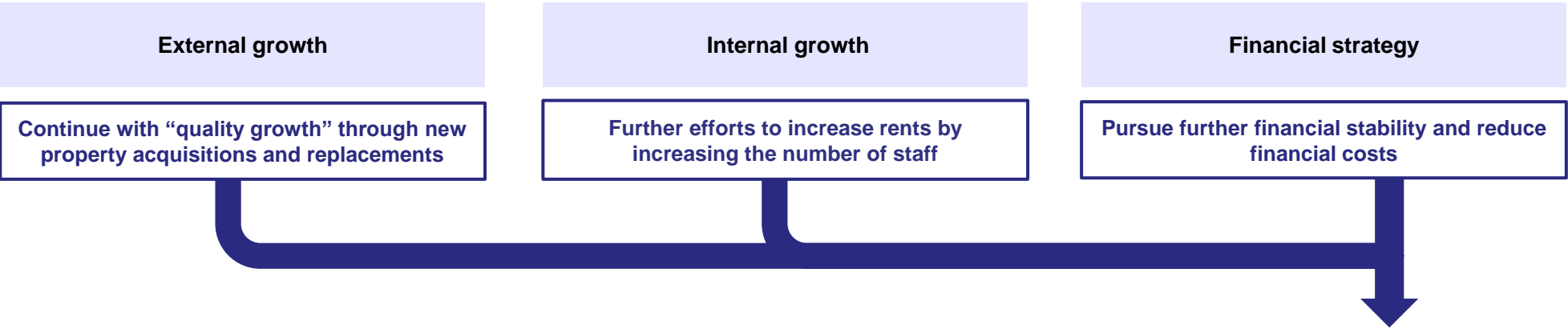
Historical Fixed-Rate Percentage



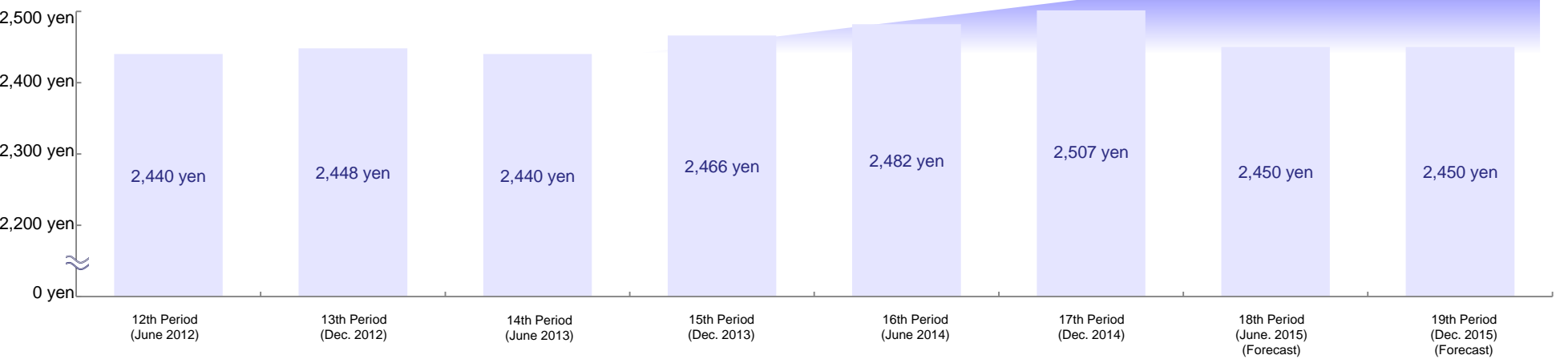
4. Actual Results and Forecast of Distributions per Unit and Future Policies

- ◆ Stable distributions per unit realized
- ◆ Aim to improve distributions per unit by making efforts to increase rents, utilizing the sponsor pipeline, reducing financial costs, etc.

Future policy



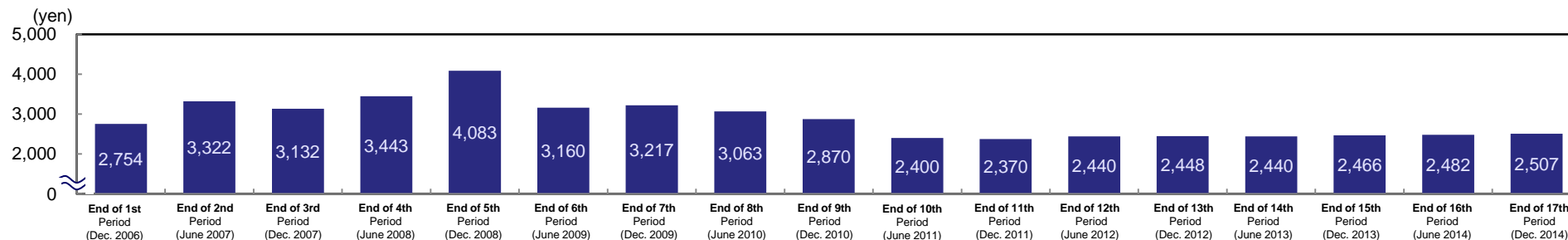
Forecast of Distributions per Unit



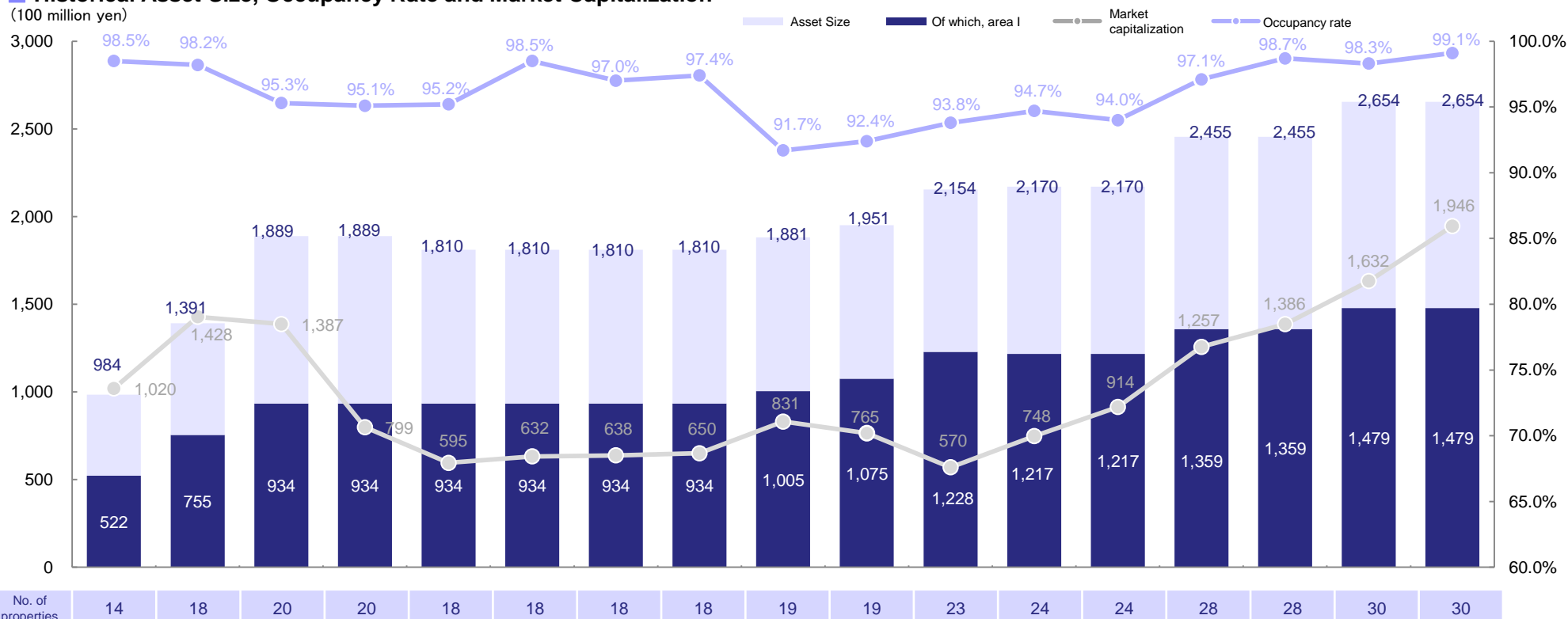
*A 5-for-1 split of investment units was implemented on January 1, 2014. In consideration of this split, the amount that is a fifth of the figure is indicated for distributions per unit for the 15th period and earlier periods prior to the split. Amounts are rounded down to the nearest whole number.

