



Japan Excellent, Inc. Presentation Material

Aug. 23, 2007



Japan Excellent Asset Management Co., Ltd.

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Highlights for the period

Acquisitions growth

4 properties acquired including Akasaka Garden City (40.7 bn yen)
Enhanced Portfolio qualitative / quantitative

	No. of properties	Acquisition price
1st period end	14 properties	98.4 bn yen
		↓
2nd period end	18 properties	139.1 bn yen (41% increase)

New investment issue decision

Raising of 19.4 bn yen lowered LTV to about 37%
Secured new property acquisition capacity

Total issue price	19.4 bn yen (19,750 units)
1st period end	134,800 units
	↓
After PO	154,550 units (15% increase)

Rating

Upgrading of rating acquired prior to listing
New rating acquired from R&I

1st period	Moody's A3 (acquired prior to listing)
	↓
2nd period	Moody's A2 (upgraded in Jan. 2007)
	R&I AA- (acquired in Apr. 2007)

Current earnings distribution

Property acquisitions contributed significantly to current earnings, which increased 384 mn yen over the 1st period

	Current earnings	Distribution per unit
1st period	1,856 mn yen	13,773 yen
		↓
2nd period	2,239 mn yen	16,614 yen (21% increase)

I. 2nd period major measures



I. 2nd period major measures

1. Follow-on property acquisitions – Aim of acquisitions

- Emphasizing portfolio balance, in the 2nd period we primarily –
 1. Secured large buildings located in the center of cities that form the core of the portfolio while maintaining profitability
 2. Promoted regional diversification– in acquiring the four properties shown below.

Portfolio qualitative/quantitative enhancement through acquisition of large central Tokyo property

Akasaka Garden City

Area I (Minato-ward, Tokyo)

Acquisition price 23,300 Mn yen

NOI yield 4.3%



Property acquisition from non-sponsor company
Diversified investment in Area II

JEI Nishi-honmachi Building

Area II (Nishi-ward, Osaka)

Acquisition price 6,674 Mn yen

NOI yield 6.8%



Securing of profitability while diversifying investment in Area III

Ebina Prime Tower

Area III (Ebina-city, Kanagawa)

Acquisition price 6,470 Mn yen

NOI yield 7.6%



Securing of profitability while diversifying investment in Area IV

Sendai Kowa Building

Area IV (Aoba-ward, Sendai-city)

Acquisition price 4,238 Mn yen

NOI yield 8.1%



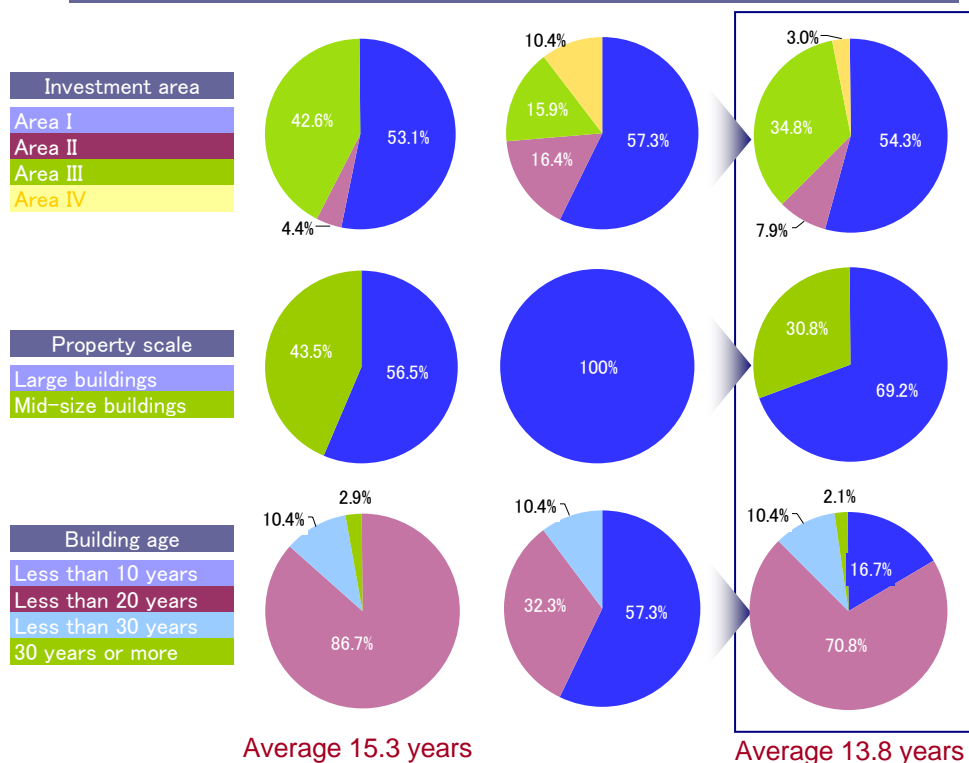
(NB) NOI yield is the annual NOI listed in the real estate appraisal report at the time of each property's acquisition, divided by each property's acquisition price

I. 2nd period major measures

1. Follow-on property acquisitions – portfolio quality/balance enhancement

- The overall portfolio grew to 18 properties (139.1 bn yen); compared with portfolio at the 1st period end, balance of investment areas and property scales had improved, and average building age reduced from 15.3 to 13.8 years.

	1st period end portfolio	Assets acquired during the period	Current portfolio
No. of properties	14 properties	4 properties	18 properties
Acquisition price total	98,446 mn yen	40,682 mn yen	139,127 mn yen



Tenant risk diversification

	1st period end	2nd period end
Ratio of major end tenants	37.3%	27.6%

(NB) Major end tenants are defined as the top five tenants in terms of the ratio of their leased floor area (when the same tenant leases space in multiple investment assets, the total of the leased areas) in overall leased floor area.

Securing of portfolio profitability

	1st period	2nd period
Portfolio NOI yield* (property tax burden basis)	6.7% (6.1%)	6.3% (5.9%)

(NB) *Shows annualized accounting basis NOI.

Improvement of PML

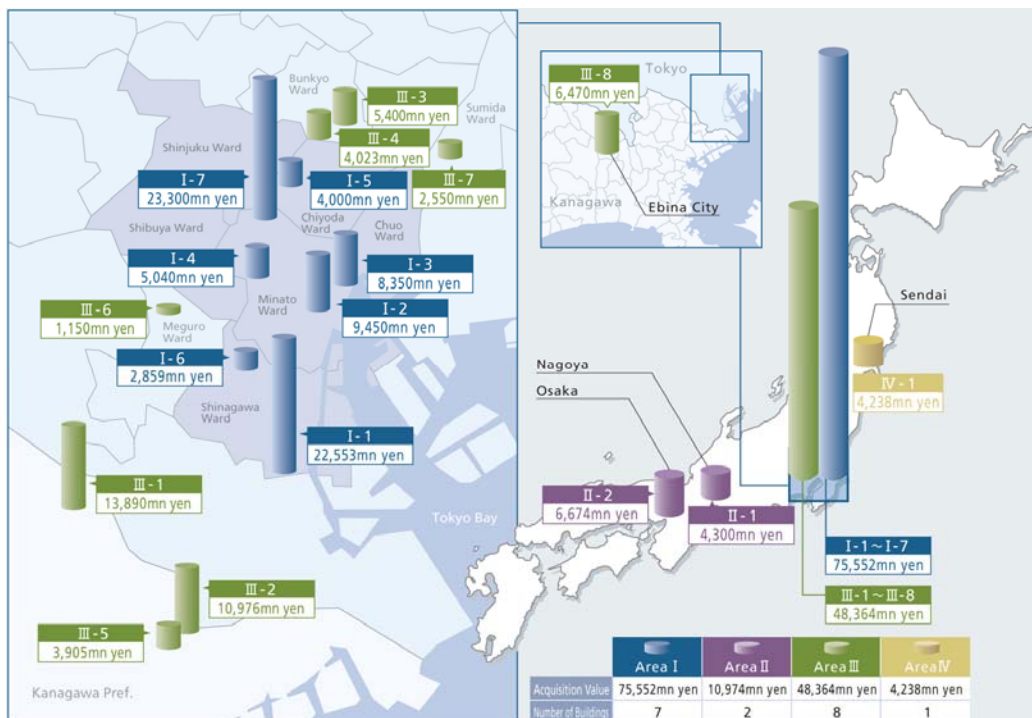
	1st period end	2nd period end
Portfolio PML	7.7%	6.5%

(NB) The investment corporation defines as large buildings those buildings in the 23 wards of Tokyo with a total floor area of 10,000 *tsubo* or more, and those buildings outside Tokyo's 23 wards with a total floor area of 4,000 *tsubo* or more; medium-size buildings are defined as Tokyo 23 ward buildings of 1,000 *tsubo* or more but less than 10,000 *tsubo* floor area, and in other areas as buildings of 1,000 *tsubo* or more but less than 4,000 *tsubo* floor area.

"Investment area," "property scale" and "building age" ratios are all listed on an acquisition price basis.

I. 2nd period major measures

1. Follow-on property acquisitions – portfolio at a glance



(NB) The numerical values below the property numbers show each property's acquisition price or the total acquisition amount for per area. Amounts are rounded to the nearest million yen.

Investment target regions		Investment ratio within Portfolio
Core Areas		More than 80%
Area I	Tokyo's six central wards (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Ward)	More than 50% of core area
Area II	Central Osaka City Central Nagoya City Central Fukuoka City	Less than 50% of core area
Area III	Tokyo, excluding Tokyo's six central wards as Area I, and areas surrounding Tokyo (Kanagawa, Saitama, and Chiba Prefectures)	Less than 50% of core area
Area IV	Osaka, Nagoya and Fukuoka Cities, excluding districts specified in Area II, and other government-designated cities	Less than 20%

Asset	Type	Name	Location	Floor Space (m ²)	Completion Date	Purchase Price (Mn Yen)	Ratio (%)	PML (%)
I-7	Office	Akasaka Garden City	Akasaka, Minato Ward, Tokyo	46,776.76	31-Jan-06	23,300	16.7	8.6
I-1	Office	Omori Bellport D	Minami-Oi, Shinagawa Ward, Tokyo	155,778.75	24-Sep-96	22,553	16.2	8.0
I-2	Office	Shiba 2-Chome Building	Shiba, Minato Ward, Tokyo	19,518.15	17-Mar-94	9,450	6.8	8.2
I-3	Office	Shuwa Daiichi Hamamatsucho Building	Hamamatsucho, Minato Ward, Tokyo	8,327.53	16-Dec-91	8,350	6.0	8.2
I-4	Office	No.32 Kowa Building	Minami-Azabu, Minato Ward, Tokyo	10,110.96	19-Mar-79	5,040	3.6	13.2
I-5	Office	No.36 Kowa Building	Sanbancho, Chiyoda Ward, Tokyo	8,266.55	30-Sep-82	4,000	2.9	13.2
I-6	Office	No.28 Kowa Building	Gotanda, Shinagawa Ward, Tokyo	6,282.23	21-Feb-75	2,859	2.1	13.5
II-2	Office	JEI Nishi-Honmachi Building	Nishi Ward, Osaka City, Osaka	15,800.31	19-Feb-88	6,674	4.8	11.5
II-1	Office	NHK Nagoya Housou-Center Building	Higashi Ward, Nagoya, Aichi	80,809.95	3-Jul-91	4,300	3.1	11.9
III-1	Office	Musashikosugi Tower Place	Nakaraha Ward, Kawasaki City, Kanagawa	53,711.13	15-Jul-95	13,890	10.0	11.5
III-2	Office	Kowa Kawasaki Higashiguchi Building	Kawasaki Ward, Kawasaki City, Kanagawa	31,009.62	30-Apr-88	10,976	7.9	6.7
III-8	Office	Ebina Prime Tower	Chuo, Ebina City, Kanagawa	55,806.20	31-May-95	6,470	4.7	12.2
III-3	Office	Hongo TS Building	Hongo, Bunkyo Ward, Tokyo	5,877.11	6-Feb-91	5,400	3.9	14.2
III-4	Office	Shuwa Iidabashi Building	Goraku, Bunkyo Ward, Tokyo	5,083.77	31-Oct-88	4,023	2.9	12.9
III-5	Office	Kawasaki Nisshincho Building	Kawasaki Ward, Kawasaki City, Yokohama	22,141.60	24-Apr-92	3,905	2.8	14.7
III-7	Office	Ryogoku Dai-ichi Life Building	Ryogoku, Sumida Ward, Tokyo	5,820.56	8-Aug-96	2,550	1.8	14.3
III-6	Office	No.44 Kowa Building	Higashiyama, Meguro Ward, Tokyo	3,359.55	31-Jul-84	1,150	0.8	13.4
IV-1	Office	Sendai Kowa Building	Aoba Ward, Sendai City, Miyagi	18,564.45	20-Aug-79	4,238	3.0	9.2
Total				553,045.18		139,127	100.0	6.5

(NB) "Acquisition price" refers to the price in the sales agreement (exclusive of taxes), rounded to the nearest million yen.

