



Japan Excellent, Inc.

Sixteenth Period (ended June 2014)

Presentation Materials

August 19, 2014

(TSE:8987)



I. Financial Highlights and Performance Forecasts

- 1. Financial Highlights of the 16th Period (Ended June 2014) 3
- 2. Financial Results of the 16th Period (Ended June 2014) 4
- 3. Performance Forecasts 5

II . Management Status and Policy

- 1. External Growth
 - (1) History of External Growth 7
 - (2) Newly Acquired Properties 8
 - (3) Utilization of Sponsor Support 9
 - (4) Status of Third-Party properties and Joint Ownership Properties 10
- 2. Internal Growth
 - (1) Occupancy Rates 11
 - (2) Rent Revisions and Rent Levels 12
 - (3) Historical Total Rent Revenue and Status of Rent Gap 13
- 3. Financial Strategy
 - (1) Status of Financial Management 14
 - (2) Results of Financing Activities 15
 - (3) Status of Interest-bearing Debt 16
- 4. Actual Result and Forecast of Distributions per Unit 17

III. What Makes Japan Excellent Inc. Excellent

- 1. Sponsor 19
- 2. Portfolio 20
- 3. Track Records 21
- 4. Structure of JEI/ Overview of Japan Excellent Asset Management Co., Ltd. 22
- 5. Operation Structure of Japan Excellent Asset Management Co., Ltd. 23
- 6. Initiatives for Environmental Measures 24

Reference Materials

- Management Discussion of Market Environment 26
- Overview of Period-end Appraisals 27
- Period-end Appraisal Value 28
- Revenue and Expenses by Property 29
- Statement of Income and Retained Earnings 30
- Balance Sheet 31
- Statements of Cash Flow and Profit Distributions 32
- Financial Indicators 33
- Unitholders 34
- Portfolio Map 35
- Portfolio Overview 36



I. Financial Highlights and Performance Forecasts

1. Financial Highlights of the 16th Period (Ended June 2014) Japan Excellent, Inc.

	15th Period (Dec. 2013)	16th Period (Jun. 2014)	Difference	(%)
Revenue	8,850 million yen	9,558 million yen	708 million yen	8.0%
Net Income	2,774 million yen	3,010 million yen	235 million yen	8.5%
Distributions per Unit*	2,466 yen	2,482 yen	16 yen	0.6%
Outstanding Investment Units*	1,124,750 units	1,212,750 units	88,000 units	7.8%
Asset Size	245.5 billion yen	265.4 billion yen	19.8 billion yen	8.1%
Number of Properties	28 properties	30 properties	2 properties	-
NOI (NOI yield)	5,747 million yen (4.64%)	6,160 million yen (4.75%)	413 million yen (0.11pt)	7.2%
Occupancy Rate	98.7%	98.3%	-0.4pt	-
Rental Revenue (Existing Properties)	7,753 million yen	7,747 million yen	-6 million yen	-0.1%
LTV (Total Assets)	48.6%	48.2%	-0.4pt	-
Average interest rate	1.26%	1.17%	-0.09pt	-
Average Remaining Period of Interest- Bearing Debt	2.85 years	3.24 years	0.39 years	-
Ratio of fixed interest rate	90.8%	91.4%	0.6pt	-
NAV per unit	96,955 yen	100,835 yen	3,880 yen	4.0%

- ◆ Revenue, net income and NOI increased due to revenue contribution from properties acquired in the 16th period and stable revenue from existing properties
- ◆ Distributions per unit increased surpassing the distribution in the previous period and initial forecast

External Growth

- ◆ Conducted capital increase through public offering and acquired properties totaling ¥18.5 billion
- ◆ Conducted additional acquisition of compartmentalized ownership of NHK Nagoya Housou-Center Building

Improved portfolio yield through external growth backed by continuous capital increase through public offering

Internal Growth

- ◆ Occupancy rate remained high at the 98% level during the 16th period
- ◆ Bottoming-out trend for rent revenue became apparent

Revenue from existing portfolio stabilized and its impact on the entire revenue was neutral

Financial Strategy

- ◆ LTV (total assets) decreased due to conducting capital increase through public offering
- ◆ Issued investment corporation bonds of ¥13 billion including bonds with 10-year period, and procured fund at low interest rate combined with new borrowings

Realized the conversion to fixed-interest rate and the extension of remaining period of interest-bearing debts while holding down following costs

* : JEI Implemented a 5-for-1 split of its investment units on January 1, 2014. Considering said split, Distributions per Unit for the 15th period indicates figures divided by 5, and Outstanding Investment Units indicates figures multiplied by 5. Figures for Distributions per Unit is rounded down to the nearest whole number.

2. Financial Results of the 16th Period (Ended June 2014)

(unit: million yen)

	15th Period (Dec. 2013)	16th Period (Jun. 2014)	Difference		Initial forecast	Difference	
Revenue from operations	8,848	9,558	710		9,384	174	
Rental revenue	7,753	8,374	①	621	8,324	⑧	49
Revenue for utilities expenses	793	760	-33		738	22	
Other rental revenue	301	423	②	122	321	⑨	102
Expenses from operations	4,605	5,022	417		4,885	137	
Property management expenses	1,110	1,272	③	162	1,271	0	
Utilities expenses	1,005	1,013	7		937	75	
Taxes	632	699	④	67	699	0	
Repairs and maintenance	121	189	⑤	67	119	⑩	69
Other expenses for rental operations	231	223	-7		240	-17	
Depreciation	1,504	1,624	⑥	120	1,616	8	
Profits from operations	4,243	4,535	292		4,498	37	
Sales and administrative expenses	533	569	36		550	18	
Operating income	3,709	3,966	256		3,947	18	
Other income	5	3	-1		2	1	
Other expenses	939	958	⑦	19	977	-18	
Ordinary income	2,775	3,011	235		2,972	38	
Net income	2,774	3,010	235		2,971	38	
Total distributions	2,774	3,010	235		2,971	38	
Distributions per unit	2,466 yen	2,482 yen	16 yen		2,450 yen	32 yen	

Major factors for difference in comparison with the previous period		
(Revenue factors)		
①	Existing Properties	-6
	Properties acquired in the 16th period	627
②	Cancellation penalty, etc.	80
(Expense factors)		
③	Existing Properties	49
	Properties acquired in the 16th period	113
④	Expensing of fixed property and city planning tax for properties acquired in the 14th period	60
⑤	Additional repair work	67
⑥	Increase in depreciation in association with properties acquired in the 16th period	126
⑦	Public offering-related expenses	35
	Interest expense, Interest expense on Investment Corporation bonds, etc.	-16

Major factors for difference in comparison with the initial forecast		
(Revenue factors)		
⑧	Increase due to additional acquisition of NHK Nagoya Housou-Center Building	46
⑨	Cancellation penalty, etc.	80
(Expense factors)		
⑩	Additional repair and maintenance	67

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

3. Performance Forecasts

(unit: million yen)

	16th Period (Jun. 2014)	17th Period (Dec. 2014)		18th Period (Jun. 2015)	
	Result	Forecast	Vs. Previous	Forecast	Vs. Previous
Revenue from operations	9,558	9,667	108	9,595	-71
Rental revenue	8,374	8,507	① 133	8,508	0
Revenue for utilities expenses	760	885	125	792	-93
Other rental revenue	423	274	② -149	295	21
Expenses from operations	5,022	5,187	165	5,181	-6
Property management expenses	1,272	1,265	-6	1,337	⑥ 71
Utilities expenses	1,013	1,112	98	1,035	-76
Taxes	699	760	③ 61	793	⑦ 33
Repairs and maintenance	189	142	④ -46	135	-7
Other expenses for rental operations	223	253	30	244	-9
(NOI)	6,160	6,132	-28	6,048	-84
Depreciation	1,624	1,653	28	1,634	-18
Profits from operations	4,535	4,479	-56	4,414	-65
Sales and administrative expenses	569	557	-11	554	-3
Operating income	3,966	3,921	⑤ -44	3,859	⑧ -62
Other expenses	958	933	-24	889	-44
Ordinary income	3,011	2,990	-20	2,972	-17
Net income	3,010	2,989	-20	2,971	-17
Total distributions	3,010	2,989	-20	2,971	-17
Distributions per unit	2,482 yen	2,465 yen	-17 yen	2,450 yen	-15 yen

Factors for increase/decrease in the 17th period in comparison with the previous period		
(Revenue factors)		
①	Full-period contribution of properties acquired in the 16th period	163
	Existing Properties	-30
②	Absence of cancellation penalty, etc. occurred in the previous period	-80
(Expense factors)		
③	Expensing of fixed property and city planning tax for properties acquired in the 14th period	60
④	Absence of repairs and maintenance conducted in the previous period	-46
⑤	Absence of public offering-related expenses in the previous period	-35
	Loan relating fees	32
	Interest expense, Interest expense on Investment Corporation bonds, etc.	-13

Factors for increase/decrease in the 18th period in comparison with the previous period		
(Expense factors)		
⑥	Increase of Leasing Management fees, etc.	71
⑦	Expensing of fixed property and city planning tax for properties acquired in the 16th period	33
⑧	Absence of loan relating fees occurred in the previous period, etc.	-46



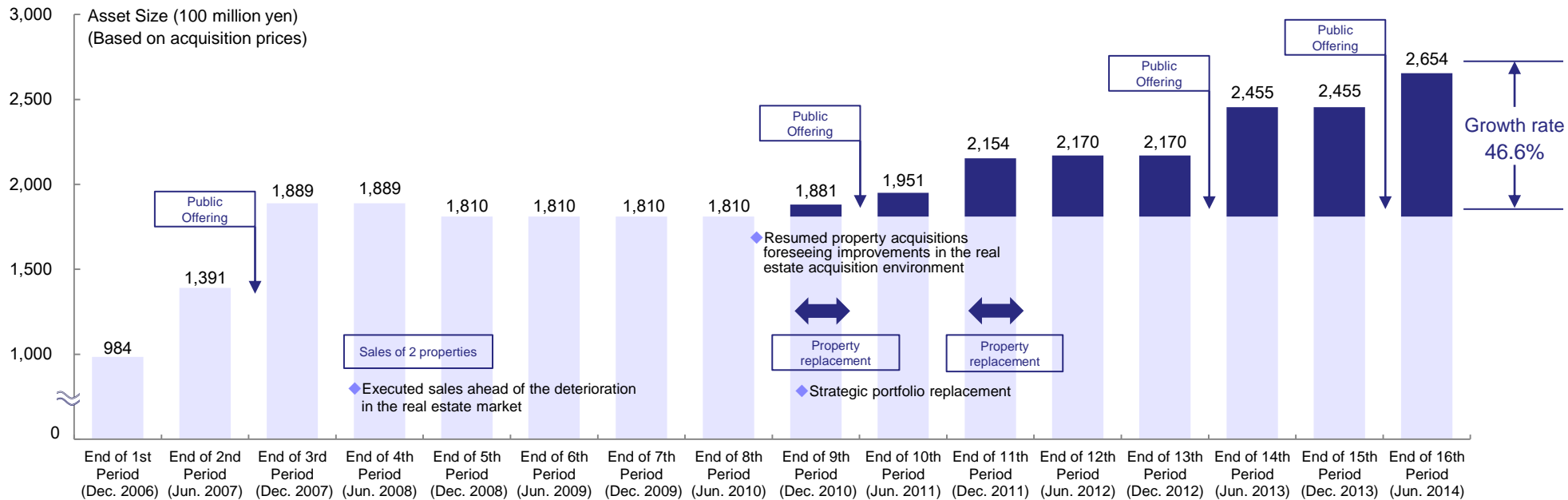
II. Management Status and Policy

1. External Growth

(1) History of External Growth

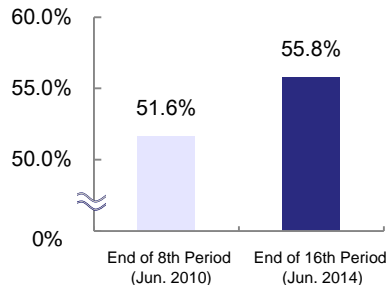
- ◆ Continued to expand asset size through steady external growth and also conducted strategic portfolio replacement, etc.
- ◆ Established a portfolio with high growth potential and stability by promoting focused investment in central Tokyo as well as diversification of tenants and properties

History of External Growth

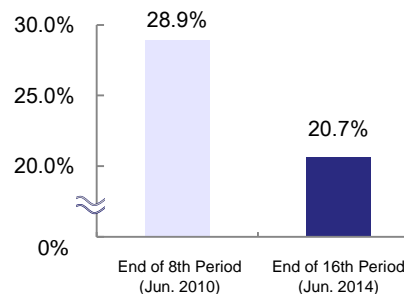


No. of properties	14	18	20	20	18	18	18	18	19	19	23	24	24	28	28	30
-------------------	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----	----

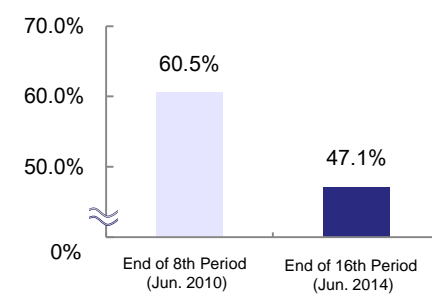
Ratio of investment in the 6 central wards of Tokyo



Ratio of top 5 tenants



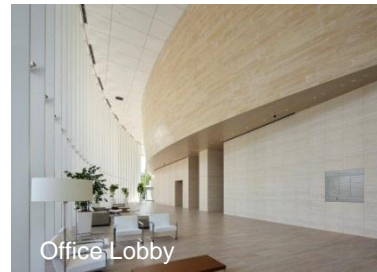
Ratio of top 5 properties



1. External Growth

(2) Newly Acquired Properties

Acquired a large high spec property located in central Tokyo from the sponsor



HAMARIKYU INTERCITY

(additional acquisition of compartmentalized ownership) (Note 1)

Acquisition date	February 4, 2014		
Seller	NIPPON STEEL KOWA REAL ESTATE CO., LTD.		
Acquisition price	12,000 million yen		
NOI yield *2	4.9%	Yield after (Note 2) depreciation	3.4%
Total floor area	35,555.87m ²		
Location	1-9-1 and 1-15, Kaigan, Minato-ku, Tokyo		

- ◆ Located a five-minute walk from Hamamatsucho Station on the JR Line, and three stations with six lines can be used. A relatively young and high spec building completed in March 2011 and boasts high growth potential.
- ◆ A mix-use development property comprised of office space and residential units with a track record of high occupancy rate. Current occupancy rate for office space is 100% and residential units are almost full as well.