5. Track Record

■ Historical Distributions per Unit*



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

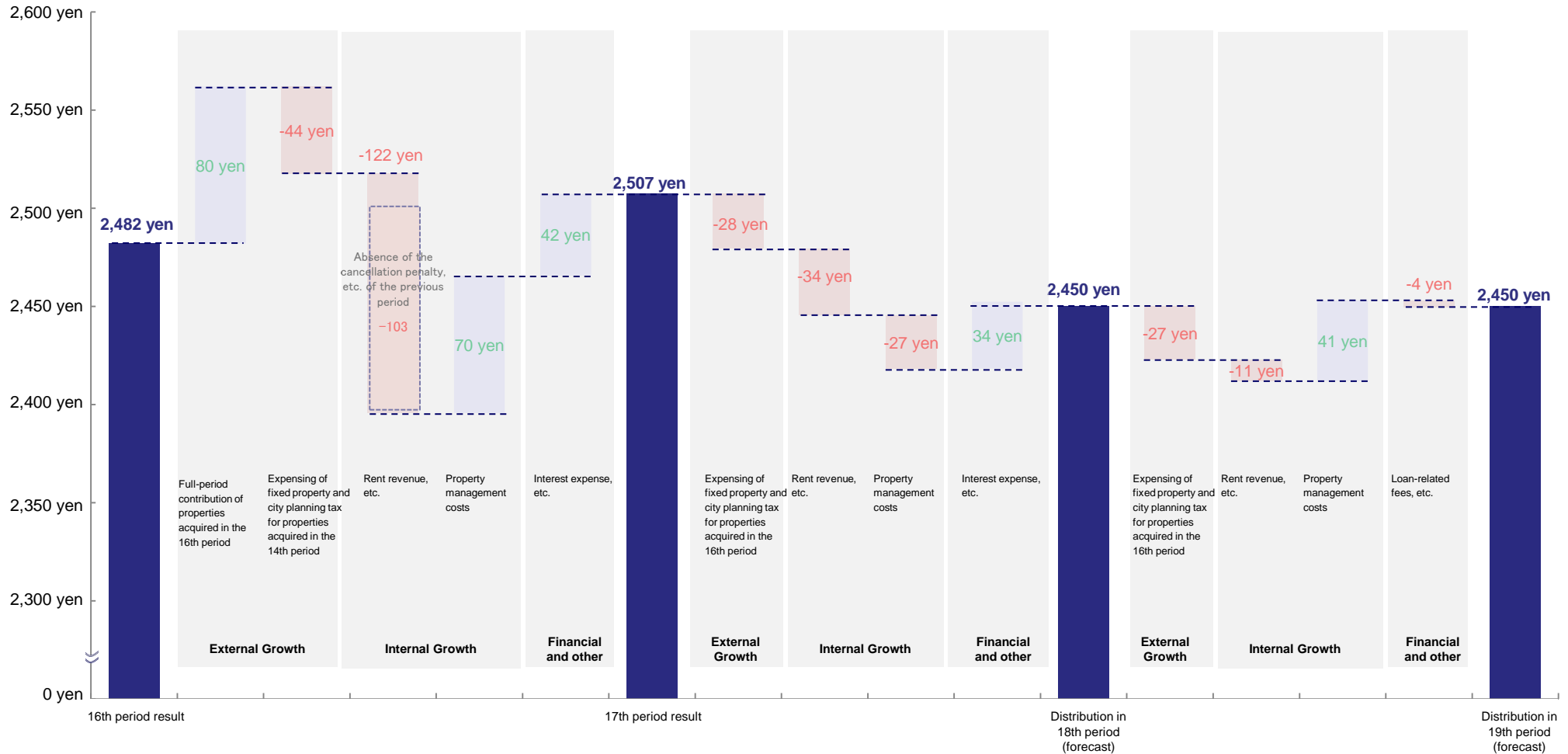


*JEI Implemented a 5-for-1 split of its investment units on January 1, 2014. Considering said split, Distributions per Unit from even before the 15th period are divided by 5. Figures are rounded down to the nearest whole number.

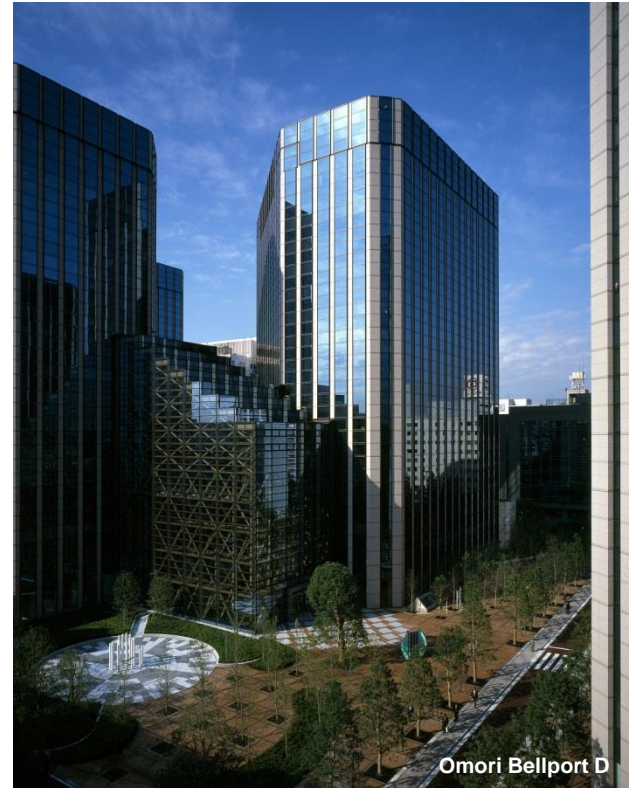
**Market capitalization indicates the market capitalization as of the end of each fiscal period.

(Reference)

Factors for Increase/Decrease in Distributions per Unit



III. What Makes Japan Excellent Inc. Excellent



1. Sponsor

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

Robust property pipeline supported by excellent sponsors



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

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

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

Core Sponsors



NIPPON STEEL KOWA REAL ESTATE CO., LTD.

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

Property

Brokerage

Personnel

Management

By your side, for life **The Dai-ichi Life Insurance Company, Limited**



One of Japan's top class life insurance companies. As of March 31, 2014, manages 272 office buildings and other investment properties nationwide.

Property

Loans

Personnel



Mizuho Bank, Ltd.

Loans

Personnel



Mizuho Trust & Banking Co., Ltd.

Loans

Brokerage

Personnel



The Dai-ichi Building Co., Ltd.

Brokerage

Management

Personnel



Sohgo Housing Co., Ltd.

Management

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

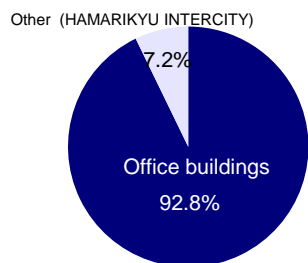
2. Portfolio

Usage

(Investment Policy)

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

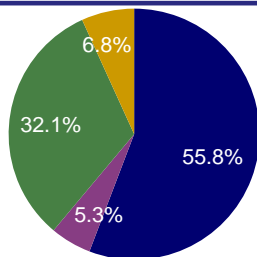
Ratio of investment in office buildings
92.8%



Area

Area	Area I	Area II	Area III	Area IV
Total acquisition price	147,974 million yen	14,053 million yen	85,281 million yen	18,098 million yen
Number of properties	12 properties	3 properties	10 properties	5 properties

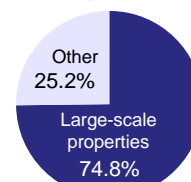
Ratio of investment in the Tokyo^{*3} metropolitan area
87.9%



(Investment Policy)

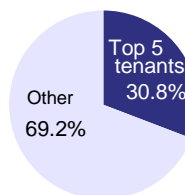
Target investment areas	Investment ratio in portfolio ^{*2}
Core areas	80% or more
■ Area I: 6 central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya)	50% or more of the core areas
■ Area II: Central Osaka (Umeda, Dojima, Nakanoshima, Yodoyabashi, Honmachi, etc.) Central Nagoya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

Large-scale properties^{*4}



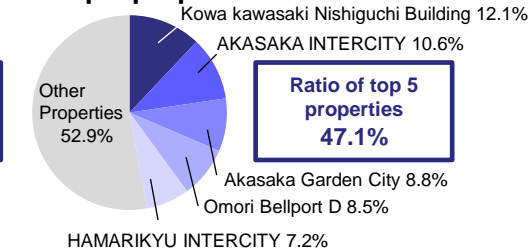
Ratio of large-scale properties
74.8%

Top 10 tenants



Ratio of top 5 tenants
30.8%

Top 5 properties



Ratio of top 5 properties
47.1%

End tenant name	Property Name	Total space leased (m ²)	Floor area ratio (%)
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	20,549.29	6.3
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.7
Hitachi Urban Investment, Ltd.	Omori Bellport D Ebina Prime Tower JEI Hiroshima Hacchobori Building SE Sapporo Building	10,118.99	3.1
SKY Perfect JSAT Holdings Inc.	No. 35 Kowa Building	9,360.30	2.9
Roche Diagnostics Japan K. K.	Shiba 2-chome Building	9,284.18	2.8
	*5	8,131.66	2.5
	*5	7,286.83	2.2
	*5	6,321.06	1.9
JACCS CO., LTD.	Ebina Prime Tower	5,540.02	1.7
Hitachi Zosen Corporation	Omori Bellport D	5,383.97	1.6
Total of top 10 tenants		100,589.02	30.8
Total of portfolio overall		327,061.83	100.0

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

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

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

*4: "Large-scale properties" refers to 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.

*5: End tenant names are not disclosed as we have not obtained consent, etc. from tenants.

*6: The figures above indicate figures as of the end of the 17th period and the ratios are rounded to the first decimal place.

Unit Price and Tokyo Stock Exchange REIT Index



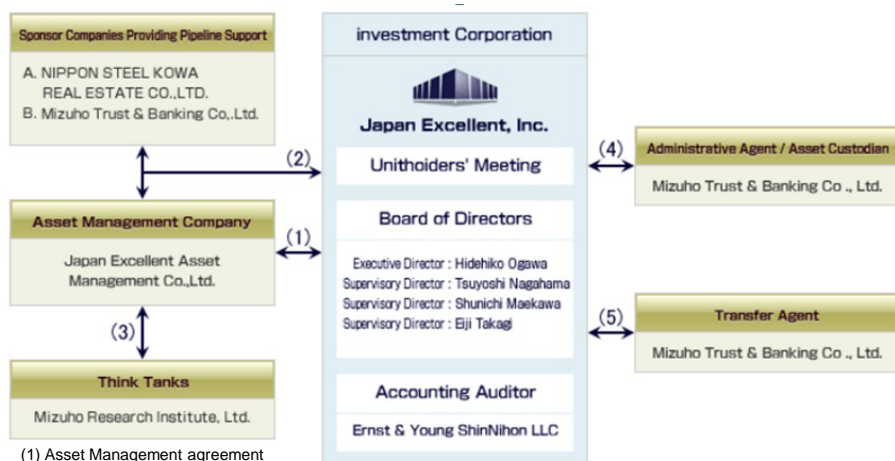
*Unit prices for December 25, 2013 and earlier are divided by 5.

