

# Japan Excellent, Inc.

**3<sup>rd</sup> Fiscal Period**

(Dec. 2007)

**Presentation Material**



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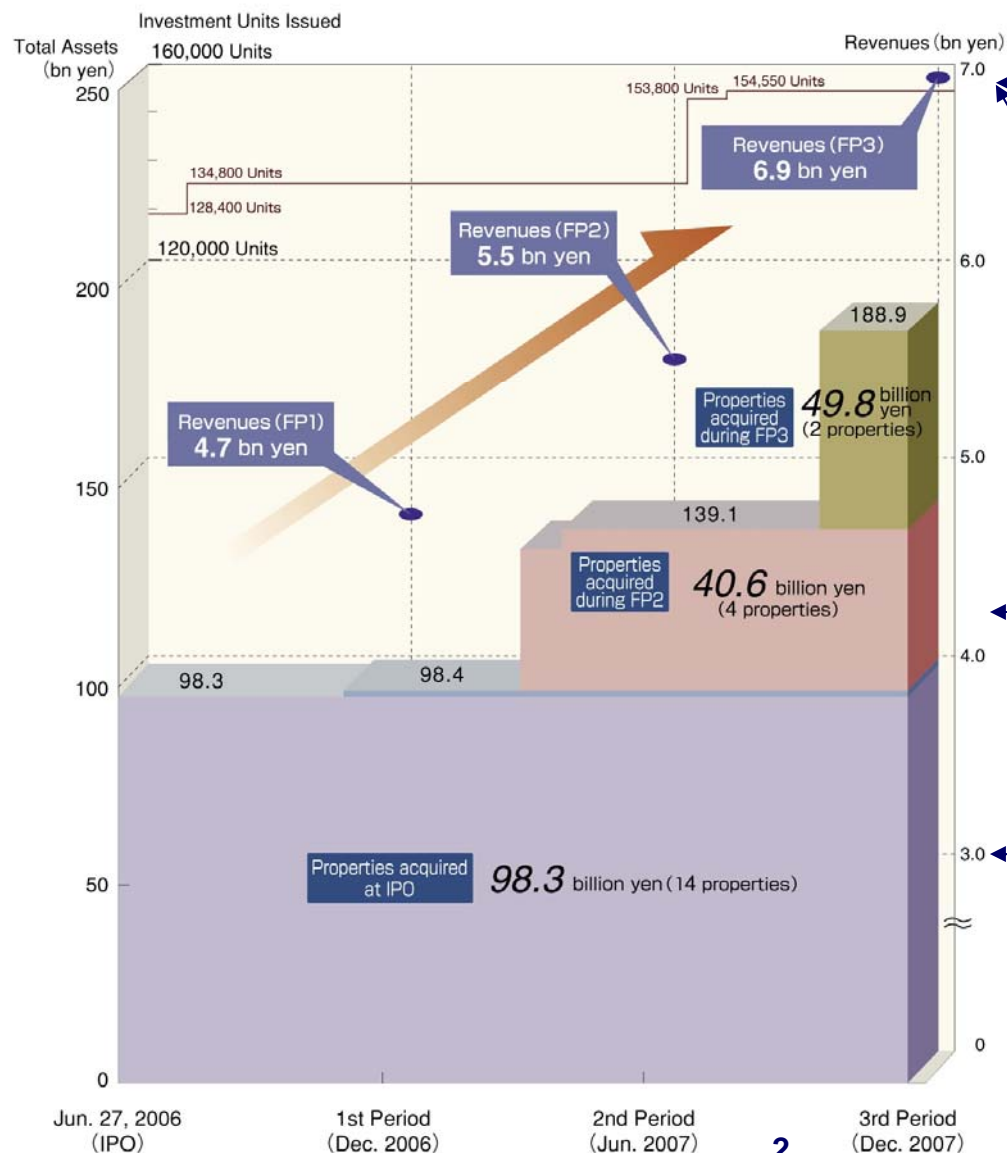
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# The Progress of Japan Excellent Inc.

- Asset Size expanded from JPY 98.3 Bn (14 assets) at the time of IPO to JPY 188.9 Bn (20 assets)



**Public Offering**

Number of Outstanding Investment Units increased to 154,550 units

**Steady Increase in Revenues**

FP1: JPY 4.7 Bn  
 FP2: JPY 5.5 Bn  
 FP3: JPY 6.9 Bn

**2<sup>nd</sup> and 3<sup>rd</sup> Period Acquisitions**

Emphasis on asset balanced portfolio, through the acquisition of core asset in the portfolio, large-scale buildings located in central Tokyo

**Acquisitions at the time of IPO**

Acquisition of assets with high NOI yield as revenue base

(\*1) The shown asset scale is based on acquisition price.

(\*2) The figures for asset scale, total acquired property value, and operation revenue have been rounded down to the nearest millions of yen.

# I . Overview of the 3<sup>rd</sup> Period



# I . Overview of the 3<sup>rd</sup> Period

## 1. Highlights

### External Growth

**Acquisition of AKASAKA INTERCITY and Kowa Kawasaki Nishiguchi Building**  
( Total Acquisition Price: 49.8 billion yen )

Number of Properties	Total Acquisition Price
FP2: 18 properties	JPY 139.1 Bn
↓	↓
FP3: 20 properties	JPY 188.9 Bn ( 36% increase )

### Internal Growth

**Annualized Total Rental Revenues Increases:**  
**2.4%** ( 14 Asset base )

	Rental Revenues
FP2	JPY 4,209 Mn
↓	↓
FP3	JPY 4,259 Mn

### Financial Strategy

- Public Offering
- Debt Financing for Asset Acquisition
- Fixation of Interest Rates

- Public Offering: 19,000 units (Payment Date: July 11, 2007)
- Fixed Long-term Debt (%) at end of 3<sup>rd</sup> Period: 54%  
(Feb. 2008 72%)
- Shelf Registration for the issuance of Corporate Bonds

### Compliance and Risk Management

- Internal Management Structure
- Abiding to the Financial Instruments and Exchange Law

- Internal audit using outside consultant (completed in September 2007)
- Increased one more Supervisory Director (November 2007)
- Registration as an Investment Management Firm (November 2007)

# I . Overview of the 3<sup>rd</sup> Period

## 2. External Growth

JEI acquired Large-scale buildings in favorable locations which are to be the core of the Portfolio in the future.

### AKASAKA INTERCITY (AREA I)

- Located in an internationally sophisticated area (Akasaka / Roppongi) next to the political and economic center.
- A prominent property developed by Kowa Real Estate, with environment-friendly design and advanced technology.



Previous Owner	Kowa Real Estate Co., Ltd.
Acquisition Price	17,857mn yen
Annual NOI	719mn yen
NOI yield	4.0%
Total Floor Space	73,061.33㎡
Standard Floor Space	approx. 550 <sup>sub</sup> (1,818㎡)
Structure/Floors	S, SRC B3F,29F
Completion date	Jan. 28, 2005

### Kowa Kawasaki Nishiguchi Building (Area III)

- Located in an area undergoing large-scale development, with excellent access to Tokyo central area and Haneda Airport
- Distinguished large-scale development offering very large floor space



Previous Owner	Kowa Real Estate Co., Ltd.
Acquisition Price	32,000mn yen
Annual NOI	169mn yen
NOI yield	5.3%
Total Floor Space	61,856.92㎡
Standard Floor Space	approx. 600 <sup>sub</sup> (1,983㎡)
Structure/Floors	S, SRC B2F,21F
Completion date	Feb, 29, 1988

(\*1) “Acquisition price” is the purchase price documented on the contract. Rounded to the nearest millions of yen.

(\*2) “Annual NOI” is based on the calculation of the net operating income by direct-reduction process, listed on the December 31, 2007 real estate appraisal report. The figures are rounded to the nearest millions of yen.

(\*3) “NOI yield” = annual NOI / acquisition price

(\*4) “Total floor space” is the total floor area of the building entrust indicated on the registry. If the building entrust is a proprietary part of a sectional ownership, the documented “total floor space” is that of the whole building.

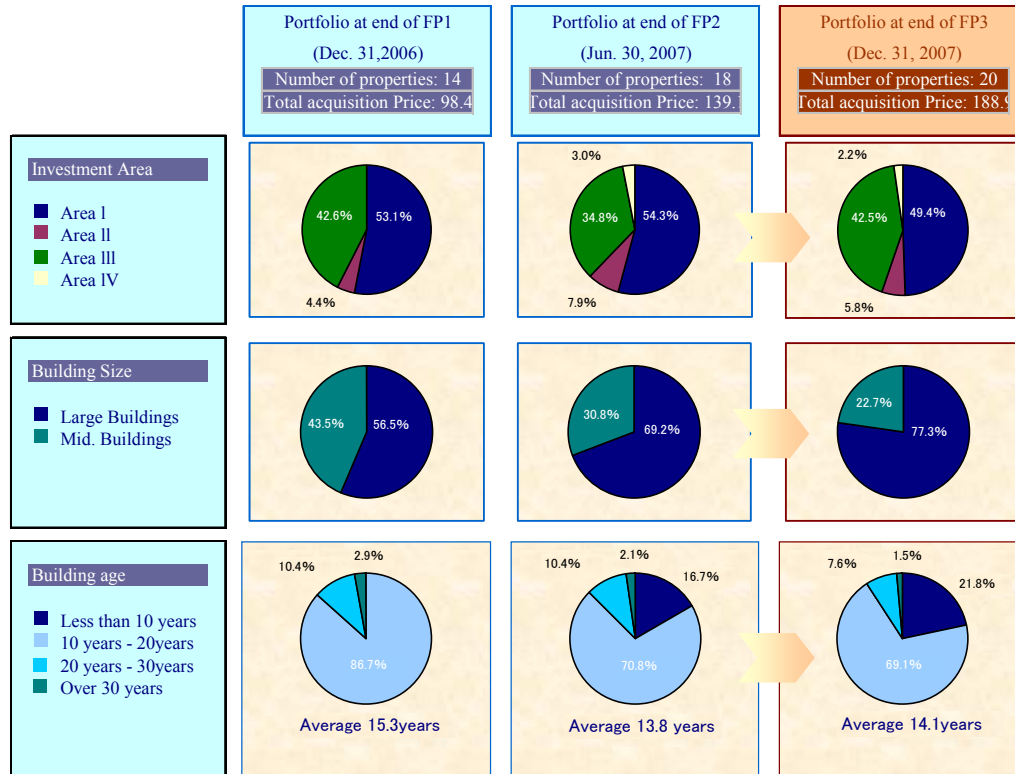
(\*5) “Structure/Floors” is the main structure written on the registry of the building entrust. If the building entrust is a proprietary part of a sectional ownership, the numbers are the total structure and number of floors. S= Steel , SRC= Steel framed re-enforced concrete

(\*6) “Completion date” is the newly built date at the time of registry.

# I . Overview of the 3<sup>rd</sup> Period

## 3. Balanced and Diversified Portfolio

Acquisition of additional 6 assets led to securement of large-scaled buildings in Tokyo CBD as well as improved geographic diversification



	Portfolio at end of FP1	Portfolio at end of FP2	Portfolio at end of FP3
Ratio of major end tenants (Top 5 tenants)(*1)	37.3%	27.6%	27.3%
Ratio of major end tenants (Top 10 tenants)(*1)	53.0%	42.7%	39.7%
Portfolio PML (*2)	7.7%	6.5%	6.3%
Appraisal Value (Appraisal gain)(*3)	107.7Bn Yen (8.8Bn Yen)	153.4Bn Yen (13.5Bn Yen)	213.1Bn Yen (23.8Bn Yen)

(\*1) “End-tenant” is referred to lessees (excluding master lease agreements) with JEI has direct lease contracts with, or trustees and sublessees with lease contracts master lease companies.

(\*2) “PML” is the percentage of the re-construction cost to build back to its original state, in the case of an occurrence of a large-scale earthquake (The earthquake scale being one that would occur once every 475 years and the likelihood of it occurring within the next 50 years is 10%), to the total cost of construction cost to build the building.

(\*3) “Appraisal gain” is the difference between total appraisal value (at end of the period) and the book value.

(\*1) Percentage of “Investment area”, “Building size”, and “Building age” are based on acquisition price.