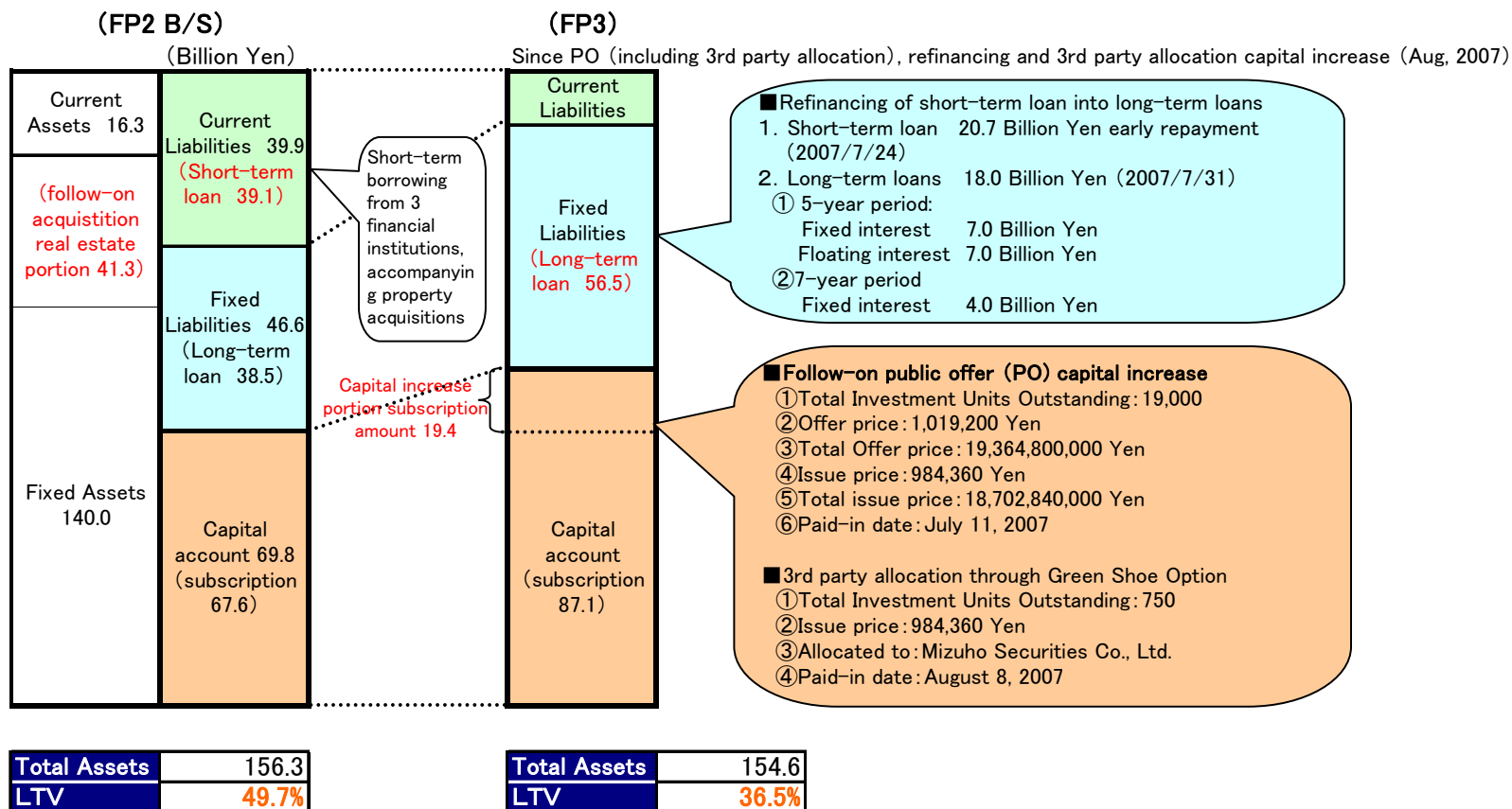
I. 2nd period major measures

2. Financial base reinforcement through issues of new investment units, etc. 1

Accompanying the new acquisition of four properties, a total of 39.1 bn yen of short-term borrowings were executed.

Part of these short-term loans shall be repaid through the follow-on offering executed at the beginning of the 3rd period, and the remainder has been refinanced into long-term loans.

Status after fundraising accompanying the 2nd period's property acquisitions, 3rd period public offering and refinancing



(NB) Amount of less than 100 million yen are rounded to the nearest 100 million, and percentages are rounded to the nearest first decimal place amount.


Current total assets in the 3rd period are calculated by adjusting the total assets at the end of the second period according to the short-term loan repayment amount, long-term loans and the amount of proceeds from the follow-on public offering.

I. 2nd period major measures


2. Financial base reinforcement through issues of new investment units, etc. 2

Rating acquisition

The following issuer ratings were acquired to facilitate advantageous, strategic financing, and with a view to future issuance of investment corporation bonds.

	Rating institution	Content (outlook)	
<1st period end>	Moody's Investors Service	Issuer rating: A3 (stable)	(Acquired prior to listing)
			
<2nd period end>	Moody's Investors Service	Issuer rating: A2 (stable)	(upgraded in Jan. 2007)
	R & I	Issuer rating: AA- (stable)	(acquired in Apr. 2007)


Cost of interest-bearing debt

	Interim weighted average interest	Period end weighted average interest
1st period	1.065%	1.400%
		
2nd period	1.248%	1.180%
(NB)		
(excluding short-term debt)	1.436%	1.491%

(NB) In the 3rd period, as of July 31, the average interest after refinancing from short-term to long-term is 1.559%.

Fixed interest rate ratio


2nd period end: 24.8%
(as a ratio of long-term debt: 50.0%)



After 3rd period refinancing: 53.5%

Loan-to-value ratio (LTV)

Loan to value (LTV) at period end 49.7%
(Period end interest-bearing debt / total assets) × 100



LTV after PO, refinancing (calculated) 36.5%

(NB) Current total assets in the 3rd period are calculated by adjusting the total assets at the end of the second period according to the short-term loan repayment amount, long-term loans and the amount of proceeds from the follow-on public offering.

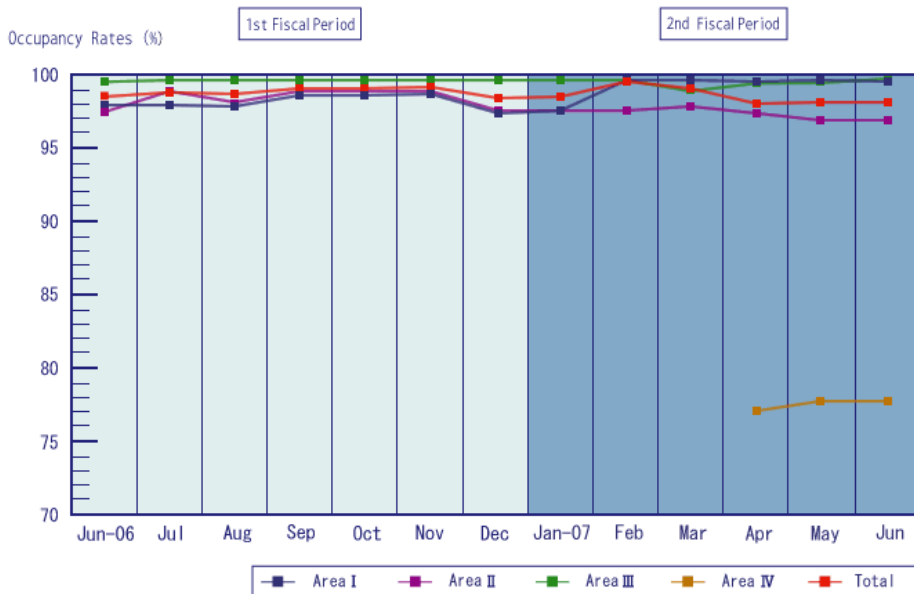
(NB) "Cost of interest-bearing debt" is rounded to the nearest third decimal place, and "fixed interest rate ratio" and "loan-to-value ratio (LTV)" is rounded to the nearest first decimal place.

I. 2nd period major measures

3. Steady internal growth – increase in rental income

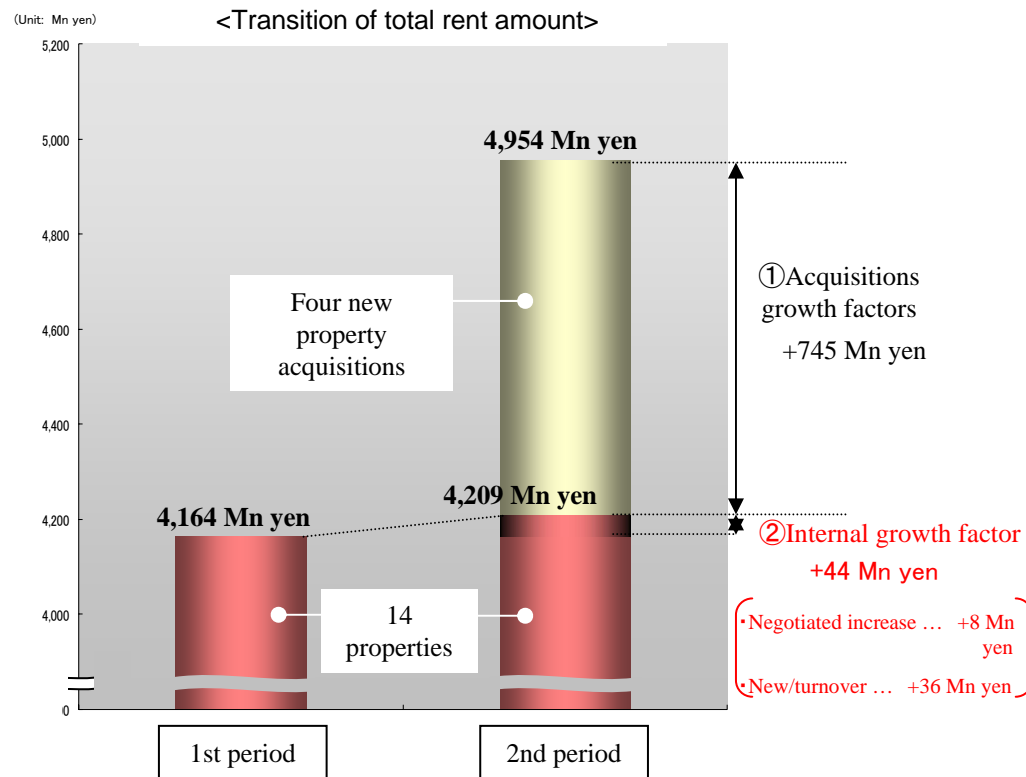
Maintenance of 98% or higher occupancy rate

Portfolio occupancy rate was maintained at **98% or higher** from listing through the end of the second period.



Initial portfolio (14 properties) total rent increased at 2.2% annual rate

Compared with the 1st period, after excluding increase factors resulting from follow-on property acquisitions, 2nd period total rent secured an **annual increase of 2.2%**.



Results of new tenant solicitations, rental raise negotiations

	New/replacement	Rent renewal	Total
Cases	13	9	22
Affected area	1,625 <i>tsubo</i>	2,842 <i>tsubo</i>	4,467 <i>tsubo</i>
Avg. increase	13.3%	4.5%	-

(NB) Rental income includes common-area charge but not other income.

As a fiscal period conversion, 1st period total rent amount has been calibrated by the number of days.

I. 2nd period major measures

3. Steady internal growth – Cost reduction, value enhancement etc.

■ Seeking to realize internal growth, we deliberated and implemented operation management cost reduction and income growth measures.

- While cooperating with the PM company to maintain and enhance management quality, in the balance of service quality and costs (outsourcing expenses, etc.) we are striving to reduce outsourcing expenses and public utilities.
Also, we are involved in income enhancement deliberations through effective use of underutilized space.

Reduction of operation management costs

- In addition to individual negotiations, reductions of outsourcing costs through bidding and sponsor connections

(Omori Bellport D, NHK Nagoya Housou-Center Building, etc.)

Total reduction of 40 Mn yen per annum forecast

- Active introduction of water conservation systems to reduce public utilities

(Kowa Kawasaki Higashiguchi Building, No. 36 Kowa Building, Shuwa Iidabashi Building, Shuwa Daiichi Hamamatsucho Building, etc.)

Total reduction of 8 Mn yen per annum forecast

Execution of income growth measures

- Execution of income-earning enterprise for unused parking lots (rental to parking lot operators, etc.)

(Kawasaki Nisshincho Building, No. 28 Kowa Building, No. 44 Kowa Building)

Total income growth of 10 Mn yen per annum forecast

Value enhancement through execution of strategic renovations

After property acquisition, in addition to the securing of basic safety, in order to increase customer satisfaction, additional investments (renovations) are actively carried out according to the needs of each property

(Example) Track record with Shuwa Daiichi Hamamatsucho Building

1 Improved security

- Mechanical security system

2 Improved convenience

- Automated outside entrances
- Mailbox renovations

3 Toilet amenity

- “Shower” toilets, hand dryers
- Water-saving auto flushing

4 1F rental room upgrade

- Doorway to the entrance hall
- Added first floor restroom



➡ With rent increases and tenant turnovers, it is expected that an increase of **about 10 million yen per month** can be realized

II. 2nd period performance



II. 2nd period performance

1. Overview

(Unit: Mn yen)

	FP1	FP2	Difference	
			Amount	change
Revenues	4,751	5,505	753	15.8%
Rental profits	2,773	3,096	322	11.6%
Income before income taxes	1,858	2,240	382	20.6%
Net Income	1,856	2,239	382	20.6%
Distribution per Unit (JPY)	13,773	16,614	2,841	20.6%

(NB) Fractional amounts less than a million yen are rounded down.

Percentages have the second decimal place rounded to the nearest first decimal place.

Breakdown of differences between 1st & 2nd periods

(Unit: Mn yen)

	4 newly acquired properties	14 prior properties	Total
Revenues	828	-75	753
Property operating expenses	350	81	431
Rental profits	478	-156	322

- Follow-on acquisition of four properties contributed greatly to 2nd period earnings increase
- Earnings and profit were down for the existing 14 properties, but after adjusting for the number of operating days, rental income (including common-area charges) increased 44 Mn yen

— Factors in lower profit include:

1. Property tax burden (171 Mn yen)
2. Seasonally decreasing utility revenue (47 Mn yen)
3. Strategic renovation expenses (25 Mn yen) etc.