Note 1: JEI acquired the co-ownership interest for all site area and the whole building ownership (ownership ratio of 60/100) through the intermediary of the trustee. Since JEI already had the co-ownership interest for all site area and the whole building with 40/100 ratio, acquisition this time completes the entire acquisition of the property.

Note 2: Yields are calculated based on the estimated annual NOI excluding the effect of special factors that may arise during the year of acquisition.

Acquired competitive properties with high profitability from third-parties



Aoba-dori Plaza

Acquisition date	February 4, 2014		
Seller	Bois Vert LLC		
Acquisition price	2,120 million yen		
NOI yield (Note 2)	6.6%	Yield after (Note 2) depreciation	4.9%
Total floor area	22,737.38m ²		
Location	3-2-1 Chuo, Aoba-ku, Sendai-shi, Miyagi		

- ◆ A high spec building standing along the Aoba-dori and adjacent to the entrance/exit to the underpass of Sendai Station



Daiwa Minami-morimachi Building

Acquisition date	February 4, 2014		
Seller	Bois Vert LLC		
Acquisition price	4,410 million yen		
NOI yield (Note 2)	6.1%	Yield after (Note 2) depreciation	4.4%
Total floor area	12,759.65m ²		
Location	2-6, 2-chome Kita, Tenjinbashi, Kita-ku, Osaka-shi, Osaka		

- ◆ Directly connected to Minami-Morimachi Station, which is only one stop away (two minutes) from the Umeda area. Excellent transportation allowing easy access to three railway lines.



NHK Nagoya Housou-Center Building

(additional acquisition of compartmentalized ownership)

Acquisition date	March 24, 2014		
Seller	Not disclosed as the consent from the seller has not been obtained		
Acquisition price	1,310 million yen		
NOI yield (Note 2)	7.6%	Yield after (Note 2) depreciation	5.1%
Total floor area	80,809.95m ²		
Location	1-13-3 Higashisakura, Higashi-ku, Nagoya-shi, Aichi		

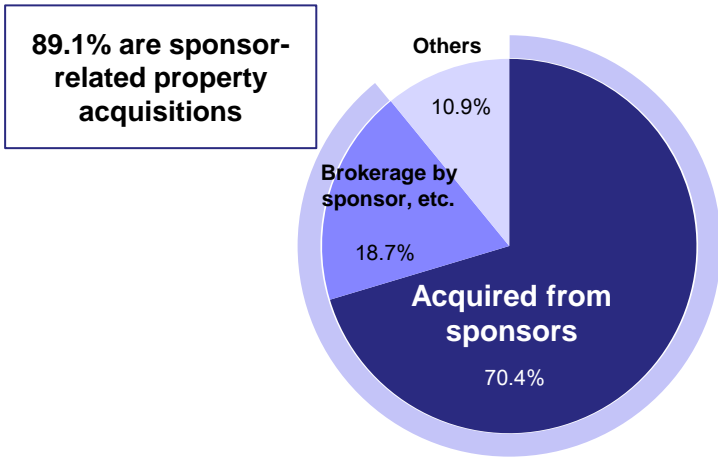
- ◆ Serves as a landmark of Sakae district, the largest commercial district in the Nagoya area. Highly competitive building capable of meeting the needs for large office.

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 property acquisitions after the 9th period



Strengthening growth capability through acquisitions of high spec properties in central Tokyo

Properties acquired in 14th period

AKASAKA INTERCITY

Kowa Nishi-Shimbashi Building

Properties acquired in 16th period

HAMARIKYU INTERCITY

[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)	 SHINAGAWA INTERCITY	 AKASAKA INTERCITY	 NAGOYA INTERCITY
 The Dai-ichi Life Insurance By your side, for life 	 Tokyo Square Garden	 Aoyama Tower Place	 Mansard Daikanyama	 Shibaura RENA Site Tower
		 Meguro Station Front District Category 1 Urban Redevelopment Project Building completion (planned) December 2017		

* : There are no plans to acquire the above properties as of the date of this document.

Profitability improvement through property replacements

Replacements aimed at improvement of competitiveness	Replacements aimed at revenue increase and stability
<ul style="list-style-type: none"> ◆ Replace limited growth potential properties with high growth potential newly constructed properties. <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> HAMARIKYU INTERCITY </div> <div style="margin: 0 10px;"> </div> <div style="text-align: center;"> No. 28 Kowa Building </div> </div>	<ul style="list-style-type: none"> ◆ Replace buildings with a single tenant who is to relocate with multi-tenant buildings. <div style="display: flex; align-items: center; justify-content: center;"> <div style="text-align: center;"> Kowa Shirokanedai Building </div> <div style="margin: 0 10px;"> </div> <div style="text-align: center;"> No. 36 Kowa Building </div> </div>

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

1. External Growth

(4) Status of Third-party Properties and Joint Ownership Properties Japan Excellent, Inc.

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

■ Status of third-party property acquisitions

- ◆ Made selective investment on 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 portfolio's unrealized profit/loss as well as maintaining high profitability and occupancy rates after acquisitions



Acquisition period	Area	Property Name	Total floor area (㎡)	Acquisition price (million yen)	Expected NOI yield at time of acquisition	Actual NOI yield in the 16th 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%	8.7% *4	83.3%	2,750	562
Feb. 2014	Osaka	Daiwa Minami-morimachi Building	12,759.65	4,410	6.1%	6.7% *4	97.7%	4,740	334
Mar. 2013	Sapporo	SE Sapporo Building *3	23,644.22	5,500	7.2%	8.0% *4	99.0%	6,020	580
Feb. 2013	Tokyo	Core City Tachikawa	19,099.27	6,500	5.7%	8.3% *4	96.3%	6,900	512
Mar. 2012	Tokyo	Shintomicho Building	3,169.78	1,750	5.4%	6.0%	100.0%	1,790	0
Dec. 2011	Tokyo	Pacific Square Sengoku	4,017.44	1,620	6.7%	5.1%	93.4%	1,510	-143
Sep. 2011	Osaka	JEI Kyobashi Building	10,021.32	3,308	7.9%	7.8%	98.1%	3,950	749
Total				25,208	6.5%	7.6%	-	27,660	2,594

■ Status of joint ownership property acquisitions

- ◆ Made additional acquisitions of co-ownership interest of 5 properties totaling ¥26.9 billion
- ◆ Out of 30 properties owned, 9 are joint ownership properties (¥97.6 billion). JEI secured preferential negotiation rights, etc. for most of these properties

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.

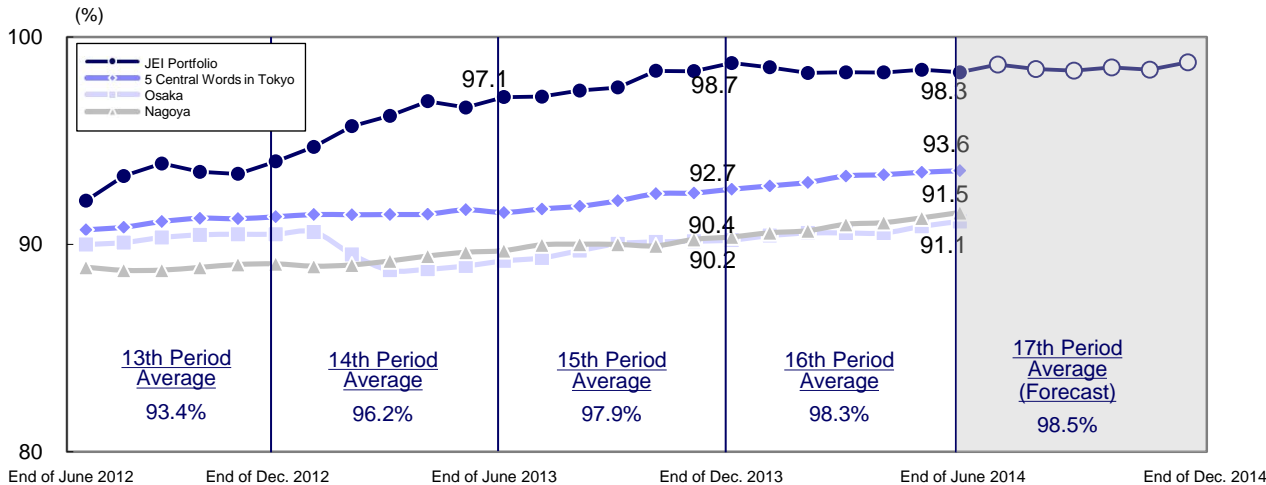
*3: The property name was changed from "SE Sankyo Building" to "SE Sapporo Building" on July 1, 2104.

*4: For properties acquired in the 14th and 16th periods, percentages indicated are calculated based on figures with expected fixed property and city planning tax added.

2. Internal Growth

(1) Occupancy Rates

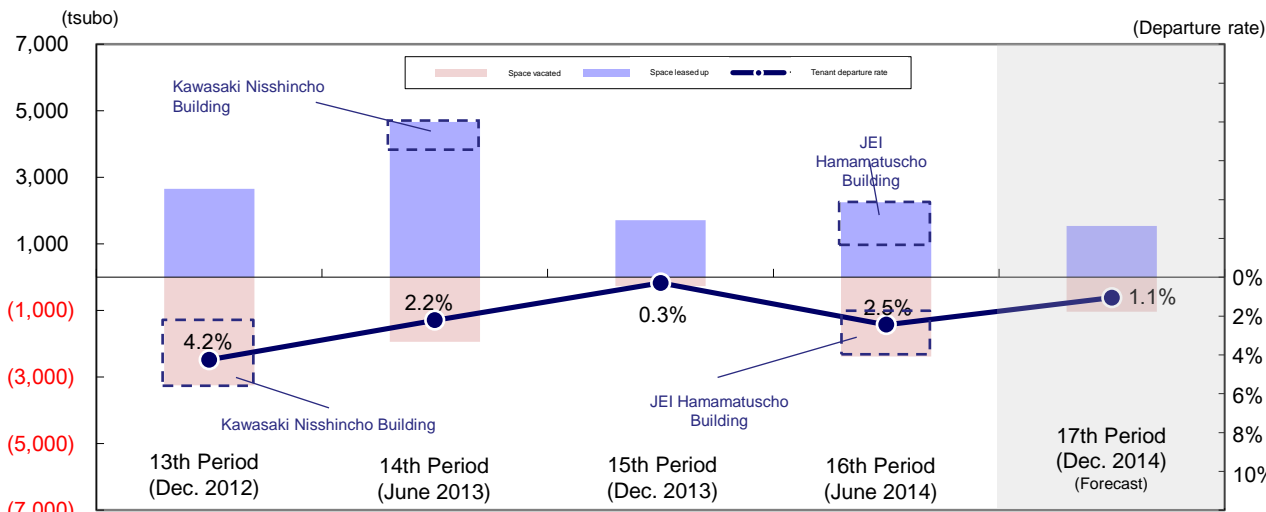
Occupancy Rates—Market and JEI Historical and Forecasted



- ◆ Occupancy rate in the 16th period remained at a high level surpassing 98%. The high occupancy rate is expected to continue in the 17th period
- ◆ Leasing up at AKASAKA INTERCITY and Ebina Prime Tower progressed
 - AKASAKA INTERCITY (End of the 15th period: 91.9%→End of the 16th period: 100%)
 - Ebina Prime Tower (End of the 15th period: 94.8%→End of the 16th period: 97.2%)

Source: Prepared based on materials provided by Miki Shoji

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



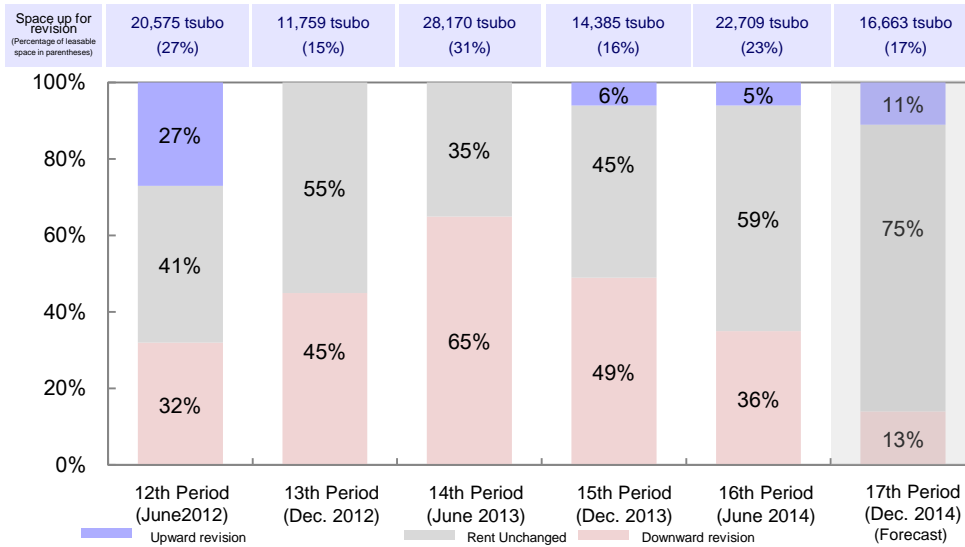
- ◆ Although a large tenant vacated at JEI Hamamatscho Building, most of the space was leased up without downtime
- ◆ Tenant departure rate in the 16th period was 2.5% and is expected to remain at a low level of 1.1% in the 17th period