(\*2) Large-scale buildings (Tokyo’s 23 Wards) = Floor area of over 10,000 tsubos

Medium-scale buildings (Tokyo’s 23 Wards) = Floor area of over 1,000 tsubos and under 10,000 tsubos

Large-scale buildings (outside Tokyo’s 23 Wards) = Floor area of over 4,000 tsubos

Medium-scale buildings (outside Tokyo’s 23 Wards) = Floor area of over 1,000 tsubos and under 4,000 tsubos

# I . Overview of the 3<sup>rd</sup> Period

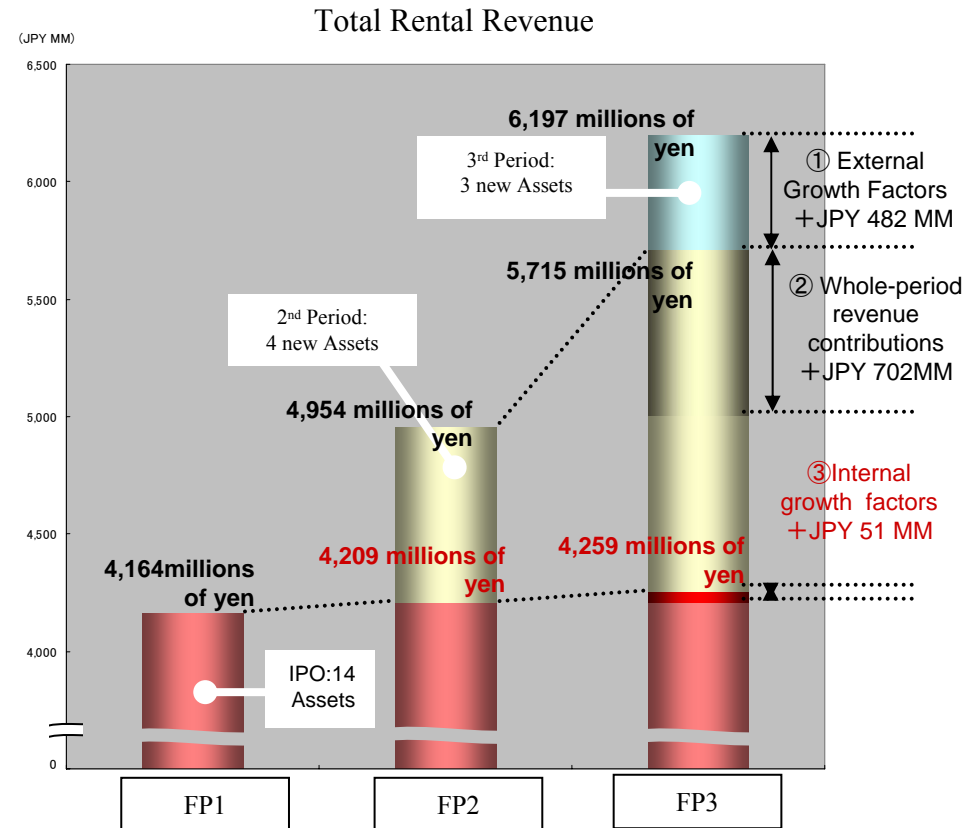
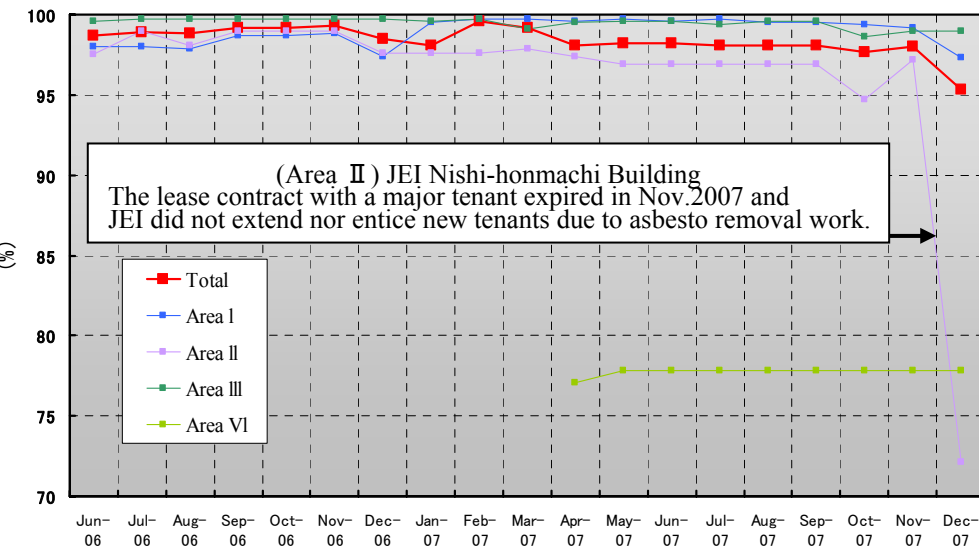
## 4. Occupancy Rate and Monthly Rent

### Maintaining a Stable Leased Space in Service Rate

Ever since its IPO, the overall portfolio occupancy rate has remained above 95%.

### Steady Increase in the Total Rental Revenue (14 Asset basis)

Rental revenues for the FP3 increased 2.4% per annum. (excluding assets acquired in and after the FP2.)



### Results of new enticements and contract revisions

	New / Renewed	Rental fee revision	total
Number of contracts	12	10	22
Rental area	998 tsubo	5,054 tsubo	6,052 tsubo
Average increase rate	17.5%	8.6%	-

(\* ) Total Rental Revenue includes service fees but does not include any other revenues. The total rental revenues for FP1 are calculated on a bi-annual basis.



# I . Overview of the 3<sup>rd</sup> Period

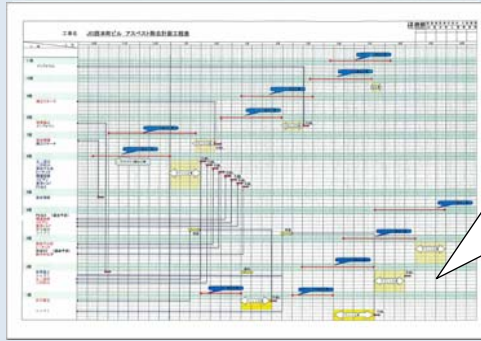
## 5. Portfolio Administration

### Mid-to-long Term Value-up Plan

JEI is making additional investments to increase asset values of its properties for the medium-to-long term.

#### JEI Nishihonmachi Building: Example of Asbestos removal and office renewal

Besides asbestos removal, JEI improves ceiling height, illuminance, and adding extra space to place power / communications code / cables



Schedule

Construction work in progress by one floor at a time. Tenants have been cooperative in relocating floors.



Office (5F) after Renewal work

### Measures taken to Reinforce the Safety of Properties

Revising the safety check list for tenants and promptly fixing areas that may be hazardous. Conducting tenant follow-up from the information obtained by accident reports from the property management company. Maximizing tenant satisfaction by building a structural plan in case of emergency.

### Reduction of Property Management Costs and Actions to Increase Revenues through internal growth

JEI collaborates with the property management companies to secure management quality, as well as to balance service quality with property management and utility costs. JEI is also working to make use of the unused space to increase operating incomes.

# I . Overview of the 3<sup>rd</sup> Period

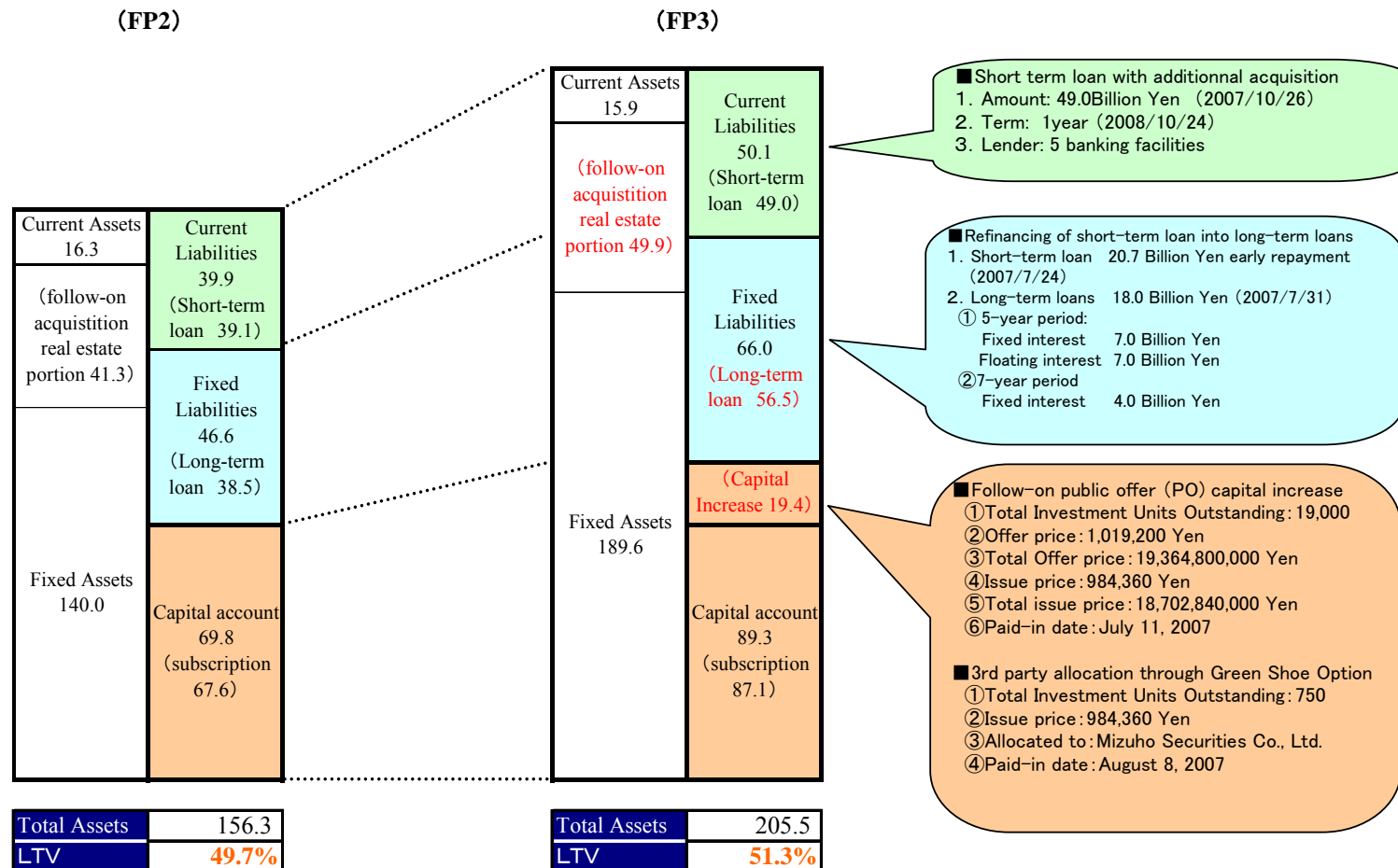
## 6. Financial Policies (1)

### Public Follow-on Offering in July, 2007 and Debt Financing for Asset Acquisitions

With the proceeds from the public follow-on offering, JEI repaid a part of the JPY 39.1 Bn short-term loan which was used to acquire assets in FP2. JEI re-financed the rest of the short-term loan to long-term loans.

JEI also took out a short-term loan of JPY 49 Bn to acquire assets in FP3.

(billions of Yen)



# I . Overview of the 3<sup>rd</sup> Period

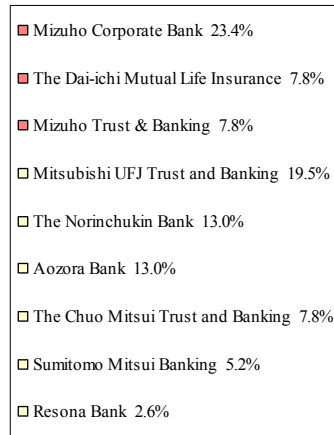
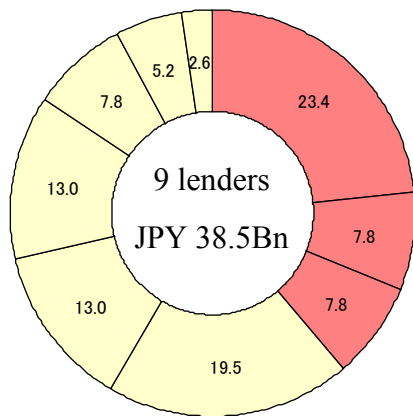
## 6. Financial Policies (2)

### Diversified Lenders and Maturities

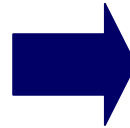
The following actions were taken in order to secure financing capabilities and reduce re-finance risks

- 1.) Number of lenders (9⇒12)
- 2.) Extending borrowing periods
- 3.) Balanced maturities

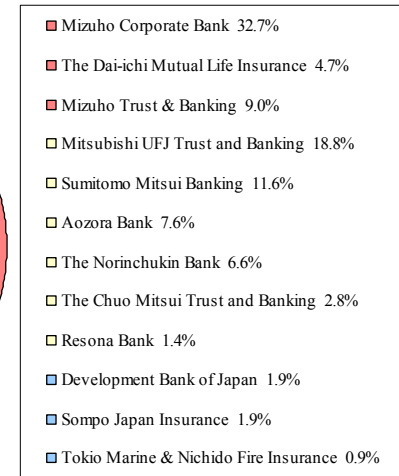
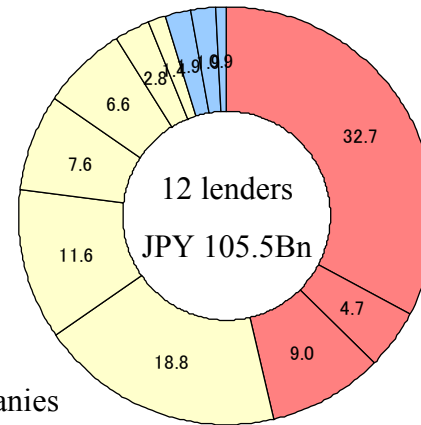
End of 1<sup>st</sup> Period



Spread out of Financial Institutions



End of 3<sup>rd</sup> Period

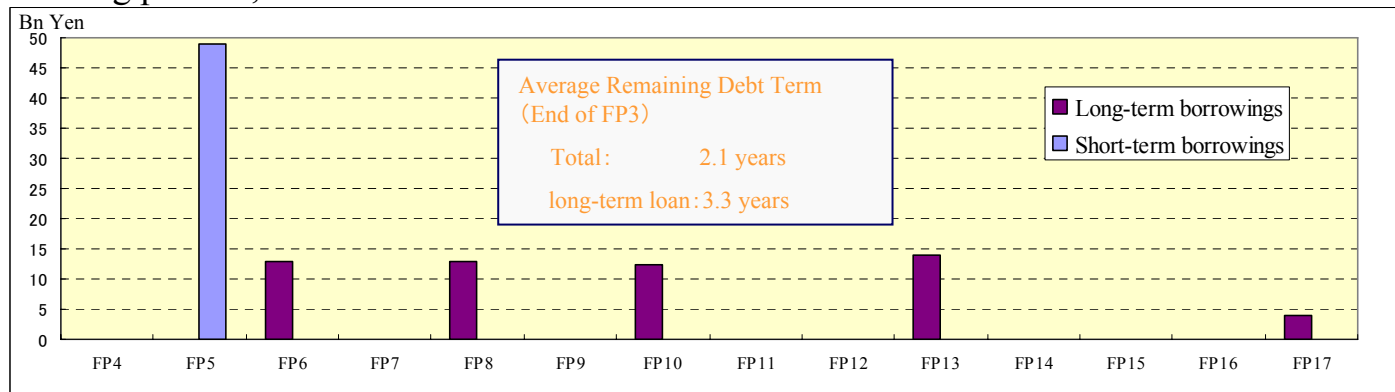


■ Sponsor Companies

■ Lenders that JEI made borrowings from during the FP3

(\*1) The percentages have been rounded to the 1<sup>st</sup> decimal place.