Overview of Japan Excellent Asset Management

Headquarters	1-15-9 Minamiaoyama, Minato Ward, Tokyo	
Established	April 14, 2005	
Capital	450 million yen	
Shareholders	NIPPON STEEL KOWA REAL ESTATE CO., LTD.	54.0%
	The Dai-ichi Life Insurance Company, Limited	26.0%
	The Dai-ichi Building Co., Ltd.	5.0%
	Sohgo Housing Co., Ltd.	5.0%
	Mizuho Bank, Ltd.	5.0%
Business Operations	Mizuho Trust & Banking Co., Ltd.	5.0%
	Financial Instrument Dealer	

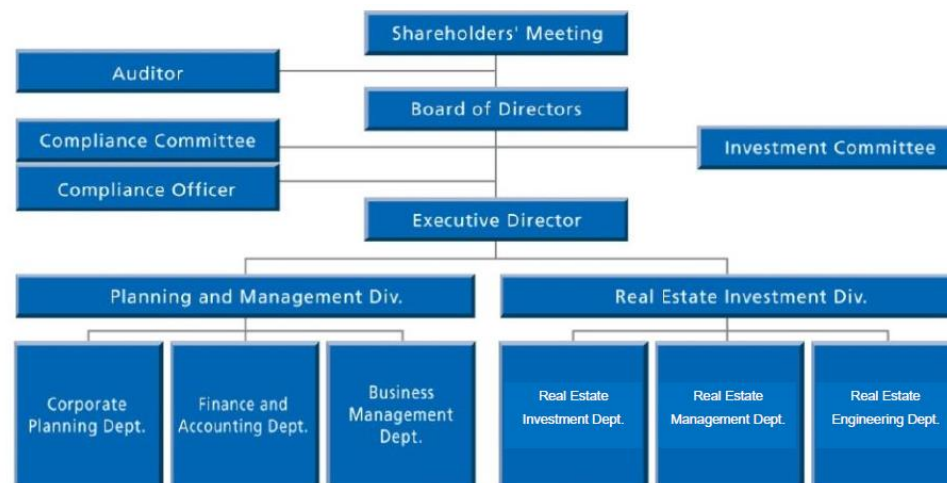
*: Percentages in the above table are percentages of total outstanding shares.

Organization of JEI



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

Outline and Organization of JEAM



■ Structure to prevent conflicts of interest due to sponsor formation



NIPPON STEEL KOWA REAL ESTATE

By your side, for life

DAI-ICHI LIFE

The Dai-ichi Life Insurance

- ◆ Management structure which will not be affected by a specified sponsor due to mutual supervision of the two core sponsors
- ◆ The two core sponsors own 7.6% of JEI's investment units and the interest of unitholders and that of sponsors match

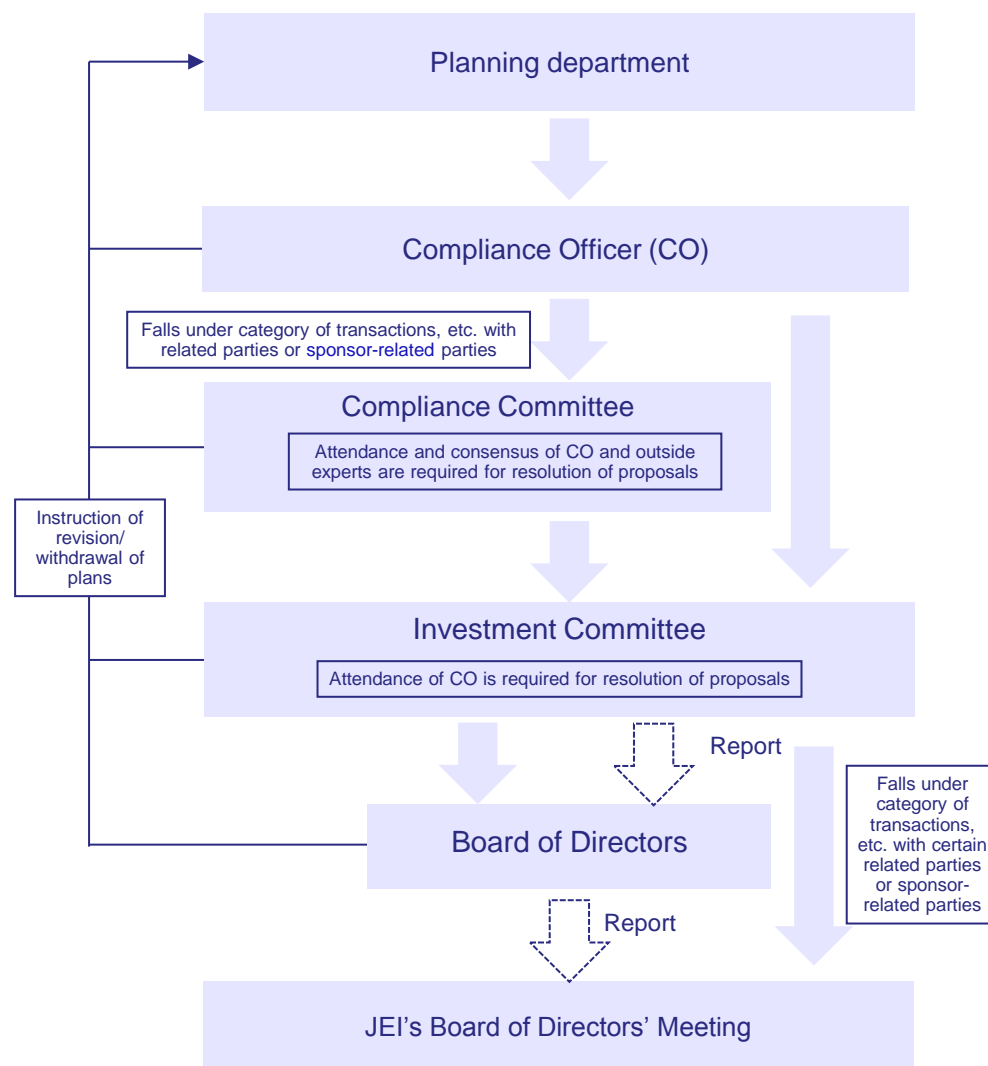
■ Management fee structure

- ◆ In addition to management fees linked to the size of managed assets, management fees linked to revenue are also introduced
- ◆ A fee for property acquisitions/sales is not adopted

	Calculation method								
Asset management fees 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)								
	<table border="1"> <thead> <tr> <th>Assets under management</th> <th>fee rates</th> </tr> </thead> <tbody> <tr> <td>Portion up to ¥100 billion</td> <td>0.25%</td> </tr> <tr> <td>Portion over ¥100 billion up to ¥200 billion</td> <td>0.15%</td> </tr> <tr> <td>Portion over ¥200 billion</td> <td>0.05%</td> </tr> </tbody> </table>	Assets under management	fee rates	Portion up to ¥100 billion	0.25%	Portion over ¥100 billion up to ¥200 billion	0.15%	Portion over ¥200 billion	0.05%
	Assets under management	fee rates							
	Portion up to ¥100 billion	0.25%							
Portion over ¥100 billion up to ¥200 billion	0.15%								
Portion over ¥200 billion	0.05%								
Asset management fees II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 4.0%								

*We have decided to change the fee rate for calculating asset management fees as of September 19, 2014 and the said fee rate will be applied in the 18th period (ending June 30, 2015)

■ Flow of decision-making



Obtained certificates for highest rank of environmental performance



AKASAKA INTERCITY

“Office Taking Excellent Specific Global Warming Countermeasures”
“Top-Level Office”

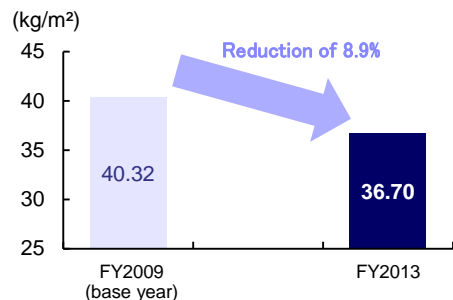
- ◆ The Tokyo metropolitan government certifies offices with particularly advanced global warming countermeasures under several assessing items concerning the introduction of systems to promote CO2 reduction and the performance of buildings and equipment
- ◆ Out of properties owned by JEI, AKASAKA INTERCITY and Akasaka Garden City have been certified as “Top-Level Offices” (offices which have extremely advanced measures).
- ◆ Total emission reduction obligation ratio of specified green-house gas is halved for a “Top-Level Office”.



Akasaka Garden City

Reduction of energy consumption

Change in unit consumption of energy



Rate of change in average annual unit consumption



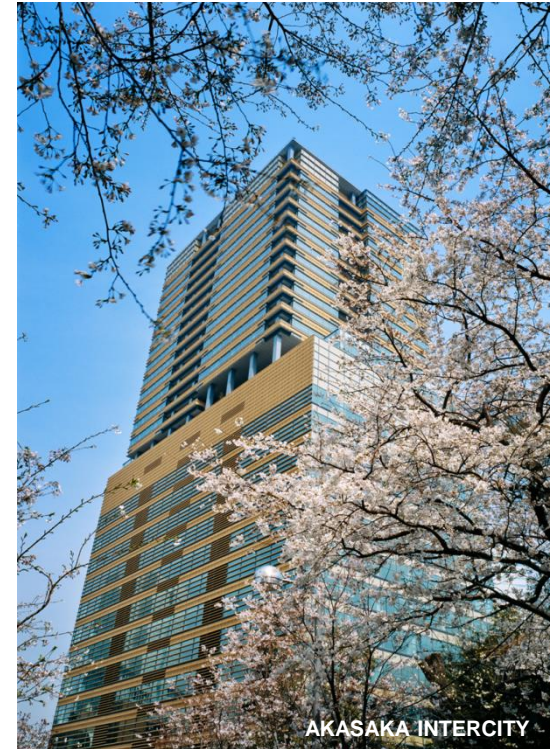
- ◆ Actual reduction achieving the target set by the energy conservation act (Act on the Rational Use of Energy)

Organizational initiatives through continuous participation in GRESB



- ◆ Benchmark established by leading global real estate investors with an aim to conduct strict and independent assessment of the sustainability performance of real estate portfolios
- ◆ The Asset Management Company has been participating in the benchmark survey since 2011 and intends to further enhance the evaluation by promoting structural development, energy-saving initiatives, etc.