*: 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

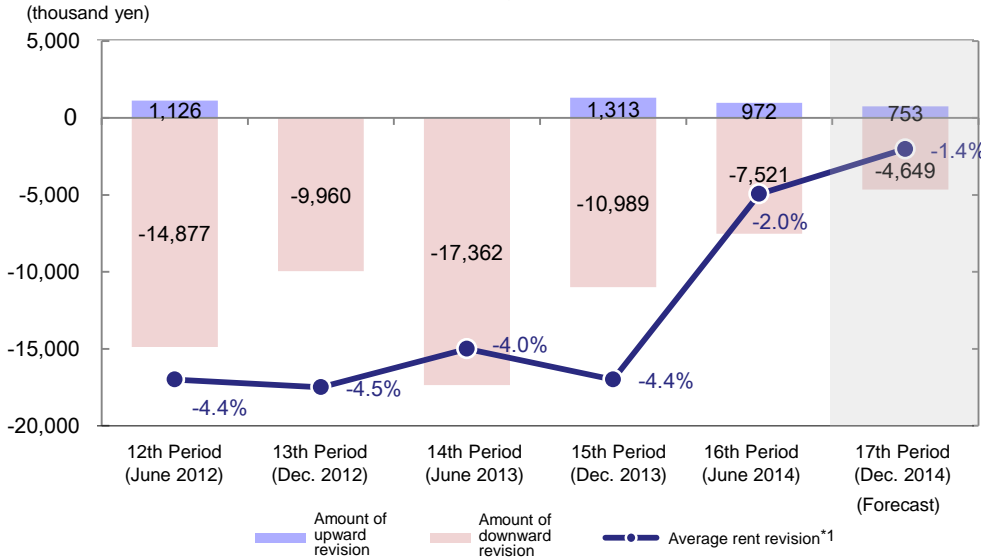
(2) Rent Revisions and Rent Level

Historical Rent Revisions (based on leased floor space)

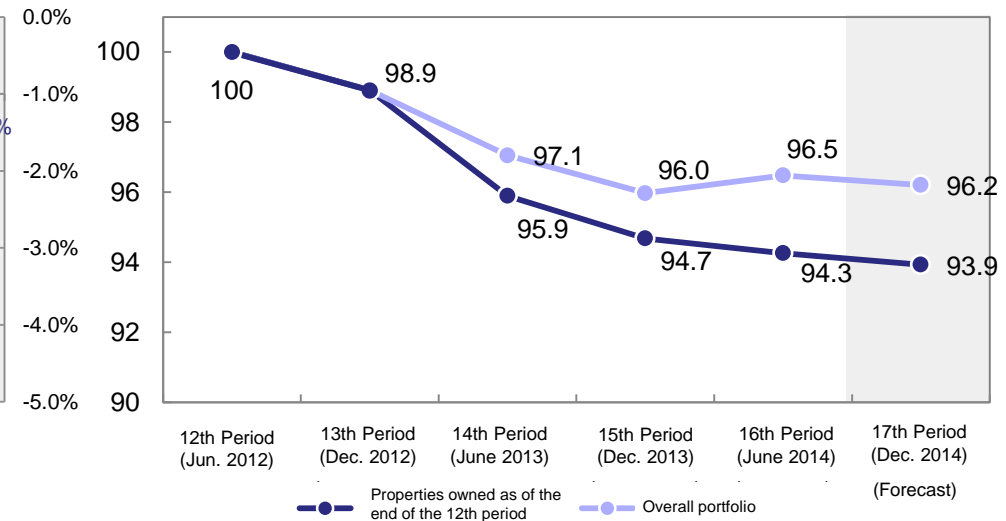


- ◆ Decrease in downward revision and increase in unchanged revision continued
- ◆ The average rent revision rate was -2.0% in the 16th period and is expected to improve in the 17th period at -1.4%. The margin of rent fluctuation due to downward revision continued to narrow
- ◆ The average unit rent mostly remained unchanged

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



Historical Rent Levels*2



*1: Percentage change including rent kept at previous levels.

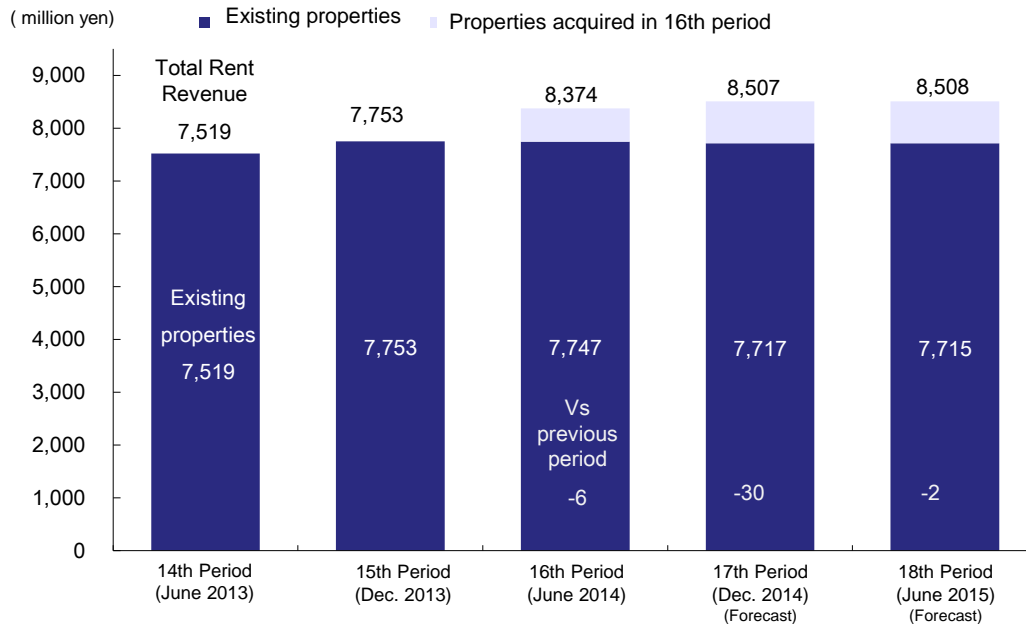
*2: Indexed with the average unit rent at the end of the 12th period set as 100. Rents are based on leased office space only.

2. Internal Growth

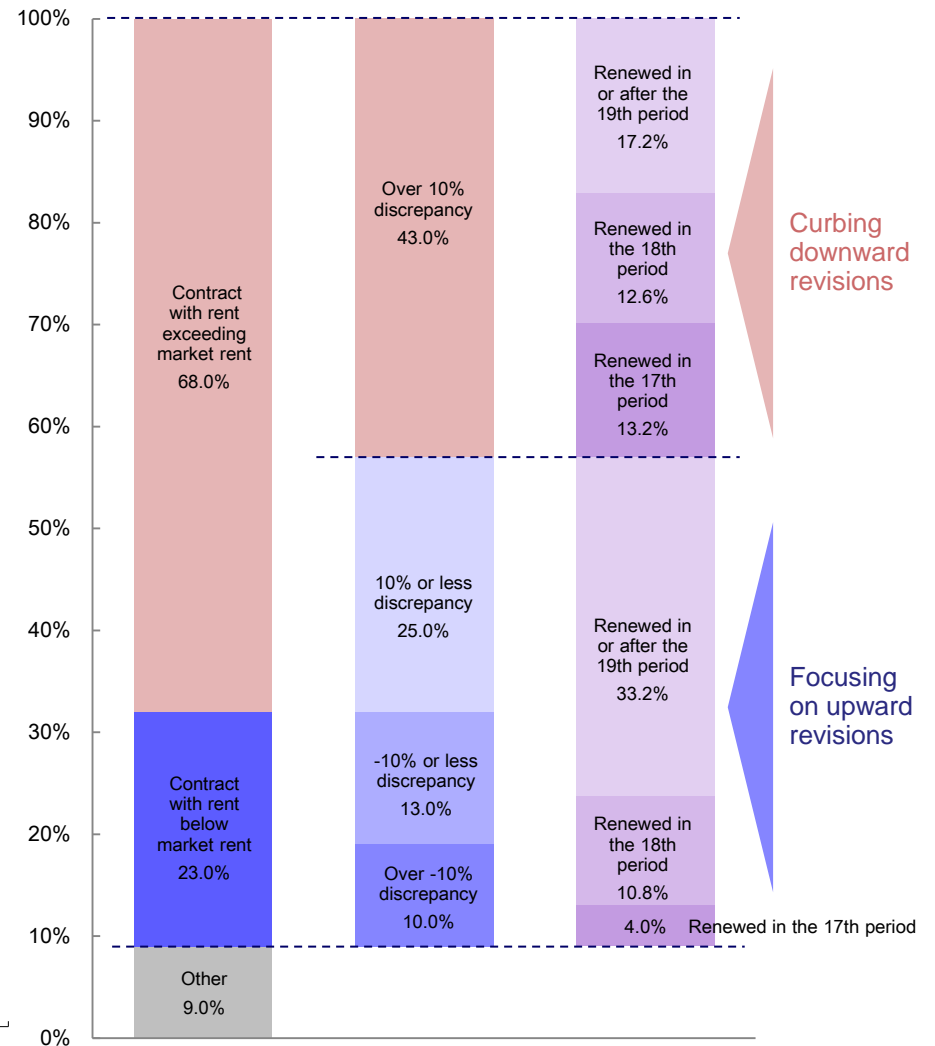
(3) Historical Total Rent Revenue and Status of Rent Gap

- ◆ The rent revenue from existing properties in the 16th period was at the same level as the previous period's. Although rent gaps still exist for some tenants, **rent revenue from existing properties in the 17th and 18th periods are expected to remain unchanged**
- ◆ **Curbing downward revisions and focusing on increase of rent revenue through upward revisions**

Historical Total Rent Revenue



Status of Rent Gap* (16th Period)



* : The ratio is based on total rent revenue. Discrepancy rate is at the end of the 16th period. "Other" refers to contracts related to land with leasehold interest, residential, etc.

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

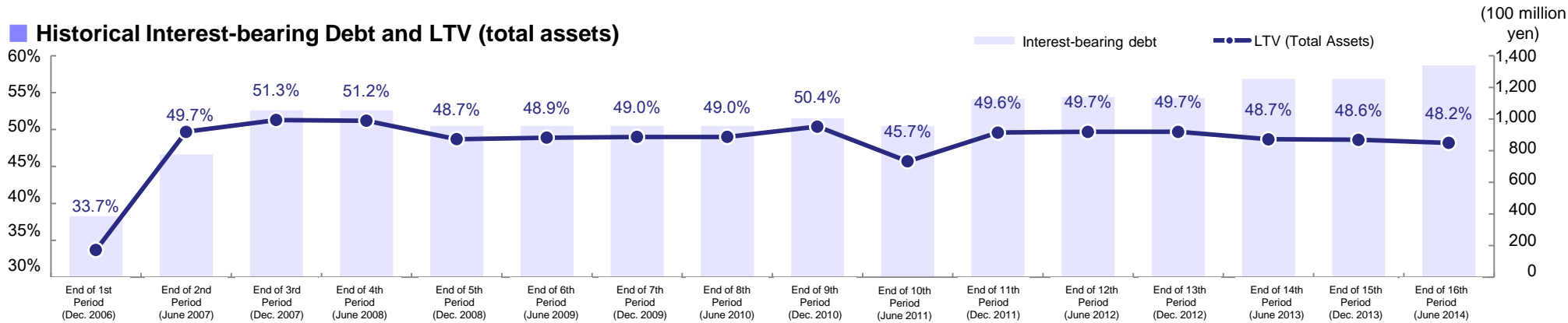
Financial Data Summary

	15th Period (Dec. 2013)	16th Period (June 2014)	Difference
LTV (Total Assets)	48.6%	48.2%	-0.4pt
Average interest rate	1.26%	1.17%	-0.09pt
Average Remaining Period of Interest-Bearing Debt	2.85 years	3.24 years	+0.39 years
Ratio of fixed interest rate	90.8%	91.4%	+0.6pt

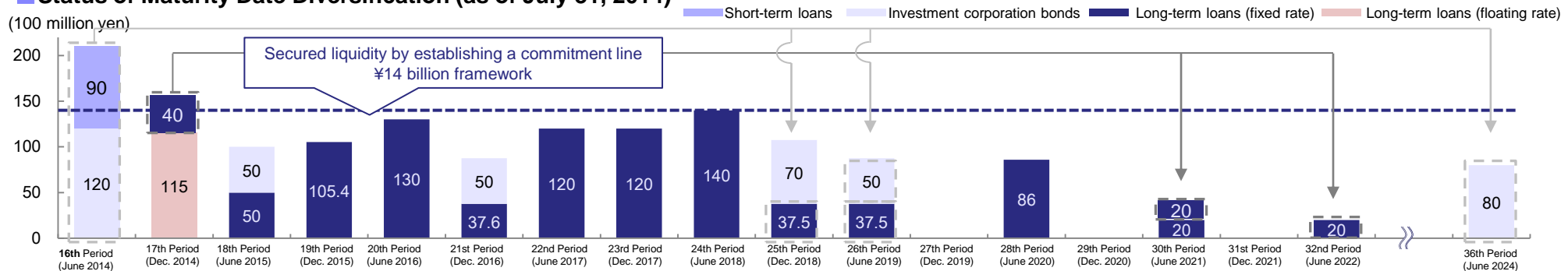
Rating

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 July 31, 2014)