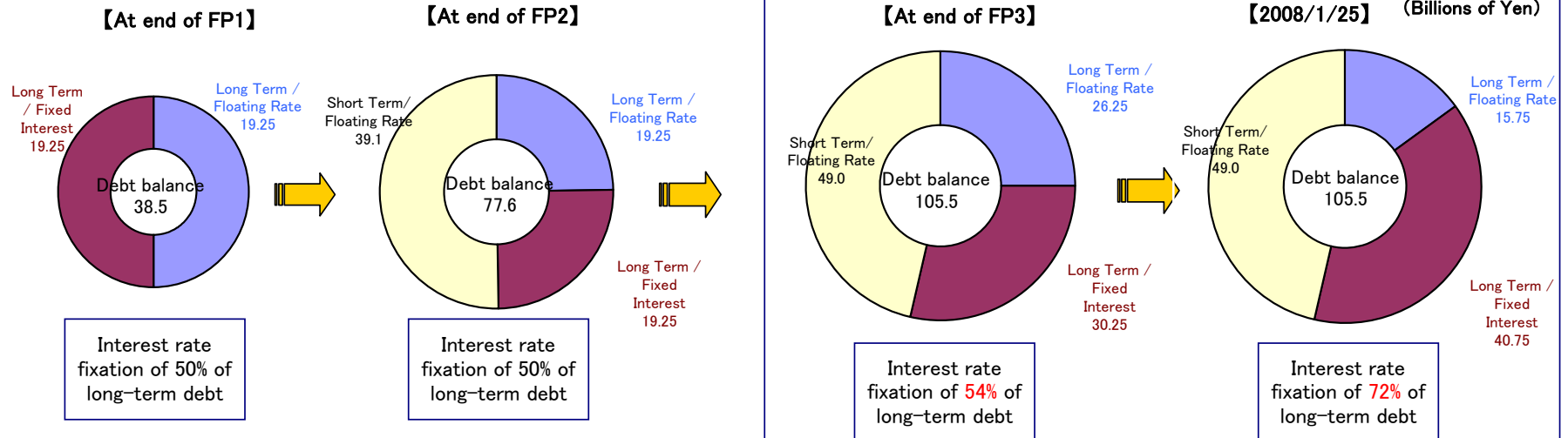
### Extending of borrowing periods, Balanced maturities



# I . Overview of the 3<sup>rd</sup> Period

## 6. Financial Policies (3)

### Increased Ratio of Fixed Interest Rate Borrowings



### Shelf Registration for Corporate Bonds

JEI has completed shelf registration of corporate bonds to prepare for financing opportunities.

#### [Details of the Registration]

Category	Approximate processing amount	Period
Corporate Bonds	JPY 100 Bn	January 7, 2008 to January 6, 2010

#### [Credit Ratings as of Dec.31, 2007]

Rating Institutions	Content (outlook)
Moody's Investors Service	Issuer rating: A2 (stable)
R&I	Issuer rating: AA- (stable)

# I . Overview of the 3<sup>rd</sup> Period

## 7. Enhancement of Compliance and Risk Management

### Improved Internal Management Structure

Initiative to improve internal management structure completed under the guidance of an outside consultant (September 2007)

### Response to the Financial Instruments and Exchange Law

Procedure to register as an Investment Management Business Firm (November 14, 2007)

Training workshops conducted by outside professionals

### Strengthening the Governance of JEI

Strengthening the governance function by appointing an officer with certified real-estate appraiser as supervisory director

## II . 3<sup>rd</sup> Period Results



## II . 3<sup>rd</sup> Period Results

### 1. Summary

(millions of yen)

	FP2	FP3	Difference	
			Amount	Change
Revenues	5,505	6,982	1,476	26.8%
Rental profits	3,096	3,544	447	14.5%
Income before income taxes	2,240	2,421	181	8.1%
Net Income	2,239	2,420	181	8.1%
Distribution per Unit (JPY)	16,614	15,663	-951	-5.7%

(\*) The amounts have been rounded down to the nearest millions of yen.

The ratios are rounded to the nearest 1<sup>st</sup> decimal place.

#### Comparisons of FP2 and FP3

(millions of yen)

	2 properties acquired in FP3	4 properties acquired in FP2	14 properties acquired in FP1	Total
Revenues	552	797	125	1,476
Operating expenses	271	429	327	1,028
Rental profits	281	368	-202	447

#### Factors for increase in revenue and profit in FP3

- Full contribution from assets(4 assets) acquired in FP2
- Contribution from assets (2 properties) acquired in FP3

#### Reason for increase in revenue and decrease in profit (14 asset basis)

#### Decrease in profit (JPY 202 MM)

- Property tax burden (50%→100%)  
(increased by 157 MM)
- Repair and Maintenance fees (exterior wall repair, etc.)  
(increased by JPY 147 MM)

**Excluding the reasons above, the increase in revenue and profit resulted from internal growth.**

## II . 3<sup>rd</sup> Period Results

### 2. Keypoints of the Income Statement

(millions of yen)

	FP2	(%)	FP3	(%)	Difference
1. Revenues	5,505	100.0	6,982	100.0	1,476
Rental revenues	5,069		6,335		1,266
Other	436		647		210
2. Operating Expenses	2,851	51.8	3,926	56.2	1,074
Property management costs and fees	859		1,083		223
Utilities	452		613		161
Property and other taxes	174		330		156
Insurance	19		22		3
Repairs and maintenance	124		363		238
Other	104		131		26
Depreciation	674		894		219
Total property operating expenses	2,409		3,437		1,028
Rental profits	3,096		3,544		447
Asset management fees	328		369		41
Other	114		118		4
Operating Income	2,653	48.2	3,055	43.8	401
3. Other Income	24	0.5	16	0.2	▲ 7
Interest income	7		13		5
Other	16		2		▲ 13
4. Other Expenses	438	8.0	650	9.3	212
Interest expenses	361		533		172
Loan arrangement fees	46		76		29
New unit issuance costs	30		40		10
Other	0		0		0
Income before income taxes	2,240	40.7	2,421	34.7	181
Income taxes-current	0		1		0
Income taxes-differed	0		▲ 0		▲ 0
Net Income	2,239	40.7	2,420	34.7	181
Retained Earnings at beginning of period	0		0		▲ 0
Retained Earnings at end of period	2,239		2,420		181

#### Comparison between FP3 and FP2

Revenues 26.8% increase  
 Operating Expenses 37.7% increase  
 Operating income 15.1% increase  
 Income before income taxes 8.1% increase

**100% of the property taxes for the 14 properties acquired in FP1 were imposed from FP3**

(FP2 percentage: 50%)

**Increase in repair and maintenance costs (JPY 238 MM)**

-Tenant relocation costs due to the construction of the JEI Nishi-honmachi asbesto removal.

-Advancement of the mid-long term plan construction

**Decrease in proportion against revenue from 6.0% to 5.3%**

(enjoying the benefits of the advantages accompanied by the expansion in asset scale)

**Increase in interest expenses ( JPY 172 MM )**

**Primary reason for increase is the increase of principal (JPY 77,600 MM→JPY 105,500 MM)**

(\*) The amounts are rounded down to the nearest millions of yen.



## II. 3<sup>rd</sup> Period Results

### 2. Revenue and Expenditure by Property

- NOI yield in FP3: **5.6%** (accounting base)
  - NOI yield considering property taxes is 5.2% per annum.
- NOI yield decreased due to the following reasons.
  - Property tax burden on the assets obtained before FP3
  - Tenant relocation costs relating to asbesto removal at Nishi-honmachi building
  - Relatively low NOI yield for the 2 assets acquired in FP3

	millions of Yen																							
	14 properties acquired at IPO													4 properties acquired in FP2				2 properties acquired in FP3		Total of 14 properties	Total of 4 properties	Total of 2 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	I -8					III -9
Rental Revenue	1,071	369	288	244	-	160	337	814	-	179	-	212	97	119	557	261	559	248	132	419	4,802	1,626	552	6,982
Rental Income	1,002	365	272	227	-	144	-	685	-	158	-	211	80	109	517	246	482	234	121	367	4,365	1,481	488	6,335
Other	68	3	15	16	-	16	-	128	-	21	-	1	17	10	39	15	76	13	11	52	437	145	64	647
Rental Expense	523	139	162	89	-	58	192	380	-	78	-	78	54	61	151	182	328	116	36	235	2,387	779	271	3,437
Property management cost & fees	155	47	34	34	-	24	58	111	-	27	-	32	18	19	57	48	153	47	6	71	698	307	77	1,083
Utilities	148	0	16	14	-	13	26	82	-	10	-	0	9	10	28	19	75	24	5	37	423	147	42	613
Property and other taxes	84	31	18	14	-	8	21	59	-	9	-	8	4	7	0	0	0	0	0	0	330	0	0	330
Insurance	3	1	0	0	-	0	1	4	-	0	-	0	0	0	0	0	2	0	0	1	15	4	1	22
Repairs and maintenance	6	15	52	6	-	0	17	22	-	2	-	4	9	5	0	76	13	1	0	2	268	91	2	363
Other	4	8	13	2	-	1	30	9	-	1	-	1	1	1	8	1	7	2	4	5	102	19	9	131
Depreciation	119	35	26	17	15	10	36	91	92	25	18	31	10	16	55	34	76	40	20	117	548	207	137	894
Profits	547	229	125	154	109	102	145	433	157	101	72	133	43	57	406	78	230	132	96	184	2,415	847	281	3,544
NOI	667	265	152	172	124	112	182	524	250	127	91	165	54	74	462	113	307	172	117	301	2,963	1,055	419	4,438
operated days	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	184	67	67				
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	17,857	32,000	98,445	40,681	49,857	188,984
NOI Yield (Accounting Basis)	5.9%	5.6%	3.6%	6.8%	6.2%	7.8%	8.4%	7.5%	4.5%	4.7%	4.5%	8.4%	9.3%	5.8%	3.9%	3.4%	9.4%	8.1%	3.6%	5.1%	6.0%	5.1%	4.6%	5.6%
NOI Yield (Property tax beared Basis)	5.9%	5.6%	3.6%	6.8%	6.2%	7.8%	8.4%	7.5%	4.5%	4.7%	4.5%	8.4%	9.3%	5.8%	3.7%	2.6%	8.0%	6.8%	3.4%	4.7%	6.0%	4.5%	4.2%	5.2%

(\*) Fractional amounts of less than a million yen are rounded off. The second decimal place of percentages are rounded to the nearest first decimal place.

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

The total NOI yield on an accounting basis is calculated based on the timing of the possession by the weighted average at acquisition.