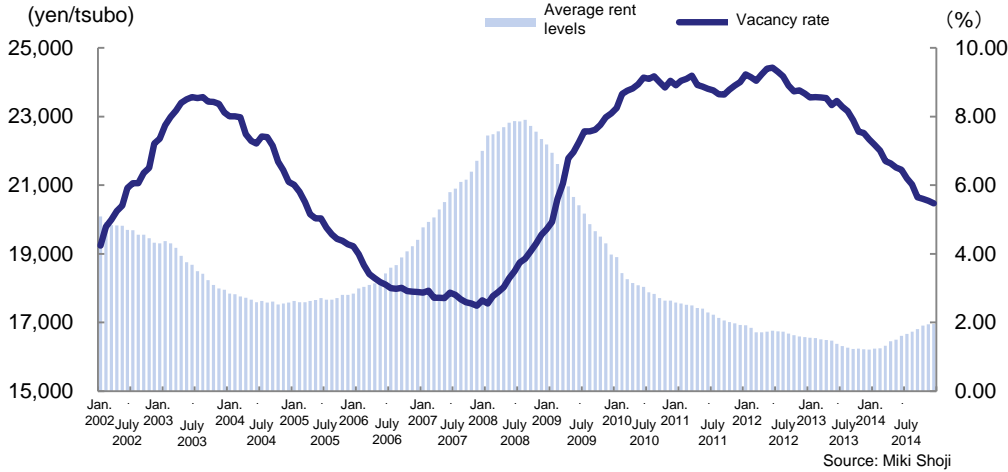
Reference Materials



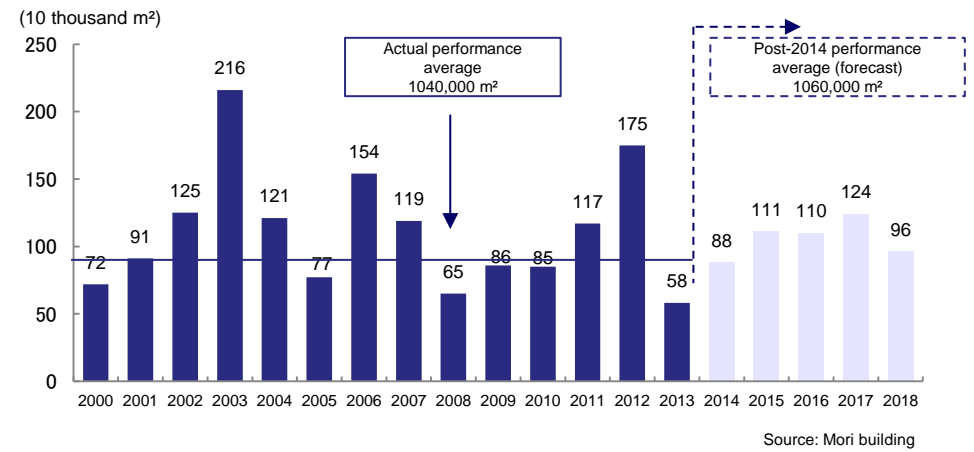
Management Discussion of Market Environment

- ◆ Improvement trend in vacancy rate continues and rent level is rising gradually due to improvement of supply-demand balance
- ◆ Real estate transaction prices are on the rise and investors' expected cap rates in major cities have continued to decline

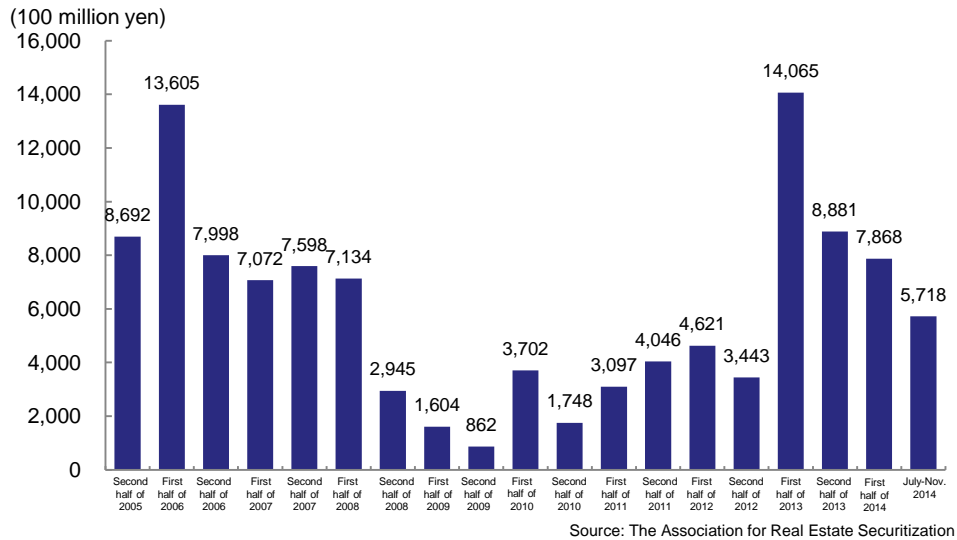
■ Historical Rent Levels and Vacancy Rate in 5 Central Wards of Tokyo



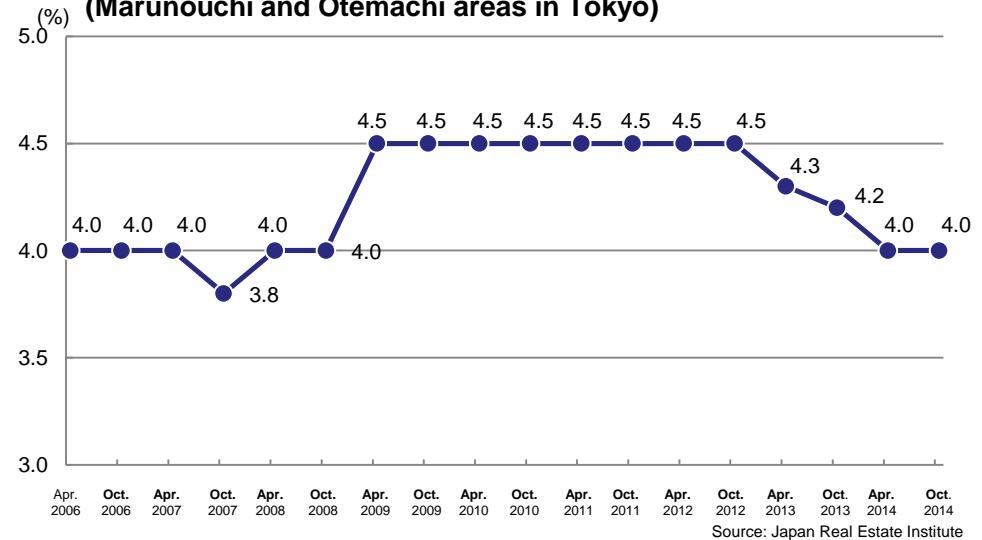
■ Historical New Office Supply Volume in 23 Wards of Tokyo



■ Historical Actual Real Estate Acquisitions by J-REITs



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



Revenue and Expenses by Property

(Unit: million yen)

	Area I												Area II			Area III											Area IV						Total
	I-1	I-2	I-3	I-4	I-7	I-8	I-9	I-10	I-11	I-12	I-13	I-14	II-1	II-2	II-3	III-1	III-2	III-3	III-5	III-6	III-7	III-8	III-9	III-10	III-11	IV-2	IV-3	IV-4	IV-5	IV-6			
	Omori	Shiba 2-chome	Hamamatsu-cho	32 Kowa	Akasaka Garden City	AKASAKA INTERCITY	Kowa Shirokanedai	Daiba Garden City Bldg.	35 Kowa	HAMARIKYU INTERCITY	Shintomi-cho	Kowa Nishi-Shinbashi	NHK Nagoya	Nishi-horimachi	Osaka Kojin Building (Land with Leasehold Interest)	Musashi-Kosugi	Kawasaki Higashi-Guchi	Hongo	Kawasaki Nishin-cho	44 Kowa	Ryogoku	Ebina	Kawasaki Nishi-Guchi	Sengoku	Core City Tachikawa	Kyobashi	Hiroshima Hachio-bori	SE Sankyō	Aoba-dori Plaza	Daiwa Minamimori			
Revenue from operations	950	371	190	252	379	578	176	335	-	723	73	-	395	211	83	796	-	-	194	97	101	406	950	55	285	186	144	369	174	194	9,695		
Rental revenue	868	371	180	233	345	511	158	335	-	679	65	-	-	184	83	686	-	-	192	78	87	339	852	48	278	167	128	278	151	171	8,754		
Other revenue	82	0	10	19	34	67	18	-	-	44	7	-	-	27	-	109	-	-	2	18	13	67	97	6	6	18	15	91	22	22	941		
Expenses from operations	506	124	102	89	163	275	78	125	-	360	34	-	228	138	44	383	-	-	117	38	57	371	587	42	154	104	75	246	85	86	5,180		
Property management	133	46	18	29	45	23	21	1	-	110	5	-	66	24	-	98	-	-	50	14	17	118	137	7	30	15	17	35	36	21	1,246		
Utilities	156	0	11	22	25	70	16	-	-	70	6	-	39	28	-	107	-	-	-	10	12	96	119	7	44	18	15	78	22	19	1,118		
Taxes	78	29	17	20	32	34	14	35	-	20	4	-	20	26	43	59	-	-	17	4	7	40	75	6	21	12	17	22	0	0	753		
Insurance	2	1	0	0	0	0	0	0	-	2	0	-	0	0	-	2	-	-	0	0	0	2	2	0	1	0	0	0	0	0	27		
Repair and maintenance	7	4	1	1	0	9	4	2	-	7	3	-	1	2	-	10	-	-	5	1	1	25	4	10	3	4	1	11	4	2	176		
Other expenses	2	2	15	2	2	54	1	1	-	4	0	-	33	2	0	9	-	-	1	1	1	11	8	1	1	1	1	1	2	1	201		
Depreciation	125	41	37	10	55	81	19	84	18	143	13	17	66	53	-	95	89	29	41	6	17	76	238	10	51	52	22	96	19	40	1,657		
Profits from operations	444	247	88	163	216	303	98	209	174	363	38	69	166	73	39	413	125	87	77	58	43	35	362	12	130	82	69	123	88	108	4,515		
NOI	570	288	125	174	272	384	118	293	193	507	51	86	233	126	39	508	214	117	118	65	60	111	601	22	182	134	91	219	108	148	6,172		
Number of operating days	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	184	184	184	184	184	184	184	
Acquisition price	22,552	9,450	8,350	7,430	23,300	28,146	4,705	11,000	8,280	19,080	1,750	3,931	5,610	6,673	1,770	13,890	10,976	5,400	4,725	1,150	2,550	6,470	32,000	1,620	6,500	3,308	2,760	5,500	2,120	4,410	265,407		