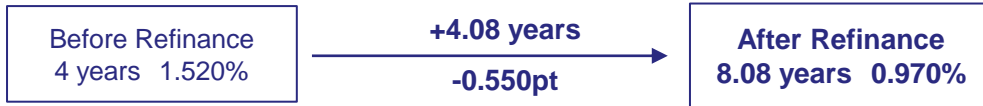


3. Financial Strategy

(2) Results of Financing Activities

◆ Realized to lower interest rates and costs for interest-bearing debts and to extend their remaining periods through refinancing of investment corporation bonds and long-term loans

Financing Achievement in the 16th Period

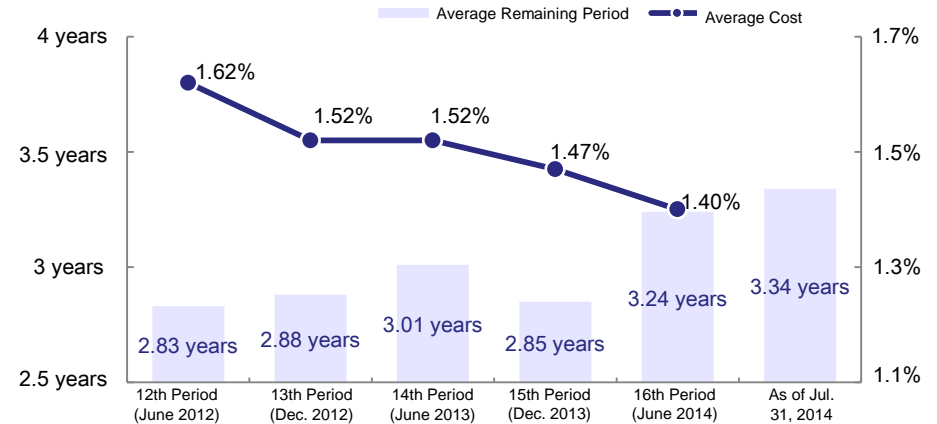


Issue	Procured amount (million yen)	Period	Interest rate
1st Series Unsecured Investment Corporation Bond	12,000	4 years	1.520%
6th Series Unsecured Investment Corporation Bond	5,000	5 years	0.460%
7th Series Unsecured Investment Corporation Bond	8,000	10 years	1.130%
After refinance Total/average	13,000	8.08 years	0.970%

*1: Refinancing ¥9 billion short-term loan newly made during the 16th period to long-term loan.

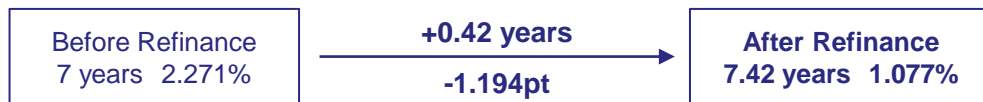
New borrowings ^{*1} Total/Average	7,500	4.83 years	0.761%
16th Total/Average	20,500	6.89 years	0.917%

Historical Average Remaining Period and Average Cost of Interest-Bearing Debt^{*2}



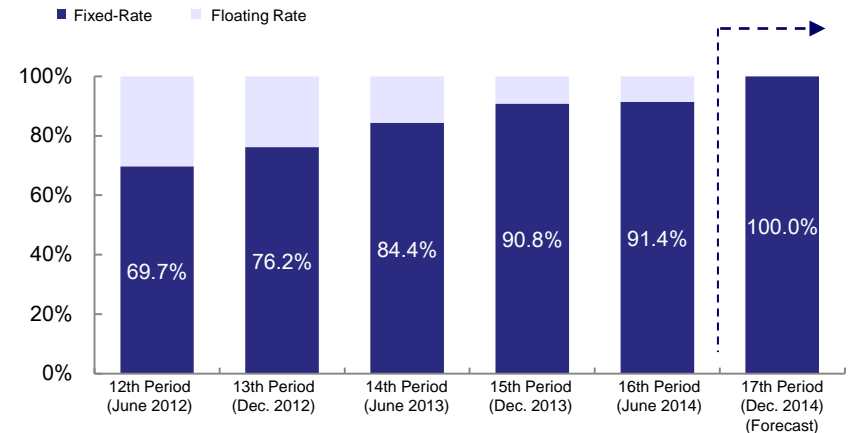
*2: "Average cost for interest-bearing debt" = (Interest expense + Loan relating fees + Interest expense on investment corporation bonds + investment corporation bond issuance relating expense) ÷ Average remaining interest-bearing debt during the period.

Financing Achievement in July 2014



	Procured amount (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%

Historical and Forecast Fixed-Rate Percentage



3. Financial Strategy

(3) Status of Interest-bearing Debt

◆ Established favorable lender formation with 14 financial institutions

■ Balance of Interest-bearing Debt (as of the end of 16th 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 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.

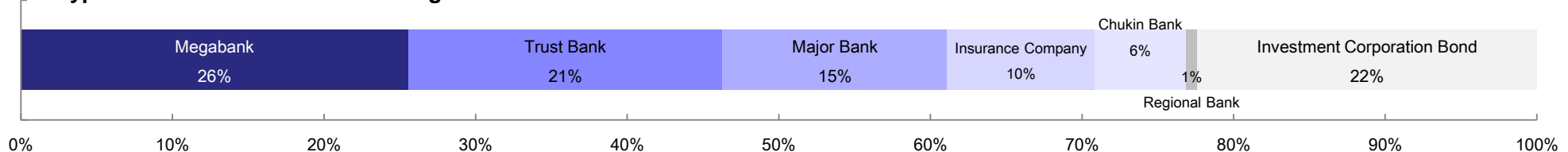
■ Status of Investment Corporation Bonds (as of the end of 16th period)

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 16th period)

Lender	Established amount (million yen)	Term
Mizuho Bank, Ltd.	6,000	From January 31, 2014 to January 29, 2015
Mitsubishi UFJ Trust and Banking Corporation	5,000	
Sumitomo Mitsui Banking Corporation	3,000	
Total Commitment Line	14,000	

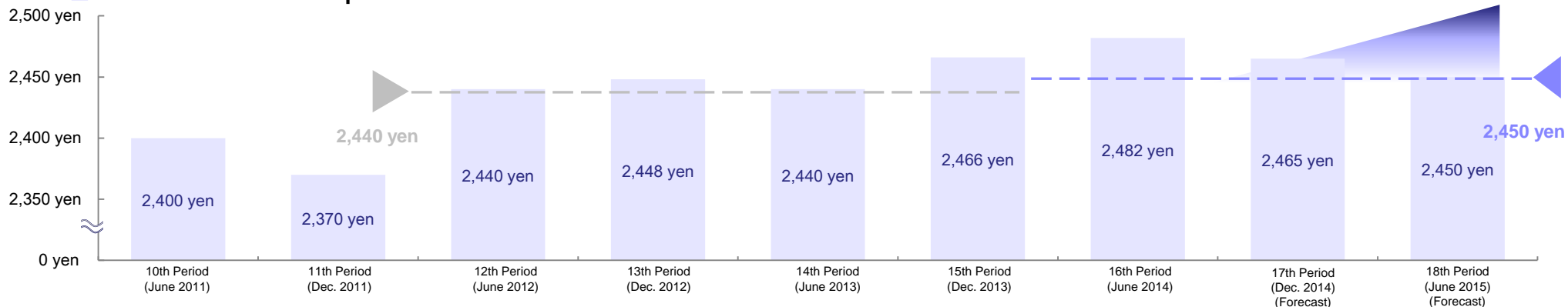
■ Types of Lenders of Interest-bearing Debt



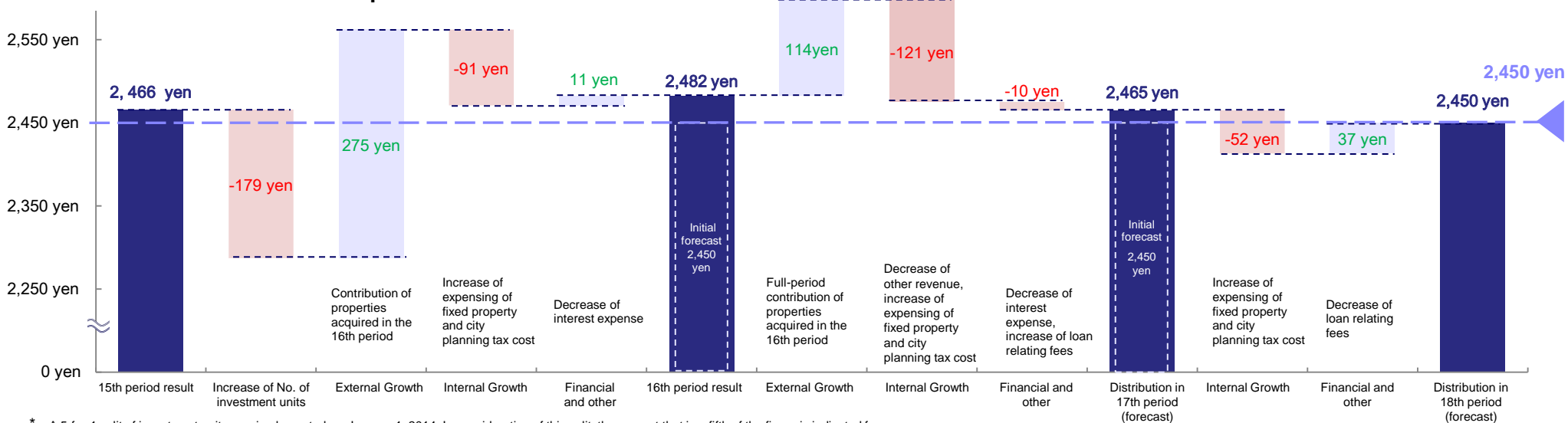
4. Actual result and forecast of distributions per unit

- ◆ Stable distributions per unit realized
- ◆ Will aim to improve distributions per unit by making efforts to increase rents, utilize acquisition capability and reduce financial costs

■ Historical Distributions per Unit



■ 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. Also, amounts are rounded down to the nearest whole number.



Omori Bellport D

III. What Makes Japan Excellent Inc. Excellent

1. Sponsor

Sponsor companies having strengths in property supply, management and leasing capabilities

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 high 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



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

* : Sekisui House, Ltd. withdrew as a sponsor on May 12, 2014.

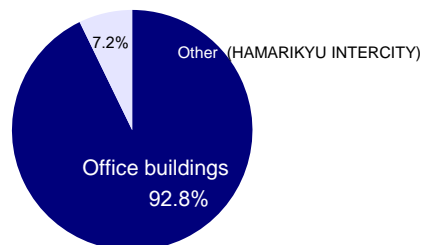
2. Portfolio

Usage

(Investment Policy)

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

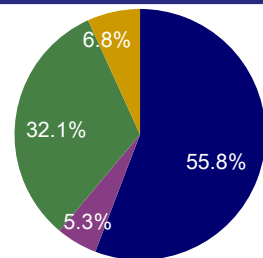
Ratio of investment in office buildings
92.8%



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 metropolitan area^{*3}
87.9%

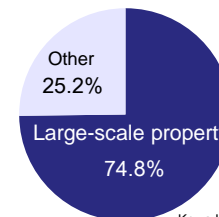


(Investment Policy)

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)	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

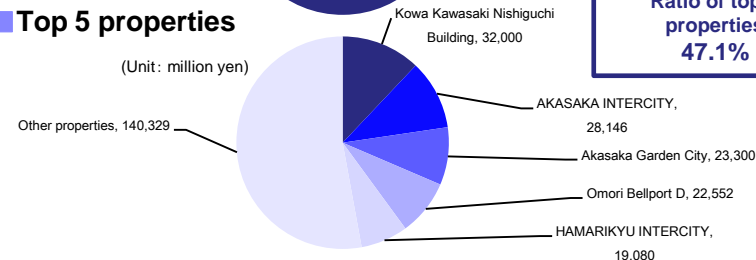
Large-scale property^{*4}

Ratio of large-scale property
74.8%



Top 5 properties

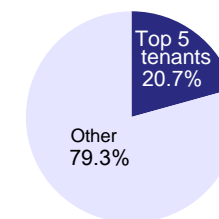
(Unit: million yen)



Ratio of top 5 properties
47.1%

Top 5 tenants

Ratio of top 5 tenants
20.7%



Tenant name	Property Name	Total space leased (m ²)	Floor area ratio (%)
National Mutual Insurance Federation of Agricultural Cooperatives	Kowa Kawasaki Nishiguchi Building	20,217.26	6.2
Toshiba Information System (Japan) Corp.	Kowa Kawasaki Higashiguchi Building	18,612.72	5.7
Hitachi Urban Investment, Ltd. ^{*5}	Omori Bellport D Ebina Prime Tower	9,623.39	3.0
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	2.9
Total of top 5 tenants		67,097.85	20.7
Total of portfolio overall		324,663.03	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 in 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).