- Versus the earnings forecast (Announced June 18), the upward swing in the budget from new acquisitions of four properties (66 Mn yen), etc., led to a 147 Mn yen upward revision of forecast revenues

II. 2nd period performance

2. Income statement - Key points

(Unit: Mn yen)

	FP1	(%)	FP2	(%)	Difference
1. Revenues	4,751	100.0	5,505	100.0	753
Rental revenues	4,335		5,069		733
Other	416		436		20
2. Operating Expenses	2,382	50.1	2,851	51.8	469
Property management costs and fees	712		859		147
Utilities	406		452		45
Repairs and maintenance	120		124		3
Property and other taxes	-		174		174
Insurance	13		19		5
Other	93		104		11
Depreciation	631		674		42
Total property operating expenses	1,977		2,409		431
Rental profits	2,773		3,096		322
Asset management fees	306		328		22
Other	97		114		16
Operating Income	2,369	49.9	2,653	48.2	284
3. Other Income	5		24		19
Interest income	5		7		2
Other	-		16		16
4. Other Expenses	516	10.9	438	8.0	▲78
Interest expenses	208		361		▲152
Loan arrangement fees	85		46		▲38
New unit issuance costs	62		30		▲32
IPO Expenses	104		-		▲104
Organization costs	54		-		▲54
Other	0		0		0
Income before income taxes	1,858	39.1	2,240	40.7	382
Income taxes-current	1		0		▲0
Income taxes-differed	▲0		0		0
Net Income	1,856	39.1	2,239	40.7	382
Retained Earnings at beginning of period	-		0		0
Retained Earnings at end of period	1,856		2,239		382

50% of property tax, etc., for the existing 14 properties allocated from the 2nd period

Ratio against operating income decreased from 6.4% to 6.0% (enjoying merits of scale accompanying asset scale expansion)

Increase factors

Balance factors: 86 Mn yen

Interest fixation factors: 21 Mn yen

Interest rate increase factors: 45 Mn yen

Part of expenses related to the upcoming PO, 30 Mn yen, allocated in the 2nd period

(NB) Fractional amounts of less than a million yen are rounded off.

II. 2nd period performance

2. Income statement - Revenue and expenditure by property

• 2nd period NOI yield of 6.3% (accounting basis)

• In comparison with the 6.7% of the 1st period (accounting basis), the reduction was primarily due to the occurrence of 1) a property tax burden on the existing 14 properties, and 2) the relatively low yield of the 4 follow-on properties

• 5.9% on a property tax total amount burden basis (calculated)

(Unit: Mn yen)

	Based on 14 Properties held in FP1														Based on 4 Properties held in FP2				Based on 14 Properties	Based on 4 Properties	Total		
	I-1	I-2	I-3	I-4	I-5	I-6	II-1	III-1	III-2	III-3	III-4	III-5	III-6	III-7	I-7	II-2	III-8	IV-1					
Rental Revenue	1,042	346	277	237	-	154	349	789	-	176	-	211	88	114	295	150	291	91	4,677	828	5,505		
Rental Income	987	345	264	224	-	141	-	683	-	157	-	210	76	105	273	143	252	87	4,311	757	5,069		
Other	55	1	13	13	-	13	-	106	-	19	-	0	11	8	21	7	38	4	365	70	436		
Rental Expense	481	114	124	71	-	57	179	339	-	61	-	83	44	55	76	62	168	41	2,059	350	2,409		
Property management cost & fees	172	49	23	30	-	26	64	126	-	17	-	32	19	20	24	28	72	16	717	142	859		
Utilities	132	0	16	13	-	11	26	77	-	10	-	0	8	9	10	9	35	3	392	59	452		
Repairs and maintenance	7	5	31	1	-	2	2	6	-	1	-	5	2	2	0	0	2	0	121	3	124		
Property and other taxes	42	15	9	7	-	4	10	29	-	5	-	12	2	3	0	0	0	0	174	0	174		
Insurance	2	1	0	0	-	0	1	3	-	0	-	0	0	0	0	0	1	0	14	4	19		
Other	4	7	16	2	-	1	37	5	-	1	-	1	1	1	3	0	4	0	95	9	104		
Depreciation	118	35	26	17	14	10	36	90	91	25	18	30	10	16	37	22	51	20	543	131	674		
Profits	561	232	153	166	116	97	169	449	232	115	93	127	44	58	218	88	122	49	2,617	478	3,096		
NOI	679	267	179	183	131	107	205	540	324	140	111	158	54	75	255	110	173	70	3,161	609	3,770		
NOI(Annualized with following formula)	1,370	540	362	370	265	217	414	1,089	654	283	224	319	109	152	981	425	673	376	6,374	2,457	8,831		
operated days	181	181	181	181	181	181	181	181	181	181	181	181	181	181	95	95	94	68					
Acquisition price	22,552	9,450	8,350	5,040	4,000	2,859	4,300	13,890	10,976	5,400	4,023	3,905	1,150	2,550	23,300	6,673	6,470	4,238	98,445	40,681	139,127		
NOI Yield	6.1%	5.7%	4.3%	7.4%	6.6%	7.6%	9.6%	7.8%	6.0%	5.2%	5.6%	8.2%	9.6%	6.0%	4.2%	6.4%	10.4%	8.9%	6.5%	6.0%	6.3%		
																				NOI Yield(Property tax burden basis)	6.1%	5.4%	5.9%

(NB) Fractional amounts of less than a million yen are rounded off. Percentages have the second decimal place rounded to the nearest first decimal place.

NOI yield indications are annualized. NOI yield = NOI/acquisition price.

Not disclosed for No. 36 Kowa, Kawasaki Higashiguchi, and Iidabashi buildings since end tenant consent has not been obtained.

Regarding the accounting basis NOI section's property tax, etc., compared with the case where the entire amount is allocated, about half is allocated for the 14 1st period acquisition properties. The 4 2nd period acquisition properties are not yet allocated.

II. 2nd period performance

3. Balance sheet

(Unit: Mn yen)

Assets					Liabilities and Unitholders' Equity						
	FP1		FP2		Difference		FP1		FP2		Difference
		(%)		(%)				(%)		(%)	
Assets						Liabilities					
Current Assets	15,113	13.2	16,282	10.4	1,169	Current Liabilities	798	0.7	39,882	25.5	39,084
Cash and cash equivalents	5,978		5,223		▲ 754	Accounts Payable – trade	472		447		▲ 24
Cash and cash equivalents (as Trust accounts)	7,141		10,096		2,954	Accounts Payable – others	299		308		8
Rental Receivables	195		357		162	Short-term debt	0		39,100		39,100
Consumption taxes refundable	1,765		518		▲ 1,246	Other current liabilities	26		26		0
Other current assets	32		86		53	Long-term Liabilities	44,070	38.6	46,594	29.8	2,523
Fixed Assets	99,086	86.8	140,008	89.6	40,921	Long-term debt	38,500		38,500		0
Property and Equipment	90,363	79.1	131,304	84.0	40,940	Security deposits from tenants	483		516		33
Real estate	3,155		3,125		▲ 29	Security deposits from tenants (as Trust accounts)	4,919		7,510		2,591
Real estate (as Trust accounts)	87,201		128,178		40,976	Derivative liabilities	168		67		▲ 100
Construction in progress	6		0		▲ 6	Total Liabilities	44,869	39.3	86,477	55.3	41,607
Intangible Assets	8,565	7.5	8,565	5.5	0	Unitholders' Equity					
Leasehold rights	1,185		1,185		0	Unitholders' Equity	69,498	60.9	69,881	44.7	382
Leasehold rights (as Trust accounts)	7,380		7,380		0	Unitholders' capital	67,641	59.3	67,641	43.3	0
Other intangible assets	0		0		0	Retained Earnings	1,856		2,239		382
Investments and Other Assets	157	0.2	138	0.1	▲ 18	Unappropriated Retained Earnings	1,856	1.6	2,239	1.4	382
Investment in securities	10		10		0	Revaluation and translation adjustment	▲ 168	▲ 0.2	▲ 67	▲ 0.0	100
Security deposit	15		15		0	Loss on differed hedge	▲ 168		▲ 67		100
Long-term prepaid expenses	131		112		▲ 18	Total Unitholder's Equity	69,329	60.7	69,813	44.7	483
Total Assets	114,199	100.0	156,291	100.0	42,091	Total Liabilities and Unitholders' equity	114,199	100.0	156,291	100.0	42,091

Major financial indicators

ROA: 3.3%

ROE: 6.5%

Period end equity/total assets: 44.7%

Loan-to- Value (LTV): 49.7%

Book Value per Unit (BPS) ¥517,906

(NB1) Fractional amounts of less than a million yen are rounded off. Ratio fractional amounts are rounded to the nearest first decimal place.

(NB2) Major financial indicators are calculated as follows.

ROA: Recurring profit / ([period beginning total capital + period end total capital] / 2) * 100

ROE: Net income / ([period beginning total assets + period end total assets] / 2) * 100

Period end equity/total assets: (Period end net assets / period end total assets) * 100

LTV: (Period end interest-bearing debt / period end total assets) * 100

BPS: Period end net assets / number of outstanding investment units

(NB3) Among the above, ROA and ROE are annualized.

(NB4) ROA and ROE calculations use averages period beginning, end values for total assets and net assets.

II. 2nd period performance

4. Portfolio appraisal value

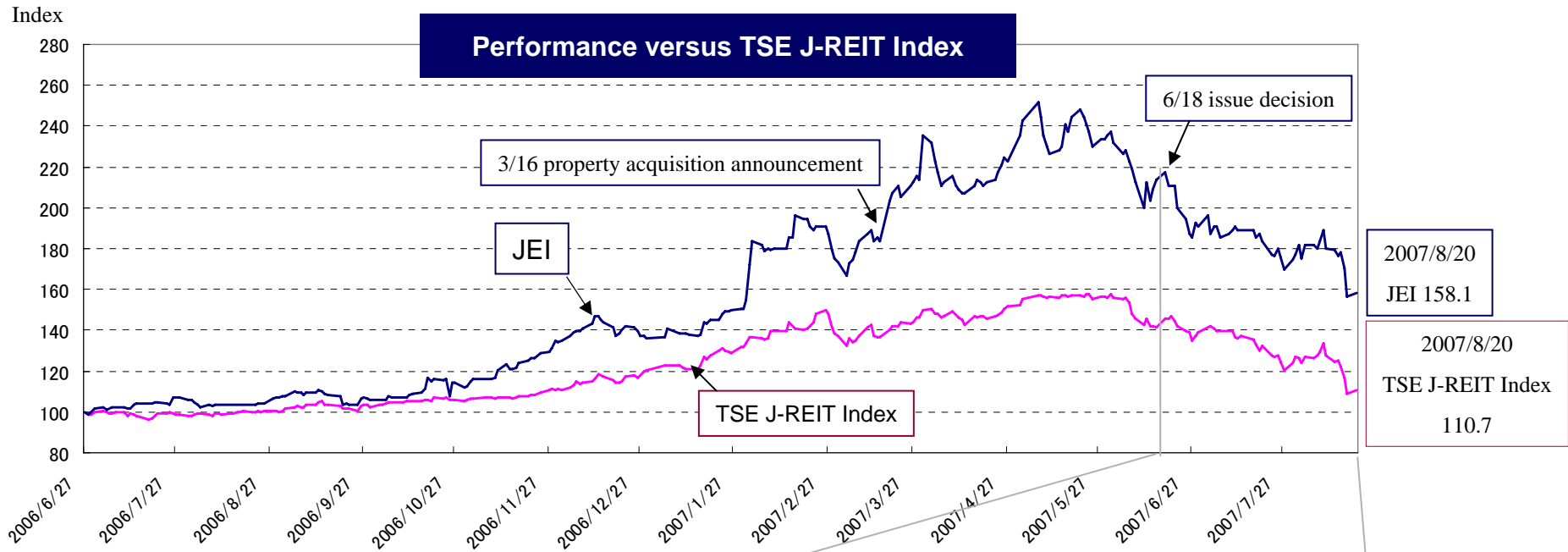
The portfolio appraisal value at the 2nd period end was 153.4 Bn yen.
 Unrealized profit (appraisal value – book value) was 8.8 Bn yen at the 1st period end and had increased steadily to 13.5 Bn yen by the 2nd period end.