Compared with previous period	17th period NOI yield (annualized)	5.0%	6.1%	3.0%	4.6%	2.3%	2.7%	5.0%	5.3%	4.6%	5.3%	5.8%	4.4%	8.2%	3.8%	4.5%	7.3%	3.9%	4.3%	5.0%	11.3%	4.7%	3.4%	3.7%	2.8%	5.6%	8.1%	6.6%	7.9%	10.1%	6.7%	4.61%
	16th period NOI yield (annualized)	5.1%	6.1%	3.8%	4.4%	2.2%	2.4%	5.3%	5.4%	4.5%	5.3%	6.0%	5.4%	7.8%	3.7%	7.0%	7.1%	3.8%	4.2%	5.2%	10.6%	4.7%	5.8%	3.7%	5.1%	8.6%	7.8%	6.4%	8.4%	10.3%	7.2%	4.75%
	Difference	-0.1	0.0	-0.8	0.2	0.1	0.3	-0.3	-0.1	0.1	0.0	-0.2	-1.0	0.4	0.1	-2.5	0.2	0.1	0.1	-0.2	0.7	0.0	-2.4	0.0	-2.3	-3.0	0.3	0.2	-0.5	-0.2	-0.5	-0.14

Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	3,067	399	2,003	702
Acquisition price	147,974	14,053	85,281	18,098
17th period NOI yield (annualized)	4.1%	5.6%	4.7%	7.7%
16th period NOI yield (annualized)	4.1%	5.7%	5.1%	7.9%
Difference	0.0	-0.1	-0.4	-0.2

*1: Figures are rounded down to the nearest million.

*2: Ratios are rounded to the first decimal place. The total of year-on-year comparison is rounded to the second decimal place.

*3: NOI yield for each property shown is annualized. (NOI yield = Annualized NOI / acquisition price)

*4: Details concerning revenue and expenses for 35 Kowa, Kowa Nishishimbashi Building, Kawasaki Higashiguchi and JEI Hongo Building are not disclosed because we have not received consent from tenants.

*5: Details concerning rental revenue for NHK Nagoya are not disclosed because we have not received consent from the business partner.

Overview of Period-end Appraisals

Summary of Period-end Appraisal Value

	16th Period (Jun. 2014)	17th Period (Dec. 2014)	Difference
Number of properties	30 properties	30 properties	-
Period-end appraisal value	248,390 million yen	251,560 million yen	3,170 million yen
Book value	257,099 million yen	255,892 million yen	-1,207 million yen
Unrealized profit/loss	-8,709 million yen	-4,332 million yen	4,376 million yen
Ratio of unrealized profit/loss ^{*1}	-3.4%	-1.7%	1.7pt

*1: "Unrealized profit/loss ratio" is calculated by dividing unrealized profit/loss at the end of each fiscal period by book value.

Number of Properties with Increase/Decrease in Appraisal Value

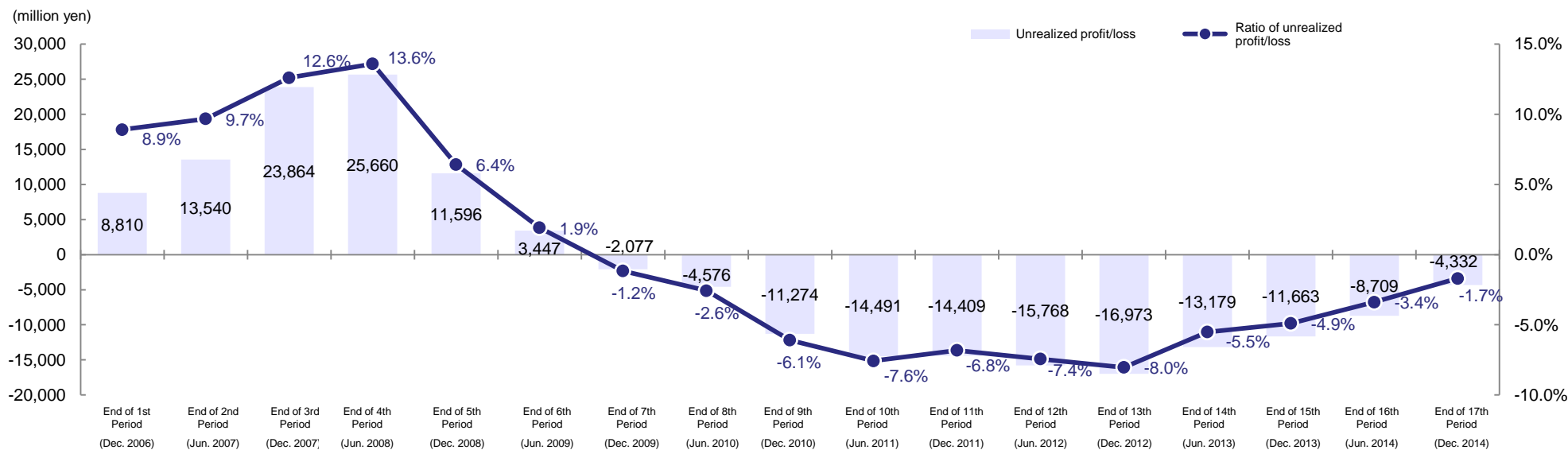
	16th Period (Jun. 2014)	17th Period (Dec. 2014)
Increase	22 properties	23 properties
Unchanged	2 properties	4 properties
Decrease	6 properties	3 properties

*2: Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period. As to the cap rate for Shiba 2-Chome Building, comparison is made only for the office portion.

Status of Cap Rate

	16th Period (Jun. 2014)	17th Period (Dec. 2014)
Decline	19 properties	25 properties
Unchanged	11 properties	5 properties
Rise	0 properties	0 properties

Historical Unrealized Profit/Loss and Ratio of Unrealized Profit/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 FP17 ③	Difference (②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP16 ①	End of FP17 ②		%			%	End of FP16 ④	End of FP17 ⑤			
I-1	I	Omori Bellport D	22,552	23,300	23,800	500	2.1%	21,359	2,440	11.4%	4.8%	4.6%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
I-2		Shiba 2-Chome Building	9,450	11,400	11,800	400	3.5%	9,030	2,769	30.7%	Office 4.6%	Office 4.5%	-0.1	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	6,170	6,360	190	3.1%	8,411	-2,051	-24.4%	Residence 5.2%	Residence 5.0%	-0.2	Japan Real Estate Institute	
I-4		No. 32 Kowa Building	7,430	6,690	6,690	0	0.0%	7,367	-677	-9.2%	4.3%	4.2%	-0.1	Japan Real Estate Institute	
I-7		Akasaka Garden City	23,300	16,700	16,800	100	0.6%	22,544	-5,744	-25.5%	5.3%	5.1%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
I-8		AKASAKA INTERCITY	28,146	25,100	25,200	100	0.4%	27,489	-2,289	-8.3%	3.9%	3.8%	-0.1	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,030	5,040	10	0.2%	4,841	198	4.1%	3.7%	3.6%	-0.1	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	11,800	12,000	200	1.7%	10,465	1,534	14.7%	4.7%	4.6%	-0.1	Japan Real Estate Institute	
I-11		No. 35 Kowa Building	8,280	9,210	9,320	110	1.2%	8,212	1,107	13.5%	5.0%	4.8%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
I-12		HAMARIKYU INTERCITY	19,080	20,800	21,400	600	2.9%	18,710	2,689	14.4%	4.2%	4.1%	-0.1	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	1,790	1,810	20	1.1%	1,778	31	1.7%	5.0%	4.8%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishishinbashi Building	3,931	4,230	4,130	-100	-2.4%	3,847	282	7.3%	4.1%	3.9%	-0.2	Japan Real Estate Institute	
II-1		II	NHK Nagoya Housou-Center Building	5,610	5,530	5,550	20	0.4%	5,786	-236	-4.1%	4.1%	3.9%	-0.2	Japan Real Estate Institute
II-2			JEI Nishi-honmachi Building	6,673	4,290	4,340	50	1.2%	7,338	-2,998	-40.9%	5.6%	5.5%	-0.1	Japan Real Estate Institute
II-3	Osaka Kogin Building (land with leasehold interest)		1,770	1,850	1,890	40	2.2%	1,865	24	1.3%	5.3%	5.2%	-0.1	DAIWA REAL ESTATE APPRAISAL Corporation	
III-1	III	Musashikosugi Tower Place	13,890	16,800	17,000	200	1.2%	12,580	4,419	35.1%	4.3%	4.2%	-0.1	Japan Real Estate Institute	
III-2		Kowa Kawasaki Higashiguchi Building	10,976	8,450	8,460	10	0.1%	9,817	-1,357	-13.8%	5.1%	5.0%	-0.1	Japan Valuers Co., Ltd.	
III-3		JEI Hongo Building	5,400	4,580	4,580	0	0.0%	5,135	-555	-10.8%	5.3%	5.3%	0.0	Japan Valuers Co., Ltd.	
III-5		Kawasaki Nishincho Building	4,725	3,870	3,870	0	0.0%	4,486	-616	-13.7%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-6		No. 44 Kowa Building	1,150	1,520	1,480	-40	-2.6%	979	500	51.1%	5.4%	5.4%	0.0	Japan Valuers Co., Ltd.	
III-7		JEI Ryogoku Building	2,550	2,130	2,160	30	1.4%	2,311	-151	-6.5%	5.7%	5.6%	-0.1	Japan Real Estate Institute	
III-8		Ebina Prime Tower	6,470	3,700	3,740	40	1.1%	5,870	-2,130	-36.3%	5.4%	5.2%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
III-9		Kowa Kawasaki Nishiguchi Building	32,000	24,900	24,900	0	0.0%	29,742	-4,842	-16.3%	6.1%	6.0%	-0.1	Japan Real Estate Institute	
III-10		Pacific Square Sengoku	1,620	1,510	1,430	-80	-5.3%	1,647	-217	-13.2%	5.1%	5.1%	0.0	Japan Valuers Co., Ltd.	
III-11		Core City Tachikawa	6,500	6,900	7,290	390	5.7%	6,348	941	14.8%	5.0%	4.8%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
IV-2		IV	JEI Kyobashi Building	3,308	3,950	4,010	60	1.5%	3,160	849	26.9%	5.4%	5.2%	-0.2	Japan Real Estate Institute
IV-3	JEI Hiroshima Hacchobori Building		2,760	2,680	2,700	20	0.7%	2,705	-5	-0.2%	5.8%	5.7%	-0.1	DAIWA REAL ESTATE APPRAISAL Corporation	
IV-4	SE Sapporo Building		5,500	6,020	6,120	100	1.7%	5,431	688	12.7%	5.7%	5.7%	0	Japan Real Estate Institute	
IV-5	Aoba-dori Plaza		2,120	2,750	2,890	140	5.1%	2,208	681	30.8%	6.0%	5.8%	-0.2	Chuo Real Estate Appraisal Co., Ltd.	
IV-6	Daiwa Minamimoricho Building		4,410	4,740	4,800	60	1.3%	4,416	383	8.7%	6.0%	5.8%	-0.2	Japan Real Estate Institute	
			Daiwa Real Estate Appraisal Corporation												DAIWA REAL ESTATE APPRAISAL Corporation
Total			265,407	248,390	251,560	3,170	1.3%	255,892	-4,332	-1.7%	4.8%	4.7%	-0.1	-	
Area I Total			147,974	142,220	144,350	2,130	1.5%	144,059	290	0.2%	4.4%	4.2%	-0.1	-	
Area II Total			14,053	11,670	11,780	110	0.9%	14,989	-3,209	-21.4%	5.3%	5.2%	-0.1	-	
Area III Total			85,281	74,360	74,910	550	0.7%	78,920	-4,010	-5.1%	5.2%	5.2%	-0.1	-	
Area IV Total			18,098	20,140	20,520	380	1.9%	17,922	2,597	14.5%	5.8%	5.6%	-0.1	-	
Grand Total			265,407	248,390	251,560	3,170	1.3%	255,892	-4,332	-1.7%	4.8%	4.7%	-0.1	-	