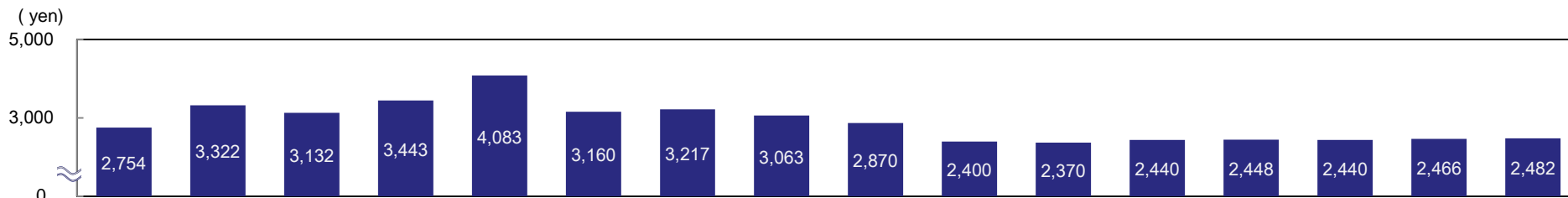
*4: "Large properties" refers to properties with total floor area of 10,000 tsubo or more for the 23 wards of Tokyo, and of 4,000 tsubo or more for areas other than the 23 wards of Tokyo.

*5: Hitachi Urban Investment, Ltd. became one of the five largest tenants as a result of succeeding the position as a lessee of several end tenants during the 16th period.

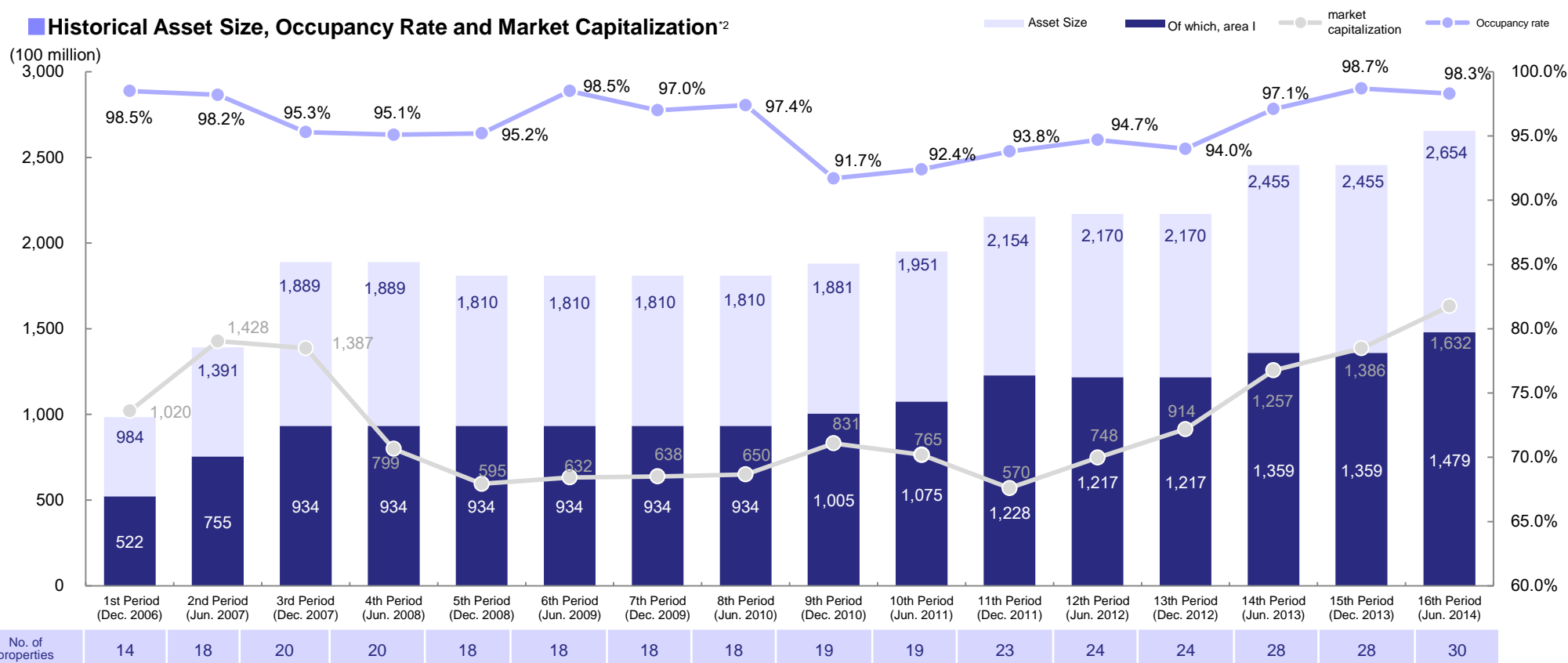
*6: The figures above indicate figures as of the end of the 16th period and the ratios are rounded to the first decimal place.

3. Track Records

Historical Distributions per Unit ^{*1}



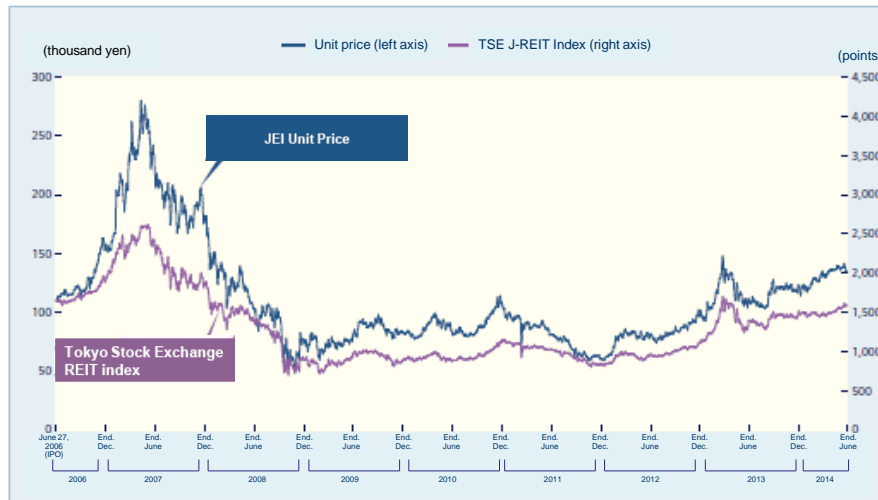
Historical Asset Size, Occupancy Rate and Market Capitalization ^{*2}



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

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

Unit Price and Tokyo Stock Exchange REIT Index



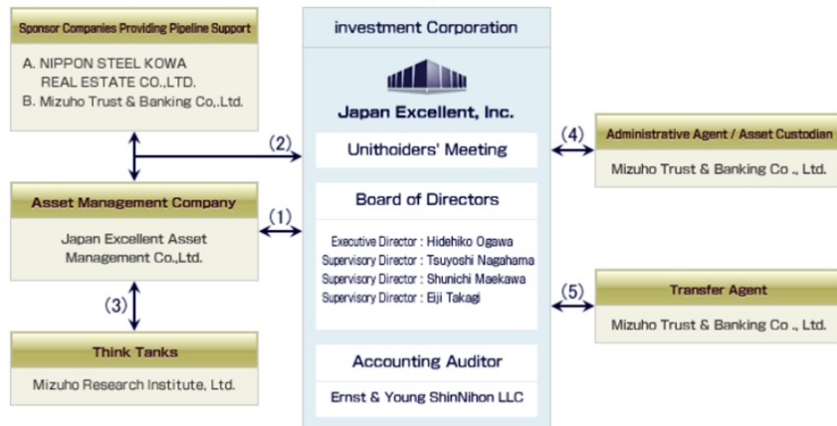
* : Unit prices for December 25, 2013 and earlier are divided by 5.

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%
	Mizuho Trust & Banking Co., Ltd.	5.0%
Business Operations	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 for provision of market and other information
- (4) Agreement to entrust administrative duties and asset custody
- (5) Agreement to entrust administrative of unitholders' register

Outline and Organization of JEAM



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

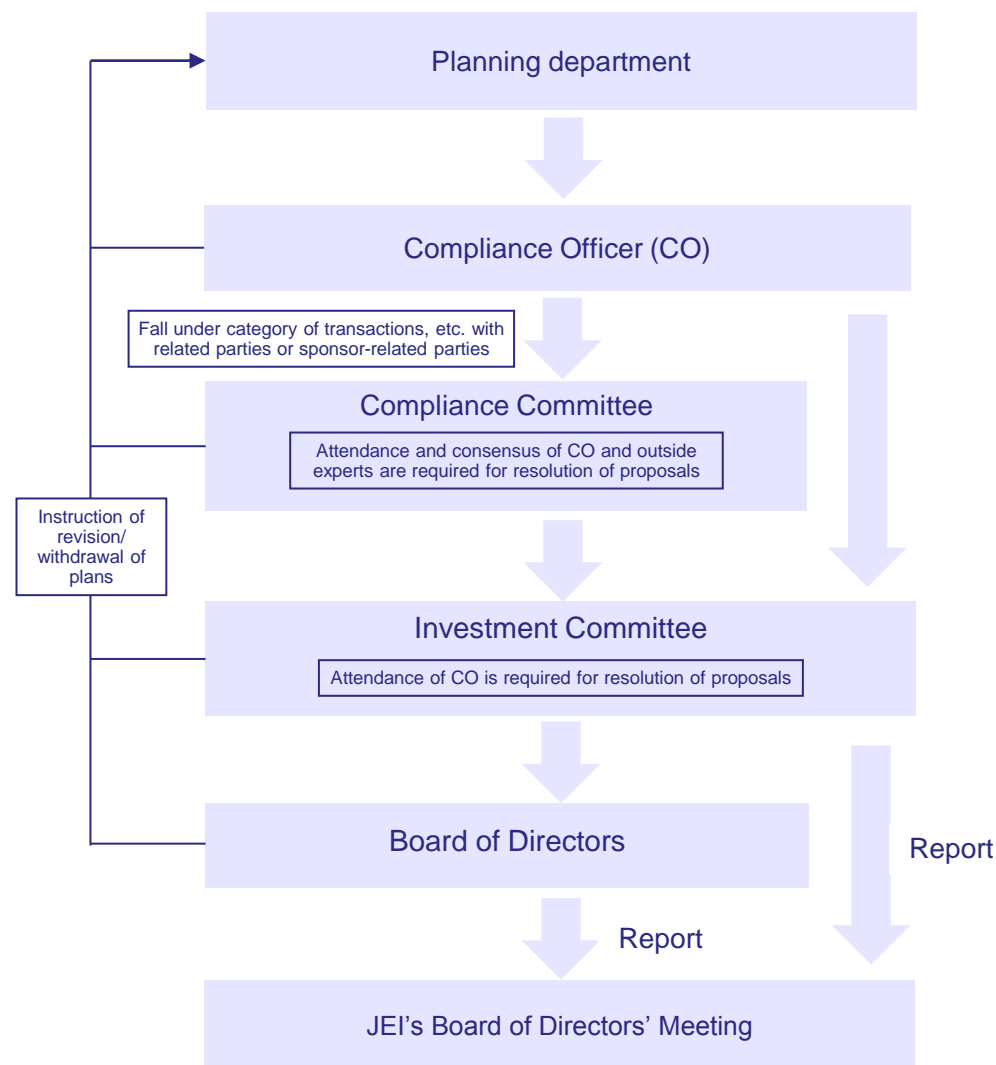
- ◆ Management structure which will not be affected by a specified sponsor due to mutual supervision of two core sponsors
- ◆ Two core sponsors own 7.6% of JEI's investment units Interest of unitholders and that of sponsors match

Management fee structure

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

	Calculation method								
Asset management fees I	The amount of JEI's assets under management (every 3 month) 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>0.3%</td> </tr> <tr> <td>Portion over ¥100 billion up to ¥200 billion</td> <td>0.25%</td> </tr> <tr> <td>Portion over ¥200 billion</td> <td>0.125%</td> </tr> </tbody> </table>	Assets under management	fee rates	Portion up to ¥100 billion	0.3%	Portion over ¥100 billion up to ¥200 billion	0.25%	Portion over ¥200 billion	0.125%
	Assets under management	fee rates							
	Portion up to ¥100 billion	0.3%							
Portion over ¥100 billion up to ¥200 billion	0.25%								
Portion over ¥200 billion	0.125%								
Asset management fees II	(The amount of ordinary income before deducting Management Fee II + the amount of depreciation) x 2.0%								

Flow of decision making



Own Properties with High Environmental Specifications



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 performances of buildings and equipment.
- ◆ Out of properties owned by JEI, AKASAKA INTERCITY and Akasaka Garden City have been certified as “Top-Level Office” (offices which have extremely advanced measures).
- ◆ Total emission reduction obligation ratio of specified green-house gas is halved for “Top-Level Office”.



