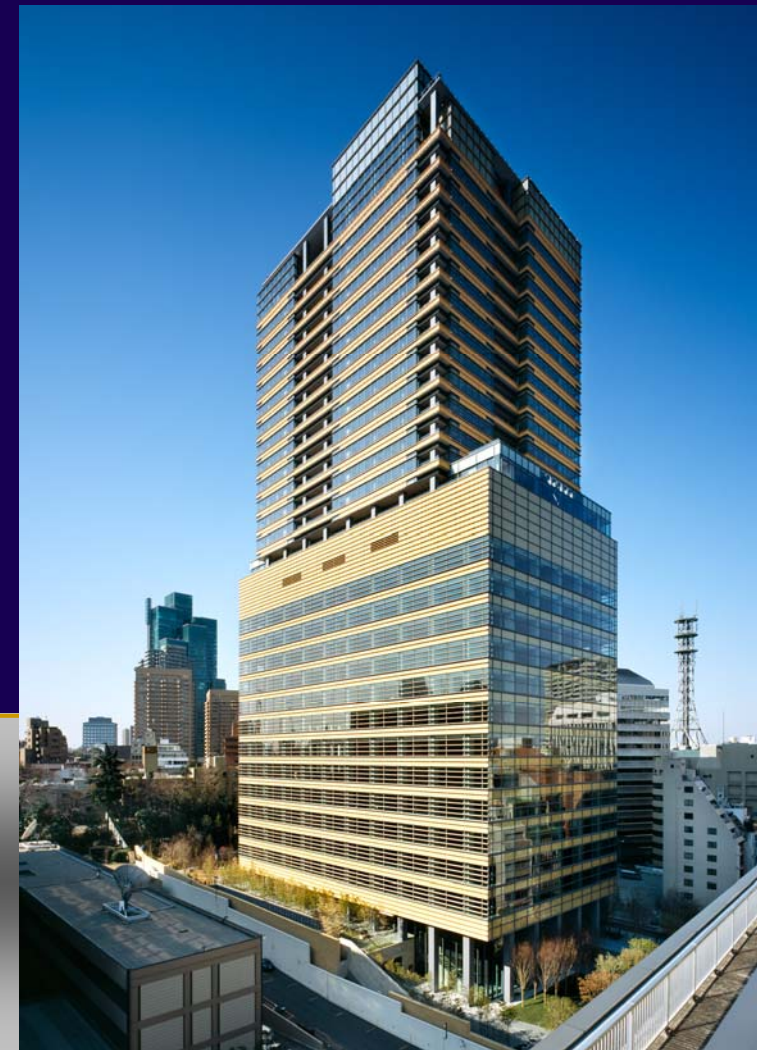




4th Fiscal Period

(June 2008)

Presentation Material



Japan Excellent, Inc.

August 18, 2008

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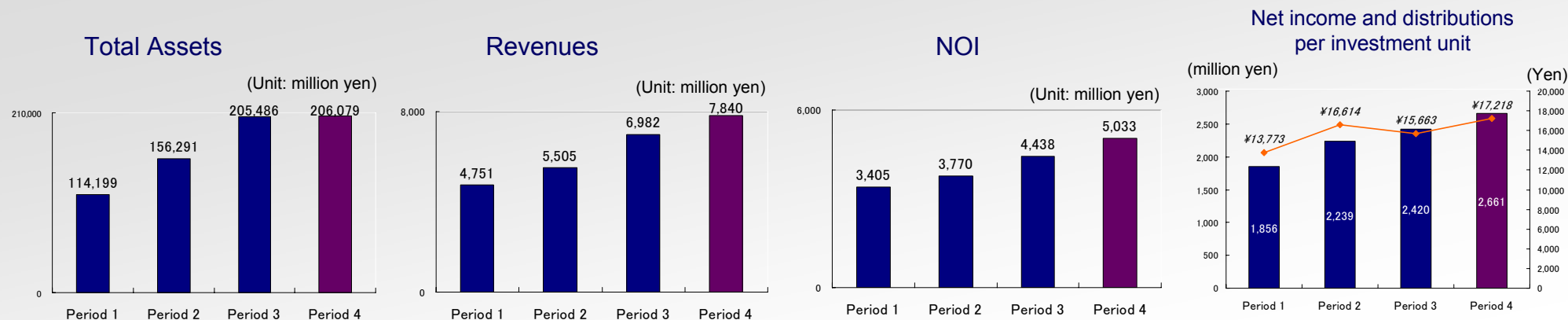
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I. Highlights of this period



(1) Highlights of this period

Total assets, rental revenues, NOI and the distributions per investment unit have grown steadily since IPO.



Increases in revenues and income due to the full contribution from assets acquired during the previous fiscal period and the revised increase in rent for the 14 properties held at the time of IPO.

Assets acquired in the 3rd fiscal period (AKASAKA INTERCITY and Kowa Kawasaki Nishiguchi Bldg.) will contribute to the results for the full period.

Total rent for the 14 properties held at the time of IPO increased an annualized rate of 6.1% this fiscal period, due to revised rents and a switch of tenants.

Reinforcement of the portfolio's overall competitiveness has started through disposal of assets

The disposition of Shuwa Iidabashi Building (the sale price: 4,580 million yen, delivered on July 4, 2008) and Sendai Kowa Building (the sale price: 4,815 million yen, to be delivered on August 29, 2008) has been decided in order to quickly respond to the changing business environment.

(2) Highlights of this period

(Unit: millions of yen)

	Period 3	Period 4	Differences
1. Revenue	6,982	7,840	858
Rental revenues	6,335	7,135	800
2. Operating Expenses	3,926	4,408	481
Property operating expenses	3,497	3,849	411
<NOI>	4,438	5,033	595
Rental profit	3,544	3,990	446
Operating income	3,055	3,432	376
3. Other income	16	17	1
4. Other Expenses	650	788	137
Income before income taxes	2,421	2,662	240
Net Income	2,420	2,661	240
NOI return	5.2%	5.2%	-
Occupancy rate	95.3%	95.1%	-0.2%

(Unit: millions of yen)

Assets				Liabilities and Unitholders' Equity			
	Period 3	Period 4	Comparison		Period 3	Period 4	Comparison
(Assets)				(Liabilities)			
I. Current Assets	15,930	16,996	1,066	I. Current Liabilities	50,149	63,282	13,132
II. Property and Equip	189,556	189,083	▲ 473	II. Long-term Liabilities	66,043	53,141	▲ 12,902
1. Tangible fixed assets	180,758	180,259	▲ 498	Total Liabilities	116,193	116,424	230
2. Intangible fixed assets	8,565	8,565	▲ 0	(Unitholders' Equity)			
3. Investments and other assets	232	257	25	I. Unitholders' capital	89,503	89,744	240
				II. Revaluation and translation adjustment	▲ 211	▲ 88	122
				Total Unitholders' Equity	89,292	89,655	363
Total Assets	205,486	206,079	593	Total Liabilities and Unitholders' Equity	205,486	206,079	593

Calculated price at en	213,188	214,485	1,297
Unrealized profit	23,865	25,661	1,796

(Note 1) Values have been rounded down to the nearest millions of yen.

(Note 2) NOI yield is presented on an annual basis amount after capitalizing the property tax and city planning taxes as expenses at the time of acquisition.

(Note 3) Unrealized profit is the difference between the appraisal value and the total book value at end of period.

Increases in revenues and income from the previous fiscal period
(Breakdown of differences)

(Unit: millions of yen)

Classification	Properties acquired in Period 3	Properties with increased revenues	Properties with decreased revenues (Nishihonmachi, Akasaka GC)	Differences
The number of properties	2	16	2	20
Rental revenues	873	138	-211	800
<NOI>	708	157	-270	595
Rental income	569	151	-274	446

• The 2 assets acquired in FP3 contributed for the full period (rental revenues up 873 million yen).

• Revenues increased for 16 assets (up 138 million yen) and 2 assets including JEI Nishi-honmachi Bldg. due to repair and maintenance work marked decreases in revenues (down 211 million yen).

• Although the occupancy rate maintained dropped, mainly due to JEI Nishi-honmachi Bldg.(44%) where repair and maintenance work was underway, but kept an occupancy rate of 95% for the total portfolio, the same level of portfolio's NOI yield as the previous fiscal period.

• Total Asset LTV at end of period: 51.2%

• BPS (Unitholders' equity per investment unit) was 580,107 yen, a 0.4% increase from the previous fiscal period

• Unrealized profit steadily increased by 1.7 billion yen over the previous fiscal period

II. Management results and future strategies



Management results and future strategies

(1) Recognition of operating environment

Office rental market

Demand for office space in Tokyo and surrounding areas has been strong in general, except some high-priced properties. The vacancy rate increased in some cities due to the decrease in supply and demand.

- **Central Tokyo [Area I]**

Demand for office space has been strong in general. For some high-priced properties (rent 40,000 yen or more per tsubo), tenants show a hesitant attitude and the level of solicitation rent has lowered.

- **Central Osaka, Nagoya and Fukuoka [Area II]**

For some properties, the vacancy rate is increasing due to worsened balance of supply and demand. The level of rent has flattened in some areas, but demand for competitive buildings situated in excellent locations remains firm.

- **Metropolitan Tokyo (excluding the central area) and its vicinity [Area III]**

Although the situation tends to be polarized depending on the location and the grade of the building, the overall condition continues to be firm.

- **Regional cities [Area IV]**

The market has not shown improvement and demand continues weaken (Particularly in Sendai, where the balance of supply and demand has collapsed and a tendency of rent decrease is apparent.)