*1: "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal, Japan Valuers and Daiwa Real Estate Appraisal Corporation as of the end of the 16th and 17th period based on Japan Excellent's rules and the regulations stipulated by the Investment Trusts Association, 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.

*2: Total yield by area was calculated using weighted averages and rounding to the first decimal place.

Status of Third-Party Properties

- ◆ While mainly utilizing the sponsor pipeline, made acquisitions of **third-party properties***1 on a negotiation basis with the **high sourcing capability** of the asset management company
- ◆ Continuously pursued the possibility of additional acquisitions of **joint ownership properties**

■ Status of third-party property acquisitions

- ◆ Made selective investment in **competitive and rare properties** in the area by placing emphasis on high profitability, closeness to stations, high specifications and scale capable of attracting large tenants
- ◆ Contributed to the improvements in the portfolio's unrealized profit/loss as well as maintaining high profitability and occupancy rates after acquisitions



Acquisition period	Area	Property Name	Total floor area (m ²)	Acquisition price (million yen)	Expected NOI yield at time of acquisition	Actual NOI yield in the 17th period	Average occupancy rate since acquisition	Appraisal value (million yen)	Unrealized profit/loss (million yen)
Feb. 2014	Sendai	Aoba-dori Plaza	22,737.38	2,120	6.6%	8.6% *3	85.6%	2,890	681
Feb. 2014	Osaka	Daiwa Minami-morimachi Building	12,759.65	4,410	6.1%	6.1% *3	96.8%	4,800	383
Mar. 2013	Sapporo	SE Sapporo Building	23,644.22	5,500	7.2%	7.9%	99.3%	6,120	688
Feb. 2013	Tokyo	Core City Tachikawa	19,099.27	6,500	5.7%	5.6%	96.0%	7,290	941
Mar. 2012	Tokyo	Shintomicho Building	3,169.78	1,750	5.4%	5.8%	100.0%	1,810	31
Dec. 2011	Tokyo	Pacific Square Sengoku	4,017.44	1,620	6.7%	2.8%	92.8%	1,430	-217
Sep. 2011	Osaka	JEI Kyobashi Building	10,021.32	3,308	7.9%	8.1%	98.4%	4,010	849
Total				25,208	6.5%	6.6%	-	28,350	3,356

Notes: *1: "Third-party properties" refer to properties of which direct sellers are not the sponsor (including SPC in which the sponsor has more than half of its equities.)

*2: Third-party properties that were acquired after the 9th period are indicated. Additional acquisitions of co-ownership interest are not shown.

*3: For properties acquired in the 16th period, percentages indicated are calculated based on figures with expected fixed property and city planning tax added.

Statement of Income and Retained Earnings

(Unit: million yen)

	16th Period (Jun. 2014)	%	17th Period (Dec. 2014)	%	Compared with previous period	
					Difference	%
1. Revenue	9,558	100	9,695	100	137	1.4
Rental revenue	8,599		8,754		155	
Other rental revenue	959		941		-18	
2. Operating expenses	5,592	58.5	5,731	59.1	139	2.5
Property management expenses	1,272		1,246		-26	
Utilities expenses	1,013		1,118		104	
Taxes	699		753		53	
Insurance	27		27		0	
Repairs and maintenance	189		176		-12	
Other expenses for rental operation	195		201		6	
Depreciation	1,624		1,657		32	
Total operating expenses	5,022	52.5	5,180	53.4	158	3.2
Profits from operations	4,535	47.5	4,515	46.6	-20	-0.5
Asset management fees	397		409		11	
Other	172		141		-30	
Operating income	3,966	41.5	3,963	40.9	-2	-0.1
3. Other income	3	0	4	0	0	16.9
Interest income	1		1		0	
Other	1		2		0	
4. Other expenses	958	10.0	926	9.6	-31	-3.3
Interest expense	632		627		-4	
Loan relating fees	115		143		28	
Investment unit issuance	35		—		-35	
Interest expense on investment corporation bonds	151		140		-10	
Amortization of investment corporation bond issuance costs	16		14		-1	
Other	7		0		-6	
Ordinary income	3,011	31.5	3,041	31.4	29	1.0
Net income before taxes	3,011	31.5	3,041	31.4	29	1.0
Income taxes – current	1		0		0	
Net income	3,010	31.5	3,040	31.4	29	1.0
Retained earnings brought forward	0		0		0	
Unappropriated retained earnings at the end of period	3,010		3,040		30	

*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					
	16th Period (Jun. 2014)		17th Period (Dec. 2014)		Difference		16th Period (Jun. 2014)		17th Period (Dec. 2014)		Difference
Assets		%		%		Liabilities		%		%	
I. Current assets	19,916	7.2	21,212	7.6	1,296	I. Current liabilities	27,068	9.7	22,401	8.1	-4,666
Cash and deposits	3,967		5,591		1,623	Operating accounts payable	900		791		-108
Cash and deposits in trust	14,463		14,542		79	Debt due within a year	20,500		15,540		-4,960
Operating accounts receivable	857		891		34	Investment corporation bonds maturing within a year	5,000		5,000		—
Consumption tax receivable, etc.	374		—		-374	Other accounts payable	332		344		11
Other	253		187		-66	Accrued consumption taxes	—		432		432
II. Fixed assets	257,801	92.8	256,713	92.3	-1,087	Other	335		292		-42
1. Property and equipment	247,998	89.3	246,786	88.8	-1,212	II. Long-term liabilities	119,775	43.1	124,606	44.8	4,831
Real Estate	7,938		7,908		-29	Investment corporation bonds	25,000		25,000		—
Real Estate in trust	240,039		238,867		-1,171	Long-term loans	83,400		88,360		4,960
Construction in progress	20		9		-10	Security deposits from tenants	775		764		-10
2. Intangible assets	9,101	3.3	9,107	3.3	5	Security deposits from tenants in trust	10,600		10,481		-118
Leasehold rights	1,721		1,721		0	Total liabilities	146,844	52.9	147,008	52.9	164
Leasehold rights in trust	7,380		7,380		—						
Other	0		5		5	Unitholders' equity					
3. Investments and other assets	701	0.3	820	0.3	119	I. Unitholders' capital	130,998	47.1	131,028	47.1	30
Leasehold and security deposits	15		15		—	1. Unitholders' capital	127,950	46.1	127,950	46.0	—
Long-term prepaid expenses	370		483		113	2. Retained earnings	3,047		3,077		30
Other	315		321		6	Voluntary retained earnings (Reserve for reduction entry)	37	0.0	37	0.0	—
III. Deferred assets	125	0.0	110	0.0	-14	Unappropriated retained earnings	3,010	1.1	3,040	1.1	30
Deferred investment corporation bond issuance costs	125		110		-14	Total unitholders' equity	130,998	47.1	131,028	47.1	30
Total assets	277,842	100.0	278,037	100.0	194	Total liabilities and unitholders' equity	277,842	100.0	278,037	100.0	194

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

Statements of Cash Flow and Profit Distributions

■ Cash Flow Statement

(Unit: million yen)