Akasaka Garden City

AKASAKA INTERCITY has also received certification regarding environmental measures from Organization for Landscape and Urban Green Infrastructure



“Top 100 biodiversity focused properties”

- ◆ Selects good initiatives for conserving biodiversity with consideration to global environment under the theme of “green companies”



“Oasis in a city”

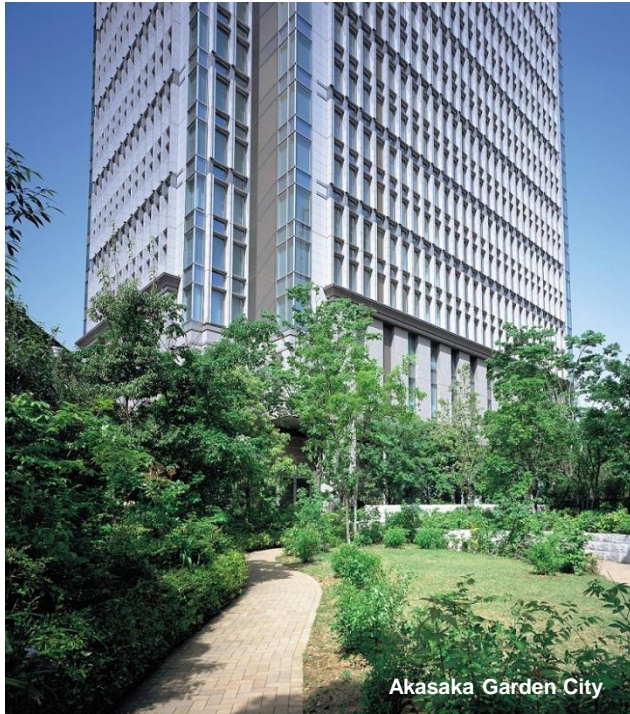
- ◆ In order to promote recognition of importance of green space in cities, certifies green space well-developed and maintained for the purpose of contributing to city environment

Space open for public at AKASAKA INTERCITY

Participation in GRESB



- ◆ Benchmark established by an organization led by real estate market players centering around Europe with an aim to conduct strict and independent assessment of sustainability performance of real estate portfolios
- ◆ The Asset Management Company has been participating since 2011. Intends to raise the score while improving performance.

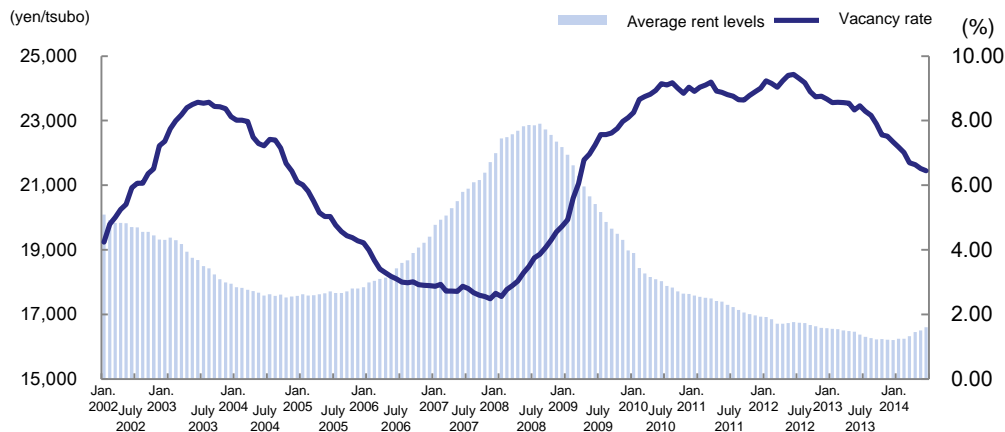


Reference Materials

Management Discussion of Market Environment

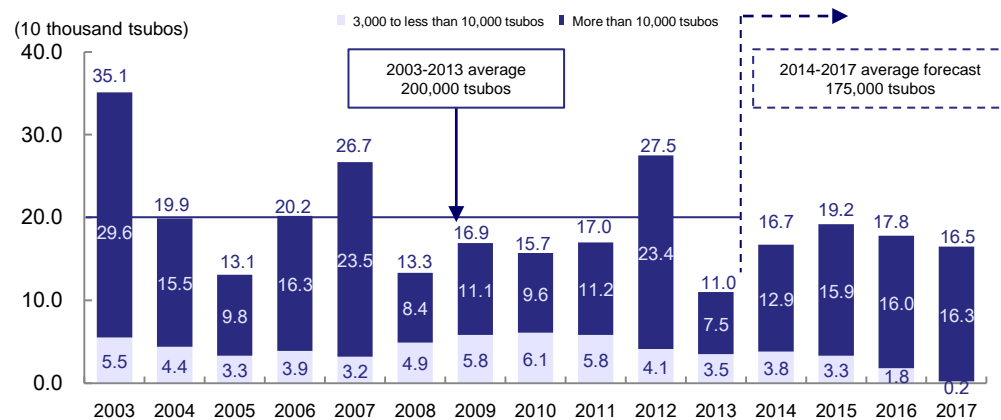
- ◆ Improving trend in vacancy rate continues and rent level is rising gradually due to the improvement of supply-demand balance
- ◆ Real estate transaction prices are on the rise and investors' expected cap rates in major cities has continued to decline

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



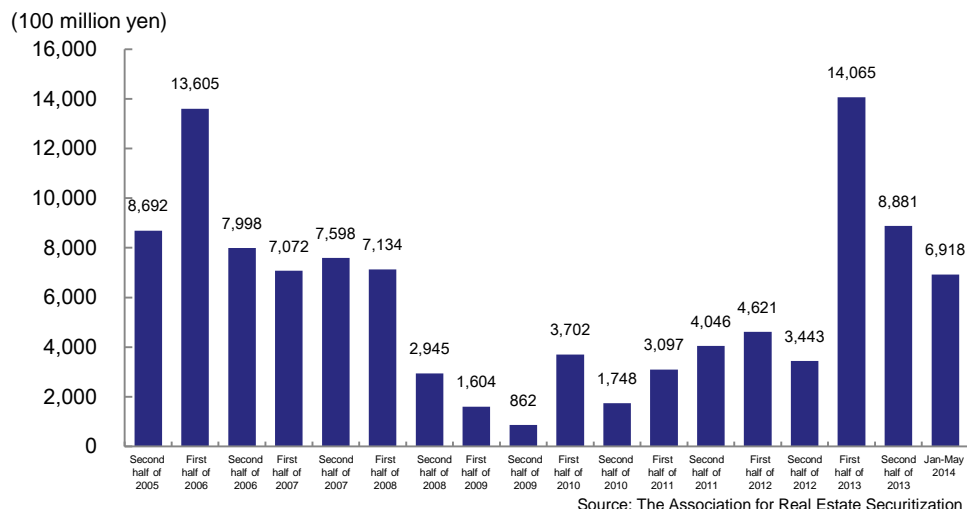
Source: Miki Shoji

Historical New Office Supply Volume in 23 Wards of Tokyo



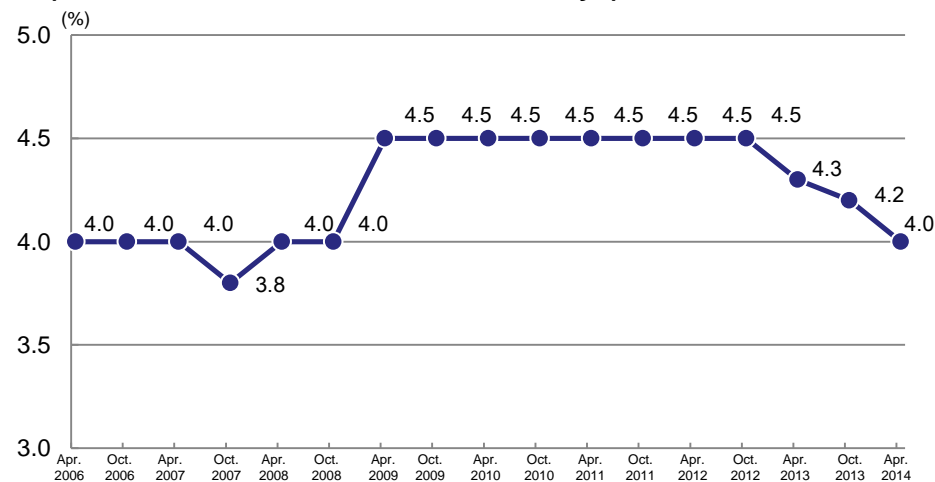
Source: Xymax

Historical Actual Real Estate Acquisitions by J-REITs



Source: The Association for Real Estate Securitization

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



Source: Japan Real Estate Institute

Overview of Period-end Appraisals

Summary of Period-end Appraisal Value

	15th Period (Dec. 2013)	16th Period (Jun. 2014)	Difference
Number of properties	28 properties	30 properties	2 properties
Period-end appraisal value	226,440 million yen	248,390 million yen	21,950 million yen
Book value	238,103 million yen	257,099 million yen	18,996 million yen
Unrealized profit/loss	-11,663 million yen	-8,709 million yen	2,953 million yen
Ratio of unrealized profit/loss ^{*1}	-4.9%	-3.4%	1.5pt

Number of Properties with Increase/Decrease in Appraisal Value

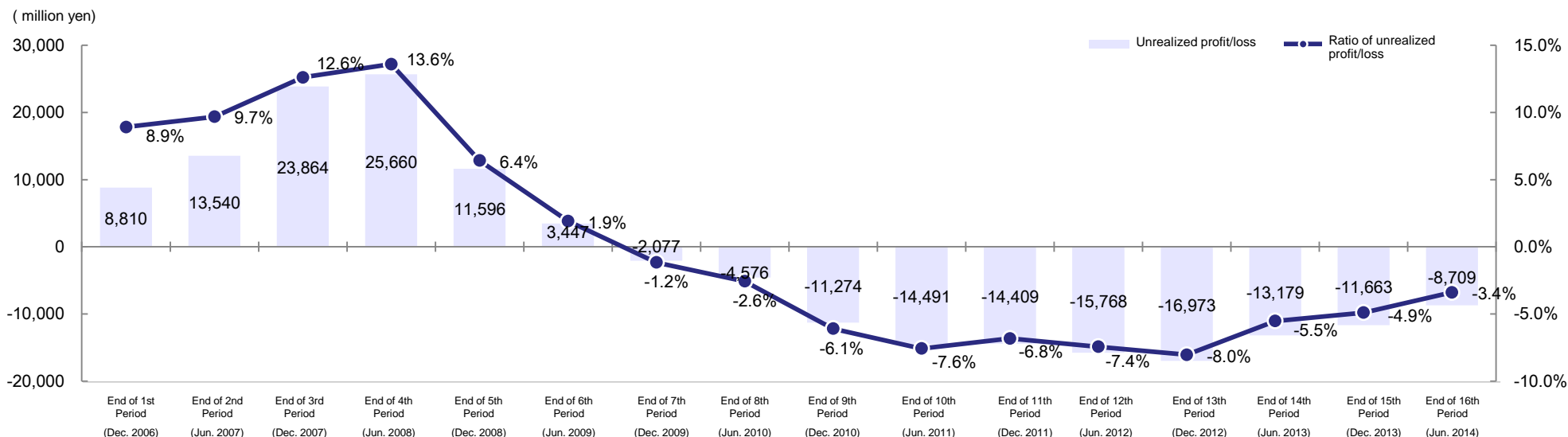
	15th Period (Dec. 2013)	16th Period (Jun. 2014)
Increase	16 properties	22 properties
Unchanged	6 properties	2 properties
Decrease	6 properties	6 properties

Number of Properties with Rise/Decline in Cap Rate

	15th Period (Dec. 2013)	16th Period (Jun. 2014)
Decline	15 properties	19 properties
Unchanged	10 properties	11 properties
Rise	3 properties	0 properties

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

Historical Unrealized Profit/Loss and Ratio of Unrealized Profit/Loss^{*2}



*2: Increase/decrease breakdowns are shown in comparison with the previous fiscal period for each period. As to properties acquired during the 16th period, comparison is made using the appraisal value and the cap rate at the time of the acquisition. As to Shiba 2-Chome Building, comparison is made only for the office portion.