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

Property tax burden by accounting base

Assets acquired in FP1 : FP2: 50% FP3: 100%

6 Properties acquired in and after FP2: FP2: None FP3: None

## II . 3<sup>rd</sup> Period Results

### 3. Balance Sheet

(millions of yen)

Assets					Liabilities and Unitholders' Equity						
	FP2		FP3		Difference		FP2		FP3		Difference
		%		%				%		%	
Assets						Liabilities					
Current Assets	16,282	10.4	15,930	7.8	▲ 352	Current Liabilities	39,882	25.5	50,149	24.4	10,266
Cash and cash equivalents	5,223		2,440		▲ 2,782	Accounts Payable - trade	447		753		305
Cash and cash equivalents (as Trust accounts)	10,096		12,146		2,049	Accounts Payable - others	308		280		▲ 27
Rental Receivables	357		546		188	Short-term debt	39,100		49,000		9,900
Consumption taxes refundable	518		669		150	Other current liabilities	26		115		88
Other current assets	86		127		41	Long-term Liabilities	46,594	29.8	66,043	32.1	19,449
Fixed Assets	140,008	89.6	189,556	92.2	49,547	Long-term debt	38,500		56,500		18,000
Property and Equipment	131,304	84.0	180,758	87.9	49,454	Security deposits from tenants	516		466		▲ 49
Real estate	3,125		3,103		▲ 22	Security deposits from tenants (as Trust accounts)	7,510		8,866		1,355
Real estate (as Trust accounts)	128,178		177,654		49,476	Derivative liabilities	67		211		143
Construction in progress	0		0		-	Total Liabilities	86,477	55.3	116,193	56.5	29,716
Intangible Assets	8,565	5.5	8,565	4.2	▲ 0	Unitholders' Equity					
Leasehold rights	1,185		1,185		-	Unitholders' Equity	69,881	44.7	89,503	43.6	19,622
Leasehold rights (as Trust accounts)	7,380		7,380		-	Unitholders' capital	67,641	43.3	87,083	42.4	19,441
Other intangible assets	0		0		▲ 0	Retained Earnings	2,239		2,420		181
Investments and Other Assets	138	0.1	232	0.1	93	Unappropriated Retained Earnings	2,239	1.4	2,420	1.2	181
Investment in securities	10		10		-	Revaluation and translation adjustment	▲ 67	▲ 0.0	▲ 211	▲ 0.1	▲ 143
Security deposit	15		15		-	Loss on differed hedge	▲ 67		▲ 211		▲ 143
Long-term prepaid expenses	112		175		62	Total Unitholder's Equity	69,813	44.7	89,292	43.5	19,478
Other	-		30		30	Total Liabilities and Unitholders' equity	156,291	100.0	205,486	100.0	49,194
Total Assets	156,291	100.0	205,486	100.0	49,194						

### Main Financial Indicators

ROA: 2.7%

ROE: 6.0%

Equity / total assets: 43.5%

Loan-To-Value: 51.3%

Book value per unit (BPS) : Yen 577,758

(\*1) The figures are rounded off to the nearest millions of yen. The percentages are rounded to the nearest 1st decimal place.

(\*2) The Major financial indicators are calculated by below calculating formulas.

ROA: Income before Income taxes / [Total assets at beginning of period + total assets at end of period] / 2 \* 100

ROE: Net Income / [(Net assets at beginning of period + Net Assets at end of period) / 2] \* 100

Equity / total assets: ( Equity / Total assets at end of period) \* 100

LTV: ( Interest bearing debt at end of period / Total Assets at end of period) \* 100

BPS: Net Assets at end of period / Number of outstanding Investment Units

(\*3) The ROA and ROE figures are calculated at an annual basis.

## II. 3<sup>rd</sup> Period Results

### 4. Portfolio Appraisal Value

(millions of yen)

No.	Area	Name	Acquisition Price	Appraisal value			Difference (②-①)		③ Appraisal value as of acquisition	Difference (②-③)		④ Book value at the end of FP3	Difference (②-④)	
				At the end of FP1	① At the end of FP2	② At the end of FP3	Mn yen	%		Mn yen	%		Mn yen	%
I-1	I	Omori Bellport D	22,553	23,230	23,710	<b>25,630</b>	1,920	8.1%	22,610	3,020	13.4%	22,709	2,921	12.9%
I-2		Shiba-2-chome Building	9,450	11,700	12,200	<b>13,200</b>	1,000	8.2%	9,480	3,720	39.2%	9,430	3,770	40.0%
I-3		Shuwa Daiichi Hamamatsueho Building	8,350	8,910	9,390	<b>10,300</b>	910	9.7%	8,410	1,890	22.5%	8,365	1,935	23.1%
I-4		No. 32 Kowa Building	5,040	5,251	5,462	<b>5,676</b>	214	3.9%	5,045	631	12.5%	5,030	646	12.8%
I-5		No. 36 Kowa Building	4,000	4,189	4,235	<b>4,234</b>	▲ 1	0.0%	4,065	169	4.2%	4,049	185	4.6%
I-6		No. 28 Kowa Building	2,859	3,050	3,640	<b>4,210</b>	570	15.7%	2,870	1,340	46.7%	2,863	1,347	47.0%
I-7		Akasaka Garden city	23,300	-	23,500	<b>25,700</b>	2,200	9.4%	23,300	2,400	10.3%	23,319	2,381	10.2%
I-8		AKASAKA INTERCITY	17,857	-	-	<b>18,300</b>	-	-	18,000	300	1.7%	17,861	439	2.5%
II-1	II	NHK Nagoya Housou-Center Building	4,300	5,230	5,430	<b>5,570</b>	140	2.6%	4,580	990	21.6%	4,288	1,282	29.9%
II-2		JEI Nishi-honmachi Building	6,674	-	6,760	<b>6,760</b>	0	0.0%	6,770	▲ 10	-0.1%	7,026	▲ 266	-3.8%
III-1	III	Musashikosugi Tower Place	13,890	16,700	17,700	<b>18,300</b>	600	3.4%	14,100	4,200	29.8%	13,751	4,549	33.1%
III-2		Kowa Kawasaki Higashiguchi Building	10,976	11,060	11,130	<b>11,300</b>	170	1.5%	11,020	280	2.5%	10,810	490	4.5%
III-3		Hongo TS Building	5,400	5,470	5,490	<b>5,500</b>	10	0.2%	5,440	60	1.1%	5,357	143	2.7%
III-4		Shuwa Iidabashi Building	4,023	4,190	4,510	<b>4,940</b>	430	9.5%	4,030	910	22.6%	4,048	892	22.0%
III-5		Kawasaki Nissincho Building	3,905	4,830	5,220	<b>5,790</b>	570	10.9%	3,920	1,870	47.7%	3,906	1,884	48.2%
III-6		No.44 Kowa Building	1,150	1,350	1,610	<b>1,840</b>	230	14.3%	1,240	600	48.4%	1,052	788	74.9%
III-7		Ryogoku Dai-ichi Life Building	2,550	2,572	2,563	<b>2,566</b>	3	0.1%	2,551	15	0.6%	2,521	45	1.8%
III-8		Ebiina Prime Tower	6,470	-	6,550	<b>6,610</b>	60	0.9%	6,550	60	0.9%	6,666	▲ 56	-0.8%
III-9		Kowa Kawasaki Nishiguchi Building	32,000	-	-	<b>32,300</b>	-	-	32,200	100	0.3%	32,019	281	0.9%
IV-1	IV	Sendai kowa Building	4,238	-	4,309	<b>4,462</b>	153	3.6%	4,303	159	3.7%	4,244	218	5.1%
Area I Total			93,409	56,330	82,137	<b>107,250</b>	6,813	8.3%	93,780	13,470	14.4%	93,629	13,620	14.5%
Area II Total			10,974	5,230	12,190	<b>12,330</b>	140	1.1%	11,350	980	8.6%	11,314	1,015	9.0%
Area III Total			80,364	46,172	54,773	<b>89,146</b>	2,073	3.8%	81,051	8,095	10.0%	80,134	9,012	11.2%
Area IV Total			4,238	-	4,309	<b>4,462</b>	153	3.6%	4,303	159	3.7%	4,244	218	5.1%
Total			188,984	107,732	153,409	<b>213,188</b>	9,179	6.0%	190,484	22,704	11.9%	189,323	23,865	12.6%
(Total of primary 14 properties)			98,446	107,732	112,290	<b>119,056</b>	6,766	6.0%	99,361	19,695	19.8%	98,179	20,877	21.3%

The portfolio appraisal value at the end of the FP3 was JPY 213.1 Bn.

The appraisal value of the 14 assets acquired at IPO has increased 6.0% from the previous period.

Unrealized profit (appraisal value-book value)

End of 1<sup>st</sup> period: JPY 8.8 Bn

End of 2<sup>nd</sup> period: JPY 13.5 Bn

End of 3<sup>rd</sup> period: JPY 23.8 Bn

## II . 3<sup>rd</sup> Period Results


### 5. Unitholder Structure

Category	Unitholder					Unit				
	FP1		FP2		Difference	FP1		FP2		Difference
	# of Unitholders	(%)	# of Unitholders	(%)	(%)	# of Units	(%)	# of Units	(%)	(%)
Individuals	1,923	87.7	3,358	90.6	2.9	4,058	3.0	7,260	4.7	1.7
Japanese financial institutions and securities companies	133	6.1	147	4.0	-2.1	84,318	62.6	101,908	65.9	3.3
Other Japanese corporations	57	2.6	96	2.6	0.0	20,920	15.5	20,985	13.6	-1.9
Foreign institutions and individuals	80	3.6	107	2.9	-0.7	25,504	18.9	24,397	15.8	-3.1
Total	2,193	100.0	3,708	100.0	-	134,800	100.0	154,550	100.0	-

Ratio of investment units held by the 4 sponsors : 13.3%

Ranking	Name	Unit held	(%)
1	Kowa Real Estate Co. Ltd.	14,312	9.3
2	Japan Trustee Services Bank, Ltd. (Trust account)	12,879	8.3
3	Trust & Custody Services Bank, Ltd. (Trust account)	11,281	7.3
4	NikkoCiti Trust and Banking Corporation (Trust account)	11,062	7.2
5	The Master Trust Bank of Japan, Ltd. (Trust account)	8,660	5.6
6	North Pacific Bank, Ltd.	4,573	3.0
7	JP Morgan Chase Goldman Sachs Trust Jasdec Rending Account	4,414	2.9
8	The Dai-ichi Mutual Life Insurance Company	4,132	2.7
9	The Bank of Ikeda, Ltd.	3,432	2.2
10	The Nomura Trust and Banking Co., Ltd. (Trust Account)	3,400	2.2
	Total	78,145	50.6

(\*) Figures for ownership ratio have been rounded to the second decimal place.

 Sponsor company of the asset management company

### III. Future Management Strategies

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# III. Future Management Strategies

## 1. Operating Environment (1)

### Management Environment - Office rental market

#### < Metropolitan Tokyo Area >

- The office rental market in the Central Tokyo area continues to be in a favorable supply-demand condition, thus maintaining a high occupancy rate and high rent levels. The rent increase led by large-scale buildings in Central Tokyo, is spreading to small and medium sized building markets in the region and to the neighboring Metropolitan Tokyo area as well.
- On the other hand, since the beginning of early last fall, there seems to be a clear peakout in the rent markets ranging from the high 40,000 yen per tsubo to over yen 50,000 per tsubo which had been increasing at a high pace since early 2007.

#### < Osaka Area >

- Osaka area, mainly around Umeda Station has been in good supply-demand condition. However, rent has not increased except in some areas, although vacancy rate has been falling gradually.

#### < Nagoya Area >

- Unlike the new large-scale buildings in the Meieki area, the Nagoya area as a whole has not enjoyed the rental revenue increase. A few new buildings have decreased rents. In general, the market has not been able to absorb the supply from large-scale buildings. With further new supplies, it is expected that the rent level will peakout.

#### < Sendai Area >

- In the Sendai area, there has not been large enough demand to cope with huge supply. And rental market conditions have been getting worth rapidly. There is concern that the current situation may prolong.

#### < Other areas >

- Some cities show recovery in occupancy rate. However it did not lead to rent increase.

### Management Policies

- While maintaining good relationships with existing tenants, JEI is trying to realize internal growth by active rent raise from existing tenants.
- JEI continues to invest in timely manner in order to maintain and strengthen competitiveness as well as to improve safety.
- JEI continues to realize external growth with top priority in Tokyo Central area (Area I). JEI continues to consider acquisition in the rest of Tokyo (non-Area I) and Metropolitan Tokyo area (Area III ).
- While targeting acquisitions of relatively new buildings, JEI tries to accumulate more mid-sized buildings to realize optimized balance between large and mid-sized buildings, considering rental market outlook.
- JEI may pursue opportunities to dispose assets, considering that rental market environment may change dramatically and become completely different from the current environment.
- JEI makes detailed analysis on rental market outlook and does not exclude any kind of solutions to properties with little internal growth potential.
- JEI actively pursues acquisition opportunities of properties not held by sponsors, using network to obtain information broadly, while making best use of pipeline support from core sponsors.

### III. Future Management Strategies

#### 1. Operating Environment (2)

##### Management Environment - Real Estate Investment Market

- In the metropolitan Tokyo area, real estate investment is still active. The real estate investment yield to acquisition price continues to be low.
- In Osaka/ Nagoya area, real estate investment is in a mood of over-heat. However, rental market outlook becomes unclear and investment yield compression becomes slow.
- In other cities, asset sales have already been observed and the over-heated real estate investment market is cooling down. However there are no reductions in the acquisition prices yet.

##### Management Environment- Financial Market

- In the mid-to-long term, Japanese economy is in a growth trend. Prices of primary products are rising due to the economic growth in the emerging countries, and domestic prices of commodities are expected to rise as well.
- However, the trend of the global credit crunch caused by the sub prime turmoil affects the domestic economy, and it is difficult to predict the future financial policy of the Bank of Japan. Thus it can be presumed that both short and long-term debt interest rate will remain at the current level for the time being.