(Unit: Mn yen)

Asset	Area	As of appraisal Name	Appraisal amount				Difference			the rate of increase			(Reference) Book value
			Appraisal value at acquisition (Jan , 2006)	At the end of FP1 (Dec , 2006)	After Acquiring properties (Mar , 2007)	At the end of FP2 (Jun , 2007)	Versus Jan , 2006	Versus Dec , 2006	Versus Mar , 2007	Versus Jan , 2006	Versus Dec , 2006	Versus Mar , 2007	At the end of FP2 (Jun , 2007)
I-1	I	Omori Bellport D	22,610	23,230	-	23,710	1,100	480	-	4.9%	2.1%	-	22,827
I-2		Shiba 2-Chome Building	9,480	11,700	-	12,200	2,720	500	-	28.7%	4.3%	-	9,464
I-3		Shuwa Daiichi Hamamatsucho Building	8,410	8,910	-	9,390	980	480	-	11.7%	5.4%	-	8,370
I-4		No.32 Kowa Building	5,045	5,251	-	5,462	417	211	-	8.3%	4.0%	-	5,046
I-5		No.36 Kowa Building	4,065	4,189	-	4,235	170	46	-	4.2%	1.1%	-	4,062
I-6		No.28 Kowa Building	2,870	3,050	-	3,640	770	590	-	26.8%	19.3%	-	2,861
I-7		Akasaka Garden City	-	-	23,300	23,500	-	-	200	-	-	0.9%	23,375
II-1	II	NHK Nagoya Housou-Center Building	4,580	5,230	-	5,430	850	200	-	18.6%	3.8%	-	4,310
II-2		JEI Nishi-Honmachi Building	-	-	6,770	6,760	-	-	-10	-	-	-0.1%	6,928
III-1	III	Musashikosugi Tower Place	14,100	16,700	-	17,700	3,600	1,000	-	25.5%	6.0%	-	13,829
III-2		Kowa Kawasaki Higashiguchi Building	11,020	11,060	-	11,130	110	70	-	1.0%	0.6%	-	10,893
III-3		Hongo TS Building	5,440	5,470	-	5,490	50	20	-	0.9%	0.4%	-	5,374
III-4		Shuwa Iidabashi Building	4,030	4,190	-	4,510	480	320	-	11.9%	7.6%	-	4,016
III-5		Kawasaki Nisshincho Building	3,920	4,830	-	5,220	1,300	390	-	33.2%	8.1%	-	3,935
III-6		No.44 Kowa Building	1,240	1,350	-	1,610	370	260	-	29.8%	19.3%	-	1,033
III-7		Ryogoku Dai-ichi Life Building	2,551	2,572	-	2,563	12	-9	-	0.5%	-0.3%	-	2,537
III-8		Ebina Prime Tower	-	-	6,550	6,550	-	-	0	-	-	0.0%	6,724
IV-1	IV	Sendai Kowa Building	-	-	4,303	4,309	-	-	6	-	-	0.1%	4,276
Area I Total			52,480	56,330	23,300	82,137	6,157	2,307	200	11.7%	4.1%	0.9%	76,007
Area II Total			4,580	5,230	6,770	12,190	850	200	-10	18.6%	3.8%	-0.1%	11,239
Area III Total			42,301	46,172	6,550	54,773	5,922	2,051	0	14.0%	4.4%	0.0%	48,345
Area IV Total			-	-	4,303	4,309	-	-	6	-	-	0.1%	4,276
Total			99,361	107,732	40,923	153,409	12,929	4,558	196	13.0%	4.2%	0.5%	139,868

II. 2nd period performance

5. Investment unit price performance



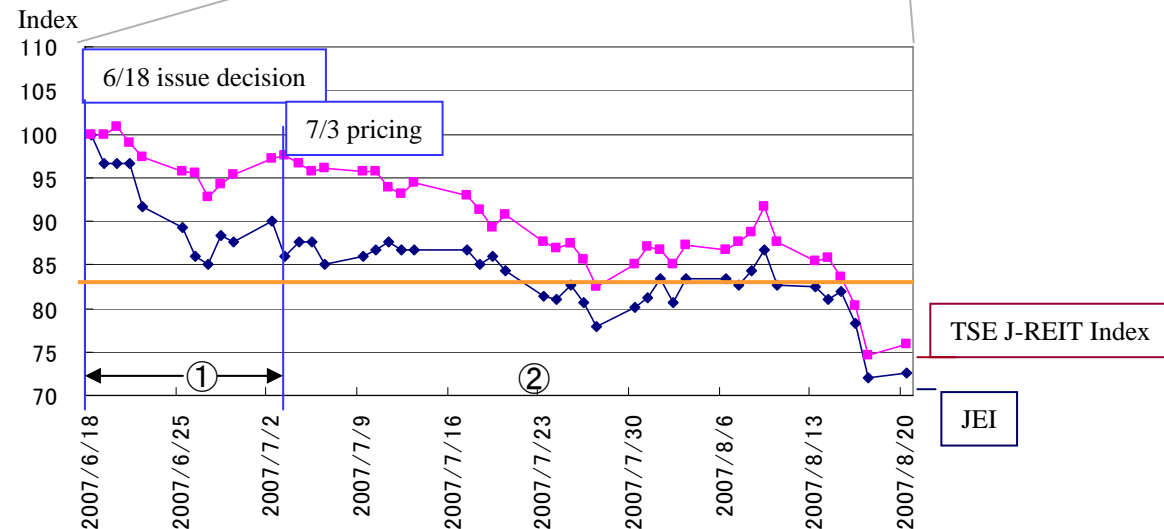
(NB) Indexed with the listing date (2006/6/27) as 100

Movement since new investment issue decision (6/18)

- ① In keeping with the revised distribution forecast due to dilution (-12%), the investment unit price has adjusted accordingly (-12%)
- ② Thereafter it has tended to move together with the J-REIT Index

(NB) Indexed with the issue decision date (2007/6/18) as 100

— Offer price (¥1,019,200) line



II. 2nd period performance

6. Major unitholders

Category	Unitholder					Unit				
	FP1		FP2		Difference (%)	FP1		FP2		Difference (%)
	# of Unitholders	(%)	# of Unitholders	(%)		# of Units	(%)	# of Units	(%)	
Individuals	2,291	90.6	1,923	87.7	-2.9	5,065	3.8	4,058	3.0	-0.8
Japanese financial institutions and securities companies	132	5.2	133	6.1	0.9	97,953	72.7	84,318	62.6	-10.1
Other Japanese corporations	68	2.7	57	2.6	-0.1	21,780	16.1	20,920	15.5	-0.6
Foreign institutions and individuals	38	1.5	80	3.6	2.1	10,002	7.4	25,504	18.9	11.5
Total	2,529	100.0	2,193	100.0	-	134,800	100.0	134,800	100.0	-

(NB) Percentages have the second decimal place rounded to the nearest first decimal place.

Ratio of the 4 sponsors' unit holdings: 15.3%

Rank	Name	Units Held	(%)
1	Kowa Real Estate Co., Ltd.	14,312	10.6
2	NikkoCiti Trust and Banking Corporation (Trust account)	8,471	6.3
3	Trust & Custody Services Bank, Ltd. (Trust account)	8,252	6.1
4	The Master Trust Bank of Japan, Ltd. (Trust account)	7,863	5.8
5	Japan Trustee Services Bank, Ltd. (Trust account)	7,452	5.5
6	The Dai-ichi Mutual Life Insurance Company	4,132	3.1
7	The Hiroshima Bank, Ltd.	4,012	3.0
8	The Bank of Ikeda, Ltd.	3,432	2.5
9	The Bank of New York, Treaty Jasdec Account	3,169	2.4
10	CB Hong Kong CB Korea Macquarie IMM Asian REIT Fund of Funds	2,733	2.0
Total		63,828	47.4

Post-PO ratio:13.3%

Sponsor Companies

III. Future investment policy



III. Future investment policy

1. Operating environment

Our perception of the operating environment

Office rental market

■ In central Tokyo, it is expected that a healthy supply and demand environment will continue for the foreseeable future, sustaining current tenancy ratios and rent levels. In addition, due to supply-demand tightness in central Tokyo, the momentum of rent levels is steadily penetrating into surrounding areas. In greater Tokyo and other surrounding areas, the recovery (increase) of rent levels will continue in the future.

■ In Osaka, the vacancy rate has decreased; however, except for certain areas it has not reached the point of increasing rents. The effects of massive supply, such as through development of the Osaka Station North Yard, are unclear.

■ In Nagoya, the rent increases seen in large new properties near Nagoya Station have not spread to surrounding areas, and some new properties' asking rent was reduced. For the foreseeable future attention needs to be paid to demand trends resulting from the supply of large properties.

■ Although an upswing in vacancy rates can be seen in some regional cities, that has not yet been enough to cause an increase in rent levels.

Real estate investment market

■ In Tokyo and other large city regions, real estate investment continues to be vigorous, and real estate investment yields in acquisition prices are continuing to tend downward.

■ In regional cities as well, due to the effects of fiercer competition for acquisitions in large city regions, there is a developing sense of overheating in real estate investment, and a rise in transaction prices (decrease in yields) can be seen.

■ Although general business corporations are significantly less interested in releasing their real estate holdings, for several years now the exit disposition (property divestment) of rapidly expanding private funds and securitization projects, shall increase steadily.

■ Interest rate increases tend to suppress desire for refinancing in private funds and securitization projects, and to decrease desire for highly leveraged acquisitions, and there is a possibility of promoting property releases and a settling down of property prices.

Financial market

■ In the medium to long term, the Japanese economy is in an environment in which potential growth (of less than 2%) can be achieved, and an increase in prices of about 1% is expected in the future, and an interest rate increase tendency is forecast.

■ However, the tempo of the rise in both prices and interest rates is gradual, and it is expected it will take about two years (at least) to realize interest rates (10yr JGB: 2.5-3%; policy rate about 1.5%) thought to be matched with the above economic/price forecast values.

Management policy

● While maintaining good relations with existing tenants, we shall continue to actively pursue rent increases for internal growth.

● Appropriate execution of follow-on investments to secure/reinforce competitiveness.

● Limited, strategic use shall be made of term lease agreements (based on comprehensive analyses of competing area supply trends, status of mid-to-long term renovation plans, gaps between currently obtained rents and going market rents, etc.).

● Acquisitions growth efforts shall continue to give greatest emphasis to central Tokyo (Area I).

● Decisions on diversification investment in Area II/III shall be made with caution.

● While acquisitions growth making maximum use of core sponsor pipelines shall continue to be fundamental, we shall also fully use our networks to actively approach third party properties, with multifaceted information gathering activities.

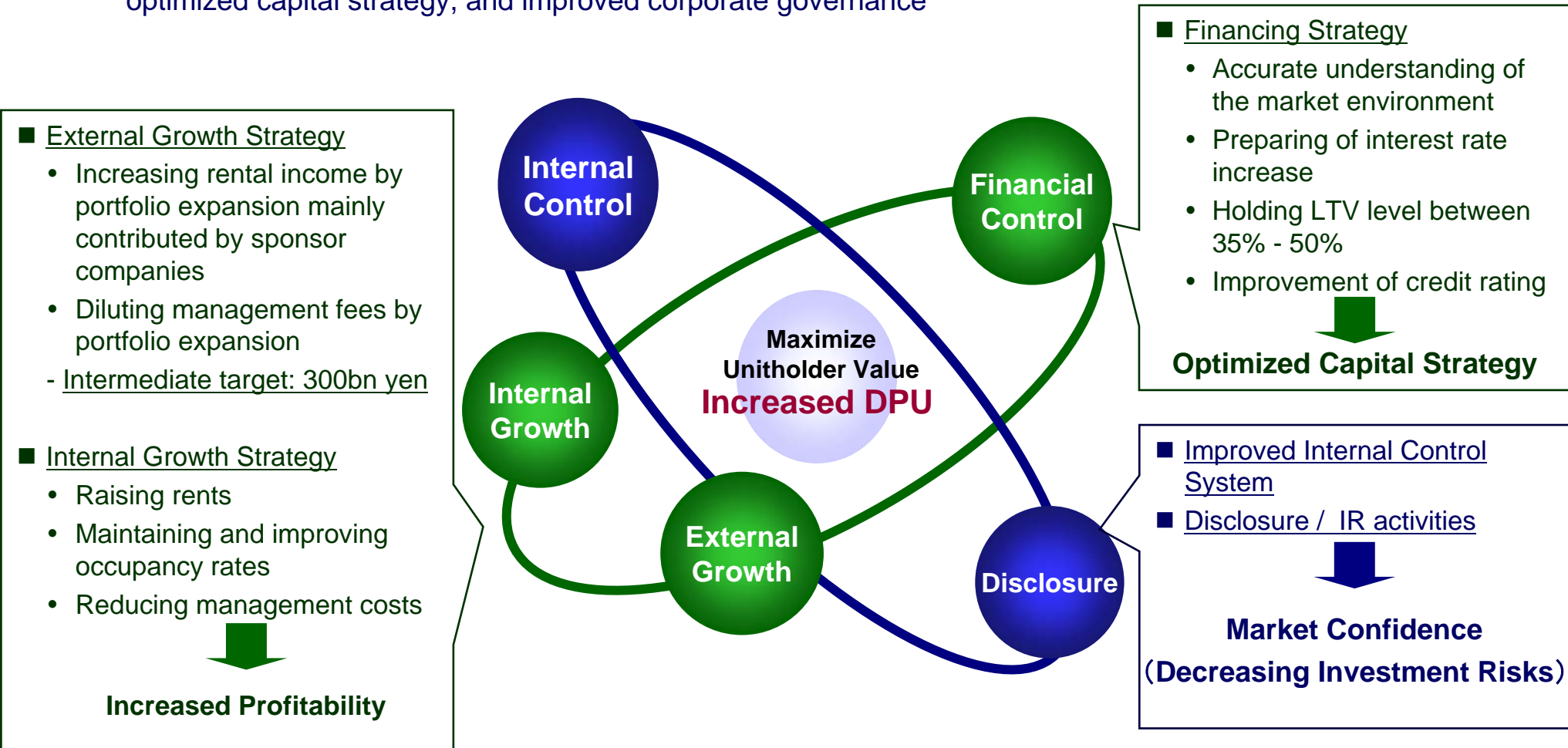
● While continuing to gradually increase the ratio of long-term fixed interest financing, because there is also a possibility that floating rates could increase only around 1%, we shall also enjoy maximum benefits from this.

● Because (seen in 10-year units) financing at current long-term fixed interest may also have cost advantages over floating interest financing, we shall also deliberate issue of investment corporation bonds at an opportune time.