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 FP16 ③	Difference(②-③)		Direct reduction reduced yield		Difference (⑤-④) pt	Appraisal Organization	
				End of FP15 ①	End of FP16 ②		%			%	End of FP15 ④	End of FP16 ⑤			
I-1	I	Omori Bellport D	22,552	23,300	23,300	0	0.0%	21,453	1,847	8.6%	4.8%	4.8%	0	Chuo Real Estate Appraisal Co., Ltd.	
I-2		Shiba 2-Chome Building	9,450	11,200	11,400	200	1.8%	9,063	2,337	25.8%	Office 4.7% Residence 5.3%	Office 4.6% Residence 5.2%	Office -0.1 Residence -0.1	Japan Real Estate Institute	
I-3		JEI Hamamatsucho Building	8,350	7,210	6,170	-1040	-14.4%	8,432	-2,262	-26.8%	4.4%	4.3%	-0.1	Japan Real Estate Institute	
I-4		No. 32 Kowa Building	7,430	6,680	6,690	10	0.1%	7,378	-688	-9.3%	5.3%	5.3%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-7		Akasaka Garden City	23,300	16,600	16,700	100	0.6%	22,600	-5,900	-26.1%	4.0%	3.9%	-0.1	Japan Real Estate Institute	
I-8		AKASAKA INTERCITY	28,146	25,000	25,100	100	0.4%	27,560	-2,460	-8.9%	3.8%	3.7%	-0.1	Japan Real Estate Institute	
I-9		Kowa Shirokanedai Building	4,705	5,010	5,030	20	0.4%	4,853	177	3.6%	4.8%	4.7%	-0.1	Japan Real Estate Institute	
I-10		Daiba Garden City Building	11,000	12,000	11,800	-200	-1.7%	10,546	1,254	11.9%	5.0%	5.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-11		No. 35 Kowa Building	8,280	9,160	9,210	50	0.5%	8,230	980	11.9%	4.2%	4.2%	0.0	Japan Real Estate Institute	
I-12		HAMARIKYU INTERCITY *2	19,080	19,890	20,800	910	4.6%	18,853	1,947	10.3%	4.4%	4.2%	-0.2	Japan Real Estate Institute	
I-13		Shintomicho Building	1,750	1,820	1,790	-30	-1.6%	1,790	0	0.0%	5.0%	5.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
I-14		Kowa Nishishinbashi Building	3,931	4,150	4,230	80	1.9%	3,844	386	10.0%	4.2%	4.1%	-0.1	Japan Real Estate Institute	
II-1		II	NHK Nagoya Housou-Center Building *2	5,610	5,500	5,530	30	0.5%	5,826	-296	-5.1%	5.7%	5.6%	-0.1	Japan Real Estate Institute
II-2			JEI Nishi-honmachi Building	6,673	4,220	4,290	70	1.7%	7,364	-3,074	-41.7%	5.4%	5.3%	-0.1	DAIWA REAL ESTATE APPRAISAL Corporation
II-3	Osaka Kogin Building (land with leasehold interest)		1,770	1,770	1,850	80	4.5%	1,865	-15	-0.8%	4.5%	4.3%	-0.2	Japan Real Estate Institute	
III-1	III	Musashikosugi Tower Place	13,890	16,500	16,800	300	1.8%	12,659	4,141	32.7%	5.2%	5.1%	-0.1	Japan Real Estate Institute	
III-2		Kowa Kawasaki Higashiguchi Building	10,976	8,350	8,450	100	1.2%	9,905	-1,455	-14.7%	5.4%	5.3%	-0.1	Japan Valuers Co., Ltd.	
III-3		JEI Hongo Building	5,400	4,560	4,580	20	0.4%	5,161	-581	-11.3%	4.7%	4.7%	0.0	Japan Valuers Co., Ltd.	
III-5		Kawasaki Nisshincho Building	4,725	3,780	3,870	90	2.4%	4,523	-653	-14.4%	5.5%	5.4%	-0.1	Japan Valuers Co., Ltd.	
III-6		No. 44 Kowa Building	1,150	1,540	1,520	-20	-1.3%	965	555	57.5%	5.7%	5.7%	0.0	Japan Real Estate Institute	
III-7		JEI Ryogoku Building	2,550	2,130	2,130	0	0.0%	2,323	-193	-8.3%	5.4%	5.4%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-8		Ebina Prime Tower	6,470	3,690	3,700	10	0.3%	5,930	-2,230	-37.6%	6.2%	6.1%	-0.1	Japan Real Estate Institute	
III-9		Kowa Kawasaki Nishiguchi Building	32,000	24,600	24,900	300	1.2%	29,964	-5,064	-16.9%	5.2%	5.1%	-0.1	Japan Valuers Co., Ltd.	
III-10		Pacific Square Sengoku	1,620	1,560	1,510	-50	-3.2%	1,653	-143	-8.7%	5.0%	5.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
III-11		Core City Tachikawa	6,500	6,980	6,900	-80	-1.1%	6,387	513	8.0%	5.4%	5.4%	0.0	Japan Real Estate Institute	
IV-2		IV	JEI Kyobashi Building	3,308	3,880	3,950	70	1.8%	3,200	750	23.4%	5.9%	5.8%	-0.1	DAIWA REAL ESTATE APPRAISAL Corporation
IV-3	JEI Hiroshima Hacchobori Building		2,760	2,660	2,680	20	0.8%	2,726	-46	-1.7%	5.8%	5.7%	-0.1	Japan Real Estate Institute	
IV-4	SE Sapporo Building		5,500	6,010	6,020	10	0.2%	5,439	581	10.7%	6.0%	6.0%	0.0	Chuo Real Estate Appraisal Co., Ltd.	
IV-5	Aoba-dori Plaza*2		2,120	2,560	2,750	190	7.4%	2,187	563	25.7%	6.1%	6.0%	-0.1	Japan Real Estate Institute	
IV-6	Daiwa Minamimoricho Building *2		4,410	4,520	4,740	220	4.9%	4,405	335	7.6%	5.4%	5.3%	-0.1	DAIWA REAL ESTATE APPRAISAL Corporation	
			Total	265,407	246,830	248,390	1560	0.6%	257,099	-8,709	-3.4%	4.8%	4.8%	-0.1	-
		Area I Total	147,974	142,020	142,220	200	0.1%	144,608	-2,388	-1.7%	4.4%	4.4%	-0.1	-	
		Area II Total	14,053	11,490	11,670	180	1.6%	15,055	-3,385	-22.5%	5.4%	5.3%	-0.1	-	
		Area III Total	85,281	73,690	74,360	670	0.9%	79,475	-5,115	-6.4%	5.3%	5.2%	-0.1	-	
		Area IV Total	18,098	19,630	20,140	510	2.6%	17,960	2,180	12.1%	5.8%	5.8%	-0.1	-	
		Grand Total	245,567	246,830	248,390	1,560	0.6%	257,099	-8,709	-3.4%	4.8%	4.8%	-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 end of 15th and 16th 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: For properties acquired in the 16th period the appraisal value at time of each acquisition is deemed and indicated as the appraisal value at end of the 15th period (for properties of which interest Japan Excellent additionally acquired, the amount arrived at by adding the additionally acquired portion to the appraisal value at end of the 15th period).

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	Hamamats ucho	32 Kowa	Akasaka Garden City	AKASAKA INTERCITY	Kow a Shirokaneda	Daiba Garden City Bldg.	35 Kowa	HAMARKYU INTERCITY	Shintomi-cho	Kowa Nishi-Shimbashi	NHK Nagoya	Nishi-honmachi	Osaka Kogin 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 Haccho-bori	SE Sankyo	Aoba-dori Plaza	Daiwa Mnamimori			
Revenue from operations	923	370	237	249	366	516	175	336	-	637	71	-	349	208	83	787	-	-	193	91	102	477	945	67	363	182	142	363	137	162	9,558		
Rental revenue	864	370	226	233	341	463	159	335	-	600	65	-	-	182	83	685	-	-	190	80	91	349	847	57	278	167	128	276	120	144	8,599		
Other revenue	58	0	10	16	24	52	15	1	-	37	5	-	-	25	-	102	-	-	2	10	11	127	98	10	85	14	13	87	16	18	959		
Expenses from operations	481	125	114	97	164	267	71	124	-	321	33	-	216	138	22	391	-	-	112	38	61	367	594	36	138	105	76	228	65	65	5,022		
Property management	120	46	30	35	50	35	17	1	-	101	6	-	59	24	-	113	-	-	47	11	16	120	134	6	27	16	17	36	29	18	1,272		
Utilities	143	0	13	21	22	61	15	-	-	57	6	-	34	26	-	99	-	-	-	10	12	88	104	7	41	16	14	75	16	13	1,013		
Taxes	78	31	18	21	32	27	14	34	-	20	4	-	20	26	21	59	-	-	16	4	7	41	76	6	10	12	17	11	0	0	699		
Insurance	2	1	0	0	0	0	0	0	-	2	0	-	0	0	-	2	-	-	0	0	0	2	3	0	1	0	0	0	0	0	27		
Repair and maintenance	5	2	0	4	0	2	1	2	-	7	1	-	9	5	-	15	-	-	5	2	4	18	22	4	3	7	2	8	0	0	189		
Other expenses	3	2	15	3	2	59	1	1	-	3	0	-	29	2	0	6	-	-	1	1	2	20	11	0	1	1	1	3	2	0	195		
Depreciation	128	40	35	10	55	81	19	84	18	128	13	16	62	52	-	94	89	29	41	7	17	75	242	10	51	51	22	93	15	32	1,624		
Profits from operations	441	245	122	152	201	248	103	212	165	316	38	88	132	69	61	396	116	83	81	52	41	110	351	30	225	76	65	135	72	96	4,535		
NOI	569	286	158	162	257	329	123	296	183	445	52	105	194	122	61	491	206	112	122	60	58	186	593	40	276	128	88	228	87	128	6,160		
Number of operating days	181	181	181	181	181	181	181	181	181	159	181	181	161	181	181	181	181	181	181	181	181	181	181	181	181	181	181	181	147	147			
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	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%
	15th period NOI yield (annualized)	5.0%	6.0%	4.3%	4.6%	1.9%	2.9%	5.2%	5.3%	4.6%	5.1%	5.8%	5.5%	7.6%	3.9%	9.4%	7.3%	4.8%	4.3%	5.2%	10.5%	5.1%	3.2%	3.6%	5.5%	6.7%	8.2%	6.5%	9.2%	-	-	4.64%
	Difference	0.1	0.1	-0.5	-0.2	0.3	-0.5	0.1	0.1	-0.1	0.2	0.2	-0.1	0.2	-0.2	-2.4	-0.2	-1.0	-0.1	0.0	0.1	-0.4	2.6	0.1	-0.4	1.9	-0.4	-0.1	-0.8	-	-	0.11

Breakdown by Area

(Unit: million yen)

	Area I Total	Area II Total	Area III Total	Area IV Total
NOI	2,970	379	2,149	661
Acquisition price	147,974	14,053	85,281	18,098
16th period NOI yield (annualized)	4.1%	5.7%	5.1%	7.9%
15th period NOI yield (annualized)	4.1%	5.9%	4.9%	8.3%
Difference	0.0	-0.2	0.2	-0.4

*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.

Statement of Income and Retained Earnings

(Unit: million yen)

	15th Period (Dec. 2013)	%	16th Period (Jun. 2014)	%	Difference	(%)
1. Revenue	8,850	100.0	9,558	100.0	708	8.0
Rental revenue	7,957		8,599		641	
Other rental revenue	890		959		68	
Distributions from anonymous association	2		—		▲ 2	
2. Operating expenses	5,140	58.1	5,592	58.5	451	8.8
Property management expenses	1,110		1,272		162	
Utilities expenses	1,005		1,013		7	
Taxes	632		699		67	
Insurance	24		27		2	
Repairs and maintenance	121		189		67	
Other expenses for rental operation	206		195		▲ 10	
Depreciation	1,504		1,624		120	
Total operating expenses	4,605	52.0	5,022	52.5	417	9.1
Profits from operations	4,243	47.9	4,535	47.5	292	6.9
Asset management fees	389		397		7	
Other	146		172		26	
Operating income	3,709	41.9	3,966	41.5	256	6.9
3. Other income	5	0.1	3	0.0	▲ 1	▲ 32.4
Interest income	1		1		▲ 0	
Other	3		1		▲ 1	
4. Other expenses	939	10.6	958	10.0	19	2.0
Interest expense	644		632		▲ 12	
Loan relating fees	108		115		6	
Investment unit issuance	—		35		35	
Interest expense on investment corporation bonds	166		151		▲ 14	
Amortization of investment corporation bond issuance costs	14		16		1	
Other	5		7		1	
Ordinary income	2,775	31.4	3,011	31.5	235	8.5
Net income before taxes	2,775	31.4	3,011	31.5	235	8.5
Income taxes – current	1		1		0	
Net income	2,774	31.4	3,010	31.5	235	8.5
Retained earnings brought forward	—		0		0	
Unappropriated retained earnings at the end of period	2,774		3,010		235	

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

Balance Sheet

(Unit: million yen)

Assets					Liabilities and Unitholders' Equity						
	15th Period (Dec. 2013)		16th Period (Jun. 2014)		Difference		15th Period (Dec. 2013)		16th Period (Jun. 2014)		Difference
Assets		%		%		Liabilities		%		%	
I. Current assets	18,905	7	19,916	7	1,010	I. Current liabilities	29,236	11	27,068	10	-2,168
Cash and deposits	4,707		3,967		-740	Operating accounts payable	762		900		137
Cash and deposits in trust	13,206		14,463		1,256	Debt due within a year	15,500		20,500		5,000
Operating accounts receivable	833		857		23	Investment corporation bonds maturing within a year	12,000		5,000		-7,000
Consumption tax receivable, etc.	—		374		374	Other accounts payable	337		332		-4
Other	157		253		96	Accrued consumption taxes	243		—		-243
II. Fixed assets	238,929	93	257,801	93	18,871	Other	392		335		-56
1. Property and equipment	229,538	89	247,998	89	18,460	II. Long-term liabilities	107,951	42	119,775	43	11,824
Real Estate	7,175		7,938		762	Investment corporation bonds	17,000		25,000		8,000
Real Estate in trust	222,342		240,039		17,697	Long-term loans	80,900		83,400		2,500
Construction in progress	20		20		0	Security deposits from tenants	638		775		136
2. Intangible assets	8,565	3	9,101	3	536	Security deposits from tenants in trust	9,412		10,600		1,187
Leasehold rights	1,185		1,721		536	Total liabilities	137,188	53	146,844	53	9,656
Leasehold rights in trust	7,380		7,380		—	Unitholders' equity					
Other	0		0		-0	I. Unitholders' capital	120,713	47	130,998	47	10,285
3. Investments and other assets	826	0	701	0	-125	1. Unitholders' capital	117,901	46	127,950	46	10,049
Unitholders' equity investment securities	114		—		-114	2. Retained earnings	2,812		3,047		235
Leasehold and security deposits	15		15		—	Voluntary retained earnings (Reserve for reduction entry)	37	0	37	0	—
Long-term prepaid expenses	393		370		-22	Unappropriated retained earnings	2,774	1	3,010	1	235
Other	303		315		12	Total unitholders' equity	120,713	47	130,998	47	10,285
III. Deferred assets	65	0	125	0	59	Total liabilities and unitholders' equity	257,901	100	277,842	100	19,941
Deferred investment corporation bond issuance costs	65		125		59						
Total assets	257,901	100	277,842	100	19,941						

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

Statements of Cash Flow and Profit Distributions

■ Cash Flow Statement

(Unit: million yen)