Real estate investment market

A loose supply and demand situation of the increase in properties for sale and the decreased in number of investors gets clear in the real estate investment market due to a passive attitude of foreign investors and a tighter real estate -related lending situation by domestic financial institutions. The transaction prices of some properties dropped (an increase in the cap rate).

- **Central Tokyo and its suburban areas [Areas I and III]**

Although a tendency of lower prices has not surfaced for blue chip office buildings, the number of the properties on sale is on the increase.

- **Central Osaka, Nagoya and Fukuoka; and other regional cities [Areas II and IV]**

Overheated real estate investment has subsided and transaction prices have shifted its tendency from flat to a decrease.

Financial market

Despite inflationary concern due to increase in international commodity markets, the domestic economy has entered into a recessionary stage and the Bank of Japan has started taking a monetary policy while closely watching economic trends. Short-term interest rates are expected not to fluctuate significantly and long-term interest rates are predicted to move only within a certain range.

- In addition to the products related to the sub-prime loan, the values of various credit assets have dropped due to a deterioration of the real economy in the United States. A difficulty to forecast how far the reduction of housing prices will go and how badly affect the financial conditions of the financial institutions as well as the household in the United States has worsened market participants' concern, the capability of the investors, the companies and the individuals to take risk has extremely dropped. These has cause an influence on corporate earnings and individual consumption, resulting in an increasing number of observers with a recessionary prospect.
- Commodity prices are currently in an extremely uncertain situation, with a wide range of upward and downward fluctuations. When the fluctuation is significant, it is likely to effect the financial market as well.

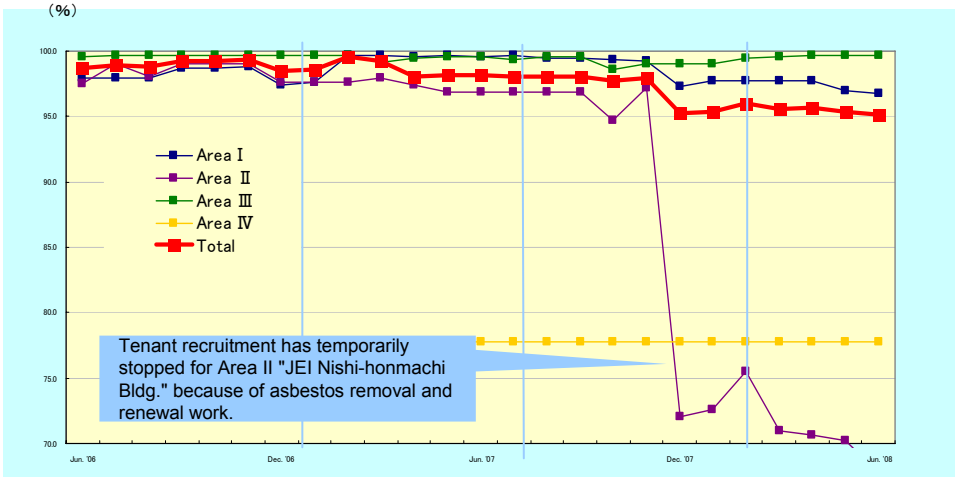
Management results and future strategies

(2) Internal growth - ① Results of occupancy rate and total rents

A stable occupancy rate

Occupancy rate of the overall portfolio maintained at 95.1%, and it would go up to 97.6% without JEI Nishi-honmachi Bldg. (as of the end of the 4th fiscal period).

<Transition of occupancy rate>



Results of new enticements and contract revisions (FP4)

※the previous period in parenthesis

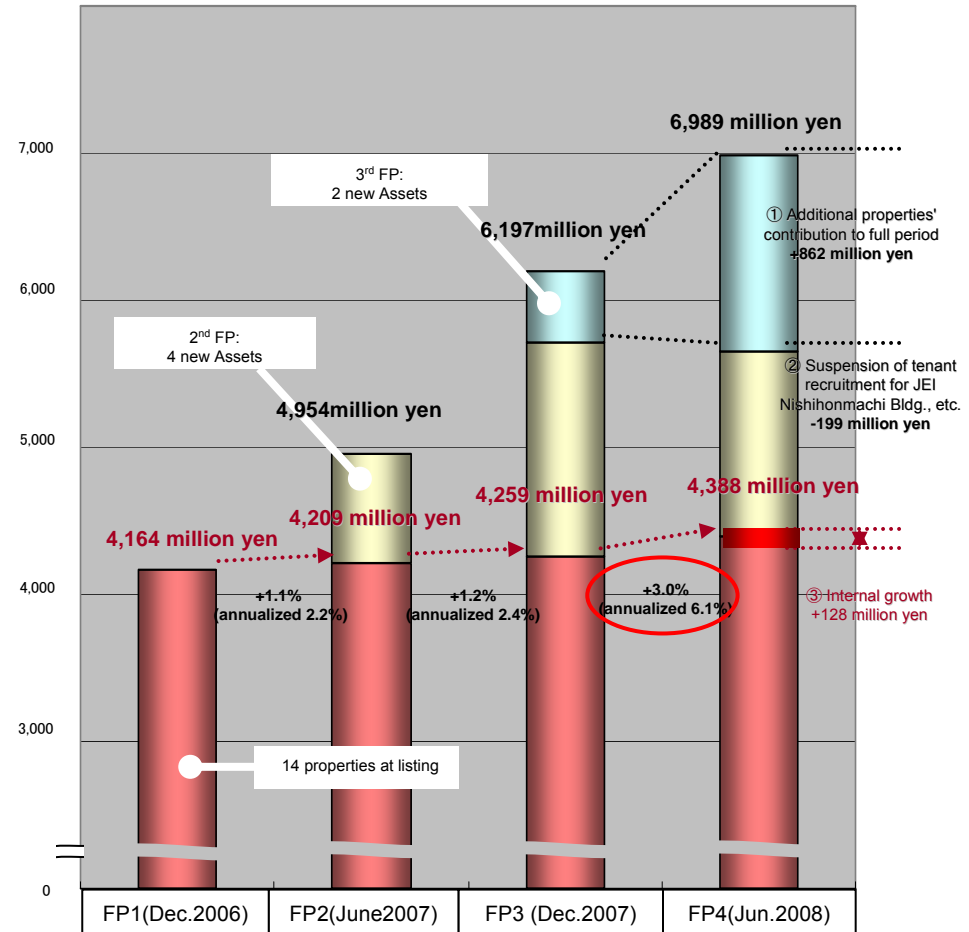
	New tenants and a switch of tenants	Rent revision	Total
Number of contracts	10 properties (12 properties)	37 properties (10 properties)	47 properties (22 properties)
Rental area	6,242 m² (3,297 m ²)	92,693 m² (16,706 m ²)	98,935 m² (20,003 m ²)
Average increase rate	10.7% (17.5%)	6.2% (8.6%)	-

(Note 1) The average rate of increased revisions is the change in the rent including service fees before and after the rent revision for continuing tenants and a change from the rent including the service fees paid by the previous tenant for new tenants. The rate for "new tenants and a switch of tenants" does not include the vacant lots at the time of acquisition.

The total rent of the portfolio at IPO (14 properties) increased by annual 6.1%.

Total rents of the 4th fiscal period excluding an increase factor by additional acquisitions, increased 6.1% on an annual basis compared to the 3rd fiscal period.

(millions of yen) <Transition of total rents>



(Note 2) Portfolio at IPO is the 14 properties that the investment corporation acquired immediately after its listing (June 27, 2006).

(Note 3) Total rent includes the service fees, but does not include other revenues. Total rent for the first fiscal period adjusted its days for a half year.

Management results and future strategies

(2) Internal growth - ② Revised rents and prospects

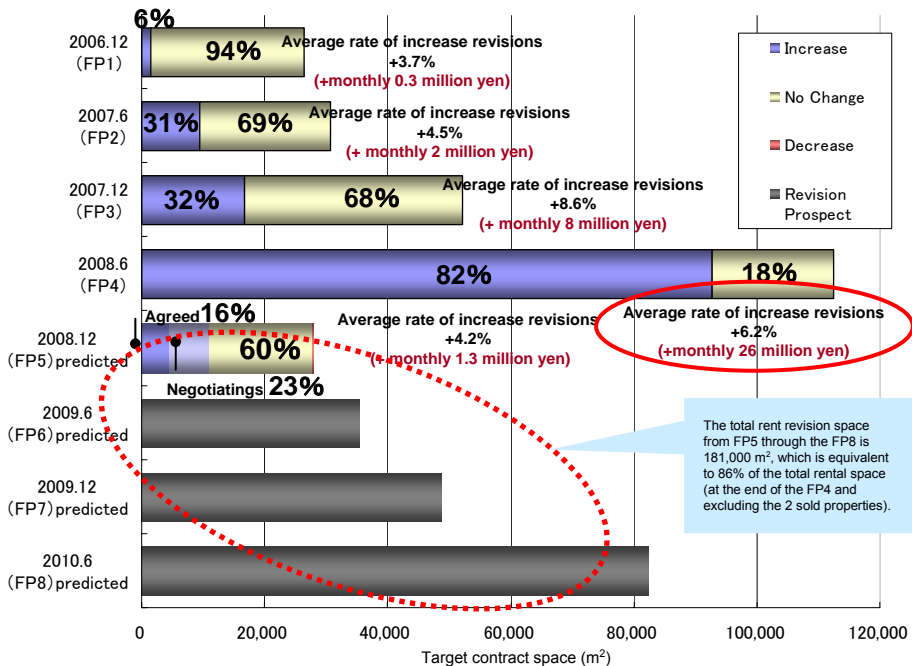
【Management policies】

- With strong demand for office space, high potential to increase rent for the total portfolio is maintained.
- Promoting internal growth by aiming for rent increases and improvement in occupancy rate, while at the same time raising tenant satisfaction.