17th Period (Dec. 2014)	
Classification	Amount
I. Cash flow from operating activities	5,371
Net income before taxes	3,041
Depreciation	1,657
Interest expense	-798
Other	1,471
II. Cash flow from investing activities	-659
Purchase of property and equipment	-530
Net payments for security deposits	-128
III. Cash flow from financing activities	-3,008
Proceeds from long-term loans	15,500
Repayment of long-term loans	-15,500
Distributions to unitholders	-3,008
IV. Net decrease in cash and cash equivalents	1,702
V. Cash and cash equivalents at beginning of period	18,431
VI. Cash and cash equivalents at end of period	20,133

■ Profit Distribution

(Unit: yen)

17th Period (Dec. 2014)	
Classification	Amount
Unappropriated retained earnings at the end of period	3,040,640,245
Distributions	3,040,364,250
(Distributions per investment unit)	(2,507)
Earnings carried over to next period	275,995
Outstanding investment units at the end of period	1,212,750 units

Financial Indicators

(Unit: million yen)

Financial indicators	Unit	13th Period (Dec. 2012)	14th Period (Jun. 2013)	15th Period (Dec. 2013)	16th Period (Jun. 2014)	17th Period (Dec. 2014)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization)	MN yen	4,354	4,793	5,090	5,420	5,467	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization
NOI (Net operating income)	MN yen	4,932	5,493	5,747	6,160	6,172	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	3,593	4,032	4,279	4,635	4,697	Net income + Depreciation and amortization - Net profit from sale of real estate
FFO per unit*1	yen	3,810	3,584	3,804	3,822	3,873	(Net income + Depreciation and amortization - Net profit from sale of real estate) / Number of outstanding investment units
AFFO (Adjusted funds from operation)	MNyen	3,224	3,460	3,504	4,076	4,282	FFO - Capital expenditures
AFFO Distribution payout ratio	%	71.6	79.3	79.2	73.8	71.0	(Total cash distribution amount ÷ AFFO) × 100
NAV (Net asset value)	MN yen	87,571	107,503	109,050	122,288	126,695	Period end total assets - Period end total liabilities - Period end real estate book value + Period end real estate appraisal value
NAV per unit*1	yen	92,840	95,579	96,955	100,835	104,469	NAV / Number of outstanding investment units
DSCR (Debt service coverage ratio)	times	5.7	6.3	6.3	6.9	7.1	Cash flow before interest and taxes / (Interest expense + Interest expense on investment corporation bonds) (Note) Cash flow before interest and taxes = Net income before interest and taxes + Depreciation and amortization
ROA	%	1.0	1.1	1.1	1.1	1.1	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.0)	(2.2)	(2.1)	(2.3)	(2.2)	Above x 365 days / Number of operating days
ROE	%	2.2	2.3	2.3	2.4	2.3	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(4.4)	(4.7)	(4.6)	(4.8)	(4.6)	Above x 365 days / Number of operating days
Equity to Total Assets	%	45.8	46.8	46.8	47.1	47.1	(Period end net assets / Period end total assets) × 100
LTV (based on period-end total assets)	%	49.7	48.7	48.6	48.2	48.2	(Period end interest-bearing debt / Period end total assets) × 100
LTV (based on period-end valuation gain/loss)	%	53.7	51.3	50.9	49.8	48.9	Period-end interest-bearing debt ÷ (Period-end total assets + Real estate valuation gain/loss) × 100
BPS (Book value per unit)*1	yen	110,835	107,297	107,324	108,017	108,042	Period end net assets / Number of outstanding investment units

*1: A 5-for-1 split of investment units was implemented on January 1, 2014. In consideration of this split, the amount that is a fifth of the figure is indicated for per-unit indicators in 15th period and earlier.

*2: Figures less than the unit are rounded down. Other ratios are rounded to the first decimal place.

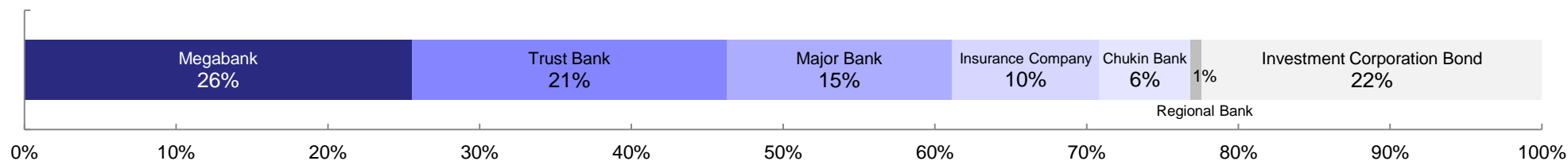
Status of Interest-bearing Debt

Balance of Interest-bearing Debt (as of the end of 17th period)

Lender	Interest-bearing debts (million yen)	As a percentage of all borrowings
Mizuho Bank, Ltd.	23,065	22.2%
Mitsubishi UFJ Trust and Banking Corporation	18,315	17.6%
Development Bank of Japan Inc.	14,000	13.5%
Sumitomo Mitsui Banking Corporation	11,160	10.7%
The Dai-ichi Life Insurance Company, Limited	9,000	8.7%
Mizuho Trust & Banking Co., Ltd.	7,807	7.5%
The Norinchukin Bank	7,062	6.8%
Aozora Bank, Ltd.	2,970	2.9%
Resona Bank, Ltd.	2,900	2.8%
Sompo Japan Nipponkoa Insurance Inc.	2,500	2.4%
Sumitomo Mitsui Trust Bank, Limited	1,620	1.6%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,500	1.4%
The Bank of Fukuoka, Ltd.	1,000	1.0%
Shinkin Central Bank	1,000	1.0%
Loan Total	103,900	

*Shaded areas refer to sponsor companies.

Types of Lenders of Interest-bearing Debt



Status of Investment Corporation Bonds (as of the end of 17th period)

Investment Corporation Bond	Balance (million yen)	Period
2nd Series Unsecured Investment Corporation Bond	5,000	5 years
3rd Series Unsecured Investment Corporation Bond	5,000	5 years
4th Series Unsecured Investment Corporation Bond	2,000	7 years
5th Series Unsecured Investment Corporation Bond	5,000	5 years
6th Series Unsecured Investment Corporation Bond	5,000	5 years
7th Series Unsecured Investment Corporation Bond	8,000	10 years
Investment Corporation Bond Total	30,000	

Status of Commitment Line (as of the end of January 2015)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From January 30, 2015 to January 28, 2016
Mitsubishi UFJ Trust and Banking Corporation	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Total Commitment Line	14,000	

Owner Classification	Investment Units				
	16th period (Jun. 2014)		17th period (Dec. 2014)		Composition change (%)
	Number of units	Composition (%)	Number of units	Composition (%)	
Financial Institutions and Securities Companies	796,421	65.7	799,048	65.9	0.2pt
Other Domestic Companies	125,904	10.4	125,700	10.4	0pt
Foreign Companies, etc.	194,127	16.0	203,507	16.8	0.8pt
Individuals	96,298	7.9	84,495	7.0	-0.9Pt
Total	1,212,750	100.0	1,212,750	100.0	-

Unitholders				
16th period (Jun. 2014)		17th period (Dec. 2014)		Composition change (%)
Number of unitholders	Composition (%)	Number of unitholders	Composition (%)	
133	1.6	137	1.7	0.1 pt
189	2.5	174	2.2	0 pt
170	2.2	181	2.3	0.3 pt
7,959	94.2	7,425	93.8	-0.4 pt
8,451	100.0	7,917	100.0	-