III. Future investment policy

2. Basic strategy

- Our mid-to-long term management target is **steady growth of dividend per unit**
- We pursue a well-balanced management of increased profitability along with growing AUM, optimized capital strategy, and improved corporate governance



III. Future investment policy

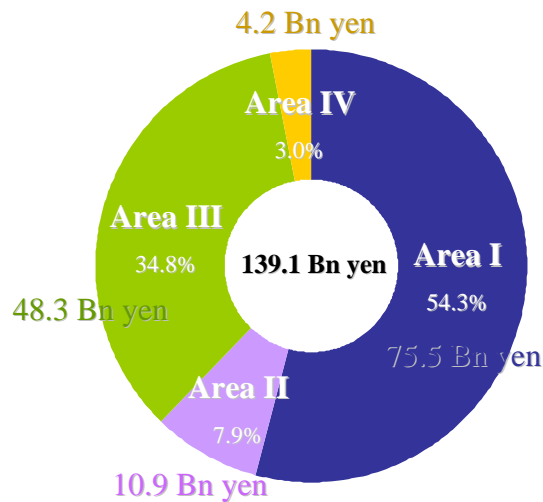
3. Acquisitions growth – Regional balance

- The investment corporation aims for creation of an optimum portfolio, with emphasis on balance.

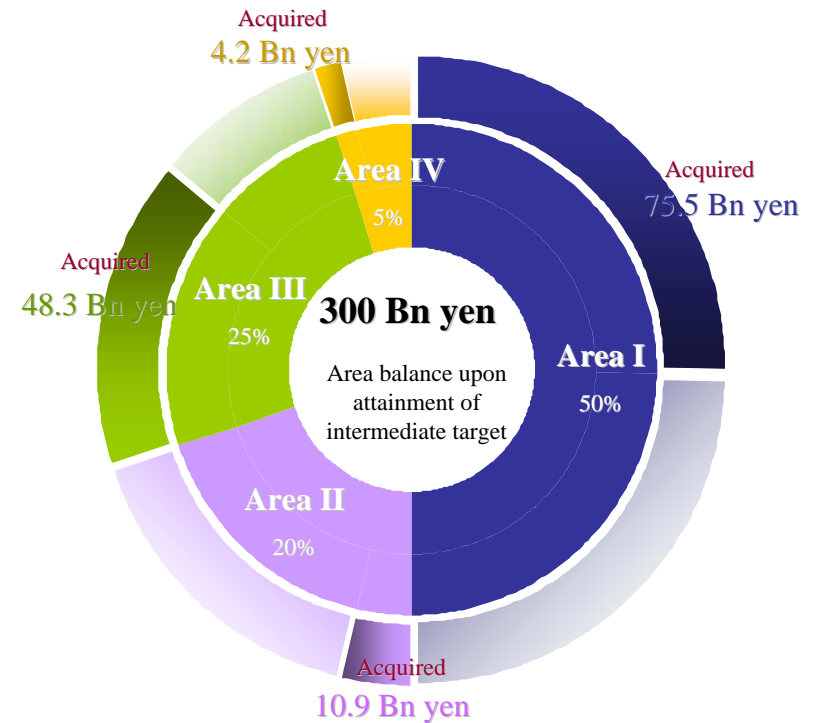
Regional balance

While centering on the Tokyo's 6 central wards of Area I, in view of the importance of diversified investment, investment shall also keep in mind the need for area balance.

Current status



Intermediate target



(NB) Each area's ratios shown above are intermediate targets, and are subject to revision.

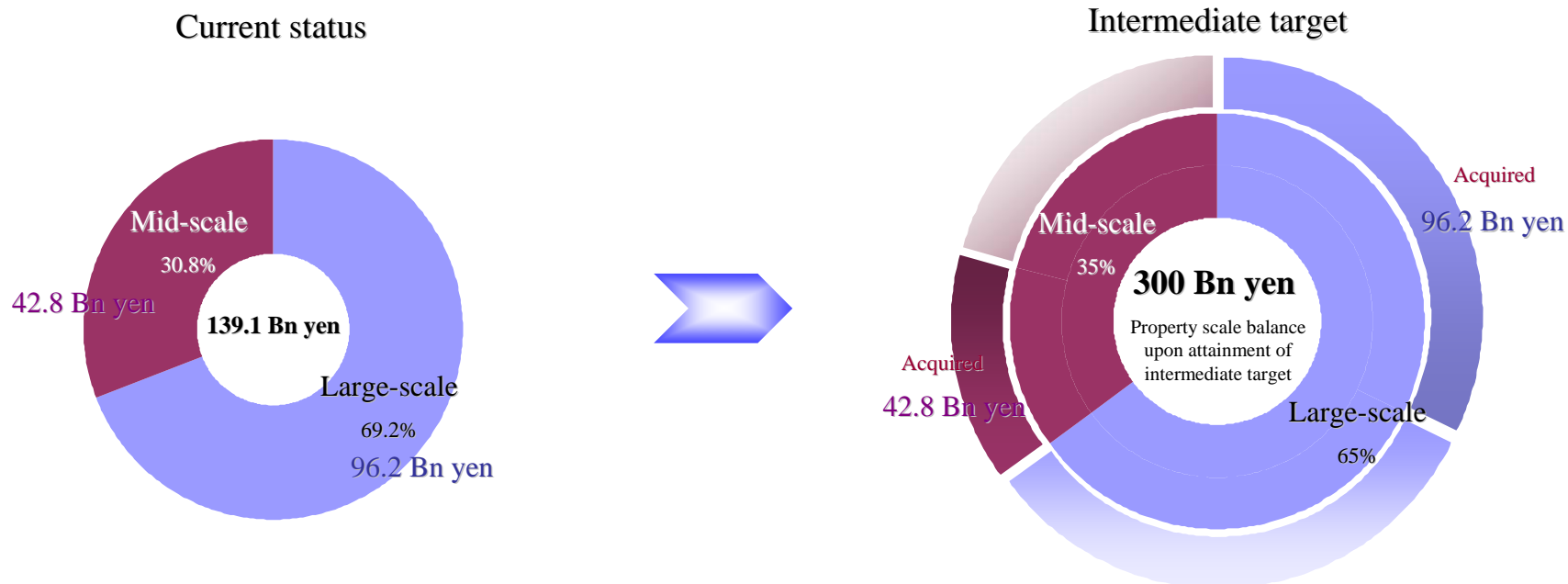
III. Future investment policy

3. Acquisitions growth – Property scale balance / Tenant balance

Property scale balance

In our future acquisitions growth we shall continue to have a 65:35 target ratio for large-scale^(NB) buildings, thought to have a competitive advantage in the real estate market, and mid-scale^(NB) buildings, thought to enjoy high liquidity and stability.

(NB) Assets in the 23 wards of Tokyo with floor space of 10,000 *tsubo* or more are defined as large-scale office buildings, and assets with floor space between 1,000 *tsubo* and 10,000 *tsubo* as mid-scale office buildings. Assets outside the 23 wards of Tokyo with floor space of 4,000 *tsubo* or more are defined as large-scale office buildings and assets with floor space between 1,000 *tsubo* and 4,000 *tsubo* as mid-scale office buildings.



(NB) The property scale ratios shown above are intermediate targets, and are subject to revision.

Tenant balance

We shall continue to seek risk diversification, such as avoidance of portfolio concentration on a single tenant or a specific industry.

III. Future investment policy

4. Internal growth – Timing of agreement renewals and revision status

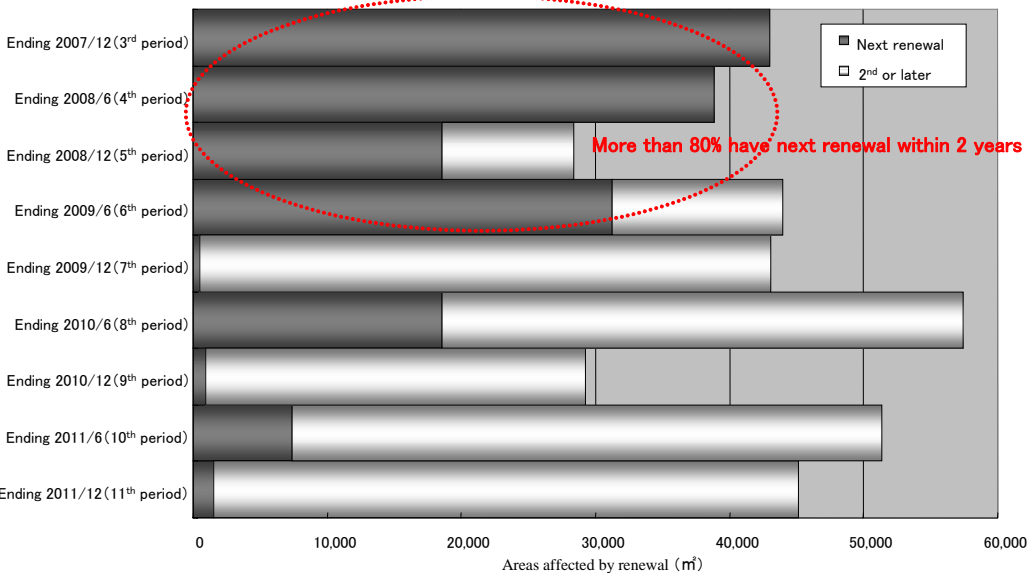
Tenant agreement patterns and renewal periods

- Almost all agreements are ordinary lease agreements of two years or less.
- 80% or more (contract floor area basis) of agreements will come up for first renewal within two years.
- There are three term lease agreements: less than 4% (contract floor area basis).

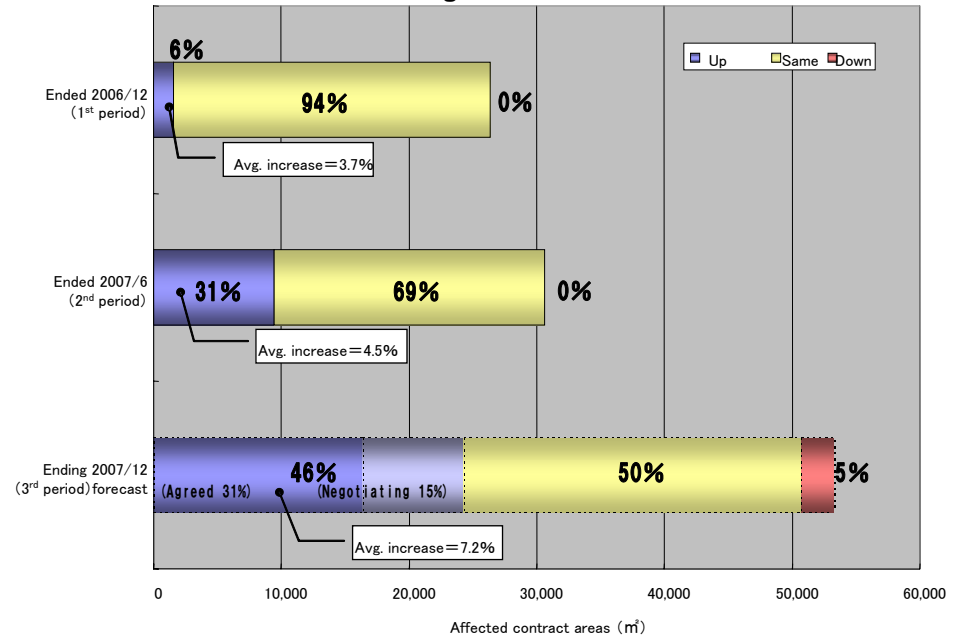
Rent revision status of renewing tenants

- In renewal periods, the ratio of upward rent revisions increased from 6% in the 1st period to 31% in the 2nd period. The 3rd period aims for 46%, and is expected to continue to increase thereafter.
- Likewise, average rent percentage increase went up from 3.7% in the 1st period to 4.5% in the 2nd period. Currently negotiating for 7.2% in the 3rd period.

Lease agreement renewal periods and areas



Renewing tenant rent trends



(NB) 14 properties are referred to through the 2nd period, with 4 follow-on properties (total of 18 properties) added from the 3rd period.

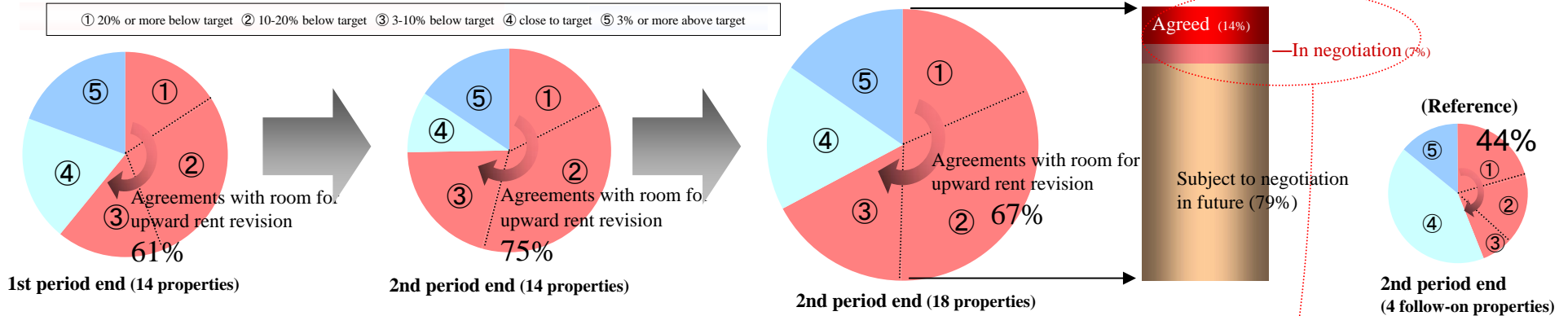
III. Future investment policy

4. Internal growth – Rent increase potential

Agreements with room for upward rent revision

- In the bullish rental market, on a contract area basis, the 14 properties' room for upward rent revision went from 61% to 75%.
- On an 18-property basis (i.e., including the 4 follow-on properties), room for upward rent revision is 67%.