Rent revisions for existing tenants and prospects

- Total area of rent increases for the 4th fiscal period grew to **92,000 m²** (up **5.5 times over the previous period**, and 82% of the total revised area), average rate of increased revisions 6.2%, and a monthly revenue increase of **26 million yen** (3.3 times from FP3) were accomplished.
- As most rental contracts are ordinary lease contracts with a term of 2 years or less, there will be rent revision negotiations again during FP6 and onward.

<Existing tenants' rent (including renewals within the contract period)>



(Note) Target properties...FP1 and 2: 14 properties at the time of listing, FP3: 18 properties including the 4 properties added in FP2, FP4: 20 properties including the 2 properties added in FP3, and FP5 and onward: 18 properties including the 4 properties added in FP2

Rent increase potential (note)

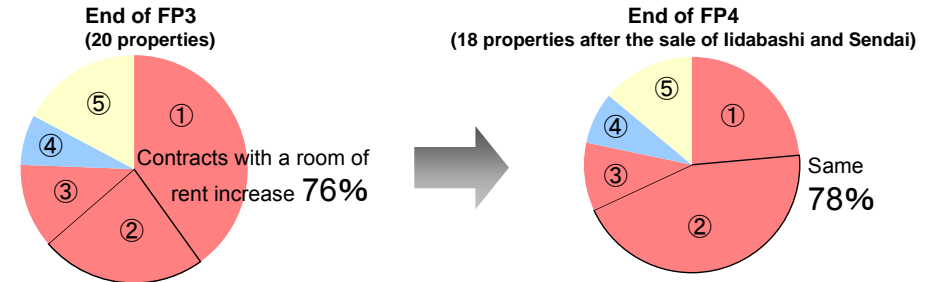
- Although the ratio of contracts with a large discrepancy from the market (goal) rent (pie chart; ①) has dropped due to the increase in rent during FP4, the ratio of contracts with room for increasing rent (pie charts; ①~③) remains at a high level of **78%**.
- Supported by the strong market, the rent increase potential remains at the same level as the previous fiscal period at **171 million yen per month**.

(Note) Rent increase potential is the difference between the current monthly rent and the monthly market (goal) rent set by this investment corporation for each property

<Percentage of discrepancy between current rent and market (goal) rent>

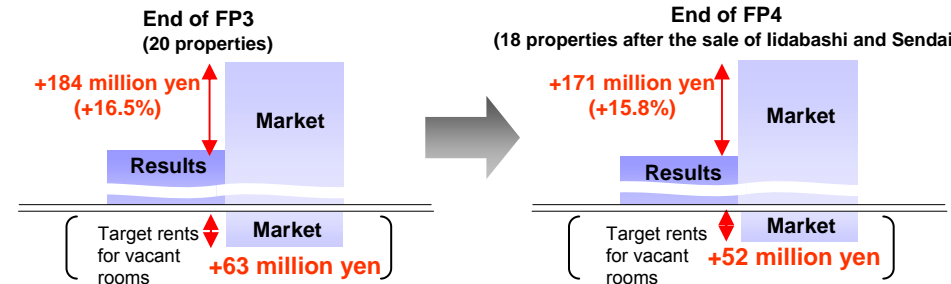
(Note) excluding housing, hotel and sports gym

①20% and more lower than the market ②10~20% lower than the market ③3~10% lower than the market ④same as the market ⑤3% and above higher than the market



<Discrepancy between current rent and market (goal) rent (monthly amount)>

(Note) excluding housing, hotel and sports gym



Management results and future strategies

(2) Internal growth - ③ Management measures

Increase of asset competitiveness through effective additional investments

Implementing construction work to meet tenant needs, and adding value to assets to improve occupancy rate and rent level.

(Example 1) Opening a cafe at the lobby floor of Akasaka Garden City

Attained tenant satisfaction and asset competitiveness through opening a cafe (Tully's Coffee) to the entrance hall, which was strongly requested from the tenants.



(Example 2) Implementing asbestos removal and renewal work at JEI Nishi-honmachi Bldg.



Increasing asset value and competitiveness was planned by improving the specification of administration office room and implementing renewal work of common space as well as removal of asbestos.

Measures to reduce management expenses and increase revenues

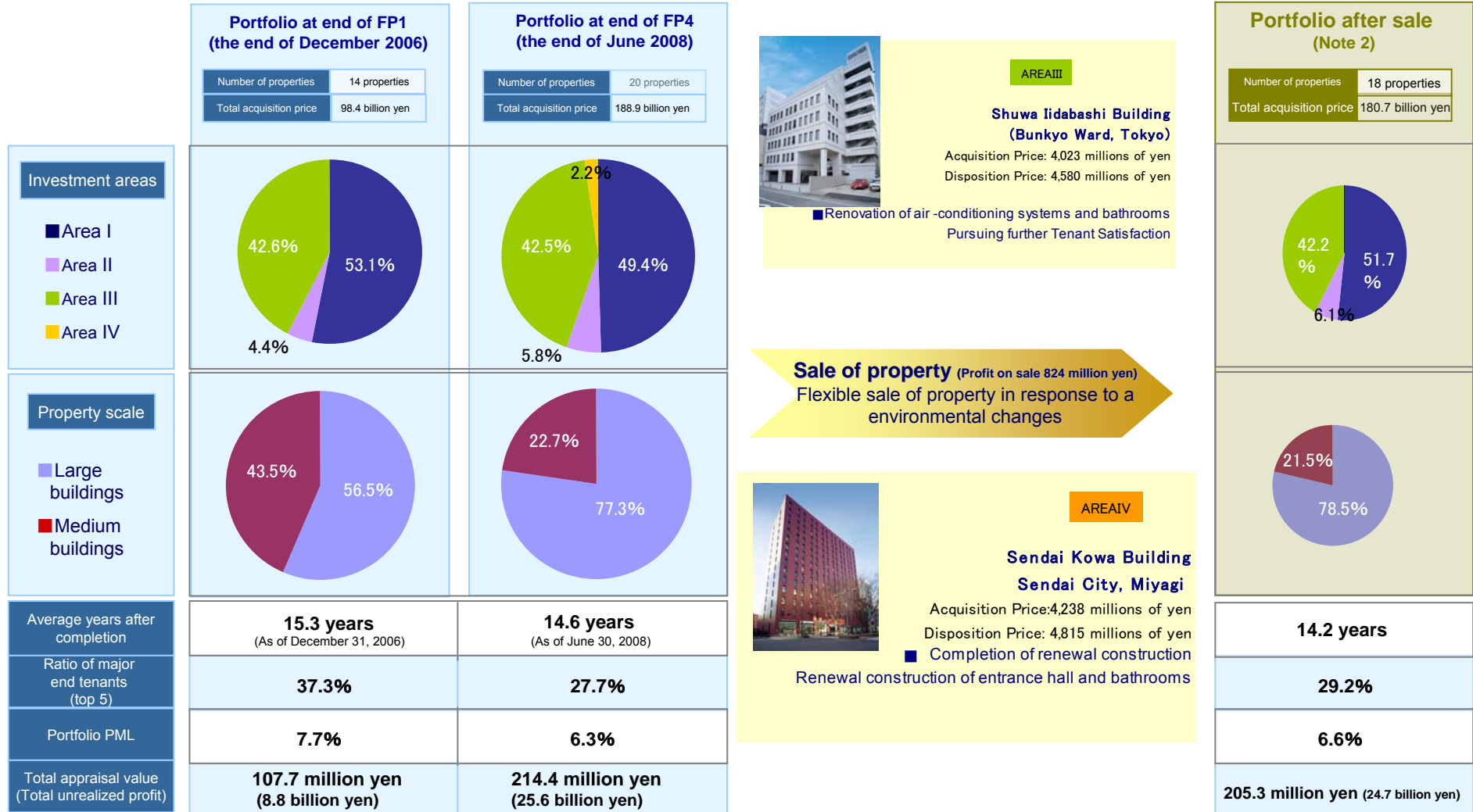
Implementing measures to reduce outsourcing expenses and utility costs on the assumption of improving management quality in cooperation with the property management company, while keeping measures to effectively utilize unused space.

Management results and future strategies

(3) External growth - ① Track of portfolio growth

Measures to expand the portfolio and improve the quality

- Asset scale of portfolio expanded from 98.3 billion yen (14 properties) to 180.7 billion yen (18 properties after the sale of 2 properties) during the 2 years after listing.
- In order to reinforce competitiveness of the portfolio, the sale of 2 properties was decided during the 4th fiscal period.



(Note 1) Major end tenants is referred to lessees (excluding master lease agreements) with JEI has direct contracts with, or trustees And sublessees with lease contracts master lease companies.

(Note2) The value is the result of subtracting 2 properties (Iidabashi and Sendai) from the ownership properties as of June 30, 2008.

Management results and future strategies

(3) External growth - ②Growth strategies for the future

【Management policies】

- Promoting external growth with a target of expanding asset scales to 300 billion yen in 5 years after listing.
- Actively considering acquisition of assets from a third party in addition to acquisitions from sponsor companies.