##### Management Policies

- Long-term Debt  
Increasing the portion of fixed interest rate loans and extending borrowing periods, expecting trend of decreasing long-term interest rate.  
Considering issuance of corporate bonds as well.
- Considering equity finance at an appropriate timing

# III. Future Management Strategies

## 2. Basic Strategy

JEI's mid-long term target is to increase distributions.

We will improve profitability to achieve external growth and enforce proper fund-raising and corporate governance.

### ■ External Growth Strategies

- Increasing rental income by portfolio expansion through properties provided by sponsor companies
- Diluting management fees through portfolio expansion

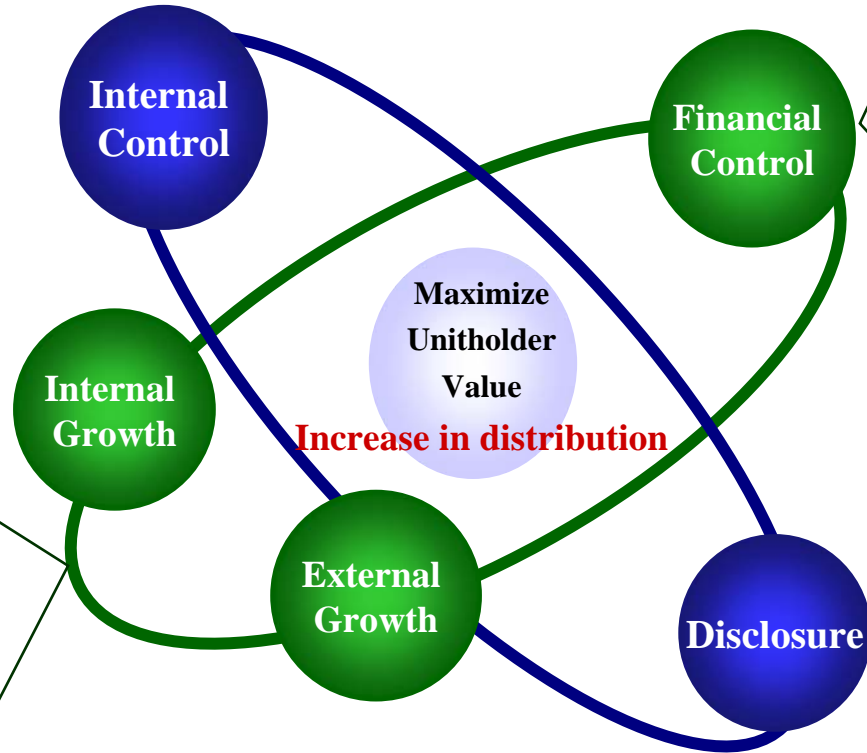
⇒ Medium-term Management target: Expansion of Assets to JPY 300 Bn

### ■ Internal Growth Strategies

- Raising Rent levels
- Improving Occupancy Rates
- Reducing Management Fees



**Increased Profitability**



### ■ Financial Strategies

- Accurate understanding of the market environment
- Preparation for rising interest rates
- Holding LTV level between 35%-50%
- Improving of credit rating



**Optimized Capital Strategy**

### ■ Improved Internal Management

### ■ Disclosure/ IR activities



**Market Confidence  
(Decreasing Investment Risks)**

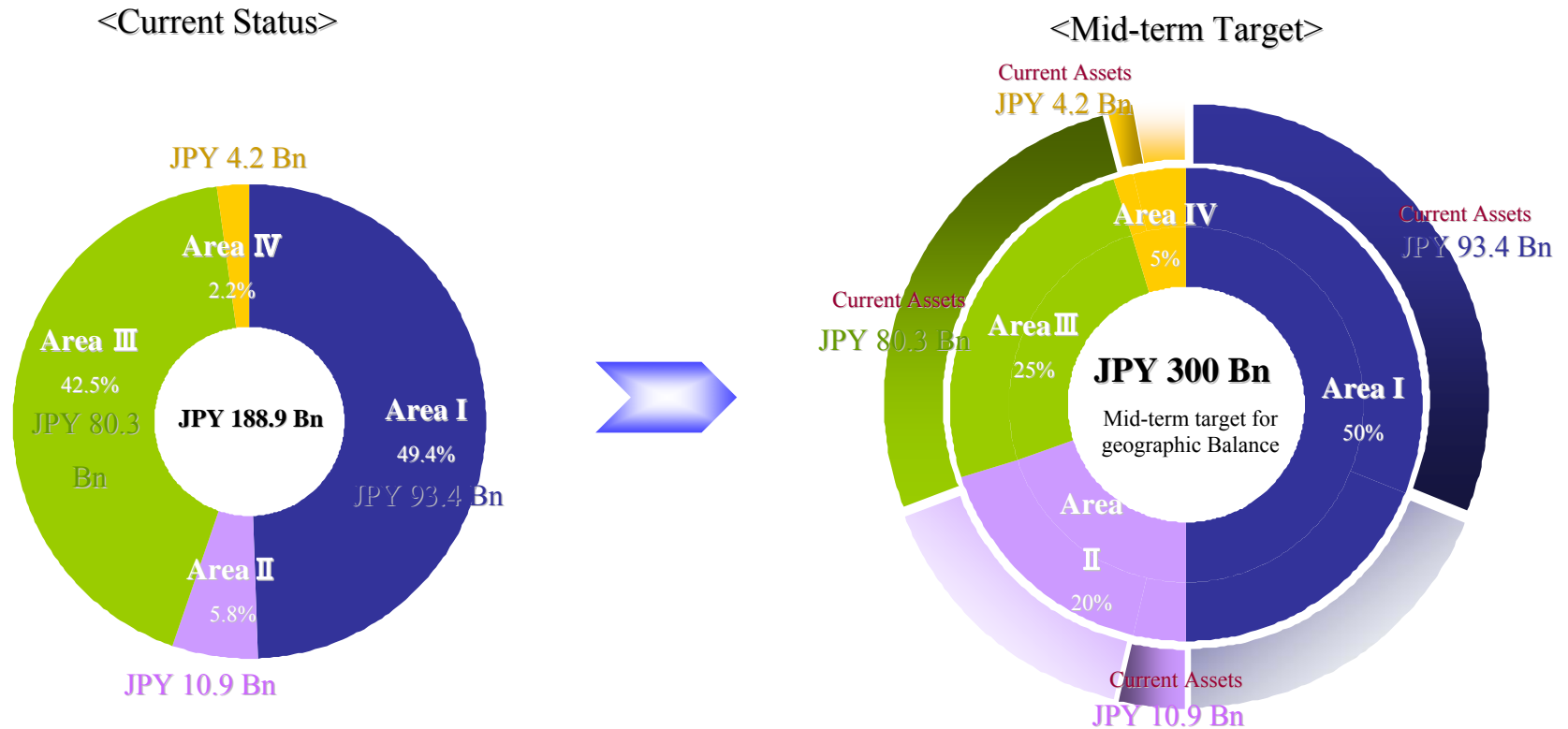


# III. Future Management Strategies

## 3. Targets to Consider for External Growth — Geographic Balance

### Geographic Balance

JEI considers geographic balance, with the 6 wards of Central Tokyo (Area I) to be the center of the portfolio, emphasizing the diversification of investments.



(\* ) These percentages are a mid-term target and is subject to change.

### III. Future Management Strategies

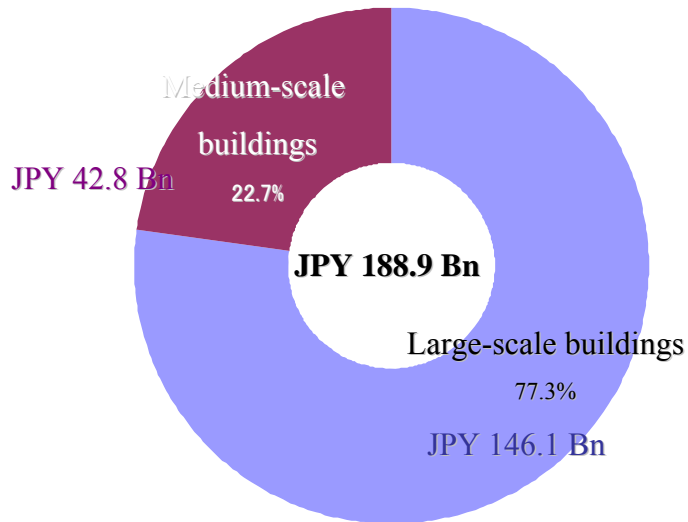
#### 3. Targets to Consider for External Growth- Aiming for a Balance of Property Scale and Tenant Category

##### Property Scale Balance

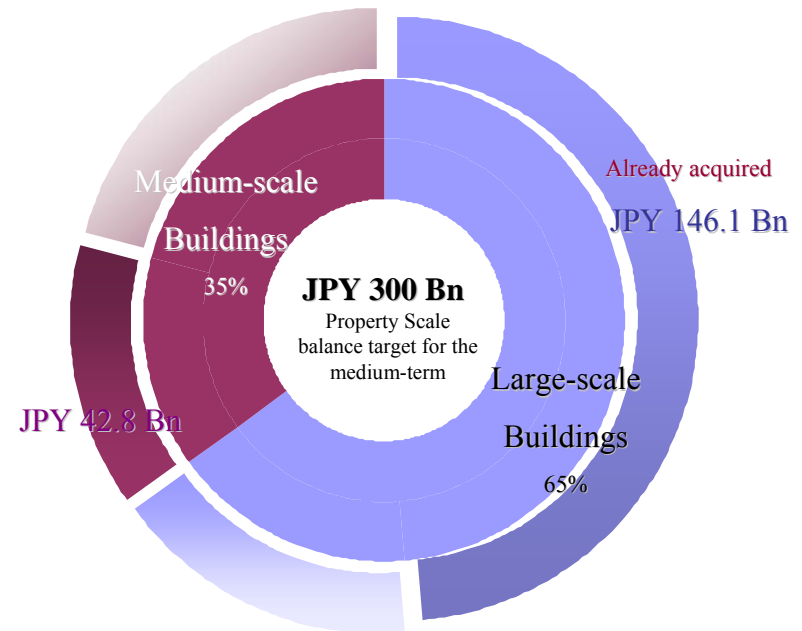
The target ratio between large-scale buildings(\*), being superior and competitive in the real estate market, and medium-scale buildings with high-liquidity and a stable rent revenue shall be 65% : 35%. We continue to aim for external growth.

\* Large-scale buildings (Tokyo's 23 Wards)= Floor area of over 10,000 tsubos  
 Medium-scale buildings ( Tokyo's 23 Wards)=Floor area of over 1,000 tsubos and under 10,000 tsubos  
 Large-scale buildings (outside of Tokyo's 23 Wards)=Floor area of over 4,000 tsubos  
 Medium-scale buildings (outside of Tokyo's 23 Wards)= Floor area of over 1,000 tsubos and under 4,000 tsubos

<Current Status>



<Mid-term Goal>



(\*) The ratios for the property scale are a mid-term goal and is likely to change.

##### Tenant Balance

JEI will continue to seek risk diversification, such as prevention of portfolio concentration on a single tenant or a specific industry.

### III. Future Management Strategies

#### 4. Internal Growth — Status of Contract Renewals

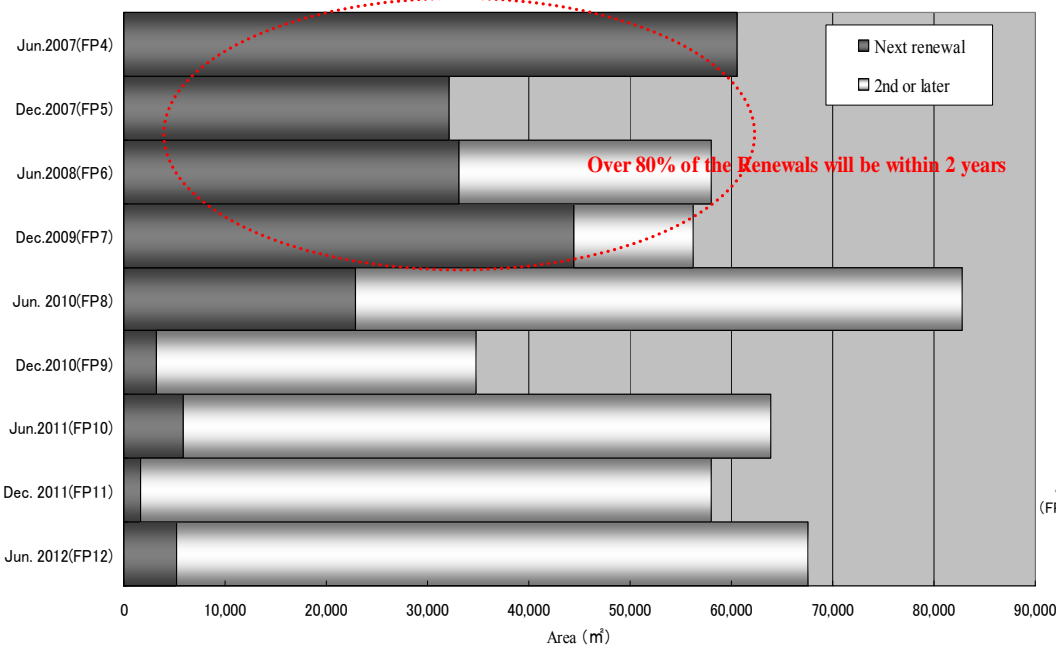
##### Leasing Contract Patterns and Renewal Periods