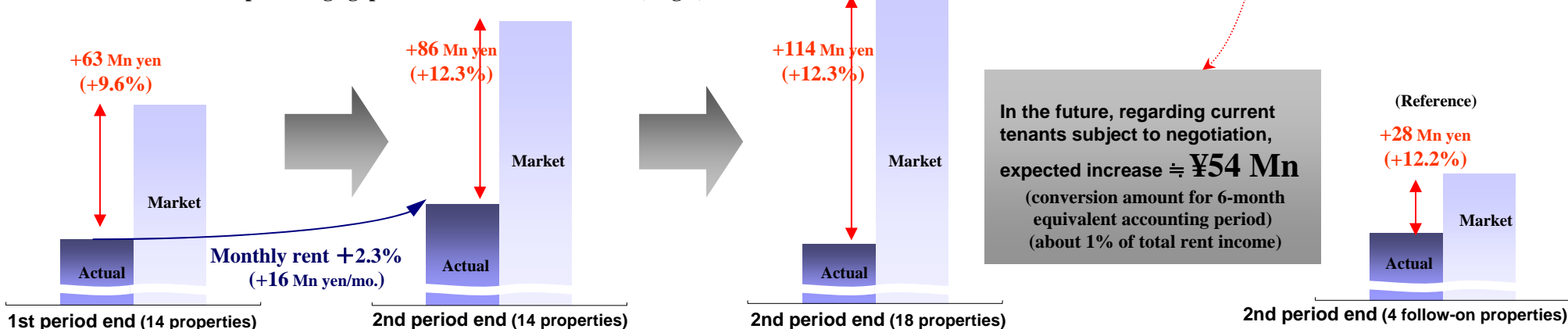
About transition of percentage gaps between current & market (target) rent (NB) Exclusive of residential, hotel, and sports club facilities



About rent increase potential

- As of the 2nd period end, room for rent increase (i.e., difference between current and market rent levels) is estimated at 86 Mn per month; during the 3rd period we plan to obtain 9 Mn yen of that through rent negotiations.
- Including the follow-on acquisition properties, the 2nd period end room for increase is estimated at 114 Mn yen

About transition of percentage gaps between current & market (target) rent (NB) Exclusive of residential, hotel, and sports club facilities

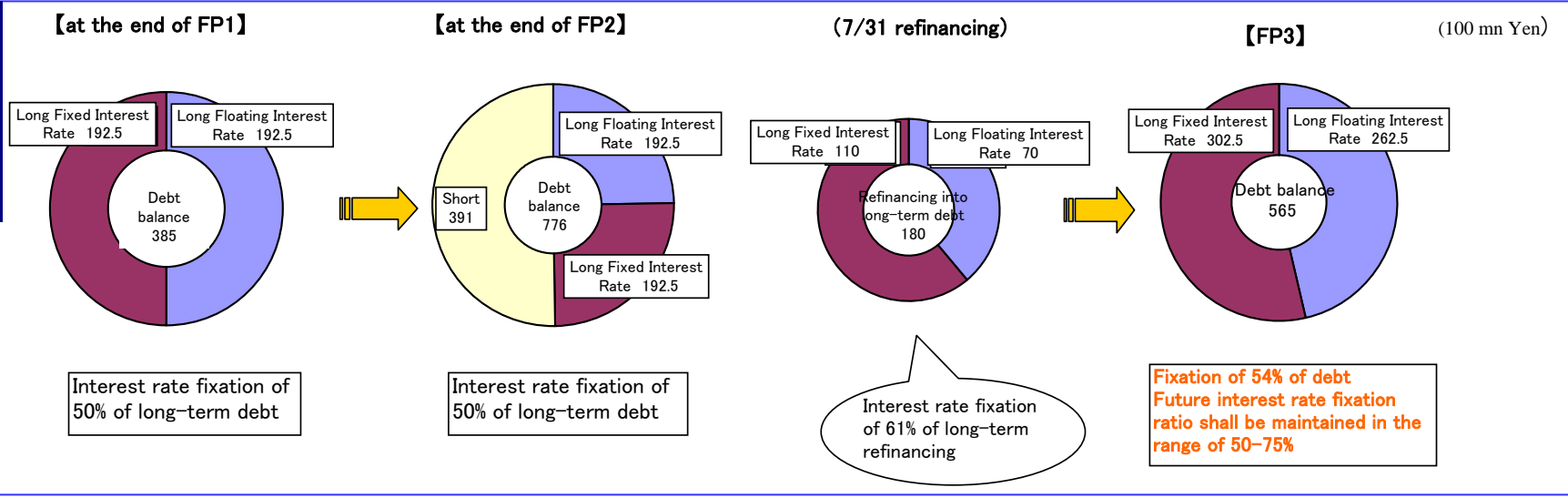


III. Future investment policy

5. Accommodations of interest rate increases

In addition to preparing for future interest rate increases and promote debt interest rate fixation, in order to reduce refinancing risk, we are promoting longer-term debt and diversification of repayment dates.

(1) Promotion of longer-term debt and debt interest rate fixation

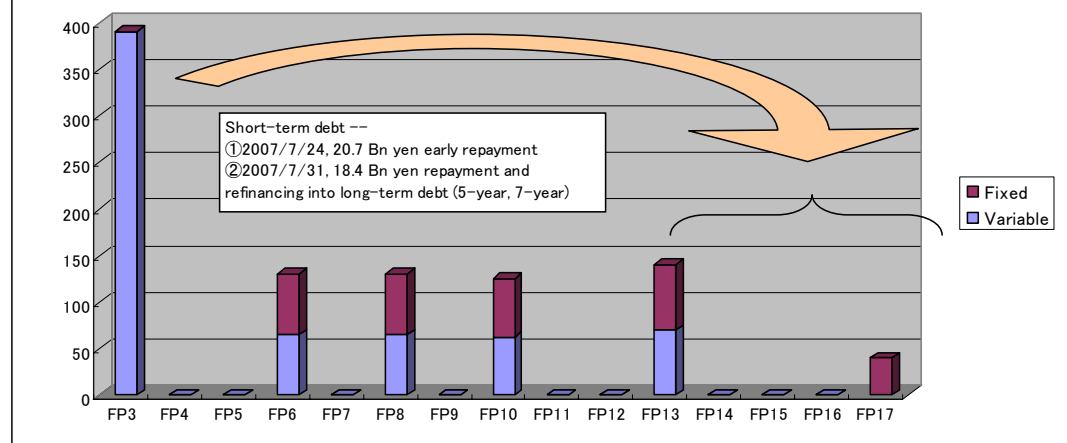


(2) Promotion of average longer-term debt periods

	at the end of FP1	at the end of FP2	As of July 31, 2007
Average life of existing borrowings	3.5 Years	(1.5 Years)	3.7 Years

(N.B.) Average borrowing period at 2nd period end includes 39.1 Bn yen of short-term debt.

(3) Promotion of repayment date diversification



III. Future investment policy

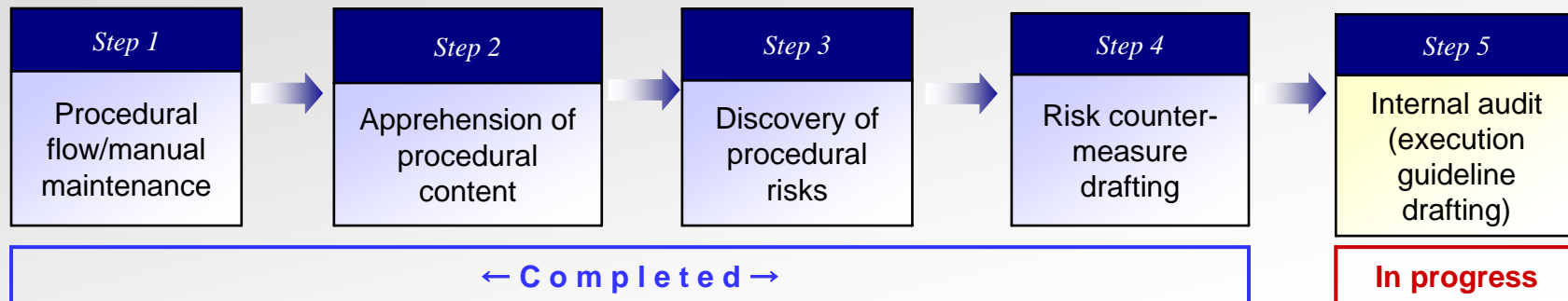
6. Accommodation of changes in the legal/systemic environment

Preparations for legislative and systemic revisions

- Financial Instruments and Exchange Law implementation
- Trust law, trust business law amendments
- Real estate appraisal standards revision
- New BIS regulations implementation

Appropriate accommodation of systemic changes pertaining to J-REITs

Further reinforcement of internal management system using outside consultant (commenced Nov. 2006)



III. Future investment policy

7. Performance forecast

<Assumptions>

- Possible new property acquisitions and follow-on capital increases are not taken into consideration

■ 3rd period (forecast)

- 2nd period acquisition properties shall contribute to rental revenue throughout the period
- In addition to increases in property tax, interest expenses and other fixed expenses, partial acceleration of renovation under the mid-to-long term plan, as well as accommodations for the JEI Nishi-honmachi Building's asbestos removal work (tenant relocation costs) are expected

■ 4th period (forecast)

- Maximization of accommodations for the JEI Nishi-honmachi Building's asbestos removal work (225 Mn yen profit reduction factor compared with normally)

(Unit: Mn yen)

	FP1 (Actual)	FP2 (Actual)	FP3 (Estimate)	FP4 (Estimate)
Revenues	4,751	5,505	6,373	6,341
NOI	3,405	3,770	3,912	3,845
Operating Income	2,369	2,653	2,673	2,625
Income before income taxes	1,858	2,240	2,133	2,118
Net Income	1,856	2,239	2,132	2,117
Distribution per Unit (JPY)	13,773 Yen	16,614 Yen	13,800 Yen	13,700 Yen
Total Investment Units Outstanding	134,800 units	134,800 units	154,550 units	154,550 units

(NB) Fractional amounts of less than a million yen are rounded off.

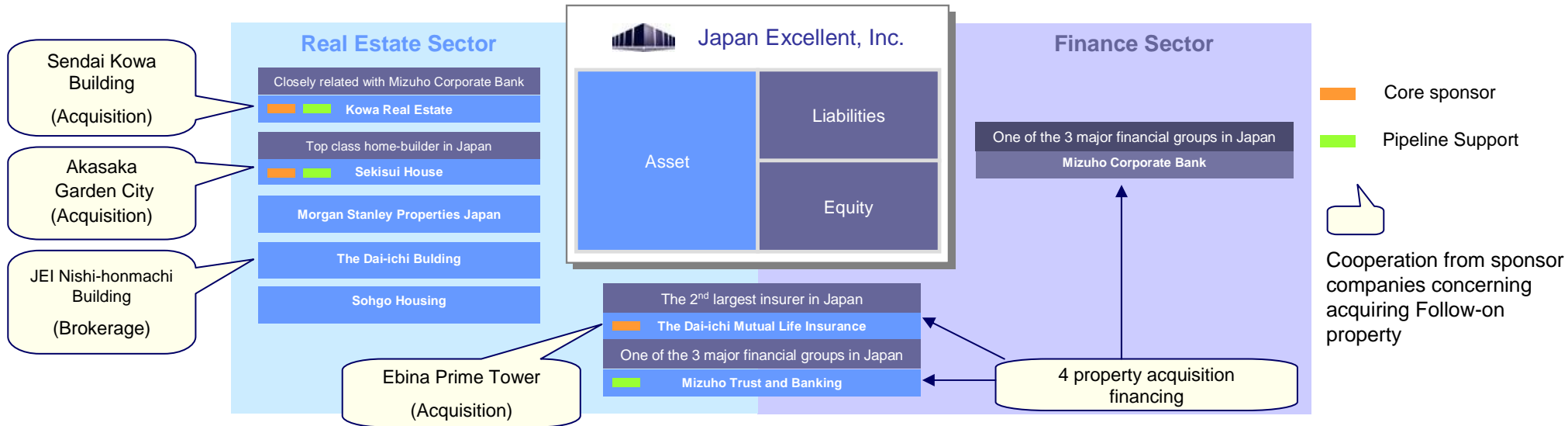
Appendix

Principal strategy
Cash flow statement / Distribution of profit
Overview of 18assets
Financial indicators
Organizational structure
Outline of the Asset management company



Principal strategy

- Japan Excellent will “Utilize the extensive resources of our sponsor companies backed by their strengths and track record in the real estate and/or financing business.” and “Pursuit of stable growth” in order to maximize unit holder value



- Portfolio focused on office buildings located in Metropolitan Areas in pursuit of stability and growth in profitability

Investment ratio specifications: 80% or more of office space shall be in high-concentration core areas;
there are also further detailed specifications within the core areas

Over 90% of the portfolio will be office properties

Type of Use Allocation (1)	Ratio in portfolio (2)
Office buildings	More than 90%
Others (Retail properties, Residential properties, etc.)	Less than 10%

(NB)

- Type of use is determined when more than 50% of the total floor space available for rent revenue of the asset fall under such type of use.
- Ratio determined by the acquired price of assets

Investment target regions	Investment ratio within Portfolio
Core Areas	More than 80%
Area I Tokyo's six central wards (Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Ward)	More than 50% of core area
Area II Central Osaka City Central Nagoya City Central Fukuoka City	Less than 50% of core area
Area III Tokyo, excluding Tokyo's six central wards as Area I, and areas surrounding Tokyo (Kanagawa, Saitama, and Chiba Prefectures)	Less than 50% of core area
Area IV Osaka, Nagoya and Fukuoka Cities, excluding districts specified in Area II, and other government-designated cities	Less than 20%

Cash flow statement / Distribution of profit

Cash flow statement

(Unit: Mn yen)

Category	Amount
Cash flows from operating activities	4,093
Income before income taxes	2,240
Depreciation and amortization	674
Consumption tax refundable	1,246
Interest income and interest expenses	△ 347
Other	279
Cash flows from investing activities	△ 39,138
Purchase of real estate	△ 41,698
Proceeds from security deposit from tenants	2,560
Cash Flows from Financing Activities	37,244
Proceeds from long-term debt	53,100
Outlays for repayment of debt	△ 14,000
Cash distribution	△ 1,854
Other	△ 1
Net increase in cash and cash equivalents	2,199
Cash and cash equivalents at beginning of period	13,119
Cash and cash equivalents at end of period	15,319

Distribution of profit

(JPY)

Retained earnings	2,239,620,670
Cash distribution	2,239,567,200
Distribution per unit	16,614
Retained earnings carried forward to the next period	53,470
Total investment units outstanding	134800 units

Selected Financial Ratios

Dividend Payout Ratio	100.0%
Dividend Yield (Annualized)	3.2%

(NB)

Numbers are Rounded down to the nearest 1,000,000

Rounded to the first decimal place

Annualized based on the closing price of the investment units at Dec. 29, 2007

Overview of Assets

Akasaka Garden City

Properties newly acquired 2nd period



Location:

As the office district adjacent to the government office and public institution district of Kasumigaseki-Nagatacho, Akasaka has a high concentration of retail and business functions, and is an excellent environment. Very close to Aoyama-dori Blvd., this property is close to both the Aoyama 1-chome and Akasaka-mitsuke subway stations offering convenient access to four lines. Additional development is expected.