Geographic balance

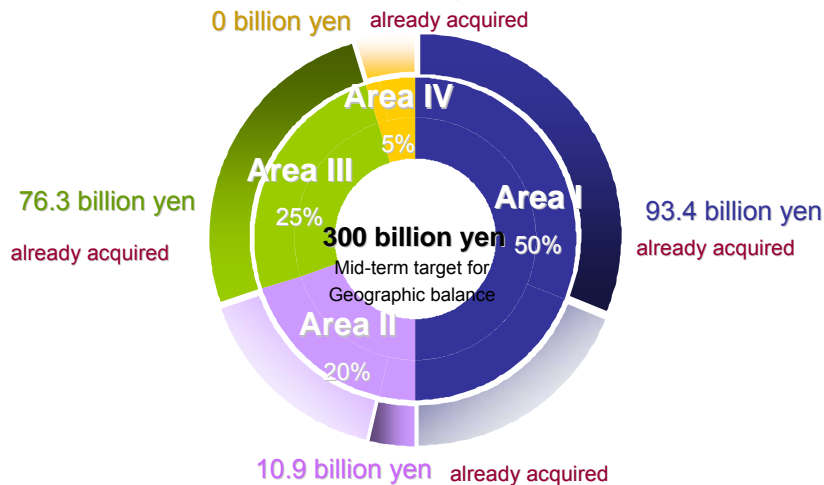
- Central Tokyo and its surrounding areas 【Areas I and III】**
Priority areas are determined with full comprehension of return level.
- Central Osaka, Nagoya and Fukuoka 【Area II】**
Acquisitions are determined after careful selection of relative competitiveness of competitive properties in the area

Property scale balance

- Considering acquisitions of medium-scale buildings with excellent rent stability and liquidity actively, as well as large-scale buildings.

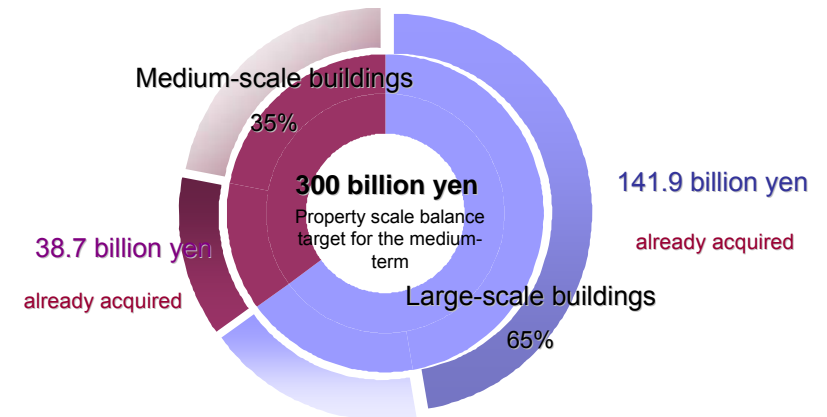
(Note) Large-scale building (within Tokyo's 23 Wards)=Floor area of over 10,000 tsubos
 Medium-scale buildings (within Tokyo's 23 Wards)=Floor area of over 1,000 tsubos and under 10,000 tsubos
 Large-scale buildings (outside of Tokyo's 23 Wards)=Floor area of over 4,000 tsubos
 Medium-scale buildings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

<Mid-term goals>



(Note 1) The ratio of each area is a mid-term target and is subject to change. The amount of finished acquisition is the total after disposition of 2 properties.

<Mid-term goals>



(Note 2) The ratio of each scale is a mid-term target and is subject to change. The amount of finished acquisition is the total after disposition of 2 properties.

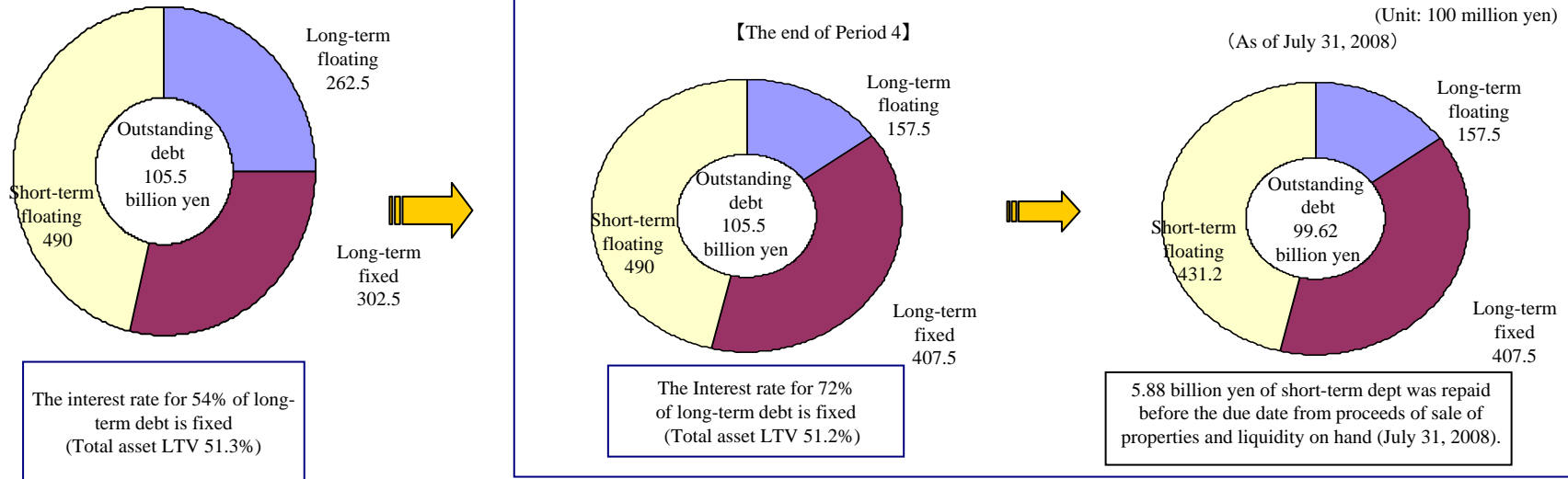
Tenant balance

Diversifying risks by avoiding a concentration of the same tenant and specific sector in the portfolio

Management results and future strategies

(4) Financial strategies - ① Results for this period

Promotion of fixing debt interest

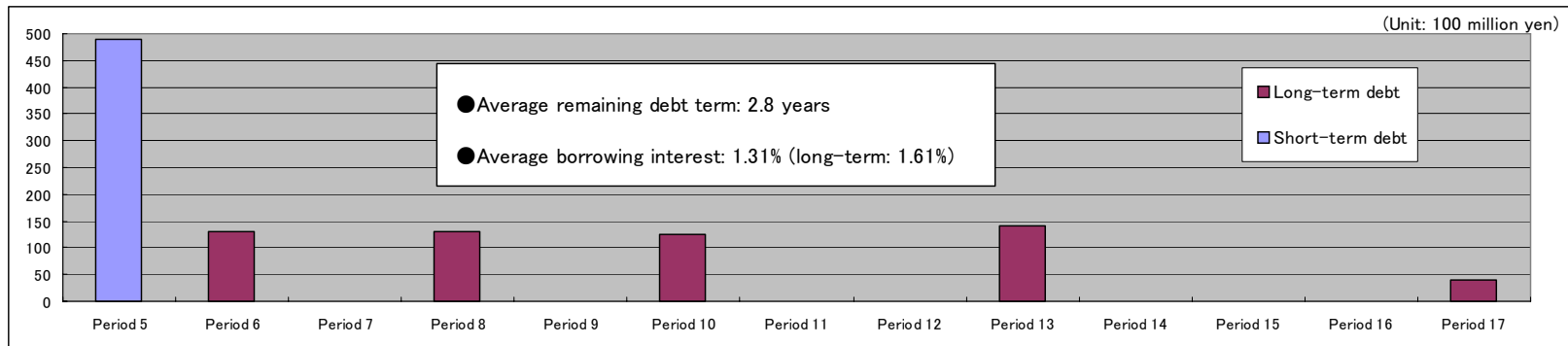


【Financial conditions at end of FP4】

■ Debt results

As of June 30, 2008, the investment corporation borrows a total 105 billion yen from 12 financial institutions including its sponsor company, Mizuho Corporate Bank.

Balance by repayment date and average borrowing rate



Management results and future strategies

(4) Financial strategies – ② Financial policies

[Management policies] Further promoting the extension of borrowing periods, balanced maturities and the fixation of interest

The following investment corporation bonds are shelf-registered for the purpose of the flexible procurement of long-term funds.

[Outline of shelf registration]

Type	Scheduled issue amount	Scheduled issue period
Investment corporation bond	100 billion yen	From Jan. 7, 2008 through Jan. 6, 2010

The investment corporation has obtained the following ratings from 2 rating agencies overseas and in Japan in order to enhance the corporation's reliability in the financial and capital markets.