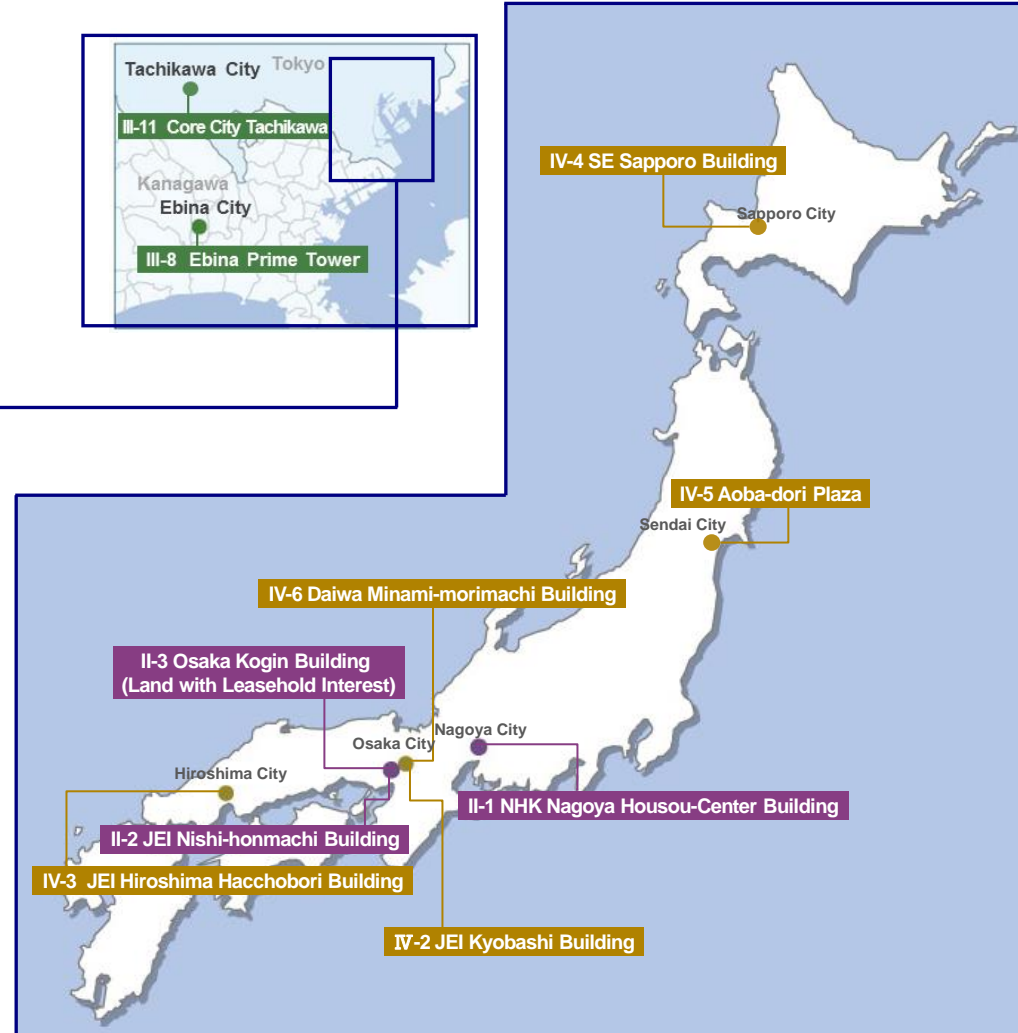
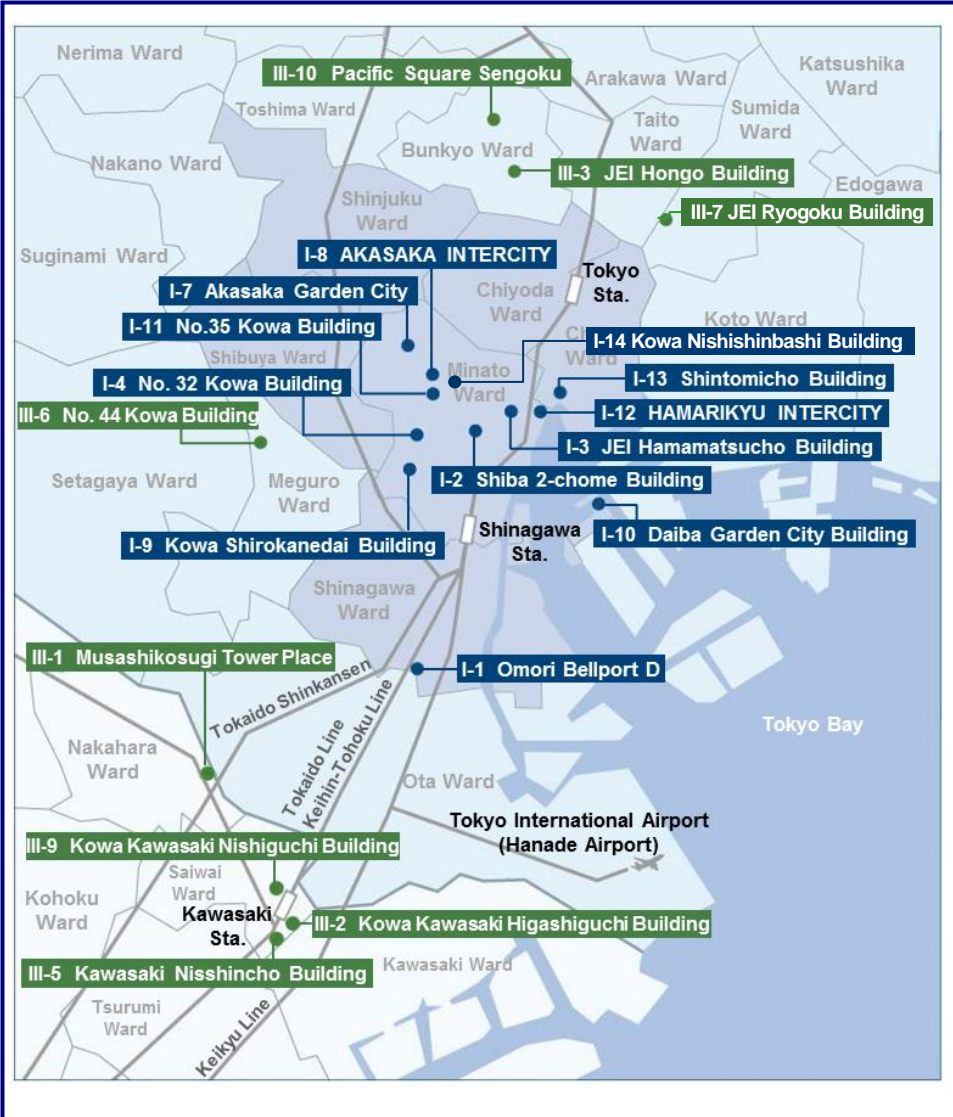
Ratio of investment units held by the 2 core sponsor companies: 7.6%

Rank	Name	Units	Composition ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	349,255	28.8
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	74,784	6.2
3	NIPPON STEEL KOWA REAL ESTATE CO., LTD.	71,560	5.9
4	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	68,745	5.7
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	46,885	3.9
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.7
7	STATE STREET BANK AND TRUST COMPANY 505223	17,825	1.5
8	Bank of Kyoto, Ltd.	13,006	1.1
9	The Fuji Fire and Marine Insurance	12,400	1.0
10	RBC ISB A/C DUB Non-Resident – Treaty Rate	12,000	1.0
Total		687,120	56.7

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

*2: Ratios are rounded to the first decimal place.

Portfolio Map



Portfolio Overview (1)

Property Number	I-1	I-2	I-3	I-4	I-7	I-8	I-9	I-10	I-11	I-12	I-13	I-14	II-1	II-2	II-3
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Other	Office	Office	Office	Office	Office
Name	Omori Bellport D	Shiba 2-Chome Building	JEI Hamamatsucho Building	No. 32 Kowa Building	Akasaka Garden City	AKASAKA INTERCITY	Kowa Shirokanedai Building	Daiba Garden City Building	No. 35 Kowa Building	HAMARIKYU INTERCITY	Shintomicho Building	Kowa Nishishinbashi Building	NHK Nagoya Housou Center Building	JEI Nishi-Honmachi Building	Osaka Kogin Building (land with leasehold interest)
															
Location	Minami-Oi, Shinagawa Ward, Tokyo	Shiba, Minato Ward, Tokyo	Hamamatsucho, Minato Ward, Tokyo	Minami-Azabu, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Shirokanedai, Minato Ward, Tokyo	Daiba, Minato Ward, Tokyo	Akasaka, Minato Ward, Tokyo	Kaigan, Minato Ward, Tokyo	Irifune, Chuo Ward, Tokyo	Nishishinbashi, Minato Ward, Tokyo	Higashi Ward, Nagoya City, Aichi	Nishi Ward, Osaka City Osaka	Chuo Ward, Osaka City Osaka
Total floor area (m ²)	155,778.75	19,518.15	8,327.53	10,110.96	46,776.76	73,061.33	7,374.74	33,283.49	13,328.53	35,555.87	3,169.78	19,418.17	80,809.95	15,800.31	3,158.45 (site area for land)
Completion date	September 1996	March 1994	December 1991	March 1979	January 2006	January 2005	March 1978	December 2007	January 1980	March 2011	November 1990	July 1996	July 1991	February 1988	-
Acquisition price (MN yen)	22,552	9,450	8,350	7,430	23,300	28,146	4,705	11,000	8,280	19,080	1,750	3,931	5,610	6,673	1,770
Investment ratio (%)	8.5	3.6	3.1	2.8	8.8	10.6	1.8	4.1	3.1	7.2	0.7	1.5	2.1	2.5	0.7
Period-end Occupancy rate (%)	100.0	99.2	100.0	100.0	100.0	97.3	100.0	100.0	100.0	99.5	100.0	100.0	98.9	100.0	100.0
PML (%)	3.61	6.61	4.18	7.62	1.59	2.97	6.95	6.56	8.12	2.60	4.13	3.30	1.44	11.27	-

*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). Amounts of less than one million yen are rounded off.

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, and is rounded to the first decimal place.

Portfolio Overview (2)

Property Number	III-1	III-2	III-3	III-5	III-6	III-7	III-8	III-9	III-10	III-11	IV-2	IV-3	IV-4	IV-5	IV-6
Type	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office	Office
Name	Musashikosugi Tower Place	Kowa Kawasaki Higashiguchi Building	JEI Hongo Building	Kawasaki Nishshincho Building	No. 44 Kowa Building	JEI Ryogoku Building	Ebina Prime Tower	Kowa Kawasaki Nishiguchi Building	Pacific Square Sengoku	Core City Tachikawa	JEI Kyobashi Building	JEI Hiroshima Hacchohori Building	SE Sapporo Building	Aobadori Plaza	Daiwa Minamimori Bldg.
															
Location	Nakahara Ward, Kawasaki City, Kanagawa	Kawasaki Ward, Kawasaki City, Kanagawa	Hongo, Bunkyo Ward, Tokyo	Kawasaki Ward, Kawasaki City, Kanagawa	Higashiyama, Meguro Ward, Tokyo	Ryogoku, Sumida Ward, Tokyo	Chuo, Ebina City, Kanagawa	Saiwai Ward, Kawasaki City, Kanagawa	Honkomagome, Bunkyo Ward, Tokyo	Akebonocho, Tachikawa City, Tokyo	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
Total floor area (m ²)	53,711.13	31,009.62	5,877.11	22,141.60	3,359.55	5,820.56	55,806.20	61,856.92	4,017.44	19,099.27	10,021.32	9,919.93	23,644.22	22,737.38	12,759.65
Completion date	July 1995	April 1988	February 1991	April 1992	July 1984	August 1996	May 1995	February 1988	November 1992	December 1994	April 1987	February 1999	March 1989	July 1996	January 1990
Acquisition price (MN yen)	13,890	10,976	5,400	4,725	1,150	2,550	6,470	32,000	1,620	6,500	3,308	2,760	5,500	2,120	4,410
Investment ratio (%)	5.2	4.1	2.0	1.8	0.4	1.0	2.4	12.1	0.6	2.4	1.2	1.0	2.1	0.8	1.7
Period-end Occupancy rate (%)	100.0	100.0	100.0	100.0	100.0	93.9	97.2	99.8	94.7	97.9	100.0	98.7	100.0	88.1	95.7
PML (%)	3.19	3.25	6.16	5.86	5.27	5.57	6.53	3.74	4.65	1.92	7.28	6.66	0.41	1.24	7.83

*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). Amounts of less than one million yen are rounded off.

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, less 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, and is rounded to the first decimal place.

Memo



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