- Almost all contracts are ordinary lease agreements with a period of 2 years or less.
- More than 80% of the contracts will face its first renewal within two years. (on a contract floor area basis)
- There are 15 term lease agreements: 5.5% on a floor area contract basis

##### Rent Renewal Status of Existing Tenants

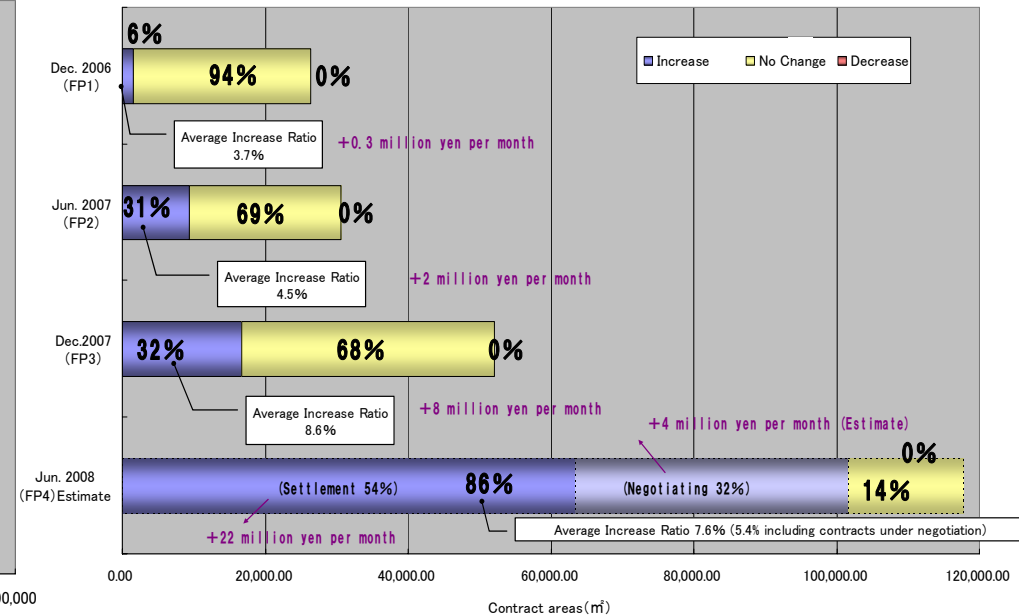
- Percentage of rent increases (including the contract renewals within the period.)  
 FP1: 6%, FP2: 31%, FP3: 32%  
 Goal for FP4: 86% - of which 54% already agreed
- Average increase ratio  
 FP1: 3.7%    FP2: 4.5%    FP3: 8.6%  
 FP4: Negotiating at 5.4~7.6%

**Lease Agreement Renewal Periods and Area**



**Rent Revenue from Renewing Tenants**

(Including contracts revised during the contract period)



(\*) FP2 includes the 14 assets at IPO. The numbers for FP3 include the additionally acquired 4 assets, and FP3 includes the 2 assets acquired during FP3.

# III. Future Management Strategies

## 4. Internal Growth — Rent Increase Potential

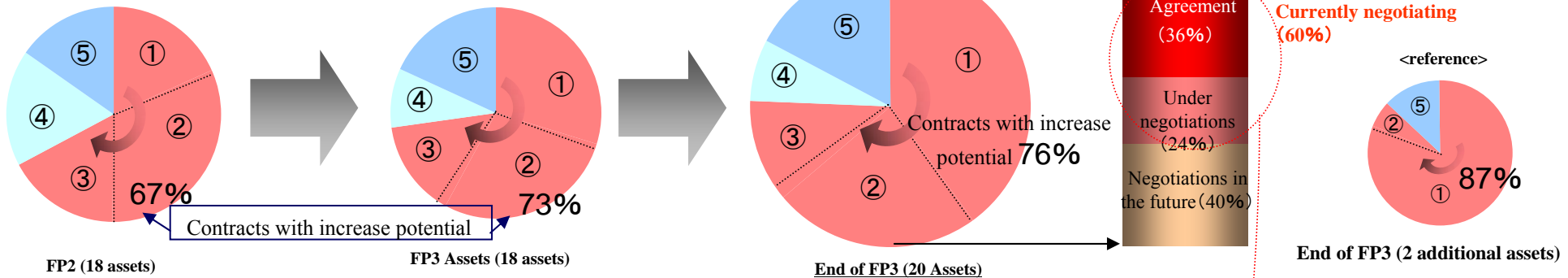
### Contracts with Rent Increase Potential

- With the steady rental market, rent increase potential increased from 67% to 73% on an 18 asset basis (contracted area).
- 76% for the 20 assets.

#### Divergence Ratio for Current Rent Assets and Target Market Rates

(\* Excluding residents, hotels, and sports gyms)

① Over 20% below the market price   ② 10-20% below the market price   ③ 10% below market price   ④ market price   ⑤ 3% above the market price

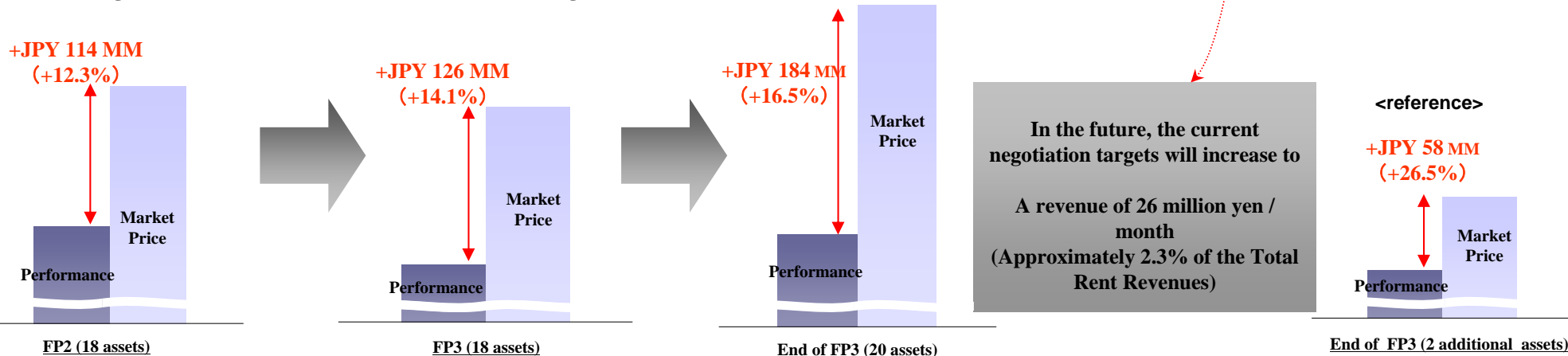


### Rent Increase Potential

- At the end of FP3, the growth potential was increased from 12.3% to 14.1% to balance the market rates.
- On a monthly rental income basis, the growth potential including the newly acquired properties was from JPY 126 MM to JPY 184 MM.

#### Divergence Ratio for Current Rental Revenues and Target Market Rates

(\* Excluding residence, hotels, and sports gyms)



### III. Future Management Strategies

#### 5. Performance Forecast

<Assumption>

No acquisitions and no equity finance and issuance of new investment units.

■ FP4 (June, 2008) projections

- Increase in Operating revenues and income with the full-time contribution of the 2 assets acquired in FP3.
- The costs for re-location of tenants for Nishi-honmachi building asbestos removal will reach a peak.

■ FP5 (December, 2008) projections

- Increase in property taxes and interest expenses, offset by rental revenue increase.

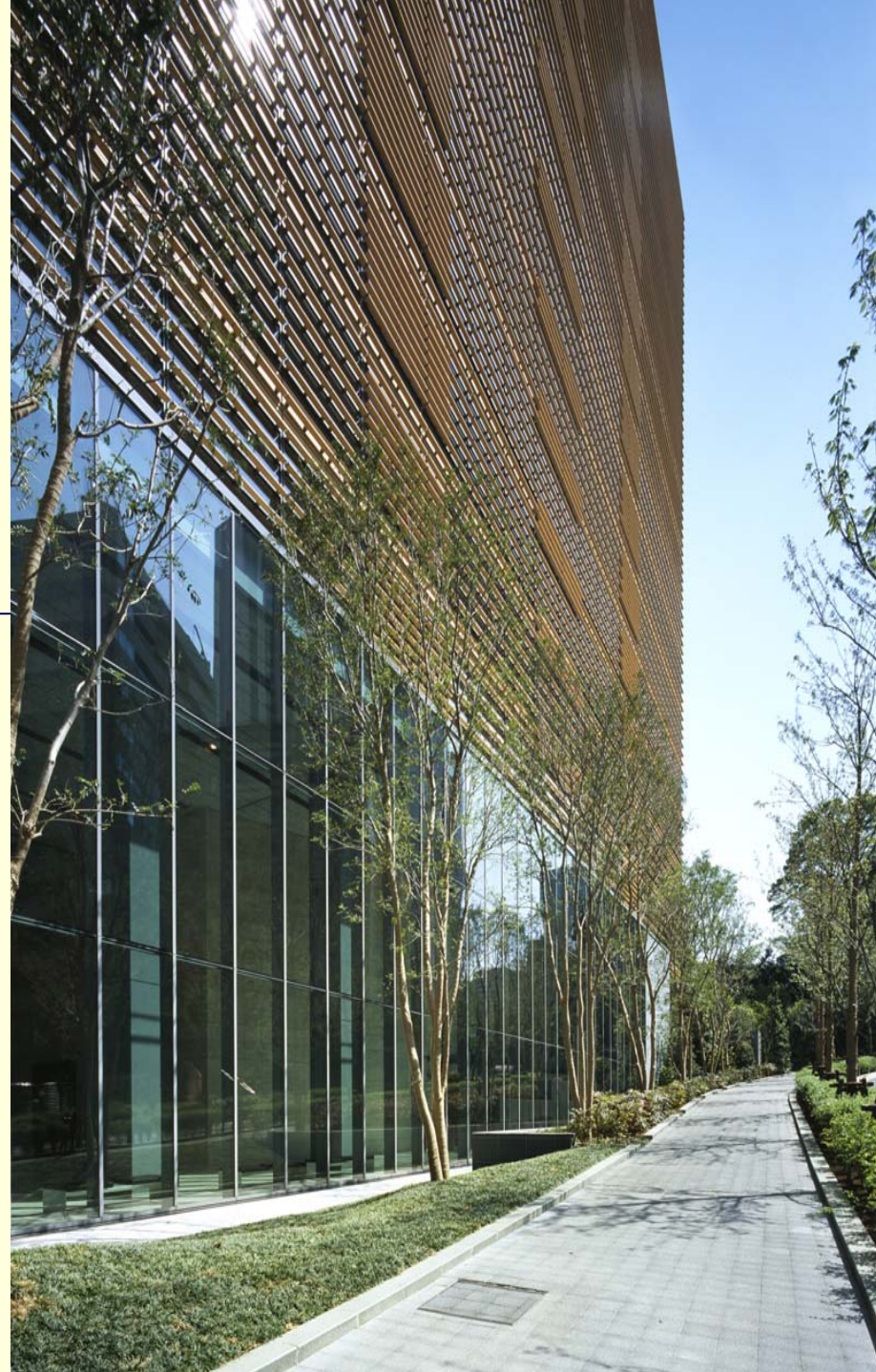
(millions of yen)

	FP1 (Dec.2006)	FP2 (Jun. 2007)	FP3 (Dec. 2007)	FP4 - Forecast (Jun. 2008)	FP5 - Forecast (Dec. 2008)
Revenues	4,751	5,505	6,982	7,810	8,086
NOI	3,405	3,770	4,438	4,913	5,026
Operating Income	2,369	2,653	3,055	3,286	3,396
Income before income taxes	1,858	2,240	2,421	2,504	2,520
Net Income	1,856	2,239	2,420	2,503	2,519
Distribution per Unit (JPY)	13,773	16,614	15,663	16,200	16,300
Total Investment Units Outstanding (Units)	134,800	134,800	154,550	154,550	154,550

(\*) Amounts are rounded down to the nearest millions of yen.