[Credit Ratings as of June 30, 2008]

Rating agencies	Outlook
Moody's Investors Service	Issuer rating : A2 (stable)
Rating and Investment Information, Inc. (R&I)	Issuer rating : AA- (stable)

Management results and future strategies

(5) Business forecast

<Assumptions>

- Of the 20 assets possessed at the end of the 4th fiscal period, Shuwa Iidabashi Bldg. and Sendai Kowa Bldg. were sold in the 5th fiscal period.
- A part of the proceeds from the disposition of the 2 assets were appropriated for repayment.
- No change in properties, debt and the number of investment units

■ FP 4 (compared with FP 3)

○Revenue increase factors

- The 2 properties acquired in FP3 contributed to the full period. 616 million yen
- Decrease in repair expenses 145 million yen

○Revenue decrease factors

- Revenue decrease at Nishi-honmachi and Akasaka GC ▲231 million yen
- Increased posting of the property and city planning taxes on the book ▲120 million yen
- Increase in interest expenses ▲152 million yen

■ FP5 (compared with FP4)

○Revenue increase factors

- Proceeds from the sale of 2 properties 824 million yen

○Revenue decrease factors

- Loss of income due to the sale of 2 properties ▲170 million yen
- Increase in repair expenses ▲146 million yen
- Increase in interest expenses ▲88 million yen

■ FP6 (compared with FP5)

○Revenue increase factors

- Decrease in repair expenses 152 million yen
- Revenue increase at Nishi-honmachi and Akasaka GC 209 million yen

○Revenue decrease factors

- Proceeds from sale accrued in the previous fiscal period ▲824 million yen
- Increase in interest expenses ▲152 million yen

(Unit: million yen)

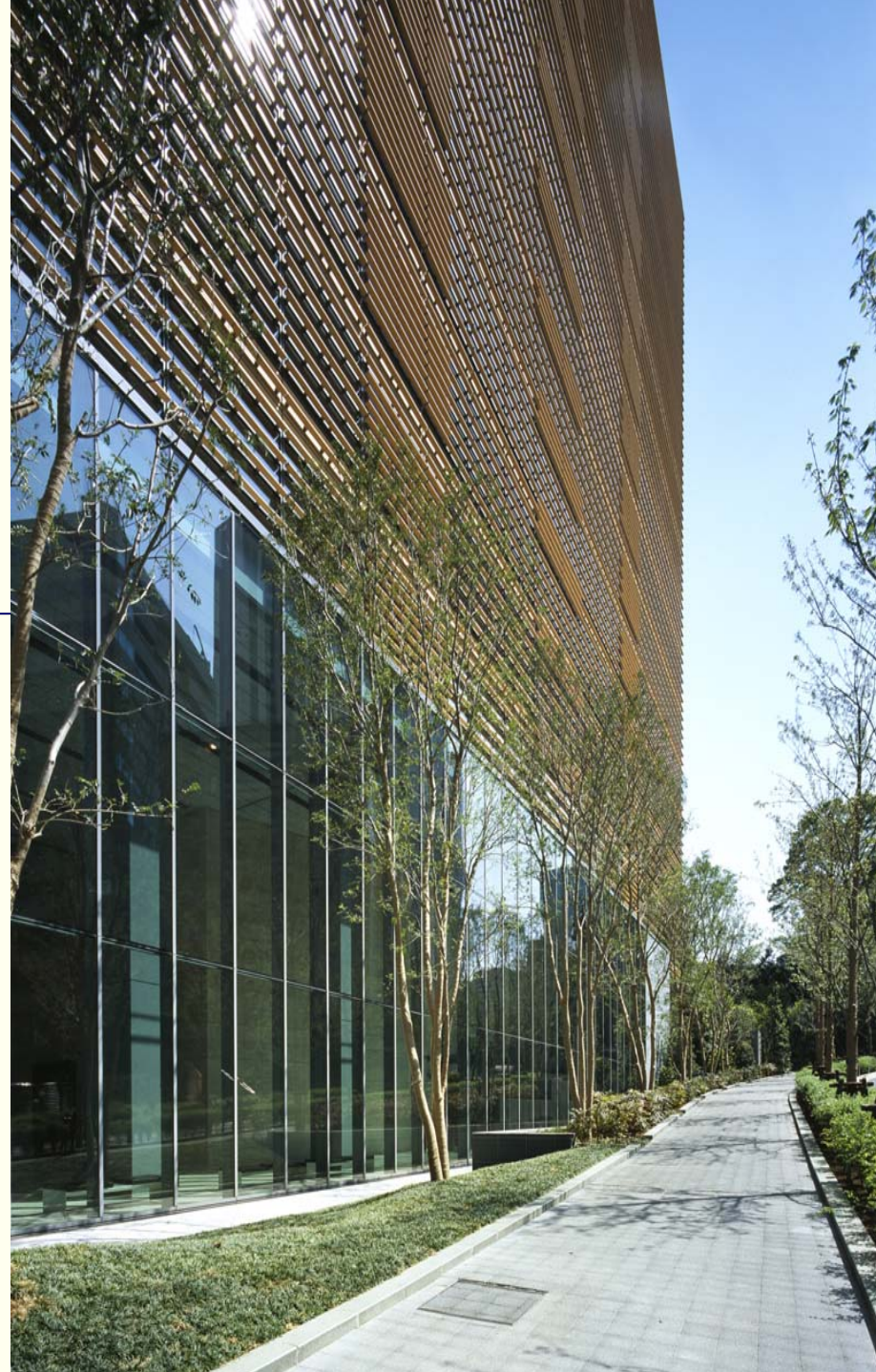
	FP1	FP2	FP3	FP4	FP5 (Forecast)	FP6 (Forecast)
Revenues	4,751	5,505	6,982	7,840	8,507	7,682
Rental revenues	4,751	5,505	6,982	7,840	7,682	7,682
Profit on sale of real estate	–	–	–	–	824	–
Operating Income	2,369	2,653	3,055	3,432	3,928	3,342
Income before income taxes	1,858	2,240	2,421	2,662	3,014	2,350
Net Income	1,856	2,239	2,420	2,661	3,013	2,349

Dividend per unit	13,773yen	16,614yen	15,663yen	17,218yen	19,500yen	15,200yen
Total number of outstanding investment units	134,800	134,800	154,550	154,550	154,550	154,550

(Unit: units)

Number of properties at beginning of period	14	14	18	20	20	18
Number of acquired and transferred properties	0	+4	+2	0	–2	0
Number of properties at end of period	14	18	20	20	18	18

References



(1) Income statement

(Unit: millions of yen)

	Period 3	Percentage (%)	Period 4	Percentage (%)	Differences	Difference from the previous period (%)
1. Revenue	6,982	100.0	7,840	100.0	858	+ 12.3
Rental revenues	6,335		7,135		800	
Other rental revenues	647		704		57	
2. Operating Expenses	3,926	56.2	4,408	56.2	481	+ 12.3
Property management costs and fees	1,083		1,257		174	
Utilities	613		672		58	
Taxes and public dues	330		457		126	
Insurance	22		23		1	
Repairs and maintenance	363		217		▲ 145	
Other expenses	131		179		48	
Depreciation	894		1,042		148	
Total property operating expenses	3,437		3,849		411	+ 12.0
Rental income	3,544		3,990		446	+ 12.6
Asset management fees	369		436		66	
Other operating expenses	118		122		3	
Operating income	3,055	43.8	3,432	43.8	376.0	+ 12.3
3. Other income	16	0.2	17	0.2	1	+ 6.1
Interest income	13		15		1	
Other income	2		2		0	
4. Other Expenses	650	9.3	788	10.1	137	+ 21.1
Interest expenses	533		686		152	
Loan arrangement fees	76		67		▲ 8	
New unit issuance costs	40		-		▲ 40	
Other	0		33		33	
Income before income taxes	2,421	34.7	2,662	33.9	240	+ 9.9
Net income before taxes	2,421	34.7	2,662	33.9	240	+ 9.9
Income taxes - current	1		1		▲ 0	
Income taxes - deferred	▲ 0		0		0	
Net Income	2,420	34.7	2,661	33.9	240	+ 9.9
Retained earnings at beginning of period	0		0		0	
Retained earnings at end of period	2,420		2,661		240	

(Note) Values are rounded down to the nearest million yen.

○ Major factors of revenue and income increases in FP4

- Full contribution of the 2 assets acquired during FP3
- Internal growth effects due to the increase revisions of rent and the replacement of tenants

○ Tax and public dues

- Property tax burden for the 6 properties acquired in FP2 and 3 will be a posting of 50% in FP4 and later (0% in FP3).

○ Repair expenses

- Large-scale repairs (the exterior walls, air conditioning, etc.) in the FP3

(2) Revenues by property and a list of NOI yield

(Unit: millions of yen)

	14 properties acquired in Period 1														4 properties acquired in Period 2				2 properties acquired in Period 3		Total 14 properties	Total 4 properties	Total 2 properties	Grand total	
	Omori	Shiba 2-chome	Hamamat-sucho	32 Kowa	36 Kowa	28 Kowa	NHK Nagoya	Musashi Kosugi	Kawasaki Higashiguchi	Hongo TS	Iidabashi	Kawasaki Nishin-cho	44 Kowa	Ryogoku	Akasaka Garden City	Nishihon machi	Ebina	Sendai	Akasaka Inter City	Kawasaki Nishiguchi					
Rental revenues	1,064	393	314	267	-	160	335	818	-	176	-	216	94	119	457	134	566	248	357	1,194	4,882	1,406	1,551	7,840	
Building rental fees	1,008	393	300	240	-	145	-	696	-	162	-	215	82	109	432	121	492	234	325	1,036	4,492	1,280	1,362	7,135	
Other income	56	0	14	26	-	15	-	122	-	14	-	1	11	9	25	13	74	13	31	157	389	126	189	704	
Property operating expenses	537	130	103	95	-	57	194	381	-	66	-	87	42	67	152	228	344	130	131	569	2,292	856	700	3,849	
Property management costs and fees	172	50	24	33	-	24	61	126	-	15	-	33	15	18	47	42	153	46	13	165	788	289	178	1,257	
Utilities	135	0	15	13	-	12	25	81	-	8	-	-	9	10	25	17	74	24	30	107	392	142	137	672	
Taxes and public dues	84	31	17	14	-	8	21	59	-	10	-	17	4	7	16	13	23	13	10	39	341	67	49	457	
Insurance	2	1	0	0	-	0	1	2	-	0	-	0	0	0	0	0	2	0	0	4	13	4	5	23	
Repairs and maintenance	18	5	4	15	-	0	13	14	-	4	-	3	0	12	-	91	4	2	0	4	115	97	4	217	
Other expenses	4	5	13	1	-	1	33	6	-	1	-	1	1	1	6	23	9	2	34	14	88	41	48	179	
Depreciation	119	35	27	17	15	10	36	91	93	25	19	32	11	16	55	38	77	40	41	234	553	212	276	1,042	
Rental income	527	263	210	171	87	103	141	437	228	110	75	128	52	51	305	-94	221	117	225	624	2,589	550	850	3,990	
NOI	646	299	237	188	103	114	178	529	321	135	95	160	63	68	361	-55	299	158	267	859	3,142	763	1,126	5,033	
Number of days	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182	182					
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	
Period 4 NOI return (accounting basis)	5.8%	6.4%	5.7%	7.5%	5.2%	8.0%	8.3%	7.7%	5.9%	5.1%	4.7%	8.3%	11.1%	5.4%	3.1%	-1.7%	9.3%	7.5%	3.0%	5.4%	6.4%	3.8%	4.5%	5.4%	
Period 4 NOI return (annualized basis)	5.8%	6.4%	5.7%	7.5%	5.2%	8.0%	8.3%	7.7%	5.9%	5.1%	4.7%	8.3%	11.1%	5.4%	3.0%	-2.1%	8.6%	6.9%	2.9%	5.2%	6.4%	3.4%	4.3%	5.2%	
Period 3 NOI return (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%	
Period 3 NOI return (annualized 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%	
Differences (accounting basis)	-0.1%	0.8%	2.1%	0.7%	-1.0%	0.2%	-0.1%	0.2%	1.4%	0.4%	0.2%	-0.1%	1.8%	-0.4%	-0.8%	-5.1%	-0.1%	-0.6%	-0.6%	0.3%	0.4%	-1.3%	-0.1%	-0.2%	
Differences (annualized basis)	-0.1%	0.8%	2.1%	0.7%	-1.0%	0.2%	-0.1%	0.2%	1.4%	0.4%	0.2%	-0.1%	1.8%	-0.4%	-0.7%	-4.7%	0.6%	0.1%	-0.5%	0.5%	0.4%	-1.1%	0.1%	0.0%	