16th Period (Jun. 2014)	
Classification	Amount
I. Cash flow from operating activities	4,052
Net income before taxes	3,011
Depreciation	1,624
Interest expense	-800
Other	216
II. Cash flow from investing activities	-19,198
Proceeds from sale of investment securities	97
Purchase of property and equipment	-20,620
Net payments for security deposits	1,324
III. Cash flow from financing activities	15,662
Proceeds from short-term loans	9,000
Repayment of short-term loans	-9,000
Proceeds from long-term loans	7,500
Proceeds from issuance of investment corporation bonds	13,000
Repayment of investment corporation bonds	-12,000
Repayment of issuance of investment corporation bonds	-76
Proceeds from issuance of investment units	10,049
Repayment of issuance of investment units	-35
Distributions to unitholders	-2,774
IV. Net decrease in cash and cash equivalents	516
V. Cash and cash equivalents at beginning of period	17,914
VI. Cash and cash equivalents at end of period	18,431

■ Profit Distribution

(Unit: yen)

16th Period (Jun. 2014)	
Classification	Amount
Unappropriated retained earnings at the end of period	3,010,447,552
Distributions	3,010,045,500
(Distributions per investment unit)	(2,482)
Earnings carried over to next period	402,052
Outstanding investment units at the end of period	1,212,750 units

Financial Indicators

Financial indicators	Unit	12th Period (Jun. 2012)	13th Period (Dec. 2012)	14th Period (Jun. 2013)	15th Period (Dec. 2013)	16th Period (Jun. 2014)	Calculation method
EBITDA (Earnings before interest, tax and depreciation and amortization))	MN yen	4,458	4,354	4,793	5,090	5,420	Income before income taxes + (Interest expense + Interest expense on investment corporation bonds) + Depreciation and amortization
NOI (Net operating income)	MN yen	4,946	4,932	5,493	5,747	6,160	Rental revenue - rental expenses + Depreciation and amortization
FFO (Funds from operation)	MN yen	3,542	3,593	4,032	4,279	4,635	Net income + Depreciation and amortization - Net profit from sale of real estate
FFO per unit	yen	3,755	3,810	3,584	3,804	3,822	(Net income + Depreciation and amortization - Net profit from sale of real estate) / Number of outstanding investment units *1
AFFO (Adjusted Funds From Operation)	MNyen	3,149	3,224	3,460	3,504	4,076	FFO - Capital expenditures
AFFO Distribution payout ratio	%	73.1	71.6	79.3	79.2	73.8	(Total cash distribution amount ÷ AFFO) × 100
NAV (Net asset value)	MN yen	88,768	87,571	107,503	109,050	122,288	Period end total assets - Period end total liabilities - Period end real estate book value + Period end real estate appraisal value
NAV per unit	yen	94,109	92,840	95,579	96,955	100,835	NAV / Number of outstanding investment units *1
DSCR (Debt service coverage ratio)	times	5.9	5.7	6.3	6.3	6.9	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	%	1.1	1.0	1.1	1.1	1.1	Ordinary income / [(Period beginning total assets + period end total assets) / 2] × 100
(Reference) Annualized with following formula	%	(2.1)	(2.0)	(2.2)	(2.1)	(2.3)	Above x 365 days / Number of operating days
ROE	%	2.3	2.2	2.3	2.3	2.4	Net income / [(Period beginning net assets + period end net assets) / 2] × 100
(Reference) Annualized with following formula	%	(4.7)	(4.4)	(4.7)	(4.6)	(4.8)	Above x 365 days / Number of operating days
Equity to Total Assets	%	45.7	45.8	46.8	46.8	47.1	(Period end net assets / Period end total assets) × 100
LTV (based on period-end total assets)	%	49.7	49.7	48.7	48.6	48.2	(Period end interest-bearing debt / Period end total assets) × 100
LTV (based on period-end valuation gain/loss)	%	53.4	53.7	51.3	50.9	49.8	Period-end interest-bearing debt ÷ (Period-end total assets + Real estate valuation gain/loss) × 100
BPS (Book value per unit)	yen	110,826	110,835	107,297	107,324	108,017	Period end net assets / Number of outstanding investment units *1

*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.

Owner Classification	Investment Units					Unitholders				
	15th period (Dec. 2013)		16th period (Jun. 2014)		Composition change (%)	15th period (Dec. 2013)		16th period (Jun. 2014)		Composition change (%)
	Number of units	Composition (%)	Number of units	Composition (%)		Number of unitholders	Composition (%)	Number of unitholders	Composition (%)	
Financial Institutions and Securities Companies	144,962	64.4	796,421	65.7	1.3pt	109	1.6	133	1.6	0.0pt
Other Domestic Companies	24,997	11.1	125,904	10.4	-0.7pt	169	2.5	189	2.2	-0.3pt
Foreign Companies, etc.	36,115	16.1	194,127	16.0	-0.1pt	150	2.2	170	2.0	-0.2pt
Individuals	18,876	8.4	96,298	7.9	-0.5pt	6,418	93.7	7,959	94.2	0.5pt
Total	224,950	100.0	1,212,750	100.0	-	6,846	100.0	8,451	100.0	-

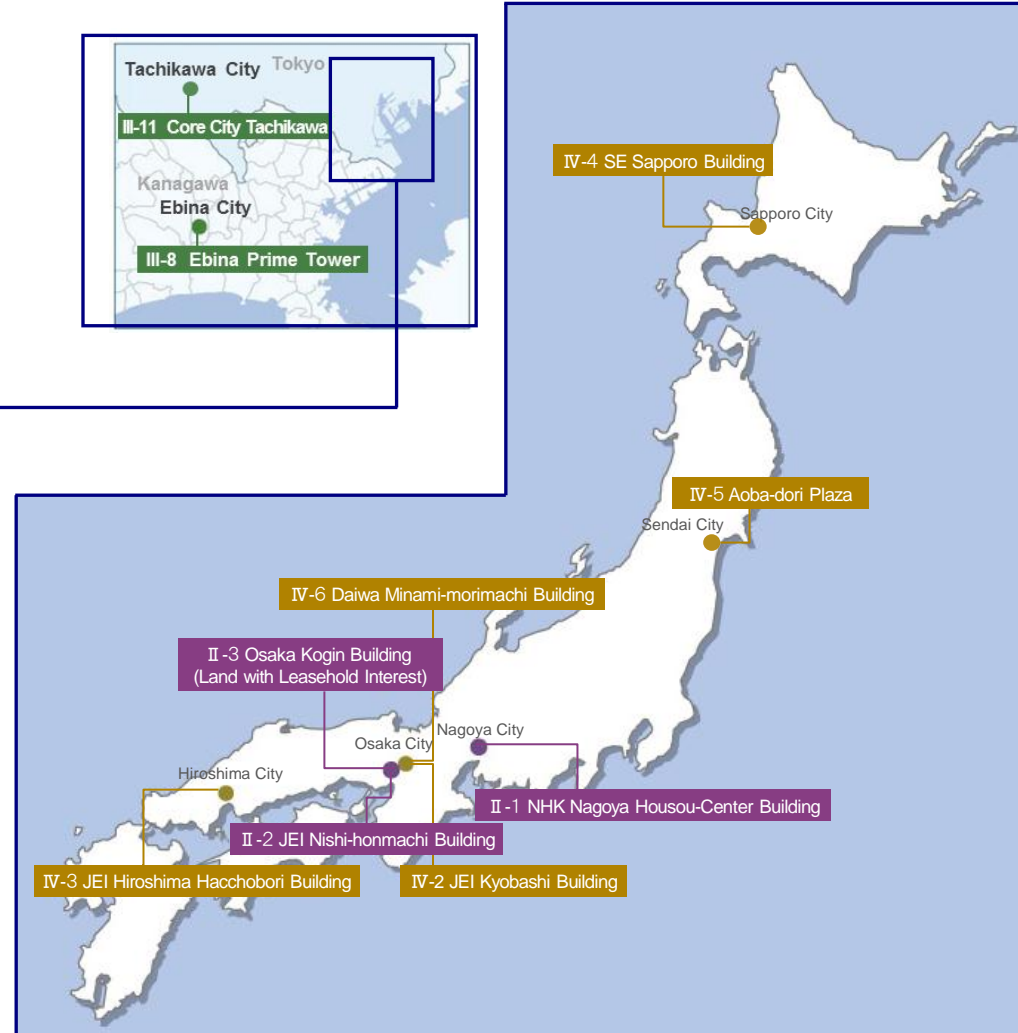
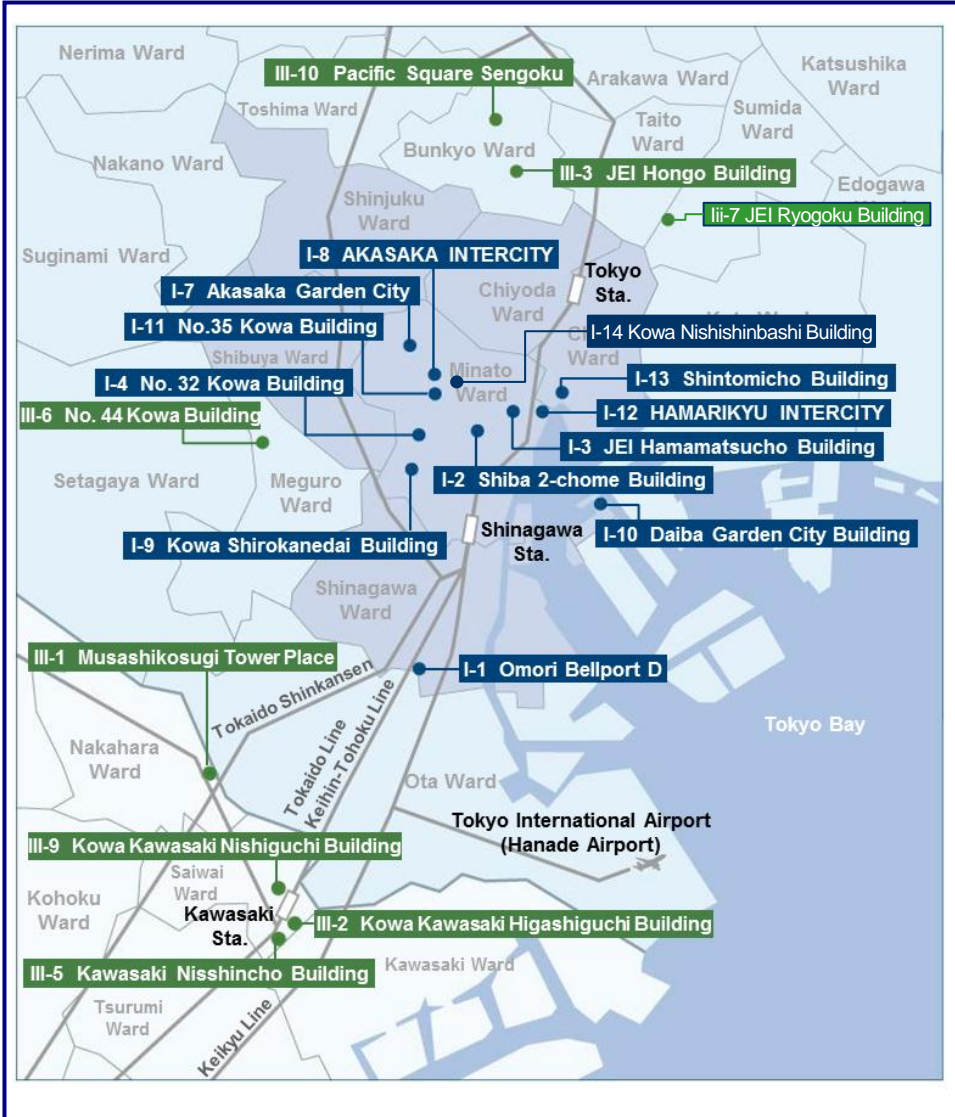
Ratio of investment units held by the 2 core sponsor companies : 7.6%

Rank	Name	Units	Composition ratio (%)
1	Japan Trustee Services Bank, Ltd. (Trust Account)	327,097	27.0
2	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	77,860	6.4
3	NIPPON STEEL KOWA REAL ESTATE CO., LTD.	71,560	5.9
4	The Master Trust Bank of Japan, Ltd. (Trust Account)	69,090	5.7
5	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	55,548	4.6
6	The Dai-ichi Life Insurance Company, Limited	20,660	1.7
7	NOMURA BANK (LUXEMBOURG) S. A.	20,563	1.7
8	STATE STREET BANK AND TRUST COMPANY 505223	19,303	1.6
9	Bank of Kyoto, Ltd.	13,574	1.1
10	The Fuji Fire and Marine Insurance	12,400	1.0
Total		687,655	56.7

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

*2: Ratios are rounded to the nearest 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 Housing-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 (㎡)	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	100.0	87.1	100.0	100.0	100.0	100.0	100.0	100.0	99.4	100.0	100.0	97.0	100.0	100.0
PML (%)	2.18	4.48	6.26	8.26	3.65	2.71	10.06	7.36	9.68	2.26	7.29	2.76	5.51	13.30	-

*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.

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 Nishincho 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 Hacchobori 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	98.0	97.2	99.6	69.1	87.7	100.0	98.5	99.2	84.7	97.7
PML (%)	2.82	4.52	7.50	5.99	2.26	5.05	11.47	4.72	6.91	3.60	9.72	9.79	0.63	0.89	12.67

*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.

- The data was prepared for the purpose of providing information and is not intended for the use of offering, soliciting or selling investments in the specified product.
- Future forecasts are included in the contents of this data, but such descriptions do not guarantee future business results, financial conditions or management results, etc. of Japan Excellent, Inc.
- Neither Japan Excellent, Inc. nor Japan Excellent Asset Management Co., Ltd. guarantee the accuracy or integrity of the information provided in this data, nor do they bear responsibility for updating the information listed in this data. Please note that the contents may be modified or repealed without any advance notice.
- Quoting, copying and transferring all or a part of the contents of this data is prohibited without prior approval.