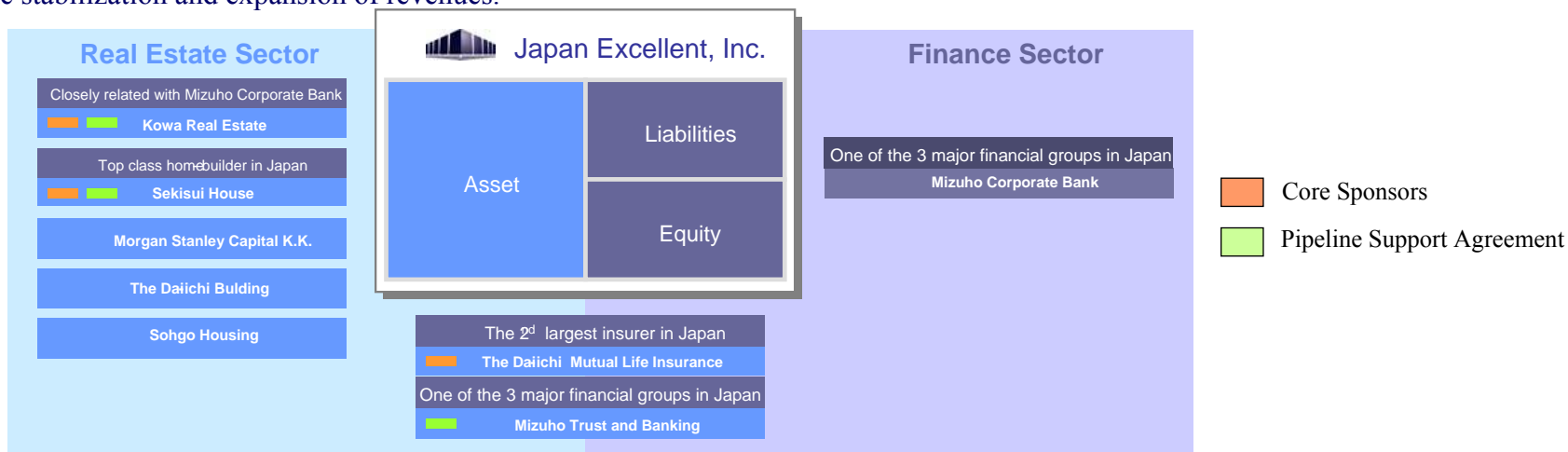
# Appendix

- Principal Strategies
- Sponsor Companies
- Cash Flow Statement / Profit Distribution
- JEI's Portfolio / Portfolio Map
- Overview of 20 Assets
- Financial Indicators
- Unit Price Performance
- / Outline of Asset Management Company



# Principal Strategies

- JEI takes advantage of its sponsors whom have strengths in both real estate and financing, and aims to maximize unitholders' investment value by pursuing the stabilization and expansion of revenues.



- JEI will invest mainly in office buildings in metropolitan areas and operate its portfolio balancing revenue stability and expansion.

More than 90% of the portfolio are office buildings

For offices, we have defined the “core areas” to be over 80% of the portfolio. We have set specific investment ratios for the breakout of core areas as well.

Usage (*1)	Portfolio Ratio (*2)
Office Buildings	<b>Over 90%</b>
Others (Commercial/Residential Area)	<b>Under 10%</b>

Investment target regions		Investment ratio within
<b>Core Areas</b>		<b>More than 80%</b>
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%






















(\*1) “Usage” refers to the major usage of each building.

(\*2) Portfolio Ratio determined by the acquired price of assets.

# Sponsor Companies

- Combination of 8 sponsor companies with Strengths in real estate and finance have supported JEI with asset acquisition, key personnels, operational know-how, and funding.

■ % : % of total portfolio

<p>Core Sponsor</p> 	<p><b>Kowa Real Estate Co., Ltd.</b></p>	<ul style="list-style-type: none"> <li>■ Maintaining a close relationship with Mizuho Corporate Bank, Ltd.</li> <li>■ Developing and operating offices and high-end rental apartments</li> </ul> <p>Pipeline Support 40.7%</p>  I-8  III-9  III-2  IV-1  I-4  I-5  I-6
<p>Core Sponsor</p> 	<p><b>The Dai-ichi Mutual Life Insurance Company</b></p>	<ul style="list-style-type: none"> <li>■ 2<sup>nd</sup> largest domestic life insurance company in Japan</li> <li>■ Holds 280 properties throughout Japan ( As of Dec.31, 2007)</li> </ul> <p>31.4%</p>  I-1  II-1  III-1  III-8  III-5  I-2  III-7
<p>Core Sponsor</p> 	<p><b>Sekisui House, Ltd.</b></p>	<ul style="list-style-type: none"> <li>■ One of the leading housemakers in Japan. Expanding in large-scale urban development recently.</li> <li>■ Rokko Island City and Akasaka Garden City are developed by Sekisui House.</li> </ul> <p>Pipeline Support 12.3%</p>  I-7
<p>Morgan Stanley</p>	<p><b>Morgan Stanley Capital K.K.</b></p>	<p>9.4%</p>  I-3  III-3  III-4
<p>THE DAI-ICHI BUILDING CO., LTD. DAIICHIビルディング</p>	<p><b>The Dai-ichi Building Co., Ltd.</b></p>	<p>2.0%</p> <p>Shiba 2-Chome Building ( I -2) ( Please view The Dai-ichi Mutual Life Insurance Company list of properties for photo. )</p>
<p>相互住宅</p>	<p><b>Sohgo Housing Co., Ltd.</b></p>	
<p>MIZUHO</p>	<p><b>Mizuho Corporate Bank, Ltd.</b></p>	
<p>MIZUHO</p>	<p><b>Mizuho Trust &amp; Banking Co., Ltd.</b></p>	<p>Pipeline Support</p>



# Cash Flow Statement / Profit Distribution

## Cash Flow Statement

(millions of yen)

Category	Amount
Cash flows from operating activities	3,213
Income before income taxes	2,421
Depreciation and amortization	894
Consumption tax refundable	△ 150
Interest income and interest expenses	△ 440
Other	488
Cash flows from investing activities	△ 48,983
Purchase of real estate	△ 50,289
Proceeds from security deposit from tenants	1,306
Cash Flows from Financing Activities	45,037
Proceeds from long-term debt	67,000
Outlays for repayment of debt	△ 39,100
Issuance of new investment units	19,441
Cash distribution	△ 2,238
Other	△ 65
Net increase in cash and cash equivalents	△ 732
Cash and cash equivalents at beginning of period	15,319
Cash and cash equivalents at end of period	14,586

## Profit Distribution

(yen)

Retained earnings	2,420,792,942
Cash distribution	2,420,716,650
Distribution per unit	15,663
Retained earnings carried forward to the next period	76,292

Total investment units outstanding	154,550 units
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### Main Financial Indicators

Distribution Payout	99.9%
Distribution yield at end of Period	3.5%

(\*) Amounts are rounded off to the nearest millions of yen.

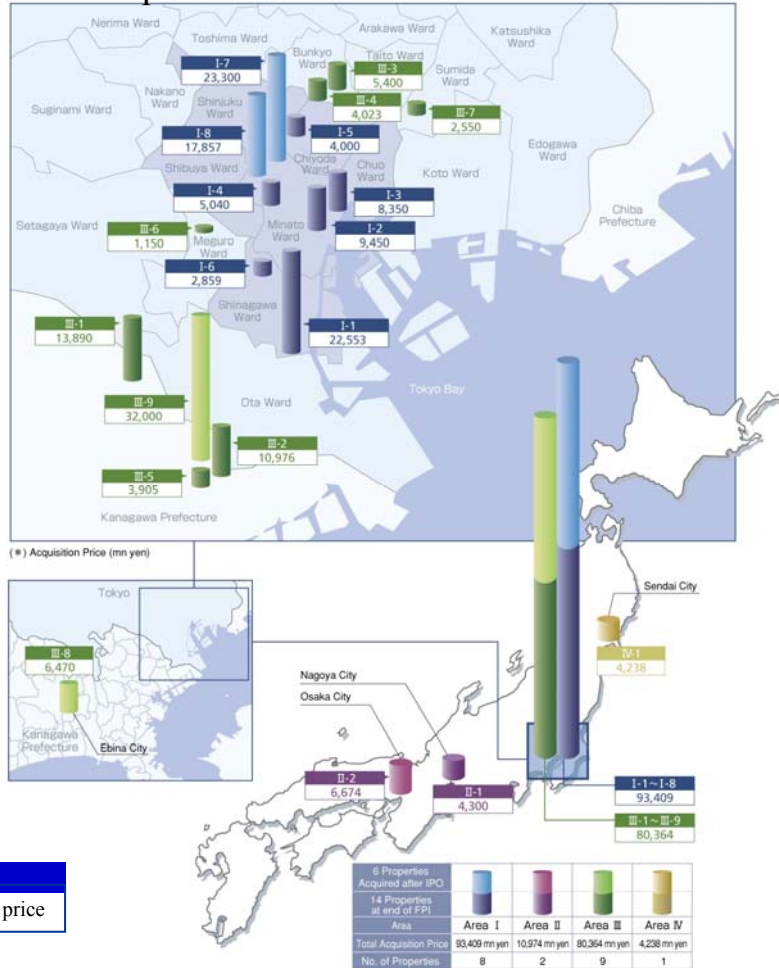
Dividend payout ratio is rounded to the first decimal place.

Dividend yield is based on the closing price of the investment units on Dec. 28, 2007.

# Overview of 20 Assets

## -JEI's Portfolio / Portfolio Map

### Portfolio Map



Acquisition price

### JEI's Portfolio

Asset	Type	Name	Location	Floor Space (m <sup>2</sup> )	Completion Date	Acquisition Price (MM Yen)	Appraisal Value (MM Yen)	Ratio (%)	PML (%)
I-7	Office	Akasaka Garden City	Akasaka, Minato Ward, Tokyo	46,776.76	January 31, 2006	23,300	25,700	12.3	8.6
I-1	Office	Omori Bellport D	Minami-Oi, Shinagawa Ward, Tokyo	155,778.75	September 24, 1996	22,553	25,630	11.9	8.0
I-8	Office	AKASAKA INTERCITY	Akasaka, Minato Ward, Tokyo	73,061.33	October 26, 2007	17,857	18,300	9.4	9.2
I-2	Office	Shiba 2-Chome Building	Shiba, Minato Ward, Tokyo	19,518.15	March 17, 1994	9,450	13,200	5.0	8.2
I-3	Office	Shuwa Daichi Hamamatsucho Building	Hamamatsucho, Minato Ward, Tokyo	8,327.53	December 16, 1991	8,350	10,300	4.4	8.2
I-4	Office	No.32 Kowa Building	Minami-Azabu, Minato Ward, Tokyo	10,110.96	March 19, 1979	5,040	5,676	2.7	13.2
I-5	Office	No.36 Kowa Building	Sanbancho, Chiyoda Ward, Tokyo	8,266.55	September 30, 1982	4,000	4,234	2.1	13.2
I-6	Office	No.28 Kowa Building	Gotanda, Shinagawa Ward, Tokyo	6,282.23	February 21, 1975	2,859	4,210	1.5	13.5
Subtotal				328,122.26	-	93,409	107,250	49.4	-
II-2	Office	JEI Nishi-Honmachi Building	Nishi Ward, Osaka City, Osaka	15,800.31	February 19, 1988	6,674	6,760	3.5	11.5
II-1	Office	NHK Nagoya Housou-Center Building	Higashi Ward, Nagoya, Aichi	80,809.95	July 3, 1991	4,300	5,570	2.3	11.9
Subtotal				96,610.26	-	10,974	12,330	5.8	-
III-9	Office	Kowa Kawasaki Nishiguchi Building	Saiwai Ward, Kawasaki City, Kanagawa	61,856.92	February 29, 1988	32,000	32,300	16.9	7.9
III-1	Office	Musashikosugi Tower Place	Nakahara Ward, Kawasaki City, Kanagawa	53,711.13	July 15, 1995	13,890	18,300	7.3	11.5
III-2	Office	Kowa Kawasaki Higashiguchi Building	Kawasaki Ward, Kawasaki City, Kanagawa	31,009.62	April 30, 1988	10,976	11,300	5.8	6.7
III-8	Office	Ebina Prime Tower	Chuo, Ebina City, Kanagawa	55,806.20	May 31, 1995	6,470	6,610	3.4	12.2
III-3	Office	Hongo TS Building	Hongo, Bunkyo Ward, Tokyo	5,877.11	February 6, 1991	5,400	5,500	2.9	14.2
III-4	Office	Shuwa Iidabashi Building	Koraku, Bunkyo Ward, Tokyo	5,083.77	October 31, 1988	4,023	4,940	2.1	12.9
III-5	Office	Kawasaki Nishincho Building	Kawasaki Ward, Kawasaki City, Kanagawa	22,141.60	April 24, 1992	3,905	5,790	2.1	14.7
III-7	Office	Ryogoku Dai-ichi Life Building	Ryogoku, Sumida Ward, Tokyo	5,820.56	August 8, 1996	2,550	2,566	1.3	14.3
III-6	Office	No.44 Kowa Building	Higashiyama, Meguro Ward, Tokyo	3,359.55	July 31, 1984	1,150	1,840	0.6	13.4
Subtotal				244,666.46	-	80,364	89,146	42.5	-
IV-1	Office	Sendai Kowa Building	Aoba Ward, Sendai City, Miyagi	18,564.45	August 20, 1979	4,238	4,462	2.2	9.2
Subtotal				18,564.45	-	4,238	4,462	2.2	-
<b>Total</b>				<b>687,963.43</b>		<b>188,984</b>	<b>213,188</b>	<b>100.0</b>	<b>6.3</b>

(\*1) "Total floor area" is the total floor area of the building or the building entrust (excluding area of accessory buildings) listed on the registry. If the building or the building entrust is a proprietary part of a compartmentalized ownership, the total area is listed.

(\*2) "Construction Date" is the newly built date on the registry.

(\*3) Figures for "Acquisition Price" are prices recorded in sales agreements (excluding taxes). Amounts of less than one million yen are rounded.