(Note 1) Values have been rounded down to the nearest million yen. Less than a tenth of the ratio is rounded.

(Note 2) The NOI yield for each property is annualized (NOI return = Annualized NOI ÷ Acquisition price).

(Note 3) The total NOI yield is calculated based on the timing of the possession by the weighted average at acquisition.

(Note 4) The NOI yield on an annual basis is calculated by posting an expense the amount equivalent to the property and city planning taxes posted as an asset at the time of acquisition.

(Note 5) Not disclosed for 36 Kowa, Kawasaki Higashiguchi and Iidabashi buildings cannot be disclosed because end tenant consent has not been obtained.

Property tax burden by accounting base

14 properties acquired in FP1:

FP3 100% FP4 100%

6 properties acquired in FP2 and later:

FP3 none FP4 50%

(3) Balance sheet

(Unit: millions of yen)

Assets					Liabilities and Unitholders' Equity						
	Period 3	Composition	Period 4	Composition	Comparison		Period 3	Composition	Period 4	Composition	Comparison
(Assets)						(Liabilities)					
I. Current Assets	15,930	7.8	16,996	8.2	1,066	I. Current Liabilities	50,149	24.4	63,282	30.7	13,132
Cash and cash equivalents	2,440		3,892		1,451	Accounts payable – trade	753		571		▲ 181
Trust cash and cash equivalents	12,146		12,517		371	Accounts payable – others	280		336		55
Rental receivables	546		420		▲ 125	Consumption taxes payable	0		220		220
Consumption taxes refundable	669		0		▲ 669	Short-term debt and debt payable within a year	49,000		62,000		13,000
Other current assets	127		167		39	Other current liabilities	115		153		38
II. Property and Equipment	189,556	92.2	189,083	91.8	▲ 473	II. Long-term Liabilities	66,043	32.1	53,141	25.8	▲ 12,902
1. Tangible fixed assets	180,758	87.9	180,259	87.5	▲ 498	Long-term debt	56,500		43,500		▲ 13,000
Real estate	3,103		3,087		▲ 15	Security deposits from tenants including trust accounts	466		476		10
Trust real estate	177,654		177,170		▲ 484	Trust security deposits from tenants	8,866		9,052		186
Construction in progress/Trust construction in progress	0		1		1	Other fixed liabilities	211		112		▲ 98
2. Intangible fixed assets	8,565	4.2	8,565	4.2	▲ 0	Total Liabilities	116,193	56.5	116,424	56.5	230
Leasehold rights including trust accounts	1,185		1,185		–	(Unitholders' Equity)					
Trust leasehold rights	7,380		7,380		–	I. Unitholders' capital	89,503	43.6	89,744	43.5	240
Other intangible fixed assets	0		0		▲ 0	1. Total investments	87,083	42.4	87,083	42.2	0
3. Investments and other assets	232	0.1	257	0.1	25	2. Surplus	2,420		2,661		240
Investment in securities	10		10		–	Retained earnings at end of period	2,420	1.2	2,661	1.3	240
Security deposit	15		15		–	II. Revaluation and translation adjustment	▲ 211	▲ 0.1	▲ 88	▲ 0.0	122
Long-term prepaid expenses	175		148		▲ 26	Loss on deferred hedges	▲ 211		▲ 88		122
Other investments and other assets	30		83		52	Total Unitholders' Equity	89,292	43.5	89,655	43.5	363
Total Assets	205,486	100.0	206,079	100.0	593	Total Liabilities and Unitholders' Equity	205,486	100.0	206,079	100.0	593

(Note) Values have been rounded down to the nearest millions of yen.

(4) List of lenders

(Unit: millions of yen)

	Debt outstanding at end of Period 4	Ratio	Long- term	Short- term
Mizuho Corporate Bank	34,500	32.7%	11,500	23,000
Mitsubishi UFJ Trust and Banking	19,800	18.8%	9,800	10,000
Sumitomo Mitsui Banking	12,200	11.6%	4,200	8,000
Mizuho Trust & Banking Co., Ltd.	9,500	9.0%	4,500	5,000
Aozora Bank	8,000	7.6%	5,000	3,000
The Norinchukin Bank	7,000	6.6%	7,000	0
The Dai-ichi Mutual Life Insurance	5,000	4.7%	5,000	0
The Chuo Mitsui Trust and Banking	3,000	2.8%	3,000	0
Development Bank of Japan	2,000	1.9%	2,000	0
Sompo Japan Insurance	2,000	1.9%	2,000	0
Resona Bank	1,500	1.4%	1,500	0
Tokio Marine & Nichido Fire Insurance	1,000	0.9%	1,000	0
Total	105,500	100.0%	56,500	49,000



Sponsor companies of the asset management company

(5) Cash flow statement / Distribution statement

Cash flow statement

(Unit: millions of yen)

Classification	Amount
I. Cash flow from rental	4,600
Net income before income taxes	2,662
Depreciation	1,042
Change in consumption tax	889
Interest income/expenses	△ 681
Others	687
II. Cash flow from investments	△ 365
Expenses for acquiring fixed assets	△ 561
Security deposit receipt/expenses	196
III. Cash flow from financial activities	△ 2,412
Dividend payment	△ 2,412
IV. Change in cash and cash equivalents	1,822
V. Cash and cash equivalents at beginning of period	14,586
VI. Cash and cash equivalents at end of period	16,409

(Note) Values have been rounded down to the nearest millions of yen.

Distribution statement

(Unit: yen)

Retained earnings at end of period	2,661,098,570
Dividend	2,661,041,900
(Dividend per investment unit)	17,218
Retained earnings at end of period	56,670
Investment units outstanding at end of period	154,550

(6) Financial indicators

Financial indicators	Calculation	Unit	FP3	FP4
EPS (Net income per unit)	Net income ÷ Total units outstanding	Yen	15,784	17,217
EBIT (Earnings before interest and taxes)	Earnings before taxes + Interest - Discount amount	million yen	2,955	3,348
EBITDA (Earnings before interest, taxes, depreciation and amortization)	Earnings before taxes + Interest - Discount amount + Depreciation and Amortization	million yen	3,849	4,391
NOI (net operating income)	Lease revenues - Lease expenses + Depreciation and Amortization	million yen	4,438	5,033
NCF (net cash flow)	NOI - Capital expenditures	million yen	4,118	4,502
FFO per unit	FFO/Total units outstanding	Yen	21,447	23,963
DSCR (debt service coverage ratio)	Net income before interest tax - Depreciation & Amortization (Interest + Principal)	times	5.5	4.9
ROA (return on asset)	Income before income taxes ÷ ((period beginning total assets + period end total assets) ÷ 2) × 100	%	1.3	1.3
(Reference) Annualized with following formula	Above × 366 days ÷ operation days	%	2.7	2.6
ROE (return on equity)	Net Income ÷ ((Net assets at beginning of period + Net assets at end of period) ÷ 2) × 100	%	3.0	3.0
(Reference) Annualized with following formula	Above × 366 days ÷ operation days	%	6.0	6.0
Capital equity ratio	(Period end net assets ÷ Period end total assets) × 100	%	43.5	43.5
LTV (loan-to-value)	(Interest bearing debt at end of period ÷ Total assets at end of period) × 100	%	51.3	51.2
BPS (book-value per unit)	Unitholders' equity at end of period ÷ Total number of outstanding investment units	Yen	577,758	580,107
Distribution payout ratio	Total cash distribution amount ÷ Net income × 100	%	99.9	100.0

(Note) The ratios excluding the distribution payout ratio are rounded to the nearest 2nd decimal place. The ROA and ROE is calculated by averaging the total assets and net assets at the beginning and end of the period. The calculated operating days are 184 days for FP3 and 182 days for FP4.

(7) Portfolio Appraisal Value

- The unrealized profit expanded from 1.7 billion to 25.6 billion yen from the previous fiscal period because of the portfolio composition centering on Areas I and III.