Building facilities, etc.:

A cutting-edge building completed in January, 2006, the standard floor office area is an evenly shaped, pillar-free 1,554m², with a ceiling height of 2,800MM and windows on three sides further increasing the brightness and sense of openness.



I-7

Akasaka Garden City

Location 4-15-1, Akasaka, Minato-Ward, Tokyo
 Land Area 6,888,97m²
 Floor Space 46,776.76m²
 Structure S, RC, SRC
 Floors 19F, B2F.
 Completion January 31, 2006



Overview of Assets

JEI Nishi-honmachi building

Properties newly acquired 2nd period



Location: in the heart of Osaka's Motomachi district, nearby are business districts along major thoroughfares such as "Mido-suji" and "Yotsubashi-suji" avenues. With a high concentration of excellent companies, this is one of the most competitive districts in Osaka for an office location. This property faces "Yotsubashi-suji" avenue, is very close to the nearest station, and has excellent visibility.

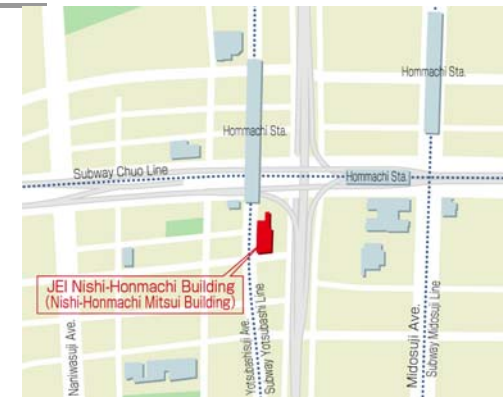
Building facilities, etc.: with a total floor area exceeding 4,000 *tsubo*, this building's standard floor office area is a regularly shaped, open space of 1,059.54m², and the air conditioning facilities can be controlled in 10 independent segments per floor, facilitating accommodation of the needs of even small-scale tenants.



II-2

JEI Nishi-Honmachi Building

Location	1-3-15, Awaza, Nishi-Ward Osaka City, Osaka
Land Area	1,970.44m ²
Floor Space	15,800.31m ²
Structure	SRC
Floors	11F, B1F.
Completion	February 19, 1988



Overview of Assets

Ebina Prime Tower

Properties newly acquired 2nd period



Located in central Kanagawa Prefecture, the Ebina district is one of the most important retail areas in the prefecture. Ebina Station is a terminal with three train lines intersecting, and offers convenient access to central Tokyo and other areas in the prefecture. This property is the only ultra high rise office building in the district, and is a redevelopment complex property comprised by four facilities including a hotel and fitness club. It is generally reputed to be the most competitive and advantageous building in the district. The office wing has a standard floor office area of 1,021.17m², securing a regularly shaped pillar-free space, and each floor can have the air conditioning system independently operated in four separate partitions.



III-8

Ebina Prime Tower

Location 2-9-50 Chuo, Ebina City, Kanagawa
 Land Area 12,008.62m²
 Floor Space 55,806.20m²
 Structure S, SRC, RC
 Floors 25F, B1F
 Completion May 31, 1995



Overview of Assets

Sendai Kowa Building

Properties newly acquired 2nd period



Location: Sendai, the largest city in the Tohoku regions, is the economic and administrative center of the Tohoku region. Aoba-ku Ichiban-cho, where this property is located, is in the center of Sendai, and Aoba-dori Ave. which this property faces is the city's central street, and is known for the attractiveness of the rows of zelkovas along it. The street is lined by office buildings and retail buildings, and numerous financial institutions are concentrated here, making it the center of Sendai's business district.

Building facilities, etc.: This property is a large-scale office building, with a total of more than 5,000 *tsubo* of floor area constructed under the Comprehensive Design System. Standard floor office area is 826.02m² and it boasts about 50 meters of frontage along Aoba-dori Ave. The regularly-shaped space has windows on three sides.



IV-1

Sendai Kowa Building

Location	2-4-1 Ichiban-cho, Aoba Ward, Sendai City, Miyagi
Land area	2,715.39m ²
Floor area	18,564.45m ²
Structure	S, SRC construction
Floors	15F, B2F
Completion	August 20, 1979

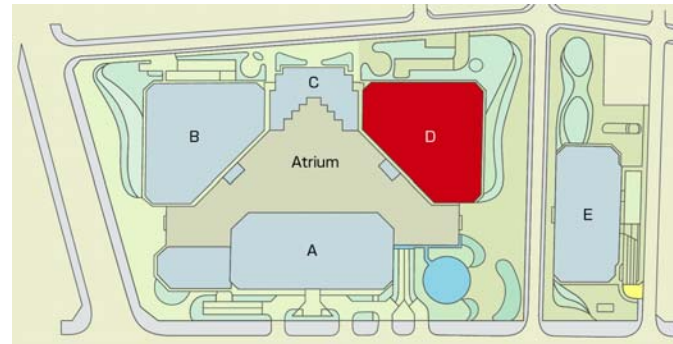


Overview of Assets

Omori Bellport D



This asset is located approximately 300m East of Omori Station (JR-East Keihin-Tohoku Line), providing easy access to Tokyo Station, Shinagawa Station and Southern Tokyo, which is expected to develop as a business area. The asset is located in the Omori Bellport complex, which consists of the Area A and B. Buildings A through D (offices and commercial facilities), an atrium and a parking lot are included in Area A. Building E, a parking lot and a warehouse for disaster prevention purpose is located in Area B.



I-1

Omori Bellport D

Location	6-26-3 Minami-Oi, Shinagawa Ward Tokyo
Land Area	22,294.51m ²
Floor Space	155,778.75m ²
Structure	S, RC, SRC
Floors	17F, B3F
Completion	September 24, 1996



Overview of Assets

NHK Nagoya Housou-Center Building



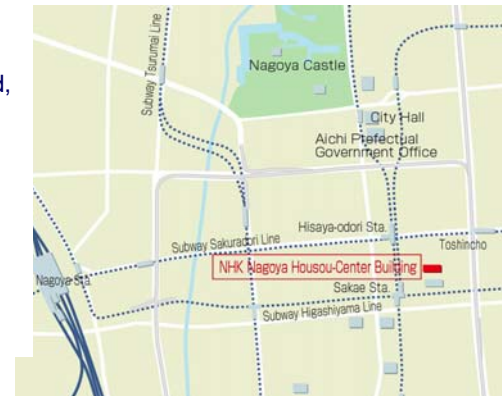
The asset is located in a central region, which is of an approximately four-minute walking distance from the Sakae Station (Subway Higashiyama Line, Meijo Line) and Sakae-Cho Station (Meitetsu Seto Line). The Western area is an open space (Hiroba Zone-Sakae Park or Oasis 21) of the city park (Hisaya-odori Park) with floor space of approximately 35,100m², making it the optimal region for complex commercial region, also close to Hisaya-odori Station (Subway Sakuradori Line).



II-1

NHK Nagoya Housou-Center Building

Location	1-13-3 Higashisakura, Higashi Ward, Nagoya City, Aichi
Land Area	7,927.36m ²
Floor Space	80,809.95m ²
Structure	SRC, S
Floors	22F, B4F.
Completion	July 30, 1991



Overview of Assets



This asset is located within a two-minute walking distance southeast from the Shiba Koen Station (Toei Mita Line). The peripheral environment is a commercial area which consists of hotels and residential housing around office buildings. The asset is a complex of office and residential properties. The standard floors of the office building has been remodeled to secure 850m² of space (approximately 250 tsubo). Accessibility, high-quality property management and open space around the properties make this asset very competitive.

I-2

Shiba 2- Chome Building

Location	2-6-1 Shiba, Minato Ward, Tokyo
Land Area	3,355.00m ²
Floor Space	19,518.15m ²
Structure	Offices: S, SRC, RC Residential: SRC
Floors	Offices: 12F, B2F Residential: 14F
Completion	March 17, 1994



I-4

No.32 Kowa Building

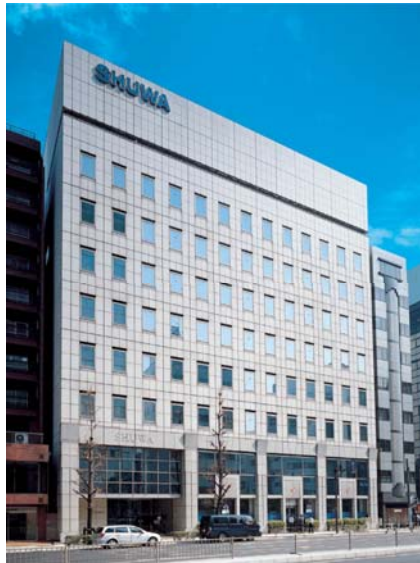
Location	5-2-32 Minami-Azabu, Minato Ward, Tokyo
Land Area	2,592.39m ²
Floor Space	10,110.96m ²
Structure	SRC
Floors	9F, B1F
Completion	March 19, 1979



This asset is located approximately 200m (direct distance) north of the Hiro-o Station (Tokyo Metro Hibiya Line), which is one of the most prestigious residential area in Central Tokyo. The Arisugawanomiya Memorial Park, embassies and educational facilities are located in this area.



Overview of Assets



This asset is located in the central area of the Hamamatsucho / Shiba Park area, which is within a four minute walking distance east from the Hamamatsucho Station (JR Yamanote Line, Keihin-Tohoku Line) and a three-minute walking distance, south from the Daimon Station (Toei Asakusa Line, Oedo Line). The area is close to newly developed large-scaled office buildings (reaching Shiodome, Shinagawa) across the Daiichi Keihin Ave. (Route 15). The asset has a relatively high market position for its quality.

I-3

Shuwa Daiichi Hamamatsucho Building

Location	2-2-12, Hamamatsucho, Minato Ward, Tokyo
Land Area	1,102.48m ²
Floor Space	8,327.53m ²
Structure	SRC, S
Floors	8F, B1F
Completion	December 16, 1991



III-1

Musashikosugi Tower Place

Location	1-403 Kosugi-Cho, Nakahara Ward, Kawasaki City, Kanagawa
Land Area	8,329.62m ²
Floor Space	53,711.13m ²
Structure	S, SRC
Floors	23F, B2F
Completion	July 15, 1995



This asset is conveniently located within approximately a-minute-walking distance, northeast from the Musashi-Kosugi station (Tokyu Toyoko-Line, Tokyu Meguro Line, JR-East Nambu Line). The peripheral commercial region consists of high-rise, with a highly-appraised business environment. The area to the south of the asset is currently developing as a commercial region with metropolitan residential functions designed according to city plans, with a concentrated development of high-rise residential housing as well as other buildings.



Overview of Assets



The asset has good accessibility. to two stations, with the Kawasaki Station (JR-East Keihin-Tohoku Line, Tokaido Line, Nambu Line) located in two to four minutes walking distance (150~300m) North and the Keikyu Kawasaki Station (Kekyu Lines) located just 300m North of the Kawasaki Station. The mobility of the flourishing peripheral region is notable, with a commercial area around the East Exit of the Kawasaki Station. The region is flourishing with the large-scale commercial facilities, resulting in synergistic effects. Development into the area is expected to increase the potential of the region further.

III-2

Kowa Kawasaki Higashiguchi Building

Location	1-53 Nisshin-cho, Kawasaki Ward, Kawasaki City, Kanagawa
Land Area	1,652.89m ²
Floor Space	31,009.62m ²
Structure	S, SRC
Floors	21F, B3F
Completion	April 30, 1988



III-5

Kawasaki Nisshincho Building

Location	7-1 Nisshincho, Kawasaki Ward, Kawasaki City, Kanagawa
Land Area	3,673.94m ²
Floor Space	22,141.60m ²
Structure	S, SRC
Floors	15F B2F
Completion	April 24, 1992



This asset is a large-sized office building. The location is approx. 8 minutes walk from “Kawasaki” station on the JR Tokaido Line. Due to the continuing developments around the station, the sub-area is recently transformed to a commercial area, with strong rental demand.



Overview of Assets

I-5

No. 36 Kowa Building

Location	5-19 Sanbancho, Chiyoda-Ward, Tokyo
Land Area	1,988.49m ²
Floor Area	8,266.55m ²
Structure	SRC
Floors	7FL, B1F
Completion	September 30, 1982



This property is located approx. 450m north east of the “Hanzomon” Station. The area is home to embassies, universities and other public facilities, with a high-end residential area nearby. Because the property is located in the city center, it is an excellent office location.