(\*4) "Appraisal value" at the end of FP3 refers to the appraisal value listed on the real estate appraisal value report prepared by the real estate appraiser of Japan Real Estate Institute, Chuo Real Estate Appraisal Co., Ltd., and Hiro and Reas network, Inc. at the end of the FP3.

(\*5) "Ratio" figures show the ratio of the acquisition price for each acquired property in proportion to the total acquisition price for all acquired properties in the portfolio. Figures are rounded to the first decimal place.

(\*6) The figures for PML is written based on the property survey report including the PML appraisal report. These figures are an opinion of the reporter and accuracy is not guaranteed by JEI.

# Overview of 20 Assets

## - AKASAKA INTERCITY, Akasaka Garden City



I - 8

### AKASAKA INTERCITY

Location	1-11-44, Akasaka, Minato-Ward, Tokyo
Land Area	8,019.87m <sup>2</sup>
Floor Space	73,061.33m <sup>2</sup>
Structure	S, SRC
Floors	29F, B3F
Completion	January 28, 2005



I - 7

### Akasaka Garden City

Location	4-15-1, Akasaka, Minato-Ward, Tokyo
Land Area	6,888.97m <sup>2</sup>
Floor Space	46,776.76m <sup>2</sup>
Structure	S, RC, SRC
Floors	19F, B2F.
Completion	January 31, 2006



# Overview of 20 Assets

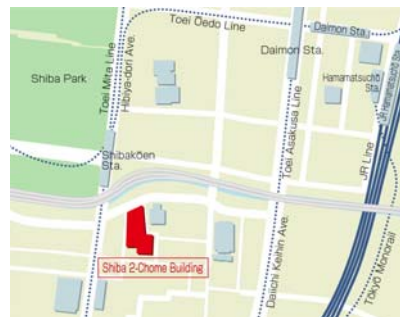
## - Shiba 2-Chome Building, No.32 Kowa Building



I - 2

### Shiba 2- Chome Building

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



I - 4

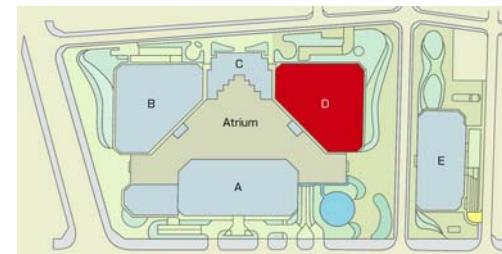
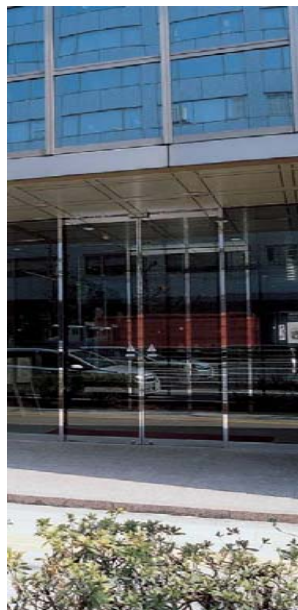
### Sendai Kowa Building

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



# Overview of 20 Assets

## - Shuwa Daiichi Hamamatsucho Building, Omori Bellport D



I -3

### Shuwa Daiichi Hamamatsucho Building

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



I -1

### Omori Bellport D

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



# Overview of 20 Assets

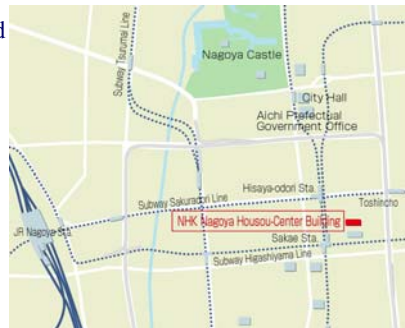
## - NHK Nagoya Housou-Center Building, JEI Nishi-Honmachi Building



### II - 1

#### NHK Nagoya Housou-Center Building

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



### II - 2

#### JEI Nishi-Honmachi Building

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



# Overview of 20 Assets

## - Kowa Kawasaki Higashiguchi Building, Kowa Kawasaki Nishiguchi Building



### III - 2

#### Kowa Kawasaki Higashiguchi Building

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



### III - 9

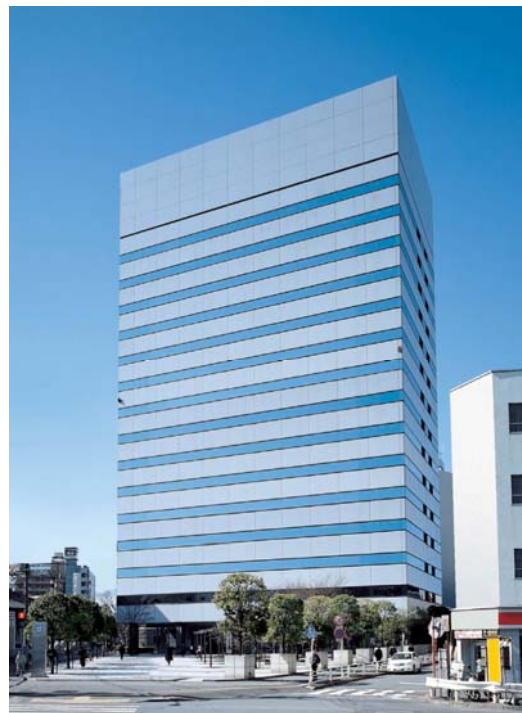
#### Kowa Kawasaki Nishiguchi Building

Location	66-2, Horikawa-cho, Saiwaiku, Kawasaki City, Kanagawa
Land Area	8,196.21 m <sup>2</sup>
Floor Space	61,856.92m <sup>2</sup>
Structure	S, SRC
Floors	21F, B2F
Completion	February 29, 1988



# Overview of 20 Assets

## - Musashikosugi Tower Place, Kawasaki Nisshin-cho Building



### III - 1

#### Musashikosugi Tower Place

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



### III - 5

#### Kawasaki Nisshincho Building

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





# Overview of 20 Assets

## - Ebina Prime Tower, Sendai Kowa Building



### III - 8

#### Ebina Prime Tower

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



### IV - 1

#### Sendai Kowa Building

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



# Overview of 20 Assets

## - No.36 Kowa Building, No.28 Kowa Building



I - 5

### No. 36 Kowa Building

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



I - 6

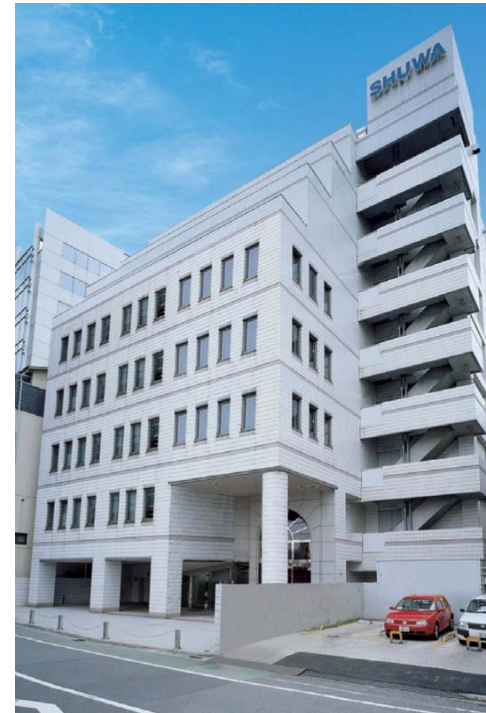
### No. 28 Kowa Building

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



# Overview of 20 Assets

## - Hongo TS Building, Shuwa Iidabashi Building



### III - 3

#### Hongo TS Building

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



### III - 4

#### Shuwa Iidabashi Building

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



# Overview of 20 Assets

## - No.44 Kowa Building, Ryogoku Dai-ichi Life Building



### III - 6

#### No. 44 Kowa Building

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



### III - 7

#### Ryogoku Dai-ichi Life Building

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



# Financial Indicators

Financial Indicator	Calculation	Unit	FP2	FP3
EPS (Earnings Per Share)	Net Income / Total Units Outstanding	Yen	<b>16,614</b>	<b>15,784</b>
EBIT(Earnings Before Interest and Tax)	Earnings Before Taxes + Interest • Discount Amount	Mn Yen	<b>2,601</b>	<b>2,955</b>
EBITDA (Earnings Before Interest, Tax and Depreciation and Amortization)	Earnings Before Taxes + Interest • Discount Amount + Depreciation and Amortization	Mn Yen	<b>3,276</b>	<b>3,849</b>
NOI (Net Operating Income)	Lease Revenue - Lease Expenses + Depreciation and Amortization	MM Yen	<b>3,770</b>	<b>4,438</b>
NCF (Net Cash Flow)	NOI - Capital Expenditures	MM Yen	<b>3,588</b>	<b>4,118</b>
FFO per Unit	FFO / Total Units Outstanding	Yen	<b>21,616</b>	<b>21,447</b>
DSCR (Debt Service Coverage Ratio)	Net Income before Interest Tax • Depreciation & Amortization / (Interest + Principal)	Multiple	<b>7.2</b>	<b>5.5</b>
ROA	Income before income taxes / ([period beginning total assets + period end total assets] / 2) * 100	%	<b>1.7</b>	<b>1.3</b>
(Reference) Annualized with following formula	Above * 365 days / number of operating days	%	<b>3.3</b>	<b>2.7</b>
ROE	Net income / ([Net assets at beginning of period + Net assets at end of period] / 2) * 100	%	<b>3.2</b>	<b>3.0</b>
(Reference) Annualized with following formula	Above * 365 days / number of operating days	%	<b>6.5</b>	<b>6.0</b>
Equity / Total Assets	(Period end net assets / period end total assets) * 100	%	<b>44.7</b>	<b>43.5</b>
LTV (Loan-to-Value)	(Period end interest-bearing debt / period end total assets) * 100	%	<b>49.7</b>	<b>51.3</b>
BPS (Book Value per Unit)	Period end net assets / number of outstanding investment units	Yen	<b>517,906</b>	<b>577,758</b>
Distribution Payout Ratio	Total cash distribution amount / net income * 100	%	<b>100.0</b>	<b>99.9</b>

(\*) The ratios excluding the distribution payout ratio are rounded to the nearest 2<sup>nd</sup> decimal place.

The ROA and the ROE is calculated by averaging the total assets and net assets at the beginning and end of the period.

The calculations are made out by counting the number of operation days as 181 days for the 2<sup>nd</sup> period and 184 days for the 3<sup>rd</sup> period.

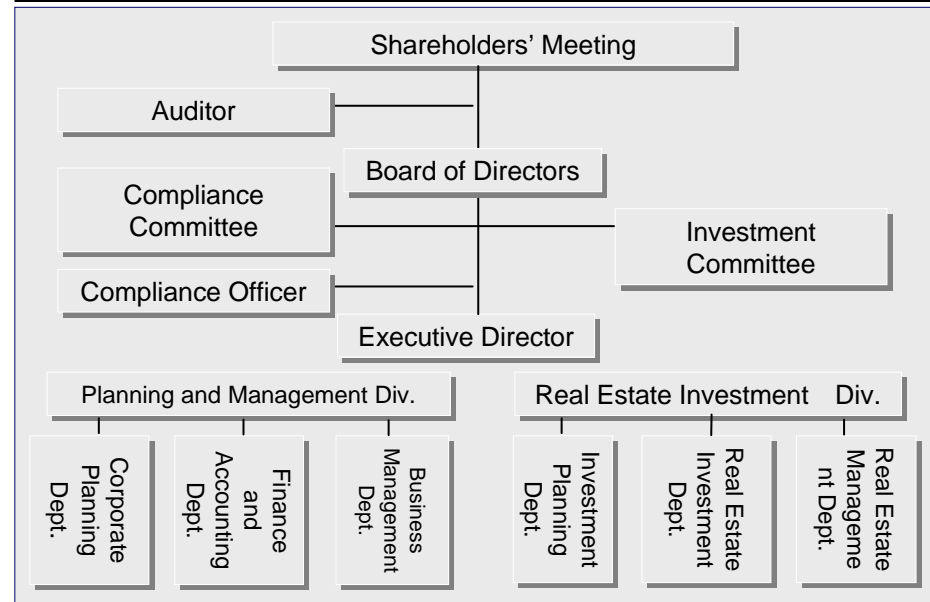
# Unit Price Performance / Outline of Asset Management Company

## Investment Unit Price and TSE J-REIT Index



## Outline and Organization of JEAM

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 Capital K.K.	5.0%
	Mizuho Corporate Bank, Ltd.	5.0%
Officers	Mizuho Trust & Banking Co., Ltd.	5.0%
	President	Junichi Tamura
	Director of Planning & Management	Nobuyuki Tanabe
	Director of Real Estate Investment	Ryuichi Yamamoto
	Director (Non-executive)	Takashi Uchida
Business Operations	Auditor (Non-executive)	Masatoshi Tamaru
	Compliance Officer	Michiro Ezaki
	Financial Instrument Dealer	
	Investment Management Business: Director-General of Kanto local financial bureau No. 331	
Discretionary License: Minister of MLIT No. 44		
Real Estate Agency License: Governor of Tokyo(1) No. 84511		



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