(Unit: millions of yen)

Number of property	Area	Timing of evaluation Name	Acquisition price	Calculated price at end of period				Difference (②-①)		③Appraisal value at acquisition	Difference (②-③)		④Book value at end of Period 4	Difference (②-④)	
				End of Period 1	End of Period 2	①The end of Period 3	②The end of Period 4	Amount	%		Amount	%		Amount	%
I-1	I	Omori Bell Port D	22,553	23,230	23,710	25,630	26,080	450	1.8%	22,610	3,470	15.3%	22,612	3,468	15.3%
I-2		Shiba 2-chome Building	9,450	11,700	12,200	13,200	13,200	0	0.0%	9,480	3,720	39.2%	9,405	3,795	40.4%
I-3		JEI Hamamatsucho Building	8,350	8,910	9,390	10,300	10,300	0	0.0%	8,410	1,890	22.5%	8,351	1,949	23.3%
I-4		32 Kowa Building	5,040	5,251	5,462	5,676	5,797	121	2.1%	5,045	752	14.9%	5,024	773	15.4%
I-5		36 Kowa Building	4,000	4,189	4,235	4,234	4,450	216	5.1%	4,065	385	9.5%	4,033	417	10.3%
I-6		28 Kowa Building	2,859	3,050	3,640	4,210	4,210	0	0.0%	2,870	1,340	46.7%	2,865	1,345	46.9%
I-7		Akasaka Garden City	23,300	-	23,500	25,700	25,300	▲ 400	-1.6%	23,300	2,000	8.6%	23,263	2,037	8.8%
I-8		AKASAKA INTERCITY	17,857	-	-	18,300	18,400	100	0.5%	18,000	400	2.2%	17,820	580	3.3%
II-1	II	NHK Nagoya Housou-Center Bldg.	4,300	5,230	5,430	5,570	5,660	90	1.6%	4,580	1,080	23.6%	4,274	1,386	32.4%
II-2		JEI Nishi-honmachi Building	6,674	-	6,760	6,760	7,040	280	4.1%	6,770	270	4.0%	7,310	▲ 270	-3.7%
III-1	III	Musashi Kosugi Tower Plac	13,890	16,700	17,700	18,300	18,400	100	0.5%	14,100	4,300	30.5%	13,675	4,725	34.6%
III-2		Kowa Kawasaki Higashiguchi Bldg.	10,976	11,060	11,130	11,300	11,500	200	1.8%	11,020	480	4.4%	10,753	747	6.9%
III-3		JEI Hongo Building	5,400	5,470	5,490	5,500	5,540	40	0.7%	5,440	100	1.8%	5,338	202	3.8%
III-4		Shuwa Iidabashi Bldg.	4,023	4,190	4,510	4,940	4,940	0	0.0%	4,030	910	22.6%	4,028	912	22.6%
III-5		Kawasaki Nisshincho Buildi	3,905	4,830	5,220	5,790	5,880	90	1.6%	3,920	1,960	50.0%	3,913	1,967	50.3%
III-6		44 Kowa Building	1,150	1,350	1,610	1,840	1,840	0	0.0%	1,240	600	48.4%	1,040	800	76.9%
III-7		JEI Ryogoku Bldg.	2,550	2,572	2,563	2,566	2,560	▲ 6	-0.2%	2,551	9	0.4%	2,507	53	2.1%
III-8		Ebina Prime Tower	6,470	-	6,550	6,610	6,580	▲ 30	-0.5%	6,550	30	0.5%	6,594	▲ 14	-0.2%
III-9		Kowa Kawasaki Nishiguchi Bldg.	32,000	-	-	32,300	32,600	300	0.9%	32,200	400	1.2%	31,794	806	2.5%
IV-1	IV	Sendai Kowa Bldg.	4,238	-	4,309	4,462	4,208	▲ 254	-5.7%	4,303	▲ 95	-2.2%	4,215	▲ 7	-0.2%
Area I Total			93,409	56,330	82,137	107,250	107,737	487	0.5%	93,780	13,957	14.9%	93,377	14,359	15.4%
Area II Total			10,974	5,230	12,190	12,330	12,700	370	3.0%	11,350	1,350	11.9%	11,584	1,115	9.6%
Area III Total			80,364	46,172	54,773	89,146	89,840	694	0.8%	81,051	8,789	10.8%	79,646	10,194	12.8%
Area IV Total			4,238	-	4,309	4,462	4,208	▲ 254	-5.7%	4,303	▲ 95	-2.2%	4,215	▲ 7	-0.2%
Total at end of Period 4 (20 properties)			188,984	107,732	153,409	213,188	214,485	1,297	0.6%	190,484	24,001	12.6%	188,824	25,661	13.6%
Total after sale of Iidabashi and Sendai (18 properties)			180,723	103,542	144,590	203,786	205,337	1,551	0.8%	182,151	23,186	12.7%	180,580	24,756	13.7%
Total at listing (14 properties)			98,446	107,732	112,290	119,056	120,357	1,301	1.1%	99,361	20,996	21.1%	97,826	22,539	23.0%


(8) Unitholders

Ownership classification	Unitholder					Investment unit				
	Period 3		Period 4		Increase/decrease Composition (%)	Period 3		Period 4		Increase/decrease Composition (%)
	Number of unitholders (people)	Composition (%)	Number of unitholders (people)	Composition (%)		Number of investment units (units)	Composition (%)	Number of investment units (units)	Composition (%)	
Individuals	3,358	90.6	3,833	91.9	1.4	7,260	4.7	9,255	6.0	1.3
Financial institutions (including brokerage companies)	147	4.0	133	3.2	-0.8	101,908	65.9	102,528	66.3	0.4
Other domestic companies	96	2.6	99	2.4	-0.2	20,985	13.6	20,934	13.5	0.0
Foreign companies, etc.	107	2.9	105	2.5	-0.4	24,397	15.8	21,833	14.1	-1.7
Total	3,708	100.0	4,170	100.0	-	154,550	100.0	154,550	100.0	-

The ratio of the investment units owned by the 4 sponsor companies: 13.3%

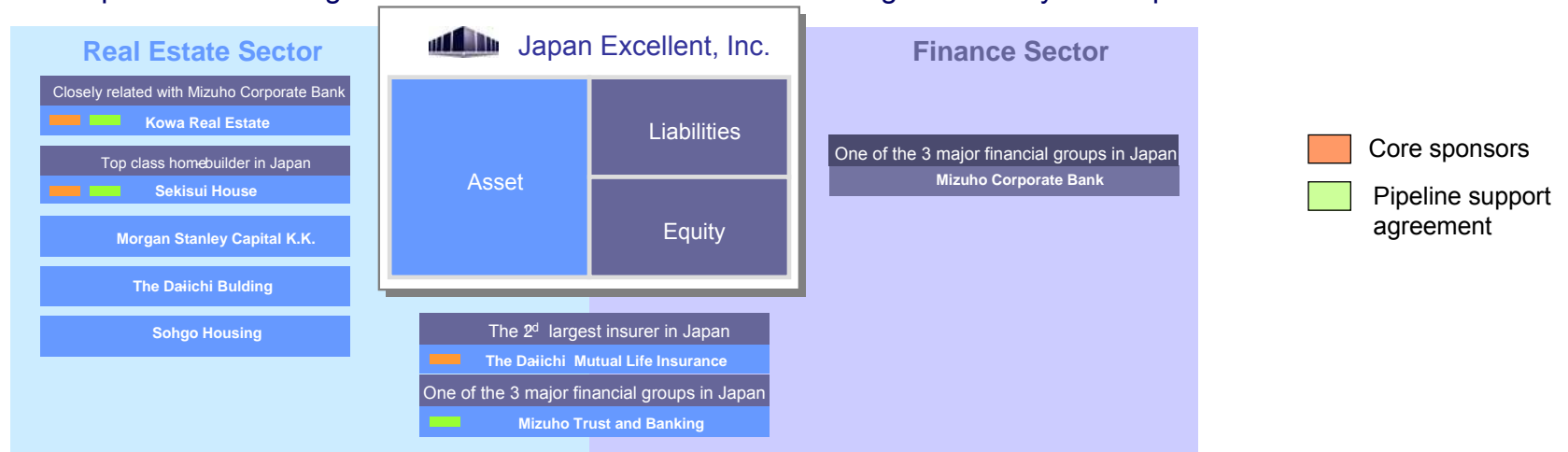
Rank	Name	Ownership of investment units (units)	Composition (%)
1	Kowa Real Estate Co., Ltd.	14,312	9.3
2	Trust & Custody Services Bank, Ltd. (trust account)	11,851	7.7
3	Japan Trustee Services Bank, Ltd. (trust account)	11,628	7.5
4	NikkoCiti Trust and Banking Corporation (Investment trust account)	11,450	7.4
5	The Master Trust Bank of Japan, Ltd. (trust account)	9,491	6.1
6	North Pacific Bank, Ltd.	4,573	3.0
7	The Nomura Trust and Banking Co., Ltd. (trust account)	4,138	2.7
8	The Dai-ichi Mutual Life Insurance Company	4,132	2.7
9	The Bank of Ikeda, Ltd.	3,711	2.4
10	JP Morgan Chase Goldman Sachs Trust JASDEC Lending Account	3,211	2.1
Total		78,497	50.8

(Note) Figures for ownership ratio have been rounded to the 2nd decimal place.

 Sponsor companies of the asset management company

(9) Principal Strategies

- Japan Excellent, Inc. aims at maximizing the unitholders' investment value by "utilizing and combining the comprehensive capabilities of the sponsor companies with strength in real estate and finance" and "seeking the stability 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 is invested into office buildings.