I-6

No. 28 Kowa Building

Location	2-20-1 Nishi Gotanda, Shinagawa Ward, Tokyo
Land Area	925.13m ²
Floor Space	6,282.23m ²
Structure	SRC
Floors	10F, B1F.
Completion	February 21, 1975



This asset is located in the office area of Gotanda. It is a 3-minute-walk from “Gotanda” station on the JR Yamanote Line / Toei Asakusa Subway Line, and is around 4 minutes west of “Gotanda” station of the Tokyu Ikegami Line.



III-3

Hongo TS Building

Location	2-38-6 Hongo, Bunkyo-Ward, Tokyo
Land Area	984.89m ²
Floor Space	5,877.11m ²
Structure	SRC
Floors	8F, B1F
Completion	February 6, 1991



This property is located 70m to 120m from the “Hongo-sanchome” Station. The property is a symbolic building in its respective area. Also, the property is quite competitive in its area, since the building age is relatively young in comparison.



Overview of Assets

III-4

Shuwa Idabashi Building

Location	2-3-19, Koraku, Bunkyo ward, Tokyo
Land Area	904.38m ²
Floor Space	5,083.77m ²
Structure	SRC
Floors	8F, B1F
Completion	October 31, 1988



This asset is located in 3 minutes walking distance from Idabashi Station of Toei Oedo Line. High-rise office buildings and small retail properties are mixed up in the neighborhood of this asset now, while office buildings are expected to be dominant in the near future.



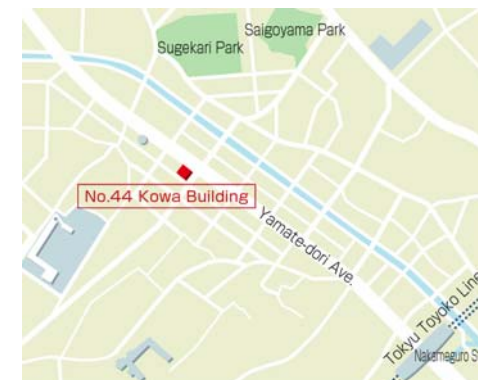
III-6

No. 44 Kowa Building

Location	1-2-7, Higashiyama, Meguro Ward, Tokyo
Land Area	699.87m ²
Floor Space	3,359.55m ²
Structure	SRC
Floors	9F
Completion	July 31, 1984



This asset is located along Yamate-dori Avenue, 8 minutes from Naka-Meguro Station of Tokyu Toyoko Line and Tokyo Metro Hibiya Line on foot. Yamate-dori Avenue is authorized as urban planning road, which facilitates redevelopment of adjacent area. Neighborhoods of this asset are expected to be redeveloped and become more flourished area.



III-7

Ryogoku Dai-ichi Life Building

Location	3-25-5, Ryogoku, Sumida ward, Tokyo
Land Area	968.33m ²
Floor Space	5,820.56m ²
Structure	S/SRC
Floors	11F, B2F
Completion	August 8, 1996



This asset is located near Ryogoku Station of JR Sobu Line. Around this asset is commercial area where mid-to-high-rise office and retail buildings are standing together.



Financial indicators

Financial Indicator	Calculation	Unit	FP1	FP2
EPS (Earnings Per Share)	Net Income / Total Units Outstanding	Yen	13,773	16,614
EBIT (Earnings Before Interest and Tax)	Earnings Before Taxes + Interest + Discount Amount	Mn Yen	2,067	2,601
EBITDA (Earnings Before Interest, Tax and Depreciation and Amortization)	Earnings Before Taxes + Interest + Discount Amount + Depreciation and Amortization	Mn Yen	2,699	3,276
NOI (Net Operating Income)	Lease Revenue - Lease Expenses + Depreciation and Amortization	Mn Yen	3,405	3,770
NCF (Net Cash Flow)	NOI - Capital Expenditures	Mn Yen	3,250	3,588
FFO per Unit	FFO / Total Units Outstanding	Yen	18,459	21,616
DSCR (Debt Service Coverage Ratio)	Net Income before Interest Tax + Depreciation & Amortization / (Interest + Principal)	Multiple	9.9	7.2
ROA	Recurring profit / ([period beginning total capital + period end total capital] / 2) * 100	%	2.0	1.7
(Reference) Annualized with following formula	Above * 365 days / number of operating days	%	4.0	3.3
ROE	Net income / ([period beginning total assets + period end total assets] / 2) * 100	%	2.8	3.2
(Reference) Annualized with following formula	Above * 365 days / number of operating days	%	5.4	6.5
Equity / Total Asset	(Period end net assets / period end total assets) * 100	%	60.7	44.7
LTV (Loan-to-Value)	(Period end interest-bearing debt / period end total assets) * 100	%	33.7	49.7
BPS (Book Value per Unit)	Period end net assets / number of outstanding investment units	Yen	514,317	517,906
Dividend Payout Ratio	Total cash distribution amount / net income * 100	%	99.9	100.0

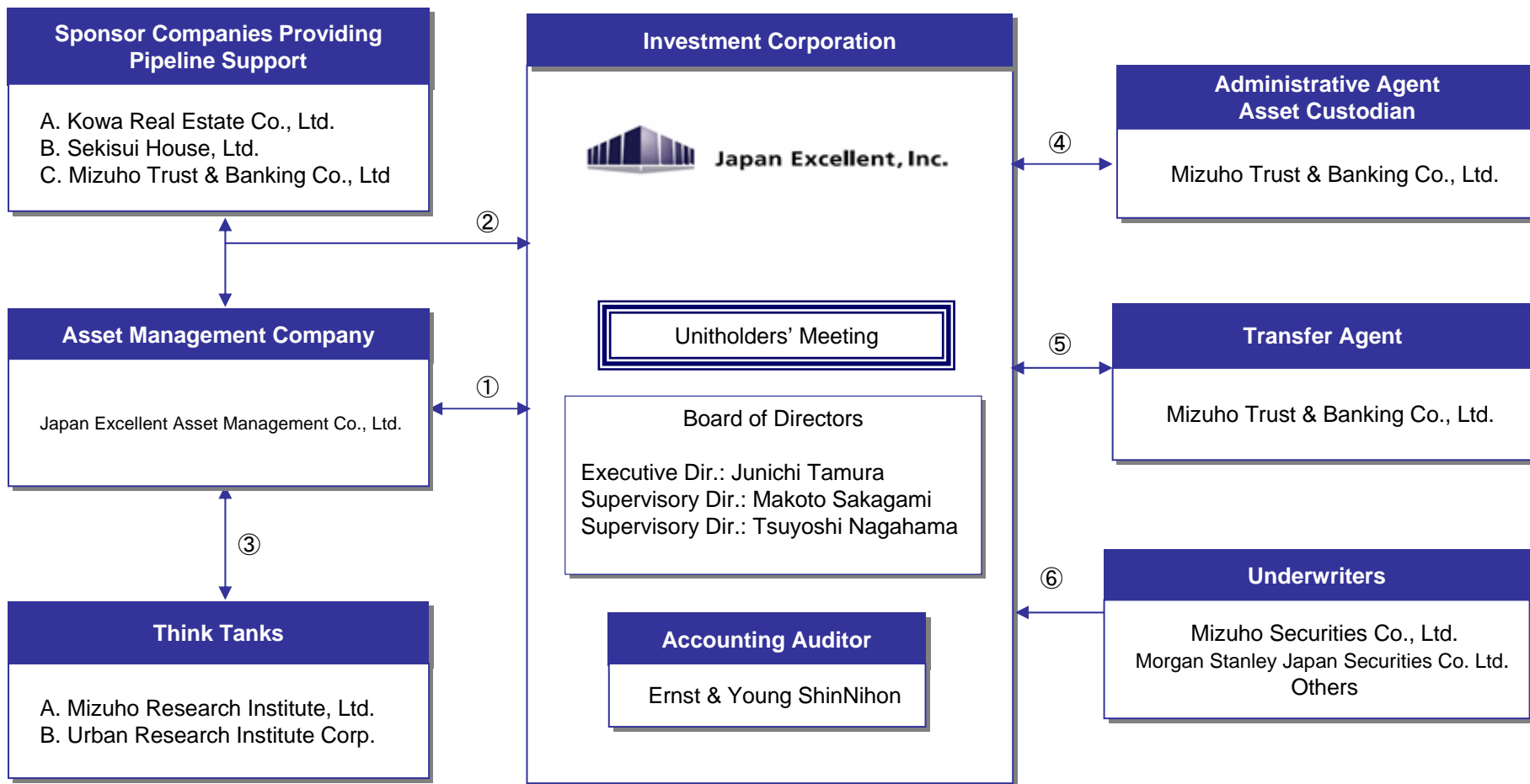
(NB) Percentages have the second decimal place rounded to the nearest first decimal place.

For ROA and ROE calculations, averages were used for beginning and ending total assets and net assets

1st period, June 27, 2006 is used as the starting date

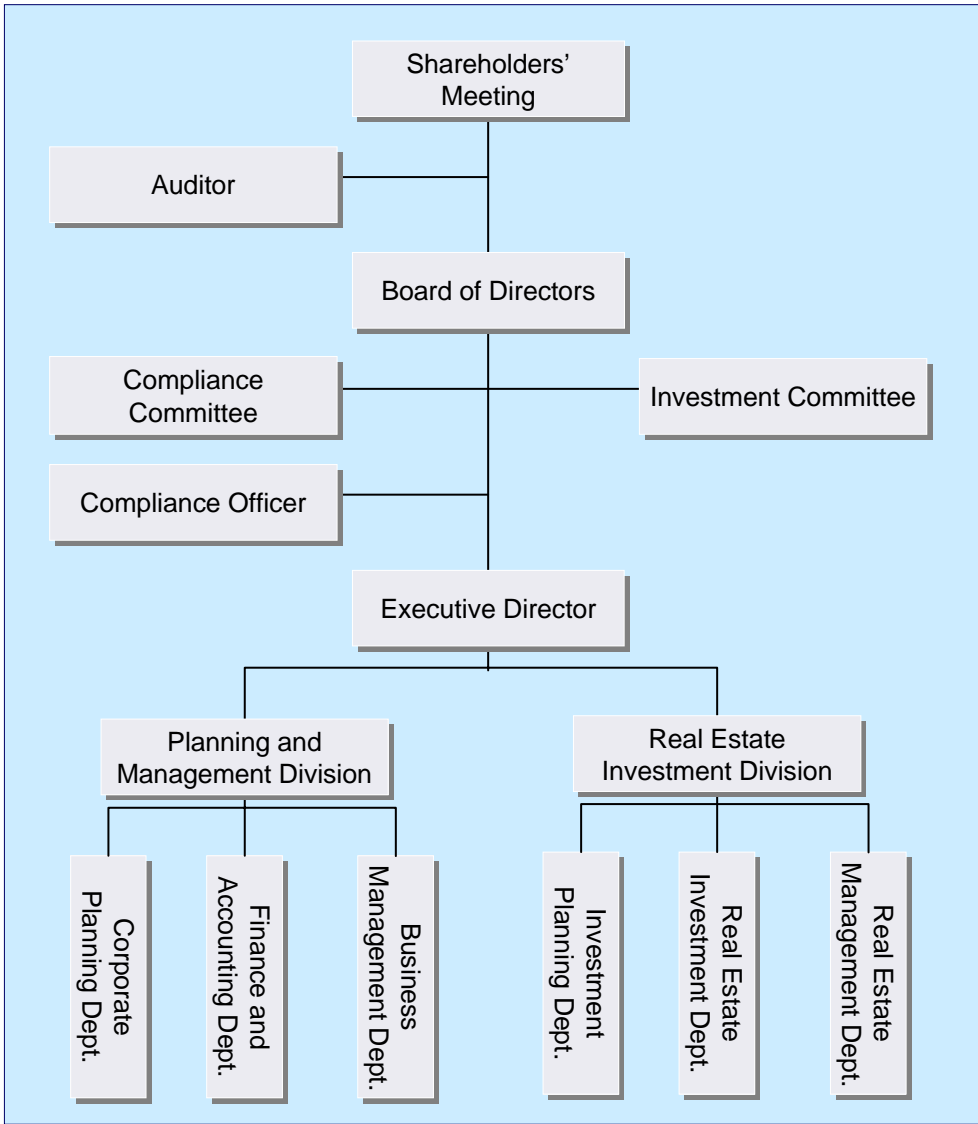
Operating days, 1st period:188days, 2nd period:181days

Organizational structure



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 administration of unitholders' register ⑥ New issue underwriting agreement

Outline of the Asset management company



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 Mutual Life Insurance Company	20.0%
	Sekisui House Ltd.	15.0%
	The Dai-ichi Building Co., Ltd.	5.0%
	Sohgo Housing Co., Ltd.	5.0%
	Morgan Stanley Properties Japan K.K.	5.0%
	Mizuho Corporate Bank, Ltd.	5.0%
Mizuho Trust & Banking Co., Ltd.	5.0%	
Officers	President	Junichi Tamura
	Director of Planning & Management	Nobuyuki Tanabe
	Director of Real Estate Investment	Ryuichi Yamamoto
	Director (Non-executive)	Takashi Uchida
	Auditor (Non-executive)	Masatoshi Tamaru
	Compliance Officer	Michiro Ezaki
Business Operations	Asset management for Investment Corporation <ul style="list-style-type: none"> ■ Invest. Co. Asset Mgt. License: Prime Minister No. 61 ■ Discretionary License: Minister of MLIT No. 44 ■ Real Estate Agency License: Governor of Tokyo(1) No. 84511 	

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