Usage (Note 1)	Investment ratio in portfolio (Note 2)
Office buildings	90% or more
Others (commercial facilities, housing, etc.)	10% or below

(Note 1) The usage is decided on the basis of the usage sharing a majority of the rentable space of each real estate-related asset and the whole acquisition price of the relevant real estate-related asset is incorporated in the acquisition price by usage.

(Note 2) This means a ratio of the total acquisition price of the real estate-related assets belonging to each usage against the total acquisition price of the overall portfolio.

Keeping the core area with high integration at 80% or more for office buildings and setting a careful investment ratio even for the details of the core area.

Investment target areas		Investment ratio in portfolio (Note 2)
Core areas		80% or more
■ Area I	6 wards in Central 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.) and Central Fukuoka (Tenjin, Hakata-ekimae, etc.)	50% or below of the core areas
■ Area III	Tokyo other than Area I, and its vicinity (Kanagawa, Saitama and Chiba)	50% or below of the core areas
■ Area IV	Osaka, Nagoya and Fukuoka other than Area II; and other government-decreed cities	20% or below

(10) Overview of 20 Assets

■ JEI's Portfolio

Asset	Type	Name	Location	Floor Space (m ²)	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	25,300	12.3	8.6
I-1	Office	Omori Bellport D	Minami-Oi, Shinagawa Ward, Tokyo	155,778.75	September 24, 1996	22,553	26,080	11.9	8.0
I-8	Office	AKASAKA INTERCITY	Akasaka, Minato Ward, Tokyo	73,061.33	October 26, 2007	17,857	18,400	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	JEI 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	5,797	2.7	13.2
I-5	Office	No.36 Kowa Building	Sanbancho, Chiyoda Ward, Tokyo	8,266.55	September 30, 1982	4,000	4,450	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	107,737	49.4	-
II-2	Office	JEI Nishi-Honmachi Building	Nishi Ward, Osaka City, Osaka	15,800.31	February 19, 1988	6,674	7,040	3.5	11.5
II-1	Office	NHK Nagoya Housou-Center Building	Higashi Ward, Nagoya, Aichi	80,809.95	July 3, 1991	4,300	5,660	2.3	11.9
Subtotal				96,610.26	-	10,974	12,700	5.8	-
III-9	Office	Kowa Kawasaki Nishiguchi Building	Saiwai Ward, Kawasaki City, Kanagawa	61,856.92	February 29, 1988	32,000	32,600	17.7	7.9
III-1	Office	Musashikosugi Tower Place	Nakahara Ward, Kawasaki City, Kanagawa	53,711.13	July 15, 1995	13,890	18,400	7.7	11.5
III-2	Office	Kowa Kawasaki Higashiguchi Building	Kawasaki Ward, Kawasaki City, Kanagawa	31,009.62	April 30, 1988	10,976	11,500	6.1	6.7
III-8	Office	Ebina Prime Tower	Chuo, Ebina City, Kanagawa	55,806.20	May 31, 1995	6,470	6,580	3.6	12.2
III-3	Office	Hongo TS Building	Hongo, Bunkyo Ward, Tokyo	5,877.11	February 6, 1991	5,400	5,540	3.0	14.2
III-5	Office	Kawasaki Nisshincho Building	Kawasaki Ward, Kawasaki City, Kanagawa	22,141.60	April 24, 1992	3,905	5,880	2.2	14.7
III-7	Office	JEI Ryogoku Building	Ryogoku, Sumida Ward, Tokyo	5,820.56	August 8, 1996	2,550	2,560	1.4	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				239,582.69	-	76,341	84,900	42.2	-
Total				664,315.21		180,723	205,337	100.0	6.6

(Note 1) "Acquisition price" is the price recorded in sales agreements (excluding consumption tax). Amounts of less than one million yen are rounded.

(Note 2) "Appraisal value" includes the appraisal value described in the real estate appraisal report made by a real estate appraiser belonging to Japan Real Estate Institute, Chuo Real Estate Appraisal, and HIRO & REAS Network as of the end of the 4th fiscal period (June 30, 2008) based on the this corporation's rules and the regulations stipulated by the Investment Trusts Association of Japan. When there is a joint ownership property in the current portfolio, its value is obtained after multiplying the total value of the shared real estate by the percentage of the interest owned by this corporation or the trustee.

(Note 3) "Floor space" shows a total of the floor space of the building or the trust building represented in the register (excluding the accessory building, etc.) When the building or the trust building is an exclusive part of the comparted-ownership building, the floor space of the whole building is described.

(Note 4) "Construction date" includes the time of initial construction described in the register.

(Note 5) "Investment ratio" shows a ratio of the acquisition price for each property, and less than a tenth is rounded.

(Note 6) "PML" is based on the PML description in the building examination report including the PML calculation report. The relevant description just shows a reporter's view and this investment corporation does not guarantee the accuracy of the content.

(Note 7) The list of portfolio shown above is based on 18 properties after the sale of Iidabashi and Sendai.

(10) Overview of 20 Assets

Area I



I-8 AKASAKA INTERCITY

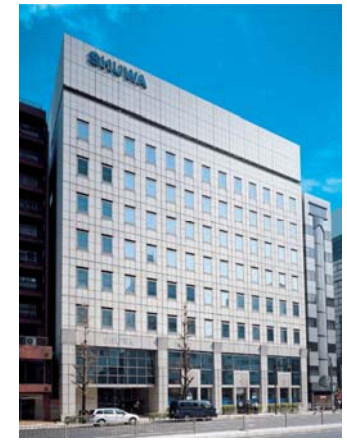
Address: 1-11-44 Akasaka, Minato Ward, Tokyo
 Site Area: 8,019.87㎡
 Total Floor Space: 73,061.33㎡
 Structure: S, SRC
 Floors: 29 (3basement floors)
 Constructed: January 28, 2005



I-1 Omori Bellport D



I-2 Shiba 2-Chome Building



I-3 JEI Hamamatsucho Building



I-7 Akasaka Garden City

Address: 4-15-1 Akasaka, Minato Ward, Tokyo
 Site Area: 6,888.97㎡
 Total Floor Space: 46,776.76㎡
 Structure: S, RC, SRC
 Floors: 19 (2basement floors)
 Constructed: January 31, 2006



I-4 No.32 Kowa Building



I-5 No.36 Kowa Building



I-6 No.28 Kowa Building

(10) Overview of 20 Assets

Area II



II-1 NHK Naoya Housou-Center Building



II-2 JEI Nishi-Honmachi Building

Area III



III-1 Musashikosugi Tower Place



III-6 No.44 Kowa Building



III-2 Kowa Kawasaki Higashiguchi Building



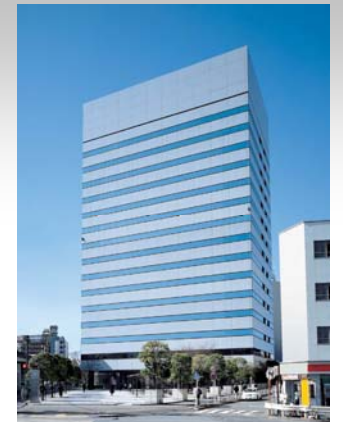
III-7 JEI Ryogoku Building



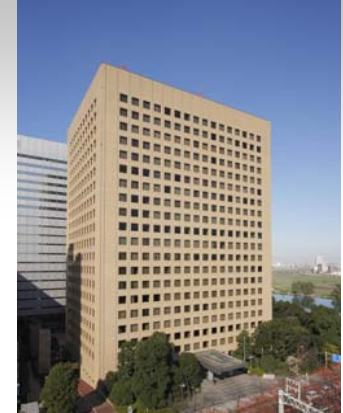
III-3 JEI Hongo Building



III-8 Ebina Prime Tower



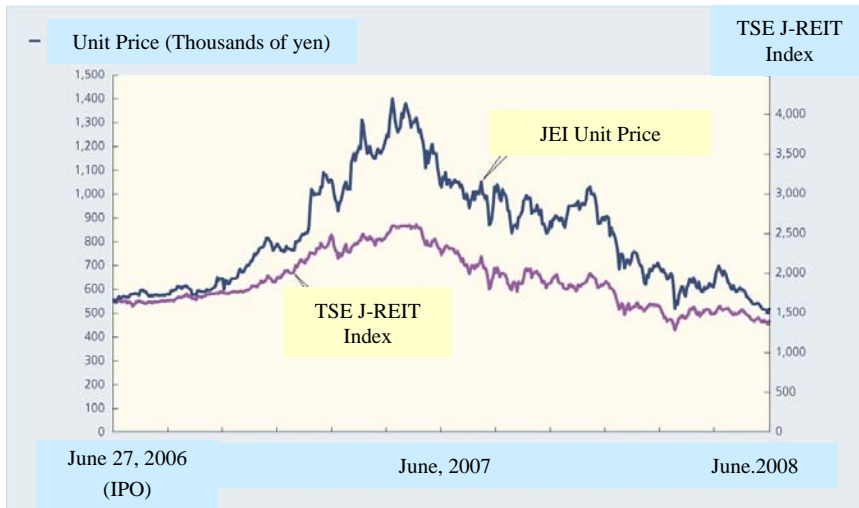
III-5 Kawasaki Nisshincho Building



III-9 Kowa Kawasaki Nishiguchi Building

(11) 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% Mizuho Trust & Banking Co., Ltd. 5.0%	
Officers	President: Junichi Tamura Director of Planning & Management: Nobuyuki Tanabe Director of Real Estate Investment: Ryuichi Yamamoto Director (Non-executive): Takashi Uchida Auditor (Non-executive): Masatoshi Tamaru Compliance Officer: Michiro Ezaki	
Business Operations	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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- The content of this material include future forecasts, but these descriptions do not guarantee the future business results, financial conditions and management results of Japan Excellent, Inc.
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